

## Annual Report 2007



## **Total China media competence**

Business Media China is a stock exchange listed media group which combines competencies in the field of media, advertising, exhibition organizing and trade publishing.

The company focuses exclusively on the Chinese market and is a leading provider of high quality advertising media at major airports and railway stations in China today. The company is also well-established in China's trade fair business and promotes a growing number of internationally renowned industry related events.

The objective of Business Media China is to become one of the market leaders in the Chinese economic region within the next few years. The company's know-how, its global network and experienced Sino European management team are the foundation stones of that objective.

## Highlights in 2007

- BMC increases its revenues by 210% to €23.1 million.
- Following successful negotiations on a large-space outdoor advertising installation at the Shanghai Pudong International Airport, BMC is now present at all of the major airports.
- BMC receives the acceptance for first-class advertising space in the new "Olympic" Terminal 3 of Beijing Airport, which handles close to 40 million passengers each year.
- BMC secures a one million budget contract for advertising at railway stations for Beijing Mobile, a subsidiary of the world's largest cellphone operator China Mobile.
- BMC opens up new avenues in China's ad-scape with its "Roof Project" at the Beijing Central Railway Station for the Chinese milk producer Mengniu.
- The CIOE organized by BMC in Shenzhen grows by 18% and becomes a significant trade fair worldwide for optoelectronics with an attendance figure of nearly 80,000 visitors.
- The takeover of 70% of the German Target Communications GmbH enhances BMC's know-how and internal resources for international communication projects.

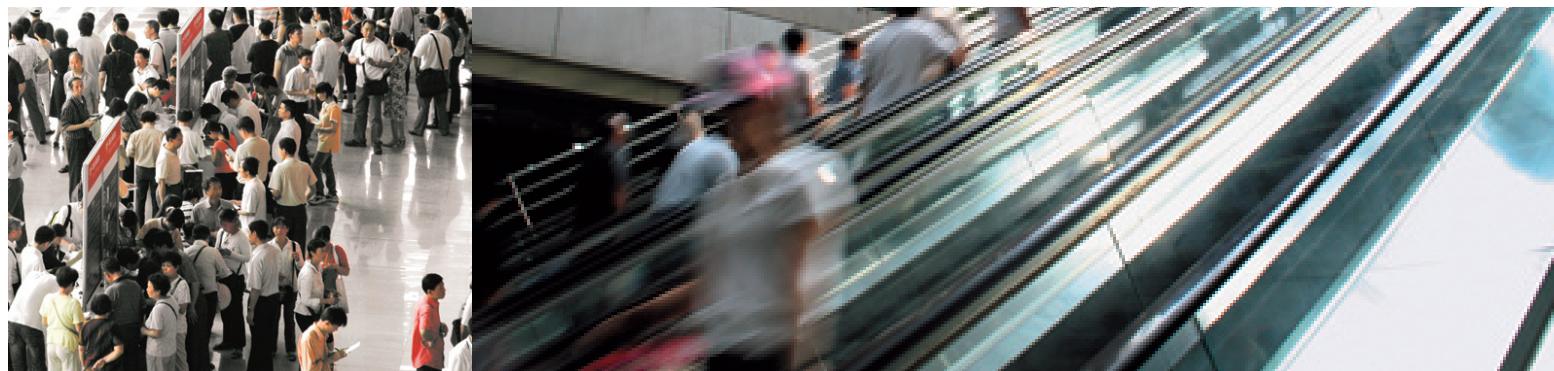
## Key figures

	2007 EUR mn	2006 EUR mn	Difference
Revenues BMC Group	23.122	7.453	+210%
- Revenues Advertising Media	15.021	4.029	+273%
- Revenues Exhibitions & Conferences	8.088	2.899	+179%
- Revenues Sourcing & IT	0	512	-100%
EBITDA	-4.827	-5.125	n.a.
EBIT	-5.828	-6.891	n.a.
Net loss	-5.370	-6.410	n.a.
Balance sheet total	34.475	32.813	+5%
Equity capital	23.301	28.359	-18%
- In % of the balance sheet total	68	86	
Investments	4.059	9.146	-56%
Employees	260	146	+78%
Highest share price	EUR	35.00	n.a.
Lowest share price	EUR	6.14	n.a.

## Geographic footprint



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## Letter to the Shareholders



Dear Shareholders,

Business Media China AG experienced a brilliant development during 2007. Investments made in the previous years are beginning to bear fruit and have resulted in significant growth while our turnover of EUR 23m more than tripled. During the second half of 2007, we reached the break-even point for the first time. Due to the high level of investment for the acquisition of premium advertising media and attractive exhibitions, the loss for the reporting period amounted as expected to roughly EUR 5m.

Today, BMC is an innovative and greatly respected market player. In certain segments, we are already market leader. This positive development is supported by a market environment in which three „ideal worlds“ come together for us simultaneously: firstly, annual economic growth of around 10% and there are no signs of this changing in the foreseeable future. Secondly, an even faster increase in domestic demand. China's middle-classes have meanwhile grown to at least 300 million people who are all keen consumers. The result is an annual increase in advertising expenditure of roughly 16% to 18% – which is three to four times as much as in western industrial countries. And thirdly, outdoor advertising plays a disproportionate role in China's media mix. Due to the exceptional investments in infrastructure in China, there will be an increase both in the volume as well as in the quality of the media formats available. Only online advertising is growing even faster – but BMC is also preparing its market entry in this segment.

In 2007, BMC met all its targets:

- In the Airport Media segment, we are one of the top three providers and are represented at 12 of the 15 most important airports in China.
- In the Railway Media segment, we are not only the undisputed number one, but we also set the standards in respect of innovation and quality – which is also acknowledged by national and international awards.
- In the Exhibitions & Conferences business, we are well-established; of our ten exhibitions and conferences, four already occupy top positions in China's market; our optoelectronics trade fair is undoubtedly the largest of its type worldwide.
- During the year, new top executives have joined our highly motivated team in Stuttgart as well as in China.

The pace we have set will also continue unabated in 2008. The Olympic year will again give perceptible impulses to outdoor advertising business and pave the way towards meeting our ambitious targets. With the opening of the new Terminal 3 at Beijing Airport in March 2008, we have already made a start. We have substantially strengthened our presence and people's awareness of BMC at this strategic nodal point with our advertising formats. Parallel to this, we will be substantially expanding railway station business in the region of Greater Beijing. At the beginning of the current year, BMC signed a joint venture agreement with Skyflying Media that points the way forward: in future, all media formats at major railway stations in Beijing, Guangzhou and Shenzhen will be

marketed jointly by the sales organization “BMC Tianjun”. Together, we will offer the largest portfolio of premium media formats in our market segments in China. Cooperation is to be gradually expanded. Finally, we have enhanced our activities in the Exhibitions & Conferences segment with interesting technology themes of our own. In addition to all this, a significant number of trade fair takeovers and partnerships are already at an advanced stage of negotiation. The teams in Stuttgart and China are well-qualified and prepared for these responsibilities.

We are pleased that you are accompanying BMC's growth and we would like to thank you for your confidence in us. We also owe a vote of thanks to all our employees who now number over 250 in Germany and in China. And last but not least, our sincere thanks go to our clients and partners who are the ones who make the development of our company possible.

In April 2008

Klaus Michael Hilligard  
Chairman of the Management Board



RAILWAY MEDIA

**September 28, 2007, 2 pm:** There is an air of expectation at Beijing Central Railway Station. Prominent personalities, business people and officials of the state-owned railways are present. Passengers rushing in all directions suddenly stop, awestruck by the ceiling domes of the central entrance hall, which are hung with red bunting.

The excitement mounts – until the bunting finally parts to reveal five adjacent ceiling domes. Each section of the ceiling is decorated with a magnificent work of art, each representing one of the five continents with its typical architecture, figures and animals. Symbolizing the forthcoming Olympic Games in Beijing, each of the five ensembles also depicts athletes who appear to hover in the sky.

#### **"We are a family" – a work of art as a symbol of solidarity**

The work of art mentioned is an advertisement for China's leading milk producer Mengniu Diary and was conceived by BMC Advertising, a subsidiary of Business Media China AG (BMC). The Mengniu logo "Duo Duo" is esthetically integrated into the artwork. Other advertisements around the hall supplement Mengniu's presence and the company's leitmotif "We are a family" is prominently displayed on billboards in the entrance hall. Mengniu is using the artwork as an ad for the Olympics. The slogan "Embracing Beijing" and the five continents underline the Mengniu Group's local involvement and its international orientation. At the following press conference, officials from Beijing as well as representatives of Mengniu Diary and BMC responded to queries by a group of press reporters.

"I thought, I came to see one of the ads we had booked; instead I am thrilled to see that Mengniu is part of a major event," says Ms Yuanhua Zhao, the vice-president of Mengniu Diary. Here Mengniu can show that it is "close to the people". It can present its products without being intrusive, and let people experience a few moments of beauty. She thanked BMC particularly for the ad

concept that is an ideal match with the company's marketing strategy. Yiwen Chen, the urban district chairman, and Lijung Wang, the Deputy Director General of the Beijing Railway Station & Stationmaster of Beijing Central Railway Station, also acknowledged Mengniu and BMC's commitment to beautifying the station. The BMC team enjoyed the moments, pleased at the radiant faces of customers and partners. CEO of Business Media China AG Klaus Michael Hilligardt thanked the management of Beijing Central Railway Station and the district officials and, in particular, customer Mengniu, saying: "People from different continents have cooperated on this project. It is a symbol of growing together in this world."

#### **Integrated and interlinked campaign**

The festive unveiling ceremony was preceded by several days and nights of organization and installation work. Months earlier, approvals had to be obtained from the railway authorities as it was, after all, not only just another billboard, but rather a graphic redesign of 1,500 m<sup>2</sup> of conspicuous space in the central entrance hall of China's traditional railway station complex. It was evident that BMC gained a lot of confidence through its cooperation with the Beijing Railway Bureau since the authorities accepted the idea positively and unreservedly. Soon, BMC Advertising started off with the initial designs and synchronized work with the client and the railways. Once the motifs were approved, the 2-dimensional graphic was converted into a concave 3D shape and printed on transparencies. In order to cut interruptions to routine railway operations to a minimum, erection work had to be completed within very tight schedules. For this purpose, BMC engineers put up

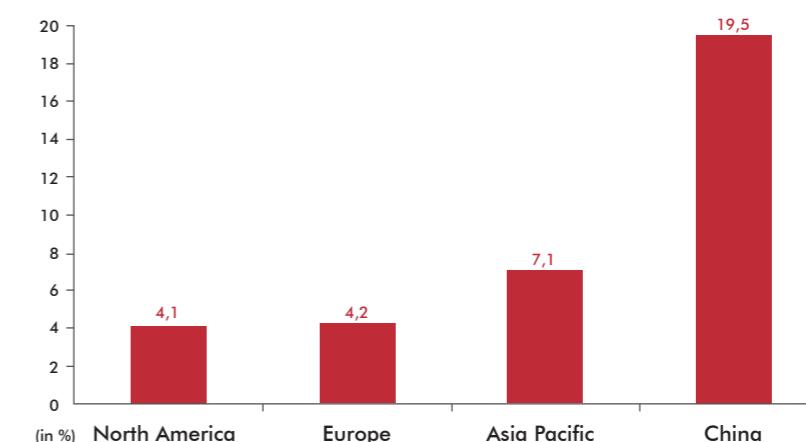


scaffolding on which they worked round the clock every day for one week.

The outcome is an extraordinary and unique campaign that goes far beyond normal ceiling illustrations. Added to this was a complete service concept implemented by BMC Advertising as the partner for integrated and interlinked communication: BMC will equip the service personnel in the VIP and First Class waiting halls with a special Mengniu dress. The buttons to call for service bear the Mengniu logo – as are the drinking cups, serving trolleys and a number of other service utilities. Service personnel welcome the guests with the words: "Good day, what can Mengniu do for you?" Till the end of the campaign, Mengniu will

draw peoples' attention to exhibitions addressing its ecological concerns ("Green China").

The press conference after the opening ceremony, too, is part of the concept. As a follow-up to the event more than 40 articles will be published throughout the country. The media value associated with this exceeds the budget by many times. The campaign will attract attention beyond China. Finally, BMC Advertising was awarded a First Place Gold Mobius Award in the category of outdoor advertising for "The Unique Use of Media" at the renowned MOBIUS AWARDS held in Los Angeles and is among the three nominees for the Best Show Award 2007.



#### **China as a growth market for advertising**

Annual growth rate of expenditure on advertising

Source: Zenith Optimedia, Clear Media, Goldman Sachs Research (2007)



### The nation's means of travel

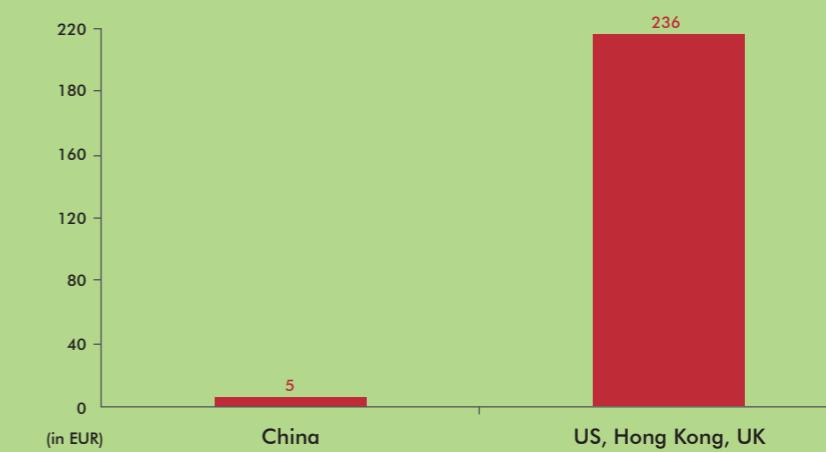
Railways are the most important mode of transportation in China. Chinese railways move about one fourth of the world's rail traffic on just about 6% of the global railway network. More than 1.3 billion passengers use China's railways annually. The peak season is the Spring Festival, which coincides with the Chinese New Year. During the 40 days of the festive season in 2006, about 144 million passengers travelled by train; in 2007 the figure rose to 158 million and, according to the Railway Ministry, this number is likely to touch the 196 million mark in 2008. That is nearly 5 million passengers per day compared with 3.7 million fliers who used domestic flights in the same period. The railways invest heavily in the expansion of their high-speed network on which trains reach speeds up to 300 km per hour. Such routes are on the increase and first-class rail coaches equipped with excellent facilities offer a genuine alternative to air travel to the business community.

### Advertising for the railway advertising

Besides Mengniu, advertising clients like Coca Cola, Lenovo or Yili also affirm the attractiveness of railway stations as backdrops on which to advertise everyday products, as well as for communication with the middle class, who rely on the comfort and speed of railways for private and business travel. BMC is one of the leading providers of advertising space at railway stations. Following an exclusive agreement with the Beijing Railway Bureau (Beijing Central, Beijing West, Shijiazhuang and Tianjin), BMC has a major stake in one of the media platforms with maximum potential: Beijing Central Station, China's most popular and significant railway station, records an average of 200,000 passengers per day, which corresponds to 73 million passengers per year. Today, Beijing West is one of the largest railway stations in Asia with an average of 300,000 passengers per day and in peak seasons the number can be as high as 600,000. The annual number of passengers has been steadily exceeding the 100 million mark for some years now. During the Olympic Games

in 2008, Beijing's railway stations will be important nodal points of transportation. They were graded as A-category (the highest category) by the Olympic Committee, which corresponds to the same status as that of the airport or the Olympic stadium.

BMC's aim is to position the Railway Media as an indispensable ingredient of Media-Mix in the planning of its clients and agencies. In the coming years, the company will increase the number of contracted railway stations, will present new advertising formats and continue to work on the quality of media consulting in the segment of Railway Media. In that context, the Mengniu project is also publicity for advertising at railway stations. Liyan Mo, the president of BMC Advertising: "BMC is happy that we were able to offer such a presentation to a special client like Mengniu. At the same time, we are happy that we can demonstrate the power and efficiency of Railway Media with this project."



**Enormous potential for advertising in China**  
Per capita expenditure on advertising in China compared to USA, Hong Kong and UK

Source: Zenith Optimedia, Clear Media, Goldman Sachs Research (2007)



# AIRPORT MEDIA

**August 8, 2008, 8.08 am:** The long wait is about to come to an end. Adoringly referred to as the "Bird's Nest" by the local populace, the XXIX Olympic Games are going to be opened in the grandiose National Stadium Beijing. 91,000 spectators will witness the occasion as China presents itself to the world with an impressive opening ceremony.

The new "Olympic" Terminal 3 of the Beijing Capital International Airport (BCIA) has already passed the Olympic fire test. During the week before the opening ceremony, over two million visitors arrived from all over the world. Almost all of them admiringly passed by a car whose colour is legendary in the world of luxury and sports cars: a blazing red Ferrari F430 that makes an astounding appearance below the imposing roof of the world's largest airport terminal. Nowhere else does the trademark of Ferrari fit so well than in China where the colour red signifies luck and prosperity. No surprise to anyone that the terminal's roof – modelled in the shape of a dragon – also shows shades of red.

#### China's biggest airport as a perfect advertising location

For the first time in over 20 years, Ferrari chose again the classic approach of customer publicity through the actual car. While prominence was given to personal invitations, direct mailings and sponsoring in recent years, the focus now is on addressing a target public by showcasing a new Ferrari model at the airport complex itself. The reason for this change in outlook is mainly Beijing's new Terminal 3 designed by star architect Sir Norman Foster – in line with the Italian car manufacturer's conviction of being the first place where a Ferrari can be presented consistent with its reputation.

As the world's largest and latest airport building, the Terminal 3 fascinates everyone: its area of 986,000 m<sup>2</sup> corresponds to 140 football fields. The runway is ready for the new superflyer Airbus A380. Besides Air China, Shanghai Airlines and other Chinese airlines, the entire Star Alliance and Oneworld Alliance will take off from or land

at Terminal 3. The BCIA itself is China's biggest airport. In 2008 nearly 65 million passengers will use it. Its capacity is 85 million passengers per year and further expansion to 100 million is under consideration. To draw a comparison: in 2006, Hartsfield-Jackson Atlanta International Airport had approximately 85 million passengers (estimated at 89 million in 2007), O'Hare International Airport Chicago 77 million (estimated at 76 million in 2007) and London Heathrow Airport approximately 68 million (estimated at 68 million in 2007). Tokyo with nearly 66 million passengers – still the largest airport in Asia and number four worldwide based on its current passenger statistics – is on the same level with the BCIA and will probably be overtaken by 2009/2010.

#### BMC's presence in all important airports

"Airports are one of the booming markets in China. This benefits not only airport operators, who increased their profits last year by nearly 31% nonetheless, but also all those involved in this business, primarily the providers of ad space at high-end locations.", explained Li Yang Yang, COO of Business Media China (BMC). "Through our airport advertising space clients will specifically reach the consumption-oriented Chinese. In particular, they include the growing numbers of the middle-class population with a large number of "early adopters", who find it "chic" to travel by plane."

BMC currently offers its clients advertising space at twelve of the fifteen major airports in China. The bandwidth ranges from classic light boxes through to showcases and promotional space like the car show booth for Ferrari, business lounges

#### Boom sector aviation

China's rapid economic growth, which brings prosperity to many sections of its population, is turning aviation into a booming business sector in the long run. In 2007, China recorded 387 million passengers, which is an increase of 17% compared to the previous year<sup>1</sup>. Of these, 349 million passengers booked domestic flights while 38 million took international flights. Expectations are that these numbers will go up 11% per year on average by 2020. This rapid growth in the aviation sector has triggered a corresponding development in the country's infrastructure. Today, China has 148 airports in 146 cities and, construction plans for 97 new airports are already on the drawing board. To achieve this target, China intends to invest approximately EUR 42 billion. The price range for advertising space in and around airports follows more or less the same growth rates. Alongside the higher contact figures, the increasing quality of the target group is another factor that will determine pricing.

<sup>1</sup> Source: General Administration of Civil Aviation, Beijing, ([www.caac.gov.cn](http://www.caac.gov.cn))





and Internet terminals to giant banner space at driveways. BMC intends to further expand this presence. Besides the quantitative and qualitative selection of the ad space, BMC is primarily promoting the development of new presentation products such as animated images and interactive formats.

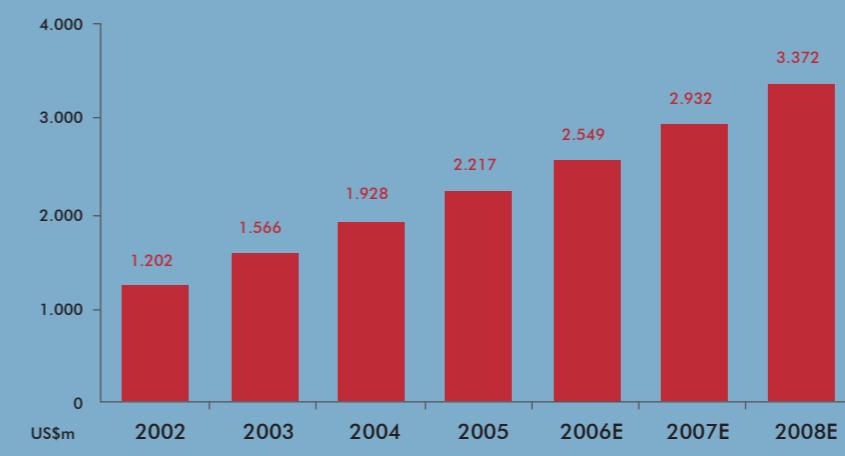
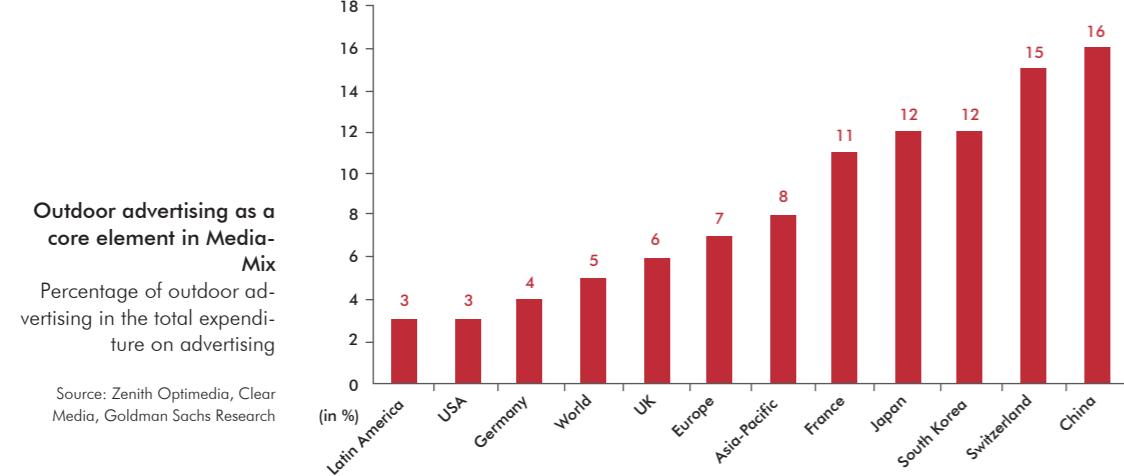
Thanks to its years of experience, competence in outdoor advertising and local network, BMC is able to translate clients' demands at the required

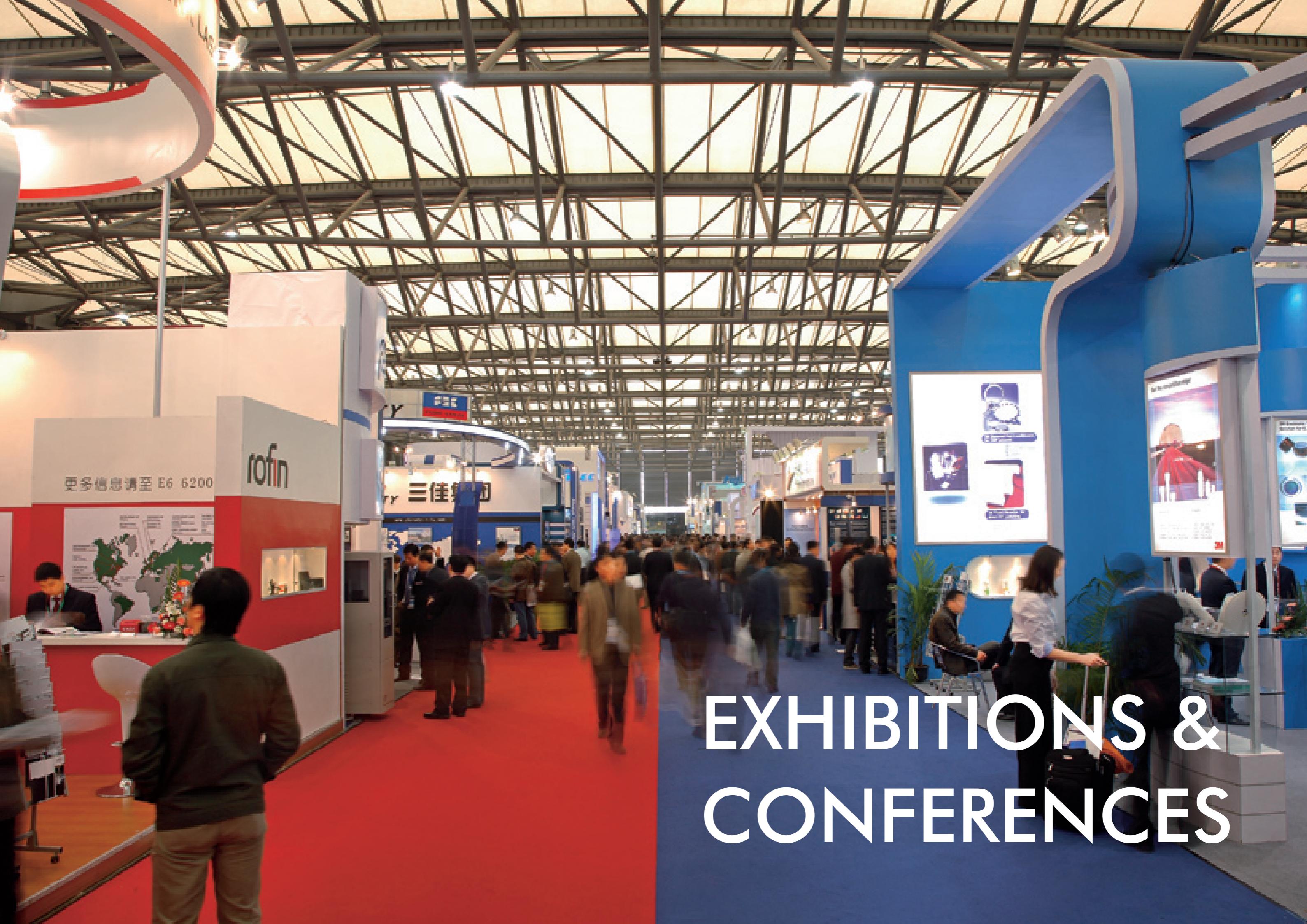
quality and time standards, often where other providers have failed. One example of this is the campaign by South Korean electronic giant Samsung with 3-dimensional models of a hand holding a mobile phone. This concept has been successfully implemented in the outdoor range all over the world – but never so far in an airport terminal in China. The official airport operators' scepticism stood in the way particularly regarding the installation of touch screens and an LCD display in an over-dimensional cellphone. BMC was the only

media provider who was able to implement the concept in an airport environment in China: not only was it possible to obtain permission within a matter of days from the BCIA administrators for the installation of the more than 4 m high model, but the entire installation work was also completed within the shortest possible time and in time for the opening of the Terminal 3 at the end of February 2008. Many of BMC's domestic and international clients rely on its capabilities. For some time now, there has also been a partnership with the Shanghai Automotive Industry Corporation, which issues many contracts for its own brand ROEWE and joint-venture brands Volkswagen and General Motors. Technology and Internet companies like the largest B2B trading platform Alibaba.com also have confidence in BMC's media planning and airport experience.

#### Successful competitive bidding

The fact that BMC can implement attractive campaigns for its clients is due to its advantage of the availability of suitable and most sought after ad space. The ad space in the new BCIA Terminal 3 was awarded after an exclusive competitive bidding process. Only those companies with long-standing experience in Airport Media in China were considered. Thanks to its years of experience, the existing cooperation with the BCIA and the excellent customer relations, BMC, or its subsidiary BMC Flying Dragon which is actually responsible for the bidding, found itself in an excellent take off position. Nevertheless, tension was high for all concerned. For ten days, the people responsible had to wait for the decision. At long last, the redeeming phone call came through. Tiger Wu of BMC Flying Dragon confirmed the successful BMC bid with a plain: "We got it!"





# EXHIBITIONS & CONFERENCES

**September 9, 2007, 2 pm:** At the exhibition centre in Shenzhen there is hectic activity. In another two hours, the China International Optoelectronic Exposition (CIOE), the world's largest trade fair for optoelectronics, will close its gates. At the stall belonging to German enterprise Schott, an engineer is demonstrating the latest optical components to a group of visitors.

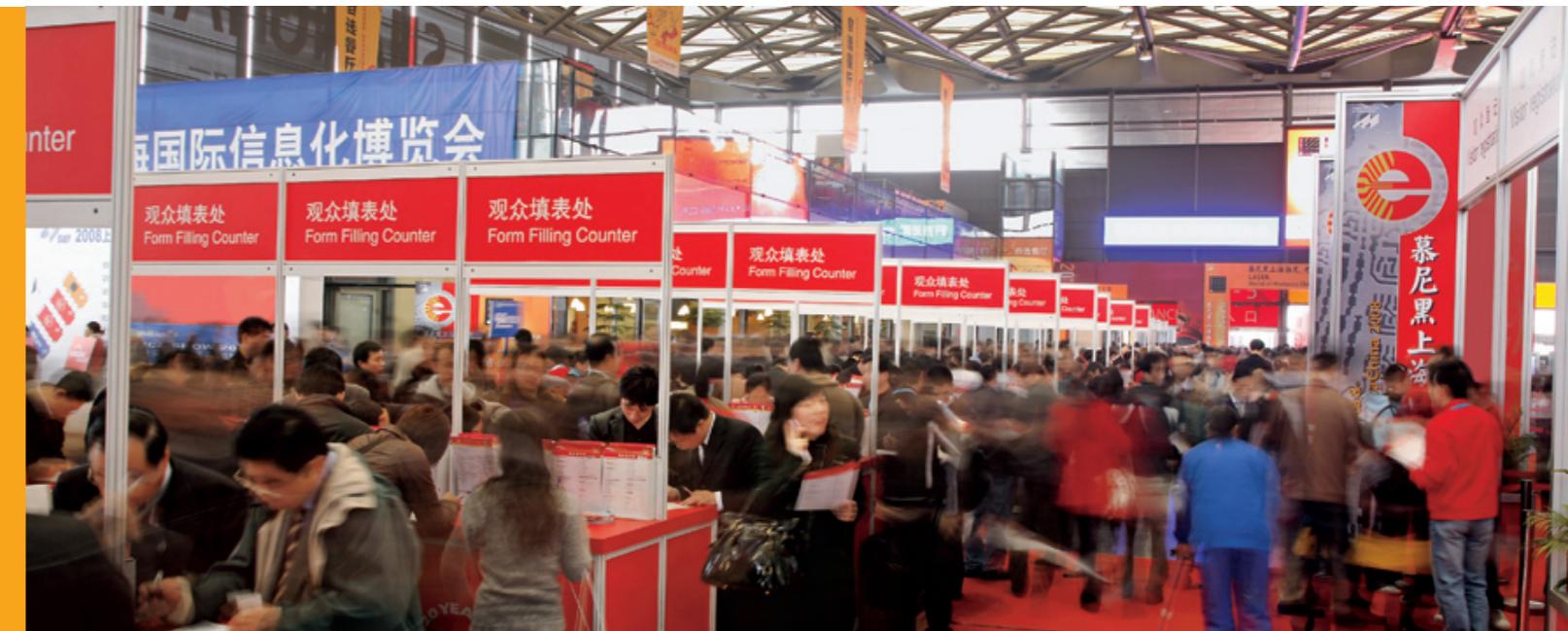
Schott is a market leader in the segment of high-quality optics, which are used increasingly in China's semi-conductor and photovoltaics industry. The company has been showcasing its products in Shenzhen for the last five years and is, therefore, one of the regular clients of the CIOE, which was established in 1999. For Jürgen Böhleke, the manager of exhibitions and exhibitions at Schott Electronic Packaging GmbH, the CIOE has found a permanent place in the trade fair calendar of the global photonics industry: "This year has shown again that the CIOE is by far the most important event in China for us. It opens the gateway to the Chinese market".

#### Top exhibition at top location

In 2007, the CIOE widened its exhibition area by nearly 20% compared to the previous year: more than 1,900 exhibitors were represented over an exhibition area of 55,000 m<sup>2</sup>. During the four days a total of 77,000 visitors entered the

ultramodern halls of the exhibition complex in Shenzhen – 10% more than in the previous year. One fourth of them are overseas visitors. The optoelectronic segment has been globally networked for some time now, and China is developing into a research and application centre for optics technologies. This trend became evident to many international players of whom about 30% are represented at the CIOE, which is well above the average; for industry giants like Olympus, Leica, Yokogawa and Coherent it is the most significant event in China. BMC subsidiary Shenzhen BMC Herong Exhibitions Co., Ltd., organized by the CIOE, expects a further increase of 2,000 exhibitors and over 80,000 visitors in 2008.

Shenzhen is the ideal location for the CIOE and offers primarily international companies the best point of market penetration in China: in the region around Shenzhen more than 1,000 companies produced optoelectronic devices and accessories

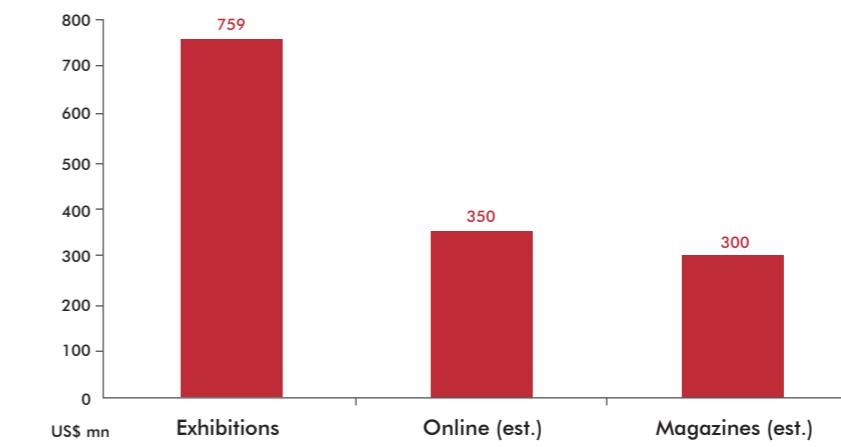
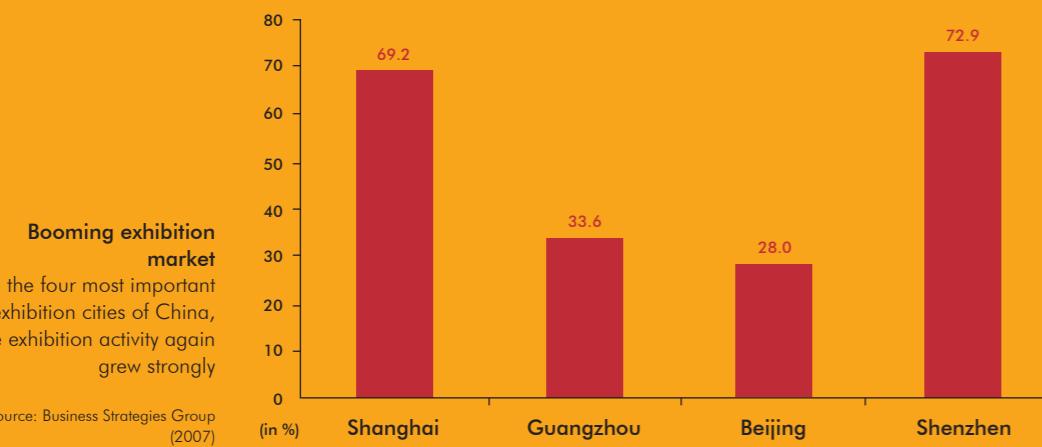


valued at USD 6 billion in 2006. This corresponds to a market share of close to 50% of the total production of the Chinese optoelectronics industry. The Shenzhen Convention & Exhibition Centre is one of the most modern exhibition complexes in Asia. It is located in the centre of the megametropolis extending towards the gateway to Hong Kong. The exhibition complex has an area of 280,000 m<sup>2</sup> of which 105,000 m<sup>2</sup> can be used as exhibition area without obstructive pillars. Adjacent to the exhibition halls, there are many conference rooms. Another advantage is that it is located very

close to 4- and 5-star hotels with excellent accessibility through public transport. Such modern infrastructure facilities have made Shenzhen into a popular location for international exhibitions and conventions.

#### National and international relations as a motivating factor for growth

Besides its presence in the boom-region of southern China, Yang Xiancheng, the General Manager of Shenzhen BMC Herong Exhibitions Co., Ltd. considers another factor that has contributed to



Exhibitions as the key element in B2B Media-Mix  
Outlay for B2B measures



### **BMC with internationally renowned exhibitions in its portfolio**

Besides the China International Opto-electronic Exposition, the world's largest exhibition for optoelectronics components, BMC has three additional events in its portfolio which have gained great importance as lead fairs in China and, consequently, worldwide attention: China Mining in Beijing, Asia's leading mining event, China Beauty Expo in Shanghai, where many leading Chinese and international cosmetics and haircare brands are presented, and China Commercial Vehicle, a renowned trader in utility vehicles and also in Beijing. These events are supplemented by two exhibitions in the South Chinese metropolis of Guangzhou: the Canton Machine Tool Fair, which focuses on metal processing with particular attention to machine tool production, and the PPI China dedicated to food processing technology. In June 2008, BMC will be organizing the XX Macao for the first time, which will be presented as an offshoot of China Mining and as a high quality communication platform for mining companies and investment companies in Asia.

the success of the CIOE: "In China, it is essential to gain support from government bodies, trade associations and research institutions. Without such support, an event has no recognition in this country and has little chance of being mentioned in the international arena." In past years, BMC has gained support for the CIOE, from the influential Chinese Association for Science and Technology through the Chinese Academy of Sciences and the Chinese Optical Society to the Ministries for Science and Technology as well as Information Technology. At the same time, Yang underlines the significance of the network of the BMC group: "Here in China, the CIOE is positioned excellently. As part of Business Media China with its international sales and marketing network, we are in a position to boost people's awareness of the CIOE practically all over the world."

In this respect, there has already been news of initial achievements: besides marketing cooperation with leading trade fair organizers in North America and Europe, the German industrial association for Optical Technologies SPECTARIS was won over as the ideal sponsor of the CIOE. This seal of approval should draw the attention of the German photonics industry known for its quality all over the world and has proved to be a major export hit in Germany's high-tech industry. In 2008 SPECTARIS will be organizing a common platform that will serve as the springboard for Germany's small and medium-scale enterprises to enter the Chinese market.

### **BMC expands conference exhibitions**

BMC has made a name for itself in China as an organizer of technology exhibitions and conferences during the last few years. Besides the CIOE, the China SMT Forum in Shanghai in particular is a prominent member that focuses on PCB technology and has been conceptualized in cooperation with Germany's Fraunhofer Institute for reliability in microelectronics. As a consequence of the positive response from industry, this conference will be enhanced by a exhibition component in the current year. The China Mining exhibition held in Peking is a further example of the successful combination of conference and exhibitions as part of a major event.

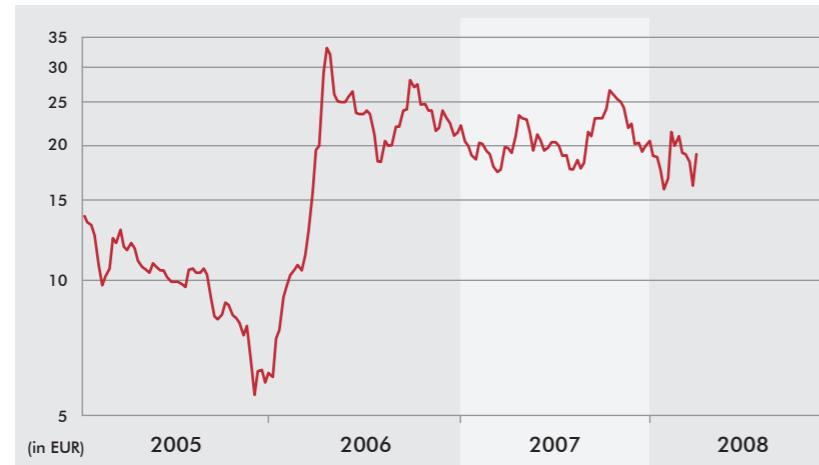
CEO of Business Media China AG, Klaus Michael Hilligardt is planning for more conference exhibitions in the technology range: "BMC will implement more first-class events in cooperation with Chinese and other international partners. And in that connection, we will take the cue from the needs of local markets. In China, we perceive the growing importance of subjects like environmental protection, alternative energy resources and water quality as well as the associated opportunity for international enterprises to position themselves in this market at the right moment."

Meanwhile, Jürgen Bölke was quite content about "his" stand at the CIOE which still attracts many visitors even shortly before it was dismantled: "We will, of course, be here next time, too. We have reserved our space already. We not only value the importance of the trade fair, but also the professionalism of the organizer, the ideal location and this wonderful exhibition centre."

## BMC's share

Business Media China AG (BMC) recorded an extremely positive run of business with a strong growth impetus that passed the profit breakeven point in the second half of the year 2007. The share price of BMC stock also largely catalyzed this development in 2006. In the year under review, stock performance was very volatile: BMC stock started off at EUR 22.00 at the beginning of the year with the range of the lowest and the highest price at EUR 27.10 and 17.11, and the closing price was EUR 20.28 on December 31, 2007. This corresponded to a market capitalization of the BMC group of more than EUR 120 million. The average daily XETRA trading volume was 8,655 shares.

## Share performance



## Key figures

	2007	2006
Year's closing rate (XETRA)	EUR 20.28	22.00
Year's highest rate (XETRA)	EUR 27.10	35.00
Year's lowest rate (XETRA)	EUR 17.11	6.14
Market capitalization on 31.12.2007	TEUR 121.766,7	131.988,3

## Share data

<b>Number of shares issued</b>	5,999,466
- of which listed on the stock exchange	4,545,144
- of which not listed on the stock exchange	1,454,322
<b>Authorized capital</b>	2,999,733
<b>Conditional capital</b>	2,999,733

<b>ISIN ID of the shares</b>	
- Share listed on the stock exchange	DE0005250401
	DE000A0JCYP3
- Share not listed on the stock exchange	DE000A0DRXJ9
	DE000A0JCYX7
	DE000A0H51R2

<b>WKN ID of the shares</b>	
- Shares listed on the stock exchange	525040
	A0JCYP
- Share not listed on the stock exchange	A0DRXJ
	A0JCYX
	A0H51R

<b>Trade segment</b>	Regulated market (General Standard)
<b>Type of shares</b>	Equity stock without nominal amount (no-par shares)
<b>Free float</b>	56%
<b>Stock exchange centers</b>	Xetra, Frankfurt, Berlin-Bremen, Düsseldorf, Hamburg, Munich, Stuttgart

## Management report

### Business and underlying conditions

The BMC Group is an international media group that combines competence in advertising, media and the organization of exhibitions as well as publishing. Holding company Business Media China AG (BMC AG) leads operational subsidiaries in Germany and China. China was consciously chosen as a target market in order to participate in the country's dynamic growth. The BMC Group specialises in out-of-home advertising. The Group prepared the ground to be a leading provider on the Chinese advertising market, in particular in airports and railway stations in China. The BMC Group successfully established itself on the Chinese trade-fair market as an organizer of exhibitions and conferences and arranged several internationally known exhibitions. Know-how and management experience both internationally as well as in China assure the further development of the BMC Group and create a solid basis for the realization of the business model.

#### Overall business environment

2007 was also a year that reflected China's stable economic power. With an increase in its gross domestic product of 11.4 percent, China's economic growth was over 10%<sup>2</sup> for the fifth consecutive year. China accordingly possesses the fastest growing economy in the world. Once again, high-level investment activities as well as the country's continuous increase in private consumption were the growth drivers.

The inflation rate of the past year was 4.8 percent. For the following year, the Chinese government has defined an equally high rate as its inflation goal. The current increase can be explained primarily by the price increase in the basic nutrition of the country<sup>3</sup>. Guideline for China's economic policy is an equitable balance between growth and inflation in order to assure continuous healthy development. The exchange rate of the Chinese currency could not quite follow the economic trend. As a result,

the Chinese yuan (CNY) lost over 4% in comparison to the euro during the last year. In general, the overall business environment in which the BMC Group is active can be regarded as very stable and dependable in respect of legal security and is well organized.

Germany and its economic environment influence the business activities of the BMC subsidiary TC Group GmbH Target Communications in Ludwigsburg near Stuttgart. Germany also offers a stable national economic environment, in particular for the media branch<sup>4</sup>.

#### Business development

As of December 31, 2007, the following subsidiaries are directly and indirectly totally or mainly owned by Business Media China AG:

#### Exhibitions & Conferences

BMC Baiwen	Shanghai	55%	Since 2005
BMC China	Beijing	100%	Since 2005
BMC Herong	Shenzhen	70%	Since 2007
BMC Hongkong	Hongkong	100%	Since 2007
BMC-TBG	Hongkong	51%	Since 2007
BMC Zhenwei	Guangzhou	51%	Since 2006

#### Advertising Media

BMC Advertising	Beijing	100%	Since 2007
BMC Flying Dragon	Beijing	51%	Since 2006
TC Group	Ludwigsburg	70%	Since 2007
BVW	Stuttgart	100%	Since 2006

The basis of consolidation expanded in 2007 through the acquisition of BMC Hongkong with its 70% subsidiary BMC Herong, the purchase of BMC-TBG for the Exhibitions & Conferences segment, the new foundation of BMC Advertising in early 2007 as well as the purchase of the advertising corporation TC Group for the advertising media segment.

The BMC Group is strategically in an excellent position and has a good organizational structure. The goal of becoming one of the leading players on the Chinese media market was further promoted in fiscal 2007. With its portfolio of stable and recurring revenues in the Exhibitions & Conferences segment and the dynamic growing area of advertising media as well as the potential of the sourcing & IT

segment, the BMC Group has a good portfolio for the ongoing acquisition of market shares and for increasing profits.

#### Exhibitions & Conferences

The BMC Group conducted several exhibitions and events in fiscal 2007, either by themselves or in co-operation.



**China Beauty Expo**  
(BMC Baiwen)  
The largest beauty fair in China.



**China International Beauty Week**  
(CEICO)\*  
The most important beauty fair in Beijing.



**China Mining**  
(BMC-TBG)  
As congress and exposition, the number 1 mining event in China and simultaneously the second most important branch event worldwide.



**China Uranium**  
(BMC-TBG)  
Conference and exhibition about uranium mining and the nuclear power industry in China.



**China Commercial Vehicles**  
(CEICO)  
The largest exposition for transport and logistics in China and an important purchasing platform for public agencies.



**China SMT Forum**  
(Business Media China Co., Ltd.)  
The most important SMT & MPT event in China.



**CIOE**  
(BMC Herong)  
The largest optoelectronic exposition in the world.



**GIMT+AMB China**  
(BMC Zhenwei)  
One of the most important machine tool manufacturing exhibitions in southern China, which is conducted in cooperation with the AMB Stuttgart.



**PPI & FDC China**  
(BMC Zhenwei)  
One of the top 3 nutrition exhibitions in China.

<sup>2</sup> Source: South China Morning Post, 25 January 2008  
<sup>3</sup> Source: Frankfurter Allgemeine Zeitung, 12 March 2008  
<sup>4</sup> Source: PricewaterhouseCoopers study: German Entertainment and Media Outlook 2007 – 2011, November 2007

The Exhibitions & Conferences segment made its mark in fiscal 2007, in particular with the successful CIOE exposition in Shenzhen, China Mining in Beijing as well as the beauty and cosmetic exposition China Beauty Expo in Shanghai. The BMC Group is currently working on further topics in its exposition portfolio to strengthen the Group's position in the Chinese and international exposition market. The success was complemented in the previous fiscal year through the sales of two exposition concepts for the Asian market.

Overall, the Exhibitions & Conferences segment met its goals in the past fiscal year to a large extent. Double-digit growth was achieved, the exposition area was substantially increased and the average price level was raised to get close to international price levels.

Furthermore, the acquisition of new exposition and congress corporations as well as selected exhibitions was promoted. Apart from organic growth, which was innovatively and conceptionally primarily headed up by the head office in Stuttgart, new market chances were achieved based on investments and acquisition projects were prepared.

The strategic focus on the main area of technology proved to be correct considering the increasing in internal competition in the Chinese exposition market. The Chinese economy's catch-up and development requirements remain large. Accordingly, technology exhibitions represent a major potential for growth at higher price levels. Subsidiary BMC Zhenwei's textile exposition was sold off to enable the corporation to focus more strongly on technology exhibitions.

The BMC Group pursues a cross-media approach in the Exhibitions & Conferences segment: accompanying the events, BMC distributes the corresponding trade publications with professionally

prepared exposition or congress topics. In this manner, advertising customers can address their target groups through multiple channels. "Aesthetics" for the beauty branch as well as the "Mining Journal" for the mining area are two examples of trade publications published in 2007. The BMC Group also publishes the "China Optoelectronics Magazine".

#### Advertising Media

The advertising media market is also experiencing major growth and offers a large amount of development potential for the BMC Group. The high affinity of Asian consumers is the prerequisite for the increased marketing of advertising areas on the Chinese market. Airport and railway advertising exhibit the premium formats in the Chinese advertising market. China currently spends a significantly higher portion of its total advertising budget on external advertising in comparison to the western world. BMC has a portfolio of the most important advertising formats in the interesting growth market of China.

#### Airport Media

With regard to its subsidiary BMC Flying Dragon, the BMC Group reached a milestone in 2007 with the acquisition of the new advertising areas in terminal 3 of Beijing Airport. BMC received one fourth of the entire area. In this manner, the corporation was given the nod in the face of a multitude of national and international competitors. Thanks to this success, BMC is now considered one of the largest suppliers of airport advertising on the Chinese market. The team is endeavouring to offer advertising areas all across China.

The airport advertising area also further developed its market position through additional marketing activities and by gaining new rental areas in various Chinese cities. During the fiscal year, utilization of the areas was improved and price levels were raised.

#### Railway Media

China has one billion railway passengers every year. The advertising potential that companies achieve through railway stations in China is correspondingly high. 2007 saw the start of operations for the marketing of advertising areas in railway stations by newly founded BMC Advertising. After administrative delays, the marketing began in spring. The quarterly development of 2007 demonstrated the increasing success of sales in the marketing of advertising areas, in particular in the four railway stations in Beijing. Passenger volumes are particularly high with an estimated 140 million travellers per year. Overall, BMC Advertising expanded its market position in the past fiscal year. With a view to optimizing the marketing of the advertising area, the foundations were laid for a new marketing cooperation which will start early in 2008. Parallel to this, BMC Advertising also promoted the development of new advertising media to be in a position to offer a wide spectrum of advertising areas.

Due to delays in forming the company, BMC Advertising cannot post a full operational fiscal year. For this reason, its initial success is not yet visible in the annual result. Furthermore, special influences were caused by the new formation and the development of the exchange rate. Nevertheless, the corporation showed a significant increase in the development of its results in the third and fourth quarter of 2007. In the current year, BMC Advertising will be able to prove its potential on the basis of 12 operational months.

#### Creative services

The newly acquired TC Group - a well established advertising agency on the German market - complements the advertising media segment and the creative production element. In the past year, the foundation was laid for an expansion of TC Group activities on the Chinese market. BMC rearranged the organization of the corporation in accordance

with the new requirements of an international advertising company thus opening the doors to China. The German advertising market remains important for the TC Group in that it accompanies customers from Germany to China and visa-versa. Synergies within the group were analyzed and evaluated in 2007 and will lead to an expanded media offer by the BMC Group in the future.

The Olympic Games 2008 in Beijing led new international and Chinese companies to enter the market in advance. This resulted in strong demand for advertising areas.

#### Sourcing & IT

The sourcing & IT business segment is being newly expanded with innovative projects from the online media area. The project planning phase and feasibility studies were promoted in 2007. The current year sees the implementation of the first products capable of marketing.

From the viewpoint of the BMC Group, sourcing platforms and online portals belong to strategic projects. Furthermore, the marketing of exposition software on the Asian market continues to be actively pursued.

## Earnings position

### Consolidated earnings position

	2007 TEUR	%	2006 TEUR	%	TEUR	Changes %
<b>Sales revenues</b>						
from Advertising Media	23,122.0	99.7	7,452.6	100.0	+15,669.4	+210.3
from Exhibitions & Conferences	15,021.4	64.7	4,028.7	54.1	+10,992.7	+272.9
from sourcing & IT	8,088.3	34.9	2,898.8	38.9	+5,189.5	+179.0
from other	0.0	0.0	512.1	6.8	-512.1	-100.0
Inventory changes	12.3	0.1	13.0	0.2	-0.7	-5.4
<b>Overall performance</b>	67.7	0.3	0.0	0.0	+67.7	-
	<b>23,189.7</b>	<b>100.0</b>	<b>7,452.6</b>	<b>100.0</b>	<b>+15,737.1</b>	<b>+211.2</b>
Costs for services received	-18,019.8	-77.7	-6,072.3	-81.4	+11,947.5	+196.8
<b>Gross profit</b>	<b>5,169.9</b>	<b>22.3</b>	<b>1,380.3</b>	<b>18.6</b>	<b>+3,789.6</b>	<b>+274.5</b>
Personnel expenses	-4,859.1	-21.0	-1,883.9	-25.3	+2,975.2	+157.9
Scheduled depreciations	-779.8	-3.4	-116.4	-1.6	+663.4	+569.9
Depreciations of assets	-220.9	-1.0	-1,650.0	-22.1	-1,429.1	-86.6
Other profits	248.8	1.1	26.0	0.3	+222.8	+856.9
Other operational costs	-5,386.6	-23.2	-4,647.3	-62.4	+739.3	+15.9
Financial result	107.8	0.5	284.1	3.8	-176.3	-62.1
<b>Result prior to income tax</b>	<b>-5,719.9</b>	<b>-24.7</b>	<b>-6,607.2</b>	<b>-88.7</b>	<b>+887.3</b>	<b>+13.4</b>
Taxes from income and profit	350.2	1.5	196.8	2.7	+153.4	+77.9
<b>Company result</b>	<b>-5,369.7</b>	<b>-23.2</b>	<b>-6,410.4</b>	<b>-86.0</b>	<b>+1,040.7</b>	<b>+16.2</b>

The results in 2007 reflect BMC's expansion. Turnover of 210.3% as well as expenditure increased significantly over the previous year. Overall, 2007 resulted in a company result of TEUR 5,369.7. This corresponds to an improvement of TEUR 1,040.7 over the previous year.

Turnover in the advertising media segment rose from TEUR 4,028.7 to TEUR 15,021.4. This increase resulted from renting advertising areas in Beijing West and Central, Tuanjin and Shijiazhuang railway stations at the beginning of 2007 as well as from the renting of advertising areas at Beijing Capitol Airport, Shanghai Hongqiao and Hangzhou Airport which was maintained for the first time over 12 months. In addition, the higher price level proved positive, as did the improved

utilization quota and the high quality of rental resulting from the implementation of new advertising media. Furthermore, turnover in the advertising media segment increased as a result of the first consolidation of an advertising agency whereby a further TEUR 2,270.1 in turnover was generated since 1 March 2007.

Turnover in the Exhibitions & Conferences segment increased from TEUR 2,898.8 to TEUR 8,088.3. In 2007, the BMC Group organised China Beauty Expo in Shanghai as well as the FDC & PPI China and GIMT + AMB China in Guangzhou. In May 2007, the BMC Group organized the China SMT Forum in Shanghai for the first time. Included in the turnover of the BMC Group for the first time were the profits from the China International Optoelectronic

Expo (CIOE) in Shenzhen as well as the profits from China Mining. In 2007, turnover was gained from the procurement of exposition concepts. The textile exposition in Guangzhou was sold and therefore provided no turnover in 2007.

In the sourcing & IT segment, no turnover was achieved in 2007 in contrast to the previous year.

Following currency adjustments, the turnover of the Chinese companies would have been about 4% stronger.

The company deficit was reduced in 2007 by TEUR 1,040.7 to TEUR 5,369.7. The composition of the company deficit at company level and group affiliation is given in the following overview:

	Basis of consoli- dation prior year 2007 TEUR	Additions 2007 TEUR	Consolida- tions 2007 TEUR	Consolidated companies 2007 TEUR
Sales revenues	13,493.7	11,886.5	-2,258.2	23,122.0
Inventory changes	0.0	67.7	0.0	67.7
<b>Overall performance</b>	<b>13,493.7</b>	<b>11,954.2</b>	<b>-2,258.2</b>	<b>23,189.7</b>
Costs for services received	-10,514.4	-9,709.3	2,203.9	-18,019.8
<b>Gross profit</b>	<b>2,979.3</b>	<b>2,244.9</b>	<b>-54.3</b>	<b>5,169.9</b>
Personnel expenses	-2,890.3	-2,020.6	51.8	-4,859.1
Deductions	-155.0	-845.7	0.0	-1,000.7
Other profits	291.3	327.4	-369.9	248.8
Other operational costs	-3,574.1	-1,815.2	2.7	-5,386.6
Financial result	688.6	-402.0	-178.8	107.8
<b>Result prior to income tax</b>	<b>-2,660.2</b>	<b>-2,511.2</b>	<b>-548.5</b>	<b>-5,719.9</b>
Taxes from income and profit	44.8	303.4	2.0	350.2
<b>Company deficiencies</b>	<b>-2,615.4</b>	<b>-2,207.8</b>	<b>-546.5</b>	<b>-5,369.7</b>

In 2007, four operational companies were integrated into the BMC Group whereby the additions were evenly distributed over the advertising media and Exhibitions & Conferences segments with two operational companies each.

Sales revenues increased in 2007 by TEUR 15,669.4 or 210.2%. The advertising media segment contributed TEUR 10,992.7 to this increase with the Exhibitions & Conferences segment contributing TEUR 5,189.5. New projects were developed in the sourcing & IT segment in 2007.

Due to the increased amount of incomplete services at the end of the year, a profit of TEUR 67.7 accrued from the changes in inventory.

While the Exhibitions & Conferences segment achieved a positive EBIT, the advertising media segment and the profits and expenses compiled under the segment AG each closed with negative results. Both new companies BMC Herong and BMC-TBG in the Exhibitions & Conferences segment achieved a very positive annual result. BMC Baiwen increased its annual surplus, which emphasized the success of Beauty Expo in Shanghai. While BMC Zhenwei

showed an annual deficit in 2007, remedial actions are beginning to take effect. The company deficit is essentially due to the administrative costs of BMC AG and BMC China which were caused by project development, a company-wide implementation of structures and regulations as well as the costs that arose from the stock exchange listing. The two new additions, BMC Advertising and the TC Group, which are both operational in the advertising media segment, contributed to the company deficit. BMC Advertising ends its first year with a deficit of TEUR 2,079.2, reflecting the slightly delay in starting. The TC Group also posted a negative result for fiscal 2007. A complete new structuring was completed to benefit from the synergies between the holding company and the TC Group in future.

Overall performance for fiscal 2007 increased significantly in comparison to the previous year by TEUR 15,727.1 and a gross profit of TEUR 5,169.9 corresponds to an increase of TEUR 3,789.6. With this, the value of the previous year was nearly quadrupled. The total of TEUR 15,669.4 higher sales revenues must be seen against higher material costs of TEUR 11,947.5, as a result of which the margin improved from 18.6% to 22.3%.

Deductions increased significantly. One reason was the investments made in the advertising media segment, which have now become permitted expenses. The systematic depreciation of the exposition rights of CIOE activated within the scope of the first consolidation affected the result to the tune of TEUR 231.6. The depreciations of assets

in 2007 are allocated to the fixed assets of the TC Group, the value of which is reduced as a result of the relocation of the TC Group to new office buildings. Depreciation in 2006 is to be allocated to the company value of BMC Zhenwei.

Personnel costs increased by TEUR 2,975.2 whereby TEUR 954.6 have been allocated to the basis of consolidation of the previous year. New formations, taking over new companies as well as new recruitment have had a strong influence. On average, the BMC Group employed 246 employees in 2007 every quarter (previous year 104), of whom 195 in China (previous year 94).

Other operating income mainly consists of currency profits realised and sales revenues from the sale of the textile exposition in the scope of the consolidation were eliminated. The profit from the sale of the textile exposition was offset against the subtractions of the company value.

The other operating costs of the company increased over the previous year by 15.9% or TEUR 739.3. They are comprised of the following:

	2007 TEUR	2006 TEUR
Legal, advisory and costs for end-of-year accounts	830.6	682.5
Travel costs	782.0	587.2
Rentals	751.8	325.3
Other taxes	672.6	143.8
Advertising costs	636.2	232.3
Operating requirements	502.7	296.0
Exchange losses (unrealized)	348.2	81.6
Shareholder's meeting, investor relations and publication expenses	291.1	136.7
Vehicle costs	208.2	52.6
Exchange losses (realized)	99.0	44.1
Book losses from the subtractions from the assets	41.9	33.0
Insurances and contributions	38.9	16.4
Bank fees	7.1	55.4
Project development costs railway	0.0	1,701.7
Other operational costs	176.3	258.7
<b>Total</b>	<b>5,386.6</b>	<b>4,647.3</b>

In the financial result, financial costs of TEUR 103.1 (previous year TEUR 34.5) as well as a positive financial result of TEUR 210.9 (previous year TEUR 318.9). Essentially, the consolidations are allocated to the dividend income of BMC Baiwen, which was eliminated by BMC AG.

The result before tax improved by TEUR 887.3 to TEUR -5,719.9. Revenue from taxes and income

and from profit also had a positive effect. Profits from latent taxes on earnings in the amount of TEUR 719.7 (previous year TEUR 258.7) were also taken into account. The effective taxation on earnings is TEUR 369.5 (previous year TEUR 61.9).

Overall, the company result improved slightly in 2007 from TEUR -6,410.4 to TEUR -5,369.7.

### Earnings position of the BMC AG

	2007 TEUR	%	2006 TEUR	%	Changes TEUR	Changes %
<b>Sales revenues</b>	<b>1,544.4</b>	<b>100.0</b>	<b>792.9</b>	<b>100.0</b>	<b>+751.5</b>	<b>+94.8</b>
Costs for services received	-1,073.1	-69.5	-924.7	-116.6	+148.4	+16.0
<b>Gross profit</b>	<b>471.3</b>	<b>30.5</b>	<b>-131.8</b>	<b>-16.6</b>	<b>+603.1</b>	<b>+457.6</b>
Personnel expenses	-1,417.7	-91.8	-1,034.7	-130.5	+383.0	+37.0
Deductions	-37.3	-2.4	-44.6	-5.6	-7.3	-16.4
Other operating profits	241.2	15.6	25.9	3.3	+215.3	+831.3
Other operational costs	-1,804.4	-116.8	-3,567.6	-449.9	-1,763.2	-49.4
Financial result	648.0	42.0	-1,305.1	-164.6	+1,953.1	+149.7
<b>Result from ordinary operations</b>	<b>-1,899.0</b>	<b>-122.9</b>	<b>-6,057.9</b>	<b>-763.9</b>	<b>+4,159.0</b>	<b>+68.7</b>
Extraordinary result	0.0	0.0	-2,296.1	-289.6	+2,296.1	+100.0
Taxes from income and profit	0.0	0.0	0.1	0.0	-0.1	-100.0
Other taxes	-0.1	0.0	-0.1	0.0	+0.0	+0.0
<b>Net loss</b>	<b>-1,899.0</b>	<b>-123.0</b>	<b>-8,354.0</b>	<b>-1,053.6</b>	<b>+6,455.0</b>	<b>+77.3</b>

BMC AG closed fiscal 2007 with a deficit of TEUR 1,899.0, which is an improvement of TEUR 6,455.0.

The result shows turnover of TEUR 1,544.4 for 2007, which is initially allocated to the Exhibitions & Conferences segment. Turnover of TEUR 1,380.0 resulted from the sales of trade fair concepts. In the previous year, turnover was based on the marketing of licensed trade fair software in China, which brought in TEUR 512.1.

Expenses for services received increased by TEUR 148.1. Significant costs were, as in the previous year, project development costs for BMC China, which amounted to TEUR 619.6 (previous year 711.7).

Personnel costs increased by TEUR 383.0 over the previous year. BMC AG employed 13 (previous year 11) employees on average each year. The increase is essentially due to the remuneration of managing directors, which is TEUR 288.7 above the level of the previous year. The reasons for the increase are stated in the remuneration report.

Deductions were performed systematically on intangible and tangible assets.

The increase of other operational profits is to be assigned to the reversal of accruals and profits in other accounting periods from a successful lawsuit.

Other operational costs are reduced by TEUR 1,763.2 in comparison to the previous year, which corresponds to approximately half. In the other operational costs, apart from the general administrative costs, in particular legal, advisory and auditor costs, travel costs as well as costs for the listing on the stock exchange and the legal form are included. In the previous year, in particular, project development costs for railway station advertising activities (TEUR 1,701.7) were included.

The financial result improved by TEUR 1,953.1. The financial result includes interest earnings from affiliated companies amounting to TEUR 319.8 (previous year 48.5) and dividend income from BMC Baiwen of TEUR 132.6 (previous year TEUR 70.1). In 2006, the extraordinary depreciation of the investment book value of BMC Zhenwei of TEUR 1,650.0 was declared.

In the extraordinary result of the previous year, the costs for the capital increase including the applicable costs for the creation of the stock exchange prospectus are included. A prerequisite of the stock exchange prospectus is that all shares issued can be traded.

## Asset position

### Consolidated asset position

	31.12.2007		31.12.2006	
	TEUR	%	TEUR	%
<b>ASSETS</b>				
Company value	8,841.5	25.6	6,361.7	19.4
Other intangible assets	3,761.5	10.9	29.7	0.1
Tangible assets	1,956.1	5.7	813.4	2.5
Investments	0.0	0.0	60.0	0.2
<b>Fixed assets</b>	<b>14,559.1</b>	<b>42.2</b>	<b>7,264.8</b>	<b>22.2</b>
Other allowances and assets	92.3	0.3	0.0	0.0
Latent income tax expenses	968.5	2.8	290.5	0.8
<b>Long term allowances and assets</b>	<b>1,060.8</b>	<b>3.1</b>	<b>290.5</b>	<b>0.8</b>
<b>Long term assets</b>	<b>15,619.9</b>	<b>45.3</b>	<b>7,555.3</b>	<b>23.0</b>
Inventory	334.2	0.9	0.0	0.0
Accounts receivable	6,520.8	18.9	1,901.9	5.8
Other allowances and assets	6,613.5	19.2	8,236.3	25.1
Effective income tax expenses	161.8	0.5	168.8	0.5
Financial resources	5,224.7	15.2	14,950.6	45.6
<b>Short term assets</b>	<b>18,855.0</b>	<b>54.7</b>	<b>25,257.6</b>	<b>77.0</b>
<b>Total assets</b>	<b>34,474.9</b>	<b>100.0</b>	<b>32,812.9</b>	<b>100.0</b>
<b>LIABILITIES</b>				
Capital stock	5,999.5	17.4	5,999.5	18.3
Reserves	15,226.7	44.2	21,315.2	65.0
Balance profit/loss	0.0	0.0	0.0	0.0
<b>Shareholder's portion of equity of Business Media China AG</b>	<b>21,226.2</b>	<b>61.6</b>	<b>27,314.7</b>	<b>83.3</b>
<b>Portion of other shareholder's of equity</b>	<b>2,074.8</b>	<b>6.0</b>	<b>1,043.8</b>	<b>3.2</b>
<b>Owner's equity</b>	<b>23,301.0</b>	<b>67.6</b>	<b>28,358.5</b>	<b>86.5</b>
Latent accrued income tax liabilities	428.2	1.2	0.6	0.0
Financial debt	7.5	0.0	0.0	0.0
Other liabilities	539.7	1.6	0.0	0.0
<b>Long term accruals and liabilities</b>	<b>975.4</b>	<b>2.8</b>	<b>0.6</b>	<b>0.0</b>
Effective accrued income tax liabilities	125.9	0.4	0.0	0.0
Other accruals	1,220.3	3.5	1,094.9	3.3
Financial debt	1,559.3	4.5	47.6	0.1
Accounts payable	2,956.8	8.6	1,732.3	5.3
Tax debt	389.0	1.1	57.1	0.2
Other liabilities	3,947.2	11.5	1,521.9	4.6
<b>Short term accruals and liabilities</b>	<b>10,198.5</b>	<b>29.6</b>	<b>4,453.8</b>	<b>13.5</b>
<b>Total assets</b>	<b>34,474.9</b>	<b>100.0</b>	<b>32,812.9</b>	<b>100.0</b>

The total assets of BMC increased in 2007 by TEUR 1,662.0 to TEUR 34,474.9 over the previous year. The long-term assets of TEUR 15,619.9 are completely financed through owner's assets, whereby the short-term accruals and liabilities of TEUR 10,198.5 are covered by short-term assets.

Assets increased in comparison to the effective date of the previous year by TEUR 7,294.3. In 2007, TEUR 9,122.3 were invested, TEUR 6,586.9 of which were allocated to the expansion of the basis of consolidation. Assets were systematically depreciated by TEUR 779.8. Depreciation of TEUR 220.9 was also carried out resulting in total depreciations

of TEUR 1,000.7. In addition, subtractions in the assets of TEUR 238.4, transfers of TEUR 60.0 and depreciations due to the exchange rate in the amount of TEUR 528.9 were recorded in 2007.

Additions of TEUR 6,586.9 resulted from the changes in the basis of consolidation and these are allocated, in particular, to the company value (TEUR 2,983.2) and to other intangible assets (TEUR 3,200.7). The latter is to the amount of TEUR 2,911.4, in particular, in the scope of the new evaluation of BMC activated exposition rights at the China International Optoelectronic Exhibition (CIOE). Company value has developed as follows:

	01.01.2007 TEUR	Additions from first con- solidations TEUR	Subtractions TEUR	Currency ad- justment TEUR	31.12.2007 TEUR
BMC Baiwen	1,856.6	0.0	0.0	-77.7	1,778.9
BMC China	5.7	0.0	0.0	-0.3	5.4
BMC Zhenwei	697.8	0.0	164.5	-24.2	509.1
BMC Flying Dragon	3,801.6	0.0	0.0	-159.1	3,642.5
BMC Herong	0.0	1,450.6	0.0	-62.8	1,387.8
BMC-TBG	0.0	1,099.6	0.0	-14.8	1,084.8
TC Group	0.0	433.0	0.0	0.0	433.0
<b>Total</b>	<b>6,361.7</b>	<b>2,983.2</b>	<b>164.5</b>	<b>-338.9</b>	<b>8,841.5</b>

Current investments of TEUR 2,535.4 in 2007 include, among others, additions in other intangible assets of TEUR 970.5. Of this, TEUR 958.3 was allocated to the sole right of operations for railway station areas for which payment was made in 2006. TEUR 185.9 was invested in rental fittings and fixtures, in particular through the TC Group as well as BMC Advertising in Beijing, each of which acquired new office space in 2007. For the first time, additions were made to the technical assets in the amount of TEUR 870.4, which was implemented for advertising purposes by BMC Advertising. TEUR 319.2 was invested in furniture and office equipment in 2007, of which TEUR 160.2 by BMC Advertising alone, which

was founded in 2007. The renovation costs of BMC AG's new office space as well as the upgrading of computer hardware for the employees in Stuttgart to the amount of TEUR 148.8 were further significant investments.

A loan that was granted is included in the long-term accounts receivable and assets which will fall due at the latest in the year 2009. Latent income tax expenses increased by TEUR 678.0 over the previous year. Of the total of TEUR 968.5, TEUR 959.3 were allocated to the activated tax savings from debit carryovers. This developed as follows:

	01.01.2007 TEUR	Additions TEUR	Currency ad- justment TEUR	31.12.2007 TEUR
BMC Advertising	0.0	487.1	0.0	487.1
BMC Flying Dragon	0.0	203.9	0.0	203.9
BMC Zhenwei	131.8	14.2	-0.4	145.6
BMC China	9.5	118.7	-5.5	122.7
<b>Total</b>	<b>141.3</b>	<b>823.9</b>	<b>-5.9</b>	<b>959.3</b>

45.3% of the total balance was allocated to long-term assets. The total balance was 23.0% in the previous year.

Inventory relates entirely to the TC Group and comprises raw materials and supplies to the amount of TEUR 12.5 and incomplete services of TEUR 312.7.

Accounts receivable increased by TEUR 4,618.9 for the first time comparison over the previous year,

	31.12.2007 TEUR	31.12.2006 TEUR
Conducted prepayments	4,098.7	1,923.3
Receivables from the minority shareholders of BMC Flying Dragon	1,142.1	1,075.4
Deposits	699.9	51.9
Accrued items	224.0	42.5
Purchase price receivable from the sale of the textile exposition by BMC Zhenwei	139.5	0.0
Claims from the reimbursement of other taxes	126.0	44.9
Shares of Mainsee 411. VV GmbH	24.9	22.8
Loans to third parties including interest	0.0	946.8
Payments for the railway station advertisement activities	0.0	3,811.7
License guarantee	0.0	74.3
Receivables from overpayments	0.0	92.5
Other assets	158.4	150.2
<b>Total</b>	<b>6,613.5</b>	<b>8,236.3</b>

Capital funds decreased in 2007 by TEUR 9,725.9 to TEUR 5,224.7. Further information concerning the company's financial situation are given in the financial situation section. The portion of the short-term assets in the total sum totals 54.7% compared with 77.0 % in the previous year.

At the end of 2007, equity ratio was 67.6% in comparison to 86.5 % at the end of 2006. Equity was reduced by TEUR 5,057.5 from TEUR 28,358.5 to TEUR 23,301.0. Of this, an increase of TEUR 901.1 is to be allocated to the expansion of the basis of consolidation due to the allowance of minority shareholders.

Furthermore, an increase in equity of TEUR 152.2 resulted due to the retroactive reduction of financing costs.

On the other hand, the company deficit of TEUR 5,369.7, in particular, led to a reduction in equity. In addition, exchange rate effects (TEUR 628.7) and the payout of dividends to the minority shareholders (TEUR 112.7) also reduced equity. The portion of equity of BMC AG by other shareholders increased due to the first consolidation of BMC Herong (shares of the minority shareholders: 30.0%), TC Group (30.0%) and BMC-TBG (49.0%). Minority shareholders also profited from the positive development of their companies (BMC Baiwen, BNC Herong and BMC-TBG) while only partially participating in the costly companies and furthermore experienced a limitation of the loss allocation in two companies (BMC Zhenwei and the TC Group). Overall, the shares in total equity held by minority shareholders increased from 3.2 % to 6.0 %.

Latent income tax accruals were formed in conjunction with the uncovered hidden reserves of BMC Herong and the TC Group. Long-term financial debt is completely allocated to the accounts payable of the financing lease contracts. Under the other long-term accounts payable, the mid-term accounts payable from the purchase price adjustment of the purchase of shares from the BMC Hongkong are included. The purchase price of BMC Herong consists of a fixed purchase price of TEUR 2,161.2 as well as three variable purchase price committals of a total of TEUR 919.5 - calculated according to the first day of consolidated accounting. The variable committals are to be paid when certain annual results of BMC Herong are met in the years 2007 to 2009. Due to the results achieved for 2007 and the existing plan for 2008 and 2009, the management of BMC AG assumes that all purchase price committals will be due. Therefore, the fixed and variable purchase price was taken fully into consideration during consolidation, whereby the non-interest bearing purchase price obligation was applied in cash value on the day of the first consolidation.

The amount of TEUR 125.9 for international taxes is included under short-term effective income tax accruals, which will probably but are not certain to be implemented. Furthermore, income tax in the amount of TEUR 100.2 for fiscal 2007 is included in the short term tax liabilities. The other accruals were formed in particular for the production of the stock market prospectus, end-of-year expenses, open invoices, untaken vacation as well as publishing costs and process risks. Short-term financial debt is composed of the short-term capital loan of TEUR 1,492.5, a loan of the minority shareholders of BMC Zhenwei, which is already included in the previous year as well as from liabilities from

financing lease contracts. In total, short-term financial debts increased in 2007 by TEUR 1,511.7. Accounts payable increased over the previous year by TEUR 1,224.5. Companies first consolidated in 2007 constitute an increase of TEUR 1,670.0. Short-term tax debts are included as debts from

other taxes of TEUR 288.8 (previous year TEUR 43.8) and debt from income tax of TEUR 100.2 (previous year TEUR 13.3). Other short-term liabilities increased by TEUR 2,425.3 in comparison to the effective date of the previous year. The following table contains a breakdown:

	31.12.2007 TEUR	31.12.2006 TEUR
Prepayments received	2,583.0	1,329.1
Final payment of the purchase price for the shares of BMC-TBG	550.0	0.0
Accounts payable to other employees	334.1	186.6
Purchase price adjustment of BMC Hongkong (short-term share)	293.2	0.0
Dividend liabilities in respect of the minority shareholders of BMC Baiwen	109.3	0.0
Liabilities within the scope of social security	0.0	0.0
Other various accounts payable	77.6	6.2
<b>Total</b>	<b>3,947.2</b>	<b>1,521.9</b>

## Assets

### BMC AG's asset position

	31.12.2007 TEUR	31.12.2007 %	31.12.2006 TEUR	31.12.2006 %
<b>ASSETS</b>				
Intangible assets	11.8	0.0	14.9	0.1
Tangible assets	325.7	1.1	174.4	0.6
Investments	18,143.6	61.7	9,181.7	31.6
<b>Fixed assets</b>	<b>18,481.1</b>	<b>62.8</b>	<b>9,371.0</b>	<b>32.3</b>
Accounts receivable	1,508.5	5.1	358.2	1.2
Accounts receivable from affiliated companies	6,035.4	20.5	66.5	0.2
Other assets	1,163.8	4.0	6,019.7	20.7
Shares of affiliated companies	24.9	0.1	22.8	0.1
Liquid assets	2,180.0	7.4	13,188.0	45.4
<b>Floating assets</b>	<b>10,912.6</b>	<b>37.1</b>	<b>19,655.2</b>	<b>67.6</b>
Accruals	27.6	0.1	19.4	0.1
<b>Total assets</b>	<b>29,421.3</b>	<b>100.0</b>	<b>29,045.6</b>	<b>100.0</b>
<b>LIABILITIES</b>				
Capital stock	5,999.5	20.4	5,999.5	20.6
Capital reserves	19,763.6	67.2	21,662.6	74.6
<b>Owner's equity</b>	<b>25,763.1</b>	<b>87.6</b>	<b>27,662.1</b>	<b>95.2</b>
Other accruals	1,141.0	3.9	1,157.8	4.0
Accounts payable to credit institutions	1,500.0	5.1	0.0	0.0
Accounts payable	425.6	1.4	182.0	0.6
Other liabilities	591.6	2.0	43.7	0.2
<b>Outside capital (short term)</b>	<b>3,658.2</b>	<b>12.4</b>	<b>1,383.5</b>	<b>4.8</b>
<b>Total assets</b>	<b>29,421.3</b>	<b>100.0</b>	<b>29,045.6</b>	<b>100.0</b>

The balance sum increased insignificantly over the previous year by TEUR 375.7 to TEUR 29,421.3.

The assets increased to the effective date of the previous year by TEUR 9,110.1. TEUR 3.1 in intangible assets was invested in furniture and office equipment and TEUR 148.8 was invested in the renovation of the newly leased offices of BMC AG. The significant increase resulted from investments in shares of affiliated companies. The additions of TEUR 8,961.9 were allocated to the shares of the following companies:

	TEUR
BMC Advertising	5,002.5
BMC Hongkong	2,208.6
BMC-TBG	1,100.0
TC Group	650.8
<b>Total</b>	<b>8,961.9</b>

Systematic depreciations to the amount of TEUR 37.3 were conducted on tangible and intangible assets.

Accounts receivable increased by TEUR 1,150.3 over the previous year. The increase is mainly due to the sale of the trade fair concept. Receivables from affiliated companies increased by TEUR 5,968.9. Essentially, the increase resulted from loans to affiliated companies amounting to TEUR 5,210.8 including all interest receivable to date. In the previous year, BMC AG made prepayments for railway station advertisement activities for a total of TEUR 3,602.7, which was included under other assets in the end-of-year report of 2006. In 2007, the contract for the marketing of advertising area was taken over by BMC Advertising. As a result, previously made payments from BMC AG were transformed into a loan to BMC Advertising. Other assets were reduced, in particular, due to the above-mentioned

active trade. Overall, other assets were reduced by TEUR 4,855.9. Loans granted in the previous year were paid back in 2007. As of December 31, 2007, a loan has been granted to the amount of TEUR 92.3 with a maturity of over one year. The shares of affiliated companies stated in the floating assets were allocated to a shelf company sold in 2008. Liquid assets were reduced in the past fiscal year by TEUR 11,008.0. Simultaneously, liabilities to credit institutions increased by TEUR 1,500.0. Changes in capital were TEUR 12,508.0. For the source and application of funds, please refer to the funds flow statement of BMC AG, which is included in the financial situation section.

Capital stock remained stable over the course of the year. Changes in the capital reserves resulted from the withdrawal of TEUR 1,899.0 to cover the annual deficit of 2007.

Other accruals were reduced insignificantly by TEUR 16.8. These were formed in particular for the production of the stock market prospectus, end-of-year expenses, open invoices, untaken vacation as well as publishing costs and process risks. For legal risks, accruals were formed, in particular, for the costs of the legal suit against Julius Bär Kapitalanlage AG. The object of the suit is the claim for damages granted to BMC AG. The increase in accounts payable is to be allocated in particular to the renovation costs for the new office space. In the other liabilities, the obligation of the remaining purchase price of TEUR 550.0 from the purchase of shares of the BMC-TBG is essentially stated.

## Financial position

### Consolidated financial position

BMC posted capital assets of TEUR 3,732.2 as of December 31, 2007. Capital assets include all liquid assets, being cash assets, credit at credit

institutions and checks as well as equivalent payment means minus the short-term capital loan which BMC AG acquired. The composition of the capital assets is shown in the following table:

Composition of capital assets	31.12.2007 TEUR	31.12.2006 TEUR
Capital assets from the assets of the balance	5,224.7	14,950.6
Short term accounts payable to credit institutions	-1,492.5	0.0
<b>Total</b>	<b>3,732.2</b>	<b>14,950.6</b>

The financial result decreased by TEUR 11,218.4. Changes in costs affecting payment are allocated to the flow of funds from operations with TEUR 7,983.3 and the flow of funds from the investment activities with TEUR 3,096.0. For further details on the payment flow, please see the company funds flow statement.

As of December 31, 2007, capital assets were subject to cash restrictions to the amount of TEUR

3,672.6 (previous year TEUR 1,738.6) from which a disposable capital asset of TEUR 59.6 (previous year TEUR 13,212.0) arose to December 31, 2007. Capital assets of the Chinese subsidiary, which has its main office on the Chinese mainland, are available in China. However, due to current dividend trading controls, restrictions remain in place concerning the use of capital assets in the company. These were subject to cash restrictions in the previous year for this reason.

Composition of capital assets	31.12.2007 TEUR	31.12.2006 TEUR
Total capital assets	3,732.2	14,950.6
- of which restricted capital assets (capital assets in mainland China)	3,672.6	1,738.6

As of December 31, 2007, the company has financial obligations in the amount of TEUR 46,726.5 whereby TEUR 13,889.5 of this is due for payment in the year 2008. The liabilities of BMC Advertising and BMC Flying Dragon from the rental of advertising areas are significant items.

To strengthen and insure its liquidity as well as to cover financial liabilities as planned, BMC AG took

out a loan from Mesago Holding GmbH to the amount of TEUR 2,250.0 at the beginning of 2008 and received a further credit grant for a maximum of TEUR 2,000.0. The loans were subject to 6% interest and have a maturity of less than one year. The subsidiaries in China are sufficiently financed. The tense short-term financial situation of German subsidiary TC Group was stabilized through a capital increase as of December 28, 2007.

### Financial position of BMC AG

	2007 TEUR	2006 TEUR
<b>Flow of funds of BMC AG (HGB)</b>		
Annual deficit	-1,899.0	-8,354.0
Depreciations on assets of fixed assets	37.3	1,694.6
Payments for the capital increase 2006	0.0	1,831.4
Other payment relevant expenses	0.0	6.7
Loss through subtractions from assets	0.0	29.1
Increase of receivables, stocks, other assets and accruals	-1,835.8	-4,297.6
Addition (+) / Subtraction (-) of accruals	-16.8	589.6
Increase of liabilities (without financial debts)	130.1	78.0
<b>Cash flow from operating activities</b>	<b>-3,584.2</b>	<b>-8,422.2</b>
Payments received from subtractions of tangible assets	0.3	0.0
Payments received from subtractions of assets from the granted loan	904.0	2,373.7
Payments for investments in tangible and intangible assets	-74.4	-33.6
Payments for investments in affiliated companies	-8,411.9	-8,523.7
Payments for investments in other assets as well as for granted loans	-1,341.8	-2,239.4
<b>Flow of funds from investment activities</b>	<b>-8,923.8</b>	<b>-8,423.0</b>
Payments received from the capital increase in 2006	0.0	29,542.8
Payments for the capital increase 2006	0.0	-1,831.4
Payments received from granted loans	1,500.0	2,500.0
Restructuring of granted loans in the assets	-1,500.0	0.0
Payment for the amortization of loans	0.0	-2,500.0
<b>Funds inflow from the financing activity</b>	<b>0.0</b>	<b>27,711.4</b>
<b>Effect of payments on changes in capital stock</b>	<b>-12,508.0</b>	<b>10,866.2</b>
<b>Development of the capital stock</b>		
Effect of payments on changes in capital stock	13,188.0	2,321.8
Effect of payments on changes in capital stock	-12,508.0	10,866.2
<b>Capital stock at the end of the period</b>	<b>680.0</b>	<b>13,188.0</b>

The development of the preceding flow of funds of the BMC AG was based on the company's flow of funds. The outflow of funds of BMC AG from operational activities was TEUR 3,584.2 in 2007 (previous year TEUR 8,422.2). TEUR 8,411.9 was invested in the shares of affiliated companies. The payment not yet made affecting investments in the shares of affiliated companies to the amount of TEUR 550.0 was eliminated. Within this item, payments for loans granted, TEUR 1,250.0 was allocated to loans to affiliated companies. The loan granted in 2007 of BMC Advertising to the amount of TEUR 3,727.6 is merely stated here with TEUR 125.0 since the largest payments for the railway advertisement activities became payment effective in 2006. This also explains the significant changes in the flow of funds in current business operations. In the inflow of funds from financing activities, the deposit from the short-term operational credit is listed, which is to be allocated to the capital stock. In the IFRS closing, liabilities from loans amount to TEUR 1,492.5. The reason for the difference is the cost for acquiring capital to the amount of TEUR 7.5, which was depreciated and added as allowed expenses for the duration of the loan.

The first dividend payment from the subsidiary is anticipated for 2008 and the payment of outstanding accounts payable as well as granted loans. Since these payments will lead to the complete relief of the cash flow in the middle of the fiscal year, BMC AG is taking on a loan for the first half-year of 2008 to the amount of TEUR 2,250.0 with an interest rate of 6.0 % from shareholder Mesago Holding GmbH and has received a further credit grant of a maximum of TEUR 2,000.0.

Subsidiaries in Germany and China finance themselves through their continuous cash flow. In the medium term, BMC AG will finance itself primarily through the receipt of dividends from subsidiaries. Loans will be amortized and surpluses used for reinvestment and dividends to shareholders.

## Subsequent events

### Mergers and formations after the balance sheet date

The company license for the purchase of a further 15.0 % of shares of BMC Zhenwei was granted in January 2008. BMC AG holds 66.0 % of the shares of BMC Zhenwei as of January 2008. TEUR 220.0 was spent on the purchase. The offset difference is to be completely allocated to the company value.

BMC Advertising formed BMC Tianjun Co., Ltd. Beijing (China) together with Guangdong Tianjun Media Company Limited in January 2008. Guangdong Tianjun Media Company Limited possesses the advertising rights in railway stations in Guangzhou and Shenzhen. BMC Advertising holds 51% of BMC Tianjun Co., Ltd (also called BMC Tianjun below) and 49.0% of Guangdong Tianjun Media Company Limited. The newly formed company handles the

marketing of railway station advertisement areas for both shareholders. The company was provided with capital stock to the amount of CNY 5,000,000.

### Financing after the balance sheet date

Mesago Holding GmbH granted BMC AG four loans in the first two months of 2008 to a total amount of TEUR 2,250.0 and a further grant of credit in March 2008 to the amount of maximum TEUR 2,000.0. The interest rate is specified at 6.0% for the first half year. The loans may be paid back at any time, also in partial amounts, and are due on September 30, 2008. Processing fees for the loans have been calculated to the amount of TEUR 16.9.

## Remuneration report

Business Media China AG (BMC AG) complies with the recommendations of the German Corporate Governance Codex by individually disclosing the amount of remuneration for the members of the Supervisory Board and the Management Board.

### Management Board

During 2007, the management board of BMC AG only received fixed remuneration. Over the entire year of 2007, Klaus Michael Hilligardt, Arend Jan Rudolf van Eeden and Peter Sassmann belonged to the management board. Mr. Li Yang Yang was appointed to the management board on January 18, 2007. Mr John Maxwell Hare left the management board on March 31, 2007.

The total remuneration that the members of the management board received for their activities in fiscal year 2007 were TEUR 700.3 (previous year: TEUR 411.6).

### Remuneration of the Management Board

	2007 TEUR	2006 TEUR
Klaus Michael Hilligardt <sup>1</sup>	180.0	40.0
Arend Jan Rudolf van Eeden <sup>2</sup>	166.8	97.2
Peter Sassmann	150.0	-
Li Yang Yang	74.8	-
John Maxwell Hare <sup>3</sup>	128.7	150.0
Bernard Tubeileh <sup>4</sup>	-	124.4
<b>700.3</b>	<b>411.6</b>	

<sup>1</sup> Klaus Michael Hilligardt has been on the Management Board and its Chairman since October 12, 2006

<sup>2</sup> Arend Jan Rudolf van Eeden has been on the Management Board since June 5, 2006

<sup>3</sup> John Maxwell Hare until March 31, 2007

<sup>4</sup> Bernard Tubeileh until December 31, 2006

### Supervisory Board

The members of the Supervisory Board receive fixed remuneration for their services as set forth in the articles of association of BMC AG. The simple remuneration as per the articles of association is TEUR 5.0 whereby the chairman of the Supervisory Board receives double the simple compensation and the deputy chairman of the Supervisory Board one and a half times the simple compensation. This amounts to a total compensation of TEUR 22.5 per year for the members of the Supervisory Board.

### Remuneration for members of the Supervisory Board

	2007 TEUR
Wolfgang Schellkes	10.0
Henning Möller	7.5
Wolfram Diener	5.0
<b>22.5</b>	

## Risk report

The risk management system of the BMC Group was reconfigured in the second half of 2007. In co-operation with a consulting firm, the requirements were recorded and a new system developed and implemented in the fourth quarter of 2007 in Germany and China.

BMC's risk management system comprises the holding company as well as all significant shareholders in Germany and China with all segments.

The process of the risk management system is essentially handled in the following steps:

- Risk identification
- Risk evaluation
- Risk communication
- Risk management
- Risk control

Responsibilities in the scope of the risk management system are clearly defined.

Management formulates company goals and strategies thus giving the company a justifiable amount of risk-bearing capacity.

The managing director of a subsidiary as well as the area manager are responsible for the risk management. That means that they are responsible for the early identification and evaluation of risks, in particular for the implementation of suitable measures for risk prevention or reduction as well as for continuous risk monitoring. In addition, they are responsible for reporting the risks to the main office on a regular basis.

For the unification of risk reports, BMC uses individually prepared Excel sheets which systematically request information on each of the risk categories of market risks, operational risks, financial risks, management risks as well as general risks.

In the scope of the risk inventory, each risk will receive an occurrence probability and damage extent, measured by the effect of the result on the normal business activities. A data sheet in the form of a streetlight shows the danger potential of the risk. Furthermore, previously implemented risk limitation measures, or previously implemented as well as planned risk limitation are registered.

Affiliated companies are acquainted with the new risk report structures. At the end of the year, a risk inventory was performed for the first time with the new system. The risk inventory as well as the compilation in a general risk report was organized and coordinated through the employees of the controlling department.

For the future, risk inventory with the new risk management system is planned on a regular basis.

The following risk groups were identified and monitored:

### Aggregate risks in target market China

The Chinese national economy has been showing a yearly growth rate of up to 10% for more than a decade. Apart from the opportunities arising from this, possible risks could occur due to the excessive boom. In addition, markets in which the BMC Group is active are partially still in development. This can lead to increased forecast uncertainties. To a large scale, the company is dependent on economic development in China. A weakening of the Chinese economy could negatively influence the development of the company.

### Industry risks

Business Media China AG and its subsidiaries are active in a growing market that offers great development potential. However, the risks are also accordingly high. Due to the attraction and fast growth of the Chinese market, the entry of further

competitors is to be anticipated. This can lead to increased competition for customers of Exhibitions & Conferences and advertising media, whereby the expected and planned amount and price induced growth rate might not occur or with a delay.

### Operational risks and forecast uncertainties as well as non-payment risks

The company is subject to operational risks in the various business areas. Due to the expansive strategy realization, increasing growth rates were included in the planning of the individual business segments. Due to various conditions, these growth rates could not be met or not as planned.

#### ■ Exhibitions & Conferences

Although the BMC Group is involved in most of the established exhibitions, there is a risk that further competitors may appear. In individual cases, developed and expanded public and exposition events may not reach the desired interest of the target group. This could lead to the surrender of investments made in individual projects in individual projects and to depreciations leading to a corresponding loss. The assumptions made concerning the expansion of areas and the price increases are subject to uncertainty in view of the planned growth rate. The integration of private as well as the acquisition of the respective shares of national companies in China means an increase in costs due to the new requirements.

#### ■ Advertising Media

Entering the Chinese advertising market involves increased planning risks. Advertising area marketing rights, which are secured on the basis of multiple year contracts, must often be placed with customers over a shorter duration in order to assure the desired high utilization. Since the remuneration to be paid for the marketing rights is mainly turnover-independent, a possible

utilization risk is present. This can appear, on the one hand, in a timely delayed renting of advertising areas for maintenance, construction or renovation measures and, on the other hand, through operationally-induced processes. The gradually developed leading instruments and the experience of management assure the development of this business segment. The limited marketing rights which are granted partially exclusively and partially to multiple media companies must be won or extended in tendering. These factors can lead to the double-digit growth rate planned for the coming years on the basis of the market evaluation of the company in the advertising media area not being met and to depreciations on shares becoming necessary and leading to a corresponding loss. Low utilization can also lead to losses.

#### ■ Sourcing & IT

This business segment is based on the marketing of exposition software and an internet platform which is in planning, which began in 2005. It is subject to uncertainty in respect of further marketing possibilities in China. In the future, the sourcing & IT business segment will be newly formed and expanded. This brings about a new risk structure.

There is a risk in all segments that customer payments may be cancelled due to a lack of liquidity. This risk is minimized through the checking of the creditworthiness of important customers. In addition, prepayments are to be made in advance, for example in the area of presenters at exhibitions.

A dependency on individual large customers is not present in the so-called segments, individual customers can be influential and the loss thereof can have negative results.

### Liquidity and insolvency risks

The BMC Group requires capital to finance strong growth. Reference is made to the comments on the company's financial situation and the company funds flow statement. Investment in stocks generally carries a capital risk. In case of insolvency, the outstanding debts of the outside creditor are settled first. The BMC Group only took on funds to a limited amount until the end of the fiscal year.

### Personnel and management risks

The development of the activities of Business Media China AG and its subsidiaries requires the corresponding personnel capacities. When forming new subsidiaries, dependency on individual employees in strategically important positions may occur in the initial phase. For example, expertise and experience are lie largely with individual employees who are accordingly bound to the company. The economic development of Business Media China AG is based mainly on the abilities, contacts and personal commitment of the members of the board. It is therefore of great significance that the boards remain intact in the company in the mid-term.

### Financial risks

Due to its swift growth, the company might require further funding and this also applies to its subsidiaries. In particular, Chinese banks request security when granting loans in the form of assets to which interest is applied. Since our Chinese subsidiaries can only provide limited security, the possibility of acquiring loans is limited. Future growth and maintenance of the current business volume might require additional funds. The company is therefore dependent on additions to the capital market in order to meet capital requirements. If the company cannot cover additional funding requirements, this might have significant negative results on the company's liquidity, financial strength and future growth.

### Political, legal and cultural risks

Business operations in China are accompanied by political, legal and cultural risks. The taxation and business regulations for subsidiaries and joint ventures in China as well as interaction with Chinese business partners and colleagues differs from those in Europe or the USA with the result that individual intentions or the acquisition of stocks can be delayed or possibly never realized. Political and legal risks arise from the strong growth of a country with over one billion people and a currency with limited conversion up to now. The opening and obvious change in this Communist country are no guarantee for the further development and the pursuit of known problems such as the inadequate protection of intellectual property. If the company or its subsidiaries were to violate valid or future Chinese laws or not maintain the required national sanctions, sensitive national sanctions could lead to the company and its subsidiaries being unable to do business. This lead severely harm the company's business operations.

These negative results could also result from a change in the current legal situation. The company cannot estimate the future development of legal regulations in China.

### Interest and currency risks

Currently, BMC is only dependent on a small amount of interest-bearing funds. This might, however, change given an increase in financing requirements. In that case, BMC would be affected by increasing interest rates.

The national turnover in China is normally invoiced in CNY, the calculated turnover of the BMC AG as well as the agency commission in Euro. Since the assets and debts of the foreign subsidiaries are calculated according to the concept of the functional currency, currency risks do not directly affect the company result. A change in the exchange rate

CNY/EUR of  $\pm 10\%$  by the balance date would become asset influencing with TEUR 874.8 (previous year TEUR 123.4).

### Dependency of the company on payments made by the shareholding companies

The profits of the company are based on the payments of the shareholding companies. Any restriction in the dividend capabilities of individual or multiple companies for economical or political reasons has a significant influence on the company's ability to provide payments to its shareholders. A restriction is also possible due to official limitations of the payment and the transfer of dividends from China to a different country. Therefore, payments to the company and from the company to its subsidiary might be seriously limited or delayed.

### Risks from the competition

The company is subject to strong competition in all business areas. This could lead to the company being unable to compete against other competitors and losing market shares. The growth strength of the Chinese market is attracting new and strongly performing competitors from other countries. There are no exclusive rights for most of the exhibitions, which might result in a deterioration in the competition situation in future. This could result in a decline in turnover and a worsening of the profit situation due to price reductions.

### Other risks

Through changes in the taxation laws in Germany as well as in China, there is a risk of tax debts developing to the company's disadvantageous. Other risks might, for example, arise from lawsuits.

According to management, the above-mentioned risks might have a negative influence on the economic situation and future development of BMC AG and its subsidiaries, but these are, however, not in any position to cause sustained danger to the

substance of the company. The current solid position forms the basis for a successful presence on the market. Should any changes occur, this could have negative results on BMC AG's asset, financial and profit situation.

## Report §§ 289 Abs 4, 315 Abs 4 HGB

### Disclosure requirement according to §§ 289 ABS. 4, 315 Abs. 4 HGB

As of December 31, 2007, the capital stock of BMC AG is EUR 5,999,466.00 and is divided into 5,999,466.00 non-par shares with a proportionate amount of EUR 1.00 per share in the capital stock. Of the 5,999,466 shares 4,545,144 shares are allowed for trading. Permission has not been obtained for 1,454,322 shares and they can only be traded outside the stock exchange.

As of December 31, 2007, Mesago Holding GmbH is a direct participant with more than 10% and on December 31, 2007 the Mesago Holding GmbH owned approximately 42.3% of BMC AG shares.

Following the resolution by the General Meeting on July 21, 2006, the Management Board has been authorized to increase the company's capital stock with the approval of the Supervisory Board by up to EUR 2,999,733.00 (authorized capital I) in one or several attempts within five years from this entry. The entry took place on August 28, 2006. Authorized capital I is still unchanged.

The resolution taken by the General Meeting on June 14, 2005 envisaged a conditional increase in capital stock by EUR 100,000.00 (conditional capital I). The listing in the commercial registry took place on July 12, 2005. The Management Board has been authorized to issue until December 31, 2008, with the approval of the Supervisory Board, buying options (stock options) for a total of up to 100,000 non-par shares of the company in the name of the owner in one or several attempts to employees and members of the company's management and to companies in which this company is a majority shareholder directly or indirectly. However, as of date of balance no stock option had been issued.

Following the resolution taken by the General Meeting on July 21, 2006, the Management Board has been authorized to issue until December 31, 2009, with the approval of the Supervisory Board, buying options (stock options) for a total of 100,000 non-par shares of the company in the name of the owner in one or several attempts to employees and members of the company's management and to companies (affiliate companies) in which this company is a majority shareholder directly or indirectly (conditional capital II). However, as of date of balance no stock option had been issued.

Following the resolution taken by the General Meeting on July 21, 2006, the Management Board may conditionally increase its capital stock by up to EUR 2,799,733.00. The Management Board has been authorized to issue till 20 July 2011 with the approval of the Supervisory Board partial debentures with conversion rights or options (optional debentures) in the name of the owner on BMC AG shares in one or several attempts. However, the total amount of the partial debentures may not exceed EUR 300 million. The authorization given by the General Meeting on June 14, 2005 to the Management Board for the issue of partial debentures with conversion or optional rights with the possibility of excluding buying options in accordance with Article 186 Sec. 3 Clause 4 of the Companies Act and creation of a conditional capital was annulled by a resolution taken by the General Meeting on July 21, 2006.

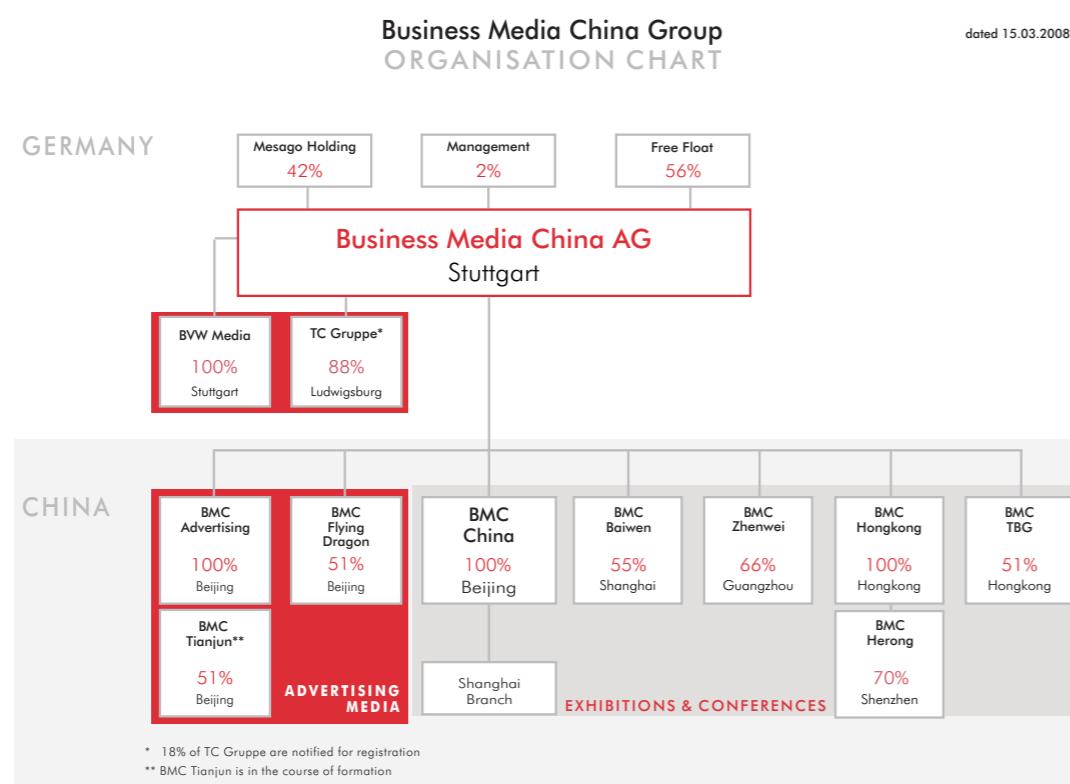
With the resolution taken by the General Meeting on July 21, 2006, the company is, according to § 71 Abs 1 Nr. 8 AktG, authorized to acquire its own shares until January 20, 2008 with a partial sum of stock capital of up to 10% of the capital stock present at the time of the resolution of the General Meeting. At no point of time may more than 10% of the capital stock account for the acquired shares along with other own shares that are owned by the company or attributed to it as per Article 71a ff. of the Companies Act. This authorization may not be used for the purpose of trading with the company's own shares. The authorization may be exercised directly by the company or by a third party appointed by the company fully or in several partial amounts in connection with the above-mentioned restriction. However, the authorization issued by the General Meeting on June 14, 2005 has been annulled.

BMC AG's Management Board consists of one or several individuals. The number of the members of the Management Board is determined by the Supervisory Board. The Supervisory Board may designate a member of the Management Board to be the chairman or the spokesman of the Management Board and other members of the Management Board to be the deputy chairman or the deputy spokesman. The Supervisory Board may exempt members of the Management Board from the restrictions of Article 181 of the German Civil Code for any individual tasks.

## Forecast

China's economic environment continues to develop very positively. For the coming years, an average growth rate of 10% is anticipated. Apart from the increase in inter-Asian trade and the growth of the worldwide market, domestic demand in China is also gaining in importance.

The organisation chart shows the current company structure of the BMC Group:



China continues its initiated course of economic liberalization. China's government is achieving a gradual opening of the financial market in respect of free capital trade in this manner. The BMC Group is important in this dynamic economic area and continues to see significant potential for growth.

The BMC Group is continuing its growth strategy in the current year as well as in the following years. The focus is on organic growth and the realization of economically interesting acquisition opportunities. In the advertising media, the BMC Group ensures its growth through projects for the marketing of advertising areas in airports and railway stations. In the Exhibitions & Conferences area, new concepts are being developed and realized. Business Media China AG supports the development of individual fields through new marketing ideas, the conceptual further development of projects and the clear management of its subsidiaries in China and Germany.

### Exhibitions & Conferences

In fiscal 2008, the BMC Group will conduct the following events independently or in cooperation:

BMC Baiwen implemented China Beauty Expo in Shanghai in May, the biggest beauty and cosmetic trade fair in China.

BMC Herong organized the CIOE in the third quarter of 2008, the worldwide leading optoelectronic trade fair.

The trade fair for mining and related areas is China Mining in Beijing. BMC-TBG will be responsible for these exhibitions in the fourth quarter of 2008 in cooperation with the CEICO company. The new subject of uranium is planned this year as a project within China Mining.

The China SMT Forum in Shanghai will be organized by BMC China and concerns the surface mounting of electronic components. China SMT is developing into one of the most important SMT & MPT events in China.

PPI & FDC China is one of the leading exhibitions for food packaging and processing in south China. It will be conducted by BMC Zhenwei in Guangzhou in the middle of the year.

GIMT China is one of the most important machine tool manufacturing exhibitions in south China.

Further exposition projects are in the course of conceptual planning and will be made public within the course of the year. The focus of BMC's trade fair programme clearly lies in the technology segment, which offers several possibilities for new and profitable trade fair projects.

As a location for exhibitions, China is expected to match international price levels. Accordingly, significant area and price increases are expected in the trade fair field. The increase in price and area is based on a market analysis by our exposition teams in the individual companies and the holding company Business Media China AG. In the realization of the planning, double-digit growth is expected in the Exhibitions & Conferences segment in 2008.

Possible acquisitions are targeted at the purchase of new trade fair and congress events as well as individual exhibitions and offer additional growth potential for the BMC Group. The many years of experience of BMC management supports the M&A process and will assure the rapid integration of new companies.

### Advertising Media

In the advertising media area, the BMC Group strengthened its market position in China in the current year. Based on the marketing structure, the marketing of advertising area is to be further increased. A well-known Chinese partner from the media area founded a joint venture under the name of BMC Tianjun. The BMC Group holds 51% of this company. Goal of the joint venture is the consolidation of the two companies, which are both strong in marketing. The bundling of skills will not only increase the utilization of advertising area, but will also send impulses to pricing policies, which may lead to higher prices in the near future.

The advertising media business segment should grow more strongly than the market. Planning for fiscal 2008 anticipates the utilization of advertising areas of over 70%. Basis for the marketing of advertising area is long-term rental contracts for the areas as well as one to twelve month rental contracts with advertising customers.

The TC Group took part in tendering with success and were therefore able to expand their agency in Germany more strongly than before in 2008. After the integration phase in 2007, the TC Group should strive to gain additional growth by entering the Chinese market. As part of the BMC Group, it is in an excellent position since both Chinese and international customers are increasingly interested in active advertising services based on an understanding of both European and Chinese cultures. A multitude of Chinese projects has already been initiated.

### Sourcing & IT

The sourcing & IT segment plans to develop new concepts which are targeted at the enormous potential of the media branch. These new products

or services are currently still at the project stage. They should be introduced within the current fiscal year to test their marketing viability on the Chinese market.

### AG

In view of the strong growth of the group, Business Media China AG significantly increased its management functions - controlling, planning, risk management. It will also offer adequate service in the current year and handle the management of the German and Chinese subsidiaries. Business Media China AG has implemented new planning systems and risk management instruments which are adjusted to meet the higher requirements of a growing media company.

According to the current planning status, Business Media China AG anticipates a turnover of between EUR 35 and 45 million in fiscal 2008 with its established activities. Furthermore, according to plan, a positive result was achieved on a consolidated basis before taxes. To exceed the break-even point, contributions are expected from the profitable Exhibitions & Conferences segment as well as the strongly developed advertising media area, for which a positive result is expected.

Business Media China AG will focus primarily on the development of new concepts as well as the management and administration of the BC Group. Business Media China AG's result is positively influenced by share profits as well as by the marketing of trade fair concepts. The administrative costs of company headquarters will presumably exceed the profits expected in the current fiscal year. In the following years, share profits should grow increasingly and the result of the company will become positive.

The BMC Group shows a seasonal difference in its results. The first and fourth quarter of a year tend to be weaker due to special factors such as exposition dates and the Chinese New Year celebrations. The two middle quarters are stronger in profit. As a result of the increasing significance of the advertising media area, seasonal fluctuations will become weaker in the course of the years ahead.

Stuttgart, March 31, 2008

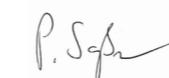
Business Media China AG



Klaus Michael Hilligardt



Arend Jan Rudolf van Eeden



Peter Sassmann



Li Yang Yang

## Consolidated profit and loss account

	Annex	1.1.-31.12. 2007 TEUR	1.1.-31.12. 2006 TEUR
Sales revenues	(1)	23,122.0	7,452.6
Other income	(2)	248.8	26.0
Inventory changes of incomplete services	(3)	67.7	0.0
Material expenses	(4)	-18,019.8	-6,072.3
Personnel expenses	(5)	-4,859.1	-1,883.9
Deductions	(6)	-1,000.7	-1,766.4
Other operational costs	(7)	-5,386.6	-4,647.3
Financing costs	(8)	-103.1	-34.5
Other financial results	(8)	210.9	318.6
<b>Earnings before tax</b>		<b>-5,719.9</b>	<b>-6,607.2</b>
Taxes from income and profit	(9)	350.2	196.8
<b>Net loss</b>		<b>-5,369.7</b>	<b>-6,410.4</b>
Shareholders interest in group's deficit		-5,698.1	-6,224.0
Potion of company deficit of other shareholders	(10)	328.4	-186.4
<b>Net loss</b>		<b>-5,369.7</b>	<b>-6,410.4</b>

		EUR	EUR
Undiluted earnings per share	(11)	-0.95	-1.13
Diluted earnings per share	(11)	-0.95	-1.13
Shares (number, weighted in 2006)	(11)	5,999,466	5,512,336

## Consolidated balance sheet

	Annex	31.12.2007 TEUR	31.12.2006 TEUR
<b>ASSETS</b>			
Company value	(13)	8,841.5	6,361.7
Other intangible assets	(14)	3,761.5	29.7
Tangible assets	(15)	1,956.1	813.4
Investments	(16)	0.0	60.0
<b>Capital assets</b>	(12)	<b>14,559.1</b>	<b>7,264.8</b>
Other allowances and assets	(17)	92.3	0.0
Deferred income tax expenses	(21)	968.5	290.5
<b>Long term allowances and assets</b>		<b>1,060.8</b>	<b>290.5</b>
<b>Long term assets</b>		<b>15,619.9</b>	<b>7,555.3</b>
Inventory	(18)	334.2	0.0
Accounts receivable	(19)	6,520.8	1,901.9
Other allowances and assets	(20)	6,613.5	8,236.3
Effective income tax expenses	(21)	161.8	168.8
<b>Short term receivables</b>		<b>13,296.1</b>	<b>10,307.0</b>
<b>Financial resources</b>	(22)	<b>5,224.7</b>	<b>14,950.6</b>
<b>Short term assets</b>		<b>18,855.0</b>	<b>25,257.6</b>
		<b>34,474.9</b>	<b>32,812.9</b>
<b>LIABILITIES</b>			
Capital stock	(24)	5,999.5	5,999.5
Reserves	(25)	15,226.7	21,315.2
Balance profit/loss	(26)	0.0	0.0
<b>Shareholder's portion of equity of Business Media China AG</b>		<b>21,226.2</b>	<b>27,314.7</b>
<b>Portion of other shareholder's of equity</b>	(27)	<b>2,074.8</b>	<b>1,043.8</b>
<b>Owner's equity</b>	(23)	<b>23,301.0</b>	<b>28,358.5</b>
Latent accrued income tax liabilities	(28)	428.2	0.6
Other accruals	(29)	0.0	0.0
<b>Long term accruals</b>		<b>428.2</b>	<b>0.6</b>
Financial debt	(31)	7.5	0.0
Other liabilities	(32)	539.7	0.0
<b>Long term liabilities</b>		<b>547.2</b>	<b>0.0</b>
<b>Long term accruals and liabilities</b>		<b>975.4</b>	<b>0.6</b>
Effective accrued income tax liabilities	(30)	125.9	0.0
Other accruals	(30)	1,220.3	1,094.9
<b>Short term accruals</b>	(30)	<b>1,346.2</b>	<b>1,094.9</b>
Financial debt	(31)	1,559.3	47.6
Accounts payable	(33)	2,956.8	1,732.3
Tax debt	(34)	389.0	57.1
Other liabilities	(35)	3,947.2	1,521.9
<b>Short term liabilities</b>		<b>8,852.3</b>	<b>3,358.9</b>
<b>Short term accruals and liabilities</b>		<b>10,198.5</b>	<b>4,453.8</b>
		<b>34,474.9</b>	<b>32,812.9</b>

### Consolidated statement of changes in equity

	Capital stock TEUR	Capital reserves TEUR	Profit reserves TEUR	Reserves from cur- rency ex- changes TEUR	Revaluation reserves TEUR	Deferred item for negative minority shares TEUR	Total reserves TEUR	Accumulated profit / loss TEUR	shareholders' equity capital in BMC AG TEUR	other share- holders in equity capital TEUR	Shares of Total equity TEUR
<b>Status 31.12.2005</b>	<b>4,545.1</b>	<b>1,900.0</b>	<b>125.6</b>	<b>272.1</b>	<b>21.5</b>	<b>0.0</b>	<b>2,319.2</b>	<b>0.0</b>	<b>6,864.3</b>	<b>232.1</b>	<b>7,096.4</b>
Differences due to changes in the basis of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,116.9	1,116.9
Differences from the currency conversion	0.0	0.0	0.0	-554.2	0.0	0.0	-554.2	0.0	-554.2	-61.0	-615.2
Company deficit 2006	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-6,224.0	-6,224.0	-186.4	-6,410.4
Reclassification of deferred taxes from capital increase 2004	0.0	-18.1	0.0	0.0	0.0	0.0	-18.1	0.0	-18.1	0.0	-18.1
Capital increase 2006	1,454.4	28,088.4	0.0	0.0	0.0	0.0	28,088.4	0.0	29,542.8	0.0	29,542.8
Cost of capital increase 2006 without deferred taxes	0.0	-2,296.1	0.0	0.0	0.0	0.0	-2,296.1	0.0	-2,296.1	0.0	-2,296.1
Withdrawals from the capital reserves of the Business Media China AG for cover of annual deficit 2006	0.0	-8,354.0	0.0	0.0	0.0	0.0	-8,354.0	8,354.0	0.0	0.0	0.0
Payments to other shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-57.8	-57.8
Adjustment of profit in the company on the information shown in the HGB statement of Business Media China AG	0.0	0.0	2,130.0	0.0	0.0	0.0	2,130.0	-2,130.0	0.0	0.0	0.0
<b>Status 31.12.2006</b>	<b>5,999.5</b>	<b>19,320.2</b>	<b>2,255.6</b>	<b>-282.1</b>	<b>21.5</b>	<b>0.0</b>	<b>21,315.2</b>	<b>0.0</b>	<b>27,314.7</b>	<b>1,043.8</b>	<b>28,358.5</b>
Differences due to changes in the basis of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	901.1	901.1
Differences from the currency conversion	0.0	0.0	0.0	-542.9	0.0	0.0	-542.9	0.0	-542.9	-85.8	-628.7
Company deficiency 2007 prior to offset negative minority shares according to IAS 27.35	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-5,341.0	-5,341.0	-28.7	-5,369.7
Restructuring of negative shares of the minority shareholders according to IAS 27.35	0.0	0.0	0.0	0.0	0.0	-357.1	-357.1	0.0	-357.1	357.1	0.0
Reduction of costs of capital increases 2006	0.0	152.5	0.0	0.0	0.0	0.0	152.5	0.0	152.5	0.0	152.5
Withdrawals from the capital reserves of the Business Media China AG for cover of annual deficit 2007	0.0	-1,899.0	0.0	0.0	0.0	0.0	-1,899.0	1,899.0	0.0	0.0	0.0
Payments to other shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-112.7	-112.7
Adjustment of profit in the company on the information shown in the HGB statement of Business Media China AG	0.0	0.0	-3,442.0	0.0	0.0	0.0	-3,442.0	3,442.0	0.0	0.0	0.0
<b>Status 31.12.2007</b>	<b>5,999.5</b>	<b>17,573.7</b>	<b>-1,186.4</b>	<b>-825.0</b>	<b>21.5</b>	<b>-357.1</b>	<b>15,226.7</b>	<b>0.0</b>	<b>21,226.2</b>	<b>2,074.8</b>	<b>23,301.0</b>

## Consolidated cash flow statement

	Annex	2007 TEUR	2006 TEUR
Company deficits		-5,369.7	-6,410.4
Depreciations on assets of fixed assets		1,000.7	1,766.4
Other payment relevant expenses		269.3	82.3
Loss from subtractions of assets of fixed assets		17.8	33.0
Addition (+) / Subtraction (-) of reserves		-49.2	6.1
Increase of receivables and other assets		-4,298.3	-8,054.6
Increase of accruals (without accruals for the costs of the stock exchange prospectus)		300.8	88.7
Increase of liabilities (without financial debts)		145.3	2,458.2
<b>Cash flow from operating activities</b>	(36)	<b>-7,983.3</b>	<b>-10,030.3</b>
Payments received from subtractions of tangible assets		59.0	0.7
Payments received from credits and loans granted to third parties		904.1	2,373.7
Payments for investments in tangible and intangible assets		-835.6	-692.0
Payments for investments in affiliated companies minus accrued funds		-3,131.7	-6,214.4
Payments for investment in financial assets as well as for credits and loans granted to third parties		-91.8	-2,239.5
<b>Flow of funds from investment activities</b>	(37)	<b>-3,096.0</b>	<b>-6,771.5</b>
Payments received from capital increases and payments from the shareholders		0.0	28,835.6
Subsidiary payment of dividends to other shareholders		-49.3	-6.4
Payments from the borrowing of funds		1,512.3	2,548.9
Reorganization of borrowed funds in the capital stock		-1,500.0	0.0
Payment for the amortization of loans		-29.4	-2,500.0
<b>Cash inflow / outflow from financing activities</b>	(38)	<b>-66.4</b>	<b>28,878.1</b>
<b>Changes in capital stock which effect the payment</b>		<b>-11,145.7</b>	<b>12,076.3</b>
<b>Development of capital stock</b>	(39)		
<b>Capital assets at the beginning of the period</b>		<b>2007 TEUR</b>	<b>2006 TEUR</b>
Changes to capital stock caused by foreign exchange rates		14,950.6	2,917.4
Changes in capital stock which effect the payment		-72.7	-43.1
<b>Capital stock at the end of the period</b>		<b>3,732.2</b>	<b>14,950.6</b>

## Notes to the consolidated financial statements

### Information on the principles and methods used in the consolidated financial statements

#### General explanations

Business Media China AG ("BMC AG") located in 70178 Stuttgart (Germany), Rotebühlstraße 87 is the holding company of Business Media China and a listed incorporated company under German law. The company is listed in the commercial registry of the municipal court in Stuttgart (HRB 20362). Until May 26, 2006, Mesago Holding GmbH was the holding company of BMC AG, whereby the amount of their holding was reduced after the second capital increase in 2006 to less than 50%.

The fiscal year of BMC AG and its subsidiaries is the calendar year. The consolidated financial statement was compiled in Euros. Unless otherwise noted, all sums are in thousands of Euros (TEUR) and rounded to one decimal point after the comma. Rounded differences can therefore occur.

The main business areas of the BMC Group are exhibitions and conferences, advertising media as well as sourcing and IT with the focus being on the Chinese market. Since 2007, the company has been owned by a German advertising agency.

By resolution of the management, the consolidated statement as of December 31, 2007 including the consolidated annual report for the fiscal year 2007 will be released for publication in April 2008.

#### Basis of accounting

The passing of §315a, para. 1 of the German Commercial Code (HGB) in connection with the provision of the European Union (EC No. 1606/2002) has led to a legal obligation since the beginning of the year 2005 to provide a consolidated financial statement according to the regulations of the International Accounting Standards Board (IASB), London, the International Financial Reporting Standards (IFRS).

The IFRS are used in the form as implemented in the scope of the recognition method by the European Commission in national law. Furthermore, the regulations according to commercial law under § 315a, para. 1 German Commercial Code are fulfilled. All IFRS and IAS regulations binding for fiscal 2007 as well as interpretations of the International Financial Reporting Interpretation Committee (IFRIC) or Standing Interpretations Committee (SIC) were complied with.

For fiscal 2007, the following standards and interpretations or significant changes were to be implemented:

- IAS 1 "Presentation of financial statement"
- IFRS 7 "Financial instruments: statements"
- IFRIC 7 "Implementation of adjustment rate according to IAS 29 "Financial statements in countries with high inflation rates"
- IFRIC 8 "Implementation area of IFRS 2"
- IFRIC 9 "Revaluation of embedded derivatives"
- IFRIC 10 "Interim report of depreciation"

The initial use of the changes of IAS 1 and IFRS 7 led to an expansion of disclosure requirements. The option to present this in the consolidated report of BMC under the risk report was taken. The interpretations also named had no effect on the consolidated report.

In 2006 and 2007, the IASB passed various standards, additions of standards and interpretations to be implemented as of 2008 or 2009. Several of these regulations, such as, for example, the further change in IAS 1 "Presentation of financial statement" and IFRS "Segment report" only apply to disclosure requirements. For others, such as for example IFRIC 11, IFRIC 12 "Service concession agreements", IFRIC 14 "IAS 19 - The limitation of a service oriented asset, minimum financing regulations and their interaction" no application is currently present in the company and presumably not in 2008. Overall, we are not expecting this new regulation to have any significant results on the asset, fund and profit situation.

The effects of the revised form of the IFRS 3 "Company merging" passed in 2008 and the IAS 27 "Company and separate individual company closing" are dependent on the as yet unforeseeable extent to which the company will acquire or sell shares of other companies in 2009.

We estimate the potential results of the use of accounting standards which have not been integrated into European law by the EU, such as, for example, IFRIC 13 "Customer loyalty program" and the changes in the IAS 23 "Debt capital expenses" (to be used as of the fiscal year 2009) to be insignificant according to our current knowledge.

The consolidated report was created on the assumption of the continuation of the company.

### Consolidation principles and methods

#### Principles

In the consolidated report, all companies are included over which BMC AG can directly or indirectly determine their financial and business policies to acquire use from the operations of these companies (subsidiaries). Control is exercised via voting majority in the executive committees or a majority at the shareholders' meeting. For Chinese subsidiaries, inclusion in the consolidated accounting occurs with the grant of a business license by the Chinese national authorities (time of first consolidation). If the possibility of control of the subsidiary ends, the respective company is removed from the basis of consolidation.

Basis for the preparation of the consolidated report is the individual closings of BMC AG and its subsidiaries, which are checked by auditors and transformed to a uniform balance, evaluation and consolidation method.

#### Basis of consolidation

In the consolidated report of December 31, 2007, apart from BMC AG, two national (previous year one) and eight international (previous year four) subsidiaries were included in the scope of the full consolidation.

Company	Abbreviation	Location	Country	Quote	Consolidated since
<b>Segment exhibitions</b>					
Shanghai Baiwen Exhibition Co., Ltd.					
BMC Baiwen	Shanghai	China	55.0	2005	
Beijing BMC China Co., Ltd.	Beijing	China	100.0	2005	
Mass Holdings (HKG) Co., Ltd.	BMC Hongkong	Hongkong	China	100.0	2007
Shenzhen BMC Herong Exhibitions Co., Ltd.	BMC Herong	Shenzhen	China	70.0	2007
BMC – TBG Limited	BMC-TBG	Hongkong	China	51.0	2007
Guangzhou BMC Zhenwei International Exhibitions Co., Ltd.	BMC Zhenwei	Guangzhou	China	51.0	2006
<b>Segment Advertising Media</b>					
BMC Advertising Co., Ltd.	BMC Advertising	Beijing	China	100.0	2007
BMC Flying Dragon Advertising Co., Ltd.	BMC Flying Dragon	Beijing	China	51.0	2006
TC-Group GmbH Target Communications	TC Group	Ludwigsburg	Germany	70.0	2007
BVW Media GmbH	BVW	Stuttgart	Germany	100.0	2006

The quote is a share quote breakdown of BMC AG.

All companies which were included in the basis of consolidation in 2007 were purchased in the current fiscal year with the exception of the newly formed BMC Advertising.

With the purchase of BMC Hongkong by BMC AG, the buyer agreed to introduce 70.0% of the shares of BMC Herong in BMC Hong Kong. BMC Hong Kong introduced capital stock to the amount of TEUR 341.1 to BMC Herong for this purchase. The purchase price of BMC Herong consists of a fixed purchase price of TEUR 2,146.2 as well as three variable purchase price committals of a total of TEUR 919.5 - calculated according to the first day of consolidated accounting. The variable committals arise when certain annual results of BMC Herong are met in the years 2007 to 2009. Due to

the results achieved in 2007 and the existing plans for 2008 and 2009, BMC AG's management assumes that the regulations for all purchase price committals will occur. Therefore, the fixed and variable purchase price has been taken fully into consideration during consolidation. BMC Herong was a reserve company prior to its purchase by BMC AG with outstanding capital, without assets as well as an adjusted result. 70% subsidiary BMC Herong had no turnover up to its acquisition in 2007 since the exposition event China International Optoelectronic Exhibition (CIOE) of BMC Herong occurred after the acquisition deadline. The assets and debts acquired and the intangible assets identified are not visible in the following overview. After revaluation, goodwill of TEUR 1,450.6 resulted which was completely allocated to BMC Herong. BMC Herong had no turnover in 2007 as planned. BMC Herong turnover for fiscal 2007 is currently TEUR 1,606.1.

**Calculation of business or company value BMC Herong**

	TEUR
Fixed purchase price for the shares of BMC Hong Kong	2,146.2
Acquisition additional costs	122.4
<b>Acquisition costs total</b>	<b>2,268.6</b>
Variable purchase price obligations	855.7
Capital payment of BMC Hong Kong in BMC Herong	340.2
<b>Acquisition costs total</b>	<b>3,464.5</b>
Portion own equity prior to revaluation	279.0
Portion own equity prior to revaluation	1,734.9
<b>Portion own equity</b>	<b>2,013.9</b>
<b>Business or company value</b>	<b>1,450.6</b>

On March 1, 2007, 70% of the shares of the TC Group were acquired. The purchase price for the shares including additional costs was TEUR 520.8. The assets and debts which were assumed within the scope of the first consolidation of accounting are given in the following overview. With the resolution taken by the shareholders' meeting of December 28, 2007, the capital stock of the TC Group was increased by TEUR 490.0 from TEUR 305.2. Minority shareholders did not participate in the capital increase. BMC AG paid in TEUR 130.0 in December 2007 and TEUR 360.0 at the beginning of 2008. After registering the capital increase in the commercial registry, BMC AG will hold approximately 88.5% of the shares of the TC Group. Turnover in the amount of TEUR 55.0 was achieved at the time of acquisition. Turnover for fiscal 2007 was TEUR 2,325.1. The assets and debts assumed and identified intangible assets identified are given in the following overview. After revaluation, a goodwill of TEUR 433.0 resulted. As part of the purchase of the TC Group, an equity guarantee was provided by the seller, to the effect that the equity of the TC Group amounts to TEUR 220.0 as of December 31, 2007 prior to special effects. Receivables from this

equity guarantee were taken into consideration in the interim report of June 30, 2007 and September 30, 2007 in the first consolidation of the TC Group. Due to inherent uncertainties, if the seller fulfils his contractual obligations, the equity guarantee to December 31, 2007 is not taken into consideration in the first consolidation or in the consolidated report. The guarantee claim adjusted by the special effects amounted to TEUR 903.6 on December 31, 2007.

**Calculation of business or company value of the TC Group**

	TEUR
Purchase price for the shares of the TC Group	495.0
Acquisition additional costs	25.8
<b>Acquisition costs total</b>	<b>520.8</b>
Portion own equity prior to revaluation	36.7
Portion own equity prior to revaluation	51.1
<b>Portion own equity</b>	<b>87.8</b>
<b>Business or company value</b>	<b>433.0</b>

Effective on October 29, 2007, 51% of the shares of BMC-TBG were purchased for TEUR 1,100.0. At BMC-TBG, no undisclosed reserves such as, for example, balanceable intangible assets, undisclosed debts or possible debts were identified as of the acquisition deadline. The book value corresponds to the cash value. The offset difference between the purchase price and the net assets of TEUR 1,099.6 is therefore completely allocated to the business or company value. Turnover did not occur in 2007 up to the time of inclusion of BMC-TBG since the China Mining trade fair did not take place until the fourth quarter of 2007. Turnover for fiscal 2007 was TEUR 2,015.4.

**Calculation of business or company value BMC TBG**

	TEUR
Purchase price for the shares of the BMC-TBG	1,100.0
Portion own equity	0.4
<b>Business or company value</b>	<b>1,099.6</b>

**Acquired at the purchase time of the TC Group and BMC Herong:**

	Book value TEUR	Revaluation TEUR	BMC HERONG Total TEUR	Book value TEUR	Revaluation TEUR	TC Group Total TEUR
Other intangible assets	0.0	2,915.9	2,915.9	169.3	120.0	289.3
Tangible assets	9.6	0.0	9.6	393.3	0.0	393.3
<b>Capital assets</b>	<b>9.6</b>	<b>2,915.9</b>	<b>2,925.5</b>	<b>562.6</b>	<b>120.0</b>	<b>682.6</b>
Deferred income tax expenses	29.5	0.0	29.5	0.7	0.0	0.7
<b>Long term allowances and assets</b>	<b>29.5</b>	<b>0.0</b>	<b>29.5</b>	<b>0.7</b>	<b>0.0</b>	<b>0.7</b>
<b>Long term assets</b>	<b>39.1</b>	<b>2,915.9</b>	<b>2,955.0</b>	<b>563.3</b>	<b>120.0</b>	<b>683.3</b>
<b>Inventory</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>266.5</b>	<b>0.0</b>	<b>266.5</b>
Accounts receivable	0.0	0.0	0.0	42.8	0.0	42.8
Other allowances and assets	60.8	0.0	60.8	99.3	0.0	99.3
Effective income tax expenses	0.0	0.0	0.0	46.7	0.0	46.7
<b>Short term receivables</b>	<b>60.8</b>	<b>0.0</b>	<b>60.8</b>	<b>188.8</b>	<b>0.0</b>	<b>188.8</b>
<b>Financial resources</b>	<b>785.0</b>	<b>0.0</b>	<b>785.0</b>	<b>12.0</b>	<b>0.0</b>	<b>12.0</b>
<b>Short term assets</b>	<b>845.8</b>	<b>0.0</b>	<b>845.8</b>	<b>467.3</b>	<b>0.0</b>	<b>467.3</b>
<b>Total assets</b>	<b>884.9</b>	<b>2,915.9</b>	<b>3,800.8</b>	<b>1,030.6</b>	<b>120.0</b>	<b>1,150.6</b>
<b>Liabilities</b>						
<b>Owner's equity</b>	<b>398.5</b>	<b>2,478.5</b>	<b>2,877.0</b>	<b>52.4</b>	<b>73.0</b>	<b>125.4</b>
<b>Long term accruals (latent income tax accruals)</b>	<b>0.0</b>	<b>437.4</b>	<b>437.4</b>	<b>0.0</b>	<b>47.0</b>	<b>47.0</b>
<b>Long term accounts payable (debts)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>45.9</b>	<b>0.0</b>	<b>45.9</b>
<b>Short term accruals (Other reserves)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>52.6</b>	<b>0.0</b>	<b>52.6</b>
Financial debt	0.0	0.0	0.0	297.7	0.0	297.7
Accounts payable	0.0	0.0	0.0	516.6	0.0	516.6
Tax debt	22.2	0.0	22.2	36.5	0.0	36.5
Other liabilities	464.2	0.0	464.2	28.9	0.0	28.9
<b>Short term liabilities</b>	<b>486.4</b>	<b>0.0</b>	<b>486.4</b>	<b>879.7</b>	<b>0.0</b>	<b>879.7</b>
<b>Short term accruals and liabilities</b>	<b>486.4</b>	<b>0.0</b>	<b>486.4</b>	<b>932.3</b>	<b>0.0</b>	<b>932.3</b>
<b>Total assets</b>	<b>884.9</b>	<b>2,915.9</b>	<b>3,800.8</b>	<b>1,030.6</b>	<b>120.0</b>	<b>1,150.6</b>

**Effects of the companies consolidated in 2007 on the basis of consolidation**

As shown above, the five companies were included in the basis of consolidation in 2007. The influence on the asset, financial and profit situation can be seen in the following overview. In the column "Basis of consolidation 2006", the balance or profit and

loss calculation of BMC AG, BMC China, BMC Flying Dragon, BMC Zhenwei as well as BVW are compiled and in the column "Additions" the balance or profit and loss calculation of BMC Advertising, BMC Herong, BMC Hongkong, BMC-TBG and the TC Group are also compiled.

**Effects of the additions to the basis of consolidation on the company balance**

	Basis of consolidation 2006		Consolidated companies		Consolidated companies 2007 TEUR	
	31.12.2007 TEUR	Additions TEUR	Consolidated companies 2007 TEUR			
			31.12.2007 TEUR	31.12.2007 TEUR		
<b>ASSETS</b>						
Capital assets	18,600.8	5,471.8	-9,513.5	14,559.1		
Long term allowances and assets	4,580.3	487.6	-4,007.1	1,060.8		
<b>Long term assets</b>	<b>23,181.1</b>	<b>5,959.4</b>	<b>-13,520.6</b>	<b>15,619.9</b>		
Inventory	0.0	334.2	0.0	334.2		
Short term receivables	9,561.1	6,702.4	-2,967.4	13,296.1		
Financial resources	4,631.2	1,316.8	-723.3	5,224.7		
<b>Short term assets</b>	<b>14,192.3</b>	<b>8,353.4</b>	<b>-3,690.7</b>	<b>18,855.0</b>		
<b>Total assets</b>	<b>37,373.4</b>	<b>14,312.8</b>	<b>-17,211.3</b>	<b>34,474.9</b>		
<b>LIABILITIES</b>						
Owner's equity	28,147.2	5,358.7	-10,204.9	23,301.0		
Long term accruals and liabilities	0.0	4,444.2	-3,468.8	975.4		
Short term accruals (other accruals)	1,117.3	228.9	0.0	1,346.2		
Short term liabilities	8,108.9	4,281.0	-3,537.6	8,852.3		
<b>Short term accruals and liabilities</b>	<b>9,226.2</b>	<b>4,509.9</b>	<b>-3,537.6</b>	<b>10,198.5</b>		
<b>Total assets</b>	<b>37,373.4</b>	<b>14,312.8</b>	<b>-17,211.3</b>	<b>34,474.9</b>		

**Effects of the additions to the basis of consolidation on the company profit and loss calculation**

	Basis of consolidation 2006 2007 TEUR	Additions 2007 TEUR	Consolidations 2007 TEUR	Consolidated companies 2007 TEUR
Sales revenues	13,493.7	11,886.5	-2,258.2	23,122.0
Other profits	291.3	327.4	-369.9	248.8
Inventory changes of incomplete services	0.0	67.7	0.0	67.7
Material expenses	-10,514.4	-9,709.3	2,203.9	-18,019.8
Personnel expenses	-2,890.3	-2,020.6	51.8	-4,859.1
Deductions	-155.0	-845.7	0.0	-1,000.7
Other operational costs	-3,574.1	-1,815.2	2.7	-5,386.6
Financial result	688.6	-402.0	-178.8	107.8
<b>Result prior to income tax</b>	<b>-2,660.2</b>	<b>-2,511.2</b>	<b>-548.5</b>	<b>-5,719.9</b>
Taxes from income and profit	44.8	303.4	2.0	350.2
<b>Company deficiencies</b>	<b>-2,615.4</b>	<b>-2,207.8</b>	<b>-546.5</b>	<b>-5,369.7</b>

**BMC AG's shareholdings as of December 31, 2007**

Company	Interest %	Annual result 2007 TEUR	Proportionate equity 31.12.2007 TEUR
<b>Segment Exhibitions &amp; Conferences</b>			
BMC Baiwen	55,0	317,6	326,8
BMC China	100,0	-415,9	491,3
BMC Herong	70,0	391,9	2,254,7
BMC Hongkong	100,0	-30,0	-30,0
BMC-TBG	51,0	467,3	231,7
BMC Zhenwei	51,0	-166,5	-144,3
<b>Segment Advertising Media</b>			
BMC Advertising	100,0	-2,079,2	2,631,9
BMC Flying Dragon	51,0	-304,8	779,6
TC Group	70,0	-1,213,5	-556,9
BVW	100,0	-3,3	19,1

The information concerning the annual result and equity of the companies located in Germany were taken from the annual financial reports. The information concerning the annual result and equity of the foreign companies were taken from the annual financial report compiled in compliance with international accounting regulations (IFRS). The annual results and the respective equity of the foreign companies were converted at the average rate of 2007 or the average rate from the bid and asked rate of December 31, 2007.

In 2006, BMC AG acquired a shell, Mainsee 411, VV GmbH, Stuttgart. The portion of the company capital is 100%, the company produced an annual deficit in 2007 of TEUR 1.7 and shows equity in the amount of TEUR 21.1. The share ownership of BMC AG as of December 31, 2007 is comprised of the shares of the affiliated corporations of listed companies as well as Mainsee 411. VV GmbH.

#### Merging and founding after the balance sheet date

The company license for the purchase of a further 15.0% of the shares of BMC Zhenwei was granted in January 2008. BMC AG holds 66.0% of the shares of BMC Zhenwei as of January 2008. TEUR 220.0 was spent on the purchase. The offset difference is to be completely allocated to the company value.

BMC Advertising formed the company BMC Tianjun Co., Ltd. Beijing (China) together with Guangdong Tianjun Media Company Limited in January 2008. Guangdong Tianjun Media Company Limited possesses the advertising rights in railway stations in Guangzhou and Shenzhen. BMC Advertising holds 51.0% of BMC Tianjun Co., Ltd (also known as BMC Tianjun below) and 49.0% of Guangdong Tianjun Media Company Limited. The newly formed

company handles the marketing of railway station advertisement areas for both shareholders. The company was provided with capital stock to the amount of CNY 5,000,000.

#### Currency exchange

The annual reports for foreign subsidiaries are converted according to the functional currency concept. In all cases, this corresponds to the currency of the country in which the company is located with the exception of BMC-TBG whose functional currency is the Chinese Yuan due to its business operations on the Chinese mainland. BMC Hong Kong created their annual report in Euros due to their purely holding function and therefore their functional currency corresponds to the company currency. The conversion of capital assets, debts and balance notations as well as the business or company values allocated to foreign companies is conducted according to the average rate from the bid and asked rate on the balance deadline. Equity based on the basis of consolidation is converted according to the rate on the day of the first consolidation. Differences in the rate of the deadline are registered neutrally in the reserves from the currency conversion or in the capital shares of other shareholders. The items in the profit and loss calculations and the result presented in the profit calculation are converted using the annual average rate.

Differences from the conversion of the annual report of foreign subsidiaries are treated neutrally and presented in the reserves. In the year of the final consolidation of this company, the currency differences are liquidated effective for profit.

#### Exchange rate of the Chinese Yuan (CNY) for EUR 1.00

Period	Deadline rate	Average rate
2007	10.75420	10.43471
2006	10.30423	10.02488

The first consolidations of BMC Advertising, BMC Herong and BMC-TBG are based on deadline rates of CNY/EUR 10,30274, 10,28835 and 10,610035. The profit and loss calculations of the companies were converted at the annual average rate.

#### Consolidation methods

For the capital consolidation, the acquisition method is applied. The acquisition costs of the shareholders are thus offset with the portion of new revaluated equity at the time of the purchase of the subsidiary. The resulting difference in company acquisitions is activated as business or company value.

Accounts payable and receivable or accruals between the consolidated companies are offset.

Company internal turnover and other profits as well as the respective costs are eliminated.

#### Accounting and valuation

The annual reports of the companies included in the corporation are compiled according to unified balance and evaluation regulations. The valuation rates in the company report are, uninfluenced by tax regulations, solely defined by the economic presentation of the asset, financial and profit situation in the scope of the regulations of the IASB.

Turnover and other operational profits are realized with the provision of services or with the transition of risks to the customers. With the advertising agency services of the TC Group, the realization of turnover occurs with the performance of services. With the marketing of advertising areas, turnover is realized according to the term of the contract agreed upon with the customer, in the trade fair business, turnover achieved occurs at the end of the event and in the "sourcing & It" segment on the provision of services. Operational costs are effective at the time that services are provided or at the time when their results are effective. Interest profit and expenses are included in accordance with the accruals concept.

Capital assets are activated when all significant chances and risks connected to the use are allocated to the company. Capital assets are evaluated with the exception of specific financial assets for continues acquisition and production costs. Funds (cash and credit with credit institutions) are included at par value.

Acquisition costs include all services provided to acquire capital value and to place it in an operational condition. Production costs are calculated on the basis of individual costs as well as directly attributable overheads and accruals. Financing costs for the acquisition or the period of the production are not activated. Additionally, no distribution costs are activated.

Intangible assets and objects of the capital assets, whose use is limited in time, are depreciated systematically on a linear basis over the expected economic term of their use as long as a different method of depreciation is not offered due to the actual length of use in exceptional cases. The

recoverability of asset values is checked if results or reasons are present which indicate a reduction in value. Depreciations are performed if the achievable future amount from the assets is lower than the book value. The amount achievable from an asset corresponds to the higher value from net sales profits and cash value of the future payment flow corresponding to the asset value (usage value). As long as the reasons for the depreciations applied in previous years no longer apply, the corresponding additions will be registered to the advantage of the other profits. Additions to business or company values will not be performed.

Acquired business or company values from the purchase of companies are activated and are not systematically depreciated in line with IFRS 3 "company mergings". The recoverability of activated business and company values is checked (impairment test) at least once a year on conclusion of the annual planning process in the sense of the annual report. Future purchase price obligations are taken into consideration in the acquisition costs as long as the adjustment is probable and can be reliably evaluated (IFRS 3.32).

Non-gratuitously acquired other intangible assets are applied at acquisition cost. Self-created intangible assets are activated at acquisition cost as long as the addition of usage is probable for the company and can be reliably evaluated.

Tangible fixed assets are evaluated at acquisition or production costs reduced by systematic depreciation based on usage. Residual values were not taken into consideration due to the lack of meaning during the evaluation of the depreciations.

Economic life		Service life
<b>Other intangible assets</b>		
Exhibition rights		up to 15 years
Address data bank		up to 3 years
Client base		up to 9 years
Software		up to 5 years
<b>Tangible assets</b>		
Leasehold improvements		up to 10 years
Furniture and office equipment		up to 13 years

Costs for the servicing and repair of items in the fixed assets are registered at cost. Costs for renewing and maintaining are activated as subsequent production costs if they lead to a significant increase in the service life, a significant improvement or an important change in use of the tangible asset.

Reserves are evaluated as acquisition or production costs or as low net sales value. As net sales value, the anticipated achievable sales profit less costs up to the time of sale is registered.

Extended credits and receivables are stated at acquisition costs. Apart from loans, all receivables and other assets are included. In this item, all recognizable individual risks and the general credit risk through to the corresponding depreciation of value, based on experience, are accounted for.

On December 31, 2007, the shares of Mainsee 411. VV GmbH, a shell company acquired in 2006 and designated for sale, will be accounted for in the receivables and other assets. A special proof as an asset that is designated for sale is not given due to the insignificance of the amount. Mainsee 411. VV GmbH was sold at the beginning of 2008.

Costs which arise in connection with the distribution of stocks are offset in deviation from commercial law directly from the capital reserves. Actively deferred taxes will not be taken into account here since the tax benefits are not realizable at BMC AG.

Liabilities are generally applied at the time of their creation after deduction of capital acquisition costs with the amount of the received services. Outside capital costs are registered as costs in the period in which they arose. Long term non-interest bearing liabilities are registered with the discounted amount. Liabilities from financing leasing contracts are registered at the time of closing of the contract with the lowest value to be attributed or cash value of the leasing rate.

Foreign currency receivables and liabilities are balanced in the annual statement according to the exchange rate on the balance deadline. The currency differences from conversion are registered in material costs as long as they fall in the scope of the normal performance process. If these are to be allocated to different circumstances, they are allocated to the other operational expenses and profits.

Accruals are formed for unsure liabilities towards third parties, if these obligations will probably lead to a future asset liability. These are calculated with the anticipated amount to be paid and not with recourse claims. Long-term accruals are applied with their cash value as long as the effect is significant.

Accruals for income tax and tax debts are offset with the corresponding tax return claims if they are in the same tax area and of the same type and term.

The balance and evaluation of deferred taxes occurs according to IAS 12, the balance oriented liability method on the basis of the tax rate valid at the time of realization. The tax consequences on dividend payouts are taken into consideration at the time of the determination of profit distribution. Actively deferred taxes are applied for the anticipated tax benefits from estimated future realizable loss carry forward. For the present individual financial statements of BMC AG and TC Group, active tax accruals and deferrals would occur due to the carrying forward of losses. Due to the lack of sufficient security concerning the realizability of these tax benefits, no active accruals and deferrals were applied for BMC AG and the TC Group.

IFRS 7 information concerning finance instruments was used for the first time in the consolidated accounts.

Required information concerning the financial instruments according to IFRS 7.8

	Evaluation categories according to IAS 39	Valuation rate according to IAS 39	Book value concerning continued acquisition costs 31.12.2007	Valuation rate according to IAS 39	Book value concerning continued acquisition costs 31.12.2007
			TEUR		TEUR
<b>ASSETS</b>					
Long term interest bearing loan payments	LaR	92.3	92.3		
Accounts receivable	LaR	6,520.8	6,520.8		
Other allowances and assets	LaR	6,613.5	6,613.5		
Cash and cash equivalents	LaR	5,224.7	5,224.7		
<b>LIABILITIES</b>					
Long term non-interest bearing liabilities	FLAC	539.7	539.7		
Short term interest bearing financial debts	FLAC	1,538.1	1,538.1		
Accounts payable	FLAC	2,956.8	2,956.8		
Liabilities from finance leasing	n.a.	28.7	28.7		
Other short term liabilities	FLAC	3,947.2	3,947.2		

LaR: Loans and Receivables – FLAC: Financial Liabilities Measured at Amortized Cost

During the compilation of the corporate financial statement, assumptions and estimations were implemented which had an influence on the amount and disclosure of the balanced assets and the debts, on profits and expenses as well as possible liabilities. The assumptions and estimates are mainly in respect of the company-unified definition of economic service life, the balancing and

valuation of accruals as well as the realizability of future tax benefits. Furthermore, the checking of the recoverability of the business or company value is conducted within the scope of the assumptions and estimates. The actual value can differ from the assumptions and estimations in individual cases. Such deviations are effectively taken into account when better identified.

## Segment reporting

Internally, BMC is primarily managed with the operational segments "Exhibitions & Conferences" (short: Expos), "sourcing & IT" as well as "advertising media".

The "AG" segment comprises administrative duties as well as the acquisition tasks and project development costs of BMC AG and BMC China. BMC AG and BMC China are the only companies that cannot be directly assigned to a segment. In these companies, duties in all segments are present so that a respective distribution is carried out.

In the "expos" segment, the activities for the Exhibitions & Conferences taking place in China as well as the three magazines distributed in China are compiled. Under this segment, BMC Baiwen, BMC Hongkong, BMC Herong, BMC-TBG and BMC Zhenwei as well as the segment contributions of the BMC AG and BMC China are completely compiled. In 2007, TEUR 7,782.1 were allocated to the exhibitions segment from the assets of BMC AG. This mainly concerns the book value of shares of the subsidiaries allocated to this segment and accounts receivable of BMC AG.

The "sourcing & IT" segment includes projected internet purchasing platforms in China as well as the marketing of exposition software. The activities of BMC AG are registered under this segment. Segment turnover for 2006 in the "sourcing & IT" segment are from a Chinese customer, the segment costs also apply to this turnover.

The "advertising media" segment includes BMC Advertising, BMC Flying Dragon, the TC Group as well as BVW. In the previous year, a total of TEUR 10,426.6 were allocated to the "advertising media" segment assets from the assets of the legally independent units BMC China and BMC AG, on the one hand, the book value of shares of the BMC Flying Dragon as well as the asset values from the

railway station advertising activities. Significant, not payment effective expenses in 2006 were present in the "advertising media" segment to the amount of TEUR 408.1. In 2007, TEUR 11,644.0 were taken from the assets of BMC AG and allocated to the advertising media segment assets whereby this mainly concerned the book value of shares from the subsidiaries assigned to these segments.

Significant offsets between the primary segments did not take place in 2007 and 2006. The internal turnover accounted for in the secondary segment mainly applied to the offset of BMC China with BMC AG as well as between BMC Flying Dragon and BMC Advertising.

The depreciations of intangible assets and fixed assets are included in segment costs. The segment result corresponds to the EBIT (earnings before interest and taxes) prior to value reduction on business or company value and fixed assets. The systematic segment depreciations are registered in an additional item.

Value reductions on the "advertising media" segment assets (short-term receivables and asset values) are included in 2006 in the amount of TEUR 81.6.

The segment assets include all asset values with the exception of funds and active deferred taxes whereas the segment debts include all liabilities and accruals with exception of deferred income tax accruals. Interest bearing receivables in the segment assets as well as in interest bearing debts in the segment liabilities are registered separately under segment assets or segment debts. The transition column contains the effects of consolidation occurrences as well as the amounts which result from the different definition of contents of the segment items in comparison to the corresponding company items.

The share book value as well as prepayments on shares of affiliated companies which BMC provided are included in the segment assets of the individual segments. From the segment investments, the investments in the individual segments prior to consolidation are shown. The segment investments are adjusted by significant, non payment effective investments. In the segment investments 2006, the resulting value reduction of TEUR 1,650.0 in the "exhibitions" segment on the goodwill of BMC Zhenwei was not depreciated.

The secondary segment format is formed by geographical criteria. BMC Advertising, BMC Baiwen, BMC China, BMC Herong, BMC Hong Kong, BMC Flying Dragon, BMC-TBG and BMC Zhenwei are compiled under the segment "China", as well as BMC AG, TC Group and BVW in the segment "Germany".

An objective breakdown of turnover by the location of the customer is not possible due to the business activities of the BMC Group. The main turnover of the Chinese companies occurs with Chinese customers who form the majority of exhibitors at exhibitions in China or visit the exhibitions or rent advertising areas. The TC Group mainly has turnover with German customers. On the assumption that all exposition and congress turnover occurs with Chinese customer, turnover for 2007 with Chinese customers is in the amount of TEUR 19,346.4, customers in Europe is in the amount of TEUR 2,395.6 as well as the rest of the Asian customers to the amount of TEUR 1,380.0.

The segment turnover of the "sourcing & IT" segment originates from a project with a Chinese customer. The segment costs also apply to this turnover.

### Primary segments

	AG TEUR	Exhibitions TEUR	Sourcing & IT TEUR	Advertising Media TEUR	Sum of seg- ments TEUR	Transi- tion TEUR	Con- solidated com- panies TEUR
<b>2007</b>							
Outside turnover	12.3	8,088.3	0.0	15,021.4	23,122.0	-	23,122.0
Internal revenues	594.2	292.3	0.0	1,371.7	2,258.2	-	2,258.2
Segment revenues	606.5	8,380.6	0.0	16,393.1	25,380.2	-	25,380.2
Segment costs	-4,328.6	-6,319.5	0.0	-20,587.9	-31,236.0	-	-31,236.0
Segment result	-3,646.1	2,216.1	0.0	-3,807.1	-5,237.1	-369.7	-5,606.8
Depreciations of assets	-	-	-	-	-	-	-220.9
Financial result	-	-	-	-	-	-	107.8
Result prior to income tax	-	-	-	-	-	-	-5,719.9
Income tax	-	-	-	-	-	-	350.2
Company deficiencies	-	-	-	-	-	-	-5,369.7
Segment assets	9,049.1	12,093.5	0.0	23,628.3	44,770.9	-16,489.2	28,281.7
thereof interest bearing receivables	5,265.9	0.0	0.0	0.0	5,265.9	-5,173.6	92.3
Segment debts	2,402.7	3,630.8	0.0	9,502.9	15,536.4	-6,283.2	9,253.2
thereof interest bearing debts	0.0	0.0	0.0	5,173.6	5,173.6	-5,173.6	0.0
Segment investments	117.6	3,150.9	0.0	6,320.4	9,588.9	-	9,588.9
Segment depreciations	83.1	149.9	0.0	546.8	779.8	0.0	779.8
Employees on 31.12.2007	31	95	0	134	260	0	260
<b>2006</b>							
Outside turnover	13.0	2,898.8	512.1	4,028.7	7,452.6	0.0	7,452.6
Internal revenues	861.3	87.2	0.0	0.0	948.5	0.0	948.5
Segment revenues	874.3	2,986.0	512.1	4,028.7	8,401.1	0.0	8,401.1
Segment costs	-3,946.1	-3,308.3	-107.5	-6,425.6	-13,787.5	-	-13,787.5
Segment result	-3,055.3	-320.8	412.6	-2,396.9	-5,360.4	119.1	-5,241.3
Depreciations of assets	-	-	-	-	-	-	-1,650.0
Financial result	-	-	-	-	-	-	284.1
Result prior to income tax	-	-	-	-	-	-	-6,607.2
Income tax	-	-	-	-	-	-	196.8
Company deficits	-	-	-	-	-	-	-6,410.4
Segment assets	2,994.0	3,739.6	0.0	13,757.3	20,490.9	-2,919.1	17,571.8
of which interest bearing receivables	946.8	0.0	0.0	0.00	946.8	0.0	946.8
Segment debts	1,351.1	1,305.6	0.0	2,102.5	4,759.2	-305.4	4,453.8
of which interest bearing debts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Segment investments	1,101.9	2,526.8	0.0	5,587.0	9,215.7	-	9,215.7
Segment depreciations	80.0	23.6	0.0	12.8	116.4	0.0	116.4
Employees on 31.12.2006	33	37	0	76	146	0	146

## Notes to the consolidated profit and loss statement

### Secondary segments

	China TEUR	Germany TEUR	Sum of segments TEUR	Transition TEUR	Con- solidated companies TEUR
<b>2007</b>					
Outside turnover	19,535.3	3,586.7	23,122.0	-	23,122.0
Internal revenues	2,030.3	227.9	2,258.2	-	2,258.2
Segment revenues	21,565.7	3,814.5	25,380.2	-	25,380.2
Segment costs	-23,721.0	-7,515.0	-31,236.0	-	-31,236.0
Segment result	-1,808.8	-3,428.3	-5,237.1	-369.7	-5,606.8
Depreciations of assets	-	-	-	-	-220.9
Financial result	-	-	-	-	107.8
Result prior to income tax	-	-	-	-	-5,719.9
Income tax	-	-	-	-	350.2
Company deficits	-	-	-	-	-5,369.7
Segment assets	16,195.8	28,575.1	44,770.9	-16,489.2	28,281.7
of which interest bearing receivables	0.0	5,265.9	5,265.9	-5,173.6	92.3
Segment debts	11,897.2	3,639.2	15,536.4	-6,283.2	9,253.2
of which interest bearing debts	4,449.2	724.4	5,173.6	-5,173.6	0.0
Segment investments	868.2	8,720.7	9,588.9	-	9,588.9
Segment depreciations	577.5	202.3	779.8	0.0	779.8
Employees on 31.12.2007	204	56	260	0	260
<b>2006</b>					
Outside turnover	6,747.0	705.6	7,452.6	0.0	7,452.6
Internal revenues	861.3	87.2	948.5	0.0	948.5
Segment revenues	7,608.3	792.8	8,401.1	0.0	8,401.1
Segment costs	-8,235.1	-5,552.4	-13,787.5	-	-13,787.5
Segment result	-626.7	-4,733.7	-5,360.4	119.1	-5,241.3
Depreciations of assets	-	-	-	-	-1,650.0
Financial result	-	-	-	-	284.1
Result prior to income tax	-	-	-	-	-6,607.2
Income tax	-	-	-	-	196.8
Company deficits	-	-	-	-	-6,410.4
Segment assets	4,622.5	15,868.4	20,490.9	-2,919.1	17,571.8
of which interest bearing receivables	0.0	946.8	946.8	0.0	946.8
Segment debts	3,388.3	1,370.9	4,759.2	-305.4	4,453.8
of which interest bearing debts	0.0	0.0	0.0	0.0	0.0
Segment investments	330.1	8,885.6	9,215.7	-	9,215.7
Segment depreciations	71.8	44.6	116.4	0.0	116.4
Employees on 31.12.2006	135	11	146	0	146

### (1) Revenues

	2007 TEUR	2006 TEUR
<b>Consolidated revenues according to business activities</b>		
Advertising Media	15,021.4	4,028.7
Exhibitions & Conferences	8,088.3	2,898.8
Sourcing & IT	0.0	512.1
Other	12.3	13.0
<b>Total</b>	<b>23,122.0</b>	<b>7,452.6</b>

### (2) Other income

	2007 TEUR	2006 TEUR
Income in other accounting periods		
Income from the liquidation of accruals	71.6	0.0
Income from currency differences (realized)	68.6	6.0
Other operational income	13.2	12.5
<b>Total</b>	<b>248.8</b>	<b>26.0</b>

### (3) Inventory changes of incomplete services

	2007 TEUR	2006 TEUR
Incomplete services of the TC Group (Advertising Media)		
	<b>67.7</b>	<b>0.0</b>

### (4) Costs of supplies

	2007 TEUR	2006 TEUR
Advertising Media		
Exhibitions & Conferences	13,998.4	4,081.5
Sourcing & IT	4,021.4	1,856.0
Other	0.0	105.0
<b>Total</b>	<b>18,019.8</b>	<b>6,072.3</b>

**(5) Personnel expenses**

	2007 TEUR	2006 TEUR
Salaries and wages	4,165.2	1,595.4
Social contributions	505.7	201.6
Other social contributions	72.3	23.5
Other personnel expenses	115.9	63.4
<b>Total</b>	<b>4,859.1</b>	<b>1,883.9</b>

Quarter average, 246 (previous year 104) employees were employed in 2007 of whom an average of 195 were employed in China (previous year 94).

**(6) Amortization and depreciation**

	2007 TEUR	2006 TEUR
Systematic depreciations on intangible assets	294.8	9.4
Tangible assets	485.0	107.0
	<b>779.8</b>	<b>116.4</b>
Depreciations on Goodwill of BMC Zhenwei	0.0	1,650.0
Fixed assets of the TC Group	220.9	0.0
	<b>220.9</b>	<b>1,650.0</b>
<b>Total</b>	<b>1,000.7</b>	<b>1,766.4</b>

The value reduction of assets of the TC Group result from the relocation of the TC Group to a new office building.

**(7) Other operating expenses**

	2007 TEUR	2006 TEUR
Legal, advisory and costs for end of year accounts	830.6	682.5
Travel costs	782.0	587.2
Building occupancy expenses	751.8	325.3
Other taxes	672.6	143.8
Advertising costs	636.2	232.3
Operating requirements	502.7	296.0
Exchange losses (unrealized)	348.2	81.6
Shareholder's meeting, investor relations and publication expenses	291.1	136.7
Automobile costs	208.2	52.6
Exchange losses (realized)	99.0	44.1
Book losses from the subtractions from the assets	41.9	33.0
Insurances and contributions	38.9	16.4
Bank fees	7.1	55.4
Project development costs railway	0.0	1,701.7
Other operational costs	176.3	258.7
<b>Total</b>	<b>5,386.6</b>	<b>4,647.3</b>

**(8) Financing expenses and other financial results**

	2007 TEUR	2006 TEUR
Financing expenses (Loan interest, current account interest, surety fees)	103.1	34.5
Other financial results		
Other interest and similar profits from third parties	251.0	289.6
Currency differences from consolidation	-40.1	-12.8
Depreciations of the shares of Mainsee 411. VV GmbH	0.0	-6.7
Other interest and similar profits from non-consolidated affiliates	0.0	48.5
<b>Total</b>	<b>210.9</b>	<b>318.6</b>

**(9) Taxes from income and profit**

	2007 TEUR	2006 TEUR
Effective taxes from income and profit	-369.5	-61.9
Deferred taxes from income and profit	719.7	258.7
<b>Total</b>	<b>350.2</b>	<b>196.8</b>

Effective taxes on income and profit concern continuous costs

**Constitution of income tax income**

	2007 TEUR	2006 TEUR
<b>Effective income taxes (costs)</b>		
National	0.9	0.2
International	-370.4	-62.1
	<b>-369.5</b>	<b>-61.9</b>
<b>Deferred income tax (profits)</b>		
National	22.84	15.0
International	696.89	243.7
	<b>719.7</b>	<b>258.7</b>
<b>Total</b>	<b>350.2</b>	<b>196.8</b>

The calculation of the deferred taxes is conducted according to IAS 12 of the balance oriented liability method. Accordingly, the temporary differences between the book value listed in the consolidated accounts and the applied taxation of capital assets and debts of probably occurring tax benefits and debts are balanced.

BMC AG is subject to an average trade income tax of approximately 17.0% of the trade earnings which is deductible in the calculation of the corporate tax. The corporate tax rate has been 25.0% since 2004 plus the solidarity tax on the corporate tax of 5.5%. The consolidated tax rate for fiscal 2007 remains unchanged at 39.15%. Due to the corporate tax reform decided on in 2007, in 2008 the deferred tax positions in the consolidation will be valued with a tax rate of 30.0%. The calculation of the international income taxes is based on the valid laws and regulations. The implemented profit tax rates for Chinese companies had a tax rate of 33.0% in 2006 with the exception of BMC Flying Dragon, which had a tax rate of 27.0%. The companies in Hong Kong are subject to a tax rate of 17.0% and BMC Herong a tax rate of 15.0%. The other Chinese companies valued the deferred taxes in 2007 uniformly with 25.0%, the tax rate, which will apply to the companies as of 2008. Also in China, a corporate tax reform was decided for 2008, which foresees a uniform tax rate of 25.0%.

For the elimination of the value adjustment of receivables for BMC AG from BMC Zhenwei, the

passive deferred taxes amounting to TEUR 56.6 in 2006 were offset with the debt carry forward of BMC AG and therefore have no effect in the company profit and loss calculation.

Costs which arise in connection with the distribution of stocks by BMC AG are offset deviating from commercial law directly from the capital reserves. Deferred taxes will not be taken into account here since the tax benefits are not realizable by BMC AG. On the capital increase costs that occurred in 2004, which were directly offset with the equity, deferred taxes to the amount of TEUR 18.1 were offset. The fixed asset value listed under the long-term fixed assets was offset in the corresponding accrual in 2006 since BMC AG no longer expected the realization of a tax benefit.

Anticipated tax savings from the use of carry forward losses that are estimated as realizable in the future are booked as assets. In the valuation of an activated fixed asset for future tax reductions, the probability of realization of the anticipated tax benefit is taken into consideration. At BMC AG, only active tax deferrals and accruals would result due to the tax losses carried forward. Due to the lack of sufficient security concerning the realizability of this tax benefit, no active tax deferrals or accruals were applied as in the previous year. The carry forward losses at the TC Group and BVW were also not applied due to a lack of security concerning the realizability of these tax benefits.

#### Constitution of tax carry forward losses

	31.12.2007 TEUR	31.12.2006 TEUR
Corporate tax*	21,803.1	18,811.8
Business tax*	22,372.0	18,813.2
International carry forward losses	3,457.4	428.2

\* Previous year adjusted

The disclosed national carry forward losses were taken from the tax returns 2006 and the tax calculation for 2007 of BMC, the TC Group and BVW. In consideration of the carry forward loss of BMC, an objection still remains at the tax offices for the recognition of further losses of TEUR 1,496.3 that has not yet been decided on. The carry forward losses listed here have not yet been conclusively assessed

and can deviate significantly from the explained carry forward losses. Independent of the further present unlimited carry forward ability of national carry forward losses, the annual use will be limited by the implementation of a minimum taxation since fiscal 2004. The international carry forward losses can be carried forward up to five years. The national losses can be carried forward unlimitedly.

#### Development of active tax savings

	2007 TEUR	2006 TEUR
<b>Activated tax savings at the beginning of the fiscal year</b>	<b>141.3</b>	<b>2.0</b>
Currency adjustment	-5.9	-0.1
Value adjustment of the activated tax savings in previous years from carry forward losses	-32.8	0.0
Activation of tax savings from losses carried forward	856.7	139.4
<b>Activated tax savings at the end of the fiscal year</b>	<b>959.3</b>	<b>141.3</b>

The development of the activated future tax savings according to business provides the following transition calculation, whereby the effects of the changes

in tax rate in China is balanced in the additions column.

Company	01.01.2007 TEUR	Additions TEUR	Currency ad- justment TEUR	31.12.2007 TEUR
BMC Advertising	0.0	487.1	0.0	487.1
BMC Flying Dragon	0.0	203.9	0.0	203.9
BMC Zhenwei	131.8	14.2	-0.4	145.6
BMC China	9.5	118.7	-5.5	122.7
<b>Total</b>	<b>141.3</b>	<b>823.9</b>	<b>-5.9</b>	<b>959.3</b>

#### Balanced active and passive deferred taxes according to circumstances

	Active 31.12.2007 TEUR	Passive 31.12.2007 TEUR	Active 31.12.2006 TEUR	Passive 31.12.2006 TEUR
Activated tax savings from future realizable losses carried forward	959.3	0.0	141.3	0.0
Other transactions	7.2	0.0	55.4	0.6
Debt consolidation	1.4	0.0	0.0	0.0
Financing leasing transactions	0.6	0.0	0.0	0.0
Various depreciation methods and service life	0.0	0.0	1.1	0.0
Inclusion differences in receivables and other assets	0.0	0.0	0.0	178.7
Inclusion differences in the other accruals	0.0	0.0	15.7	0.0
Balance of active and passive deferred taxes	0.0	0.0	-122.1	-178.7
Inclusion differences in the other intangible assets	0.0	428.2	0.0	0.0
Inclusion differences in the liabilities	0.0	0.0	199.1	0.0
<b>Total</b>	<b>968.5</b>	<b>428.2</b>	<b>290.5</b>	<b>0.6</b>

The inclusion differences in the liabilities as of December 31, 2006 originate from BMC Flying Dragon, which were not taken into account in the tax

balance. When taking these liabilities into account in the tax balance, the amount would be disclosed significantly below the activated tax savings.

Transition from anticipated to actual income tax income

	2007 TEUR	2006 TEUR
Company deficit prior to income taxes	5,719.9	6,607.2
<b>Anticipated income tax (tax rate: 39.15%)</b>	<b>2,239.3</b>	<b>2,586.7</b>
Differences from the difference of the actual tax rate to the anticipated tax scale	-327.1	-65.5
Tax portion for tax free profits	37.4	0.0
Non tax deductible expenses	-349.5	0.0
Deductible temporary differences and losses for which no deferred taxes were compiled	-433.6	0.0
Taxes in other accounting periods	0.9	0.0
Losses of BMC AG for which no deferred taxes have been applied	-799.7	-2,363.1
Other deviations	-17.5	38.7
<b>Actual income tax income</b>	<b>350.2</b>	<b>196.8</b>

(10) Other shareholders' portion of net loss

	2007 TEUR	2006 TEUR
BMC-TBG	229.0	0.0
BMC Herong	143.4	0.0
BMC Baiwen	142.9	91.8
BMC Zhenwei	0.0	-109.3
TC Group	-37.6	0.0
BMC Flying Dragon	-149.3	-168.9
<b>Total</b>	<b>328.4</b>	<b>-186.4</b>

According to IAS 27.35, minority shares in the balance may not be disclosed as a negative value. As long as the minority shares on the loss would lead to a negative balance, this minority share of loss is no longer offset in the profit and loss calculation. In the distribution of the company deficit, no relief is made to the holding company.

In 2007, the excess amount of the TC Group as well as the complete annual deficit of BMC Zhenwei which fell to minority shareholders, was no longer taken into account during the distribution of the company deficit. The total amount is listed in a special item in the calculation of the change in equity.

Offset according to IAS 27.35

	2007 TEUR	2006 TEUR
<b>Company deficit falling to minority prior to offset</b>	<b>-28.7</b>	<b>-186.4</b>
Offset minority shares of the TC Group	275.6	0.0
BMC Zhenwei	81.5	0.0
<b>Portion of company deficit of other shareholders</b>	<b>357.1</b>	<b>0.0</b>
	328.4	-186.4

(11) Result per share

The undiluted result per share is calculated according to IAS 33 as a quotient from the company deficit allocated to the shareholders of BMC AG (after income tax) and the weighted average number of shares held by shareholders that were in circulation during the fiscal year.

Two capital increases were conducted in fiscal 2006. A weighted number of shares of 5,512,336 resulted for 2006 therefrom.

Calculation of the weighted number of shares  
2006

	Date	Days	Shares	Weighting
Shares until	11.03.2006	70	4,545,050	871,653
Shares until	26.05.2006	76	4,999,555	1,041,003
Shares until	31.12.2006	219	5,999,466	3,599,680
		365		5,512,336

The diluted result per share corresponds to the undiluted result of the share since no options or similar equity instruments were distributed.

## Notes to the consolidated balance sheet

### (12) Non-current assets

	Acquisition / production costs										Depreciation/ amortization				Book value			
	Status 01.01.2007 TEUR	Additions from first consolida- tions		Additions TEUR		Subtrac- tions TEUR		Rebooking TEUR	Currency adjustment TEUR	Status 31.12.2007 TEUR	Status 01.01.2007 TEUR	Deprecia- tions of the fiscal year		Value re- ductions TEUR	Subtrac- tions TEUR	Currency adjustment TEUR	Status 31.12.2007 TEUR	Status 31.12.06 TEUR
		TEUR	TEUR	TEUR	TEUR	TEUR	TEUR					TEUR	TEUR					
Business or company value	7,967.0	2,983.2	0.0	1,094.8	0.0	-378.4	9,477.0	1,605.3	0.0	0.0	930.3	-39.5	635.5	8,841.5	6,361.7			
Software (external procurement)	50.8	30.2	12.2	0.8	0.0	-0.7	91.7	21.1	18.6	0.0	0.0	-0.2	39.5	52.2	29.7			
Trade fair and marketing rights	0.0	2,911.4	958.3	0.0	0.0	-150.2	3,719.5	0.0	231.6	0.0	0.0	-6.9	224.7	3,494.8	0.0			
Customer base and data	0.0	259.1	0.0	0.0	0.0	0.0	259.1	0.0	44.6	0.0	0.0	0.0	44.6	214.5	0.0			
<b>Other intangible assets</b>	<b>50.8</b>	<b>3,200.7</b>	<b>970.5</b>	<b>0.8</b>	<b>0.0</b>	<b>-150.9</b>	<b>4,070.3</b>	<b>21.1</b>	<b>294.8</b>	<b>0.0</b>	<b>0.0</b>	<b>-7.1</b>	<b>308.8</b>	<b>3,761.5</b>	<b>29.7</b>			
<b>Intangible assets</b>	<b>8,017.8</b>	<b>6,183.9</b>	<b>970.5</b>	<b>1,095.6</b>	<b>0.0</b>	<b>-529.3</b>	<b>13,547.3</b>	<b>1,626.4</b>	<b>294.8</b>	<b>0.0</b>	<b>930.3</b>	<b>-46.6</b>	<b>944.3</b>	<b>12,603.0</b>	<b>6,391.4</b>			
Leasehold improvements	151.1	265.9	185.9	277.7	0.0	-1.9	323.3	36.5	81.9	220.9	279.8	-0.8	58.7	264.6	114.6			
Technical systems and machines	0.0	0.0	870.4	0.0	328.3	-35.6	1,163.1	0.0	183.7	0.0	0.0	-5.4	178.3	984.8	0.0			
Automotive pool	116.7	48.2	40.6	0.0	0.0	-5.7	199.8	23.1	45.9	0.0	0.0	-1.5	67.5	132.3	93.6			
Other assets, furniture and office equipment	400.5	88.9	319.2	93.0	0.0	-16.8	698.8	123.6	173.5	0.0	17.8	-6.1	273.2	425.6	276.9			
Prepayments made and assets in construction	328.3	0.0	148.8	0.0	-328.3	0.0	148.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	148.8	328.3		
<b>Tangible assets</b>	<b>996.6</b>	<b>403.0</b>	<b>1,564.9</b>	<b>370.7</b>	<b>0.0</b>	<b>-60.0</b>	<b>2,533.8</b>	<b>183.2</b>	<b>485.0</b>	<b>220.9</b>	<b>297.6</b>	<b>-13.8</b>	<b>577.7</b>	<b>1,956.1</b>	<b>813.4</b>			
<b>Financial assets</b> (prepayment of shares of non-consolidated affiliates)	<b>60.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-60.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>60.0</b>		
<b>Capital assets</b>	<b>9,074.4</b>	<b>6,586.9</b>	<b>2,535.4</b>	<b>1,466.3</b>	<b>-60.0</b>	<b>-589.3</b>	<b>16,081.1</b>	<b>1,809.6</b>	<b>779.8</b>	<b>220.9</b>	<b>1,227.9</b>	<b>-60.4</b>	<b>1,522.0</b>	<b>14,559.1</b>	<b>7,264.8</b>			

### Development of rented assets

	Acquisition costs				Deductions				Book value			
	Additions from first consolidations TEUR	Additions		Status 31.12.2007 TEUR	Depreciations of the fiscal year TEUR	Status 31.12.2007 TEUR	Status 31.12.2007 TEUR	Status 31.12.2006 TEUR				
		TEUR	TEUR					TEUR	TEUR	TEUR	TEUR	
Automotive pool TC Group	43.4	12.3	55.7		25.6	25.6	30.1	0.0				

### (13) Business or company value

The business or company values that were activated on December 31, 2006 originate from the first consolidation of BMC Baiwen, BMC Flying Dragon, BMC Zhenwei and BMC China. Undisclosed reserves and debts were not included in the additions to the basis of consolidation so that the amount of difference between the acquisition costs and the proportional equity was completely allocated to the

business or company value at the time of inclusion in the company.

The business or company value of BMC Zhenwei was divided into three trade fair events. One trade fair was sold at the beginning of 2007 and therefore the business or company value connected with it was also subtracted.

#### Development of business or company values

	Additions from first consolidations 01.01.2007 TEUR	Subtractions TEUR	Currency ad-justment TEUR	31.12.2007 TEUR
BMC Baiwen	1,856.6	0.0	0.0	-77.7
BMC China	5.7	0.0	0.0	-0.3
BMC Zhenwei	697.8	0.0	164.5	-24.2
BMC Flying Dragon	3,801.6	0.0	0.0	-159.1
BMC Herong	0.0	1,450.6	0.0	-62.8
BMC-TBG	0.0	1,099.6	0.0	-14.8
TC Group	0.0	433.0	0.0	0.0
<b>Total</b>	<b>6,361.7</b>	<b>2,983.2</b>	<b>164.5</b>	<b>-338.9</b>
				<b>8,841.5</b>

The testing of the recoverability (impairment test) of the business or company values occurs regularly at least once per year after completion of the annual planning process in conjunction with the annual report. Cash generating units are defined as the smallest identifiable unit according to the regulations of the IASB that are, largely independent of other asset values, in a position to acquire cash inflow from continued use. In the segment "exhibitions", cash generating units are the respective trade fair and, in the segment "advertising media", the respective subsidiary.

In the scope of the recoverability test, the book value of the tested unit including the allocated business or company value is compared with the

individual amounts from the unit. The achievable amount corresponds to the higher amount from the value to attribute minus the sales costs and the use value. If the book value exceeds the achievable amount, value reductions will be performed. Since the value to be attributed minus the sales costs generally exceeds the use value, the value to be attributed minus the sales costs are calculated solely in the scope of the impairment test. The value to be attributed minus the sales costs corresponds to the amount that could be achieved for the unit generated for the observed payment form between expertise, contract willing and independent business partners after subtraction of sales costs. Since there was no value to be attributed from an active market for the units to be tested, the remaining value

to be attributed was calculated through an operational excess of payment means awaiting discounting. For the assumptions concerning the planning, reference is made to the prognosis section of the financial report.

The value to be attributed of the subsidiaries was defined based on a three-year plan and for the following period with a continuous annuity on the basis of the decisive discounting rate. Taking into consideration the current risk-free interest rate of the branch and country risk, a discounting rate of between 15.0% and 15.6% (previous year 11.0% and 12.5%) for the international subsidiaries and between 11.7% and 12.3% (previous year between 11.0 % and 12.5 %) for the German subsidiaries resulted.

On average, the assumed growth rates in the detailed planning phase in the segment "Exhibitions & Conferences" are between 10% and 20% and in the segment "advertising media" from 15% to 20%. For the continuous annuity, a growth deduction of 0% to 1% was assumed.

The discounted cash flow method was implemented. The conducting of the recoverability test did not lead to a value adjustment or value reduction in fiscal 2007.

The prognosis of the future payment flow is carried out under continuous insecurity. Generally, this is taken into account in the calculation through a risk benefit in the discounting rate. However, negative deviations from the plan can affect value development.

### (14) Other intangible assets

In the scope of the first consolidation of BMC Herong, the trade fair right of the CIOE trade fair was activated with CNY 30,000,000.00 - evaluated

in the asset analysis with the average rate in 2007 of TEUR 2,911.4 - which will be depreciated over a period of 15 years. The additions of TEUR 958.3 (converted to average rate 2007) are allocated to a one-time payment for the sole marketing of railway station advertising areas that will be depreciated over a period of eight years. The investment has already been paid by BMC AG in 2006 and was listed in the other assets in the company since BMC Advertising did not receive a business license from the Chinese authorities until January 2007.

The customer base of the TC Group was valued with TEUR 139.1 and the data on potential customers is included in the additions from the first consolidation with TEUR 120.0. The customer base corresponds to the disclosed business or company value of the individual company closing, which will be depreciated over a period of a further nine years. For the economic service life of the data, a period of three years is assumed.

Furthermore, the company insignificantly invested in externally procured software in 2007.

### (15) Tangible assets

The additions from the first consolidation are allocated to the BMC Herong with TEUR 9.6 and to the TC Group with TEUR 393.3. In the additions from the first consolidation of the TC Group, leasehold improvements with a book value of TEUR 265.9 were included that were depreciated systematically and then exceptionally due to the move into new office space in 2007. The highest addition to the tangible assets is allocated to the technical systems and machines. In this position, the advertising carriers, for example illuminated boxes of BMC Advertising, are disclosed. From the total additions of the furniture and office supplies of TEUR 183.6, TEUR 160.2 is allocated to BMC Advertising.

The rebooking of the prepayments of technical systems and machines is allocated to prepayments for advertising carriers that were delivered in 2008. The prepayments disclosed on December 31, 2007 are allocated to the renovation of the rented rooms of BMC AG which will be completed in 2008.

Value reduction of tangible assets was conducted on leasehold improvements of the TC Group to the amount of TEUR 220.9, which were carried due to

the company's move to new office space.

#### (16) Financial assets

The amounts listed in the rebooking column of the assets analysis concern the rebooking of the prepayments in the shares of consolidated companies, which are then consolidated in the scope of the capital consolidation. The amount rebooked in 2007 concerns additional acquisition costs for the purchase of shares of BMC Hong Kong.

#### (17) Other allowances and assets

	31.12.2007 TEUR	31.12.2006 TEUR
Credit payments from third parties	92.3	0.0

The loan payment is due for repayment including interest in 2009.

#### (18) Reserves

	31.12.2007 TEUR	31.12.2006 TEUR
Raw materials and supplies	12.5	0.0
Incomplete services	321.7	0.0
<b>Total</b>	<b>334.2</b>	<b>0.0</b>

The reserves are completely allocated to the TC Group. The changes in the incomplete services since the addition to the basis of consolidation are disclosed under the item changes of incomplete

services in the company profit and loss calculation. The valuation was conducted at production costs. No deductions were made.

#### (19) Accounts receivable

	31.12.2007 TEUR	31.12.2006 TEUR
Receivables from third parties	6,546.8	1,908.2
Value adjustments on receivables from third parties	-26.0	-6.3
<b>Total</b>	<b>6,520.8</b>	<b>1,901.9</b>

The changes of the value adjustment are completely allocated to the addition of the TC Group to the basis of consolidation.

#### (20) Other allowances and assets

	31.12.2007 TEUR	31.12.2006 TEUR
Prepayments made	4,098.7	1,923.3
Receivables from the minority shareholders of BMC Flying Dragon	1,142.1	1,075.4
Deposits	699.9	51.9
Accrued items	224.0	42.5
Purchase price receivable from the sale of the textile trade fair by BMC Zhenwei	139.5	0.0
Claims from the reimbursement of other taxes	126.0	44.9
Shares of Mainsee 411. VV GmbH	24.9	22.8
Loans to third parties including interest	0.0	946.8
Payments of BMC AG for the railway station advertising activities	0.0	3,811.7
License guarantee	0.0	74.3
Receivables from over payments	0.0	92.5
Other assets	158.4	150.2
<b>Total</b>	<b>6,613.5</b>	<b>8,236.3</b>

#### (21) Effective and deferred claims of income tax

	31.12.2007 TEUR	31.12.2006 TEUR
Deferred income tax expenses	968.5	290.5
Effective income tax expenses	161.8	168.8
<b>Total</b>	<b>1,130.3</b>	<b>459.3</b>

## (22) Financial means

	31.12.2007 TEUR	31.12.2006 TEUR
Credit at credit institutions	3,726.1	14,930.8
Equivalent payment means	1,487.8	0.0
Cash balance and checks	10.8	19.8
<b>Total</b>	<b>5,224.7</b>	<b>14,950.6</b>

The TC Group discloses open account liabilities which are offset with the credit at the same credit institution. BMC AG acquires a short-term capital loan for the amount of TEUR 1,500.0 from the same credit institution shortly before the balance deadline which is disclosed after adjustment by the capital acquisition costs of TEUR 7.5 in the short-term liabilities towards credit institutions to the amount of TEUR 1,482.5. For the security of this credit, inflow funds from the credit were bonded.

The equivalent payment means are assets of BMC Baiwen in fixed interest-bearing and risk-free bank shares that can be discontinued at any time.

## (23) Equity

In consideration of the changes of equity, reference is made to the equity change calculation.

## (24) Weighted capital

As of December 31, 2007, the **capital stock** is EUR 5,999,466.00 and is divided into 5,999,466 non-par shares with a proportionate amount of EUR 1.00 per share in the capital stock.

### Authorized stock

The management is authorized by the resolution of the shareholder's meeting of July 21, 2006 and in agreement with the supervisory board to increase the company's equity capital within five years of this entry, once or several times, by up to EUR 2,999,733.00 (authorized capital).

### Conditional capital

The resolution by the General Meeting passed on June 14, 2005 envisaged a conditional increase of the capital stock by EUR 100,000.00 (conditional capital I). The listing in the commercial registry occurred on July 12, 2005. The management board has been authorized to accord until December 31, 2008, with the approval of the supervisory board, buying options (stock options) for a total of up to 100,000 non-par company shares in the name of the owner, on one or several occasions, to employees and members of the company's management and to companies in which this company is a majority shareholder directly or indirectly. However, as of date of balance, no stock option had been issued.

Following the resolution by the General Meeting on July 21, 2006, the management board has been authorized to accord until December 31, 2009, with the approval of the supervisory board, buying options (stock options) for a total of 100,000 non-par company shares in the name of the owner, on one or several occasions, to employees and members of the company's management and to companies (affiliate companies) in which this company is a majority shareholder directly or indirectly (conditional capital II). However, as of date of balance no stock option has been issued.

Following the resolution by the General Meeting on July 21, 2006, the management board may conditionally increase the capital stock by up to

EUR 2,799,733.00. The management board has been authorized to issue by 20 July 2011, with the approval of the supervisory board, partial debentures with conversion rights or options (optional debentures) in the name of the owner on shares of BMC AG on one or several occasions. The total nominal amount of the partial debentures may not exceed EUR 300,000,000.00.

### Own shares

Following the resolution by the General Meeting on 21 July 2006, the company has been authorized according to Article 71 Sec. 1 No. 8 of the Companies Act to acquire by 20 January 2008 own shares with a proportionate amount in the capital stock of up to 10% of the company's capital stock present at the time of the resolution by the General Meeting. At no point in time may more than 10% of the capital stock account for the acquired shares together with other own shares that are owned by the company or attributed to it as per Article 71a ff. of the Companies Act. This authorization may not be used for the purpose of trading with own shares. The authorization may be exercised directly by the company or by a third party appointed by the company fully or in several partial amounts in connection with the above-mentioned restriction.

Due to this authorization, BMC AG did not acquire any capital stock during the period of the authorization.

### (25) Reserves

For the constitution and the amount of the reserves, reference is made to the equity changes calculation.

### Capital reserves

The capital reserves only include introductions or subtractions of BMC AG as well as the offset of the capital increase costs which were allocated to BMC AG. Capital reserves from the individual closing of

the subsidiaries are rebooked in the scope of the capital consolidation in the profit accruals.

In the BMC AG annual report according to commercial law as of December 31, 2006, the amount of TEUR 8,354.0 from the capital reserves was used to compensate the disclosed 2006 annual deficit in accordance with §150 of the Companies Act (AktG). For this purpose, bonded capital reserves were used according to §150 AktG. In 2007, TEUR 1,899.0 from the capital reserves were used according to §150 AktG to compensate for the 2007 annual deficit. For this purpose, bonded capital reserves were used according to §150 AktG.

According to international accounting regulations (IFRS) BMC AG achieved an annual deficit of TEUR 6,034.7 in 2006. Through the profit neutral offset of the capital increase costs with the agio from the capital increase in the IFRS statement, the annual result of BMC AG improved by TEUR 2,296.1 in comparison with the annual result according to commercial law. In 2007, the liquidation of accruals for capital increase costs was conducted at BMC AG amounting to TEUR 152.5, which was profit-neutrally offset with the capital reserves.

A further adjustment according to IFRS was the elimination of capital acquisition costs in the liabilities toward credit institutions (TEUR 7.5) which were booked as allowed expenses according to the German Commercial Code as well as an unrealized currency profit of TEUR 1.2. In total, the conversion of the accounting regulations according to IFRS in 2007 led to a decrease in the result of TEUR 143.8 (previous year's increase in result of TEUR 2,319.3) in comparison to the annual statement according to commercial law. The addition of accrued interest of the variable purchase price obligation from the purchase of BMC Hong Kong was taken into account in the scope of the consolidation measures and had an effect of TEUR 14.7 in 2007.

**Profit reserves**

The profit reserves include items from the results of previous fiscal years of the company included in the basis of consolidation as well as the effective consolidation measures.

For payments to the shareholders, according to §58 para. 2 AktG, the net profit disclosed in the annual statement according to commercial law is decisive. At BMC AG, there are no amounts available for the payout of dividends. Therefore the net profit according to commercial law will be disclosed in the annual report on December 31, 2007 as net profit of BMC AG. The transition to the net profit according to commercial law is disclosed in the equity change calculation.

**Reserves from currency conversion**

In the reserves from currency conversions, the currency difference from the equity based on the capital consolidation as well as the currency difference from the conversion of international annual statements are included.

**27) Other shareholders' portion of company deficit**

	31.12.2007 TEUR	31.12.2006 TEUR
Portion of other shareholders of the equity	1,746.4	1,230.3
Other shareholders' portion of the result	328.4	-186.5
<b>Total</b>	<b>2,074.8</b>	<b>1,043.8</b>

**Revaluation reserves**

The revaluation reserves include the adjustment from the accounting changes from accounting regulations according to the German Commercial Code (HGB) to international accounting regulations (IFRS).

**Compensation position for negative minority shares**

According to IAS 27.35, minority shares in the balance may not be disclosed as a negative value. As long as the minority shares on the loss would lead to a negative balance, this minority share of loss is no longer offset in the profit and loss calculation. In the distribution of the company deficit, no relief is made to the holding company. The unburdened share of the company deficit allocated to the minorities is disclosed in this item.

**(26) Net profit/loss**

The development of the net profit/loss is visible from the equity change calculation.

**(28) Deferred income tax accruals**

The deferred income tax accruals have developed as follows:

Status 01.01.2007 TEUR	Additions from first consolida- tions TEUR	Consumption TEUR	Liquidations TEUR	Currency adjustment TEUR	Status 31.12.2007 TEUR
0.6	483.7	27.4	11.0	-17.7	428.2

The additions from first consolidations result from revaluations in the scope of the first consolidation of BMC Herong and the TC Group.

**(29) Other accruals**

The Mesago Holding GmbH has a debtor warrant as of July 1, 2004 from losses on irrecoverable debts from a loan payment to the amount of TEUR 1,445.0 plus interest. The entitled claims from the debtor warrant can only be reached from future excess profit according to commercial law, should these arise after a company turnover of TEUR 100,000.0.

The receivables can only be requested in other cases such as liquidation, insolvency or other business termination if all other creditors of the company are satisfied. Due to the current estimation of the management, a company turnover of TEUR 100,000.0 will not be reached. This results in cash value from the debtor warrant of the anticipated payment obligation of TEUR 0.0.

**(30) Short term accruals**

	Status 01.01.2007 TEUR	Additions from first consolida- tions TEUR	Consump- tion TEUR	Liquidations TEUR	Introduc- tions TEUR	Currency adjustment TEUR	Status 31.12.2007 TEUR
<b>Effective accrued income tax liabilities</b>	0.0	0.0	0.0	0.0	129.8	-3.9	125.9
<b>Other accruals</b>							
Outstanding invoices	577.2	0.0	82.7	152.5	154.3	-0.2	496.1
Test costs	159.2	6.5	159.2	0.0	289.1	-0.1	295.5
Process risks	129.6	0.0	0.0	0.0	20.0	0.0	149.6
Vacation accruals	39.1	14.5	53.6	0.0	83.7	0.0	83.7
General meeting	60.0	0.0	60.0	0.0	65.0	0.0	65.0
Business report	9.6	0.0	9.6	0.0	30.0	0.0	30.0
Supervisory board	19.0	0.0	18.5	0.5	21.5	0.0	21.5
Other personnel-related accruals	0.0	0.0	0.0	0.0	16.9	0.0	16.9
Contributions to professional organizations	3.0	9.3	9.8	0.6	3.8	0.0	5.7
Accruals for impending losses	58.3	0.0	0.0	57.6	0.0	-0.7	0.0
Other accruals	39.9	22.3	5.0	9.9	9.0	0.0	56.3
<b>Total other accruals</b>	<b>1,094.9</b>	<b>52.6</b>	<b>398.4</b>	<b>221.1</b>	<b>693.3</b>	<b>-1.0</b>	<b>1,220.3</b>
<b>Total short-term accruals</b>	<b>1,094.9</b>	<b>52.6</b>	<b>398.4</b>	<b>221.1</b>	<b>823.1</b>	<b>-4.9</b>	<b>1,346.2</b>

The short-term income tax accruals are allocated to undetermined income tax payments by a Chinese subsidiary. The determined income tax liabilities are disclosed under the short-term other liabilities.

The accruals for outstanding invoices are formed in particular by costs of the stock market prospectus so that the total of 1,867,516 shares from the capital increases in 2004 to 2006 can be traded on the stock market. Until now, the majority shareholder, Mesago Holding GmbH, provided investors with tradable shares and in return received shares that were not traded on the stock market. Up to the completion of the stock market prospectus, Mesago Holding GmbH offered shareholders who were not in possession of shares that were tradable on the stock market to exchange these for tradable shares.

In the other operational profits, liquidations and accruals amounting to TEUR 68.6 are disclosed. This

### (31) Financial debt

	Maturity 31.12.2007		31.12.2007		31.12.2006		Maturity 31.12.2006	
	Up to 1 year TEUR	More than 1 – 5 years TEUR	Total TEUR	Total TEUR	More than 1 year TEUR			
Liabilities from financing leasing contracts	21.2	7.5	28.7	0.0	0.0			
Accounts payable to credit institutions	1,492.5	0.0	1,492.5	0.0	0.0			
Loans of minority shareholder of BMC Zhenwei	45.6	0.0	45.6	47.6	0.0			
	<b>1,559.3</b>	<b>7.5</b>	<b>1,566.8</b>	<b>47.6</b>	<b>0.0</b>			

value differs from the liquidation of TEUR 221.1 disclosed in the provisions analysis by TEUR 152.5 and results from the profit-neutral offset of the liquidation of accruals for stock market prospectus costs with the capital reserves.

For the lawsuit against the Julius Bär Kapitalanlage AG, TEUR 95.6 was spent in 2006 which was offset with the accrual formed for this purpose. This lawsuit concerns the asserted claims for damage compensation for BMC, which is being negotiated in an appeal after the lawsuit was denied by the decision in the court of first instance. The addition in 2007 resulted from legal conflicts with the minority shareholders of the TC Group.

The accruals for impending costs were formed in the previous year by two advertising area marketing contracts of BMC Flying Dragon which could be liquidated due to the abolition of the grounds.

### (32) Other liabilities

In the long-term liabilities to the amount of TEUR 539.7, the second and third purchase price adjustment from the purchase of BMC Hong Kong are included. The first purchase price adjustment will be due in 2008 and is disclosed in the short-term liabilities. From the discounted total amount of

TEUR 539.7, TEUR 275.7 will be due in 2009 and TEUR 264.0 will be due in 2010. The liability is reduced with an interest rate of 4.5%. Finally, each purchase price adjustment is CNY 3,153,277.20. The currency development of the CNY to the EUR reduced the liability to the balance deadline.

### (33) Accounts payable

	31.12.2007 TEUR	31.12.2006 TEUR
Liabilities toward third parties	<b>2,956.8</b>	<b>1,732.3</b>

The accounts payable have a maturity of up to one year.

### (34) Tax debts

	31.12.2007 TEUR	31.12.2006 TEUR
Liabilities from income taxes	100.2	13.3
Liabilities from other taxes	288.8	43.8
<b>Total</b>	<b>389.0</b>	<b>57.1</b>

The tax debts have a maturity of up to one year.

### (35) Other liabilities

	31.12.2007 TEUR	31.12.2006 TEUR
Prepayments received	2,583.0	1,329.1
Final payment of purchase price for the shares of BMC-TBG	550.0	0.0
Accounts payable to other employees	334.1	186.6
Short-term purchase price adjustment of BMC Hong Kong	293.2	0.0
Dividend liabilities towards the minority shareholders of BMC Baiwen	109.3	0.0
Liabilities within the scope of social security	0.0	0.0
Other various accounts payable	77.6	6.2
<b>Total</b>	<b>3,947.2</b>	<b>1,521.9</b>

### Contingent liabilities

From a possibly self-induced joint liability, contingent liabilities of TEUR 347.0 exist. A claim is seen as unlikely.

### Other financial obligations

	Maturity					
	31.12.2007		31.12.2007		31.12.2006	
	Up to 1 year TEUR	More than 1 - 5 years TEUR	More than 5 years TEUR	Total TEUR	Total TEUR	More than 1 year TEUR
<b>Commitments</b>						
for operational business	12,756.1	22,606.6	8,138.1	43,500.8	32,608.9	26,236.6
for tangible assets	100.0	0.0	0.0	100.0	0.0	0.0
for administration	41.2	6.0	0.0	47.2	92.0	3.0
Building rentals and leases (operating lease)	705.2	1,424.3	0.0	2,129.5	745.1	389.5
Automotive pool (operating lease)	7.4	11.1	0.0	18.5	0.0	0.0
Other operating lease obligations	59.6	0.0	0.0	59.6	0.0	0.0
Obligations from shares	220.0	650.9	0.0	870.9	12,638.3	2,276.7
<b>Total</b>	<b>13,889.5</b>	<b>24,698.9</b>	<b>8,138.1</b>	<b>46,726.5</b>	<b>46,084.3</b>	<b>28,905.8</b>
<b>Value to be attributed</b>	<b>13,196.7</b>	<b>20,894.3</b>	<b>5,871.9</b>	<b>39,962.9</b>	<b>41,017.7</b>	<b>24,578.9</b>
Costs for operating lease in 2007 or 2006	1,194.8		300.4			

The value to be attributed of the financial obligations was calculated by discounting the future payments on the basis of a comparable market common interest rate of 5.25% p.a. (previous year 4.5% p.a.). Discounting with an interest rate of 4.5% p.a. unchanged in comparison to the current rate would have resulted in a TEUR 858.6 higher value to be attributed.

Operational business commitments are allocated mainly in liabilities concerning future area rentals for the advertising area marketing. Obligations of TEUR 30,037.9 are allocated to BMC Advertising and TEUR 12,526.7 to BMC Flying Dragon.

Under the obligations from shares, under the short-term liabilities, the purchase price payment in 2008 of TEUR 220.0 for the further 15.0% of shares in BMC Zhenwei is disclosed. In addition, a medium-term purchase price obligation exists of TEUR 650.9 for BMC Flying Dragon. According to the current estimate, this purchase price adjustment will not become effective so that the obligations are considered unlikely.

### Contingent assets

From a roof renovation which was initiated by the TC Group in 2002, the TC Group raised claims for damages from the renter for approximately TEUR 600.0.

### Legal disputes

Currently, so-called active proceedings are being conducted. A significant legal dispute is the lawsuit led in the second instance by BMC AG against Julius Bär Kapitalanlage AG, Frankfurt am Main. From the administration of a special fund in previous years, BMC AG made claims for damages, which were denied by the decision of the court of first instance. BMC AG is currently in appeal proceedings. A settlement proposal was made by the court in 2006, which was rejected by the opposing party. This concerned an amount of more than TEUR 2,000.0 which was to be granted to BMC AG, however out of this, three quarters of the court costs of the first and second instance were to be paid by BMC AG.

## Notes to the cash flow statement

In the capital flow calculation, the development of the cash flow is disclosed separated by inflow and outflow from the current business operations, investment operations and the financing operations. Effects resulting from the changes in the basis of consolidation are thereby eliminated. The cash flows of the foreign consolidated companies were converted with the corresponding average rate of their functional currency.

### (36) Cash outflow from current business activities

In the outflow from the current business operations, the interest received and paid is included. In 2007, interest to the amount of TEUR 249.9 (previous year 338.3) was paid in and interest to the amount of TEUR 100.3 (previous year TEUR 34.5) was paid out. In 2007, TEUR 83.7 on income taxes was paid, TEUR 143.5 in 2006.

### (37) Outflow of funds from investment activities

The payments for investment in the tangible fixed assets and in the intangible fixed assets or the payments from respective sales do not correspond to the development of the additions or subtractions of the fixed assets. The difference is based in particular on the payment of effective additions in 2007 and 2006 as well as due to the acquired business or company values from the capital consolidation.

In the outflow of financial asset investments - offset with the financial means from additions to the basis of consolidation - the payment for the acquisition of shares of the subsidiaries were taken into account, which are mainly included as business or company values in the company balance in the scope of the consolidation. In addition, the payments made and received from credits and loans granted to third parties are included in the investment activities.

In total, payments amounting to TEUR 8,411.9 (previous year TEUR 8,523.7) were made in 2007

for the acquisition of subsidiaries or capital investments and capital increases. The financial means acquired through the purchase of BMC Herong, the TC Group and BMC Herong (previous year BMC Zhenwei and BVW) were TEUR 489.1 (previous year TEUR 247.6). For the acquisition of BMC Hong Kong, TEUR 60.0 were paid in 2006. Capital investments of affiliated companies were made amounting to TEUR 5,002.5 at BMC Advertising and TEUR 130.0 at the TC Group by BMC AG, which were eliminated in the scope of the consolidation against the position "payments for investments in affiliated companies minus acquired financial means".

In 2006, BMC AG granted several loans. These loans were paid back in 2007. In 2007, a loan was granted to a third party, which is due to be paid back at the end of 2009.

### (38) Cash inflow/outflow from financing activities

The cash inflow from financing activities in 2006 mainly resulted from the two capital increases by BMC AG. From the capital increases, financial means of TEUR 29,542.8 flowed in and financial means of TEUR 1,831.4 flowed out. The remaining balance of TEUR 1,124.2 is allocated to the capital investments of the minority shareholders of BMC Flying Dragon.

In 2006, BMC AG acquired short-term interim financing of TEUR 2,500.0. The remaining acquisition of financial debts to the amount of TEUR 48.9 - converted at the average rate - is allocated to BMC Zhenwei. At the end of December 2007, BMC AG acquired a short-term working credit to the amount of TEUR 1,500.0. This working credit was transferred to the financial means after reduction by the capital acquisition costs of TEUR 7.5. The payments for financial debts are allocated to liabilities from financing leasing contracts.

In 2007 as well as in 2006, dividend payments were made from Baiwen to the minority shareholders. The transfer of the dividend payments to BMC AG is planned for the second quarter of 2008.

### (39) Development of capital assets

The capital assets include all liquid means, such as cash, credits at credit institutions and cheques as

well as the equivalent payment means minus the short-term working credit. The inflows from currency exchange-related movements of payment means are presented under the payment effective changes in the capital flow calculation. The current account credit of the TC Group was already offset in the scope of the consolidation with the credit with the same credit institution.

#### Composition of capital assets

	31.12.2007 TEUR	31.12.2006 TEUR
Capital assets from the assets of the balance	5,224.7	14,950.6
Short-term accounts payable to credit institutions	-1,492.5	0.0
<b>Total</b>	<b>3,732.2</b>	<b>14,950.6</b>

As of December 31, 2007, the financial means subject to cash restrictions amounted to TEUR 3,367.2 (previous year TEUR 1,738.6). With the TC Group,

a credit line still existed as of December 31, 2007 at a credit institution to the amount of TEUR 278.6.

#### Composition of the non-financial means that are not available

	31.12.2007 TEUR	31.12.2006 TEUR
Total capital assets	3,732.2	14,950.6
Of which, restricted capital assets (capital assets mainland China)	3,672.6	1,738.6

The capital assets of the Chinese subsidiary located on the Chinese mainland are available in China, however restrictions apply concerning the use of the

capital assets in the company due to the present currency control and are therefore considered restricted as in the previous year.

## Other disclosures

### Related parties

Apart from the subsidiaries included in the company statement, the BMC company has direct or indirect relations with close companies and persons in the practice of normal business operations.

### Relations to Mesago Holding GmbH

BMC AG belonged to Mesago Holding GmbH until May 26, 2006 with more than 50% of the shares, the only shareholder and manager and chairman of BMC AG being Mr. Klaus M. Hilligardt. Business transactions with Mr. Hilligardt in the reporting period did not occur with the exception of Mr. Hilligardt's functional activities as chairman.

Mesago Holding GmbH were granted three loans for a total of TEUR 358.0 in August and September 2005. The loans had a maturity date of December 31, 2006 and an interest rate of 5.0% p.a.. No security was provided for the loans. The loans were amortized in 2006 including the interest agreed. A further loan was granted to Mesago Holding GmbH in January 2006 with a maturity date of June 30, 2006 for the amount of TEUR 100.0 also at 5.0% interest p.a. and without securities. The loan was amortized including interest at the end of the contract. From May 29, 2006 to June 14, 2006, a loan with a total amount of TEUR 1,500.0 was paid out to Mesago Holding GmbH that was subject to an interest rate of 7.5% p.a.. The loan was paid back including interest on August 14, 2006.

Mesago Holding GmbH acquired a D&O insurance in which BMC AG is included. BMC AG paid TEUR 9.2 for this in 2006. For knowhow support and the service of BMC AG through Mesago Holding GmbH in China, Mesago Holding GmbH invoiced BMC AG TEUR 18.0 each quarter. The open balance amount (liabilities) as of December 31, 2006 was TEUR 62.6.

In 2007, no loans were granted to Mesago Holding GmbH. For knowhow support and the service

of BMC AG through Mesago Holding GmbH in China, Mesago Holding GmbH invoiced BMC AG TEUR 18.0 each quarter. The open balance amount as of December 31, 2007 was TEUR 85.7. Mesago Holding GmbH granted four loans to BMC AG in the first two months in 2008 for a total of TEUR 2,250.0. The interest rate was specified at 6.0% for the first half year. The loans may be paid back at any time, also in partial amounts, and are due on September 30, 2008. Processing fees for the loans have been calculated to the amount of TEUR 16.9.

Mesago Holding GmbH holds 100% of the shares of Mesago Holding Operations GmbH. In 2004, payments for 55.0% of the shares of Beijing Capital Exhibitions International Co. Ltd., Beijing China ("CEICO") of TEUR 500.0 (for 50% of the shares) and TEUR 200.0 (for 5.0% of the shares) were made. The purchase of shares of the semi-nationalized company CEICO was reversed since the contracts were floating effective, however a final approval of the purchase was never granted. It was agreed that the prepayments made by BMC AG would bear interest until December 31, 2006 at 3.5%. Mesago Holding Operations GmbH paid the prepayment of TEUR 200.0 for 5.0% of the shares including interest to BMC AG at the end of 2006. The second prepayment of TEUR 500.0 for 50% of the shares including interest was returned in June 2007. The amount of TEUR 500.0 was interest-bearing at 4.0% in 2007. The interest received in 2007 was TEUR 9.2.

In April 2006, Mesago Holding Operations GmbH was granted a loan to the amount of TEUR 210.0 which was paid back according to the contract including interest at the end of December 2006. The loan had a maturity date of December 31, 2006 and an interest rate of 5.0% p.a. The amount of open balance (payables) was TEUR 690.6 as of December 31, 2006. No further loans were granted in 2007.

In 2007, 51.0% of the shares of BMC-TBG were purchased by Mesago Holding Operations GmbH at a purchase price of TEUR 1,100.0. As of December 31, 2007, there was still an open balance of TEUR 550.0. In addition, Mesago Holding GmbH passed on additional costs from BMC AG amounting to TEUR 22.0 to BMC AG which were paid in 2007.

The amount of TEUR 5.0 was paid to Mediabizz Messedienstleistungsgesellschaft mbH, Stuttgart, in which Mesago Holding GmbH holds all the shares, in 2006 for commission obligations. In 2007, there were no transactions with the company. At the balance deadline, there were no open balances.

Business Media China AG provides services for REC Real Estate China AG, in which Mesago Holding GmbH holds shares. For this, TEUR 13.0 was invoiced in 2006. In 2007, services cost TEUR 11.7. REC Real Estate China AG is coordinating the renovation work on the new offices for BMC AG. For this, TEUR 29.5 was invoiced in 2007. In total, the liabilities as of December 31, 2007 owed to REC Real Estate China AG were TEUR 31.6 (previous year TEUR 3.9).

### Members of management

For remuneration of the members of management of the Chinese and German subsidiaries, TEUR 504.0 were paid in 2007 (previous year 110.6) and the board of BMC AG received TEUR 700.3 (previous year 411.6). The cost registered for doubtful claims in 2006 was TEUR 2.1. The amount of business transactions with members of management was TEUR 0.2 in 2007 and TEUR 64.7 in the previous year and the amount of the outstanding balance was TEUR 62.4 (previous year TEUR 93.4).

### Other close companies and people

The amount of business transactions with other close companies and people was TEUR 0.0 in 2007 and TEUR 1,126.3 in the previous year. The amount of outstanding balances as of December 31, 2007 was TEUR 351.8 (previous year TEUR 306.3).

### Corporate Governance Codex

The explanation according to §161 AktG for fiscal 2007 has been made permanently accessible on BMC AG's website ([www.businessmediachina.com](http://www.businessmediachina.com)).

### Notes according to § 25 ABS. 1 WpHG in 2007

In 2007, the BMC AG did not receive any notes according to § 21 Abs. 1 WpHG.

### Consolidated accounts

BMC AG is the foremost holding company. The annual and consolidated report with the financial report and company situation report as well as further accounting documents are stored at the municipal court in Stuttgart under reference no. HRB 20362.

**Auditor**

As remuneration for the auditor, the following expenditures were calculated:

	2007 TEUR	2006 TEUR
Audits	130.0	140.2
Other confirmation or valuation services	14.5	134.1
Tax advisory services	0.0	0.0
Other services	0.0	0.0
	<b>144.5</b>	<b>274.3</b>

The remuneration for the audits includes the audit of the annual and consolidated accounts.

**Corporate bodies of Business Media China AG****Supervisory Board**

**Wolfgang Schellkes**  
Pulheim (Germany)  
Managing director of Fair Relations GmbH, Pulheim (Chairman of the supervisory board)

No membership of other supervisory boards or steering committees.

**Henning Möller**  
Malans (Switzerland)  
Corporate consultant  
(Assistant chairman of the supervisory board)

Membership of other supervisory boards or steering committees:

- Member of the advisory board of WKW Kunststofftechnik AG, Rüthi (Switzerland)
- Member of the advisory board of Falcontec SA, Fribourg (Switzerland)
- Assistant chairman of the supervisory board of REC Real Estate China AG, Stuttgart, until October 24, 2007, chairman of the board of management of REC Real Estate China AG, Stuttgart, since October 25, 2007

**Wolfram N. Diener**  
Macau (China)  
Vice president, Convention and Exhibition, of Venetian Macau Limited, Macau (China)

No membership of other supervisory boards or steering committees.

The remuneration of the supervisory board is defined in the articles and remains unchanged in 2007 at TEUR 22.5 that was either paid out in 2007 or respectively accrued.

**Management Board**

**Klaus Michael Hilligardt**  
(Chairman of the Management Board)

**Arend Jan Rudolf van Eeden**

**Peter Sassmann**  
(Member of the Management Board since January 01, 2007)

**Li Yang Yang**  
(Member of the Management Board since January 18, 2007)

**John Maxwell Hare**  
(Member of the Management Board since March 31, 2007)

The total remuneration received by members of the management board for their activities in fiscal 2007 was TEUR 700.3 (previous year TEUR 411.6). For further information, please refer to the remuneration report in the financial report.

Stuttgart, March 31, 2008

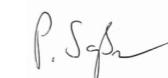
Business Media China AG



Klaus Michael Hilligardt



Arend Jan Rudolf van Eeden



Peter Sassmann



Li Yang Yang

## Auditor's report

We have audited the annual statement of accounts comprising balance sheet, profit and loss calculations as well as addendum - including the consolidated accounts, of Business Media China AG and the corporate status report for Business Media China AG and Business Media China Concern for the fiscal year from January 1, 2007 to December 31, 2007. The calculation of the annual statement of accounts and the consolidated reports according to the IFRS, as it is to be implemented in the EU, and the complementary regulations of commercial law according to §315a para. 1 of the German Commercial Code (HGB) are the responsibility of the legal representative of the company. Our task is to present an evaluation of the annual statement of accounts comprising the bookkeeping and the consolidated accounts on the basis of an audit performed by us.

We have performed our audit of the consolidated statement of accounts in accordance with §317 HGB under observance of the German regulations defined by the Institute of Auditors in Germany (IDW). In accordance therewith, the audit is to be planned and performed in such a manner that incorrectness and offences which have significant influence on the statement of net assets, financial position and results of operations ascertained through the annual statement of accounts under consideration of the rules of orderly bookkeeping and through the consolidated accounts are surely recognized. Upon definition of the audit procedures, the knowledge of the economic activity and of the economic and legal environment of the corporation as well as the expectations of possible errors are taken into account. Within the scope of the audit, the validity of the internal control system concerning accounting regulations as well as proof of the entries in the bookkeeping, annual statement of accounts and consolidated accounts are evaluated on the basis of random tests. The audit includes the evaluation of the annual statement of accounts of the company included in the consolidated report, the deferment of the basis of consolidation, the implemented balance and consolidation principles and the significant estimation of the legal representative as well as the appraisal of the overall view of the annual statement of accounts and the consolidated accounts. We are of the opinion that our audit presents a sufficiently secure basis for our assessment.

Our audit has not led to any objections.

According to our assessment based on the information gained during the audit, the annual statement of accounts complies with the IFRS as it is to be implemented in the EU and the complementary regulations of commercial law according to §315a para. 1 HGB and, in compliance with these regulations, shows the assets and the financial and profit situation of the company as corresponds to the actual situation. The consolidated accounts are in accordance with the annual statement of accounts, convey a true depiction of the company's situation and provide a true depiction of the risks and opportunities of future development.

Leonberg/Stuttgart, April 21, 2008

BDO Deutsche Warentreuhand  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Andreas Müller  
Auditor

ppa. Markus Oppel  
Auditor

**Financial Statements of Business Media China AG**

**Profit and loss account 2007**

	Appendix	1.1. -31.12.2007 TEUR	1.1. -31.12.2006 TEUR
Turnover	(1)	1,544.4	792.9
Miscellaneous operational revenue	(2)	241.2	25.9
Material expenditure (expenditure for procured services)	(3)	-1,073.1	-924.7
Personnel expenditure	(4)	-1,417.7	-1,034.7
Depreciation	(5)	-37.3	-44.6
Miscellaneous operational expenditure	(6)	-1,804.4	-3,567.6
Revenue from participations	(7)	132.6	70.1
Miscellaneous interest and similar revenue	(8)	517.4	316.0
Depreciation on financial investments and securities related to circulating assets	(9)	0.0	-1,656.7
Interest and similar expenditure		-2.0	-34.5
<b>Result of normal business transactions</b>		<b>-1,898.9</b>	<b>-6,057.9</b>
Extraordinary result (expenditure)	(10)	0.0	-2,296.1
Taxes on income and on earnings		0.0	0.1
Miscellaneous taxes		-0.1	-0.1
<b>Annual deficit</b>		<b>-1,899.0</b>	<b>-8,354.0</b>
Withdrawal from capital reserve		1,899.0	8,354.0
<b>Balance of profit/loss</b>		<b>0.0</b>	<b>0.0</b>

**Business Media China AG**

**Balance sheet as of December 31, 2007**

	Appendix	31.12.2007 TEUR	31.12.2006 TEUR
<b>ASSETS</b>			
Intangible assets		11,8	14,9
Tangible assets		325,7	174,4
Financial investments		18.143,6	9.181,7
<b>Invested assets</b>	(11)	<b>18.481,1</b>	<b>9.371,0</b>
Receivables from deliveries and services		1.508,5	358,2
Receivables on account of affiliate companies		6.035,4	66,5
Miscellaneous assets		1.163,8	6.019,7
<b>Receivables and miscellaneous assets</b>	(12)	<b>8.707,7</b>	<b>6.444,4</b>
Securities (shares in affiliate companies)	(13)	24,9	22,8
Cash balance and cash at banks		2.180,0	13.188,0
Circulating assets		10.912,6	19.655,2
Accruals and deferrals		27,6	19,4
		29.421,3	29.045,6
<b>LIABILITIES</b>			
Subscribed capital		5.999,5	5.999,5
Capital reserve		19.763,6	21.662,6
Balance sheet profit/loss		0,0	0,0
<b>Equity capital</b>	(14)	<b>25.763,1</b>	<b>27.662,1</b>
<b>Reserves (miscellaneous reserves)</b>	(15)	<b>1.141,0</b>	<b>1.157,8</b>
Payables to banks		1.500,0	0,0
Payables arising from deliveries and services		425,6	182,0
Miscellaneous liabilities		591,6	43,7
<b>Liabilities</b>	(16)	<b>2.517,2</b>	<b>225,7</b>
		29.421,3	29.045,6

## Business Media China AG

### Notes to the financial statements

#### General introductory remarks

The annual statement of accounts for Business Media China AG ("BMC AG") has been drafted in accordance with the regulations stipulated by the German Commercial Code. The annual statement of accounts refers to EURO as the currency for all transactions. Unless otherwise stated, all amounts are indicated in thousands of Euro (TEUR), rounded off to the nearest decimal digit. This may result in differences in rounding up. In the case of financial investments, a subdivision has been undertaken as per Article 265 Sec. 5 of the Commercial Code, namely the item "Payments for shares in affiliate companies" has been inserted. The Profit & Loss account has been drafted, as done so far, according to the method of total cost.

#### Balancing and evaluation methods

Intangible assets are activated as cost of acquisition and written off linearly according to their estimated range of depreciation.

Tangible assets are evaluated in accordance with the tax regulations as acquisition or production costs minus the scheduled linear depreciations. The commencement of depreciation for installations under construction begins with the completion of the installations.

Capital goods with acquisition costs up to EUR 410.0 are fully written off in the year of acquisition and shown as items disposed of.

Affiliate companies located in mainland China are shown under shares in affiliate companies as soon as the business license has been issued by the Chinese authorities. The shares in affiliate companies are shown along with the acquisition costs or at a lower value. Payments for shares in affiliate companies are evaluated with the acquisition costs.

In principle, receivables and miscellaneous assets including means of payment are set at nominal values or at lower attributable values. In the case of the evaluation of receivables from deliveries and services and against affiliate companies as well as in the case of miscellaneous assets, certain identifiable risks following corrections to formation of individual entities were taken into account.

Miscellaneous reserves take into account the risks identifiable while drafting the balance sheet and uncertain commitments. These are formed equivalent to the estimated demands.

The liabilities are set at repayment amounts.

Foreign currency items are set with the rate of cost on the date of posting or at the lower or, as the case may be, higher rate on the date of balance taking.

#### Explanation to Profit & Loss account

##### (1) Turnover

	2007 TEUR	2006 TEUR
Asia	1,526.7	779.5
Europe	17.7	13.4
	<b>1,544.4</b>	<b>792.9</b>

The overseas turnover shown for 2007 includes mainly the trade fair business. The turnover results from the sale of trade fair concepts and other chargeable expenses. In 2006, TEUR 512.1 accounts for the sale of software with a Chinese client.

##### (2) Miscellaneous operational revenue

The miscellaneous operational revenue includes earnings outside the period from the dissolution of reserves totalling TEUR 163.5 (previous year TEUR 6.0) and other earnings outside the period of TEUR 48.7 (previous year TEUR 0.0).

##### (3) Material expenditure (expenses for services received)

The expenses for services received during fiscal 2007 primarily include project development costs incurred by our subsidiary BMC China totalling TEUR 619.6, mediation charges for the sale of trade fair concepts totalling TEUR 185.0 and project development costs incurred by our subsidiary TC Gruppe GmbH Target Communications totalling TEUR 125.0. In this respect, the previous year posted project development costs of the subsidiary BMC China at TEUR 711.6.

##### (4) Personnel expenditure

	2007 TEUR	2006 TEUR
Salaries	1,310.1	916.7
Social security	107.6	118.0
	<b>1,417.7</b>	<b>1,034.7</b>

During the year, 13 individuals were employed on average by Business Media China AG (previous year 11).

##### (5) Amortization and Depreciations

	2007 TEUR	2006 TEUR
Depreciation on intangible assets	6.2	7.6
Depreciation on tangible assets	31.1	37.0
	<b>37.3</b>	<b>44.6</b>

##### (6) Miscellaneous operational expenditure

In 2006, corrections to individual entities on receivables were made totalling TEUR 151.0, of this TEUR 144.7 relates to receivables from Guangzhou Zhenwei Exhibitions Co., Ltd. ("BMC Zhenwei"). Expenses outside the period in 2007 account for TEUR 115.0 (previous year TEUR 29.0).

##### (7) Revenue from participations

In 2007 and 2006, earnings on participations from affiliate company Shanghai Baiwen Exhibitions Co., Ltd., Shanghai, China are shown.

##### (8) Miscellaneous interest and similar revenue

The earnings on interest include earnings on interest by affiliate companies totalling TEUR 319.8.

Until May 26, 2006, Mesago Holding GmbH participated in Business Media China AG with a majority. Following the entry of a second capital increase on May 26, 2006, the share of participation is reduced to approx. 46.48% with the result that, from this point in time, Mesago Holding GmbH or the subsidiaries of Mesago Holding GmbH are no longer affiliate companies within Business Media China AG. Out of the loans accorded to Mesago Holding GmbH or its 100% subsidiary, Mesago Holding Operations GmbH, between January 1,

2006 and May 26, 2006 earnings on interest from affiliate companies have accrued totalling TEUR 48.5, of this TEUR 30.0 accounts for earnings on interest outside the period.

**(9) Depreciation of financial investments and securities related to circulating assets**

The acquisition costs for BMC Zhenwei were written off in 2006 by TEUR 1,650.0 in view of a sustained decline in value. The rest of the depreciations

totalling TEUR 6.7 accounts for the shares in the bare-shell company Mainsee 411. VV GmbH, which was acquired in 2006 and sold off early in 2008. In 2007, the participation book value of Mainsee 411. VV GmbH gave rise to an appreciation of TEUR 2.1 with the result that the book value corresponds to the achieved sale price on December 31, 2007. The appreciation is shown in the miscellaneous operational revenue.

**(10) Extraordinary result (expenditure)**

In the extraordinary result of the previous year, expenses for capital increase including the still accruing expenses for printing the stock exchange brochure were shown. The stock exchange brochure is necessary so that all issued shares are admitted for trading.

**Explanation to the balance sheet**

**(11) Invested assets**

	Cost of acquisition / production					Depreciations				Book value	
	Status 01.01.2007 TEUR	Accruals TEUR	Disposals TEUR	Book transfers TEUR	Status 31.12.2007 TEUR	Status 01.01.2007 TEUR	Scheduled depre- ciations TEUR	Disposals TEUR	Status 31.12.2007 TEUR	Status 31.12.2007 TEUR	Status 31.12.2006 TEUR
<b>Intangible assets (Software)</b>	<b>34.2</b>	<b>3.1</b>	<b>0.0</b>	<b>0.0</b>	<b>37.3</b>	<b>19.3</b>	<b>6.2</b>	<b>0.0</b>	<b>25.5</b>	<b>11.8</b>	<b>14.9</b>
Lessee premises	105.7	0.0	0.0	0.0	105.7	24.6	11.7	0.0	36.3	69.4	81.1
Other installations, operational and business equipment	137.4	34.0	3.6	0.0	167.8	44.1	19.4	3.2	60.3	107.5	93.3
Installations under construction	0.0	148.8	0.0	0.0	148.8	0.0	0.0	0.0	0.0	148.8	0.0
<b>Tangible assets</b>	<b>243.1</b>	<b>182.8</b>	<b>3.6</b>	<b>0.0</b>	<b>422.3</b>	<b>68.7</b>	<b>31.1</b>	<b>3.2</b>	<b>96.6</b>	<b>325.7</b>	<b>174.4</b>
Shares in affiliate companies	10,771.7	8,961.9	0.0	60.0	19,793.6	1,650.0	0.0	0.0	1,650.0	18,143.6	9,121.7
Advance payments for shares in affiliate companies	60.0	0.0	0.0	-60.0	0.0	0.0	0.0	0.0	0.0	0.0	60.0
<b>Financial assets</b>	<b>10,831.7</b>	<b>8,961.9</b>	<b>0.0</b>	<b>0.0</b>	<b>19,793.6</b>	<b>1,650.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,650.0</b>	<b>18,143.6</b>	<b>9,181.7</b>
<b>Invested assets</b>	<b>11,109.0</b>	<b>9,147.8</b>	<b>3.6</b>	<b>0.0</b>	<b>20,253.2</b>	<b>1,738.0</b>	<b>37.3</b>	<b>3.2</b>	<b>1,772.1</b>	<b>18,481.1</b>	<b>9,371.0</b>

BMC AG has balanced the following companies on December 31, 2007 under "Shares in affiliate companies" in respect of investment assets:

Name of company	Short name	Share in %	Annual result 2007 TEUR	Proportionate equity capital 31.12.2007 TEUR
<b>Exhibitions &amp; Conferences segment</b>				
Shanghai Baiwen Exhibitions Co., Ltd., Shanghai (China)	BMC Baiwen	55.0	317.6	326.8
Beijing BMC China Co., Ltd., Beijing (China)	BMC China	100.0	-415.9	491.3
Shenzhen BMC Herong Exhibitions Co., Ltd., Shenzhen (China)	BMC Herong	70.0	391.9	2,254.7
Mass Holdings (HKG) Co., Ltd., Hong Kong (China)	BMC Hong Kong	100.0	-30.0	-30.0
BMC – TBG Limited, Hong Kong (China)	BMC-TBG	51.0	467.3	231.7
Guangzhou BMC Zhenwei International Exhibitions Co., Ltd., Guangzhou (China)	BMC Zhenwei	51.0	-166.5	-144.3
<b>Advertising Media segment</b>				
BMC Advertising Co., Ltd., Beijing (China)	BMC Advertising	100.0	-2,079.2	2,631.9
BMC Flying Dragon Advertising Co., Ltd., Beijing (China)	BMC Flying Dragon	51.0	-304.8	779.6
TC Gruppe GmbH Target Communications, Ludwigsburg	TC Gruppe	70.0	-1,213.5	-556.9
BVW Media GmbH, Stuttgart	BVW	100.0	-3.3	19.1

The details for the annual outcome and equity capital of the companies located in Germany are taken from the respective annual statement of accounts as per the commercial code. The details of the annual result and equity capital of overseas companies are taken from the annual statements of accounts drafted in accordance with the principles of the international accounting system (IFRS). The annual result and the relevant proportionate equity capital of the overseas companies have been converted at the average rate in 2007 or the mean rate based on the buying rate and the asking rate on December 31, 2007.

Following the resolution taken by the stock holders' meeting on 28 December 2007, the subscribed capital of the TC Group has been increased from TEUR 205.2 to TEUR 490.0. The minority partner has not participated in the capital increase. In December 2007, BMC AG paid in TEUR 130.0 and at the beginning of 2008 another TEUR 360.0. After due entry of the capital increase in the commercial register, BMC AG has a share of approx. 88.5% of the TC Group. In the above table, the payment of TEUR 130.0 has been taken fully into account in respect of the proportionate equity capital.

The business license for the acquisition of another 15.0% of shares in BMC Zhenwei was issued in January 2008. From January 2008, BMC AG is a participant with a 66.0% share of BMC Zhenwei.

Under "Payments for shares in affiliate companies" as of December 31, 2007, the cost of acquisition incurred till the year is shown towards the acquisition in 2007 for 100% shares in BMC Hong Kong, which has a 70% share in BMC Herong.

The shares of the BMC AG as of December 31, 2007 comprise the shares of the affiliated companies as well as the working capital of affiliated companies. The later concerns shares acquired in shell of the Mainsee 411, BVW GmbH, Stuttgart. The share in the capital of the company is 100%; in 2007 the company recorded an annual deficit of TEUR 1.7 and, hence, shows an equity capital of TEUR 21.1.

#### (12) Receivables and miscellaneous assets

Residual terms	Residual terms		31.12.2007 total TEUR	31.12.2006 total TEUR
	up to 1 year TEUR	above 1 year TEUR		
Receivables from deliveries and services	1,508.5	0.0	1,508.5	358.2
Receivables on affiliate companies	1,302.4	4,733.0	6,035.4	66.5
Miscellaneous assets	1,071.5	92.3	1,163.8	6,019.7
	<b>3,882.4</b>	<b>4,825.3</b>	<b>8,707.7</b>	<b>6,444.4</b>

Receivables and miscellaneous assets as of December 31, 2006 together had residual terms of up to one year.

Payments totalling TEUR 3,602.6 for railway station advertising activities, as shown on December 31, 2006 among miscellaneous assets, have been made to BMC Advertising as loans in view of the transfer of the contracts to it. In addition, BMC AG has paid TEUR 125.0 in 2007, which also was linked to the loan. The loan runs for a period of up to December 31, 2009 and is thereafter due for payment including the interest. Including differentiated interest, the loan of TEUR 4,008.5 is included in the receivables from affiliated companies with a remaining maturity of more than one year. Receivables on loans including the resulting interest from them are also present in the TC Group and

total TEUR 724.5. For these receivables on loans of TEUR 700.0, BMC AG issued a declaration of withdrawal from priority. Receivables from the TC Group are assigned to the receivables with a residual term of more than one year. Short-term receivables from affiliates, i.e. those with a residual term of less than one year, account for receivables on a loan from BMC Hong Kong at TEUR 440.7 including interest, for receivables arising from services activity with BMC China at TEUR 626.1, for claims on distribution of profits due from BMC Baiwen at TEUR 198.4 and for receivables on a loan from BMC Zhenwei at TEUR 37.2.

Miscellaneous assets as of December 31, 2007 also indicate receivables totalling TEUR 779.5 (previous year TEUR 1,075.4) due from minority partner BMC Flying Dragon. In addition to this,

medium-term receivables on a loan of TEUR 92.3 and tax refund claims of TEUR 285.7 (previous year TEUR 195.3) are included in the miscellaneous assets.

Miscellaneous assets as of December 31, 2006 include an employee loan totalling TEUR 4.0 provided to a member of the Management Board. In 2007, the loan accrued interest at the rate of 5.0% p.a. and the same was settled by the member of the Management Board in 2007.

#### (13) Securities (shares in affiliate companies)

Also posted is the 100% participation in a bare-shell company Mainsee 411. VV GmbH, which was acquired in 2006 and sold at the beginning of 2008. The participation was written off in 2006 on the equity capital of the company as of December 31, 2006 and on December 31, 2007 an appreciation on the sale proceeds was carried out with due consideration for the principle of acquisition costs.

#### (14) Equity capital

The **capital stock** as of December 31, 2007 is EUR 5,999,466.00, which is divided into 5,999,466 non-par shares with a proportionate amount of EUR 1.00 per share in the capital stock.

#### Authorized capital

Following the resolution passed at the General Meeting held on July 21, 2006, the Management Board has been authorized, subject to approval by the Supervisory Board, to increase the company's capital stock within five years from the date of this entry in one or several attempts by up to EUR 2,999,733.00 (authorized capital I).

#### Conditional capital

The resolution passed at the General Meeting held on June 14, 2005 implied a conditional increase of the capital stock by EUR 100,000.00 (conditional capital I) which was entered in the commercial register on July 12, 2005. Subject to approval by the Supervisory Board, the Management Board has been authorized to issue buying options ("stock options") till December 31, 2008 in one or several attempts for a total of up to 100,000 non-par shares of the company in the name of the owner in one or several attempts to employees and members of the company's management and to companies in which this company is a majority shareholder directly or indirectly. However, no stock option has been issued as of the date of the balance.

Following the resolution passed by the General Meeting on July 21, 2006 and subject to approval by the Supervisory Board, the Management Board has been authorized to issue buying options (stock options) till 31 December 2009 for a total of 100,000 non-par shares of the company in the name of the owner in one or several attempts to employees and members of the company's management and to companies (affiliates) in which this company is a majority shareholder directly or indirectly (conditional capital II). However, as of date of balance no stock option has been issued.

Following the resolution taken by the General Meeting on July 21, 2006, the Management Board may conditionally increase the capital stock by up to EUR 2,799,733.00. Subject to approval by the Supervisory Board, the Management Board has been authorized to issue partial debentures with conversion rights or options (optional debentures) until July 20, 2011 in the name of the owner on shares of BMC AG in one or several attempts. However, the total amount of the partial debentures may not exceed EUR 300,000,000.00.

#### Own shares

Following the resolution taken by the General Meeting on July 21, 2006, the company has been authorized as set forth in Article 71 Sec. 1 No. 8 of the Companies Act to acquire by 20 January 2008 own shares with a proportionate amount in the capital stock of up to 10% of the company's capital stock present at the time of the resolution taken by the General Meeting. At no point of time may more than 10% of the capital stock account for the acquired shares along with other own shares that are owned by the company or attributed to it as set

forth in Article 71a ff. of the Companies Act. This authorization may not be used for the purpose of trading with own shares. The authorization may be exercised directly by the company or by a third party appointed by the company fully or in several parts amounts in connection with the above-mentioned restriction.

On the basis of this authorization, BMC AG has not acquired any own shares during the tenure of the authorization.

During the fiscal year 2007, the equity capital reflected developments as follows:

	Subscribed capital TEUR	Capital reserve TEUR	Balance of profit/loss TEUR	Total TEUR
01.01.2007	5,999.5	21,662.6	0.0	27,662.1
Annual deficit 2007	0.0	0.0	-1,899.0	-1,899.0
Withdrawal from capital reserve	0.0	-1,899.0	1,899.0	0.0
<b>31.12.2007</b>	<b>5,999.5</b>	<b>19,763.6</b>	<b>0.0</b>	<b>25,763.1</b>

In accordance with Article 150 of the Companies Act, TEUR 1,899.0 was used from the capital reserve to balance the annual deficit for 2007. For this purpose, the capital reserve that falls under Article 150 of the Companies Act was used.

Liabilities towards credit institutions account for a short-term working fund loan that is secured by a corresponding bank balance.

#### (15) Miscellaneous reserves

Miscellaneous reserves mainly include obligations arising from costs on the stock exchange prospectus, outstanding invoices, lawsuit risks, the cost of the annual statement of accounts and cost of organizing the General Meeting and expenses for publications.

Miscellaneous liabilities as of December 31, 2007 mainly account for the residual purchase price obligation of TEUR 550.0 resulting from the acquisition of shares in BMC-TBG. The other liabilities include liabilities arising from taxes totalling TEUR 33.1 (previous year TEUR 24.0). On December 31, 2006 liabilities within the framework of social security include TEUR 0.1 and, on December 31, 2007 there were no liabilities within the framework of social security.

#### (16) Liabilities

As in the previous year, liabilities have residual terms of up to one year.

### Miscellaneous details

#### Corporate Governance Codex

The statement in accordance with Article 161 of the Companies Act for fiscal 2007 has been made permanently accessible to stockholders on BMC AG's website ([www.businessmediachina.com](http://www.businessmediachina.com)).

#### Notifications as per Article 25 Sec. 1 Securities Trading Act in 2007

BMC AG did not receive any notifications as per Article 21 Sec. 1 of the Securities Trading Act during 2007.

#### Liability conditions

BMC AG has issued to affiliate company TC Group GmbH Target Communications a declaration of withdrawal of priority in respect of the loan of a nominal sum of TEUR 700.0 provided by BMC AG to avoid possible excess liabilities over assets. BMC AG withdraws from its claims of repayment of the loan concerning all present and future demands by

the remaining creditors of the TC Group. Payments resulting from the loan are only to be made out of a future annual or liquidation surplus or out of the assets of the TC Group in excess of other liabilities. The withdrawal of priority becomes ineffective as soon as the situation of excess liabilities over assets is no longer present.

In addition, BMC AG has issued a letter of comfort to a domestic credit institution towards the credit frame of the TC Group totalling TEUR 1,000.0, stating that the TC Group will be managed and financially equipped in a manner that enables it to honour its liabilities promptly on the basis of the credit. Besides the letter of comfort, BMC AG has secured daily allowances totalling TEUR 500.0 in order to safeguard the operating fund credit of TC Group GmbH Target Communications.

As a result of possible direct joint liability against a third party, liability conditions persist involving TEUR 347.0. This is unlikely to be used.

### Miscellaneous financial commitments

	Residual terms 31.12.2007		31.12.2007 Total TEUR	31.12.2006 Total TEUR	Residual term 31.12.2006	
	up to 1 year TEUR	above 1-5 years TEUR			above 1 year TEUR	
Guarantee on orders						
for tangible assets	100.0	0.0	100.0	0.0	0.0	
for the operative business	102.7	15.0	117.7	24,845.8	21,990.2	
on administration and others	41.2	6.0	47.2	92.0	3.0	
Building rentals and leases	75.9	180.2	256.1	121.5	75.2	
Car pool	7.4	11.1	18.5	0.0	0.0	
Commitments on participations	1,090.9	1,237.3	2,328.2	11,910.4	2,276.7	
Debtor warrant Mesago Holding	0.0	1,670.0	1,670.0	1,615.0	1,615.0	
<b>Total</b>	<b>1.418,1</b>	<b>3.119,6</b>	<b>4.537,7</b>	<b>38,584.7</b>	<b>25,960.1</b>	

The guarantee on orders for operative business as of 31 December 2006 mainly accounts for commitments resulting from advertising space marketing and a license agreement signed in 2005. The commitments were taken up in 2007 by BMC Advertising.

Commitments on participations of less than one year are posted as capital payments or purchase price payments for companies. Of this, TEUR 360.0 is for the capital increase on December 31, 2007 for the TC Group which was paid at the beginning of 2008 by BMC AG. Also during the first quarter of 2008, TEUR 220.0 was paid for the acquisition of a share of another 15.0% in BMC Zhenwei. The rest of the amount of TEUR 271.5 is for the first of the three purchase price adjustments for the acquisition of BMC Hong Kong and for the paid-in capital stock yet to be executed for BMC Hong Kong totalling TEUR 217.7. There is also a medium-term purchase price commitment of TEUR 650.9 for the share in BMC Flying Dragon. As per today's appraisals, this purchase price adjustment will not become effective and the commitment is deemed to be unlikely. The rest of the medium-term purchase price commitments account for the second and third purchase price adjustment arising from the acquisition of BMC Hong Kong, which is likely to be paid.

Since 1 July 2004, Mesago Holding GmbH has a debtor warrant from a waiver of demand arising from a loan demand totalling TEUR 1,448.0 plus interest. The claims resulting from the debtor warrant can only be met from future annual surpluses as per the commercial code if they are realized from a consolidated turnover of TEUR 100,000.0. The demand can only be made in other cases such as liquidation, insolvency or other termination of business, if all the other creditors of the company are satisfied. Considering the present appraisals a

consolidated turnover of TEUR 100,000.0 will not be achieved.

#### Legal disputes

At present, only the active suits as they are known are being maintained. The law suit against Julius Bär Kapitalanlage AG, Frankfurt am Main is the one important legal dispute filed by BMC AG at the second judicial level. BMC AG claimed damages resulting from the management of a special fund in previous years, which was rejected at the first judicial level. At present, BMC AG has appealed against this. In 2006, the court suggested a settlement; however, this was rejected by the defendant. It relates to an amount of more than TEUR 2,000.0 which should be awarded to BMC AG, but nearly  $\frac{3}{4}$  of the cost of the legal dispute arising from the first and second judicial levels might have to be paid by BMC AG.

#### Consolidated financial statements

BMC AG is the primary parent company. The annual and consolidated statement of accounts, along with the status report and consolidated status report as well as other documents are kept at the district court of Stuttgart under number HRB 20362.

#### Auditors

The following expenses are included in the remuneration for the auditors:

	2007 TEUR	2006 TEUR
Auditing	130.0	140.2
Miscellaneous services of confirmation or evaluation	14.5	134.1
Tax consultation services	0.0	0.0
Miscellaneous services	0.0	0.0
<b>Total</b>	<b>144.5</b>	<b>274.3</b>

The remuneration for auditing covers the annual and consolidated statement of accounts.

## Corporate bodies of Business Media China AG

### Supervisory Board

**Wolfgang Schellkes**  
Pulheim (Germany)  
Manager of Fair Relations GmbH, Pulheim  
(Chairman of the Supervisory Board)

No membership in any other supervisory boards or controlling committees

**Henning Möller**  
Malans (Switzerland)  
Company Consultant  
(Deputy Chairman of the Supervisory Board)

Membership in other supervisory boards and controlling committees:

- Member of the administrative council of WKW Kunststofftechnik AG, Rüthi (Switzerland)
- Member of the administrative council of Falcontec SA, Fribourg (Switzerland)
- Deputy Chairman of the supervisory board of REC Real Estate China AG, Stuttgart till October 24, 2007, since October 25, 2007 Chairman of REC Real Estate China AG, Stuttgart

**Wolfram N. Diener**  
Macau (China)  
Vice-president of Convention and Exhibition of Venetian Macau Limited, Macau (China)

No membership in any other supervisory boards or controlling committees.

Compensation for the members of the Supervisory Board is defined in the articles of association and the same during 2007 is unchanged at TEUR 22.5, either paid during 2007 or kept as reserve accordingly.

### Management Board

**Klaus Michael Hilligardt**  
(Chairman of the Management Board)

**Arend Jan Rudolf van Eeden**

**Peter Sassmann**  
(Member of the Management Board since January 1, 2007)

**Li Yang Yang**  
(Member of the Management Board since January 18, 2007)

**John Maxwell Hare**  
(Member of the Management Board till March 31, 2007)

The total remuneration paid to the members of the Management Board for their services during fiscal 2007 was TEUR 700.3 (previous year TEUR 411.6). Further details are provided in the report on remuneration in the status report.

Stuttgart, March 31, 2008

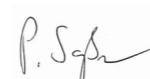
Business Media China AG



Klaus Michael Hilligardt



Arend Jan Rudolf van Eeden



Peter Sassmann



Li Yang Yang

## Auditor's report

We have audited the annual statement of accounts comprising the balance sheet, profit and loss calculations as well as addendum - including the consolidated accounts - of Business Media China AG and the corporate status report for Business Media China AG and Business Media China Corporation for the fiscal year from January 1, 2007 to December 31, 2007. The bookkeeping and the compilation of the annual statement of accounts and the consolidated accounts according to the German Code of Commercial Law are the responsibility of the legal representative of the corporation. Our task is to present an evaluation of the annual statement of accounts comprising the bookkeeping and the consolidated accounts on the basis of an audit performed by us.

We have performed our audit of the annual statement of accounts in accordance with § 317 HGB under observance of the German regulations defined by the Institute of Auditors in Germany (IDW). In accordance therewith, the audit is to be planned and performed in such a manner that incorrectness and offences which have a significant influence on the statement of net assets, financial position and results of operations ascertained through the annual statement of accounts under consideration of the rules of orderly bookkeeping and through the consolidated accounts are surely recognized. Upon definition of the audit procedures, the knowledge of the economic activity and of the economic and legal environment of the corporation as well as the expectations of possible errors are taken into account. Within the scope of the audit, the validity of the internal control system concerning accounting regulations as well as proof of the entries in the bookkeeping, annual statement of accounts and consolidated accounts are evaluated on the basis of random tests. The audit comprises the assessment of applied accounting principles and the essential evaluation of the legal representatives as well as the appraisal of the overall view of the annual statement of accounts and the consolidated accounts. We are of the opinion that our audit presents a sufficiently secure basis for our assessment.

Our audit has not led to any objections.

Our assessment according to the knowledge gained during the audit, the annual statement of accounts complies with the legal regulations and conveys a statement of net assets, financial position and results of operations under consideration of the rules of orderly bookkeeping in accordance with the actual circumstances. The consolidated accounts are in accordance with the annual statement of accounts, convey a true depiction of the situation of the company and provide a true depiction of the risks and chances of future developments.

Leonberg/Stuttgart, April 21, 2008

BDO Deutsche Warentreuhand  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Andreas Müller  
Auditor

ppa. Markus Oppel  
Auditor

### Confirmation by the legal representatives

According to the best of our knowledge, we confirm that in accordance with the principles of orderly bookkeeping, the consolidated accounts depict the assets, financial and profit situation of the company in a manner that corresponds with the actual situation, the report of the business transactions including the transaction results and the situation of the company so that a picture is conveyed which corresponds to the actual situation and that the significant chances and risks of the anticipated development of the company year are described.

We also confirm that in accordance with the principles of orderly bookkeeping, the annual statement of accounts depicts the assets, financial and profit situation of the company in a manner that corresponds with the actual situation, the report of the business transactions including the transaction results and the situation of the company so that a picture is conveyed which corresponds to the actual situation and that the significant chances and risks of the anticipated development of the company year are described.

Stuttgart, March 31, 2008

Business Media China AG



Klaus Michael Hilligardt



Arend Jan Rudolf van Eeden



Peter Sassmann



Li Yang Yang

## Report by the Supervisory Board

Dear Shareholders,

During fiscal 2007, the Supervisory Board complied extensively with its obligations of supervision, advice and verification in accordance with the Public Companies Act and the company's Articles of Association. Together with the Management Board it has discussed in detail the present state of development with regard to important financial data, the future strategic development of the company and any necessary actions. Measures subject to approval were adopted unanimously. In addition to this, the chairman of the Supervisory Board maintained regular telephonic or personal contact with the chairman of the Management Board.

During fiscal 2007, the members of the Supervisory Board convened meetings on six occasions, these being on April 26, on July 20 and 23, on August 15 and 30 and on December 20, 2007. In view of the fact that the company maintains its operative focal point in China, the meeting in April was held in Peking. This gave the Supervisory Board the opportunity to study many of the company's activities on the spot and thus to further improve its advisory and supervisory functions.

At these joint meetings, one recurring topic was to especially address issues concerning the extension of controlling, financial planning and risk management in order to steer the rapid development of the corporate group to the best possible degree. Resolutions concerning cash-flow planning and capital-related measures needed to finance growth in individual subsidiaries were discussed in-depth and adopted. Moreover, the company is advised to consider an expansion of its personnel in the parent company as well as in the subsidiaries. Regular discussions of the financial basic data in conjunction with the analysis of the rated and actual data based on the reports by the Management Board affirm the excellent corporate planning. At the meeting in December, the Supervisory Board adopted the financial planning and the budget for 2008 including provisional planning till 2010 as submitted by the Management Board.

Together with the Management Board, the Supervisory Board deliberated on the German Corporate Governance Codex. The statement of compliance as provided in Article 161 of the Companies Act was submitted on December 20, 2007 and the same can be viewed on the company's website. The specifications of the codex are not taken into account in certain aspects. For example, the formation of an auditing committee in a 3-member Supervisory Board is redundant. The Corporate Governance Codex nevertheless accords an important guideline for efficient and trustful cooperation between the Management Board and the Supervisory Board. Compared to the statement for the previous year there are no major changes.

The Supervisory Board has obtained from the auditors the declaration of independent status as per the German Corporate Governance Codex.

The annual statement of accounts and the consolidated accounts as well as the summarized management report for the fiscal year 2007 prepared by the Management Board were audited by the auditors, the BDO Deutsche Warentreuhand AG, Wirtschaftsprüfungsgesellschaft, Leonberg, chosen at the Annual General Meeting on August 31, 2007 and provided in each case with an unqualified audit certificate.

The auditors attended the meeting for the presentation of the balance sheet held by the Supervisory Board on April 23, 2008. The findings of the audit were presented and discussed in detail by the Supervisory Board. The auditors were also available for supplementary information. The Supervisory Board approvingly took note of the findings by the auditors and did not raise any objections following its verification. The Supervisory Board approved the annual statement of accounts and the consolidated accounts as prepared by the Management Board for fiscal 2007. Therefore, the annual statement of accounts of the Business Media China AG was accepted.

The Supervisory Board deliberated on the mandatory details as per Articles 289 Sec. 4 and 315 Sec. 4 of the German Commercial Law and the relevant explanatory report. The summarized management report refers to the corresponding details. The Supervisory Board verified these details and explanations directly and internalized the same.

The BMC group once again recorded impressive growth during 2007. Opportunities in the Chinese market were utilized to the best possible degree and for this performance and their dedication throughout reporting year we acknowledge the services of the Management Board and all employees. We would also like to express our sincere thanks to all shareholders for their loyalty and support of the company. We on the Management Board and the Supervisory Board are confident that the BMC group will achieve its ambitious goals in 2008 as well and justify your trust in us.

Stuttgart, April 23, 2008



Wolfgang Schellkes  
Chairman of the Supervisory Board

## Corporate Governance Report

“Corporate Governance” stands for a responsible and transparent structure of management and supervision aimed at long-term value addition to an enterprise. Business Media China AG complies with the recommendations of the German Corporate Governance Codex (“Codex”) established in 2002 barring a few exceptions as mentioned below. During fiscal 2007, the Management Board and the Supervisory Board of Business Media China AG deliberated intensively on compliance with the specifications of the Codex, in particular with the new requirements of June 14, 2007. Based on these deliberations the statement of compliance with the Codex as given on page xx was adopted. The same is accessible on our website and is updated regularly.

### Structure of management and supervision

#### Supervisory Board

As a German public limited company (“AG”), Business Media China AG is subject to German corporation laws and therefore has a two-tier management and supervisory structure comprising a 4-member Management Board and a 3-member Supervisory Board. As per the standing orders of the Supervisory Board, the representatives of the stockholders in the Supervisory Board adhere to the principle of independent decision making.

The Supervisory Board monitors and advises the Management Board in the management of the business. At regular intervals, the Supervisory Board discusses business developments and planning including the strategies and their implementation. It studies the quarterly and half yearly reports and adopts the annual statement of accounts concerning Business Media China AG and that of the corporation while taking the audit reports into account. It ensures compliance with the legal provisions, official regulations and the company’s internal directives by the company. Furthermore, its responsibilities include appointment of members

of the Management Board and assignment of their duties. Important decisions by the Management Board – for example, large acquisitions, disinvestments and financial measures – are subject to approval by the Supervisory Board. In regard to any standing orders for the Management Board, the Supervisory Board determines the nature of work of the Management Board, especially the departmental responsibilities of individual members of the Management Board, the issues reserved for the entire Management Board and the required majority in the event of resolutions.

#### Management Board

As a guiding constituent of the corporation, the Management Board is bound by the concerns of the company and is dedicated to striving for a sustainable increase in corporate value. The Management Board is responsible for the preparation of the company’s quarterly and half yearly balance sheets, the annual statement of accounts for Business Media China AG and the consolidated statement of accounts. Furthermore, the Management Board is responsible for compliance with legal provisions, official regulations and company’s internal directives and for their observance by the whole of the corporation. The Management Board cooperates closely with the Supervisory Board. It keeps the Supervisory Board informed regularly, timely and comprehensively about every aspect of the strategies and their implementation relevant to the entire organization, the planning, the business transactions, and the status of the finances and earnings, the compliance and about possible business risks.

#### Statement of compliance as per Article 161 of the Companies Act and explanation of deviations from the recommendations of the Corporate Governance Codex

The Management Board and the Supervisory Board deliberated in 2007 on various topics of the Corporate Governance and issued the updated

statement of compliance on 20 December 2007 in accordance with Article 161 of the Companies Act. This statement also includes an explanation of the deviations from the recommendations.

The statement is accessible to the public on the website of Business Media China AG at all times. The statements of compliance since 2002 can be viewed on this website.

The statement of compliance 2007 contains the following:

Statement of Compliance by the Management Board and the Supervisory Board of Business Media China AG concerning the recommendations of the “Government Commission for the German Corporate Governance Codex” as per Article 161 of the Companies Act.

**1.** Business Media China AG shall henceforth comply with various recommendations of the “Government Commission for the German Corporate Governance Codex” barring the following exceptions:

**Item 4.2.3** stipulates that the compensation for the members of the Management Board should comprise fixed as well as variable components. At present, these members do not receive any variable compensation.

**Item 5.1.2** stipulates that an age limit shall be specified for members of the Management Board. No age limit for the members of the Management Board has been specified to date. In view of the company’s specific shareholder structure, the Management Board and the Supervisory Board do not believe that it is pertinent to prescribe a general requirement as a company rule or as a provision in the articles of association.

**Item 5.3** Formation of committees. In view of the reasonable size of the Supervisory Board, Business Media China AG dispenses generally with the formation of committees so as to ensure efficient performance and complete exchange of information among all members of the Supervisory Board.

**Item 5.4.1** stipulates that an age limit be specified for the members of the Supervisory Board at the time of nominations for the election of members of the Supervisory Board. No age limit has been set.

**Item 5.4.7** stipulates that the members of the Supervisory Board should receive, besides a fixed compensation, a performance-related component. The members of the Supervisory Board of Business Media China AG shall receive exclusively a fixed compensation.

**Item 5.4.8** stipulates that, if a member of the Supervisory Board participated in less than half of the number of meetings of the Supervisory Board in a fiscal year, this shall be noted in the Report of the Supervisory Board. The Supervisory Board wishes to retain a degree of latitude for the individual assessment of any absences.

**Item 7.1.2** stipulates that the Consolidated Financial Statements should be made accessible to the public within 90 days from the end of a fiscal year; interim reports should be accessible to the public within 45 days from the end of the reporting period. In this regard, the company shall adhere to the statutory provisions.

2. Since the last statement of compliance on 21 December 2006, Business Media China AG has complied with various recommendations of the "Government Commission for the German Corporate Governance Codex" barring the following exceptions:

**Item 4.2.3** stipulates that the compensation for the members of the Management Board should comprise fixed as well as variable components. At present, these members do not receive any variable compensation.

**Item 5.1.2** stipulates that an age limit shall be specified for members of the Management Board. No age limit for the members of the Management Board has been specified to date. In view of the company's specific shareholder structure, the Management Board and the Supervisory Board do not believe that it is pertinent to prescribe a general requirement as a company rule or as a provision in the articles of association.

**Item 5.3** Formation of committees. In view of the reasonable size of the Supervisory Board, Business Media China AG generally dispenses with the formation of committees to ensure efficient performance and complete exchange of information among all members of the Supervisory Board.

**Item 5.4.1** stipulates that an age limit be specified for the members of the Supervisory Board at the time of nominations for the election of members of the Supervisory Board. No age limit has been set.

**Item 5.4.7** stipulates that the members of the Supervisory Board should receive a performance-related component besides a fixed compensation. The members of the Supervisory Board of Business Media China AG shall receive a fixed compensation exclusively.

**Item 5.4.8** stipulates that, if a member of the Supervisory Board participated in less than half of the

number of meetings of the Supervisory Board in a fiscal year, this shall be noted in the Report of the Supervisory Board. The Supervisory Board wishes to retain a degree of latitude for the individual assessment of any absences.

**Item 7.1.2** stipulates that the Consolidated Financial Statements should be made accessible to the public within 90 days from the end of a fiscal year; interim reports should be accessible to the public within 45 days from the end of the reporting period. In this regard, the company shall adhere to the statutory provisions.

This statement is accessible to stockholders at all times.

Stuttgart, 20 December 2007

Business Media China AG



Chairman of the Supervisory Board  
-sd- Wolfgang Schellkes



The Management Board  
-sd- Klaus M. Hilligardt

#### Ownership of shares by members of the Management Board and the Supervisory Board

As with compensation, the number of shares in BMC AG held by members of the Management Board and the Supervisory Board directly or indirectly as of 31 December 2007 is disclosed.

	Shares	%
<b>Management Board</b>		
Klaus Michael Hilligardt <sup>3</sup>	2,537,289	42.3
Arend Jan Rudolf von Eeden	498	0.0
Li Yang Yang	123,963	2.1
<b>Total</b>	<b>2,661,750</b>	<b>44.4</b>
<b>Supervisory Board</b>		
Wolfgang Schellkes	1,000	0.0
<b>Total</b>	<b>2,662,750</b>	<b>44.4</b>

<sup>3</sup> indirectly through Mesago Holding GmbH, Stuttgart

As of 31 December 2007, the other members of the Supervisory Board and the Management Board do not hold any shares in BMC AG.

#### Share transactions by members of the Management Board and the Supervisory Board

As set forth in Article 15a of the Securities Trading Act (WpHG), it is mandatory for members of Management Boards and Supervisory Boards to disclose any acquisition or sale of the shares of Business Media China AG or any related financial instruments if the value of such transactions by a member or any individual associated with him reaches or exceeds a sum of EUR 5,000.00 within a calendar year.

Date of transaction	Name	Function / Status	Type and place of transaction	Number	Rate/ Price EUR	Total volume EUR
31.01.2007	Mesago Holding GmbH	Managing body	Purchase through XETRA	10,000	19.447	194,470.00
31.01.2007	Mesago Holding GmbH	Managing body	Purchase through XETRA	10,000	19.197	191,970.00
31.01.2007	Mesago Holding GmbH	Managing body	Purchase through XETRA	10,000	19.348	193,480.00
20.04.2007	Mesago Holding GmbH	Managing body	Sale through XETRA	50,000	21.00	1,050,000.00
03.05.2007	Mesago Holding GmbH	Managing body	Purchase through XETRA	1,000	22.22	22,223.71
04.05.2007	Mesago Holding GmbH	Managing body	Purchase through XETRA	2,000	23.19	46,382.05
05.09.2007	Wolfgang Schellkes	Member of the Supervisory Board	Purchase through XETRA	560	21.20	11,872.00

All above transactions are accessible on the company's website at <http://www.bmc-company.com/deutsch/investor-relations/directors-dealings/>.

## Corporate Bodies

### Supervisory Board

#### **Wolfgang Schellkes (1951)**, Chairman

On the Supervisory Board since 2006 and elected till 2010. Managing Director of Fair Relations GmbH, Pulheim (Germany), since 2001. Previously Managing Director of Ausstellungs- und Messe-Ausschuss der Deutschen Wirtschaft (AUMA), Cologne/Berlin. No membership of other Supervisory Boards or steering committees.

#### **Henning Möller (1931)**, Deputy Chairman

On the Supervisory Board since 2004 and elected till 2010. Independent entrepreneur in the field of finance and services since 1978. Previously Managing Director in Switzerland/Europe for the distribution of bearing and transportation appliances at Jungheinrich Group, Hamburg. Chairman of the Supervisory Board of WKW Kunststofftechnik AG, Rüthi (Switzerland) and Member of the Supervisory Board of Falcontec SA, Fribourg (Switzerland). Till 24 October 2007 Deputy Chairman of the Supervisory Board of REC Real Estate China AG, Stuttgart, since 25 October 2007 Chairman of the Management Board in the same company.

#### **Wolfram N. Diener (1964)**

On the Supervisory Board since 2005, elected till 2010. Vice-president of Convention and Exhibition of Venetian Macau Limited, Macau (China), responsible for trade fair and conventions operations in Asia since 2005. Previously Managing Director of leading trade fair operators in China and Germany. No membership of other supervisory boards or steering committees.

Compensation for the members of the Supervisory Board is defined in the articles of association and the same during 2007 is unchanged at TEUR 22.5, either paid during 2007 or kept as reserve accordingly.

### Management Board

#### **Klaus Michael Hilligardt (1942)** Chief Executive Officer

On the Management Board since 2006. Owner and Managing Director of Mesago Holding GmbH. Trade fair organizer and media expert since 1982; has been active in China for 15 years. Large cooperation network known as "Guanxi" in China and worldwide.

#### **Arend Jan Rudolf van Eeden (1953)**, Board Member

Member of the Management Board since 2006. Previously worked for the media corporation EMAP plc, London, and Miller Freeman/United Business Media plc, London. Trade fair profile and media expert since 1992, over 30 years' international experience in several segments.

#### **Peter Sassmann (1963)**, Chief Financial Officer

Member of the Management Board since 2007; business manager of Business Media China AG since 2005. Previously segment manager for participation management in Messe Frankfurt GmbH. Over 10 years' international experience in the trade fair segment.

#### **Li Yang Yang (1979)**, Board Member

Member of the Management Board since 2007, General Manager of Business Media China AG since 2004. Previously General Manager of CEICO. 7 years' managerial experience in exhibitions and media companies in China, large personal network known as "Guanxi" in China.

John Maxwell Hare retired from the Management Board on 31 March 2007.

The total remuneration paid to the members of the Management Board for their services during fiscal 2007 was TEUR 700.3 (previous year TEUR 411.6). Further details are provided in the report on remuneration in the status report.

Stuttgart, March 31, 2008

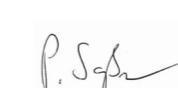
Business Media China AG



Klaus M. Hilligardt



Arend J. R. van Eeden



Peter Sassmann



Li Yang Yang

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This annual report is also available in German.

The German version will apply.

The annual report and interim reports of Business Media China AG are available as digital versions on [www.businessmediachina.com](http://www.businessmediachina.com) in the section "Investor Relations/Reports".



