

mwb
fairtrade

An abstract background image featuring a dense network of fiber optic cables. A large, semi-transparent circular overlay in shades of orange and purple is positioned on the left side, partially obscuring the cables. The cables themselves are illuminated with various colors, including green, yellow, and white, creating a bokeh effect in the background.

**Half-year
report 2008**

At a Glance

mwb Group	Half-year 2008	Half-year 2007	+/- in %
Comission result	3,190	2,207	+45
Trading result	5,403	3,750	+44
Personnel expenses	3,384	1,565	+116
Administrative expenses	5,371	3,127	+72
Profit from ordinary activities	779	2,106	-63
Net profit	394	1,946	-80
Balance sheet total	48,792	30,309	+61
Equity	31,584	20,631	+53
Earnings per share	€ 0.05	€ 0.39	-87
Number of employees	65	35	+86

Financial Calendar

Date	Topic	Place
10/23/2008	Publication of third quarter figures 2008	

The Company

mwb fairtrade Wertpapierhandelsbank AG
 Rottenbucher Straße 28 · 82166 Graefelfing
 Postfach 16 44 · D-82158 Graefelfing
 Phone +49 89 85852-0
 Fax +49 89 85852-505
 Internet www.mwbfairtrade.com
 Registered with the local Court of Munich,
 HRB 123 141, founded in 1993
 mwb stock code: 665610

Admitted for trading on the following exchanges

- Munich Stock Exchange
- Berlin Stock Exchange
- Frankfurt Stock Exchange
- Hamburg Stock Exchange
- Hannover Stock Exchange
- Duesseldorf Stock Exchange
- Stuttgart Stock Exchange

Member of the Bundesverband der Wertpapierfirmen an
 den deutschen Börsen e.V. (Federal Association of
 Securities Firms at German Stock Exchanges)



Contents	Page	Contents Financial Section	Page
Interim Consolidated Management Report		Consolidated Balance Sheet	9
1. The Economic and Stock Market Environment ...	4	Consolidated Profit and Loss Account	
2. Merger with FAIRTRADE FINANCE AG	4	Accumulated	10
3. The Business Year	5	Quarter-by-quarter comparison	11
4. Earnings	5	Statement of Changes in Equity	12
5. Financial Position	6	Consolidated Cash Flow	13
6. Other Information	6		
7. Outlook	6	Notes	
8. Risk Report	7	Notes to the consolidated half year	
		financial statements	14
		Merger with FAIRTRADE FINANCE AG, Hamburg	14
		Accounting and Valuation Policies	15
		Own Shares	15
		Earnings per share	15
		Segment Reporting	16
		Contingent and Other Liabilities	17
		Review Report	17
		Statement by the Legal Representatives	18



Interim Consolidated Management Report

1. The economic and stock market environment

The first half of 2008 continued to be dominated by the crisis on the international financial markets. Contrary to the expectations of many analysts, the major commercial banks in particular were forced to recognize further writeoffs. The situation took a dramatic turn in the United States, where the closure of the mortgage financier Indymac by the regulatory authorities marked the second-largest bank collapse in US history. It remains to be seen whether the two government-sponsored mortgage banks Fannie Mae and Freddie Mac will survive the crisis. The financial sector can generally be said to be experiencing the greatest crisis of confidence ever. As a consequence, the shares of just about every bank have lost value – not least because of information practices based on concealment rather than openness. Investors have been left profoundly shaken in the wake of these developments, and it will take considerable effort to regain their trust.

Decline in trading volume

Trying times on the capital markets provoked a massive decline in trading turnover during the first half of 2008. Particularly the near-panic flight of private investors out of their equities investments impacted order volume. According to initial estimates, the number of people in Germany investing in equities has fallen by one-third in one year. This decline was not due solely to the subprime crisis, but rather also to the extraordinary increase in commodities prices. The cost explosion took a particularly heavy toll on industrial and automotive companies, which saw their previous profit forecasts shredded. Consumer goods manufacturers faced similar woes, with consumers reigning in spending in light of serious inflationary fears.

mwb's share price performance

Unlike the DAX, which was down 20 % at the end of the first six months of this year, our share price performed relatively well. It bucked the trend – particularly among other financial

stocks – and was quoted at EUR 5.10 on June 30, 2008. This encouraging development was probably due to the merger with FAIRTRADE FINANCE AG, which ignited investor imagination.

2. Merger with FAIRTRADE FINANCE AG

As previously announced in November 2007, mwb Wertpapierhandelsbank and FAIRTRADE FINANCE AG merged with retroactive effect as of January 1, 2008. The Hamburg-based brokerage house – Germany's market leader for exchange-traded funds – rounds off mwb's service offering in many areas. The merger took place via an exchange of shares in order to minimize the impact on the liquidity of our Group. The capital increase needed to implement the merger was resolved on March 31, 2008 and was entered into the commercial register at the Munich local court on May 21, 2008. mwb then granted 2,989,269 shares to the shareholders of FAIRTRADE FINANCE AG. Of these shares, 2,491,000 stemmed from the capital increase and 498,269 were own shares acquired under a public buyback offer in November 2007 and on the stock exchange in the subsequent period. In return, the shareholders of FAIRTRADE FINANCE AG transferred their shares to mwb. The merger agreement was notarized on July 18, 2008.

Change of name to mwb fairtrade Wertpapierhandelsbank AG

At this year's General Shareholders' Meeting, held on July 28, 2008, the Company resolved to change its name to "mwb fairtrade Wertpapierhandelsbank AG" and to increase the size of the Supervisory Board to six members. With immediate effect, Dr. Thomas Ledermann (member of the Management Board of BöAG Börsen AG, Hamburg), Uwe Didwischus (Head of Corporate Services, Norddeutsche Landesbank) and Hagen-Christian Kümmel (Head of Securities Trading, Hamburger Sparkasse) will be joining the current members on the Supervisory Board, Dr. Ottheinz Jung-Senssfelder, Thomas Mayrhofer and Michael Wilhelm.

The three new members are proven stock exchange professionals and will be able to provide our Group with key momentum for the future.

Interim Consolidated Management Report

3. The business situation

Securities Trading

Securities Trading has gained in significance as a result of our merger with FAIRTRADE FINANCE AG. mwb fairtrade AG now manages a total of 4,901 equities, 2,225 open-ended investment funds and 4,505 fixed-income securities (bonds), traded chiefly on the Munich, Hamburg/Hanover and Frankfurt stock exchanges. The increased size of the Securities Trading division meant that 82 % of commission income and 93 % of trading profits were generated through order-book management. In the first six months of 2008, order-book management accounted for 89 % of the result from ordinary activities. This figure is even more remarkable given the fact that turnover in foreign equities have decreased by virtually half as compared to 2007. Thus, in light of the circumstances, mwb fairtrade AG has held up well.

Institutional Clients

The Institutional Clients division developed very differently, however. The financial crisis brought the capital markets business in Germany to a virtual standstill. Order execution on behalf of banks also slumped considerably. We added ARBOmedia AG as a new client in our Designated Sponsoring activities, where smaller stock corporations are provided support as they venture onto the capital market. This gain was counterbalanced by the loss of the clients ENRO AG and FloraEcoPower Holding AG. The results of the Institutional Sales segment were also below par. This segment will be managed in future entirely from our Hamburg location. In the end, only 8 % of the result from ordinary activities and only 11 % of commission income were attributable to the Institutional Clients division.

Private Clients

The heavy uncertainty on the part of investors also impacted the Private Clients business division. Our subsidiary, MWB Baden GmbH could win over hardly any new asset management clients in the first quarter of 2008. Total client assets

under management remained steady at EUR 38 million. MWB Baden thus contributed 3 % to the result from ordinary activities and 7 % to the Group's net commission income. The lower share of earnings year on year is due primarily to the increased size of the Securities Trading division. The remaining divisions shrunk in comparison to that division in terms of volume.

4. Earnings

Commission income and trading profits

Since FAIRTRADE FINANCE AG has been included in the consolidated financial statements for the first time in this report, a comparison with the first six months of 2007 will be of little informative value. However, it is a fact that despite the difficult market situation, commission income and trading profits have risen. In the first half of 2008, mwb fairtrade AG generated EUR 3,190 thousand in commission income (H1 2007: EUR 2,207 thousand). During the same period, trading profits rose by EUR 1,653 thousand to EUR 5,403 thousand, corresponding to 44 % growth.

General and administrative expenses

Any direct comparison with the prior-year period would be of little informative value in this area as well, primarily because the anticipated savings effects from the FAIRTRADE merger had yet to be felt in the first half of 2008. As expected, general and administrative expenses rose from EUR 4,693 thousand to EUR 8,755 thousand. This figure largely contained personnel expenses, which rose from EUR 1,565 thousand to EUR 3,384 thousand since the employee headcount nearly doubled. Other administrative expenses amounted to EUR 5,371 thousand, compared with EUR 3,127 thousand in the first half of 2007. This figure already contains one-off expenses incurred as part of the merger with FAIRTRADE.

Profits from ordinary activities

The slight loss of the first quarter of 2008 was regained over the second quarter. Nonetheless, at EUR 779 thousand, the current earnings figure for the first half of the year is significantly lower than the figure for June 30, 2007 (EUR 2,106

Interim Consolidated Management Report

thousand). As in the previous year, the profits from ordinary activities contain a dividend payment from XCOM AG, which amounted to EUR 533 thousand. mwb fairtrade AG holds a 12.4 % strategic interest in this IT company, which develops systems applications for financial service providers.

Net profit for the year

Net profit for the year fell year on year from EUR 1,946 thousand to EUR 394 thousand as of June 30, 2008, in line with the result from ordinary activities. Net profit was also lower due to the fact that FAIRTRADE FINANCE AG's income prior to the merger was subject to full taxation within the mwb Group.

5. Financial position

Equity

mwb fairtrade Wertpapierhandelsbank continued to have a solid equity base even after the merger. As of June 30, 2008, its equity was approximately EUR 31.6 million, compared with EUR 17.5 million at the end of 2007.

Liquidity

mwb's excellent liquidity was further improved by the merger with FAIRTRADE. On June 30, 2008, the balance of receivables from and liabilities to banks was EUR 17.5 million, as compared to EUR 7.1 million at the end of 2007.

Total assets

Total assets increased by the EUR 7.2 million in goodwill arising from the FAIRTRADE transaction (see "Equity"). At the end of the first half of the year, total assets thus amounted to EUR 48.8 million, as compared to EUR 22.5 million on December 31, 2007.

6. Other information

For information regarding the legal and organizational structure of mwb fairtrade Wertpapierhandelsbank AG, the key features of Managing Board and Supervisory Board remuneration and disclosures in accordance with § 315 (4) of the German Commercial Code (Handelsgesetzbuch, "HGB"), please refer to the 2007 consolidated financial statements.

7. Outlook

The assessments made in the following are all based on the information available to us at the current time. This also applies to the risks portrayed in the risk report.

mwb fairtrade Wertpapierhandelsbank faces a particular challenge over the coming months. First, it must bring together mwb AG and FAIRTRADE FINANCE AG as a unified whole. This task is not merely a matter of leveraging synergies and cost advantages – for example by using company-wide electronic trading systems – but also of creating a shared corporate culture. From an organizational standpoint, the merger has already gained much ground. Going forward, the operating activities will be managed from both the Gräfel-fing and Hamburg offices, while administrative functions, such as bookkeeping, risk management, human resources and investor relations, will remain at headquarters near Munich. In addition, we intend to expand our Frankfurt offices. If we are admitted as orderbook managers on the Frankfurt Stock Exchange as part of its funds trading reorganization, Frankfurt will gain significance as our third location.

The next step to follow will be the strategic development of our three business divisions. Particularly for our capital markets activities, given the current situation we must test new strategies in order to continue to reap the rewards from past successes. However, this business division exemplifies the extent to which we are at the mercy of the markets, despite our efforts. We expect the financial crisis to last into the coming year, and we expect that high commodities prices will weigh down the companies profits. It is therefore nearly impossible to provide a forecast for the second half of 2008. However, we are moderately encouraged by the fact that the DAX and other indices are tracking sideways, despite the unfavorable circumstances.

8. Risk Management Report

Corporate strategy

All of our company's resources and activities are geared to sustainably securing our success. Therefore all of the decisions concerning mwb's business policy are taken under strict observance of the income to risk ratio.

Our risk management focuses on the top-level corporate tar-

Interim Consolidated Management Report

gets of securing the assets entrusted to us and increasing our enterprise value based on the conscious management of entrepreneurial risks. Our strong equity ratio, the integrated risk management system, a real proximity to the market, and our thorough knowledge of risk allows us to operate flexibly across our divisions and to deal innovatively with the challenges of the future. In the strategic management of our company, monetary aspects play a major role as do non-financial indicators such as process efficiency, increasing transparency, the best possible support for our customers, employee satisfaction, and bolstering the position of securities companies in general.

mwb fairtrade Wertpapierhandelsbank AG's group management which was extended by the former FAIRTRADE FINANCE AG board members following the merger at the beginning of August is engaged in a constructive, ongoing exchange with the managing directors of MWB Baden GmbH with regard to the company's economic progress. Strategic decisions in relation to preserving the company's continued existence are made jointly.

Risk strategy

The aim of our risk strategy is to safeguard our corporate targets by taking suitable measures against disruptive events. As part of its value-oriented group management scheme, the company has established an end-to-end risk management system to identify risks and to optimize risk positions. The company's risk control is structured in a way that emphasizes the prevention of unavoidable risks. We consistently review whether our risk policy provisions are sufficient to perceptibly reduce potential dangers. Further measures are then taken if necessary to reduce the risk.

In implementing the requirements resulting from the so-called MaRisk (Minimum Risk Management Requirements), mwb has, as part of its business strategy, created an end-to-end concept for its ability to bear risks. This entails - in addition to defining the risk-coverage assets, the maximum loss threshold for the entire bank, and the determination of the risk potential – a comparison of the aggregate risk potential with the maximum loss threshold. As a result of the risks entered into in the divisions operated by the company, mwb takes a conservative approach in structuring its ability to bear risks. The company has therefore stipulated that the maximum risk at the close of each business day must not exceed

20 % of the available risk-coverage assets. The remainder is available as a risk buffer. In addition to market price risks from equities, fixed-income securities, and option transactions, the company has included operating risks as material risks for mwb in its concept for its ability to bear risks. mwb calculates the risk potential that exists for these risks on a daily basis, whereby the company uses the basic indicator approach pursuant to Sections 270 and 271 of the [German] Solvability Directive (SolvV) for calculating operating risk. In ascertaining whether it is able to bear risks, mwb compares, on a daily basis, the aggregate risk potential to the maximum loss threshold set by the Managing Board. If this ratio is less than 100 %, the ability to bear risks is ensured.

Risk management is managed centrally for all branches of mwb fair-trade Wertpapierhandelsbank AG from the company's headquarters in Gräfelfing. It is also subjected to an annual audit by our auditors to determine if it complies with the requirements of the [German] Act on Control and Transparency in Business (KonTraG).

MWB Baden GmbH is included in this risk control, although risks arising directly from transactions with its clients are being monitored directly by MWB Baden GmbH.

Internal audit

In order to ensure an efficient internal auditing given the company's relatively small size, the Managing Board of mwb fairtrade Wertpapierhandelsbank AG has outsourced its internal auditing to a firm of auditors. The audits focus primarily on the areas of investment and transaction brokering, proprietary trading, liquidity control, accounting, data processing, human resources, required reporting, compliance, money laundering, minimum requirements for the operating of trading activities, risk management, and earnings control. Operating processes that are subject to particular risk are audited annually, other operating processes every three years.

Internal auditing at MWB Baden GmbH is conducted directly by the managing directors of MWB Baden GmbH in Offenburg.

Risk control

Effective risk control necessitates an independent identification of the risks entered into, which must be reviewed separate from trading activities.

Interim Consolidated Management Report

To this end, the company has appointed a risk manager who is not connected with trading activities. The risk manager's tasks include identifying, analyzing, and evaluating risks, and especially sensitizing employees to risk recognition and avoidance. The risk manager also monitors adherence to large loan limits and the company's internal guidelines for risk avoidance, thereby continually developing methods and systems to manage risk. The basis for dealing continually and systematically with risks is found in the guidelines and decisions on risk tolerance prepared by the Managing Board, which are derived from the risk strategy and risk policy and geared to the company's capitalization and liquidity.

Given the company's large number of transactions, an efficient risk control is dependent on a highly developed computer system. For this reason, the company makes use of the innovative applications created by XCOM AG, a software company specializing in solutions for financial services providers and banks in which mwb holds a participating interest.

Via XCOM AG, the company calculates, on a daily basis, risk assets, net equities positions and counterparty default items, liable equity and allocable equity. Any amounts in excess of the large loan limits are also monitored several times per day, as are the total and individual items from name-to-follow transactions (Aufgabengeschäfte) and the unrealized profits and losses associated with this. In addition, monthly in-depth evaluations of market risk items and foreign currency risk are prepared. Finally, the liquidity status is ascertained daily by compiling the available funds and the monthly calculation of the liquidity ratio.

As part of its management-related monitoring, the Managing Board also reviews the income and expenses from the company's core business on a daily basis. After subjecting the monthly figures to a feasibility check, the CFO then issues a written, monthly opinion on general growth, select P&L items, and the liquidity situation. The report is circulated amongst the members of the Managing Board and is presented to the members of the Supervisory Board for their perusal.

In the area of operational risks – which can arise from work-flows, persons, technology, or external events – existing risks are consistently being reduced by a multi-faceted, cause-related risk management system.

It is also extremely important to the company to keep abreast of any changes to the stock-market environment, to investor behaviour, and to any statutory modifications, and to do so at the earliest time possible. The company takes part in Germany's most important investor fairs several times a year. This not only provides the company with the opportunity to generate important contacts, but it also enables it to acquire vital information on the mood of investors and to inform itself on any changes in investor behaviour.

Descriptions of the individual risks are found in the Annual Report of December 31, 2007.

Gräfelfing, Juli 2008
The Managing Board

Consolidated Balance Sheet according to International Financial Reporting Standards

as of June 30, 2008

Assets

	06/30/2008 EUR	12/31/2007 EUR
Cash reserve	2,850.36	2,345.58
Receivables from banks	27,806,406.20	9,619,020.55
Assets held for dealing purposes	3,315,656.09	4,769,111.77
Financial assets	2,805,552.00	4,217,970.20
Intangible assets	9,809,057.11	204,732.81
Property, plant and equipment	726,514.20	404,783.00
Income tax assets	2,461,061.02	2,422,905.50
Other assets	1,865,208.07	906,986.11
Total assets	48,792,305.05	22,547,855.52

Liabilities

	06/30/2008 EUR	12/31/2007 EUR
Liabilities to banks	10,294,953.72	2,524,777.82
Liabilities from dealing activities	1,385,766.45	23,511.04
Provisions	0.00	0.00
Income tax liabilities	2,085,992.84	96,271.77
Other liabilities	3,441,402.39	2,361,583.17
Equity	31,584,189.65	17,541,711.72
Subscribed capital	7,473,700.00	4,982,700.00
Capital reserves	12,639,464.58	3,945,101.02
Retained earnings	9,020,144.33	10,588,843.39
Revaluation surplus	-28,557.38	-4,297.51
Depreciation of own shares	-2,027,708.86	-4,515,505.27
Unappropriated profit	4,276,305.35	2,328,192.78
Minority interest	230,841.63	216,677.31
Total liabilities and equity	48,792,305.05	22,547,855.52

Consolidated Profit and Loss Account according to International Financial Reporting Standards

for the Period from Januar 1 to June 30, 2008

	01/01/ – 06/30/2008 EUR	01/01/ – 06/30/2007 EUR
Interest income	336,359.80	313,450.47
Interest expenses	-8,102.96	-6,744.17
Net interest income	328,256.84	306,706.30
Commission income	3,896,382.04	3,492,409.51
Commission expenses	-706,789.08	-1,285,674.36
Net commission income	3,189,592.96	2,206,735.15
Trading income	23,662,051.75	8,041,872.73
Trading expenses	-18,259,376.09	-4,291,454.13
Trading profit	5,402,675.66	3,750,418.60
Net income from financial assets	533,058.70	478,602.00
Administrative expenses	-8,754,979.57	-4,692,959.64
Balance of other income / expenses	80,458.72	56,173.92
Profit from ordinary activities	779,063.31	2,105,676.33
Income taxes on profit from ordinary activities	-385,485.48	-159,408.13
Net profit	393,577.83	1,946,268.20
Minority interest of net profit	-14,164.32	-21,832.54
Net profit without minority interest	379,413.51	1,924,435.66
Profit carried forward from previous year	2,328,192.78	3,201,665.98
Withdrawal from capital reserves	0.00	0.00
Transfer to retained earnings	1,568,699.06	-159,812.43
Unappropriated profit	4,276,305.35	4,966,289.21
Earnings per share		
Diluted earnings per share	0.05	0.39
Basic earnings per share	0.05	0.39

Consolidated Profit and Loss Account according to International Financial Reporting Standards

Quarter-by-quarter comparison

	2nd Quarter 2008 EUR	2nd Quarter 2007 EUR
Interest income	258,165.39	173,413.49
Interest expenses	-7,561.72	-782.40
Net interest income	250,603.67	172,631.09
Commission income	2,773,218.18	1,873,939.57
Commission expenses	-395,278.30	-663,601.17
Net commission income	2,377,939.88	1,210,338.40
Trading income	19,067,637.03	3,828,677.71
Trading expenses	-14,821,073.49	-2,331,450.43
Trading profit	4,246,563.54	1,497,227.28
Net income from financial assets	533,058.70	478,602.00
Administrative expenses	-6,433,295.51	-2,400,493.60
Balance of other income / expenses	59,460.47	38,594.88
Profit from ordinary activities	1,034,330.75	996,900.05
Income taxes on profit from ordinary activities	-428,868.17	-94,214.17
Net profit	605,462.58	902,685.88
Minority interest of net profit	-3,986.35	-1,395.16
Net profit without minority interest	601,476.23	901,290.72
Profit carried forward from previous year	0.00	0.00
Transfer to retained earnings	1,651,574.08	-3,667.09
Unappropriated profit	2,253,050.31	897,623.63

Statement of Changes in Equity

for the Period from Januar 1 to June 30, 2008

	2008 TEUR	2007 TEUR
Equity as of January 1	17,542	18,753
Subscribed capital		
As of January 1	4,983	4,983
Change	2,491	0
As of June 30	7,474	4,983
Capital reserves		
As of January 1	3,945	3,945
Change	8.694	0
As of June 30	12.639	3,945
Retained earnings		
As of January 1	10,589	8,587
Change	-1,569	160
As of June 30	9,020	8,747
Revaluation surplus		
As of January 1	-4	-10
Change	-25	1
As of June 30	-29	-9
Own shares		
Stand 1. Januar	-4,516	-2,128
Veränderung	2,489	-68
Stand 30. Juni	-2,027	-2,196
Consolidated profit		
As of January 1	2,328	3,202
Change	1,948	1,764
As of June 30	4,276	4,966
Minority interest		
As of January 1	217	175
Change	14	21
As of June 30	231	196
Equity as of June 30	31,584	20,631

Consolidated Cash Flow

for the Period from Januar 1 to June 30, 2008

	01/01/-06/30/2008 TEUR	01/01/-06/30/2007 TEUR
Consolidated net profit	379	1,924
Adjustment to the reconciliation of the consolidated net profit to the cash flow from operating activities		
Depreciation, write-downs and write-ups on receivables, intangible assets, property, plant and equipment and financial assets	303	119
Loss from disposal of financial assets	57	0
Loss from disposal of intangible assets	4	0
Change in minority interest	14	21
Other adjustments (balance)	2,664	-434
	3,421	1,630
Change in assets and liabilities from operating activities		
Change in receivables from customers	-46	-33
Change in trading position	2,816	-1,671
Change in other assets from operating activities	-950	-272
Change in other liabilities from operating activities	3,069	-321
Interest received	399	403
Interest paid	-20	-114
Received income tax	-918	-364
Cash flow from operating activities	7,771	-742
Proceeds from disposal of financial assets	1,500	0
Proceeds from disposals of property, plant and equipment	60	0
Investments in property, plant and equipment	2	0
Investment in tangible fixed assets	-9,764	-2
Investment in financial assets	-526	-45
Change in cash flow from other investing activities	-158	-22
	533	479
Cash flow from investing activities	-8,353	410
Net-change in purchases and sales of own shares	-185	-59
Earnings from capital increase	11.185	0
Cash flow from financing activities	11,000	-59
Change in cash and cash equivalents	10,418	-391
Cash and cash equivalents at beginning of the period	3,096	8,056
Cash flow from operating activities	7,771	-742
Cash flow from investing activities	-8,353	410
Cash flow from financing activities	11,000	-59
Cash and cash equivalents at end of period	13,514	7,665

Notes

Notes to the consolidated half year financial statements

The mwb Group has prepared its consolidated financial statements as of June 30, 2008 in accordance with the International Financial Reporting Standards (IFRS) set forth by the International Accounting Standards Board (IASB) in order to provide its shareholders and all interested parties with an internationally comparable basis for evaluating the mwb Group and its profitability, and at the same time to meet Deutsche Börse AG's requirements for the Prime Standard market segment. The interim report meets the requirements of IAS 34.8 and IAS 34.11 for quarterly financial statements.

Merger with FAIRTRADE FINANCE AG, Hamburg

mwb Wertpapierhandelsbank AG, Gräfelfing, and FAIRTRADE FINANCE AG, Hamburg, agreed a merger between the two companies at the end of last year. The corresponding contribution agreement, stipulating the transfer of all shares of FAIRTRADE FINANCE AG to mwb Wertpapierhandelsbank AG, was signed on March 31, 2008. Following the signature of the contribution agreement, the Managing Board and Supervisory Board of mwb Wertpapierhandelsbank AG resolved to increase the share capital of mwb Wertpapierhandelsbank AG to EUR 7,473,700 by issuing 2,491,000 no-par bearer

shares with each share representing a notional interest in the share capital of EUR 1.00. Subscription rights were granted exclusively to the shareholders of FAIRTRADE FINANCE AG, who also received an additional 498,269 own shares of mwb Wertpapierhandelsbank AG. The capital increase was entered into the commercial register on May 21, 2008. In August, FAIRTRADE FINANCE AG was merged into mwb Wertpapierhandelsbank AG.

The shares of FAIRTRADE FINANCE AG were contributed with retroactive effect as of January 1, 2008. Accordingly, FAIRTRADE FINANCE AG was included in the consolidated financial statements of mwb Wertpapierhandelsbank AG for the first time as of that date. FAIRTRADE FINANCE AG has recorded EUR 5.06 million in current earnings since the date of first-time consolidation. The consolidated net profit for the first half of 2008 includes EUR 0.50 million in profit attributable to FAIRTRADE FINANCE AG.

Due to the fact that the merger has only recently been implemented, the fair values of the assets and liabilities acquired have yet to be determined conclusively. The fair values of the assets and liabilities acquired – determined on a provisional basis as of the acquisition date in accordance with IFRS 3.62 – as well as their carrying amounts directly preceding the merger can be broken down as follows:

	Carrying amounts Mio. EUR	Adjustment Mio. EUR	Fair values Mio. EUR
Noncurrent assets	0.59	6.20	6.79
Admissions as orderbook managers	–	4.25	4.25
Software (fund tool)	0.13	1.95	2.08
Property, plant and equipment and other intangible assets	0.46	–	0.46
Current assets	9.29	0.02	9.31
Other current assets	9.29	0.02	9.31
Total assets acquired	9.88	6.22	16.10
Current liabilities	2.69	–	2.69
Other current liabilities	2.69	–	2.69
Total net assets	7.19	6.22	13.41

The acquisition cost of the company acquired amounts to EUR 14.65 million. This figure includes ancillary acquisition costs totaling EUR 0.06 million. The purchase price is calculated as the amount of mwb Wertpapierhandelsbank AG shares used in

the merger, multiplied by the share price on the date the capital increase was entered into the commercial register. The acquisition resulted in EUR 3.25 million in goodwill net of deferred taxes.

Notes

	in Mio. EUR
mwb Wertpapierhandelsbank AG shares used	2,989.269
Share price of mwb Wertpapierhandelsbank AG as of May 21, 2008 (in EUR)	4.88
Purchase price	14.59
Ancillary acquisition costs	0.06
Total acquisition costs	14.65
Fair value of assets acquired	13.41
Deferred taxes	2.01
Goodwill	3.25

The goodwill remaining after the purchase price allocation is attributable to various factors, in particular synergies, but also the value attributable to the employee base of the division acquired. As a result of this transaction, mwb fairtrade Wertpapierhandelsbank AG gained access to the Hamburg and Hanover stock exchanges and was thus admitted to all German exchanges as well as orderbook manager at five of the seven securities exchanges. This makes it a highly profitable securities trading bank with an economically optimal operating size. The merger has put mwb fairtrade Wertpapierhandelsbank AG in an excellent position to leverage the high expected level of potential for exchange-traded open-ended investment funds.

Accounting policies

The single-entity financial statements of the companies included in consolidation are prepared in accordance with uniform accounting policies and included in the consolidated financial statements of mwb fairtrade Wertpapierhandelsbank AG. The consolidated financial statements as of June 30, 2008 include the parent, mwb fairtrade Wertpapierhandelsbank AG, as well as its fully owned subsidiaries FAIRTRADE FINANCE AG and MWB Wertpapierhandelsbank GmbH and the 60 % interest in MWB Baden GmbH. The accounting, valuation and disclosure methods have been consistently applied by us in accordance with the IFRS Framework. The same accounting policies were applied in these semi-annual financial statements as in our annual financial statements prepared in accordance with IFRS as of December 31, 2007. In particular, all of our trading assets were recognized in the balance sheet at fair value and own shares were deducted from equity in accordance with IAS 32.33.

Own shares

We held no own shares in our Treasury as of the balance sheet date. In the first half of 2008 a total of 40,553 shares was purchased and 2,000 shares were sold. The average purchase price was EUR 4.78 and the average selling price was EUR 4.71.

Earnings per share

The basic earnings per share, which was the same as the diluted EPS, was EUR 0.05 as of June 30, 2008 (previous year: EUR 0.39).

Segment Reporting

as of June 30, 2008

	06/30/2008 TEUR	06/30/2007 TEUR
Securities Trading		
Net interest income		
Net commission income	2,617	1,337
Trading profit	5,027	3,382
Net income from financial assets	0	0
Personnel expenses	2,595	1,188
Other administrative expenses	4,563	2,476
scheduled depreciation of property, plant and equipment and intangible assets	271	75
Balance of other operating income / expenses	0	0
Profit from ordinary activities	486	1,055
Assets	49,693	24,386
Institutional Clients		
Net interest income		
Net commission income	347	587
Trading profit	279	137
Net income from financial assets	0	0
Personnel expenses	646	244
Other administrative expenses	732	475
scheduled depreciation of property, plant and equipment and intangible assets	29	17
Balance of other operating income / expenses	0	0
Profit from ordinary activities	-752	5
Assets	6,157	5,462
Private Clients		
Net interest income	30	19
Net commission income	226	282
Trading profit	0	0
Net income from financial assets	0	0
Personnel expenses	124	124
Other administrative expenses	77	81
scheduled depreciation of property, plant and equipment and intangible assets	3	2
Balance of other operating income / expenses	9	1
Profit from ordinary activities	64	97
Assets	1,460	1,352
Consolidation / Other		
Net interest income	298	288
Net commission income	0	0
Trading profit	97	231
Net income from financial assets	533	479
Personnel expenses	19	9
Other administrative expenses	-1	95
scheduled depreciation of property, plant and equipment and intangible assets	0	0
Balance of other operating income / expenses	71	55
Profit from ordinary activities	981	949
Assets	-8,518	-891
Group		
Net interest income	328	307
Net commission income	3,190	2,206
Trading profit	5,403	3,750
Net income from financial assets	533	479
Personnel expenses	3,384	1,565
Other administrative expenses	5,371	3,127
scheduled depreciation of property, plant and equipment and intangible assets	303	94
Balance of other operating income / expenses	80	56
Profit from ordinary activities	779	2,106
Assets	48,792	30,309

Notes

Contingent liabilities and other commitments

mwb fairtrade Wertpapierhandelsbank AG has concluded that the potential claim of the Compensatory Fund of Securities Trading Companies (Entschädigungseinrichtung für Wertpapierhandelsunternehmen, "EDW") against mwb fairtrade Wertpapierhandelsbank AG in the Phoenix insolvency and compensation proceedings did not meet the requirements for the recognition of a provision in accordance with IAS 37.14. We refer here to our discussion of this in the consolidated financial statements as of December 31, 2007.

There were no other financial commitments as of the balance sheet date.

Review report

To mwb fairtrade Wertpapierhandelsbank AG

We have reviewed the condensed interim consolidated financial statements of the mwb fairtrade Wertpapierhandelsbank AG – comprising the condensed balance sheet, the condensed income statement, condensed cash flow statement, condensed statement of changes in equity and selected explanatory notes – together with the interim group management report of the mwb fairtrade Wertpapierhandelsbank AG, for the period from January 1 to June 30, 2008 that are part of the semi annual financial report according to § 37 w WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated

by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, August 25, 2008

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



Elmar Schobel
Wirtschaftsprüfer



Andreas Öttl
Wirtschaftsprüfer

Notes

Responsibility Statement

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year."

Gräfelfing, August 2008

The Managing Board



mwb fairtrade Wertpapierhandelsbank AG
Rottenbucher Straße 28 · 82166 Gräfelfing
Postfach 16 44 · 82158 Gräfelfing
Phone +49 89 85852-0 · Fax +49 89 85852-505

www.mwbfairtrade.com