



1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 **2008**

# Berliner Effektengesellschaft AG

## Summarised Annual Report 2008





**BERLINER EFFEKTENGESELLSCHAFT**  
AKTIENGESELLSCHAFT

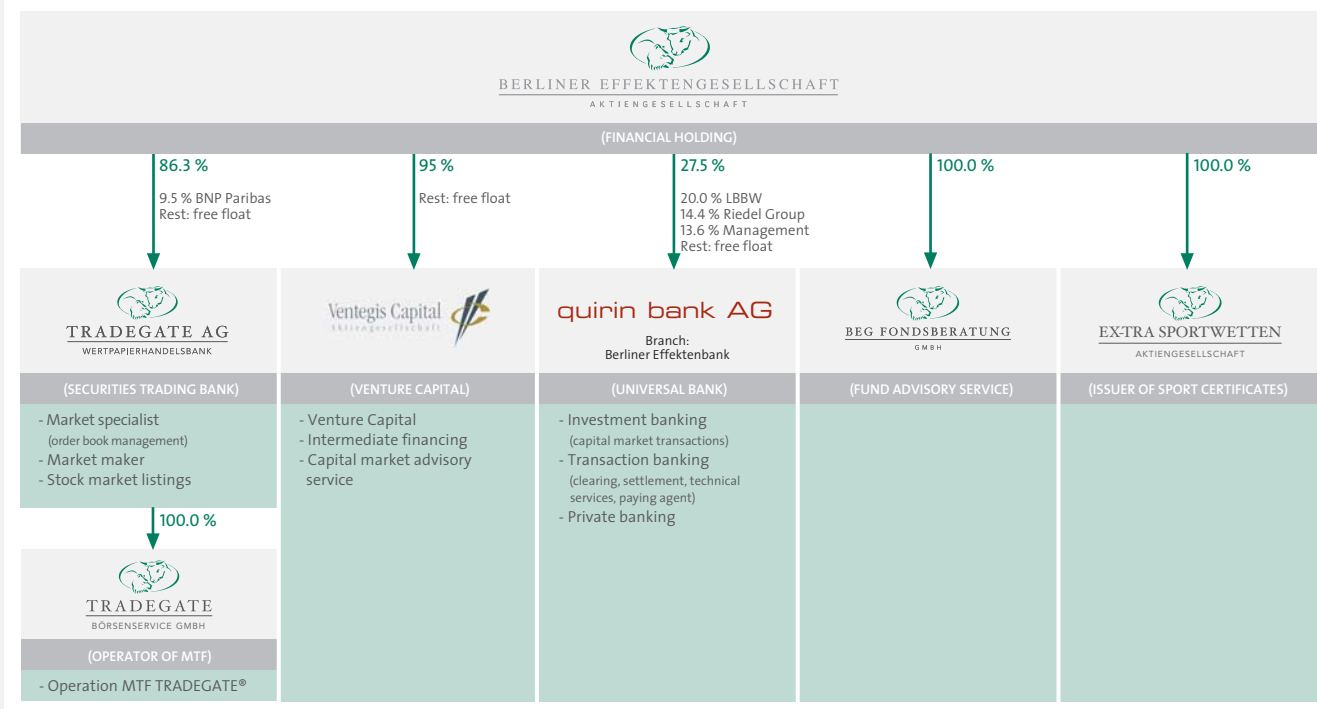
WKN 522130, ISIN DE0005221303

31 December 2008

Capital stock	16,597,485 € = 16,597,485 individual shares
Free float	2,992,575 € = 2,992,575 individual shares
Group balance sheet total	73,369,745.46 €
Net assets	66,287,549.57 €
Stock price at the end of the year	3.45 €
Group profit	- 2,696,979.31 €
Proposed dividend	0.00 €
Number of employees in the Group	96



## GROUP STRUCTURE (31.3.2009)



## WKN 522 130, ISIN DE0005221303 (quoted in Entry Standard)

### SHAREHOLDERS' STRUCTURE AS AT 31 DECEMBER 2008

30.94%	H.T.B. Unternehmensbeteiligungen GmbH
36.60%	Holger Timm
14.42%	Cortal Consors S.A.
18.03%	Free float

### KEY COMPANY DATA AS AT 31 DECEMBER 2008

Market capitalisation:	57,261,000 €
Number of shares:	16,597,485
Free float:	18.03% = 2,992,575
Financial accounting:	IFRS
Balance sheet total:	73,370,000 €
Number of employees:	96

### KEY FIGURES AS AT 31 DECEMBER 2008

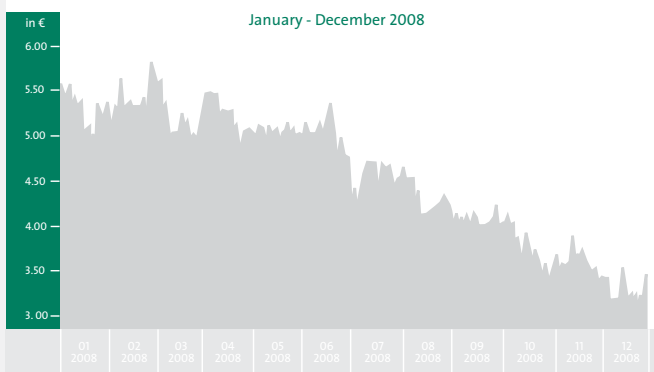
Result per share:	- 0.16 €
Interest surplus after provision for risk/gross earning:	- 11.0%
Commission surplus/gross earning:	- 10.3%
Trading result/gross earning:	99.3%
Cost/Income-Ratio:	90.6%
Equity ratio:	90.3%

### KEY FIGURES AS AT 31 DECEMBER 2007

Result per share:	0.40 €
Interest surplus after provision for risk/gross earning:	9.2%
Commission surplus/gross earning:	1.4%
Trading result/gross earning:	89.4%
Cost/Income-Ratio:	76.0%
Equity ratio:	93.6%

## 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 30 DECEMBER 2008

	Number of shares BEG holds	Share price in Frankfurt 30 · 12 · 2008	Calculative value 30 · 12 · 2008
TradeGate AG	23,145,363	4.21	97,441,978 €
quirin bank AG	10,150,498	1.58	16,037,787 €
Ventegis Capital AG	3,279,338	4.00	13,117,352 €
Number of BEG shares as at 30.12.2008			16,597,485
Calculative value of the three listed group companies/holdings 30.12.2008			126,597,117 €
Calculative value of each BEG share 30.12.2008			7.63 €
Price of the BEG share on 30.12. 2008			3.45 €

## MANAGING BOARD AND SUPERVISORY BOARD

### DER BERLINER EFFEKTENGESELLSCHAFT AG

#### Managing Board

Holger Timm Chairman  
Karsten Haesen Member

#### Supervisory Board

Prof. Dr. Jörg Franke Chairman  
Dr. Andor Koritz Deputy Chairman, Lawyer  
André Dujardin Businessman  
Wolfgang Hermanni Businessman  
Detlef Prinz Businessman  
Pamela Schmidt-Fischbach Lawyer, Cortal Consors S.A., German branch

## CALENDAR

17 June 2009 | 10 am Annual General Meeting in Berlin  
4 December 2009 | 5 pm Shareholders' event in Berlin





BERLINER EFFEKTENGESELLSCHAFT  
AKTIENGESELLSCHAFT

GROUP FINANCIAL STATEMENT

06 ASSETS

07 EQUITY AND LIABILITIES

08 GROUP INCOME STATEMENT

GROUP MANAGEMENT REPORT

GROUP BALANCE SHEET: ASSETS BERLINER EFFEKTENGESELLSCHAFT AG, Berlin as at 31 December 2008	in € 31 · 12 · 2008	in € 31 · 12 · 2007	in € change	Percentage change
Cash reserves	4,413.29	3,682.58	730.71	19.8
Receivables from banks	37,749,087.50	34,338,039.40	3,411,048.10	9.9
Receivables from customers	1,557,149.01	565,608.83	991,540.18	175.3
Provision for risk	- 128,306.59	- 68,104.65	60,201.94	88.4
Trading assets	3,806,016.12	4,262,610.23	- 456,594.11	- 10.7
Investments and securities *	15,405,759.39	22,778,894.02	- 7,373,134.63	- 32.4
Participatory investments in associated companies	10,648,711.01	12,068,276.43	- 1,419,565.42	- 11.8
Long-term held assets available-for-sale	–	998,405.25	- 998,405.25	- 100.0
Intangible assets	418,737.88	322,526.49	96,211.39	29.8
Tangible fixed assets	550,613.00	618,065.00	- 67,452.00	- 10.9
Income tax claims	2,353,692.58	2,564,780.58	- 211,088.00	- 8.2
Other assets	379,909.65	272,990.10	106,919.55	39.2
Deferred taxes	623,962.62	1,088,773.58	- 464,810.96	- 42.7
<b>Total</b>	<b>73,369,745.46</b>	<b>79,814,547.84</b>	<b>- 6,444,802.38</b>	<b>- 8.1</b>





GROUP BALANCE SHEET: EQUITY AND LIABILITIES BERLINER EFFEKTEGESELLSCHAFT AG, Berlin as at 31 December 2008	in € 31 · 12 · 2008	in € 31 · 12 · 2007	in € change	Percentage change
Liabilities to banks	1,093,913.76	724,214.04	369,699.72	51.0
Liabilities to customers	145,032.71	148,088.51	- 3,055.80	- 2.1
Trading liabilities	2,100,717.16	639,579.91	1,461,137.25	228.5
Provisions and accruals	490,310.79	666,551.73	- 176,240.94	- 26.4
Tax on income	823,720.77	615,524.34	208,196.43	33.8
Other liabilities	2,285,143.64	2,096,640.42	188,503.22	9.0
Deferred taxes	143,357.06	197,976.27	- 54,619.21	- 27.6
Own funds	66,287,549.57	74,725,972.62	- 8,438,423.05	- 11.3
Minority interests	3,607,402.48	4,227,586.56	- 620,184.08	- 14.7
Stock capital	16,597,485.00	16,709,803.00	- 112,318.00	- 0.7
Capital reserves	42,992,443.00	43,106,782.75	- 114,339.75	- 0.3
Retained earnings	4,754,149.13	3,037,645.97	1,716,503.16	56.5
Revaluation surplus *	1,033,049.27	924,448.25	108,601.02	11.7
Group profit	- 2,696,979.31	6,719,706.09	- 9,416,685.40	- 140.1
<b>Total</b>	<b>73,369,745.46</b>	<b>79,814,547.84</b>	<b>- 6,444,802.38</b>	<b>- 8.1</b>

**\* Amendment to valuations and mistakes:**

During the reporting year corrections were made according to IAS 8.42. Contrary to last year, valuation effects not affecting net income and concerning Tradegate shares held in the BEG Fund 1 were not recorded under "revaluation surplus" or the corresponding shareholding information shown under the item "investments and securities", but were consolidated instead. The adjustment of the revaluation surplus and the securities holdings resulted in a reduction of € 733,000.00 for the business year 2007 and € 457,000.00 for the year 2006.



<b>Group Income Statement</b> BERLINER EFFEKTEGESELLSCHAFT AG, Berlin as at 31 December 2008	in € 31 · 12 · 2008	in € 31 · 12 · 2007	in € change	Percentage change
Interest earned	2,196,274.36	1,766,785.72	429,488.64	24.3
Interest paid	- 53,110.87	- 20,609.22	32,501.65	157.7
Interest surplus	2,143,163.49	1,746,176.50	396,986.99	22.7
Net provision for risk in credit transactions	- 174,429.54	112,200.02	- 286,629.56	-
Interest surplus after provision for risk	1,968,733.95	1,858,376.52	110,357.43	5.9
Commissions received	4,439,885.39	9,048,794.75	- 4,608,909.36	- 50.9
Commissions paid	- 6,291,908.50	- 8,758,291.02	- 2,466,382.52	- 28.2
Commissions surplus	- 1,852,023.11	290,503.73	- 2,142,526.84	-
Result from hedge accounting	-	-	-	0.0
Income from trading transactions	82,757,184.70	74,144,667.75	8,612,516.95	11.6
Expenses from trading transactions	- 64,926,283.45	- 56,013,307.74	8,912,975.71	15.9
Trading result	17,830,901.25	18,131,360.01	- 300,458.76	- 1.7
Gross earning	17,947,612.09	20,280,240.26	- 2,332,628.17	- 11.5
Result from investments and securities (available-for-sale)	- 3,008,429.37	458,158.91	- 3,466,588.28	-
Result from investments (held-to-maturity)	-	-	-	0.0
Result from companies valued at-equity	- 3,832,642.71	- 1,745,698.26	2,086,944.45	119.5
Administration expenses	- 16,262,951.21	- 15,406,887.54	856,063.67	5.6
Operating result	- 5,156,411.20	3,585,813.37	- 8,742,224.57	-
Other operating revenue	3,688,296.50	4,551,938.98	- 863,642.48	- 19.0
Other operating expenses	- 45,927.80	- 162,393.28	- 116,465.48	- 71.7
Other operating result	3,642,368.70	4,389,545.70	- 747,177.00	- 17.0
Result before tax	- 1,514,042.50	7,975,359.07	- 9,489,401.57	-
Income and revenue taxes	- 1,477,307.42	- 884,044.77	593,262.65	67.1
Result after tax	- 2,991,349.92	7,091,314.30	- 10,082,664.22	-
Profit/loss owed to shareholders outside the group	294,370.61	- 371,608.21	665,978.82	-
<b>Group profit/loss for the year</b>	<b>- 2,696,979.31</b>	<b>6,719,706.09</b>	<b>- 9,416,685.40</b>	<b>-</b>



Profit appropriation	in € 2008	in € 2007	in € change	Percentage change
Group profit for the year	- 2,696,979.31	6,719,706.09	- 9,416,685.40	–
Profit/loss brought forward from last year	6,719,706.09	3,971,727.34	2,747,978.75	69.2
Dividend payment	- 5,010,310.80	- 3,839,643.69	1,170,667.11	30.5
Transfer from capital reserves	–	–	–	0.0
Transfer from revenue reserves	–	–	–	0.0
Allocations to revenue reserves	- 1,709,395.29	- 132,083.65	1,577,311.64	1194.2
<b>Group profit</b>	<b>- 2,696,979.31</b>	<b>6,719,706.09</b>	<b>- 9,416,685.40</b>	<b>–</b>



## MANAGEMENT REPORT OF THE BERLINER EFFEKTENGESELLSCHAFT AG GROUP FOR THE YEAR ENDED 31 DECEMBER 2008

### 1. Business and strategy

#### 1.1. Organisation and business areas

The Berliner Effektengesellschaft AG acts as a financial holding without its own operational business. Through the five majority-held group subsidiaries it offers services of various kinds around the capital markets, in particular banking and financial services.

The individual operational subsidiaries are:

- Tradegate AG Wertpapierhandelsbank, Berlin; holding 96.8 % (Group Accounts according to IFRS), permit as a deposit bank. The company's main business is securities trading, especially on its own multilateral trading system, TRADEGATE®, and so called order book management on the Frankfurt and Berlin stock exchanges,
- Tradegate Börsenservice GmbH, Berlin; 100 % subsidiary of Tradegate AG Wertpapierhandelsbank, founded in 2008. The company is operator of the multilateral trading system, TRADEGATE®,
- 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 %). The management of the fund is supported by Tradegate AG Wertpapierhandelsbank. According to IFRS regulations it must therefore 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 2008, following a further capital increase in which the Berliner Effektengesellschaft took part to the full amount of its shares, the shareholding in the quirin bank AG, Berlin, was further reduced and now stands at 27.5 %. The quirin bank AG continues to be an associated company in terms of IFRS.

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

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 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.

Due to the continuing financial crisis, the general economic conditions for securities trading companies have worsened dramatically in 2008. Even though Tradegate AG Wertpapierhandelsbank deals almost exclusively in shares and is not directly affected by the looming disaster of many derivative financial products, a general uncertainty and reticence is noticeable, especially among private investors. Share trading on all remaining trading floor exchanges has fallen sharply so that the contribution to operating income from the business area order book management is now of little significance for the company. As in previous years, the Berliner Effektengesellschaft AG Group has avoided taking active part in the consolidation process of the order book management business, for example by taking over other, smaller companies.



For several years now, Tradegate AG Wertpapierhandelsbank has concentrated investment and business development on its own electronic trading platform, TRADEGATE®, which in 2008 received a permit as a so called MTF (multilateral trading facility) and again managed to increase its share of sales. The assumption made in the management report for 2007 that MTFs will gain significance in Europe in the coming years was confirmed in 2008. Even though there is still no significant competitor operating an MTF in Germany, the company must now endeavour to maintain and develop its advantageous starting position in Europe. The negative market conditions raise the barriers to entry for potential competitors, so at least for the moment no further hasty fragmentation of the markets is to be expected.

Traditional stock exchanges will probably have to rethink the way they are structured so as not to lose further market share to MTFs. For trading in relative illiquid markets, regardless of how this is structured by the stock exchanges, market specialists (in Germany known as "Skontroführer") will continue to be needed by the European exchanges. Through its many years' experience in operating an MTF the company is qualified in every aspect (personnel, IT infrastructure, equity capital etc.) to compete with other remaining securities trading companies in offering the services needed.

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. Last year, one of the investments was sold successfully. 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. Sales of this unique product continue to be difficult.

The quirin bank AG has continued its strategic adjustment and is 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. Even in years of an extremely gloomy market environment it 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 management of the Berliner Effektengesellschaft AG has made use of the authorisation to change market segment, so the company has been listed in the Open Market/Entry Standard since 1 August 2008.

### 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.

The business development in 2008 in the area of order book management and securities trading was relatively atypical and unpredictable. Results varied considerably from month to month and were affected largely by every piece of news emerging in the course of the acute financial crisis. Overall, there were 7 months' profit and 5 months' loss. The summer months June to August were particularly low in turnover. In contrast, the highest turnover with a record number of trades was the whole fourth quarter. This was due at least partly to the special effect of the new withholding tax which was introduced on 1 January 2009.

The number of contract notes coming from order books on the exchanges in Frankfurt and Berlin has fallen dramatically by 61.8 % (904,773 contract notes compared with 2,366,913 last year). This is not only due to the financial crisis but also to loss of market share in favour of MTFs or other electronic exchange systems such as XETRA®.

On the other hand there was a significant 44.7 % rise in the number of transactions completed on the MTF TRADEGATE® (2,300,221 transactions compared with 1,589,196 last year).



If one takes into account that one trade made by a single customer on the stock exchange usually generates three contract notes, then strictly one should only compare about 301,591 order book trades with the 2,300,221 trades made on TRADEGATE®. This means that in 2008 TRADEGATE® generated 88.4 % of all trades of the company.

Last year the share of trades was 66.9 % and the year before 55.3 %. In its first operating year, 2001, TRADEGATE® began with 1 %. In the fourth quarter of 2008, where turnover was at its highest, the share of trades even reached 95 %. This makes clear that TRADEGATE® is still able to gain market share, even in a difficult market situation.

The group has stayed abreast of changes and for the first time has ceased dealing in unprofitable order books for shares, so that the total number of order books handled was reduced from 12,219 in 2007 to 11,383 as at 31.12.2008. In contrast, the number of securities traded on TRADEGATE® (mainly shares) was increased in 2008 from 1,185 to 3,555.

In the past business year a large investment of € 217,000.00 was made in existing IT-systems, particularly for upgrading, extension or renewal. Software is usually developed and maintained by company employees. The personnel costs involved can only be capitalised under certain conditions and these were only fulfilled last year by a small part of the in-house development. 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 portion of costs for administration and maintenance expended 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 continued to consolidate its position in the German venture capital market. In 2008 the sale of the investment in CAS Innovations AG was completed successfully. The capital gains could be supplemented by profit contributions from the attributive advisory service resulting in an overall profit. The investment portfolio has developed as expected. The investments classified as promising have continued to develop positively. No exits are planned for the current year so a fall in results is to be expected.

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 negative result because the result-dependent earnings components arising from the advisory service of the Investmentfonds BEG Fonds 1 Nordinvest fell due to the negative development on the capital markets. Once again, Ex-tra Sportwetten AG only achieved a minimum of sales and ended with a negative result for the year. In order to improve the equity capital situation a further € 250,000.00 was paid into the capital reserves. At least a balanced result is expected for the year 2009.

The number of employees in the group remained constant in 2008 and increased in the reporting year by only 3 employees to a current total of 96 employees. The average age is about 39.1 years. The average job tenure is 6.6 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 Effektengesellschaft 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	77
Tradegate Börsenservice GmbH	8
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 96.

## 2. Development of results

The result after tax deteriorated in the business year by € 10,083,000.00 from € 7,091,000.00 to € -2,991,000.00. The important positions in the group's income statement are the trading result and the administration expenses. The development of the income statement of the last two years is shown in the table below. A comparison is legitimate despite the removal of ThinFilm Solar Fonds GmbH & Co. KG from the basis of consolidation. The company was only of secondary importance and had very little influence on the income statement and the balance sheet.



	in € 2008	in € 2007
Interest earned	2,196,274.36	1,766,785.72
Interest paid	- 53,110.87	- 20,609.22
Interest surplus	2,143,163.49	1,746,176.50
Net provision for risk in credit transactions	- 174,429.54	112,200.02
Interest surplus after provision for risk	1,968,733.95	1,858,376.52
Commissions received	4,439,885.39	9,048,794.75
Commissions paid	- 6,291,908.50	- 8,758,291.02
Commission surplus	- 1,852,023.11	290,503.73
Income from trading transactions	82,757,240.70	74,144,667.75
Expenditure from trading transactions	- 64,926,339.45	- 56,013,307.74
Trading result	17,830,901.25	18,131,360.01
Gross earning	17,947,612.09	20,280,240.26
Result from investments and securities (available-for-sale)	- 3,008,429.37	458,158.91
Result from companies valued at equity	- 3,832,642.71	- 1,745,698.26
Administration expenses	- 16,262,951.21	- 15,406,887.54
Operating result	- 5,156,411.20	3,585,813.37
Other operating result	3,642,368.70	4,389,545.70
Result before tax	- 1,514,042.50	7,975,359.07
Income and profit taxes	- 1,477,307.42	- 884,044.77
Result after tax	- 2,991,349.92	7,091,314.30
Profit / loss due to shareholders outside the group	294,370.61	- 371,608.21
<b>Group profit / loss</b>	<b>- 2,696,979.31</b>	<b>6,719,706.09</b>

The entries to net provision for risk in credit transactions arise from an off-exchange transaction.

The fall in commission surplus was due mainly to the negative development of the capital markets and in the fees resulting from stock exchange trading. The commission surplus fell by € 2,143,000.00 to € -1,852,000.00.

The platform TRADEGATE®, which has been officially recognised as a multilateral trading system, has continued to develop positively. The trading result comes predominantly from trading activity on TRADEGATE® and this fell slightly from € 18,131,000.00 to € 17,831,000.00. The increase in the result on our multilateral trading system was accompanied by a narrowing of the spread in name-to-follow transactions within order book management.

In the course of the financial crisis the value of some of the shares held in the BEG-Fonds 1 fund have diminished significantly, making write-offs of € 2,124,000.00 necessary.

According to IFRS accounting standards, the quirin bank AG reported a significant loss for the year, which is proportionately incorporated into the result from companies valued at-equity. Results of other companies are not included here.

Administration expenses increased to € 16,263,000.00 (last year € 15,407,000.00). This was due mainly to expenses passed on from the quirin bank AG for the clearing and settlement of transactions on XETRA®. Although personnel costs fell, especially the variable costs, this still did not balance out the increase in administration expenses.

The other operating result of € 3,642,000.00 (last year € 4,389,000.00) includes the successful exit of the former associated company CAS Innovations AG of € 2,477,000.00 and the result of € 436,000.00 (last year € 3,671,000.00) arising from the deconsolidation following a further reduction of the shareholding in quirin bank AG and its subsidiaries. A detailed breakdown can be found in the Notes.



### 3. Development of financial position

The group's liabilities have increased slightly. The next table shows the development of equity and liabilities over the past year.

	in € 31 · 12 · 2008	in € 31 · 12 · 2007
Liabilities to banks	1,093,913.76	724,214.04
Liabilities to customers	145,032.71	148,088.51
Trading liabilities	2,100,717.16	639,579.91
Provisions and accruals	490,310.79	666,551.73
Profits tax	823,720.77	615,524.34
Other liabilities	2,285,143.64	2,096,640.42
Deferred taxes on liabilities side	143,357.06	197,976.27
Own funds	66,287,549.57	74,725,972.62
Minority interests	3,607,402.48	4,227,586.56
Stock capital	16,597,485.00	16,709,803.00
Capital reserves	42,992,443.00	43,106,782.75
Retained earnings	4,754,149.13	3,037,645.97
Revaluation surplus	1,033,049.27	924,448.25
Group profit	- 2,696,979.31	6,719,706.09
<b>Total</b>	<b>73,369,745.46</b>	<b>79,814,547.84</b>

The financing of the group occurs mainly through its own equity capital which, due to a negative growth development and the dividend payment of € 74,726,000.00, has fallen to € 66,288,000.00. 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.

The tax on profits increased in comparison to the balance sheet date of last year because no 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 liquidity reserves contain short term receivables from banks of € 37,749,000.00 plus trading assets and securities available-for-sale of € 13,112,000.00.

According to the group's cash flow statement the cash flow from operating activities amounts to € 10,061,000.00 (last year 1,458,000). Within investment activities net incoming cash-equivalents of € 4,047,000.00 (last year € 510,000.00) were recorded which come mainly from the sale of investments or securities intended for sale. The cash flow of financing activities came to € -5,129,000.00 (last year € -3,173,000.00). The amount of cash-equivalents increased from € 21,650,000.00 to € 30,070,000.00.





#### 4. Development of net assets position

The net assets position of the Berliner Effektengesellschaft 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 · 2008	in € 31 · 12 · 2007
Cash reserves	4,413.29	3,682.58
Receivables from banks	37,749,087.50	34,338,039.40
Receivables from customers	1,557,149.01	565,608.83
Provision for risk	- 128,306.59	- 68,104.65
Trading assets	3,806,016.12	4,262,610.23
Investments and securities	15,405,759.39	22,778,894.02
Participatory investments in associated companies	10,648,711.01	12,068,276.43
Long term assets available for sale	–	998,405.25
Intangible assets	418,737.88	322,526.49
Tangible fixed assets	550,613.00	618,065.00
Profits tax claims	2,353,692.58	2,564,780.58
Other assets	379,909.65	272,990.10
Deferred taxes on assets side	623,962.62	1,088,773.58
<b>Total</b>	<b>73,369,745.46</b>	<b>79,814,547.84</b>

Despite brisk trading up to 31 December 2008 trading assets were down slightly. The quirin bank AG reported a distinct loss for last year and this had a proportionate effect on the result for participatory investments in associated companies. The decrease in deferred taxes is explained by the use of losses brought forward and the release of deferred taxes involved.

#### 5. Analysis of financial performance indicators

The relation of administration expenses to gross earnings worsened due to the fall in gross earnings, rising from 76.0 % to 90.6 %. As at December 31, 2008 the equity ratio of the group stood at 90.3 %, following 93.6 % at the closing date of the previous year. The undiluted result per share fell from € 0.40 to € -0.16. The underlying data for this evaluation can be found in the Notes.

To summarise, the development in the past year has been difficult but in view of the surrounding conditions the Group is in a satisfactory position.

#### 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 proved to be very difficult due to market caution.

#### 7. Supplementary report

By means of a repurchase offer in January, the Berliner Effektengesellschaft bought back and called in 1,567,395 of its own shares. A large number of them came from BNP Paribas S.A., which in return purchased 2,307,778 shares of Tradegate AG Wertpapierhandelsbank from the holding of the Berliner Effektengesellschaft AG. 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 Pioneer Investments Kapitalanlagegesellschaft, 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 Tradegate AG Wertpapierhandelsbank. 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 (€ 69,171,000.00 / last year € 75,016,000.00). 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 regulations 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 (€ 35,234,000.00 / last year € 33,505,000.00). The largest single exposure is with the quirin bank AG, where at the balance sheet date a deposit of € 18,914,000.00 was held. The receivables from foreign banks are with institutes of first class rating (€ 1,515,000.00 / last year € 834,000.00).

The receivables from brokers from trading securities on the stock exchange amount to € 119,000.00 (last year € 148,000.00). 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 € 65,000.00 (last year € 578,000.00). 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 no receivables were regarded as having depreciated in value or had to be value adjusted.

The other current assets of € 2,734,000.00 (last year € 2,838,000.00) include receivables from the tax authorities of € 2,354,000.00. 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. Bad debt provisions were made in full for receivables to the value of € 128,000.00 (last year € 68,000.00). These provisions were for an off-exchange transaction. 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.

Security for receivables was not obtained.

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

Trading assets 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 risk is € 4,000.00 (last year € 24,000.00).

#### • 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 (€ 10,649,000.00, last year € 12,068,000.00) is included in a monthly report which is made to the chairman of the supervisory board, who is also CEO of the Berliner Effektengesellschaft AG. 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 € 5,839,000.00 (last year € 4,679,000.00).

The group mainly buys securities from issuers with a good credit rating. However, stocks to the value of € 340,000.00, which flow into the consolidated accounts via the fully consolidated BEG Fonds 1 Nordinvest, 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 fair value is 25 % lower than the acquisition costs. If the value of the financial assets falls continually 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 € 1,818,000.00 (last year € 926,000.00).



### 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 5.91 and 11.39, the minimum figure being 1. This value is not calculated for the group.

As no depreciation could be determined at the balance sheet date, fixed-interest securities of € 6,671,000.00 (last year € 8,436,000.00) 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 month	in '000 € from 3 months to 1 year	in '000 € more than 1 year to 5 years	in '000 € more than 5 years	in '000 € without maturity
Liabilities to banks	838.1	–	–	255.8	–	–
Liabilities to customers	145.0	–	–	–	–	–
Trading liabilities	–	–	78.2	8.2	–	2,014.3

### 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 Effekten-Gesellschaft 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 2008 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 2008 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 2008 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 and in the course of the financial markets crisis, the controlling limits of the Tradegate AG Wertpapierhandelsbank for these stocks were raised. 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 holding of the BEG Fonds 1 Nordinvest also contains market price risks. These are monitored and controlled by the fund's management and its advisor, Tradegate AG Wertpapierhandelsbank. The fund contains fixed interest securities of € 6,671,000.00 which are subject to the risk of a change in interest rate. Equity instruments of € 2,940,000.00 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 € 5,000.00. In addition the BEG Fonds 1 Nordinvest holds foreign bonds to the value of € 1,110,000.00.

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.

Based on the number of securities, a change in the interest level of one basis point would have an effect on the result at the balance sheet date of € 2,000.00 (last year € 3,000.00). The equity capital would change by € 2,000.00 (last year € 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 € 453,000.00 (last year € 121,000.00) 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 2008.

#### 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 2008 the obligation to report was adhered to. From January to December 2008, the reported ratio of the Solvency Regulation lay between 66.29 % and 76.0 %.

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

The board assures that, to the best of its knowledge, the present group accounts dated 31 December 2008 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 2007 the subscribed capital was € 16,709,803.00. At the Shareholders' General Meeting on 20 June 2008 no changes were made to the subscribed capital. In the past year the company employees exercised options from the year 2003. Board members and employees drew a total of 1,000 shares from the share option scheme 2003. With effect from 22 December 113,318 shares were repurchased and called in within a repurchase offer. As per 31 December 2008 the subscribed capital amounted to € 16,597,485.00, divided into 16,597,485 no par-shares in the name of the holder.

The company received the following reports, which are mandatory in accordance with Article 21 Section 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., Rueil Malmaison, France and
- 17 October 2005 from Cortal Consors S.A., 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 was 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 shares can no longer be subscribed from these option rights, the contingent capital I was cancelled by resolution of the Shareholders' General Meeting on 20 June 2008.

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).

By resolution of the Shareholders' General Meeting on 20 June 2008 the board was authorised, until 19 June 2013 and with approval from the supervisory board, to issue or grant, once or more than once, interest-bearing convertible bonds and/or subscription rights on up to 500,000 new bearer shares of the company (new contingent capital 2008).

## 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 as we 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 Group expects a particularly difficult year and a continued negative market environment in the medium term. Without knowing how the current financial crisis can be overcome worldwide and when the low point of the incipient recession will be, securities trading will not noticeably revive.

Although the Group has initiated promising steps to gain market share by opening up the company Tradegate AG Wertpapierhandelsbank for strategic investors and planning a significant expansion of the product range on TRADEGATE®, in view of the negative situation overall an increase in turnover cannot be counted on in 2009. The effects of the new withholding tax on customers' behaviour are also difficult to evaluate.

In the area of order book management / securities trading there is almost no scope to reduce the amount of general costs. However, during the recession, the Group does not expect serious price increases from suppliers or service providers and/or negotiations for contract extensions.

Depending on the future development of the financial crisis there is most likely to be a broad shake-out in the financial services industry and an increase in competitive pressure. At best, an increase of gross profit in securities trading in the medium term might compensate for losses in revenue. The timely market launch of its own MTF represents an invaluable advantage for the Group, since in view of such declining turnover a market entry by new competitors is hardly imaginable.



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.

In 2008 the company sold one of its investments and achieved a result in normal business activities of € 1,306,000.00. In view of the economic crisis revenue from such a sale is rather unlikely in 2009. On the other hand, no value adjustments have had to be made so far this year for any of the investments in the portfolio. In the first quarter of 2009 the Berliner Effektengesellschaft AG increased its share in Ventegis Capital AG to 95.02 %.

The third significant investment of the Berliner Effektengesellschaft is the quirin bank AG. In 2008 the bank again carried out a large capital increase in which the Berliner Effektengesellschaft AG mostly took part. Following a placement by the quirin bank AG with new shareholders the stake held by the Berliner Effektengesellschaft AG fell slightly to 27.5 %. 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 current financial crisis holds extraordinary possibilities for the expansion of the new business of Private Banking in the quirin bank AG but leads to a loss in revenue in other business areas. Especially the target break even is most likely to be delayed.

The growth of the group company Ex-tra Sportwetten AG in Vienna has been impeded considerably by the financial crisis because the issue of derivative products such as the company's sport certificates is now stigmatised by the collapse of Lehmann Brothers.

In the medium term, the Berliner Effektengesellschaft AG does not need capital inflow for the realisation of its strategic goals and is not planning any capital increase. The available assets and possible inflow of assets in 2009 will not be used for dividend payouts but for share repurchases at a favourable price. In the first quarter of 2009, the company made a repurchase offer to all shareholders in accordance with the authorisation given by the Shareholders' General Meeting and called in 1,511,628 shares in March 2009. A further repurchase of the same size is planned for the second half of the year provided that authorisation is given by this year's Shareholders' General Meeting.

With its five subsidiaries and investments the company remains to a large extent dependent on a positive capital markets environment.

In light of the dramatically worsening financial crisis it is impossible to make a serious prognosis for the current year and the year ahead. In particular, the introduction of a stock exchange turnover tax currently being considered by the government could prove to be an additional burden for the capital markets, especially as the new withholding tax, which came into effect in the first quarter of 2009, has already caused a sharp decrease in turnover.

Berlin, 31 March 2009

Berliner Effektengesellschaft AG

*Holger Timm     Karsten Haesen*









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### Impressum

Editing: Catherine Hughes | Design and production: KEHRBERG, Berlin | Date of printing: May 2009

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Berliner Effektengesellschaft AG, Kurfürstendamm 119, D-10711 Berlin

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