

Three-Month Report 2006

Q1 Q2 Q3

Performance Ratios

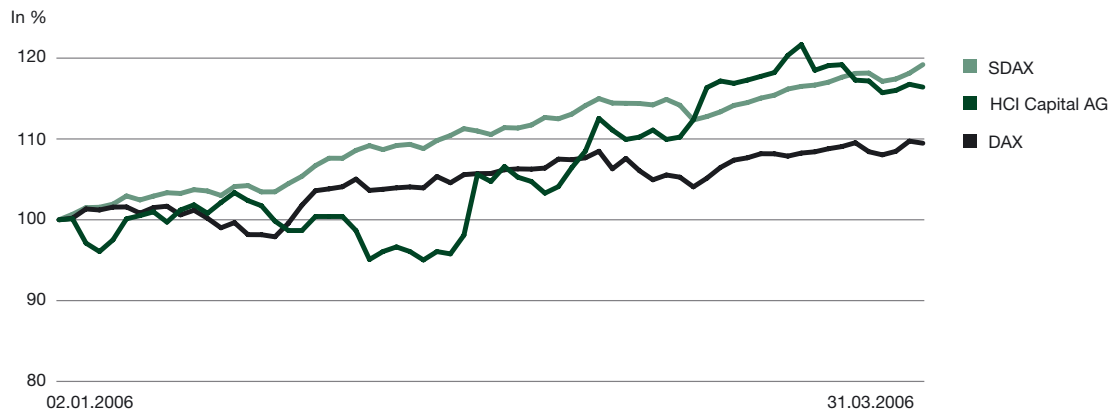
Earnings	Three months ended March 31, 2006	Three months ended March 31, 2005
Revenues in EUR thousands	28,609	36,779
EBIT in EUR thousands	10,568	17,875
EBT in EUR thousands	11,955	20,623
Group net earnings in EUR thousands	7,508	15,149
Net margin in %	26.2	41.2
EBIT margin in %	36.9	48.6
Earnings per share in EUR*	0.31	0.63
Placed equity in EUR million	121.0	209.2

Balance Sheet	March 31, 2006	Dec. 31, 2005
Total assets in EUR thousands	178,649	199,238
Equity in EUR thousands	125,163	117,654
Equity ratio in %	70.1	59.1

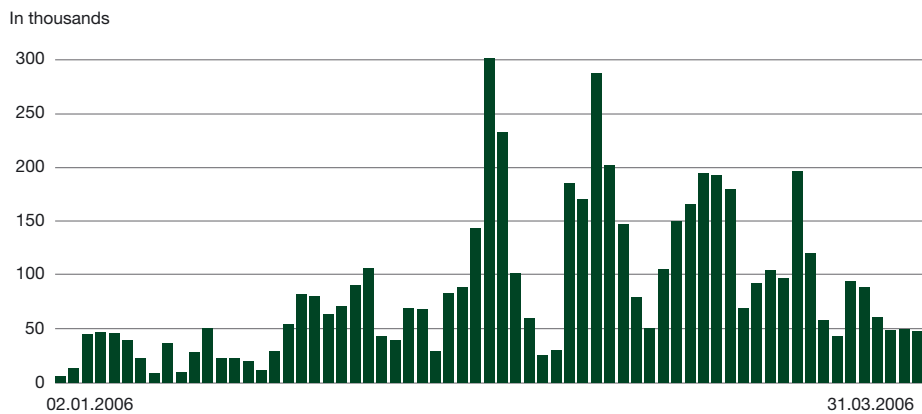
Staff	March 31, 2006	March 31, 2005
Average employees	225	181
Personnel costs in EUR thousands	6,013	4,866
Personnel costs in % of revenues	21.0	13.2

* 24 million shares outstanding after IPO.

HCI Capital AG share



Trading Volume HCI Capital AG



Dear shareholders and business friends of HCI Capital AG,

The positive news, good results, and company success during the financial year ended December 31, 2005, carried over into the present year. Slight repositioning was necessary beginning 2006 due to questions and speculations which arose in reference to the direction closed funds are headed in.

HCI Capital AG used the first quarter to lay the foundation for further company development and growth during the current financial year and continued implementation of the corporate diversification strategy. Revenue earnings for the first quarter of 2006 totaled EUR 28.6 million (first quarter 2005: EUR 36.8 million), earnings before taxes (EBT) EUR 12.0 million (first quarter 2005: EUR 20.6 million) with placement volume totaling EUR 121.0 million (first quarter 2005: EUR 209.2 million). The drop in these key figures against the previous year was foreseeable and resulted primarily from a special item, the placement of the ship investment fund HCI Ocean Shipping I in early 2005, with a total volume of 138 million USD. The Management Board expressly confirms the forecast it made in March 2006 and expects the placement of EUR 700 million of equity capital during the financial year 2006.

The closed-end investment funds HCI offers, comprising ship, real estate, private equity umbrella and secondary life insurance market funds, are all synonymous with top quality and attractive profit at comparatively low risk. As a result of its long-standing expertise in the market for ship investment funds HCI has advanced to market leader in this field. This area of activity will continue to play an important role in the current financial year. The Management Board expects strong growth in real estate funds in 2006 as well. A real estate platform is presently being developed with the purpose of making attractive properties accessible to institutional investors in HCI's core markets. During the first quarter of the current business year, HCI launched a new fund of

funds concept in the real estate segment. And with the placement of the secondary life insurance market fund HSC Optivita VI Deutschland, the HCI Group is the first German issuing house represented in the three major secondary life insurance markets, those being the U.S.A., Great Britain and Germany. In addition to the stock market, HCI private equity fund of funds are developing exceptionally well.

HCI Capital AG is equally satisfied with the development of the company share, which as one of the strongest dividend stocks listed on the SDAX, grew by 15 percent during the first quarter of 2006, i.e. January 1 through March 31.

As one of Germany's leading issuing houses and based on the experience of more than 410 issues, HCI is particularly proud of and grateful to its 220 employees in Germany and abroad whose expertise and tireless commitment constitute the foundation for HCI Capital AG's success.

The members of the Management Board unanimously agree that the pursuance of a growth through diversification strategy is the right course for continued success of HCI during 2006.

Sincerely,



Harald Christ (Chairman of the Board)
Hamburg, May 2006

The HCI Share

The percentage of private investors increased decidedly during the reporting period. By the end of March 2006, HCI Capital AG numbered over 11,000 private individual investors accounting for approximately 21% of the equity stake issued. While the majority of institutional investors are predominantly based in Anglo-Saxon countries, the percentage of German institutional investors has grown during the reporting period since the IPO in the autumn of 2005.

An average of approximately 86,000 shares were traded daily during the first quarter of the financial year. This trading liquidity compares favorably with that of other companies traded in the German Stock Exchange prime standard, an index containing 50 so-called small caps, with HCI Capital AG ranking among the leading companies in this group.

During the first quarter 2006, HCI Capital AG closed another designated sponsoring agreement with the Düsseldorf-based West LB bank, thus increasing the number of HCI share sponsors in daily stock trading to three.

Coverage of the HCI share was taken up by more analysts during the reporting period, with nine independent research analysts initiating current research studies on HCI Capital AG. In five cases, analysts recommended buying shares in HCI; in four cases, analysts recommended holding onto HCI stock.

The HCI Group management has used the current reporting period to give in-depth presentations on the business development and corporate strategy of HCI to institutional investors in Germany and Great Britain. In addition, numerous personal meetings were held with investors at the company headquarter offices in Hamburg.

With a view towards the future perspectives of HCI Capital AG further road shows and capital market conferences focusing on institutional investors in Europe and the U.S. are planned for the upcoming months.

The Economic Environment

National economic conditions

The global economic situation continued to develop in a stable manner during the first quarter of 2006. The global employment market, however, did not profit from the overall positive economic trend; the unemployment rate has remained high, particularly in the Euro zone. The market for raw materials was characterized by rising prices, most notably towards the end of the current reporting period, with base and precious metals reaching new all-time highs. While crude oil prices stabilized at a level between 58 and 69 USD, new geopolitical uncertainties and conflicts towards the end of the first quarter resulted in increased pricing pressure. The unchanged growth rate of China proved once again to be a dominant driving force behind the global economy. Of the G7 countries, the United States took the lead with a gross domestic product of approximately 3.6%, followed by Canada and Japan. The actual gross domestic product in the Euro zone rose by 1.3% during the past year, with Germany generating a rise of 0.8%. Once again, this development was buoyed by the substantial expansion in export growth. By contrast, domestic demand continued to be weak. According to early OECD indicators, the G7 countries are poised to experience an economic upswing shortly. The OECD countries registered an increase in the inflation rate of 0.2 percent points during 2005, putting average inflation at 2.6%. There was a 3.0% jump in the rise of prices in early 2006 which dropped to 2.8% the following month. The sustained shortage of raw materials is expected to have a negative effect causing continued inflationary pressure. While rising interest rates were initially greeted with skepticism they have not had a lasting effect on the prevailing positive mood in the stock market. In fact, the DAX exceeded the 6,000 mark at the end of this first quarter, rising by a total of approximately 10%. The exchange rate of the U.S. dollar ranged between USD 1.18 and USD 1.22 to the Euro during the first three months of 2006 and shows signs of further increase.

Industry trends

The adoption of Article 15 b of the German Income Tax Act (EStG) last year imposing a ban on loss compensation, and the obligation to obtain approval for investment models from the Federal Financial Supervisory Authority (BAFin) radically changed the preconditions for the placement of closed-end funds in 2005. Despite the change in market conditions investors once again placed a total of EUR 12.3 billion in closed-end investments (Source: Stefan Loipfinger: *Market Analysis of Investment Models* 2006). The sale of closed-end funds through banks and savings banks continued to gain im-

portance during 2005, rising to 59% in total sales. In the segment of closed-end ship funds, the consistent high demand of international logistics markets for shipping tonnage for the growing markets in Asia, particularly China and India, continued to have a positive impact. Approximately EUR 3.0 billion in funds equity was placed in this product category during the financial year 2005, meaning that this sector continued to maintain its record level from the previous year. Closed-end real estate funds were the product category with the highest equity placement volume, i.e. approximately EUR 4.0 billion. However, closed-end real estate funds as a whole suffered a noticeable decline in revenue, due primarily to the difficulty in acquiring suitable objects at reasonable prices. The secondary life insurance market accounted for a market share of approximately 12.3% in 2005, thus establishing itself firmly in the product range of closed-end fund models. Private equity funds were a winning category in 2005. This investment sector profited from the recovery of the stock market and was therefore able to increase placement figures significantly against the previous financial year.

While it is highly improbable that HCI will repeat the previous financial year's record results, it is not unlikely that the outlook for HCI in the current financial year 2006 should be very successful. Several factors point towards this optimistic outlook, including, among others, high volume of cash and cash equivalents, the increased interest of banks and savings banks in closed-end funds as a high-commission product offer and growing clarity as to legal and tax conditions.

Business Development

Revenue growth

The HCI Group generated revenue earnings totaling EUR 28.6 million during the reporting period, a decline of 22.3% against EUR 36.8 million in the previous financial year.

Revenues from the HCI Group's design and sales activities dropped to a total of EUR 22.3 million against the previous year as a result of the reduced placement volume. The drop in revenue in the area of design and sales activities is due essentially to the exclusive agreement with Deutsche Bank for the placement of the ship portfolio Ocean Shipping I (placed equity capital totaling USD 138 million) during the first quarter of the previous financial year.

Due to a continued rise in the volume of equity capital in trust management, earnings from the trust management division increased by EUR 6.3 million.

Explanation of profit development

Thus far, the primary expenditure items for the HCI Group were the costs of purchased services and personnel expenses.

The cost of purchased services, which consists primarily of commissions paid to sales partners, fell by 12.0% to EUR 10.8 million due to the lower volume of placed equity capital as compared to the same reporting period in the previous financial year. The reason for this proportionate decline, compared to the equity capital placed during the reporting period, was the separate settlement of a large ship fund (Ocean Shipping I) during the same reporting period of the previous year, in which only the net margin was recorded as sales revenue, and which, in turn, was not offset by the cost of purchased services.

Personnel expenses increased by 23.6% during the first three months of the fiscal year against the previous year, with the average number of employees increasing from 181 to 225, an increase of 24.3%. Personnel expenses during this reporting period include bonus payments totaling EUR 800,000 in connection with HCI's extraordinarily successful company's anniversary year in 2005.

The company's gross earnings developed in proportion to the aforementioned business development, falling by 24.9% against the same reporting period during the previous financial year to EUR 18.1 million. The share of other operating income amounting to EUR 3.7 million is particularly noteworthy. Other operating income consists primarily of earnings from ship brokerage.

Other operating expenses rose, by 18.2% to EUR 4.5 million. It is important to point out here that these expenses were in connection with the company's IPO in the previous financial year.

Earnings before interest and taxes (EBIT) dropped by 40.9% to EUR 10.6 million during the first quarter of the current financial year as a direct result of the business development described above. This amount includes the investment results of joint venture companies and is computed on the basis of the equity method. The EBIT for these companies rose by 137.5% to EUR 0.3 million for the period under review.

The financial result dropped by 50.0% against the same period for the previous year, totaling EUR 1.4 million. Here, the guaranteed returns from secondary life insurance market funds, which are included in this item, constituted the determining growth factor.

During the same period, earnings before taxes (EBT) dropped to EUR 12.0 million over the previous year, a 42.0% decline prior to adjustment for previous-year effects.

During the first quarter of 2006, the Group's tax ratio rose to 37.2%, thus exceeding the forecast of an annual tax ratio of 32%. This resulted from the rather moderate placement of ship funds, which due to trade tax effects, led to a reduction in tax ratio. However, the management expects the tax ratio to remain at 32% based on the fulfillment of placement volume estimates in the ship fund segment.

The consolidated net income for the first quarter dropped to EUR 7.5 million, a 50.4% decrease against the previous year's figure of EUR 15.1 million, as a result of special items during the first quarter of the previous financial year.

Placement volume

Influenced by the extraordinarily positive placement development during the same reporting period for the financial year 2005, HCI Capital AG placed equity capital totaling EUR 121.0 million, but was not able to exceed the placement result for the same period of the previous year (EUR 202.9 million).

The first quarter of 2006 shows a 42.2% decrease against the same period in the previous year. This is due to several reasons, one particularly being the extraordinary placement success of the ship fund Ocean Shipping I during the first quarter of the previous financial year, with a volume of USD 138 million.

Placement developed as follows in the individual product categories:

There was a marked decline in the ship fund segment, due to the placement of the ship fund Ocean Shipping I during the first quarter of 2005. Nevertheless, with placements totaling close to EUR 50.4 million during the first quarter of 2006 (EUR 177.7 million for the same period in 2005), ship funds remain the strongest product category in terms of equity capital placement.

Experts foresee further potential for future development in the area of closed-end ship funds. In addition to stable global economic growth, Chinese exports are proving to be an engine for growth, with other regions such as India and Brazil also contributing to this trend. The demand for container ships of all size classes continues to be high, exceeding the supply of additional tonnage. Due to the high volume of new tonnage experts expect charter rates in 2006 to remain flat, estimating that rates could possibly drop to early 2004 levels, if at all. HCI Capital AG will continue to watch this development very closely. Regardless of this trend, however, the HCI Group has already accrued a comfortable tonnage portfolio, committed as early as 2003 and 2004.

In the segment of closed-end real estate funds, the upward trend for HCI Capital AG continued during the reporting period. The company continued to capitalize on its experience in the Netherlands, Austria and the United States for product-related target groups. In addition, the first U.S. real estate growth fund was developed as an opportunity fund of funds concept with an equity capital volume totaling USD 100 million and launched in the second quarter. The volume of placed equity in the real estate segment rose slightly, to EUR 20.6 million (EUR 8.9 million in the previous year), an increase of 131.5% over the same period for the previous year.

The secondary life insurance market fund segment focused on British and German secondary life insurance markets during the first quarter of the current financial year. Placement volume for the first three months totaled EUR 41.8 million as compared to EUR 18.4 million for the previous year, an increase of 127.2%.

The private equity fund of funds product category once again gained investor appeal during the reporting period, as illustrated by the placement figures for the first quarters of the current and the previous financial years. Equity capital placement volume rose to EUR 8.2 million by March 31, 2006, as compared to EUR 4.1 million for the first three months in 2005.

Employees and Sales Organization

HCI Capital AG's continued dynamic growth during the first three months of the current financial year is also reflected in the growing number of employees, with the total number rising from 221 at the beginning of 2006 to a present 226. The introduction of HCI Dialog added another valuable element of a professional, performance-oriented personnel policy to the Human Resources department. All HCI employees now have the opportunity to participate in a customized goal-setting process together with their managers.

During the reporting period, HCI Capital AG focused on presenting its products and their development to sales partners at road shows nationwide, using these occasions to exchange and discuss knowledge and ideas in depth.

A number of ship christenings during the year provide HCI Capital AG sales partners the welcome opportunity to gain an inside view of shipbuilding.

The HCI Group sales team attended countless individual partner events during the first quarter of 2006 where they provided facts and figures on the current range of attractive capital investments.

The Lord Mayor of Hamburg, Ole von Beust, presented the BQM "Diversity in Training 2006" Sponsor's Award (BQM = Advisory and Coordination Center for the Professional Qualification of Young Migrants), which HCI Capital AG and two other companies received for the training of young adults from migrant families.

Outlook

In the interest of securing further growth and as part of the company's growth through diversification strategy, various measures were introduced in 2005 and during the first quarter of 2006. Given this corporate objective, the Management Board expects the placement of at least EUR 700 million equity capital during the financial year 2006, and revenues are estimated to range between EUR 158 and 163 million, with consolidated net income after taxes amounting to EUR 36 to 38 million. These figures would top those of the previous year and increase earnings per share to EUR 1.50 to 1.58. The Management Board plans to propose a dividend distribution of 80% to 90% on the distributable net income for 2006.

The growth and diversification strategy will focus in 2006 on strengthening HCI's leading market position in the ship segment as well as consolidating its share in the real estate fund market. In addition to the design and launch of further classic funds in core markets, the HCI Group intends to attain its objectives through the introduction and successful placement of a fund of funds concept, the HCI Real Estate Growth I USA and a real estate portfolio platform for institutional investors. Another stated goal of the HCI Group is the significant increase of its market share in the secondary life insurance market fund and private equity fund of funds segments. HCI is presently the only German issuing house represented in the three top markets for secondary life insurance market funds, i.e. the United States, Great Britain and Germany. With flexible and innovative concepts, HCI plans to respond more decidedly to the varying needs and requirements of investors, to increase the value chain in all segments by boosting after-sales activities (trust and management) and to steadily increase income from sales and services, such as the chartering of ships. The HCI Group's business development will certainly also be influenced greatly by acquisitions, provided such acquisitions are beneficial to HCI's corporate strategy.

Given the successful implementation of the objectives and targets HCI has set for itself for the current financial year, HCI Capital AG should succeed once again in growing above and beyond the market forecast for closed-end investment funds during 2006.

Hamburg, May 2006
HCI Capital AG
The Management Board



Harald Christ, Chairman



Dr. Rolando Gennari



Dr. Ralf Friedrichs

Consolidated income statement

interim financial statements as at March 31, 2006

EUR '000	Note	Three months ended March 31, 2006	Three months ended March 31, 2005
Revenues	(3)	28,609	36,779
Other operating income	(4)	3,694	3,329
Change in inventories		259	-441
Cost of purchased services		-10,815	-12,287
Personnel expenses		-6,013	-4,866
Depreciation on property, plant and equipment and amortization of intangible assets		-1,006	-981
Other operating expenses		-4,483	-3,794
Results of associated companies and joint ventures accounted for using the equity method		323	136
Earnings before interest and taxes (EBIT)		10,568	17,875
Interest income		701	156
Interest and similar expenses		-171	-215
Other financial results	(5)	857	2,807
Earnings before taxes (EBT)		11,955	20,623
Income taxes	(6)	-4,447	-5,474
Consolidated net income for the year		7,508	15,149
Consolidated net income for the year attributable to the group		7,507	15,141
Consolidated net income for the year attributable to minority shareholders		1	8
Earnings per share (basic) in EUR	(7)	0.31	0.76
Earnings per share (diluted) in EUR	(7)	0.31	0.76

Consolidated balance sheet

as at March 31, 2006

EUR '000	Note	March 31, 2006	December 31, 2005
ASSETS			
Noncurrent assets		31,645	27,484
Intangible assets and property, plant and equipment		13,955	14,909
Investments in joint ventures accounted for using the equity method		5,547	2,224
Other investments		11,740	10,342
Other financial assets		403	9
Current assets		145,880	170,531
Work in progress and finished services		2,303	2,043
Trade receivables		28,036	25,456
Receivables from related parties	(10)	3,428	4,174
Income tax receivables		32	35
Other current assets		41,854	44,260
Other financial assets		41,569	42,382
Other miscellaneous assets		285	1,878
Liquid funds		70,227	94,563
Deferred taxes		1,124	1,223
Total assets		178,649	199,238
EQUITY AND LIABILITIES			
Equity		125,163	117,654
Subscribed capital		24,000	24,000
Capital reserve		76,016	76,016
Consolidated retained earnings		39,642	32,133
Minority interests		101	101
Net cost in excess of net assets acquired on the acquisition of companies under common control and successive share acquisitions		-14,596	-14,596
Noncurrent provisions and liabilities		629	649
Pension provisions		13	14
Liabilities to banks		616	635
Current provisions and liabilities		50,937	78,402
Other provisions		1,782	1,250
Liabilities to banks		9,195	10,298
Trade payables		6,432	18,078
Payables to related parties	(10)	2,598	7,610
Income tax payables		21,695	32,118
Other current liabilities		9,235	9,048
Other financial liabilities		6,910	8,019
Other miscellaneous liabilities		2,325	1,029
Deferred taxes		1,920	2,533
Total equity and liabilities		178,649	199,238

Consolidated cash flow statement

for the period from January 1 to March 31, 2006

EUR '000	Three months ended March 31, 2006	Three months ended March 31, 2005
Consolidated net income for the period	7,508	15,149
Depreciation, amortization and impairment/ write-ups of noncurrent assets	1,006	981
Gains (-)/losses (+) from joint ventures	-323	-136
Gains (-)/losses (+) from the disposal of noncurrent assets	171	-114
Increase/ decrease in pension provisions and other long-term obligations	-1	0
Changes in deferred taxes	-514	-1,432
Other noncash income and expenses	-67	370
Increase/decrease in working capital	-25,388	3,964
Increase/decrease in inventories	-259	441
Increase in trade receivables	-2,579	-6,307
Decrease in prefinancing of limited liability partner contributions	1,494	121
Increase/decrease in other assets	518	-191
Increase/decrease in current provisions	1,187	-1,070
Decrease/increase in trade payables	-11,644	-2,097
Increase/decrease in receivables from and payables to related parties	-3,118	-786
Increase/decrease in other liabilities	-10,987	13,853
Cash flow from operating activities	-17,608	18,782
Proceeds from disposals of intangible assets and property, plant and equipment	109	22
Proceeds from disposal of investments	184	1,836
Payments for investments in intangible assets and in property, plant and equipment	-144	-179
Payments for subscribed shares in joint ventures	-3,000	0
Payments for other investments	-1,822	-940
Cash flow from investing activities	-4,673	739
Proceeds from additions to other financing liabilities	59	21
Repayments of other financing liabilities	-1,114	-2,867
Repayments of acquisition price deferrals in business combinations	-1,000	0
Cash flow from financing activities	-2,055	-2,846
Changes in cash and cash equivalents	-24,336	16,675
Cash and cash equivalents at the beginning of the period	94,563	24,948
Cash and cash equivalents at the end of the period	70,227	41,623

Consolidated statement of changes in equity

for the period from January 1 to March 31, 2006

EUR '000	Subscribed capital	Capital reserve	Consolidated retained earnings	Net cost in excess of net assets acquired on the acquisition of companies under common control and successive share acquisitions	Total	Minority interests	Consolidated equity
Balance at 1.1.2005	20,000	0	17,326	-11,573	25,753	87	25,840
Consolidated net income for the period (consolidated comprehensive income)			15,141		15,141	8	15,149
Capital increase in HCI Capital AG					0		0
Transfers into capital reserves		0			0		0
Acquisition of shares in companies under common control					0		0
Distributions to shareholders					0		0
Balance at 31.03.2005	20,000	0	32,467	-11,573	40,894	95	40,989
Balance at 1.1.2006	24,000	76,016	32,133	-14,596	117,553	101	117,654
Consolidated net income for the year (consolidated comprehensive income)			7,507		7,507	1	7,508
Acquisition of shares in companies under common control					0		0
Distributions to shareholders					0		0
Other changes			2		2	-1	1
Balance at 31.03.2006	24,000	76,016	39,642	-14,596	125,062	101	125,163

Notes

to the consolidated interim financial statements of HCI Capital AG as at March 31, 2006 in accordance with IFRS

General

HCI Capital AG was created from HCI Holding GmbH by converting that company's legal form pursuant to a conversion resolution dated January 25, 2005 and amended March 8, 2005. The conversion was registered in the commercial register of the local court of Hamburg on March 30, 2005.

(1) Accounting policies

The unaudited consolidated interim financial statements of HCI Capital AG and its subsidiaries (referred to below as: "HCI Group") as at March 31, 2006 have been prepared in accordance with IAS 34.

The accounting policies followed in the consolidated interim financial statements of the HCI Group are those applied in preparing the IFRS consolidated financial statements of HCI Capital AG as at December 31, 2005. The consolidated interim financial statements as at March 31, 2006 should therefore be read in conjunction with the consolidated financial statements as at December 31, 2005.

(2) Consolidation

During the first quarter of 2006, one newly founded company (first quarter 2005: 2), the HCI Institutional Funds GmbH was consolidated for the first time.

The HCI Group sold its interests in HCI Weser Trader Schiffstreuhand GmbH & Co. KG and HCI Jade Trader Schiffstreuhand GmbH & Co. KG under an agreement dated February 14, 2006. HCI Weser Trader Schiffstreuhand GmbH & Co. KG and HCI Jade Trader Schiffstreuhand GmbH & Co. KG were included in the ship segment. The disposal resulted in a gain of EUR 15,000. The proceeds of EUR 117,000 were offset against certain of the HCI Group's liabilities due to the sold companies. The effect of the disposal of the assets and liabilities of the companies sold on the financial position of the HCI Group was insignificant.

The HCI Group made a contribution of EUR 3,000,000 in connection with the acquisition of a ship by a subsidiary of the joint venture HAMMONIA Reederei GmbH & Co. KG during the first quarter of 2006.

Notes to the consolidated income statement

(3) Revenue

Revenue consists of the following:

EUR '000	Three months ended March 31, 2006	Three months ended March 31, 2005
Distribution revenue		
Ship	11,165	26,000
Real estate	2,080	1,346
Private equity	902	588
Secondary life insurance market	8,149	3,284
Distribution revenue	22,296	31,218
Trust and service fees		
Ship	4,048	3,715
Real estate	1,774	1,457
Private equity	104	80
Secondary life insurance market	384	309
Trust and service fees	6,310	5,561
Other revenue	3	-
Total revenue	28,609	36,779

Revenue for the first quarter 2005 was significantly affected by the placement of the “Ocean Shipping I” fund with a placement volume of USD 138,400,000 in the ship segment. This placement generated distribution revenue of EUR 10,711,000 for the HCI Group. As a result of the contractual arrangements with the distribution partner, the distribution commissions payable on this placement had to be offset against the related gross commissions received, and, consequently, the HCI Group recognized only its margin on this placement as revenue.

Distribution revenue of EUR 852,000 was recognized in the ship and real estate segments during the first quarter of 2006 from the placement of funds for which distribution commissions payable were offset against the related gross commissions received.

(4) Other operating income

Other operating income for the first quarter of 2006 includes commission income of EUR 2,675,000 (first quarter 2005: EUR 3,112,000) from sourcing ships for the ship funds established by the HCI Group.

(5) Other financial results

Other financial results for the first quarter of 2006 include exchange losses of EUR 184,000 (first quarter 2005: exchange gains of EUR 98,000).

Other financial results also include fees of EUR 883,000 (first quarter 2005: EUR 612,000) received in the form of preliminary dividends from the secondary life insurance market funds.

(6) Income taxes

The increase in the effective tax rate during the first quarter of 2006 compared to the same period in 2005 is due to change in the composition of income away from income from the ship funds and toward income from the secondary life insurance market and real estate funds, as well as toward other operating income. Unlike income from ship funds, these latter types of income are subject to full trade income taxes.

(7) Earnings per share

Basic and diluted earnings per share are determined as follows:

		Three months ended March 31, 2006	Three months ended March 31, 2005
Consolidated net income for the period attributable to the group	EUR '000	7,507	15,141
Weighted average number of shares outstanding	'000s of shares	24,000	20,000
Earnings per share for the period	EUR	0.31	0.76

As there were no dilutive instruments outstanding during the periods, presented diluted earnings per share equal basic earnings per share.

As a result of the capital increase on October 4, 2005, the number of shares outstanding has increased from 20,000,000 to 24,000,000.

Other

(8) Consolidated cash flow statement disclosures

The following income taxes, interest and investment income paid and received are included in cash flows from operating activities:

EUR '000	Three months ended March 31, 2006	Three months ended March 31, 2005
Interest paid	176	152
Interest received	5	115
Income taxes paid	12,710	983
Income taxes received	5	1
Investment income received	1	-

There were no significant non-cash transactions during the first quarter of 2006 and 2005.

(9) Segment reporting

Segment information is determined using the accounting policies applied in the preparation of the consolidated financial statements.

Revenue from external customers represents revenue from designing, initiating and distributing investments and from providing trust and other services to parties external to the group. The HCI Group uses EBIT, a metric commonly used around the world representing net earnings before interest and income taxes, to measure its segment results.

The results for the periods presented are as follows:

EUR '000	Three months ended March 31, 2006		Three months ended March 31, 2005	
	Revenue from external customers	EBIT	Revenue from external customers	EBIT
Ship	15,215	7,952	29,715	18,300
Real estate	3,855	1,482	2,803	518
Private equity	1,006	93	668	-88
Secondary life insurance market	8,533	2,813	3,593	1,107
Total segments	28,609	12,340	36,779	19,837
Other/holding	-	-1,772	-	-1,962
Group	28,609	10,568	36,779	17,875

(10) Related parties

Receivables from and payables to related parties consist of the following:

EUR '000	March 31, 2006	December 31, 2005
Receivables from HCI SICAR A.G., HCI Trust AG, their shareholders and from companies they control	1,290	1,305
Receivables from Harald Christ Consult GmbH	337	337
Receivables from joint ventures and associates	1,801	2,515
Receivables from non-consolidated subsidiaries	-	17
Receivables from related parties	3,428	4,174
Payables to HCI SICAR A.G., HCI Trust AG, their shareholders and to companies they control	1,825	2,813
Payables to joint ventures and associates	-	770
Payables to non-consolidated subsidiaries	772	751
Payables to HCI Group management	-	3,276
Payables to related parties	2,598	7,610
Provisions for bonuses due to HCI Group management	484	-
Provisions for profit sharing	536	1,250
Other provisions	1,020	1,250

Income from and expenses paid and payable to related parties are summarized as follows:

EUR '000	Three months ended March 31, 2006	Three months ended March 31, 2005
Income from transactions with HCI SICAR A.G., HCI Trust AG, their shareholders and companies they control	–	15
Income from joint ventures and associates	323	136
Income from related parties	323	151
Expenses from transactions with HCI SICAR A.G., HCI Trust AG, their shareholders and companies they control	–	87
Expenses paid and payable to HCI Group management	964	1,035
Expenses paid or payable to related parties	964	1,122

EUR 1,000,000 of payables to companies controlled by HCI SICAR A.G. were repaid during the first quarter of 2006. Interest expense on loans payable to HCI SICAR A.G. or to companies controlled by HCI SICAR A.G. amounted to EUR 13,000 for the first quarter of 2006 (first quarter 2005: EUR 50,000).

Expenses from transactions with HCI SICAR A.G., HCI Trust AG, their shareholders and companies they control include cost of purchased services of EUR 432,000 representing distribution commissions paid to HCI Trust AG & Co. KG, now legally named HCI Swiss AG, for the distribution of funds launched by the HCI Group. As the HCI Group acquired HCI Swiss AG in September 2005, transactions during the first quarter of 2006 between HCI Swiss AG and the HCI Group have been eliminated as intercompany transactions.

Expenses paid and payable to HCI Group management consist of the fixed remuneration components for the respective periods and the proportional bonus entitlements of the Management Board members as well as the remuneration of the Supervisory Board members.

(11) Contingent liabilities and other financial commitments

The following contingent liabilities and other financial commitments exist at March 31, 2006:

EUR '000	March 31, 2006
Guarantees	432,250
Placement guarantees	374,753
Other commitments	4,745
Future payments under operating leases	3,244

Guarantees and placement guarantees as at March 31, 2006 include contingent liabilities of USD 390,301,000 and USD 122,564,000, respectively.

(12) Proposed dividend

The Management and Supervisory Boards will propose to the annual general meeting to be held on May 18, 2006 the payment of a dividend of EUR 33,600,000 out of retained earnings of HCI Capital AG as at December 31, 2005 of EUR 39,525,000 as determined in accordance with the provisions of the German Commercial Code [*Handelsgesetzbuch*]. This represents a dividend of EUR 1.40 per share.

(13) Subsequent events

No significant reportable events occurred subsequent to the balance sheet date.

Disclaimer

Forward-looking statements

These documents contain certain forward-looking statements and information regarding future developments that are based on the opinions of the Management Board of HCI Capital AG, as well as on assumptions and information currently available to HCI Capital AG. Words such as “expect”, “estimate”, “assume”, “intend”, “plan”, “should”, “could” and “project”, as well as similar terms related to the company, are intended to indicate such forward-looking statements, which are therefore subject to a level of uncertainty.

A number of factors could cause the actual results of the HCI Group to differ materially from the projections for the future as made in such forward-looking statements.

HCI Capital AG assumes no obligation to the public to update or correct forward-looking statements. All forward-looking statements are subject to various risks and uncertainties that could cause the actual results to vary from expectations. The forward-looking statements reflect the perspective as of the date on which they were made.

Financial Calendar

May 10, 2006

Publication of first-quarter figures
Telephone conference with analysts

May 18, 2006

Annual shareholders' meeting, Hamburg

June 6, 2006

Investor road show, Zürich

June 22, 2006

Investor conference Citigroup, London

August 11, 2006

Publication of semi-annual figures
Telephone conference with analysts

November 13, 2006

Publication of third-quarter figures
Telephone conference with analysts

November 27, 2006

German Equity Capital Forum, Frankfurt/Main

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