

**This is a translation of the german Quarterly Financial Report Q1 2008 of
Business Media China AG.
Please be aware that only the original version is legally binding.**

Quarterly Financial Report Q1 2008

Business Media China AG

Quarterly Financial Report Q1 / 2008

Business Media China AG has started into the new business year 2008 according to plan. Compared with the first quarter of the previous year the BMC Group has increased its sales volume by 63 % to EUR 3.3 million in the traditionally weakest first quarter of the year.

The results for the first quarter of 2008 show the expected loss of EUR 2.2 million on a consolidated basis. This reflects the seasonally varying activities throughout the different quarters of a year, due to the Chinese New Year and the cycle of exhibitions and conferences throughout a year. BMC expects for the full year 2008 a surplus for the first time.

The volume of orders in the segments of fairs and advertising media amounts accumulated to about EUR 12 million as of March 31, 2008. As of the end of May further marketing opportunities with a volume of about EUR 11 million are under negotiation.

I. Basic Conditions

The BMC Group is active in China and Germany. The heavy snowfall in some regions of China as well as the Chinese New Year's festivities in the 1st quarter have influenced the development of the Chinese economy slightly negative. On an annual basis a growth rate of 9 to 10% is expected. The rate of inflation, particularly for basic foodstuff, has increased. The German economy shows positive signs. The unemployment rate is decreasing and the exports continue on a high level.

Business Segments in Detail

The segment exhibitions & conferences concentrated in the first quarter on the planning, organisation as well as the marketing of the fairs and conventions taking place in China in 2008. The PPI & FDC event, one of the important exhibitions in Southern China in the field of food processing and packing, and China Beauty Expo in Shanghai, one of the leading events in Asia in the field of cosmetics and beauty products, are under preparation for the second quarter. The booking figures in particular in the beauty and cosmetics area have increased significantly compared with last year's exhibition. With an exposition area of over 66.000 square metres the China Beauty Expo develops into the leading fair in this sector in Asia. In accordance with plan, the first quarter only shows sales of about EUR 100.000 in the segment of exhibitions & conferences, due to the fact that larger events did not take place in this period.

The segment advertising media has increased the exploitation of advertising space in the first quarter 2008 compared with the previous year. The quarterly sales volume of this segment of EUR 3.2 million represents an increase of 62 % over the 1st quarter of 2007. BMC Advertising and BMC Flying Dragon in particular were able to increase sales in the first quarter of 2008 compared to the first quarter of 2007.

BMC has formed a joint venture for the marketing of advertisement space all over China with the Chinese company Skyflying Media. The new company to be established will be controlled as to 51% by BMC Advertising and as to 49% by our Chinese partner, Skyflying Media and represents a further step in the strategy of the BMC Group. BMC will be one of the leading suppliers in the segments advertising and advertising media in China. In the future an expansion of this new marketing company in the area of advertising media by renting additional advertising space is possible. BMC Skyflying Media will have its

headquarters in Beijing. The foundation phase will be completed in the 2 quarter 2008, first sales are expected in June 2008.

TC Group, the advertising company, has completed its restructuring in the first quarter of 2008. The management group was completed and the participation in extensive advertising bidding projects in Germany was expanded. A representative office was established in Beijing in order to accompany Chinese enterprises in Germany and be able to directly offer German enterprises advertising projects in China. The TC Group sees herein a high development potential for the future. A renowned Chinese company for construction machinery has booked an order for an advertising campaign in Germany in the first quarter.

The segment Sourcing & IT has continued the project phase for the development of new products in the first quarter. The testing phase will be started during the course of the year. Presentation and marketing will follow at shortly thereafter.

II. Employees

The number of employees in the BMC Group as of March 31, 2008 amounts to 273.

III. Income Situation

The BMC Group achieved in the first quarter 2008 a significant increase in growth of 63 % to EUR 3.3 million. The gross margin increased to plus EUR 478.000. The increase in expenditure for personnel by 39 % to EUR 1.2 million reflects the increase in the number of employees. The pre-tax result has been improved by 16% in comparison to the same quarter of the previous year. The consolidated quarterly deficit in the amount of EUR 2.2 million met the expectations.

IV. Asset Situation

The equity quota is currently at 57.4 % with an expansion of the balance sheet total to EUR 35.4 million. Short-term liabilities have increased by 43 % to EUR 12.6 million in the course of the expansion of the business.

V. Financial Position

The financial position of the BMC concern as of March 31, 2008 has improved slightly. Financial assets are with EUR 5.7 million about 10 % above the year-end value of 2007. Short and mid-term debt amounts to EUR 4.1 million including the shareholder loans from Mesago Holding GmbH.

VI. Risk Report

The new risk management system was installed in all companies of the Group and is used bilingually. The classification of certain risk factors has been increased. The heavy snowfalls in February in Southern China as well as the earthquake in Sichuan Province have caused an increase in the risk factor of the influence of the elements. The political risk as well has been raised slightly in connection with the current political developments in

Western China. All these factors do not materially affect the economic outlook of the BMC Group.

VII. Forecast

The China Beauty Expo took place in Shanghai from May 20 to 23, 2008 and developed very successfully. We will report in more detail at the General Shareholders Meeting on June 12, 2008 in Stuttgart as well as in the semi-annual report of 2008. The preview on the other exhibitions & conferences of the BMC Group in the financial year 2008 is also positive.

The TC Group in Ludwigsburg was able to increasingly win advertising bids from German customers in the months of April and May. The development of the TC Group subsidiary shows the first results of restructuring.

The BMC Group has full order books in its business segments exhibitions & conferences and advertising media at the time of the report. According to current planning, Business Media China AG expects consolidated total sales in the amount of EUR 35 to 45 million for the financial year 2008. The company expects for the financial year 2008 a positive result on a consolidated basis. Both the profitable segment of exhibitions & conferences as well as the developing segment of advertising media, which is expected to present a significantly positive result, will contribute to an overall profit.

VIII. Report on Transactions with Affiliates and other related parties

Mesago Holding GmbH granted BMC AG shareholder loans including commitment fees in the amount of EUR 2,59 million as of March 31, 2008.

Stuttgart, May 26th, 2008

Business Media China AG

Klaus Michael Hilligardt

Arend Jan Rudolf van Eeden

Peter Saßmann

Li Yang Yang

Corporate Profit and Loss Calculation of the Business Media China AG

	1.1.-31.3. 2008 TEUR	1.1.-31.3. 2007 TEUR
Turnover	3,259.7	1,995.3
Other income	80.1	9.1
Inventory changes and incomplete services	387.1	48.2
Expenses	-3,168.6	-2,635.2
Personnel expenses	-1,221.3	-879.3
Depreciation and amortisation	-188.7	-203.6
Other operating expenses	-1,521.8	-1,280.1
Financial expenditures	-78.7	-6.8
Other financial results	68.8	105.0
Result of taxes on income	-2,383.4	-2,847.4
Taxes from income and from profit	203.6	383.5
Corporate deficiency	-2,179.8	-2,463.9
Portion of corporate deficiency of shareholders	-1,974.0	-2,255.1
Portion of corporate deficiency of other shareholders	-205.8	-208.8
Corporate deficiency	-2,179.8	-2,463.9
	EUR	EUR
Undiluted result per share	-0,33	-0,38
Diluted result per share	-0,33	-0,38
Shares (article)	5.999.466	5.999.466

Consolidated balance sheet for Business Media China AG

Assets	31.03.2008	31.12.2007
	TEUR	TEUR
Goodwill	8,759.3	8,841.5
Other immaterial assets	3,640.2	3,761.5
Fixed assets	1,996.6	1,956.1
Financial assets	450.5	0.0
Capital assets	14,846.6	14,559.1
Other receivables and assets	93.0	92.3
Deferred income tax	1,129.7	968.5
Long term receivables and assets	1,222.7	1,060.8
Long term assets	16,069.3	15,619.9
Inventory	721.3	334.2
Accounts receivable	5,630.3	6,520.8
Other receivables and assets	7,075.6	6,613.5
Effective income tax claims	178.3	161.8
Short term assets	12,884.2	13,296.1
Capital	5,724.3	5,224.7
Short term assets	19,329.8	18,855.0
	35,399.1	34,474.9
Liabilities		
Funds	5,999.5	5,999.5
Capital surplus	14,587.5	15,226.7
Accumulated deficit	-1,876.2	0.0
Portion of equity of the shareholders of Business Media China AG	18,710.8	21,226.2
Portion of equity of other shareholders	1,609.8	2,074.8
Equity	20,320.6	23,301.0
Deferred tax accruals	639.7	428.2
Long term accruals	639.7	428.2
Financial debt	0.0	7.5
Other liabilities	530.0	539.7
Long term liabilities	530.0	547.2
Long term accruals and liabilities	1,169.7	975.4
Effective income tax accruals	122.3	125.9
Other accruals	1,146.8	1,220.3
Short term accruals	1,269.1	1,346.2
Financial debt	4,133.8	1,559.3
Trade payables	2,396.2	2,956.8
Tax debt	209.6	389.0
Other liabilities	5,900.1	3,947.2
Short term liabilities	12,639.7	8,852.3
Short term accruals and liabilities	13,908.8	10,198.5
	35,399.1	34,474.9

Calculation of change in equity of the corporation Business Media China AG

	Funds	Capital reserves	Retained earnings	Reserves from currency exchange	Revaluation reserve	Adjustment item for negative minority shareholder	Total reserves	Accumulated profits/loss	Equity allocated to shareholders of the BMC AG	Portions of other shareholders	Total equity
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Status 31 December 2006	5,999.5	19,320.2	2,255.6	-282.1	21.5	0.0	21,315.2	0.0	27,314.7	1,043.8	28,358.5
Differences from changes in the basis of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37.6	37.6
Differences from the currency exchange	0.0	0.0	0.0	78.0	0.0	0.0	78.0	0.0	78.0	1.5	79.5
Corporate deficiency 2007q1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2,241.0	-2,241.0	-222.9	-2,463.9
reclassification of negative minority shareholder IAS 27.35	0.0	0.0	0.0	0.0	0.0	-14.0	-14.0	0.0	-14.0	14.0	0.0
Status 31 March 2007	5,999.5	19,320.2	2,255.6	-204.1	21.5	-14.0	21,379.2	-2,241.0	25,137.7	874.0	26,011.7
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Status 31 December 2007	5,999.5	17,573.7	-1,186.4	-825.0	21.5	-357.1	15,226.7	0,0	21,226.2	2,074.8	23,301.0
Differences from the currency exchange	0.0	0.0	0.0	-481.4	0.0	0.0	-481.4	0,0	-481.4	-46.8	-528.2
Corporate deficiency 2008 q1 before reclassification of negative minority shareholder IAS 27.35	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1,876.2	-1.876.2	-303.6	-2.179.8
reclassification of negative minority shareholder IAS 27.35	0.0	0.0	0.0	0.0	0.0	-97.8	-97.8	0.0	-97.8	97.8	0.0
Increase of expenses for capital increase 2006	0.0	-60.0	0.0	0.0	0.0	0.0	-60.0	0.0	-60.0	0.0	-60.0
Dividend payment to other shareholder	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-143.0	-143.0
Adjustment of Goodwill BMC Herong	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-69.4	-69.4
Status 31 March 2008	5,999.5	17,513.7	-1,186.4	-1,306.4	21.5	-454.9	14,587.5	-1,876.2	18,710.8	1,609.8	20,320.6

Shortened Corporate Capital Flow Calculation

	1.1.-31.03. 2008	1.1.-31.03. 2007
	TEUR	TEUR
Flow of funds from the current business activities	-1,094.0	-1,677.2
Flow of funds from the investment activities	-756.5	-991.8
Flow of funds from / to the financing activities	2,452.7	-44.2
Changes in cash and cash equivalents affecting payment	602.2	-2,713.2
Cash and cash equivalents at the beginning of the period	3,732.2	14,950.6
Changes in cash and cash equivalents due to exchange rates	-106.3	-0.8
Changes in cash and cash equivalents affecting payments	602.2	-2,713.2
Cash and cash equivalents at the end of the period	4,228.1	12,236.6

The cash and cash equivalents as at March 31, 2008 contain all liquid funds, that means cash on hand, bank deposit and checks as well as cash equivalents minus a short term capital loan with an amount of TEUR 1,496.2.

The Flow of funds from the current business activities 2008 contains the corporate deficiency with an amount of TEUR 2,179.8.

The flow of funds from the investment activities 2008 contain investments in fixed assets and immaterial assets (TEUR 299.1) and payments for further 15% of the shares of BMC Zhenwei (TEUR 220.0) as well as payments for 51 % of the shares of BMC Skyflying Media (TEUR 237.6). The prior year contains investments in fixed assets an immaterial assets with TEUR 210.4 and payments for shares for the TC group and BMC Hongkong minus overtaken cash and cash equivalents with TEUR 781.4.

The flow of funds from / to the financing activities 2008 is the result of loans received with TEUR 2,550.0 and dividend payments to minority shareholders with altogether TEUR 97.3. The flow of funds from the financing activities refers to dividend payments to minority shareholders.

Shortened notes on consolidated accounts

Basis of accounting

The corporate financial report for the first quarter is based on the accounting principles of the International Financial Reporting Standards (IFRS). The same balance and evaluation methods were used as in last years reporting. The corporate financial report was compiled in Euro. Unless otherwise noted, all sums are in thousand Euro (TEUR) and rounded to one decimal point after the comma. Therefore, rounding differences can occur.

This quarterly corporate financial report has not been checked according to § 317 HGB but it has underwent a revision by an auditor. During the compiling of the corporate interim financial statement, assumptions and estimations were implemented which had influence on the amount and disclosure of the balanced assets and the debts, the profits and expenses as well as the possible liabilities. The actual value can differ from the assumptions and estimations in individual cases.

Basis of consolidation

There have been no changes in the basis of consolidation since the last annual financial statement of the corporation. Furthermore there have been no changes in the quotes of investments in subsidiaries.

Basis of consolidation on March 31, 2008

Segment exhibition	Abbreviation	Location	Country	Quote	Consolidated since
Shanghai Baiwen Exhibition Co., Ltd.	BMC Baiwen	Shanghai	China	55.0	2005
Beijing BMC China Co., Ltd.	BMC China	Beijing	China	100.0	2005
Mass Holdings (HKG) Co., Ltd.	BMC Hongkong	Hongkong	China	100.0	2007 Q2
Shenzhen BMC Herong Exhibitions Co., Ltd.	BMC Herong	Shenzhen	China	70.0	2007 Q2
BMC – TBG Limited	BMC-TBG	Hongkong	China	51.0	2007 Q4
Guangzhou BMC Zhenwei International Exhibitions Co., Ltd.	BMC Zhenwei	Guangzhou	China	51.0	2006
Segment advertising media					
BMC Advertising Co., Ltd.	BMC Advertising	Beijing	China	100.0	2007 Q1
BMC Flying Dragon Advertising Co., Ltd.	BMC Flying Dragon	Beijing	China	51.0	2006
TC Gruppe GmbH Target Communications	TC Gruppe	Ludwigsburg	Germany	70.0	2007 Q1
BVW Media GmbH	BVW	Stuttgart	Germany	100.0	2006

Shortened segment information

Internally, the BMC is primarily lead by the operative segments "Exhibitions and Publications" (Abbr. Exhibitions), "Sourcing & IT" as well as "Advertising Media". The segment "AG" comprises the administrative tasks as well as the acquisition tasks and project development costs of the BMC AG and the BMC China.

The segment result is the equivalent of the EBIT (Earnings Before Interest and Taxes) prior to depreciation. Depreciation of long term assets is included in the first three months of 2007 in the corporate result of TEUR 64.9 and in the corporate profit and loss calculation under deductions. In the title row, the effects of the consolidation activities are displayed.

A breakdown of the turnover according to the location of the customer is not possible due to the business activities of the BMC Group. The main turnover occurs with Chinese customers, who form the majority of exhibitors at exhibitions in China or visit the exhibitions or rent advertising areas.

Primary segments

quarterly report 2008	AG	Exhibitions	Sourcing/IT	Advertising media	Sum of segments	Transition	Corporation
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
External turnover	2.9	53.5	0,0	3,203.3	3,259.7	0,0	3,259.7
Internal turnover	133.6	32.0	0,0	104.5	270.1	0,0	270.1
Segment turnover	136.5	85.5	0,0	3,307.8	3,529.8	0,0	3,529.8
Segment result	-871.7	-453.5	0,0	-1,096.9	-2,422.1	48.6	-2,373.5
Employees as of 31.3.2008	29	106	0,0	138	273	0	273
quarterly report 2007							
External turnover	2.9	16.6	0,0	1,975.8	1,995.3	0,0	1,995.3
Internal turnover	235.1	0.0	0,0	375.8	610.9	0,0	610.9
Segment turnover	238.0	16.6	0,0	2,351.6	2,606.2	0,0	2,606.2
Segment result	-834.0	-238.8	0,0	-1,418.5	-2,491.3	-389.4	-2,880.7
Employees as of 31.3.2007	10	82	0,0	119	211	0,0	211

Secondary segments

quarterly report 2008	China	Germany	Sum of segments	Transition	Corporation
	TEUR	TEUR	TEUR	TEUR	TEUR
External turnover	3,100.9	158.8	3,259.7	0.0	3,259.7
Internal turnover	270.1	0.0	270.1	0.0	270.1
Segment turnover	3,371.0	158.8	3,529.8	0.0	3,529.8
Segment result	-1,322.9	-1,099.2	-2,422.1	48.6	-2,373.5
Employees as of 31.3.2008	216	57	273	0	273
quarterly report 2007					
External turnover	1,958.3	37.0	1,995.3	0.0	1,995.3
Internal turnover	610.9	0.0	610.9	0.0	610.9
Segment turnover	2,569.2	37.0	2,606.2	0.0	2,606.2
Segment result	-1,441.0	-1,050.3	-2,491.3	-389.4	-2,880.7
Employees as of 31.3.2007	163	48	211	0.0	211

Significant differences between the consolidated accounts from December 31, 2007 and March 31, 2008

The capital assets have been increased by TEUR 287.5 to TEUR 14,846.6 since December 31, 2007.

Goodwill have been reduced in total by TEUR 82.2. The currency effect have been decreasing the goodwill by TEUR 249.0. In the opposite direction the adjustment of the goodwill of BMC Herong, not affecting net income, has influenced the goodwill by TEUR 166.8.

The reason for the reduction of other immaterial assets are especially the ordinary depreciation. The fixed assets and the financial assets increase by TEUR 491.0. Investments in fixed assets affecting payment have been made by TEUR 299.1. The increase of financial assets with an amount of TEUR 450.5 is the result of the acquisition of further 15 % shares of BMC Zhenwei (TEUR 220.0) and 51 % shares of BMC Skyflying Media (TEUR 230.5).

Long term receivables and assets increased with TEUR 161.9. The increase is essentially the result of the change of deferred income taxes by the Chinese companies. To calculate the deferred taxes of Chinese companies the tax rate 2008 about 25 % is considered. To calculate the domestic deferred taxes a tax rate of 30 % is considered.

The increase of inventory by TEUR 387.1 concern fully incomplete services of the TC Group.

Accounts receivable have been decreased by TEUR 890.5 since December 31, 2007. The allowance for bad debts have been increased with TEUR 217.8 during the first quarter 2008.

Other receivables and assets have increased by TEUR 462.1. The other receivables and assets contain particularly prepayments for rental of advertising panels and against minority shareholder of BMC Flying Dragon.

The changes in the cash and cash equivalents are visible from the shortened consolidated cash flow statement. The declared cash and cash equivalent as assets is allotted with TEUR 1,246.6 to Germany, with TEUR 72.9 to Hong Kong and with TEUR 4,404.8 to companies located on the Chinese mainland. The BMC AG had a surplus of TEUR 2,136.3 on March 31, 2008 at financial institutions where TEUR 500.0 thereof are bonded for an overdraft credit for the TC Group. The TC Group had bank debts on March 31, 2008 in the amount of TEUR 928.3, which were balanced in the frame of the consolidation with the respective surplus of the BMC AG at the same financial institution.

To change the consolidated equity, reference is made to the equity adaptation calculation.

The deferred income tax accruals are the result of identification of other immaterial assets within the scope of first consolidation. The increase of deferred income tax contains the not affecting net income adjustment of the first consolidation of BMC Herong because of changes in tax rates 2008.

The long term liabilities (TEUR 530.0) as at March, 31 2008 drop to the acquisition price obligation from the acquisition of the shares of BMC Hongkong.

The financial debt affects mainly a short term bank loan (TEUR 1,496.2) and loans from Mesago Holding GMBH including differentiated interests and charges (TEUR 2,593.4). Mesago Holding GmbH grants a credit line in total of TEUR 4,250.0

The trade liabilities have been decreased clearly with TEUR 560.6. The tax payables have been reduced obviously with TEUR 209.6 after TEUR 389.0 at year end 2007.

The other short term liabilities have increased by TEUR 1,952.9, particularly of the development of received prepayments.

Explanations of the changes of the profit situation

The basis of consolidation as at March 2008 contains ten subsidiaries. As at March 31, 2007 BMC Hongkong, BMC Herong and BMC - TBG were not part of the consolidation basis. The three companies are one subholding and two exhibition companies. The increase of the consolidation basis has no material impact for the comparison of the figures of the prior year, because the three companies have not made sales in the first quarter 2008.

The corporate deficiency for the first three month 2008 amounts to TEUR 2,179.8, corresponding to 2007 the prior year with TEUR 2,463.9. The constitution is shown in the following chart.

	2008 Q1	2007 Q1
	TEUR	TEUR
BMC AG	-842.4	-767.6
BMC Baiwen	-51.5	-81.8
BMC China	-122.0	-104.9
BVW	-0.6	-0.6
BMC Flying Dragon	-303.0	-322.8
BMC Advertising	-495.4	-667.7
BMC Hongkong	-17.6	0.0
BMC Herong	-108.8	0.0
TC Gruppe	-228.1	-172.1
BMC-TBG	-3.2	0.0
BMC Zhenwei	-60.0	48.5
	-2,232.6	-2,069.0
Eliminations	52.8	-394.9
	-2,179.8	-2,463.9

In view of further information reference is made to the remarks in the Corporate Interim Report.

Stuttgart, May 26, 2008

Business Media China AG

The Management

Klaus Michael Hilligardt

Arend Jan Rudolf van Eeden

Peter Saßmann

Li Yang Yang