



**Financial Reporting
for the 1st Quarter 2007**

/ BAADER /

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Interim Group Management Report

1. Business and market environment

Despite the downturn at the end of February, the German indices recorded above-average price gains in the period under review. Investors in DAX stocks made average gains of just under 5%, while MDAX, SDAX and TecDAX investments generated returns of 8.5%, 10% and 13% respectively. This means that the German equity markets outperformed most of the other global stock exchanges. For example, the DJ STOXX 50, the leading European index, rose by 1% compared with the end of 2006, while the NIKKEI 225 in Japan remained unchanged as against the end of the previous year after adjustment for currency effects. The U.S. indices lost ground on a currency-adjusted basis due to concerns over the real estate crisis: the NASDAQ 100 fell by half a percentage point, while the Dow Jones Industrial Average slipped by more than 2%.

Early 2007 on the stock exchanges saw a total of eight IPOs with a combined issuing volume of EUR 268 million. The climate for IPOs is expected to remain positive over the coming months thanks to the favourable capital market environment.

In the first quarter of 2007, Baader Wertpapierhandelsbank AG accompanied the IPO of ARISTON Real Estate AG, which had an issuing volume of EUR 24.3 million. It also implemented five capital measures with a total volume of EUR 81.7 million.

As previously announced, Baader Wertpapierhandelsbank AG intends to further expand its interests in India. The Company will increase its stake in Parsoli Corporation Ltd., Mumbai, which currently amounts to 24.9%. To this end, it has made an advance payment for a convertible bond issued by Parsoli. Baader Wertpapierhandelsbank AG is aiming to achieve an equity interest of around 40%.

The receivables reported in the 2006 consolidated financial statements primarily relate to a receivable from SPAG St. Petersburg Immobilien und Beteiligungen AG in the form of an equity repayment claim against the company on the basis of a resolution by the Annual General Meeting of SPAG. As planned, this receivable was settled in March.

2. Results of operations

At EUR 11,813 thousand, the Group's profit from ordinary activities for the first quarter of 2007 was lower than that recorded in the same period of the previous year (EUR 18,218 thousand). However, the two key components of operating profit, namely net fee and commission income and net trading income, increased slightly year-on-year to total EUR 30,814 thousand compared with EUR 30,052 thousand in the previous year. Net interest income also improved. However, the prior-period figures were positively impacted by gains on the disposal of available-for-sale financial instruments in particular. The non-recurrence of this extraordinary effect, together with higher administrative expenses, means that the profit from ordinary activities for the first quarter of the current financial year is lower than in the previous year; however, this still constitutes a highly satisfactory result.

After taxes in the amount of EUR 3,071 thousand and minority interests of EUR 113 thousand, the consolidated net profit for the period amounted to EUR 8,629 thousand (previous year: EUR 13,267 thousand). Based on an average of 45.5 million shares outstanding, this corresponds to earnings per share of EUR 0.19 compared with EUR 0.30 in the same period of the previous year.

The increase in administrative expenses is directly attributable to the growth in the Company's workforce, which was expanded by approximately 40 employees. This is reflected in the increase in staff costs to EUR 12,470 (previous year: EUR 11,215 thousand), as well as the rise in non-labour operating costs to EUR 6,233 thousand (previous year: EUR 4,443 thousand). The intensification of the Group's activities in business areas that will only become profitable in future, such as foreign markets, MiFIS and alternative investments, and the resulting expansion of the Group will serve to increase the demands on staff capacities and workplace equipment.

3. Net assets

Net assets increased by 8.4% to EUR 268,456 thousand as of 31 March 2007, compared with EUR 247,589 thousand as of 31 December 2006. This is primarily due to the increase in loans and advances to other banks, which was driven by the reduction in assets held for trading, incoming payments on loans and advances to customers and trust assets relating to the settlement of capital measures for third parties. The sharp increase in other liabilities is also attributable to the latter of these factors. Deferred tax assets declined as a result of the partial utilisation of tax loss carryforwards.

The shareholders' equity of the Group amounted to EUR 161,742 thousand as of 31 March 2007 (31 December 2006: EUR 152,626 thousand), corresponding to an equity ratio of 60.2%. The increase in shareholders' equity is primarily due to the results recorded in the first three months of the current financial year.

4. Financial position

At 31 March 2007, short-term loans and advances to other banks and available-for-sale marketable securities in the amount of EUR 145,008 thousand were offset by current liabilities to other banks of EUR 55,636 thousand, resulting in a net liquidity surplus of EUR 89,372 thousand. The Group's liquidity was secured at all times during the period under review.

5. Risk report

Risk types

Our risk management activities take into account the following four risk types:

- In the area of default risk, a distinction is made between the counterparty and issuer risk that is inherent to the Group's trading activities, traditional credit risk, investment risk and country risk.
- Market risk is the risk of a fluctuation in the value of a given item due to changes in market prices, e.g. share prices, exchange rates, interest rates and volatility. By contrast, raw material price risk is not a relevant form of market risk for the Group.
- Liquidity risks may arise in the event of a lack of liquidity preventing us from meeting our payment obligations as they fall due.
- Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events; this also includes legal risks.

As a Bank, we are increasingly exposed to reputational risk which could negatively affect public confidence in us. We are also exposed to a general business risk due to changes in conditions, particularly on the stock markets.

Default risk

Within the Group, lending business as defined by section 1 (1) no. 2 of the German Banking Act is performed exclusively by Baader Service Bank GmbH. This guarantees customers a low volume of (non-genuine) loans against collateral in listed securities, the lending value of which is set at an extremely conservative level. Credit risk is managed on a decentralised basis and can generally be classified as low. The following table shows the Group's credit exposures as of 31 March 2007:

	Irrevocable loan commitments in EUR millions	Drawdowns in EUR millions	Contingent liabilities – unutilised loan commitments in EUR millions	Overdue by 90 days or more as % of total exposure
Private customers	0.57	0.06	0.51	0.00%
Corporate customers	4.30	0.98	3.32	0.00%

In the course of its lending activities, the Group only enters into money market transactions with banks with a term of less than one year. Money market facilities are available for such transactions on the basis of credit checks resulting in corresponding lending decisions.

The activities performed by the Group's subsidiaries mean that they are not exposed to any additional material credit risk. Accordingly, all of the credit risks described below relate to Baader Wertpapierhandelsbank AG.

As a matter of principle, all of the Bank's securities transactions are settled on a delivery versus payment basis and regulated by our settlement banks. Consequently, any counterparty risk arising from our trading activities is negligible. In addition, the Bank does not hold any positions in derivative financial instruments that could result in a relevant replacement risk. The only exception to this is the settlement and brokerage of promissory note loan transactions: the payment and real settlement of these transactions do not occur concurrently, meaning that, in this case, Baader is subject to counterparty risk in the sense of an advance payment risk. At the reporting date, this advance payment risk amounted to approximately EUR 0.40 million in accordance with Principle I.

Issuer limits must be complied with during the course of the day, and are designed in such a way as to ensure that regulatory limits on large loans cannot be exceeded. The largest individual exposures in the Bank's trading book are all realisable at short notice.

The positions with an inherent country risk at year-end are essentially negligible and are all realisable at short notice.

Market risk

Market risk is the risk of a fluctuation in the value of a given item due to changes in market prices, e.g. share prices, exchange rates, interest rates and volatility.

In the past year, only Baader Wertpapierhandelsbank AG and, to an extremely limited extent, Baader Service Bank GmbH were exposed to market price risk. At the end of the quarter, the Bank had risk positions with the following market values in EUR millions:

CASH MARKET		FORWARD MARKET	
EQUITIES	24.45	OPTIONS	0.09
BONDS	6.84	FUTURES	-3.49
FUNDS, INDEX- AND FUNDS-LINKED CERTIFICATES	16.90	SWAPS	6.58
SECURITISED DERIVATIVES	1.06		

Market risk is measured using a value-at-risk (VaR) model based on Monte Carlo simulations, applying a one-day holding period and a confidence level of 99%. The input risk parameters are determined using a variance-covariance matrix based on the Bank's own historical summaries, which are exponentially weighted. VaR and limit utilisation are calculated both overnight and throughout the day.

The following VaR values were calculated in previous years (in EUR million):

Value-at-risk of the trading segments	2001	2002	2003	2004	2005	2006	2007 Q1
VaR at the end of the period	0,34	0,73	0,65	0,74	0,83	0,78	0,95
Minimum VaR	0,31	0,19	0,41	0,70	0,51	0,68	0,73
Maximum VaR	4,90	1,10	1,48	1,73	1,46	2,84	1,83
Average VaR	1,26	0,40	1,12	1,04	0,84	1,19	1,01

The internal model for measuring market risk positions as described above is not used for regulatory notification purposes. The overall capital ratio of the Baader Group in accordance with Principle I increased slightly as against the previous quarter, amounting to 42.2% at the reporting date. The capital ratio of Baader Wertpapierhandelsbank AG fell slightly to 32.0%.

Liquidity risk

The Bank's medium- to long-term liquidity surplus is calculated regularly and is used to manage excess liquidity, as well as forming the basis for investment decisions.

The liquidity ratio of Baader Wertpapierhandelsbank AG in accordance with Principle II, which represents the ratio of cash and cash equivalents to payment obligations, decreased significantly as against the previous quarter due to payment obligations from the Bank's issuing business, amounting to 3.9% at the reporting date.

6. Outlook

Baader Wertpapierhandelsbank AG expects to record further revenue growth due to the positive mood on the capital markets and the favourable economic prospects in Germany. This will be reflected in net fee and commission income in particular.

The MiFIS division will allow Baader Wertpapierhandelsbank AG to offer MiFID-compliant services to small and medium-sized enterprises from the third quarter of 2007 onwards, thus generating an additional order flow for the Group. Baader Wertpapierhandelsbank AG expects capital market services to make an increased contribution to earnings due to the strong degree of capital market acceptance enjoyed by new stock exchange participants.

The Group is likely to be able to slow down the increase in administrative expenses in the second half of the year due to the fact that it appointed additional employees at an early stage in response to the increased demands of the expansion into new business areas, the integration of subsidiaries and the heightened regulatory and statutory requirements imposed by the EU and German legislators and the rules and regulations of the Frankfurt Stock Exchange.

Baader Wertpapierhandelsbank AG is well positioned in its core business areas and is forecasting a further increase in operating income on the basis of the conditions described above.

Unterschleissheim, 25 April 2007
Baader Wertpapierhandelsbank AG
Board of Directors

Uto Baader

Dieter Brichmann

Stefan Hock

Christopher Schütz

Dieter Silmen

Consolidated Balance Sheet (short form)
March 31, 2007

ASSETS	Notes	31 Mar. 2007	31 Dec. 2006
		€	€ thousands
1. Cash reserve	(3)	21,277.74	485
2. Loans and advances to other banks	(4)	100,119,327.72	63,439
3. Loans and advances to customers	(4)	3,607,957.72	13,056
4. Allowance for losses on loans and advances	(4)	-61,982.99	-110
5. Assets held for trading	(5)	37,347,761.07	49,013
6. Available-for-sale financial instruments	(6)	22,944,223.79	23,268
7. Equity-accounted investments	(7)	13,275,889.12	11,789
8. Property and equipment	(8)	21,337,007.91	21,498
9. Intangible assets	(9)	16,168,900.37	17,412
10. Goodwill	(9)	4,159,567.63	4,160
11. Income tax assets	(10)	11,736,930.85	11,627
12. Other assets	(11)	13,607,943.72	6,376
13. Deferred tax assets	(10)	24,191,209.13	25,576
Total assets		268,456,013.78	247,589

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Mar. 2007	31 Dec. 2006
		€	€ thousands
1. Deposits from other banks	(12)	15,879,939.15	26,444
2. Amounts due to customers	(12)	24,110,746.66	31,999
3. Liabilities held for trading	(13)	53,142.36	35
4. Provisions	(14)	19,969,936.22	19,456
5. Income tax liabilities	(15)	2,872,896.69	1,642
6. Other liabilities	(16)	41,255,229.12	11,550
7. Deferred tax liabilities	(15)	2,572,100.07	3,837
8. Shareholders' equity	(17)	161,742,023.51	152,626
Total liabilities and shareholders' equity		268,456,013.78	247,589

Consolidated Income Statement (cumulative)

for the period January 1 to March 31, 2007

			1 Jan. - 31 March 2007 €	1 Jan. - 31 March 2006 € thousands
	Notes	€		
1. Interest income	(18)	385,942.76		154
2. Interest expense	(18)	-228,121.31		-182
3. Net interest income/expense	(18)		157,821.45	-28
4. Allowance for losses on loans and advances	(19)		200.00	-12
5. Net interest income/expense after allowance for losses on loans and advances			158,021.45	-40
6. Fee and commission income	(20)	19,282,884.55		14,419
7. Fee and commission expense	(20)	-5,612,122.20		-4,467
8. Net fee and commission income	(20)		13,670,762.35	9,952
9. Net trading income	(21)		17,142,546.39	20,100
10. Net expense/income from available-for-sale financial instruments	(22)		-33,570.34	4,945
11. Net income from equity-accounted investments	(23)		1,092,291.60	318
12. Administrative expenses	(24)		-20,439,746.98	-17,277
13. Profit from operations			11,590,304.47	17,998
14. Other operating income	(25)		334,755.14	282
15. Other operating expenses	(25)		-111,784.45	-62
16. Profit from ordinary activities			11,813,275.16	18,218
17. Income taxes on profit from ordinary activities	(26)		-3,071,451.54	-4,940
18. Net profit for the period before minority interests			8,741,823.62	13,278
19. Minority interests in net profit for the period			-113,097.99	-11
20. Net profit for the period			8,628,725.63	13,267
21. Accumulated income brought forward			30,667,902.22	12,195
22. Consolidated net profit/loss			39,296,627.85	25,462

	1 Jan. - 31 March 2007 €	1. Jan. - 31 March 2006 €
Earnings per share	0.19	0.30

Statement of changes in equity as of 31 March 2007

	Issued capital	Share premium	Retained earnings	Revaluation reserve	Currency translation reserve	Consolidated net profit	Total before minority interests	Minority interests	Share- holder's equity
in € thousands									
Shareholders' equity as of									
31 Dec. 2005	22,602	83,473	0	8,687	0	12,195	126,957	133	127,090
Consolidated net profit for the period						30,572	30,572		30,572
Transfer to retained earnings			8,000			-8,000	0		0
Gains/losses								81	81
Net change in the revaluation reserve				-2,562			-2,562		-2,562
Net change in the currency reserve					-1		-1		-1
Comprehensive net profit for 2006	0	0	8,000	-2,562	-1	22,572	28,009	81	28,090
Capital increases	22,954	-22,954					0		0
Changes in treasury shares	-63	459					396		396
Gains/losses (previous year)							0	-80	-80
Dividends						-4,086	-4,086		-4,086
Changes in the consolidated group other changes						-13	-13	1,229	1,216
Shareholders' equity as of									
31 Dec. 2006	45,493	60,978	8,000	6,125	-1	30,668	151,263	1,363	152,626
Consolidated net profit for the period						8,629	8,629		8,629
Gains/losses							0	113	113
Net change in the revaluation reserve				588			588		588
Net change in the currency reserve					1		1		1
Comprehensive net profit by									
31 March 2007	0	0	0	588	1	8,629	9,218	113	9,331
changes in treasury Shares	-127	-366					-493		-493
Changes in the consolidated group other changes		129					129	149	278
Shareholders' equity as of									
31 March 2007	45,366	60,741	8,000	6,713	0	39,297	160,117	1,625	161,742

Cash Flow Statement

for the period January 1 to March 31, 2007

	1 Jan. - 31 Mar. 2007 € thousands	1 Jan. - 31 Mar. 2007 € thousands
Net profit for the period (incl. minority interests in net profit)	8,629	13,267
Non-cash items contained in net profit for the period and reconciliation to net cash from operating activities	2,242	851
Subtotal	10,871	14,118
Change in assets and liabilities from operating activities	-10,010	-13,902
Net cash from operating activities	861	216
Net cash used in investing activities	-780	-2,555
Net cash used in financing activities	-545	0
Net change in cash and cash equivalents	-464	-2,339
Effect of exchange rate adjustments and changes in Group structure	0	0
Cash and cash equivalents at beginning of period	485	2,586
Cash and cash equivalents at end of period	21	247
Composition of cash and cash equivalents at 31 March		
Cash reserve	21	247

The cash flow statement presents the composition of, and changes in, cash and cash equivalents during the financial year. It is broken down into cash flows from operating, investing and financing activities. The purpose of this classification is to illustrate how cash and cash equivalents are generated within the Group and how they were used in the financial year.

In contrast to the previous year, cash and cash equivalents are composed exclusively of the cash reserve, i.e. cash in hand and deposits with Deutsche Bundesbank. The prior-period figures have been restated accordingly. Whereas the activities of the parent were dominant until the end of the previous financial year, the significance of Baader Service Bank GmbH, a bank within the meaning of section 1 of the German Banking Act, has increased substantially in the current financial year. For this reason, it is more appropriate to no longer define cash and cash equivalents as the net amount of loans and advances to other banks and deposits from other banks payable on demand, but as the cash reserve based on the usual definition used by banks.

The informative value of the cash flow statements for banks is limited. For us, the cash flow statement neither replaces liquidity/financial planning, nor is it employed as a management instrument.

Notes (short form)

(1) Accounting principles

In accordance with Regulation (EC) no.1606/2002 of the European Parliament and of the Council dated 19 July 2002 and Regulation (EC) no. 2086/2004 of the European Commission, the interim financial statements of Baader Wertpapierhandelsbank AG as of 31 March 2007 were prepared on the basis of the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB). These financial statements are based on the provisions of the IASs/IFRSs that have been endorsed by the EU and are consistent with IAS 34 (Interim Financial Reporting). The same accounting policies were applied to this interim report as to the consolidated financial statements for the year ended 31 December 2006.

(2) Basis of consolidation

There were no changes in the companies included in consolidation when preparing the interim report as of 31 March 2007 compared with the consolidated financial statements for the year ended 31 December 2006. In addition to the parent company, Baader Wertpapierhandelsbank AG, the consolidated financial statements include six subsidiaries in which Baader Wertpapierhandelsbank AG holds a direct or indirect interest of more than 50% or over which it exercises a controlling influence.

Notes to the Consolidated Balance Sheet

(3) CASH RESERVE	31 Mar. 2007 € thousands	31 Dec. 2006 € thousands	Change in %
Cash in hand	0	0	0.0
Deposits with Deutsche Bundesbank	21	485	-95.7
Total	21	485	-95.7

(4) LOANS AND ADVANCES	31 Mar. 2007 € thousands	31 Dec. 2006 € thousands	Change in %
Loans and advances to other banks	100,119	63,439	57.8
- payable on demand	81,053	55,775	45.3
- other loans and advances	19,066	7,664	>100.0
Loans and advances to customers	3,608	13,056	-72.4
Allowance for losses on loans and advances	-62	-110	-43.6
Total	103,665	76,385	35.7

Other loans and advances (loans and advances to other banks) have a remaining term of up to one year. Loans and advances to customers are payable on demand. The significant reduction in loans and advances to customers is due to the settlement of the receivables from SPAG (equity repayment claim).

The change in the allowance for losses on loans and advances is due to disposals (utilisation) in the amount of €48 thousand.

(5) ASSETS HELD FOR TRADING	31 Mar. 2007	31 Dec. 2006	Change
	€ thousands	€ thousands	in %
Bonds and other fixed-interest securities	8,911	5,287	68.5
Equities and other non-fixed-interest securities	28,379	43,675	-35.0
Positive fair values of derivatives	58	51	13.7
Total	37,348	49,013	-23.8

(6) AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS	31 Mar. 2007	31 Dec. 2006	Change
	€ thousands	€ thousands	in %
Equity investments	5,410	5,180	4.4
Equities and other non-fixed-interest securities	13,550	14,119	-4.0
Bonds and debt securities	3,984	3,969	0.4
Total	22,944	23,268	-1.4

(7) EQUITY-ACCOUNTED INVESTMENTS	31 Mar. 2007	31 Dec. 2006	Change
	€ thousands	€ thousands	in %
Associates	3,643	2,825	29.0
Investment fund units	9,633	8,964	7.5
Total	13,276	11,789	12.6

(8) PROPERTY AND EQUIPMENT	31 Mar. 2007	31 Dec. 2006	Change
	€ thousands	€ thousands	in %
Operating and office equipment	1,448	1,430	1.3
Land and buildings	19,889	20,068	-0.9
Total	21,337	21,498	-0.7

(9) INTANGIBLE ASSETS	31 Mar. 2007	31 Dec. 2006	Change
	€ thousands	€ thousands	in %
Software	5,450	5,936	-8.2
Order books	8,552	9,250	-7.5
Trading strategies	2,166	2,226	-2.7
Goodwill	4,160	4,160	0.0
Total	20,328	21,572	-5.8

(10) INCOME TAX ASSETS	31 Mar. 2007	31 Dec. 2006	Change
	€ thousands	€ thousands	in %
Current tax claims from overpayment of taxes	11,737	11,627	0.9
Deferred tax assets	24,191	25,576	-5.4
Total	35,928	37,203	-3.4

(11) OTHER ASSETS	31 Mar. 2007	31 Dec. 2006	Change
	€ thousands	€ thousands	in %
Other assets	13,035	6,146	>100.0
Prepaid expenses	573	230	>100.0
Total	13,608	6,376	>100.0

Other assets contain an advance payment for a convertible bond issued by Parsoli Corporation Ltd., India, in the amount of €4,959 thousand. The issue has yet to be divided into individual securities and entered in the Bank's security account.

(12) LIABILITIES	31 Mar. 2007	31 Dec. 2006	Change
	€ thousands	€ thousands	in %
Deposits from other banks	15,880	26,444	-39.9
- payable on demand	2,992	13,423	-77.7
- with agreed maturity	12,888	13,021	-1.0
Amounts due to customers	24,111	31,999	-24.7
- payable on demand	24,111	31,999	-24.7
Total	39,991	58,443	-31.6

Deposits from other banks with agreed maturity relate to a loan for the refinancing of the Group's business premises with a remaining maturity of between one and five years.

(13) LIABILITIES HELD FOR TRADING	31 Mar. 2007	31 Dec. 2006	Change
	€ thousands	€ thousands	in %
Negative fair values of derivatives	53	35	51.4
Total	53	35	51.4

(14) PROVISIONS	31 Mar. 2007	31 Dec. 2006	Change
	€ thousands	€ thousands	in %
Provisions for pensions	6,722	6,412	4.8
Other provisions	13,248	13,044	1.6
Total	19,970	19,456	2.6

(15) INCOME TAX LIABILITIES	31 Mar. 2007	31 Dec. 2006	Change
	€ thousands	€ thousands	in %
Current tax liabilities	2,873	1,642	75.0
Deferred tax liabilities	2,572	3,837	-33.0
Total	5,445	5,479	-0.6

(16) OTHER LIABILITIES	31 Mar. 2007	31 Dec. 2006	Change
	€ thousands	€ thousands	in %
Other liabilities	41,255	11,550	>100.0
Total	41,255	11,550	>100.0

Other liabilities contain payment obligations resulting from third-party capital increases for which Baader Wertpapierhandelsbank AG only performed technical settlement in the amount of €28,481 thousand. This item also contains trade payables and outstanding salary deductions.

(17) SHAREHOLDERS' EQUITY	31 Mar. 2007	31 Dec. 2006	Change
	€ thousands	€ thousands	in %
a) Issued capital	45,366	45,493	-0.3
b) Share premium	60,741	60,978	-0.4
c) Retained earnings	8,000	8,000	0.0
d) Revaluation reserve	6,714	6,126	9.6
e) Currency translation reserve	0	-1	-100.0
f) Consolidated net profit	39,297	30,668	28.1
Total before minority interests	160,118	151,264	5.9
Minority interests	1,624	1,362	19.2
Total	161,742	152,626	6.0

At 31 March 2007, the Group's issued capital (share capital) in the amount of €45,908,682.00 was composed of 45,908,682 no-par value bearer shares. The number of shares outstanding fell by 127,626 during the period under review due to the buyback of treasury shares. The buyback was implemented on the basis of the authorisation resolved by the Annual General Meeting on 19 July 2006, under which these shares will be offered to the beneficiaries of the Group's 1999 and 2004 stock option plans.

	Number
Number of shares outstanding at 1 January 2007	45,493,404
Plus: Treasury shares held at 31 December of the previous year	415,278
Number of shares issued at 31 March 2007	45,908,682
Less: Treasury shares held at the reporting date	542,904
Number of shares outstanding at 31 March 2007	45,365,778

The distribution of a dividend of €0.25 per share will be proposed to the Annual General Meeting on 26 July 2007. Based on the current number of shares outstanding (45,365,778), this will result in a total distribution from consolidated net profit of €11,341 thousand.

Notes to the Consolidated Income Statements

(18) NET INTEREST INCOME/EXPENSE	1 Jan. - 31 Mar.	1 Jan. - 31 Mar.	Change
	2007	2006	
	€ thousands	€ thousands	in %
Interest income from	386	154	>100.0
- lending and money market transactions	384	154	>100.0
- fixed-interest securities	2	0	100.0
Interest expense	-228	-182	25.3
Total	158	-28	-

(19) ALLOWANCE FOR LOSSES ON LOANS AND ADVANCES	1 Jan. - 31 Mar.	1 Jan. - 31 Mar.	Change
	2007	2006	
	€ thousands	€ thousands	in %
Additions to allowance	0	-7	-
Reversals	0	0	0.0
Write-downs	0	-5	-
Total	0	-12	-

(20) NET FEE AND COMMISSION INCOME	1 Jan. - 31 Mar.	1 Jan. - 31 Mar.	Change
	2007	2006	
	€ thousands	€ thousands	in %
Fee and commission income	19,283	14,419	33.7
- Brokerage fee income	13,630	11,955	14.0
- Order routing	2,071	1,463	41.6
- Capital market services	837	400	>100.0
- Brokerage of promissory note loans	429	426	0.7
- Brokerage commissions	997	12	>100.0
- Management and performance fees	1,303	163	>100.0
- Other fee and commission income	16	0	100.0
Fee and commission expense	-5,612	-4,467	25.6
- Brokerage fee expenses	-1,415	-1,076	31.5
- Order routing	-580	-662	-12.4
- Capital market services	-1	0	-
- Brokerage of promissory note loans	-30	0	-
- Brokerage commissions	-409	0	-
- Management and performance fees	-358	0	-
- Settlement fees	-2,469	-2,547	-3.1
- Other fee and commission expense	-350	-182	92.3
Total	13,671	9,952	37.4

The prior-period figures for net fee and commission income/expense have been adjusted to reflect the current presentation and to ensure consistency with the Group's internal reporting system.

(21) NET TRADING INCOME	1 Jan. - 31 Mar. 2007 € thousands	1 Jan. - 31 Mar. 2006 € thousands	Change in %
Securities trading	17,140	20,102	-14.7
- Interest and dividends	51	100	-49.0
- Securities	11,508	12,336	-6.7
- Options and futures	-71	0	-
- Price differences	5,652	7,666	-26.3
Foreign currencies	2	-2	-
Total	17,142	20,100	-14.7

(22) NET INCOME/EXPENSE FROM AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS	1 Jan. - 31 Mar. 2007 € thousands	1 Jan. - 31 Mar. 2006 € thousands	Change in %
Interest and dividend income	43	39	10.3
- Fixed-interest securities	43	39	10.3
- Equities/other non-fixed-interest securities	0	0	0.0
- Equity investments	0	0	0.0
Gain/loss on the disposal of available-for-sale financial instruments	-77	4,906	-
- Equities/other non-fixed-interest securities	-77	4,906	-
- Equity investments	0	0	0.00
Write-downs	0	0	0.00
- Write-downs	0	0	0.00
Total	-34	4,945	-

(23) NET INCOME FROM EQUITY-ACCOUNTED INVESTMENTS	1 Jan. - 31 Mar. 2007 € thousands	1 Jan. - 31 Mar. 2006 € thousands	Change in %
Write-ups to carrying amount in accordance with the equity method	1,092	317	>100.0
Total	1,092	317	>100.0

(24) ADMINISTRATIVE EXPENSES	1 Jan. - 31 Mar. 2007	1 Jan. - 31 Mar. 2006	Change
	€ thousands	€ thousands	in %
Staff costs	-12,470	-11,215	11.2
Other administrative expenses	-6,233	-4,443	40.3
Amortisation and write-downs of intangible assets and depreciation and write-downs of property and equipment	-1,737	-1,619	7.3
Total	-20,440	-17,277	18.3

(25) OTHER OPERATING INCOME/EXPENSES	1 Jan. - 31 Mar. 2007	1 Jan. - 31 Mar. 2006	Change
	€ thousands	€ thousands	in %
Other operating income	335	281	19.2
Other operating expenses	-112	-62	80.6
Total	223	219	1.8

The increase in prior-period income is primarily due to prior-period fee and commission income.

(26) INCOME TAXES	1 Jan. - 31 Mar. 2007	1 Jan. - 31 Mar. 2006	Change
	€ thousands	€ thousands	in %
Current tax expense	-1,656	-2,504	-33.9
Deferred taxes	-1,415	-2,436	-41.9
Total	-3,071	-4,940	-37.8

The Group tax rate was calculated as 26%.

(27) SEGMENT REPORTING

in € thousands	Specialist Activities and Proprietary Trading	Agency Business	Capital Market Services	Port- folio Manage- ment	Other/ Consoli- dation	Group
Net interest income/expense	-106	253	2	9	0	158
Allowance for losses on loans and advances	0	0	0	0	0	0
Net interest income/expense after allowance for losses on loans and advances	-106	253	2	9	0	158
Net fee and commission income/expense	9,527	1,890	839	1,430	-15	13,671
Net trading income/expense	15,440	1,923	54	0	-274	17,143
Net income/expense from available-for-sale financial instruments	42	0	1,142	0	-1,218	-34
Net income from equity- accounted investments	0	0	0	0	1,092	1,092
Net income from investments securities	0	0	0	0	0	0
Net income/expense from financial operations	15,482	1,923	1,196	0	-400	18,201
Directly attributable administrative expenses	9,164	2,693	307	892	0	13,056
Other operating income/expenses	261	54	7	17	-116	223
Profit after directly attributable income/expenses	16,000	1,427	1,737	564	-531	19,197
Indirectly attributable administrative expenses	4,764	1,919	447	385	-131	7,384
Profit from ordinary activities	11,236	-492	1,290	179	-400	11,813
Risk-weighted assets in € thousands	156,950	46,683	15,847	6,711		226,191
Allocated capital in € thousands	95,538	48,408	8,526	9,270		161,742
Return on allocated capital based on profit from ordinary activities	11.8%	-1.0%	15.1%	1.9%		7.3%
Average number of employees during the period	94	55	8	20	100	277

OTHER DISCLOSURES

(28) OFF-BALANCE-SHEET COMMITMENTS	31 Mar. 2007 € thousands	31 Dec. 2006 € thousands	Change in %
Contingent liabilities	170	170	0.0
- Liabilities from guarantees and warranty agreements	170	170	0.0
- Liabilities from the provision of collateral for third parties	0	0	0.0
Irrevocable loan commitments	3,833	2,316	65.5
- Current account credits granted to customers	3,833	2,316	65.5

(29) Employees

At the reporting date 31 March 2007, the Baader Wertpapierhandelsbank AG Group had 277 employees (previous year: 234 employees).

(30) Related Party Disclosures

In the period under review, members of the Supervisory Board sold Baader shares in excess of the annual exemption limit of €5,000, meaning that notification and publication was required in accordance with section 15a of the German Securities Trading Act. The Company has published the corresponding information on its website. Notification of a total of two sales was provided (5,600 shares with a transaction value of €30,160.00).

Unterschleissheim, 25 April 2007
Baader Wertpapierhandelsbank AG
Board of Directors

Uto Baader Dieter Brichmann

Stefan Hock Christopher Schütz Dieter Silmen

Statement by the legal representatives

“We hereby confirm that, to the best of our knowledge, the interim consolidated financial statements present a true and fair view of the Group’s net assets, financial position and results of operations and the interim Group management report accurately reflects the course of business including the Group’s results of operations and financial position in accordance with the applied principles of proper interim consolidated financial reporting, and that the significant risks and opportunities arising from the Group’s expected development for the rest of the current financial year are described accurately.”

Unterschleissheim, 25 April 2007
Baader Wertpapierhandelsbank AG
Board of Directors

Uto Baader

Dieter Brichmann

Stefan Hock

Christopher Schütz

Dieter Silmen

Auditors' report to Baader Wertpapierhandelsbank AG

We have reviewed the consolidated interim financial statements (short form) – comprising the balance sheet (short form), income statement (short form), cash flow statement (short form), statement of changes in equity (short form) and selected explanatory notes to the financial statements – and the interim group management report of Baader Wertpapierhandelsbank AG, Unterschleissheim, for the period from 1 January to 31 March which are part of quarterly financial reports in accordance with Article 37x (3) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). The preparation of the consolidated interim financial statements (short form) in accordance with the International Financial Reporting Standards (IFRS) for interim reporting, as adopted in the EU, and of the interim group management report in accordance with the provisions 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 consolidated interim financial statements (short form) and the interim group management report based on our review.

We conducted our review of the consolidated interim financial statements (short form) and of the interim group management report in accordance with the 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 to obtain a certain level of assurance that nothing has come to our attention that causes us to believe that the consolidated interim financial statements (short form) are not presented fairly, in all material respects, in accordance with the IFRSs for interim reporting, as adopted in the EU, or that the interim group management report is not presented fairly, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and thus does not provide the assurance for an affirmative audit opinion obtainable from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, cannot express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements (short form) are not presented fairly, in all material respects, in accordance with the IFRSs for interim reporting, as adopted in the EU, or that the interim group management report is not presented fairly, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Bremen, 25 April 2007

Clostermann & Jasper Partnerschaft
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

(Clostermann)

(Lamm)

Auditor

Auditor

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