



1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 **2007**

Berliner Effektengesellschaft AG

Summarised Annual Report 2007



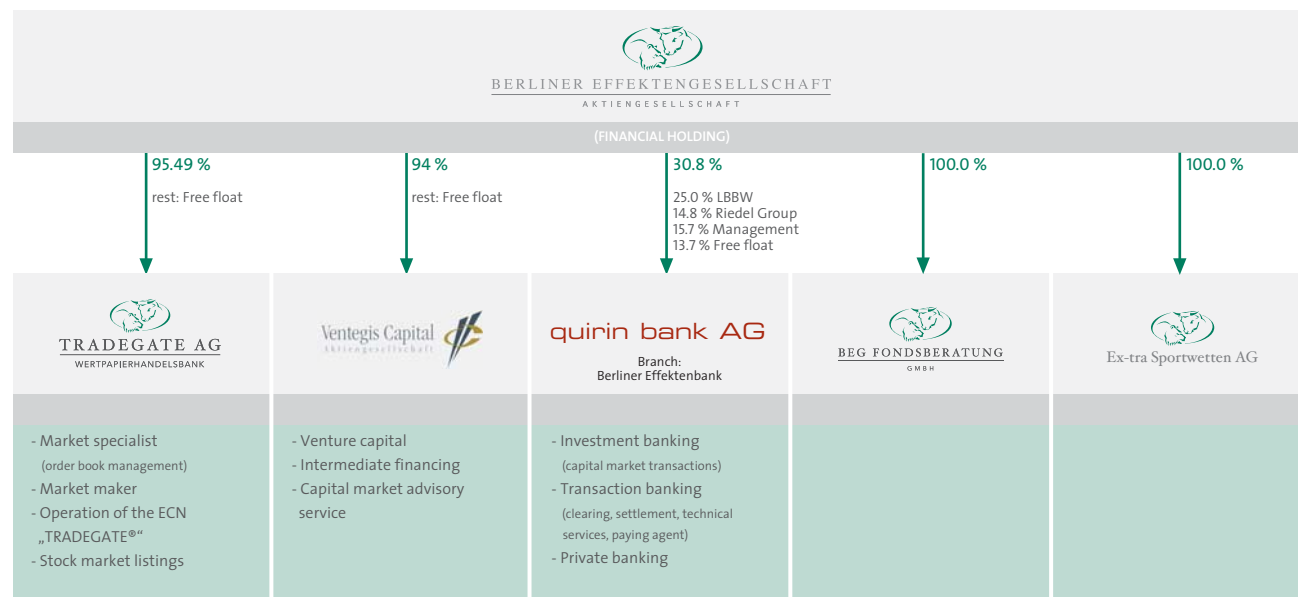
BERLINER EFFEKTENGESELLSCHAFT
AKTIENGESELLSCHAFT

WKN 522130, ISIN DE0005221303

31 December 2007

Stock capital	16,709,803 € = 16,709,803 individual shares
Free float	3,104,893 € = 3,104,893 individual shares
Group balance sheet total	80,547,236.28 €
Stockholders' equity	75,458,661.06 €
Stock price at the end of the year	5.53 €
Result per share	0.40 €
Group result	6,719,706.09 €
Proposed dividend	0.30 €
Number of employees in the Group	93

GROUP STRUCTURE



WKN 522 130, ISIN DE0005221303 (officially quoted in Berlin and Frankfurt)

SHAREHOLDERS' STRUCTURE AS AT 31 DECEMBER 2007

32.95%	H.T.B. Unternehmensbeteiligungen GmbH
34.15%	Holger Timm
14.33%	Cortal Consors S.A.
18.58%	Free float

KEY COMPANY DATA AS AT 31 DECEMBER 2007

Market capitalisation:	92,405,000 €
Number of shares:	16,709,803
Free float:	18.58% = 3,104,893
Financial accounting:	IFRS
Balance sheet total:	80,547,000 €
Number of employees:	93

KEY FIGURES AS AT 31 DECEMBER 2007

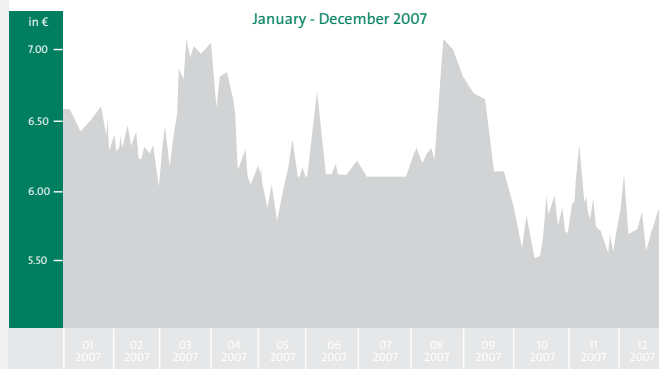
Result per share:	0.40 €
Interest surplus after provision for risk/gross earning:	9.2%
Commissions surplus/gross earning:	1.4%
Trading result/gross earning:	89.4%
Cost/Income-Ratio:	76.0%
Equity ratio:	93.7%

KEY FIGURES AS AT 31 DECEMBER 2006

Result per share:	0.25 €
Interest surplus after provision for risk/gross earning:	7.0%
Commissions surplus/gross earning:	32.9%
Trading result/gross earning:	60.1%
Cost/Income-Ratio:	100.9%
Equity ratio:	91.8%

SHARE PRICE DEVELOPMENT

BERLINER EFFEKTENGESELLSCHAFT AG (WKN 522 130, ISIN DE0005221303)



„NET-ASSET-VALUE“

OF THE LISTED GROUP COMPANIES AND HOLDINGS OF THE BERLINER EFFEKTENGESELLSCHAFT AG AS AT 28 DECEMBER 2007

	Number of shares BEG holds	Share price in Frankfurt 28.12.2007	Calculative value 28.12.2007
TradeGate AG	23,062,000	5.70	131,453,400 €
quirin bank AG	9,093,656	3.90	35,465,258 €
Ventegis Capital AG	3,279,338	4.91	16,101,550 €

Number of BEG shares as at 28.12.2007	16,709,803
Calculative value of the three listed group companies/holdings 28.12.2007	183,020,208 €
Calculative value of each BEG share 28.12.2007	10.95 €
Price of the BEG share on 28.12.2007	5.53 €

MANAGING BOARD AND SUPERVISORY BOARD

BERLINER EFFEKTENGESELLSCHAFT AG

Managing Board	Supervisory Board
Holger Timm Chairman	Prof. Dr. Jörg Franke, Chairman
Karsten Haesen Member	Dr. Andor Koritz, Deputy Chairman Lawyer
	Andrä Dujardin Businessman
	Wolfgang Hermanni Businessman
	Detlef Prinz Businessman
	Pamela Schmidt-Fischbach Lawyer Cortal Consors S.A. German branch

CALENDAR

20 June 2008 10 am	Annual General Meeting in Berlin
4 December 2008 5 pm	Shareholders' event in Berlin



BERLINER EFFKTENGESELLSCHAFT
AKTIENGESELLSCHAFT

GROUP FINANCIAL STATEMENT

06 GROUP INCOME STATEMENT

07 ASSETS/EQUITY AND LIABILITIES

08 GROUP MANAGEMENT REPORT

Group Income Statement BERLINER EFFEKTINGESSELLSCHAFT AG, Berlin as at 31 December 2007	Notes	in € 31 · 12 · 2007	in € 31 · 12 · 2006	in € change	Percentage change
Interest earned	(30)	1,766,785.72	2,106,528.42	- 339,742.70	- 16.1
Interest paid	(30)	- 20,609.22	- 572,650.84	- 552,041.62	- 96.4
Interest surplus	(30)	1,746,176.50	1,533,877.58	212,298.92	13.8
Net provision for risk in credit transactions	(31)	112,200.02	21,729.00	90,471.02	416.4
Interest surplus after provision for risk		1,858,376.52	1,555,606.58	302,769.94	19.5
Commissions received	(32)	9,048,794.75	25,462,750.92	- 16,413,956.17	- 64.5
Commissions paid	(32)	- 8,758,291.02	- 18,121,569.75	- 9,363,278.73	- 51.7
Commissions surplus		290,503.73	7,341,181.17	- 7,050,677.44	- 96.0
Income from trading transactions	(33)	74,144,667.75	43,496,359.97	30,648,307.78	70.5
Expenses from trading transactions	(33)	- 56,013,307.74	- 30,097,955.68	25,915,352.06	86.1
Trading result		18,131,360.01	13,398,404.29	4,732,955.72	35.3
Gross earning		20,280,240.26	22,295,192.04	- 2,014,951.78	- 9.0
Results from investments and securities (available-for-sale)	(34)	458,158.91	- 570,756.94	1,028,915.85	-
Results from companies valued at-equity		- 1,745,698.26	- 1,053,326.45	692,371.81	65.7
Administration expenses	(35)	- 15,406,887.54	- 22,496,199.16	- 7,089,311.62	- 31.5
Operating result		3,585,813.37	- 1,825,090.51	5,410,903.88	-
Other operating revenue	(36)	4,551,938.98	4,782,163.77	- 230,224.79	- 4.8
Other operating expenses	(36)	- 162,393.28	- 393,179.38	- 230,786.10	- 58.7
Other operating result		4,389,545.70	4,388,984.39	561.31	0.0
Result before tax		7,975,359.07	2,563,893.88	5,411,465.19	211.1
Income and revenue taxes	(37)	- 884,044.77	1,103,473.50	- 1,987,518.27	-
Result after tax		7,091,314.30	3,667,367.38	3,423,946.92	93.4
Profit/loss owed to shareholders outside the group		- 371,608.21	420,352.23	- 791,960.44	-
Group profit/loss		6,719,706.09	4,087,719.61	2,631,986.48	64.4

Profit appropriation	Notes	in € 31 · 12 · 2007	in € 31 · 12 · 2006	in € change	Percentage change
Group profit		6,719,706.09	4,087,719.61	2,631,986.48	64.4
Profit/loss brought forward from last year		3,971,727.34	2,994,983.13	976,744.21	32.6
Dividend payment	-	- 3,839,643.69	- 1,645,390.30	2,194,253.39	133.4
Allocations to revenue reserves	-	- 132,083.65	- 1,465,585.10	- 1,333,501.45	- 91.0
Group profit		6,719,706.09	3,971,727.34	2,747,978.75	69.2



GROUP BALANCE SHEET: ASSETS BERLINER EFFEKTEGESELLSCHAFT AG, Berlin as at 31 December 2007	Notes	in € 31 · 12 · 2007	in € 31 · 12 · 2006	in € change	Percentage change
Cash reserves	11, 39	3,682.58	5,087.32	- 1,404.74	- 27.6
Receivables from banks	12, 40	34,338,039.40	35,200,095.93	- 862,056.53	- 2.4
Receivables from customers	12, 41, 42	565,608.83	1,104,895.44	- 539,286.61	- 48.8
Provision for risk	13, 43	- 68,104.65	- 222,345.25	- 154,240.60	- 69.4
Trading assets	14, 44	4,262,610.23	3,111,674.77	1,150,935.46	37.0
Investments and securities	15, 45	23,511,582.46	23,370,287.16	141,295.30	0.6
Participatory investments in associated companies	16, 46	12,068,276.43	11,162,468.69	905,807.74	8.1
Long-term held assets available-for-sale	17, 47	998,405.25	-	998,405.25	-
Intangible assets	19, 49	322,526.49	373,841.49	- 51,315.00	- 13.7
Tangible fixed assets	18, 48	618,065.00	604,551.00	13,514.00	2.2
Income tax claims	24, 50	2,564,780.58	2,566,065.72	- 1,285.14	- 0.1
Other assets	20, 52	272,990.10	304,082.31	- 31,092.21	- 10.2
Deferred taxes	51	1,088,773.58	270,925.50	817,848.08	301.9
Total		80,547,236.28	77,851,630.08	2,695,606.20	3.5

GROUP BALANCE SHEET: EQUITY AND LIABILITIES BERLINER EFFEKTEGESELLSCHAFT AG, Berlin as at 31 December 2007	Notes	in € 31 · 12 · 2007	in € 31 · 12 · 2006	in € change	Percentage change
Liabilities to banks	21, 53	724,214.04	2,848,279.63	- 2,124,065.59	- 74.6
Liabilities to customers	21, 54	148,088.51	248,079.69	- 99,991.18	- 40.3
Trading liabilities	22, 55	639,579.91	449,072.27	190,507.64	42.4
Provisions and accruals	23, 56	666,551.73	498,620.86	167,930.87	33.7
Tax on income	24, 57	615,524.34	927,874.32	- 312,349.98	- 33.7
Other liabilities	25, 58	2,096,640.42	1,198,500.21	898,140.21	74.9
Deferred taxes	59	197,976.27	174,929.95	23,046.32	13.2
Own funds		75,458,661.06	71,506,273.15	3,952,387.91	5.5
Minority interests	60	4,227,586.56	4,054,243.38	173,343.18	4.3
Stock capital	60	16,709,803.00	16,512,503.00	197,300.00	1.2
Capital reserves	26, 60	43,106,782.75	42,346,265.50	760,517.25	1.8
Retained earnings	60	3,037,645.97	2,888,252.03	149,393.94	5.2
Revaluation surplus	60	1,657,136.69	1,733,281.90	- 76,145.21	- 4.4
Group profit	60, 64	6,719,706.09	3,971,727.34	2,747,978.75	69.2
Total		80,547,236.28	77,851,630.08	2,695,606.20	3.5



MANAGEMENT REPORT OF THE BERLINER EFFEKTEGESELLSCHAFT AG GROUP FOR THE YEAR ENDED 31 DECEMBER 2007

1. Business and strategy

1.1. Organisation and business areas

The Berliner Effektengesellschaft AG acts as a financial holding without an own operational business. Through its three majority-held group subsidiaries it offers services of various kinds to do with the capital market, in particular banking and financial services.

The individual operational subsidiaries are:

- Tradegate AG Wertpapierhandelsbank, Berlin; holding 96.4 % (Group Accounts according to IFRS), permit as securities trading bank, permit extended as of 1 January 2008 to include universal banking. The company's main business is securities trading, especially on its own electronic trading platform, TRADEGATE®, and so called order book management on the Frankfurt and Berlin stock exchanges,
- Ventegis Capital AG, Berlin; holding 94.0 %, venture capital business providing mainly early phase investments and general financial and structuring advice,
- BEG Fondsberatung GmbH, Berlin; holding 100 %, advises investment companies in managing special funds,
- Ex-tra Sportwetten AG, Vienna, Austria; holding 100 %, issuer of sport certificates.

The Tradegate AG Wertpapierhandelsbank holds the majority of shares in the BEG Fonds 1 Nordinvest (83.2 %). With regard to fund management this is supported by the BEG Fondsberatung GmbH. According to IFRS regulations it is therefore to be included in the group accounts within the scope of a full consolidation.

In addition to the majority-held group companies, the company can also enter into minority holdings in national and foreign companies that supply banking or financial services, or in companies that offer supporting services for this business field. The aim of such investments is the initiation, consolidation and enhancement of the business connections of the companies belonging to the group. Currently, apart from the holding in the quirin bank AG, no such strategically relevant investments exist.

In 2007, following further capital increases and sales of shares, the shareholding of the Berliner Effektengesellschaft AG in the quirin bank AG, Berlin, was further reduced and now stands at 30.8 %. The quirin bank AG continues to be an associated company in the sense of IFRS.

Where necessary, the company also supports the subsidiaries in the central business areas of personnel, administration, organisation and accounting and controlling and auditing.

The main office of the company and its administrative departments are based in Berlin. The company has a branch in Frankfurt am Main.

The management of the company comprises two board members (Mr. Karsten Haesen and Mr. Holger Timm) who work closely with one another in the areas of strategic planning, guidance of the operational subsidiaries and investment controlling. Although three subsidiaries operate as public companies and the independence of each management board is protected, a higher-level strategy and supervision is ensured particularly through the overlap in the structure of the management bodies in all companies. Mr. Timm is responsible for accounting, controlling, auditing and business administration. The latter especially concerns the personnel administration of the subsidiaries and certain areas of the buying-in of material and services. Besides this, Mr. Timm is the Chairman of the Board of the Tradegate AG Wertpapierhandelsbank, Chairman of the Supervisory Board of the quirin bank AG and Member of the Supervisory Board of Ventegis Capital AG. Mr. Haesen coordinates the activities of the group regarding capital market transactions and is responsible for the representation of the company on the capital market. Furthermore, he is the Managing Director of the Ventegis Capital AG.

1.2. Competitive position and general conditions

As a financial holding the company combines, supports and optimises the activities of its individual subsidiaries. The competitive position is therefore largely dependent on the competitive position of the subsidiaries. Nevertheless, the comprehensive range of services offered by the group can also contribute to the improvement of the competitive position of all individual companies, especially as there is no other structurally comparable competitor on the market.

At present, the most important focus of the operational business is the activity of the Tradegate AG Wertpapierhandelsbank. The company has benefited from the positive development on the German capital markets and from the continuous return of active private investors to the markets and to the trading platform TRADEGATE®. The company belongs to the few brokerage firms that, after several years of market consolidation, have prevailed successfully and now dominate trading as order book managers on the German stock markets. However, in the area of order book management the company has refrained from increasing its market presence by taking over smaller companies. The main reason, apart from the risk involved, is the current practice of allocation of order books by the regional stock exchanges in which each order book is assigned to a brokerage firm only temporarily. In the opinion of the managing board, the currently managed order books do not, therefore, represent any binding value that can be capitalised on for the balance sheet. It is also still unclear which market models the German stock exchanges will adopt medium-term with regard to the new laws implemented in 2007. The Berlin Stock Exchange has announced that in 2008 emphasis will be put on its newly purchased electronic trading platform (Equiduct). To what extent and whether trading by order book will be maintained has not yet been decided. The Frankfurt Stock Exchange will also begin to transfer products from the area of order book management to a technically and conceptually adapted electronic platform (XETRA Release 9) in 2008. It was obviously the right decision



for the company that in past years, alongside order book management, its long term strategic plan focused predominantly on electronic trading platforms and invested in new trading and settlement software to lower the process costs of largely automated services. In order to avoid dependence on monopoly-like European exchange structures emphasis is placed on the development of the company's own off-exchange information and trading platform, TRADEGATE®. Upon the implementation of MiFID (Markets in Financial Instruments Directive) on 1.11.2007 an application was made for TRADEGATE® as a so called MTF (Multilateral Trading Facility) and trading was extended to France for the first time. Besides multilateral trading for private investors this facility also offers bilateral, extended trading possibilities for connected market participants. At the moment there is no other significant competitor in Germany operating an ECN or an MTF for trading shares. It can be assumed that in Europe MTFs will become increasingly important in the next few years because, due to the new laws, they have been up-valued considerably. In 2008 the new European directive (MiFID) allows customers of other European countries, such as France, to be connected to an MTF for the first time. For TRADEGATE® this means new growth potential.

Ventegis Capital AG provides risk capital at various stages and advises companies in questions of financing. The company's economic situation is heavily influenced by the development of its investment portfolio and by the market climate for participatory investments in general. The German investment market has been recovering steadily since 2005. Ventegis Capital AG is a small, established player on the German venture capital market.

The Ex-tra Sportwetten AG in Vienna serves as an issuer for so called sport certificates (bonds with sporting events as reference figure). The company has a licence for sports betting according to Austrian law. Up to now, the sales of this unique product have proved to be difficult because the legal nature of the product as a security was partly contested in 2007 and trading on the Frankfurt Stock Exchange was forbidden.

The quirin bank AG has continued its strategic adjustment and, following the enlargement of the circle of shareholders, is only included in the group accounts at-equity.

1.3. Goals and strategies, listing on the stock exchange

The Berliner Effektengesellschaft AG supports its operational companies in the development of their business areas and accompanies the necessary processes of coordination. The higher-level consolidated group and the diverse business activities of the operational subsidiaries permit a highly extensive range of services around the capital markets and can, on account of the higher name recognition of the Berliner Effektengesellschaft AG, be of help to the individual companies in building a customer base. On the other hand, the clear segregation of different business areas – and especially of business risks – helps to win strategic partners or shareholders for the individual areas.

This multiple strategic set-up has already been tried and tested in the past years and allows all companies the necessary flexibility for the development of their own business. In the current difficult and

consolidating market environment, the Berliner Effektengesellschaft AG attaches great importance to developing its business activities carefully and for the long term, backed by a solid capital resources structure.

The Berliner Effektengesellschaft AG, along with its group companies, distinguishes itself by a high level of flexibility and propensity for innovation and even in years of an extremely gloomy market environment has searched and found opportunities in niche markets. The established group structure allows the individual companies to complement one another perfectly and enables the longest possible value chain within the group. At the same time, any risks and dependencies through third parties are avoided as far as possible.

The shares of the Berliner Effektengesellschaft AG are currently listed on the Regulated Market of the Frankfurt and Berlin stock exchanges. As a result of this listing on the Regulated Market (formerly the Official Market) the company has to fulfil a number of additional obligations which have arisen through numerous changes in the law over the past years, the cost of which no longer bears any appropriate relation to the benefit that a listing on the Regulated Market should bring with it.

Both the management and the supervisory board are of the opinion that the Open Market/Entry Standard better represents the market segment which is suitable for the Berliner Effektengesellschaft AG and therefore requested and received authorisation at the Shareholders' General Meeting on 26 June 2007 to take the necessary steps to initiate a change in market segment.

Two shareholders, who belong to the group of people that the media and press refer to as "Berufskläger" (people who make money from litigating against companies) brought a lawsuit against two resolutions of the Shareholders' General Meeting. In the meantime, since no other shareholder has joined the lawsuit which was made public by the company, the management and supervisory boards have made use of the power of authority granted to them at the Shareholders' General Meeting and submitted the necessary applications to the Frankfurt and Berlin stock exchanges. Both stock exchanges have agreed to the application for a delisting from the Regulated Market with effect from 31 July 2008.

The company will make sure that, from 1 August 2008, trading in the company's shares in the Open Market will still be possible. Transparency for our shareholders, including quarterly reports, will remain unchanged.

1.4. Business development and the development of general conditions

From the group's point of view, business development is made up of the development of its individual business areas.

During the reporting period the business area order book management/securities trading slightly increased the number of order books managed at the exchanges in Berlin and Frankfurt from 11,691 to 12,219. The focus of new listings and existing securities remains on



corporations from all over the world with occasional international bonds included. Most securities managed in the order books are second-line stocks and less liquid securities. Against this, the company currently trades about 1,300 categories of securities on TRADEGATE®, the majority of which are national and international, very liquid index values. At the moment, therefore, there is no significant overlap between the two business areas. An important indicator for business development is the number of individual securities transactions. The year 2007 shows an interesting picture. The total number of transactions rose by about 17.2 %, from 3,799,081 to 4,453,614. This increase is thanks only to our own trading platform TRADEGATE®, which was able to increase business by 117 % from 734,646 transactions in 2006 to 1,597,381 in 2007. The number of stock exchange contract notes resulting from the order books in Frankfurt and Berlin dropped slightly from 3,064,354 to 2,856,333. This shows that even in years with no general growth, the company is in a position to increase its business through winning new customers for its own trading platform.

Once again in the last business year, there was no even distribution of transactions over individual months. This makes the informational value of a prognosis for the next year difficult. Fortunately, only the month of September produced a notably weak turnover in relation to its number of working days.

In turn, with the product "share", the business area order book management/ securities trading stood in direct competition with a sharply increased number of derivative products such as warrants and certificates. Meanwhile in Germany, the number of transactions made in these products far exceeds the number of transactions in shares. Since the company does not act as an issuer of such products, it cannot benefit from the transaction volume. On the grounds of risk the company refuses to trade in products from issuers outside the group.

In the past business year large investments were made, particularly for the upgrading, extension or renewal of the existing IT-systems. Software is usually developed and maintained by company employees. The personnel costs involved are not such that they can be capitalised. Occasionally individual contracts for work are outsourced and, depending on size, can be capitalised. In the areas of networks, data banks, word processing, etc. standard software from large providers is used.

The total portion of costs for administration and maintenance, just to comply with all stock market and legal regulations, is very high. The company has, however, managed to establish efficient and practicable structures that are suitable for its size.

Our venture capital business was able to further consolidate its position in the German venture capital market. Although there were no exits from the investment portfolio in 2007 and a precautionary value adjustment of 50 % was made for one of the investments, because the business set-up had fallen behind the business plan schedule, an overall profit could be made through other profit contributions from the attributive advisory business. Apart from one investment, the investments in the portfolio have developed as expected or better than planned. The positive development of the investments, which were rated as promising at the end of 2006,

has continued. In the last quarter of 2007 sales dialogues took place for one particular investment which resulted in a successful exit. Thus a considerable improvement in results is to be expected for the current year. In the past business year, Ventegis Capital AG founded four companies for investments in the solar industry.

The other business areas of the group contain the smaller subsidiaries, the BEG Fondsberatung GmbH and the Ex-tra Sportwetten AG, Vienna. The BEG Fondsberatung GmbH had a slightly negative result because the result-dependent earnings components arising from the advisory service of the Investmentfonds BEG Fonds 1 Nordinvest could not follow the very good development achieved in 2006. At the start of its business activities in 2007 the Ex-tra Sportwetten AG was very much hindered by legal arguments with regard to the legal nature of the sport certificates it had issued and could only realise a small turnover. The extraordinary expenses for legal opinions etc. caused a negative annual result. In order to improve the equity capital situation a € 500,000.00 company loan was converted into equity capital. As the product was successfully listed on the Regulated Market of the Berlin Stock Exchange at the end of 2007, at least a balanced result is to be expected for the year 2008.

Following the deconsolidation of the quirin bank group in 2006, the development of the number of employees in the group remained constant and increased in the reporting year by only 4 employees to a current total of 93 employees in the group. The average age is about 36.1 years. The average job tenure is 5.8 years. Even during less profitable times the group attaches great importance to retaining well-trained and qualified employees. The flexible increase or reduction of personnel according to the amount of business, especially in the business of order book management/securities trading, is difficult in the industry and not desired by the company. Through flexible remuneration models the company prefers to ensure that, on the one hand no unacceptably high fixed salaries endanger results in difficult economic situations, and on the other that during economically successful periods the employees, who are ultimately responsible for this success, have a suitable share in the company's profit and are compensated for possible weaker periods.

As far as they perform their services directly for the Berliner Effekten-gesellschaft AG, the members of the managing board receive a fixed payment from the company. If they are also employed as a member of the managing board of a subsidiary they receive the payment agreed in the contract of employment of the respective subsidiary. The fixed remuneration is supplemented by participation in a share option scheme of the Berliner Effektengesellschaft AG or Tradegate AG Wertpapierhandelsbank and performance related bonuses. The bonuses are based on the results of the respective subsidiary and the concern.



The supervisory board members receive a fixed basic salary and a variable bonus depending on the amount of the dividend.

The number of employees in detail:

Berliner Effektengesellschaft AG	8
Tradegate AG Wertpapierhandelsbank	79
Ventegis Capital AG	4
BEG Fondsberatung GmbH	1
Ex-Tra Sportwetten AG	3

Some board members have a double function, so the total number of employees in the group is 93.

2. Development of results

The result after tax improved in the business year by € 3,424,000.00 from € 3,667,000.00 to € 7,091,000.00. The important positions in the group's income statement are the trading result and the administration expenses. The development of these components is the main deciding factor in the development of the group's results. The development of the income statement of the last two years is shown in the table below. However, a true comparison is difficult due to the full consolidation of the quirin bank group until 30 September of the previous year.

	in € 2007	in € 2006
Interest earned	1,766,785.72	2,106,528.42
Interest paid	- 20,609.22	- 572,650.84
Interest surplus	1,746,176.50	1,533,877.58
Net provision for risk in credit transactions	112,200.02	21,729.00
Interest surplus after provision for risk	1,858,376.52	1,555,606.58
Commissions received	9,048,794.75	25,462,750.92
Commissions paid	- 8,758,291.02	- 18,121,569.75
Commission surplus	290,503.73	7,341,181.17
Income from trading transactions	74,144,667.75	43,496,359.97
Expenditure from trading transactions	- 56,013,307.74	- 30,097,955.68
Trading result	18,131,360.01	13,398,404.29
Gross earning	20,280,240.26	22,295,192.04
Result from investments and securities (available for sale)	458,158.91	- 570,756.94
Result from companies valued at equity	- 1,745,698.26	- 1,053,326.45
Administrations expenses	- 15,406,887.54	- 22,496,199.16
Operating result	3,585,813.37	- 1,825,090.51
Other operating result	4,389,545.70	4,388,984.39
Result before tax	7,975,359.07	2,563,893.88
Income and profit taxes	- 884,044.77	1,103,473.50
Result after tax	7,091,314.30	3,667,367.38
Profit/ loss due to shareholders outside the group	- 371,608.21	420,352.23
Group profit/ loss	6,719,706.09	4,087,719.61



Despite the non-inclusion of the quirin bank in 2007 the interest surplus increased. The release of net provision for risk in credit transactions can be attributed to the impending sale of a receivable of Ventegis Capital AG within the course of a portfolio exit. The receivable was part of an investment which was sold in February 2008.

Besides the smaller basis of consolidation, the commission surplus of the Tradegate AG Wertpapierhandelsbank was burdened by the expenses for the clearing services of the quirin bank AG. The commission surplus fell accordingly by € 7,051,000.00 (96.0 %) to € 291,000.00. The commission surplus of the quirin bank group in the previous year, during the period of full consolidation, amounted to € 5,650,000.00.

In line with the positive environment on the capital markets and the development of the trading platform, TRADEGATE®, the trading result improved from € 13,398,000.00 to € 18,131,000.00.

Administration expenses fell to € 15,407,000.00 (last year € 22,496,000.00). The important difference compared with the previous year is the deconsolidation of the quirin bank group which incurred administration expenses of € 9,481,000.00 up to 30 September 2006. This amount corresponds with the increase in administration expenses of the Tradegate AG Wertpapierhandelsbank.

The other operating result of € 4,390,000.00 (last year € 4,389,000.00) includes the success brought by the deconsolidation following the further reduction by € 3,671,000.00 of the share in the quirin bank AG and other subsidiaries. A detailed breakdown can be found in the Notes. The quirin bank group reported an operating result of € 3,369,000.00 up to 30 September of last year.

3. Development of financial position

The group's liabilities were further reduced. The next table shows the development of equity and liabilities over the past year.

	in € 31 · 12 · 2007	in € 31 · 12 · 2006
Liabilities to banks	724,214.04	2,848,279.63
Liabilities to customers	148,088.51	248,079.69
Trading liabilities	639,579.91	449,072.27
Provisions and accruals	666,551.73	498,620.86
Profit tax	615,524.34	927,874.32
Other liabilities	2,096,640.42	1,198,500.21
Deferred taxes on liabilities side	197,976.27	174,929.95
Own funds	75,458,661.06	71,506,273.15
Minority interests	4,227,586.56	4,054,243.38
Stock capital	16,709,803.00	16,512,503.00
Capital reserves	43,106,782.75	42,346,265.50
Retained earnings	3,037,645.97	2,888,252.03
Revaluation surplus	1,657,136.69	1,733,281.90
Group profit	6,719,706.09	3,971,727.34
Total	80,547,236.28	77,851,630.08



The financing of the group occurs mainly through the equity capital which, due to a positive growth in earnings, increased further. Included in the liabilities are the liabilities to banks and other significant liabilities. The liabilities to banks are predominantly open accounts from order book management and a KfW-loan for refinancing of an investment.

Although the business of the Tradegate AG Wertpapierhandelsbank increased, tax on profits fell because higher payments were made in advance.

The other liabilities contain predominantly accruals for deliveries and services not yet settled and social security and income tax still payable.

The increase in equity capital to € 75,459,000.00 (last year € 71,506,000.00) resulted primarily from the Tradegate AG Wertpapierhandelsbank. Small additions were recorded from the use of the share option scheme by employees, and the issue of new share options.

The liquidity reserves contain short term receivables from banks of € 34,338,000.00 plus securities from trading assets and liquidity reserves of € 22,846,000.00.

4. Development of net assets position

The net assets position of the Berliner Effktengesellschaft Group is marked by relatively high solvency. Alongside the assets held in securities, the receivables from banks represent the largest positions in assets. The table below shows the development of assets over the last two years.

	in € 31 · 12 · 2007	in € 31 · 12 · 2006
Cash reserves	3,682.58	5,087.32
Receivables from banks	34,338,039.40	35,200,095.93
Receivables from customers	565,608.83	1,104,895.44
Provision for risk	- 68,104.65	- 222,345.25
Trading assets	4,262,610.23	3,111,674.77
Investments and securities	23,511,582.46	23,370,287.16
Participatory investments in associated companies	12,068,276.43	11,162,468.69
Long term assets available for sale	998,405.25	–
Intangible assets	322,526.49	373,841.49
Tangible fixed assets	618,065.00	604,551.00
Profits tax claims	2,564,780.58	2,566,065.72
Other assets	272,990.10	304,082.31
Deferred taxes on assets side	1,088,773.58	270,925.50
Total	80,547,236.28	77,851,630.08



Trading assets increased due to brisk trading, especially on the trading platform TRADEGATE®. Since the Berliner Effektengesellschaft AG did not take part in the capital increases of the quirin bank AG, and capital increases occurred at prices per share which were above the book value in the group, the reported figure for investments in associated companies increased. The increase in deferred taxes was due mainly to the activation of deferred taxes on losses carried forward of the Tradegate AG Wertpapierhandelsbank.

5. Analysis of financial performance indicators

The relation of administration expenses to gross earnings improved, falling from 100.9 % to 76.0 %. One reason was that the administration expenses of the quirin bank group were no longer included. Another was the positive development of the capital markets, which led to an above average increase in gross earnings vs. administration expenses in the area of order book management/securities trading. As per December 31, 2007 the equity ratio of the group stood at 93.7 % following 91.9 % at the closing date of the previous year. The undiluted result per share developed very positively, rising from € 0.25 to € 0.40. The underlying data for this evaluation can be found in the Notes.

To summarise, the development in the last year was positive and the group's position is satisfactory.

6. Situation at the time of writing

During the first two months of the new business year, the business segment order book management/proprietary trading developed well.

7. Supplementary report

A contract on the sale of the investment in CAS Innovations AG and the existing loan was signed in February. No other noteworthy events occurred between the end of the business year and the completion of the financial statement.

8. Risk report

Risk management policy and strategy

As a financial holding group, the Berliner Effektengesellschaft Group's activities focus on order book management/securities trading and venture capital. In these business areas risk control is the responsibility of the operationally active companies.

In principle, risk is understood to be the negative difference between actual incidents and expected incidents. The basis of the risk management system is the classification into counterparty default risks, liquidity risks, market price risks, operational risks and other risks.

The risk management system differentiates between the areas most exposed to risk, risk management in the narrower sense and risk control which monitors the risk situation and supports risk management, in particular with information on assumed risks. The controlling department is also largely responsible for the further development of the risk management system.

The risk situation of the Berliner Effektengesellschaft Group is also affected significantly by the development of the subsidiaries and their general conditions. Each company determines a risk strategy which is most suitable for its own activities. Here, recognising aberrations and tackling them at an early stage is the most important goal of risk management.

By virtue of the group's business areas, the development on the German and European stock exchange scene in particular plays an important role in the situation of risk. In this respect, the observation of the basic conditions which are relevant for each business area is necessary.

Counterparty default risk

The counterparty default risk is the danger that liabilities are fulfilled too late, incompletely or not at all. Such risks pertaining to the Berliner Effektengesellschaft Group come mainly from the receivables from banks and from investments and securities. The bank accounts are mainly with domestic banks where the likelihood of default is presumed to be very small. Apart from these bank accounts, which are used for payment transactions and cash deposits, the company holds Federal Government securities, fixed interest securities from banks and other companies, shares in money market funds and shares in equity and investment funds. The BEG Fonds 1 Nordinvest is fully consolidated. The individual components of the fund, which is managed by the NORDINVEST Norddeutsche Investment-Gesellschaft mbH, flow into the group consolidated accounts at their daily value. The fund makes transactions in international investments in shares and other securities. Bank deposits, money market instruments and investment certificates are also possible. Derivative products can also be traded for investment and hedging purposes. The management of the fund is supported by the group's own BEG Fondsberatung GmbH. With this type of stock there is a risk of counterparty default which depends on the issuer and the form of the investment, and receivables from customers who are at risk of defaulting.

A particular characteristic of the counterparty default risk is the investment or shareholder risk. Apart from the holding of the Berliner Effektengesellschaft AG in the quirin bank AG, the investment risk lies predominantly with Ventegis Capital AG. The value of the shareholding may drop due to developments which occur within the investment. So, for example, worsening economic circumstances, negative public reporting, tightened legal regulations or new technical developments are all indications for a closer examination of the valuation. In order to be able to make a timely evaluation of the risk, the company belonging to the group, insofar as it holds investments, carries out regular and timely inspections of economic developments. This is supplemented by communication with the management of the associated company. If questions arise from the presented data or from known changes in circumstances, they are discussed with the respective company and clarified. Furthermore, if need be, a member of the supervisory board of the associated company is made available. New investments are entered into only after careful examination.



At the same time, the risk of counterparty default exists in the form of settlement risk and advance payment risk, especially in trading transactions. Settlement risk is the danger that the respective delivery commitments are fulfilled too late, incompletely or not at all. Consequently, an appropriate backup transaction, possibly at worse terms and conditions, has to be concluded. In the case of advance payment risk, the group has already fulfilled its duty, the counterparty, however, has not. In the group, settlement risk comes to bear mainly in the course of securities trading. Due to the admission requirements and, as a rule, state supervision, transactions finalised on a stock exchange are seen to be at very little risk. With off-exchange trading, however, counterparties must be judged by their reliability. Off-exchange transactions, especially those in East Europe, are monitored closely.

The maximum default risk is reflected in the book value of the financial assets shown in the accounts (€ 75,748,000.00 / last year € 73,955,000.00). At the balance sheet date there was no undertaking to reduce the maximum default risk.

As the financial holding group is subject to the rules and regulation of the German Banking Act a concentration of risk is restricted by the regulations on large credits. Except for the receivables from banks the group has no large credits. The quirin bank, in particular, should be mentioned here on which more details will be given later on. The rules on granting large credits require that all counterparty default risks with regard to any one debtor be reported to the higher level institution as soon as they reach a certain amount in relation to the equity capital of the company.

• **Credits and receivables:**

The category of credits and receivables contain primarily deposits at banks, receivables from brokers from trading securities on the stock exchange and receivables from the investment business. The receivables from banks do not represent any noteworthy risk of default as long as the bank is a domestic institution (€ 33,505,000.00 / last year € 34,551,000.00). The largest single exposure is with the quirin bank AG, where at the balance sheet date a deposit of € 21,946,00.00 was held. The receivables from foreign banks are with institutes of first class rating (€ 834,000.00 / last year € 649,000.00).

The receivables from brokers from trading securities on the stock exchange amount to € 148,000.00 (last year € 251,000.00). These receivables do not pose any appreciable risk of default because in the course of the admission to trading the stock exchange conducts a credit assessment and the receivables are covered by providing security for the respective stock exchange.

The receivables incurred within the scope of a venture capital investment are predominantly dormant holdings. The nature of the business brings with it a high risk of counterparty default. At the balance sheet date these receivables amounted to € 578,000.00 (last year € 502,000.00). None of the new receivables were regarded as having depreciated in value and no specific allowances for bad debts were formed. At the balance sheet date last year, € 429,000.00 were regarded as having depreciated in value and were partly value adjusted.

The other current assets of € 2,838,000.00 (last year € 2,870,000.00) include receivables from the tax authorities of € 2,565,000.00. These are receivables from the state of Berlin, i.e. the Federal Republic of Germany, which in our opinion are not at risk of defaulting.

The receivables do not contain any receivables that were due before the balance sheet date unless, for the company's purposes, a decrease in value exists.

For the receivables of € 68,000.00 provisions of € 68,000.00 have been made. The receivables are receivables from companies in which the group has an investment. Against the balance sheet date of last year, whereby devalued receivables of € 502,000.00 were depreciated by € 222,000.00, this is a significant reduction. A receivable is considered to be devalued if

- the debtor is in serious financial difficulty
- a breach of contract occurs (non payment, delay in interest or amortisation payments)
- concessions are made which would not normally be made by the group as creditor to the credit user, on the grounds of economic or legal circumstances in connection with financial difficulties of the credit user,
- there is a high probability of bankruptcy or other need of financial restructuring of the debtor
- depreciation costs for the asset concerned have been recorded in a previous reporting period
- the disappearance of an active market for these financial assets occurs due to financial difficulties
- it can be concluded from experience of collection of debts in the past, that the total value of a debt portfolio cannot be elicited.

Direct depreciation takes place if, regardless of the point in time, repayment is considered to be very unlikely or if insolvency proceedings have already been completed.

Security for receivables was not obtained.

• **The current value affecting net income which is to be assigned to the evaluated financial assets or financial liabilities:**

The trading assets and liabilities are shown in this category. The risk of counterparty default depends on the one hand on the domicile of the issuer and on the other on his economic circumstances. If markets function properly, these influences and prospects of development are contained in the prices. Based on the default probability of domiciles according to Hermes (loan insurance company), the result is € 24,000.00 (last year € 67,000.00).

• **Financial assets available for sale and associated companies:**

The financial assets available for sale contain investments and securities in the liquidity reserves. The investments are separated into strategic investments that complement or support the business areas of the group and investments that are assigned to the business area venture capital. The strategic investment in the quirin bank AG (€ 12,068,000.00, last year € 10,941,000.00) is included in a monthly report. This makes the continuous observation of the development of the economic situation possible. The investments of the venture capital business have a high default probability. Such investments are measured according to economic developments and circumstances and on the achievement of goals. New investments are made following intensive checks. At the moment the group holds investments to the value of € 4,679,000.00 (last year € 3,306,000.00).



The group buys mainly securities of issuers with a good credit rating. However, some stocks, which flow into the consolidated accounts via the fully consolidated BEG Fonds 1, have a high risk of default.

At the balance sheet date none of the financial assets belonging to this category were overdue. The financial assets available for sale are considered in the group to be depreciated in value if the book value is 25 % lower than the acquisition costs. If the value of a financial asset falls by at least 20 % the length of time of this reduction in value is the deciding factor for reporting the value depreciation in the income statement. If the depreciation in value continues for six months, it can be presumed that a permanent depreciation exists. At the balance sheet date the amount of depreciated financial assets stood at € 926,000.00 (last year € 277,000.00).

Liquidity risk and cash flow risk

Liquidity risk is understood to be the danger that payment obligations might be made not at all, too late or incompletely, or that due to illiquid markets assets cannot be sold, or sold at the expected price.

The control of payment reserves is made via liquidity planning and other methods suitable for the respective business area. During the reporting year, as far as companies belonging to the group were subject to the terms of the Liquidity Regulation which regulates the minimum liquidity of institutes, the rules were adhered to. Last year, the index numbers of the Tradegate AG Wertpapierhandelsbank moved between 6.12 and 18.72, the minimum figure being 1. This value is not calculated for the group.

Both the fixed-interest securities of € 8,436,000.00 (last year € 6,105,000.00) and the shares in the money market of € 4,064,000.00 (last year € 4,011,000.00) are considered to be sellable at any time without loss.

The group is financed primarily by its own funds. If future cash flow should vary as a result of a change in the interest rate, this would have only a minimal effect on the group's assets because in most cases any change in the influx or outflow of interest balances itself out.

The financial liabilities have the following maturity structure:

	in '000 € up to 1 month	in '000 € from 1 month to 3 months	in '000 € from 3 months to 1 year	in '000 € more than 1 year to 5 years	in '000 € more than 5 years
Liabilities to banks	468.3	–	–	255.8	–
Liabilities to customers	148.1	–	–	–	–
Trading liabilities	556.4	–	83.2	–	–

Market price risks

Market price risks are understood to be the negative differences of the expected market price development. Market prices are interest rates, stock prices and foreign exchange rates. Any change brings about changes in the value of the financial instruments within the portfolio such as stocks, bonds or bank balances in foreign currency, which can lead to write-offs affecting results. Market price risks are of primary importance to the Berliner Effektengesellschaft Group as the order book management/securities trading department forms a large part of the group's result. Since a focal point of our business activities lies in the trading and relaying of transactions of stocks of foreign companies, especially US-American securities, an indirect foreign currency risk also has an effect. For example, in an ideal market, changes in the US-\$ exchange rate bring about corresponding changes in the stock price in €. In the context of the risk management system of securities trading, this risk arising from securities transactions is considered to be implicit in the share price risk. Basically, the control of market price risks is decentralised and occurs in the operationally active companies.

In the division order book management/securities trading a special risk control system is used. On the one hand there are internal trading limits which provide timely and close market control and supervision of transactions, and on the other controlling limits are in place which are monitored by an independent risk control system. On the basis of the expected results for 2007 and the capital resources an absolute upper loss limit for all transactions was set by the company's management board. One part of this upper loss limit was divided as a control limit between the trading areas overseas, domestic and Frankfurt am Main. Using these control limits, pending losses from open positions were limited. The pending losses are calculated from the value of the open position and the current value on the basis of a reference price. This reference price is determined on an ongoing basis and entered into the control system. In 2007 the mostly only marginally used limit was exceeded occasionally for a short period of time. In nearly all cases, the reason for exceeding the limit was that the monitoring system was provided with incorrect reference prices. If risk control notifies a limit exceedance, the cause is investigated and the board member responsible for controlling is informed accordingly. The board member responsible for controlling discusses the steps to be taken with the board member responsible for trading and informs risk control of the result. If losses are actually incurred which exceed a certain threshold value, the limit concerned is lowered automatically. In a subsequent comparison of the actual and planned result of the company, a decision is made on the retention or change of the limit alignment. In 2007 no adjustments were made to the control limits for securities trading.



The assets in the liquid reserves are dealt with separately. In the past business year no changes were made to the controlling limits of the Tradegate AG Wertpapierhandelsbank for these stocks. The assessment of the amount of risk is handled analogue to the observation of trade securities. In the case of the limit being exceeded the board member of the Tradegate AG Wertpapierhandelsbank is informed immediately, who then decides on the further handling of the securities in the liquid reserves.

The securities holdings of the BEG Fonds 1 also contains market price risks. These are monitored and controlled by the fund's management and its advisor, the BEG Fondsberatung GmbH. The fund contains fixed interest securities of € 7,925,000.00 which are subject to the risk of a change in interest rate. Equity instruments of € 4,534,000.00 are also included here.

In the other companies of the group the market price risks from share prices are of secondary importance.

Exchange rate risk is handled restrictively. No significant amount of foreign currency is held. At the balance sheet date the deposits in foreign currency at banks amounted to € 51,000.00. In addition the BEG Fonds 1 holds foreign bonds to the value of € 1,567,000.00.

Investments in liquid assets of the companies are predominantly of short term duration, mostly up to three months, so the risk of interest rate changes is of secondary importance. Within the BEG Fonds 1 Nordinvest a large number of fixed interest securities with longer fixed-rate interest periods was purchased. No liabilities with fixed-rate interest periods stand against these, so, if the market rate should change, this could result in a change to the market value and possibly devaluation of the securities. The risk from changes in interest rate are monitored and controlled by the fund's management and its advisor.

At the balance sheet date, based on the number of securities, a change in the interest level of one basis point would have an effect on the result of € 3,000.00 (last year € 3,000.00). The equity capital would change by € 3,000.00.

To assess the exchange risk of shares a sensitivity analysis is used to classify the domicile of the issuer into a risk category. Changes in the share price within a trading day are allocated to these risk categories. These changes are estimated by examining historical data, for example from the DAX. In the case of the securities trading book, including positions from name-to-follow transactions of the business area order book management/securities trading, a loss of € 121,000.00 (last year € 140,000.00) could occur at the balance sheet date. This would affect the equity capital and the group profit for the year.

Operational risks

Operational risks are understood to be such risks arising out of inappropriate or faulty company operations or those caused by employees, systems or external occurrences, legal risks included.

In the individual companies of the group, risk inventories were carried out and risk matrices put in place. These are checked regularly, at least once a year. In order to obtain an overview of any damages occurring, employees are required to report all damages to the risk control department in their company. No reports of significant damages were made in the year 2007.

Reporting

Reporting is decentralised and takes place in each of the operative units. The board members of Tradegate AG Wertpapierhandelsbank receive a risk report every day which also fulfils the minimum requirements for risk management. In particular, the reports contain the results from trading, the current risk position, the assigned limits and their utilisation. Due to the small amounts involved and their involvement in day-to-day business the board members of the other companies are continuously informed of the risk situation. Additionally, the board members of the parent company receive a report on the economic development of the group. In the course of its activities in the subsidiaries and involvement in the respective reporting system the board is kept informed of all other risk situations.

Institutional supervision

As a financial holding group, the Berliner Effektengesellschaft Group is subject to supervision by the Federal Financial Supervisory Authority. Accordingly, every month a consolidated monthly return, summarised quarterly reports for the Solvency Regulation and reports on any large loans and loans in millions must be submitted. If any unusual events occur, these are to be announced separately. In 2007 the obligation to report was adhered to. From January to December 2007 the reported ratio of the Solvency Regulation lay between 152.6 % and 188.6 %.

Statement according to Article 315 Para 1 and 4 HGB (German Commercial Code)

The board assures that, to the best of its knowledge, the present group accounts dated 31 December 2007 give a true representation of the actual circumstances of the group's assets, financial situation and results. In the group management report the business development and the group's situation is presented in such a way that a true representation of the actual circumstances is given and that significant opportunities and risks are described.

At 31 December 2006 the subscribed capital was € 16,512,503.00. At the Shareholders' General Meeting on 26 June 2007 no changes were made to the subscribed capital. In the past year the company employees exercised options from 2003, 2004 and, for the first time, 2005. Board members and employees drew a total of 9,800 shares from the share option scheme 2003, 30,400 from the share option scheme 2004 and 157,100 shares from the share option scheme 2005. As per 31 December 2006 the subscribed capital amounted to € 16,709,803.00, divided into 16,709,803 no par-shares in the name of the holder.



The company received the following reports, which are mandatory in accordance with Article 21 Para 1 of WpHG (Securities Trading Act):

- 10 November 2003 from Holger Timm, Berlin, a direct investment of 28.45 % and an indirect investment of 40.78 % made via the H.T.B. Unternehmensbeteiligungen GmbH
- 10 November 2003 by the H.T.B. Unternehmensbeteiligungen GmbH, a direct investment of 40.78 %
- 19 August 2005 from BNP Paribas S.A., Paris, France, an indirect investment of 15 % made via Cortal Consors S.A.
- 17 October 2005 from Cortal Consors S.A., Rue Malmaison, France, a direct investment of 14.68 %

The board members are appointed and withdrawn by the supervisory board in accordance with Article 84 of the Companies Act. In accordance with Article 179 of the Companies Act, the supervisory board has the right to make changes pertaining to the articles of association as far as it has been assigned such rights by the Shareholders' General Meeting.

By resolution of the Shareholders' General Meeting on 16 June 2003 the board is authorised, until 16 June 2008 and with approval from the supervisory board, to raise the subscribed capital by issuing new bearer shares against cash deposit or investment in kind, once or more than once up to the amount of € 7,629,035.50. This authorisation was not made use of during the business year.

Contingent capital I of € 1,728,000.00 was created by resolution of the Shareholders' General Meeting on 15 June 1999 and amended on 16 June 2003. Within this contingent capital, which had a fixed term until 31 December 2002, options for shares of the Berliner Effektengesellschaft AG could be issued to members of the managing board and employees of the company and its associated companies. Since on 23 June 2005 only part of the offered options still existed, the contingent capital I was reduced to € 348,000.00.

Contingent capital III of € 1,728,000.00 was created by resolution of the Shareholders' General Meeting on 28 June 2002 and amended on 16 June 2003. Within this contingent capital, which had a fixed term until 31 December 2005, options for shares of the Berliner Effektengesellschaft AG could be issued to members of the managing board and employees of the company and its associated companies. Since on 23 June 2005 only part of the offered options still existed, the contingent capital III was reduced to € 777,600.00.

By resolution of the Shareholders' General Meeting on 23 June 2005 the board was authorised, until 22 June 2007 and with approval from the supervisory board, to issue or grant, once or more than once, interest-bearing convertible bonds and/or subscription rights without issuance of bonds issued to the bondholder or bearer with a maximum duration of five years and a conversion privilege or option on up to 500,000 new bearer shares of the company (new contingent capital II).

9. Outlook

This report on future prospects contains predictions which may prove to be false.

At the moment the company is not planning to change its business strategy in the medium term but will continue to operate as a financial holding without its own operative business. The outsourcing of our various operative business areas with their different risks, different permit needs and different capital requirements, which from time to time can be covered by taking on new shareholders, has proved to be correct and practicable.

In the coming years the Tradegate AG Wertpapierhandelsbank will remain the most important company in the group. Following a very good result for the year 2007 we can expect that the company will continue to grow and, through the payout in full of its profits, make a significant impact on the result of the parent company Berliner Effektengesellschaft AG. The company assumes that in the next years no significant increase in securities transactions is to be expected. On the other hand, it is feasible that in 2008 the number of transactions on TRADEGATE® can be increased through acquiring new customers and extending the product range. However, the growth curve (increase in 2007 of 117 %) will probably flatten out. As the change to the legal framework in 2007 (MiFID) is likely to intensify competition for market share, at least a temporary reduction in the profit margin cannot be ruled out. For this reason Tradegate AG Wertpapierhandelsbank will give high priority to expanding on its already good starting position and, if necessary, take into account a loss of profits in return for an increase in market share. Nonetheless, the company is aiming for a moderate increase in profits for the current business year. With regard to costs the company has almost no scope to reduce its general administration expenses; rather it is subject to heavy price increases by suppliers or supplementary service providers. On the personnel side a moderate increase in basic salaries is to be reckoned with. If business develops positively a moderate increase in the number of employees is also to be expected. In the area of securities settlement cost savings might only be possible through optimising processes.

It is very difficult to predict the outlook for the group company Ventegis Capital AG as it depends on how well the individual investments of this venture capital company can be sold successfully in each business year. Since Ventegis is a somewhat smaller company the investment portfolio is not very big, so there are no continuous earnings to be made from possible exits, particularly as it is usual to fix the duration of single investments to about five years. The total investment portfolio is, however, very lucrative, i.e. it is estimated to have high profit potential. Nevertheless in individual cases, as happened during last year, adjustments to investments in companies in the early stage of development are sometimes necessary. In February 2008 an agreement was signed on the profitable sale of an investment, so a significant improvement in results will become apparent. A further exit is expected in the years to come.

The third significant investment of the Berliner Effektengesellschaft is the quirin bank AG. In 2007 the bank again carried out a large capital increase in which existing shareholders such as the Berliner Effektengesellschaft AG relinquished their subscription rights. Further-



more, the BEG sold a small amount of shares in order to allow a strategic investor to make a 15 % investment in the quirin bank AG.

The holding of the Berliner Effektengesellschaft now stands at 30.8 %. The quirin bank has an ambitious business plan for expanding its business, which means that in the medium term dividends from this investment will not be possible. Nevertheless, if the implementation of the business concept is successful the growth of this investment has enormous potential.

The group company Ex-tra Sportwetten AG in Vienna is aiming for a break even in the coming year. It is hoped that its product will receive considerable momentum from the major football event, the European Championship. Whether or not there will be further legal arguments, which might have a negative effect on the development of business, is difficult to say at the moment.

In the medium term the company does not need capital inflow for the realisation of its strategic goals and is not planning any capital increase for cash or contributions in kind.

With its five subsidiaries and investments the company remains to a large extent dependent on a positive capital markets environment. As in the past, the business development in each quarter can vary enormously. The new business year has begun successfully for the company so that without taking into account any special occurrences, we are aiming for moderate growth in performance development.

Berlin, 31 March 2008

Berliner Effektengesellschaft AG

Holger Timm Karsten Haesen





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