1. Quarter | 2. Quarter | 3. Quarter

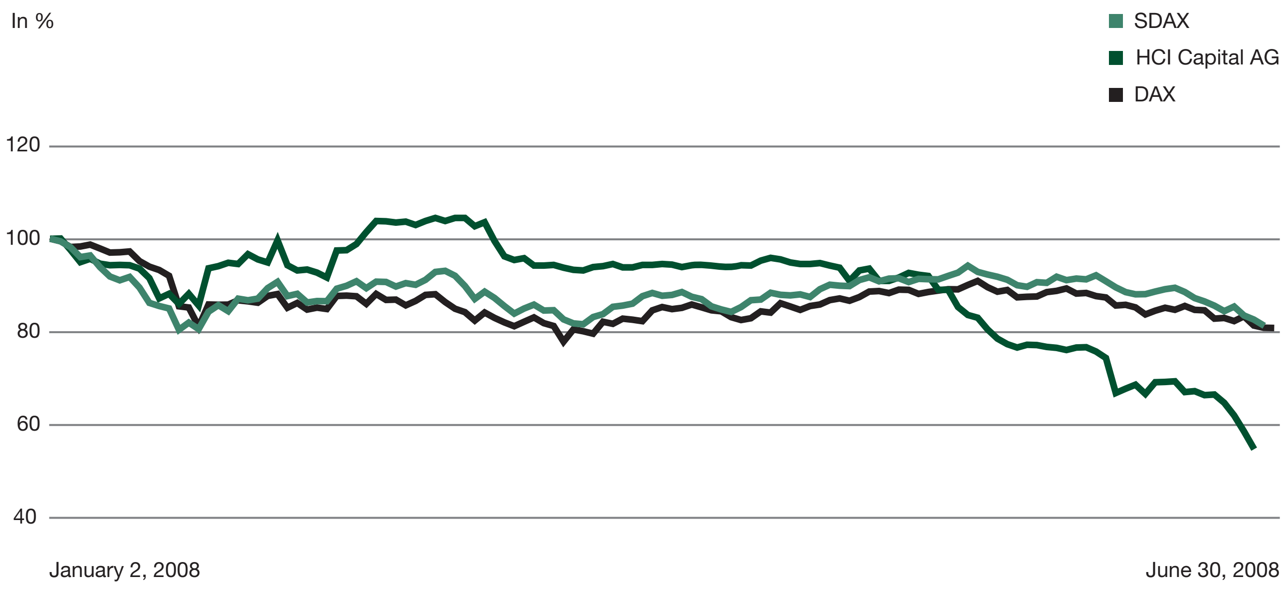
HCI SEMI-ANNUAL REPORT 2008

Capital

Key financial indicators

Earnings	Six months ended June 30, 2008	Six months ended June 30, 2007
Revenues in EUR thousands	61,652	63,374
EBIT in EUR thousands	- 18,157	22,618
EBT in EUR thousands	- 18,754	24,378
Group net earnings in EUR thousands	- 18,485	19,005
Return on sales in %	- 29.98	30.00
EBIT margin in %	- 29.45	35.70
Earnings per share in EUR	- 0.77	0.79
Placed equity in EUR million	340.5	296.2
Balance sheet	**June 30, 2008**	**December 31, 2007**
Total assets in EUR thousands	195,096	239,879
Equity in EUR thousands	83,911	118,034
Equity ratio in %	43.01 %	49.21 %
Staff	**June 30, 2008**	**June 30, 2007**
Average employees	299	247
Personnel costs in EUR thousands	15,290	13,434
Personnel costs in % of revenue	24.8	21.2

HCI Capital AG Share



Hint: Rounding differences likely to occur.

Dear shareholders and business friends of HCI Capital AG,

The first half of the 2008 financial year has been a truly eventful period for the HCI Group. There have been major changes to the Group's shareholder structure and, as a result, new appointments to the Supervisory Board and Management Board of HCI Capital AG. I am pleased to have the opportunity to address you for the first time, dear shareholders and business associates, as the new CEO.

Placements up strongly, by 15 %

HCI Group's operating performance during the first half of 2008 clearly demonstrated the strength of its product range and distribution network – the Group is enjoying stable growth. We have therefore been able to further strengthen our position as one of the leading providers of innovative closed-end investment products, capitalising on our strong sales performance and double-digit growth rates in terms of placements. The HCI Group significantly increased its placed equity capital during the first six months of the 2008 financial year, with a rise of 15.0 % compared with the first half of the previous year (EUR 296.2 million) to reach EUR 340.5 million. HCI Group thus significantly outperformed the overall market, which was down by more than 10 % year-on-year during the first half of 2008.

Revenues, totalling EUR 61.7 million (H1 2007: EUR 63.4 million), were still slightly below the previous year's level, given that the placement structure during the reporting period was, as planned, dominated by products with lower initial commissions and margins. Through products offering higher commission and margins, a significant portion of which were launched in June 2008 (such as HCI Deepsea Oil Explorer, HCI Aircraft One, and a series of closed-end shipping funds), we are still anticipating a clear rise – compared with the previous year – to be recorded for 2008 as a whole, in terms of both sales and gross profit. Equipped with a well-stocked product pipeline and based on placements continuing to develop strongly, we are confident of being able to attain our placement target of EUR 880 million by the year-end.

Financial markets crisis necessitates adjustments

Unfortunately, we were unable to escape the impact of the crisis affecting financial markets. As you are aware, we had to take an exposure backed by investments in US commercial real estate loans onto our books at the end of the 2007 financial year which originally had been designed for sale as an investment fund product. Given the continued difficulties in the US real estate market, we were forced to recognise a significant EUR 24.8 million write-down on this investment: an unexpected non-recurring effect that will materially burden our results of operations for 2008.

Six-month earnings before interest and taxes (EBIT) and the result after taxes, at minus EUR 18.2 million and minus EUR 18.5 million respectively, were both in the red. Excluding this write-down (plus further unexpected one-off effects), both figures would have been positive, in excess of EUR 10 million each.

In the light of such a fundamental adjustment, we are also being forced to revise downwards our original target of EUR 33 million net profit. Based on the strong result that we continue to expect from current operations, we are now anticipating a breakeven result after taxes for the 2008 financial year.

We are fully aware that the significant loss resulting from this fund investment represents a painful blow to the HCI Group in terms of its earnings over the 2008 financial year. Nevertheless, we believe this to be the right step for HCI Capital AG to again benefit from its full operating performance in the years ahead, once this necessary adjustment has been accounted for.

Structure stabilised

Another key event during the first half of the year was the takeover offer extended by MPC Capital AG to the other HCI Capital shareholders. Following the expiry of the final acceptance deadline, the new shareholder structure of HCI Capital AG comprises two major shareholders, MPC Capital AG (40.8 %) and the Döhle Group (20.1 %). The size of the free float has remained high, at 39.1 %. Following a resolution adopted by the General Meeting on 15 May 2008, the size of the Supervisory Board of HCI Capital AG was extended from three to six members. Three new Supervisory Board members were elected: Dr John Benjamin Schroeder, Jochen Döhle and Stefan Viering. The Supervisory Board elected Dr Schroeder as its chair on 9 June 2008. There were also changes to the composition of the Management Board. Following the retirement of Wolfgang Essing and Dr Rolando Gennari, we are pleased that Dr Andreas Pres has joined us as a seasoned CFO. Together with Dr Oliver Moosmayer, the member of the Management Board responsible for product development, HCI Group now has a powerful management team that is well placed to shape the developments ahead.

Following these fundamental changes to the shareholder group, Supervisory Board and Management Board of HCI Capital AG, we now find ourselves in a good position going forwards, with a stable structure. This stability is a key aspect in ensuring that the HCI Group can develop further as an independent company and as a strong brand. It is our belief that the HCI Group, with its product quality, innovative character and sales strength, is excellently positioned to further consolidate its position among the leading providers of closed-end investment models in Germany.

Yours sincerely,

Hamburg, August 2008

R. Friedrichs

Dr Ralf Friedrichs (Chairman of the Management Board)

The HCI Share

The general market environment on the equity markets, due to the financial markets crisis, was extremely volatile during the first half of 2008. This is more than clear from the way in which the DAX, Germany's blue-chip index, performed over the course of the year, dipping from just under the 8,000 mark at the beginning of the year to a low of around 6,000 by July. The relevant reference index for HCI, the SDAX, fluctuated between 3,900 and 5,200 points. Overall, the SDAX has fallen by some 20 % since the beginning of the year.

The HCI share was unable to escape this overall trend entirely unscathed, although various other factors have also influenced how the share has performed. From a price of EUR 14.90 at the beginning of the year, the share fell to an initial low of EUR 12.78 faced with a weak equity market. Following the announcement of MPC Capital AG's takeover offer on 12 February 2008, with an offer price of EUR 14.22, the HCI share price duly recovered to reach EUR 15.75, before falling back to the level of the offer price in early March 2008 after the announcement of HCI Capital AG's result and proposed dividend for the 2007 financial year. This was a level that was then more or less maintained beyond the end of the final acceptance period on 28 April 2008, through to the General Meeting on 15 May 2008. Following the distribution of the dividend of EUR 0.70 the HCI share then fell significantly up until the end of the reporting period, in what was a generally weak market environment and with daily trading volumes that were well below average. Over the period between 15 May and 30 June 2008, the share shed some 38.5 %, falling from EUR 13.40 to EUR 8.24 with an average daily trading volume of 28,659 shares. In contrast, the first quarter of 2008 saw average trading volumes across all of the German stock exchanges of around 84,000 shares per day. The average for the first six months of the year was 59,000 (previous year: 77,800 shares per day). This development can to a large extent be attributed to a general reticence on the markets, particularly on the part of institutional investors, towards smaller financial issues. Given the low level of demand, sell orders placed considerable pressure on the share price, which gradually became even stronger towards the end of the reporting period.

The share is covered by eleven analysts preparing company studies and evaluations on an ongoing basis. Six analysts currently recommend the share be held, or have adopted a 'neutral' stance. Three analysts have issued a 'buy' recommendation. Two analysts have assessed the share to be an 'underperformer' or have issude a 'sell' recommendation.

During the period under review, senior management presented HCI Capital Group's company strategy and business performance at an analysts' conference, at the press conference to present the financial statements, as well as at various road shows and capital markets conferences throughout Germany and the United Kingdom. In addition, numerous discussions were held with analysts and investors at the company's Hamburg headquarters.

Now that the changes to the shareholder structure and management of HCI Capital AG have been concluded, greater use of presentations in the context of capital market conferences and road shows targeted at institutional investors in Germany and abroad is planned for the remaining months of the 2008 financial year. Our aim is to foster dialogue with the capital market on an ongoing and intensive basis, thereby generating a broad level of awareness of (and interest in) the HCI share. We are also fully convinced that our open and transparent capital market communications constitute a key element over the medium and long term in our efforts to bolster confidence in our share and, as a result, to increase its value.

HCI Capital AG does not hold any treasury shares.

Interim Group Management Report

A. Changes to the company's shareholder structure and executive bodies

There have been numerous changes to the shareholder structure of HCI Capital AG during the first half of 2008. On 12 March 2008 MPC Capital AG extended a takeover offer to the other shareholders of HCI Capital AG. At the time of the offer being published, MPC Capital AG already held 15.1 % of the company's share capital and voting rights. Additionally, on 11 February 2008, MPC Capital AG entered into an agreement with Corsair III Investments (Luxembourg) on the acquisition of a further stake in HCI of 20.03 %. Following the expiry of the final acceptance period on 28 April 2008, an acceptance rate of 5.67 % of the voting rights and share capital of HCI Capital AG had been achieved, with the result that MPC Capital AG, following the completion of the takeover bid and the agreement on the share swap with Corsair III Investments (Luxembourg), now holds a 40.80 % stake in HCI Capital AG's share capital. Moreover, Mr Jochen Döhle has increased his interest in HCI Capital AG to 20.09 % (including indirect shareholdings via Döhle ICL Beteiligungsgesellschaft mbH, Peter Döhle Schiffahrts-KG, and Beteiligungs- und Verwaltungsgesellschaft Peter Döhle mbH). On this basis the shareholder structure can now be broken down as follows:

MPC Capital AG	40.80 %
Döhle Group	20.09 %
Free float	39.11 %

On the basis of a resolution adopted by the General Meeting on 15 May 2008, the size of the Supervisory Board was increased from three to six members. In this regard, the General Meeting elected Jochen Döhle, Dr John Benjamin Schroeder and Stefan Viering as new members of the Supervisory Board. At its meeting of 9 June 2008, the Supervisory Board elected

Dr John Benjamin Schroeder as its new chairman. The previous chair, Udo Bandow, was elected Deputy Chairman of the Supervisory Board.

The previous Chairman of the Management Board, Wolfgang Essing, and the Supervisory Board of HCI Capital AG agreed by mutual consent on 23 April 2008 that Mr Essing's contract would be terminated with effect from 30 June 2008. On 8 May 2008 the Supervisory Board appointed Dr Ralf Friedrichs as a new member of the Management Board and also appointed him as CEO. Dr Friedrichs took up his position with effect from 1 June 2008 as agreed.

The previous CFO, Dr Rolando Gennari, and the Supervisory Board of HCI Capital AG agreed by mutual consent on 30 June 2008 that Dr Gennari's contract would be terminated with effect from 30 June 2008. On 25 July 2008, the Supervisory Board appointed Dr Andreas Pres as a new member of the Management Board and, at the same time, Chief Financial Officer (CFO), effective 13 August 2008.

Following the changes to the group of major shareholders and the new appointments to the Supervisory Board and Management Board, we consider the HCI Group now to be well-positioned, with a stable structure, that will enable it to successfully advance as an independent company with a strong brand.

B. Business Environment

Macro-economic environment

The world economy proved to be in a very robust state during the first few months of 2008 despite the negative impact of the crisis on the financial markets. In the industrialised nations, real GDP growth actually picked up speed again during the first quarter of 2008. Overall, however, there are emerging signs of a slowdown in economic expansion. Even in the emerging market economies, there are increasing signs that the pace of economic expansion is slowly easing. According to economic research institutes, the global economic climate has cooled substantially.

The German economy started 2008 with a great deal of momentum. Compared with the fourth quarter of 2007, strong growth in real gross domestic product was recorded during the first three months of 2008, albeit influenced by a series of special factors. Above all, however, investment for plant and machinery, exports, consumption levels and the labour market all developed positively. In other words, despite such negative influences as the financial market crisis, rising commodity prices and the strong appreciation of the euro, the German economy showed itself to be in a very healthy state initially. However, German production is expected to have fallen during the second quarter of 2008, compared to the strong performance seen in the first quarter.

There is as yet no sign of the equity and financial markets calming down. The market situation continues to be dominated by negative news from the financial sector. Against this background, the leading equity market indices in the US and Europe have proved to be very volatile over the first half of the year, with clear falls being recorded since the beginning 2008. Developments with regard to loan business have also been determined by the crisis on the financial markets. The crisis of confidence in interbank trading continues unabated. Banks' refinancing costs have markedly increased. Against this background, the risk premiums for new loans from banks to corporate customers continue to be higher than they were prior to the crisis.

In light of the strong rise in inflation worldwide over the past twelve months, particularly as a result of the major rise in the price of crude oil and increasing prices for foodstuffs, there is little scope for support in the form of monetary policy measures on the financial market. The US Federal Reserve did reduce its key interest rate in April by another 25 basis points to 2.00 %. However, no further cuts are expected over the course of the year. Rather, it is to be expected that the US central bank will raise its key rates again in 2009. The European Central Bank has already increased its key rate by 25 basis points to 4.25 %, doing so in early July.

Crude oil grew even more expensive during the second quarter of 2008. The price per barrel has risen almost as far as USD 150, and ended the reporting period at USD 138.90. The euro remains as strong as ever against the US dollar, peaking at more than USD 1.60 during the second quarter and ending the month of June at USD 1.58.

Sector trends

The overall market for closed-end funds in Germany started 2008 with considerably lower placement results compared with the previous year. According to a market study conducted by Scope Analysis and based on a survey of 70 initiators, the placement volume for the first half of 2008 was 11.6 % down year-on-year. A survey conducted by Feri Rating & Research AG amongst issuing houses representing (according to Feri) an aggregate market share of 62 % indicated the decline to be as much as 14 %. Particularly marked falls were recorded with regard to real estate funds (Scope: -34 %; Feri: -34.5 %) – mainly due to a lack of core real estate funds from the major providers. The Scope survey indicated a marked 30 % decline in secondary life assurance market funds, whereas Feri's results pointed to a 52.3 % increase (due to exceptional placements of EUR 200 million achieved by a single initiator). Shipping funds (Scope: -12 %; Feri: -4.0 %) and private equity funds (Scope: -8 %; Feri: -43.3 %) were also noticeably down on the previous year's level. In contrast, strong increases were recorded with regard to leasing funds (Scope: +162 %) and aircraft funds (Feri: +438 %) in particular.

C. Business Development

Placement volumes

During the first half-year the HCI Group placed equity capital totalling EUR 340.5 million, thereby achieving a clear increase of 15.0 % compared with the first six months of the previous year (EUR 296.2 million) and bucking the general market trend. This strong growth in business is primarily due to the continued strong growth in placement volume in the real estate product area in particular, as well as to the placement success notched up in the area of shipping in general and structured products (guarantee products). A gratifying increase in placement volume was also recorded with regard to secondary life assurance market funds. Only private equity funds-of-funds were down on the previous year's levels, a decline that had been anticipated.

During the period under review, equity capital of EUR 8.0 million (H1 2007: EUR 16.1 million) was placed outside Germany. Sales activities were focused almost exclusively on the Austrian market.

Overall, the successful placement record for the first half of 2008 demonstrates that HCI is excellently positioned with its product innovations and sales prowess in the market for closed-end funds and structured products.

In terms of the individual product areas, the placement volumes can be broken down as follows:

In the **ship** area, a placement volume of EUR 197.8 million during the reporting period represented a rise of 4.6 % compared with the same period of 2007 (EUR 189.2 million). This growth was supported by the structured products successfully launched during the previous year. Classic closed-end shipping investments and asset creation plans, accounting for a placement volume of EUR 152.6 million, were below the previous year's level of EUR 164.2 million, as planned. Meanwhile, the dynamic growth recorded with regard to the placement of structured products was maintained. Through the HSC Shipping Protect I and II guarantee funds and the HSC Freight Rates Certificate III, a total of EUR 45.2 million was placed, representing a year-on-year increase of 81.0 % (H1 2007: EUR 25.0 million).

The **real estate** product area continued to record dynamic growth in the second quarter. With a placement result of EUR 80.1 million for the first half of 2008 compared with EUR 35.9 million during the first six months of 2007, a year-on-year increase of 123.0 % was recorded. This development is primarily attributable to the HCI Real Estate BRIC$^+$ success story: the fund accounted for EUR 75.1 million of the placement result. The product concept of this fund of funds, which invests in real estate funds in the emerging property markets in Brazil, Russia, India and China, incorporates a global diversification structure that so far is unique in the market. This product has also enabled us to gain major banks as distribution partners, thereby further strengthening our sales platform.

In the area of the **secondary life assurance market**, the HCI Group was able to use secondary life assurance market funds and asset creation plans to place equity capital of EUR 58.7 million, generating 19.2 % growth on the EUR 49.2 million recorded during the same period of 2007 in the process. A key contribution in this regard was made by HSC Optivita X UK, which invests in UK life assurance policies and accounted for EUR 56.1 million of the placement result. A further EUR 1.1 million was placed through HSC Optivita IX Germany. A total of EUR 13.3 million had already been placed in the first half of 2007 through the HSC Optivita Europe LV Index certificate, a structured product. A follow-up issue of this product was launched in late June 2008, and thus too late to be included in the placement result for the reporting period. A new introduction during the period under review was the guarantee product HSC Multi Asset Protect I, launched during the second quarter. This is a fund which invests in closed-end funds of different asset classes (in addition to secondary life assurance market funds, closed-end shipping funds, and private equity funds of funds) and also features a capital guarantee. Overall, equity capital of EUR 59.8 million (EUR 62.5 million in H1 2007) was placed in the secondary life assurance market product area.

Total equity capital placed in **private equity** funds of funds amounted to EUR 2.7 million, which, as expected, was well down on the same period of 2007 (EUR 8.5 million), representing a fall of 68.9 %. Prevailing uncertainty on the financial markets continued to have a tangible negative impact on demand for investment offers in the private equity sector.

Profit and loss

The strong growth in the placement result achieved by the HCI Group during the period under review is based primarily (as in the first quarter of the year, and as planned) on structured products and real estate funds of funds which provide lower commission levels and margins in the early stages. Nevertheless, the share of products with higher margins, such as closed-end shipping funds and secondary life assurance market funds, rose tangibly during the second quarter. This means that **revenues** during the first half of 2008, at EUR 61.7 million, were only slightly (2.7 %) below the level posted during the same period of the previous year (EUR 63.4 million). This slight decline was due in particular to lower other income from performance-based commissions from the sale of ships owned by HCI-managed funds.

Revenues from fund sales and design for the first half of 2008 were also almost on a par with the first six months of the previous year, at EUR 48.9 million (H1 2007: EUR 48.6 million). With regard to trust management and service activities, fees rose due to the ongoing rise in the equity capital under management, up from EUR 10.7 million during the first half of 2007 to EUR 11.3 million during the first half of 2008, an increase of some 5.5 %. Revenues from management fees more than doubled, from EUR 0.6 million in 2007 to EUR 1.4 million during the year under review.

During the 2007 financial year, the brokerage of ships and real estate had resulted in exceptionally high levels of **other operating income** during the first half of that year. As far as the first half of 2008 is concerned, this type of transaction only took place to a lower extent, as planned. Correspondingly, other operating income, at EUR 4.0 million, was down on the previous year's figure of EUR 9.9 million.

Costs of purchased services, primarily comprising commissions paid to distribution partners, rose by around 6.5 % from EUR 30.6 million to EUR 32.5 million during the period under review due to the rise in the placement volume. In light of the fact that sales were slightly below the previous year's levels, it is clear that the first half of 2008 was dominated by the sale of products with lower initial margins. The gross profit margin for the reporting period, at 47.5 %, was thus markedly down on the same figure for the first half of 2007 (51.8 %).

Personnel expenses rose considerably during the first six months of the current financial year, up by some 13.8 % to EUR 15.3 million (H1 2007: EUR 13.4 million). This relatively strong rise is mainly due to the one-off expenses in the amount of EUR 3.8 million incurred in relation to the departure of two members of the Management Board during the second quarter. Adjusted to exclude these one-off expenses, personnel expenses actually fell due to lower provisions for variable remuneration components. Fixed remuneration components, in contrast, underwent a slight rise. During the reporting period, the HCI Group employed an average of 299 staff (H1 2007: 247).

Other operating expenses, at EUR 11.1 million at the reporting date, were approximately 16.8 % higher than during the first half of the previous year (EUR 9.5 million). The rise in non-staff expenditure was partly due to the additional consultancy costs of EUR 1.0 million incurred during the first quarter in conjunction with the takeover bid from MPC Capital AG, and to that extent is based primarily on non-recurring effects.

The **result of associates and joint ventures** accounted for using the equity method showed a loss of EUR 23.4 million during the period under review, a clearly negative development compared to the previous year (H1 2007: EUR 4.8 million). Various different – and at times contrary – effects contributed to this overall result. Ultimately, however, the major drop in the result is exclusively due to special effects in relation to a write-down on the investment (accounted for using the equity method) held by HCI Capital AG, via HCI Real Estate Finance I GmbH & Co. KG ("REF I"), in NY Credit Operating LP.

REF I is a fund which invests in commercial real estate loans in the US, through NY Credit Operating Partnership LP. Originally conceived as an investment fund concept targeting private investors, REF I was accounted for in HCI Group's consolidated financial statements as at 31 December 2007 for the first time, using the equity method, due to lack of placement opportunities in the wake of the crisis affecting financial markets. Having delivered positive results up until the first quarter of 2008, NY Credit Operating Partnership LP was forced to recognise a USD 8.1 million write-down as at 30 June 2008, due to the payment defaults affecting one individual investment and reflecting general credit default risks. As a result, NY Credit Operating Partnership LP posted a loss of approximately USD 7.9 million as at 30 June 2008, of which EUR 2.0 million was attributable to HCI Capital AG on a pro rata basis. In accordance with IAS 39, this negative result as well as a continued difficult market environment in the USA meant that, under IAS 36, the carrying amount of the investment was subjected to impairment testing. This test, implemented on the basis of conservative assumptions and taking account of the expected restructuring of the financing of the loan portfolio, resulted in the need for the carrying amount to be written down by EUR 24.8 million. As a result, the residual carrying amount of the investment in NY Credit Operating Partnership LP is EUR 3.4 million. With this remeasurement, we have taken due account of all discernible risks and believe that the sustainable value of the investment is now adequately represented. Please refer to the Risk Report for further information on the current status of the investment held by REF I in NY Credit Operating Partnership LP.

HAMMONIA Reederei GmbH & Co. KG posted a significant positive contribution of EUR 3.3 million, of which EUR 0.7 million related to the result from operational business, allocated to HCI Capital AG on the basis of the equity method. The capital increase of EUR 30.5 million, in conjunction with the entry into the company of GE Transportation Finance, which took effect during the second quarter, resulted in a one-off effect in the amount of EUR 2.6 million. Since HCI Capital AG did not participate in this capital increase, its stake held in HAMMONIA Reederei GmbH & Co. KG has fallen to 32 %. Due to the capital increase and thanks to the positive results posted for the first half of 2008, the total capital base of HAMMONIA Reederei GmbH & Co. KG has increased to EUR 71.8 million, with the result that the share attributable to HCI Capital AG share has risen by EUR 3.5 million, including effects resulting in neither profit nor loss from foreign currency translation (EUR -0.2 million) and the change in present value of financial instruments (EUR +0.4 million).

A further positive contribution to the result was made by Aragon AG, contributing EUR 0.5 million. Due to start-up losses from investments in the creation of a liability umbrella for independent financial advisors, the pro-rata result from the investment in eFonds Holding AG is negative for the period under review, at EUR 0.4 million.

Earnings before interest and taxes (EBIT), at minus EUR 18.2 million, were down on the same period of the previous year

(EUR 22.6 million) due to the described business developments during the period from 1 January to 30 June 2008.
The **financial result** amounted to minus EUR 0.6 million, which was EUR 2.4 million down on the same period of 2007 (EUR 1.8 million). Whilst interest income, at EUR 1.2 million, was virtually at the same level as during the previous year (EUR 1.4 million), interest expenses rose to EUR 2.3 million (H1 2007: EUR 1.1 million). This was mainly due to the higher level of interest-bearing borrowings, reflecting the financing of HCI Real Estate Finance I GmbH & Co KG, which was consolidated for the first time as at 31 December 2007. The fall in the other financial result, from EUR 1.5 million during the previous year to EUR 0.5 million during the reporting period, is essentially due to negative currency translation effects given the weaker USD rate in the first quarter of 2008 compared with the fourth quarter of 2007. No further net exchange rate losses were incurred during the second quarter of 2008, due to the fact that the USD exchange rate was almost unchanged from its levels as at 31 March 2008.

Earnings before taxes (**EBT**) totalled minus EUR 18.8 million during the period under review, and were thus significantly down on the same period of 2007 (EUR 24.4 million).

The income tax position was positive during the first six months of the 2008 financial year, at EUR 0.3 million, due to tax refunds related to prior periods.

The **consolidated net income for the period**, at minus EUR 18.5 million for the period under review, was down on the same period of the previous year (EUR 19.0 million).

Cash flows

HCI Group posted a EUR 1.5 million net cash outflow from operating activities for the first half of the current financial year. The EUR 10.6 decline compared to the same period of the previous financial year was largely due to lower consolidated net income for the period. Cash flow from working capital improved, from minus EUR 2.8 million to minus EUR 1.9 million, reflecting the reduction in other assets which generated a net cash inflow of EUR 9.0 million. This reduction in other assets was due to repayments of loans extended to fund management companies, and to the settlement of claims on management fees for life assurance funds, recognised in the previous year.

The EUR 6.1 million net cash outflow from investing activities was predominantly attributable (EUR 6.0 million) to the acquisition of a stake in eFonds Holding AG. The net figure also includes EUR 2.9 million in positive and EUR 2.8 million in negative cash flows during the first half of 2008, mainly incurred in secondary market fund trading and the amortization of HCI HAMMONIA AG shares.

Aggregate cash outflow from funding activities amounted to EUR 25.6 million, comprising dividend payments to shareholders of HCI Group (EUR 16.8 million) and redemptions of financial obligations (EUR 8.8 million). Taking into account a EUR 16.0 cash inflow from borrowing, there was a net cash outflow from funding activities of EUR 9.6 million (H1 2007: net cash outflow of EUR 37.1 million). At EUR 17.5 million, the company's cash and cash equivalents at the reporting date (30 June 2008) were EUR 11.7 million lower than on the previous year's reporting date.

Financial position

Total assets amounted to EUR 195.1 million as at the reporting date of 30 June 2008, down 18.7 % from 31 December 2007 (EUR 239.9 million). The decline in total assets was largely due to the EUR 24.8 million write-down on the investment in NY Credit Operating Partnership LP. At the same time, cash and cash equivalents declined from EUR 34.7 million (31 Dec 2007) to EUR 17.5 million.

Shareholders' equity amounted to EUR 83.9 million as at 30 June 2008. The decline by EUR 34.1 million was due the EUR 18.5 million loss for the first six months, and to the EUR 16.8 million dividend payout. The equity ratio decreased from 49.2 % to 43.0 %.

Debt continued to fall from EUR 121.8 million as of 31 December 2007 to EUR 111.2 million at 30 June 2008, with non-current liabilities as well as current provisions and liabilities down by EUR 1.7 million and EUR 9.0 million, respectively. The reduction of debt results from a decrease of trade payables by EUR 7.5 million as well as other debt by EUR 5.9 million, especially tax payables and amounts owed to employees. Liabilities to banks increased by EUR 6.6 million from 31 December 2007 to 30 June 2008.

D. Risk Report

The HCI Group has a centrally organised risk management system, encompassing all of the Group's activities. Systematic risk identification and assessment, as well as measures to avoid, reduce or limit risks are all integral to this system.

Risks from contingencies

With a number of funds, particularly ship and real estate funds at present, the fund management company acquires the investment at a point in time at which the investors have not yet invested in the fund, and at which the fund does not yet have the equity required to finance the investment. This is why, as a rule, pre-financing using borrowed capital, such as in the form of bank loans, is required for a certain period – which depends on the structure of the fund concerned – until the placement has been completed. Generally, these bank loans are only granted in exchange for provisions of suitable collateral. As the fund company does not yet have the necessary assets at its disposal, various HCI Group entities, in addition to other cooperation partners involved, offer the financing banks collateral, e.g. through corresponding guarantees.

The HCI Group has concluded a number of contracts in conjunction with the placement of funds. Securing the claims arising from these agreements were, as at 30 June 2008, guarantees and guarantee-like commitments in the amount of EUR 319.2 million and USD 1,593.5 million (31 Dec 2007: EUR 317.4 million / USD 1,541.0 million), of which EUR 233.3 million / USD 937.0 million related to loans that had already been extended (31 Dec 2007: EUR 229.4 million / USD 917.1 million). Placement guarantees totalling EUR 177.8 million / USD 613.2 million (31 Dec 2007: EUR 68.4 million / USD 361.8 million) were still outstanding, of which EUR 52.7 million / USD 317.2 million (31 Dec 2007: EUR 55.0 million / USD 331.2 million) related to funds that had not yet entered distribution. If the loans cannot be repaid on schedule, there is a risk that the HCI Group entity providing the collateral will be held liable for non-fulfilment of the related loan obligations.

The HCI Group counters this risk by means of a diversified range of products that have a low correlation. There is also a strong diversification within the different product groups (different ship types / sizes, various types of ship fund, several investment markets in the case of real estate funds), and a suitable quality-assurance strategy for the selection of investments and the design of funds. Through the balanced distribution of the placement volume across the three different sales channels, the HCI Group aims to achieve a stable level of product sales.

Risks relating to the investment held by HCI Real Estate Finance I GmbH & Co. KG in NY Credit Operating Partnership LP

In the 2007 financial year, the HCI Group included HCI Real Estate Finance I GmbH & Co. KG (REF I) in its consolidated financial statements prepared in accordance with IFRS for the first time. REF I, as at 31 December 2007, held a 33.1 % stake in NY Credit Operating Partnership LP. Also indirectly invested, via NY Credit Operating Company LLC ("NCOC"), are the US insurance undertaking NY Life Insurance Company and the Canadian ONEX Corporation, both of which hold a 33.1 % investment. BRK MANAGEMENT LLC holds the remaining 0.7 %. Further information on the reasons for the consolidation of this fund, originally intended for a placement in 2007, and on the structure and risks associated with the investment, is provided in detail in the Risk Report forming part of the Group Management Report for the 2007 financial year (pages 75 to 79). The following key changes have arisen in this regard during the period under review.

As at 31 December 2007, the loan portfolio held by NY Credit Operating Partnership LP comprised investments of around USD 415 million in commercial real estate financings. As at 30 June 2008, this amount had been reduced by USD 50 million, to around USD 365 million, as a result of the sale of loans at nominal value, amortisation, and redemptions. The financings are broadly diversified across different properties and regions of the USA and have an average weighted term (excluding any options to extend) of 6.1 years. As at 30 June 2008, the company had equity capital of USD 108.5 million and financing available (in the form of a credit line) of approximately USD 264 million. The credit line is provided by Greenwich Capital Financial Products, Inc. (Royal Bank of Scotland Group). Whilst approximately 65 % of the commercial real estate loans involve a fixed-rate agreement, the credit line takes the form of a short-term finance arrangement based on 1-month LIBOR, with a term that expires on 8 February 2009. To hedge the interest rate risk, NY Credit Funding I LLC, a subsidiary of NY Credit Operating Partnership LP, has entered into interest rate swaps, switching the variable interest leg of the credit lines into fixed-rate positions.

Due to negative changes in the fair value of the interest rate swaps incurred in January 2008, the fund was forced to pledge cash collateral, in order to comply with its contractual obligation to maintain a sufficient 'credit support amount'. The negative fair value of the swaps arose due to the fact that yields on US government bonds fell rapidly, and were not offset by increases in the value of the loans, due to the fact that credit spreads for US commercial real estate loans rose at the same time.

As at 30 June 2008, the margin requirement amounted to USD 9.32 million. In addition, NY Life Insurance Company and ONEX Corporation pledged a USD 20 million guarantee in favour of NY Credit Funding I LLC, the party obliged under the swap agreement, on 19 February 2008. From this guarantee, USD 15 million is being counted towards the credit support amount that NY Credit Funding I LLC is required to provide under its swap agreements. It has also been agreed that NY Credit Operating Partnership LP should hold a liquidity reserve of USD 14 million as collateral.

In conjunction with the guarantee arrangement, shares in NY Life Insurance Company and in ONEX Corporation (Class B membership units) in the aggregate amount of USD 20 million were converted to a senior convertible note. This is subject to quarterly interest at a rate of 11 %, or 15 % in the event of the collateral in the form of liquidity being utilised, or a further capital contribution by both partners to increase the guarantee for additional margin calls. In March 2008, USD 4.86 million of the liquidity available as security was used for the conversion of further NCOC units to create a convertible note, resulting in the rate of interest being increased to 15 %. The conversion of equity capital into convertible bonds and a negative result in the second quarter of 2008 have reduced the equity capital of the limited partners by USD 24.9 million, to give a figure as at 30 June 2008 of USD 108.5 million. The percentage share held by HCI Group in the equity capital of NY Credit Operating Partnership LP, with a nominal value of USD 50 million (forming the basis for the allocation of the result using the equity method) has therefore increased to 39.3 %.

With widening spreads for US real estate lending and falling property prices on the US commercial real estate market, Greenwich Capital Financial Products, Inc. carried out a review during the second quarter of 2008 of the underlying loans serving as collateral for the refinancing. To avoid further guarantee commitments, or having to sell off loans to provide additional liquidity as collateral, given the fall in market value of the loan portfolio, negotiations are currently in progress with Greenwich Capital Financial Products, Inc. and the partners NY Life Insurance Company and ONEX Corporation to completely restructure the way in which the loan portfolio is financed. The objective of the negotiations is to reduce the share of borrowing and the related financing risk. HCI Group's aim is to find a solution that takes due account of all the interests at stake, ensuring income opportunities and minimising potential losses associated with the REF I investment.

Up until 31 March 2008 the real estate loan portfolio largely performed as planned. The financial report of NY Credit Operating Partnership LP for the first quarter of 2008 disclosed a profit of USD 1.3 million. Due to payment defaults having occurred with respect to one loan commitment and further allowance for credit risk, as well as higher interest expenses from the equity capital converted into convertible notes, provisional figures for the first half of 2008 indicate a substantial loss of USD 7.9 million. In accordance with IAS 39, this unexpected negative result as well as the continued difficult market development meant that, under IAS 36, the carrying amount of the investment was subjected to impairment testing. This test, implemented on the basis of conservative assumptions and taking into account possible scenarios for the restructuring of the financing of the loan portfolio (currently being negotiated), resulted in the need for the carrying amount to be written down by EUR 24.8 million. As a result, the residual carrying amount of the investment in NY Credit Operating Partnership LP is EUR 3.4 million.

With this revaluation, we have taken due account of all discernible risks and are assuming that, as a result, the sustainable value of the investment is appropriately represented.

Other risks and overall risk

A detailed description of the other general risks relevant to the HCI Group and a description of the measures taken to counter these can be found in the Risk Report included in the Annual Report for the 2007 financial year (pages 70 to 80).

The assessment of the risks facing the HCI Group during the reporting period did not reveal any that posed a threat to the existence or continued existence of the Group, or that had a sustained impact on the Group's financial position, cash flows, and profit and loss. The Management Board regularly reviews the risks the HCI Group is exposed to. A risk management report is submitted to the Supervisory Board every quarter.

E. Report on Events After the Balance Sheet Date

On 25 July 2008, the Supervisory Board appointed Dr Andreas Pres as a new member of the Management Board and, at the same time, Chief Financial Officer (CFO), effective 13 August 2008.

F. Outlook

Economic research institutes expect to see a tangible decline in worldwide growth by the end of 2008. In light of the increasing shortages on the commodity markets, a reduction in the growth rate is also viewed as a necessary step to halt the trend of strongly rising commodity prices and to bring inflation to an acceptable level in the medium term. A further key factor is the continuation of the crisis on the US real estate market, and the crisis on the financial markets that this has triggered. The repercussions, of the financial market crisis in particular, are still difficult to predict.

Against this background, the Kiel Institute for the World Economy, in its latest study, has slightly reduced its economic forecast for the US to a growth rate of 1.4 %. Growth of 1.8 % is forecast for the euro zone, although an above-average rate of growth of 2.1 % is predicted with regard to inflation-adjusted GDP in Germany.

Experts expect the price of crude oil to remain at a level of USD 130 per barrel up until the end of the year. The euro, meanwhile, is not expected to lose any of its strength against the US dollar, and to remain around the USD 1.58 mark.

In terms of the closed-end investments sector, the expectation for 2008 as a whole remains mixed, depending on segment. A recent market study carried out by Scope Analysis revealed that the real estate funds, shipping funds, private equity funds and secondary life assurance market funds segments were considerably weaker during the first half of the year than in 2007. In terms of real estate funds, catch-up effects are expected in the second half of the year with regard to many providers who already have new products in the pipeline. The mood in relation to shipping funds, however, is somewhat more muted given currently high purchase prices for ships, whilst charter rates have not risen to the same extent. Nevertheless, demand for closed-end shipping funds remains high. In the area of German secondary life assurance market funds, the mood has grown even gloomier. Secondary market funds involving UK life assurance policies are still, in our view, meeting with a good level of demand. The private equity funds market is, in our opinion, another market that will not yet enjoy a sustained recovery during the second half of the year. Stronger growth prospects are in evidence, however, in the case of newer asset classes, such as renewable energy and, as has previously been the case, aircraft funds.

Despite the generally weaker market environment overall, the HCI Group feels that it is well positioned with a well-stocked product pipeline to exceed last year's record placement result in its 2008 financial year. Our strong placement growth, achieved in the face of the downward market trend during the first half of the year, reinforces this view. Overall, the HCI Group is still aiming to place equity capital of around EUR 880 million in 2008. Our expectations have only changed to the extent that, based on the weak capital markets, we no longer also expect to generate institutional business. Rather, we will be looking to incorporate the available assets in the area of shipping into closed-end funds, and to place them with private investors. This will generate positive effects for operating results in the current financial year, since our business with closed-end funds primarily generates upfront commissions, with an immediate impact on revenues and gross profit.

In terms of the individual product areas, we are expecting the following placement results for 2008 as a whole:

In the area of ship products, the HCI Group is planning to achieve a placement volume of EUR 383 million using closed-end funds and asset creation plans. Due to the weak state of the capital markets, we have postponed plans for further equity capital placement among institutional investors until next year. Following the approval by the General Meeting of HCI HAMMONIA Shipping AG in May of this year of approx. EUR 68 million in authorised capital, we consider the situation to be conducive to the advancement of institutional business in the area of shipping products. HCI HAMMONIA Shipping AG is now fully invested. This means that we are confident of being able to successfully implement the capital increase planned for 2009.

With regard to the real estate sector, we expect to be able to generate a placement volume of EUR 144 million by means of HCI Real Estate BRIC+ and a new real estate fund of funds due to be launched in the autumn of 2008. We therefore have the potential to more than exceed last year's excellent result. However, we do not expect to conclude any institutional real estate business this year. Based on the current situation, the returns available on commercial properties in our key regions in Europe remain relatively low. At the same time, the banks' requirements for the financing of commercial real estate projects have become increasingly demanding as the crisis on the financial markets has left its mark. Nevertheless, there are now signs of an easing of the price situation in the case of commercial properties at attractive locations, where prices have risen strongly over recent years. We are therefore confident that there will be favourable opportunities to enter into new commitments in the area of core real estate investments over the coming year.

As regards the secondary life assurance market, we have the potential to exceed our original targets by successfully placing HSC Optivita X UK and the successor product HSC Opitivita XI UK, in full. With placement continuing to develop well, we expect to be able to place a total volume of EUR 85 million in this area by means of closed-end funds and asset creation plans.

Looking to private equity, the fact that the situation on the financial markets remains tense means that we expect the result for the year as a whole to be relatively weak. For the current financial year, we are expecting a placement volume for private equity products of EUR 6 million.

We foresee a good potential for further growth in structured products, a product sector launched during the previous year. Our very successful placement record in this area to date confirms our expectation that we can use guarantee products (HSC Shipping Protect, HSC Multi Asset Protect), freight rate certificates and the HSC Optivita Europe LV Index certificate, a new issue of which was launched in June, to achieve a placement volume of EUR 114 million.

With regard to new asset classes, the HCI Group launched a closed-end aircraft fund, HCI Aircraft One, and HCI Deepsea Oil Explorer, designed jointly with MPC Capital AG. HCI Deepsea Oil Explorer, with a placement volume of some EUR 70 million, is – as expected – developing a very strong placement record. HCI Aircraft One is an excellently designed product set up in cooperation with strong partners (Babcock Brown, Air Canada) and offering investors attractive yield opportunities. We are therefore optimistic of being able to place some EUR 69 million in the aircraft sector during the current financial year, despite the difficult environment. Additionally, we will also – earlier than originally planned – launch a closed-end fund onto the market in the fourth quarter that invests in renewable energies. A placement volume of EUR 10 million is planned.

Overall, we are continuing to expect to record a very strong operating result for the 2008 financial year. However, due to the special factors affecting earnings described above, we have no option but to reduce our net profit forecast to a breakeven result after taxes. Key factors for the lower earnings forecast are the significant write-downs on the investment held by HCI Real Estate Finance I GmbH & Co. KG in NY Credit Operating Partnership LP, plus several further special effects which the expected positive momentum in the operating business is not expected to fully offset. Specifically, such non-recurring factors include one-off expenditure related to changes to the Management Board; additional expenditure incurred within the scope of the takeover offer by MPC Capital AG; and lower earnings forecasts for some investments accounted for using the equity method.

With the necessary adjustments over the course of this financial year, and in view of the fact that a number of additional one-off factors have burdened our result for 2008, we are looking optimistically to the future. The strong placement result that the HCI Group has already been able to achieve for the first half of the year – a result that stands up well to comparison with our competitors, our well-stocked product pipeline and our strong sales performance, are proof of the company's real operational strength. Armed with its knowledge, strong links in the relevant markets and a powerful brand, the HCI Group is excellently positioned to further strengthen its position amongst Germany's leading providers of closed-end investment products.

G. 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."

Hamburg, August 2008
HCI Capital AG
The Management Board

Dr Ralf Friedrichs   Dr Oliver Moosmayer

Consolidated income statement
interim financial statements as at June 30, 2008

EUR '000	Note	Six months ended June 30, 2008	Six months ended June 30, 2007
Revenues	(3)	61,652	63,374
Other operating income	(4)	4,012	9,906
Change in inventories		180	29
Cost of purchased services		-32,535	- 30,550
Personnel expenses		- 15,290	- 13,434
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		- 1,613	- 2,017
Other operating expenses		- 11,132	-9,529
Results of associated companies and joint ventures accounted for using the equity method	(5)	- 23,431	4,839
Earnings before interest and taxes (EBIT)		**- 18,157**	**22.618**
Interest income		1,191	1,444
Interest and similar expenses	(6)	- 2,295	- 1,143
Other financial result		507	1,459
Earnings before taxes (EBT)		**- 18,754**	**24,378**
Income taxes	(7)	269	- 5,373
Consolidated net income for the period		**- 18,485**	**19,005**
Consoldiated net income for the period attributable to the group		- 18,485	19,005
Earnings per share (basic) in EUR	(8)	- 0.77	0.79
Earnings per share (diluted) in EUR	(8)	- 0.77	0.79

Consolidated income statement
interim financial statements for the second quarter ended June 30, 2008

EUR '000	Note	Six months ended June 30, 2008	Six months ended June 30, 2007
Revenues		35,164	31,560
Other operating income		3,062	5,133
Change in inventories		430	- 176
Cost of purchased services		- 18,766	- 15,563
Personnel expenses		- 9,870	- 7,762
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		- 928	- 1,200
Other operating expenses		- 5,892	- 5,245
Results of associated companies and joint ventures accounted for using the equity method		- 24,391	3,645
Earnings before interest and taxes (EBIT)		**- 21,191**	**10,392**
Interest income		514	971
Interest and similar expenses		- 1,155	- 593
Other financial result		1,438	721
Earnings before taxes (EBT)		**- 20,394**	**11,491**
Income taxes		671	- 2,375
Consolidated net income for the period		**- 19,723**	**9,116**
Consoldiated net income for the period attributable to the group		- 19,723	9,116
Earnings per share (basic) in EUR		- 0.82	0.38
Earnings per share (diluted) in EUR		- 0.82	0.38

Consolidated balance sheet
as at June 30, 2008

	Note	June 30, 2008	December 31, 2007
ASSETS		**EUR '000**	**EUR '000**
Non-current assets		**106,319**	**130,099**
Intangible assets		4,293	5,538
Property, plant and equipment		1,713	1,875
Investments in associated companies and interests in joint ventures accounted for using the equity method		67,208	86,226
Investment securities		17,547	15,834
Other financial assets		15,060	19,953
Deferred taxes		498	673
Current assets		**88,777**	**109,780**
Work in progress and finished services		1,939	1,772
Trade receivables		26,083	31,785
Receivables from related parties	(12)	1,368	1,052
Income tax receivables		18,596	9,966
Other assets		17,337	22,965
Other financial assets		16,973	22,373
Other miscellaneous assets		364	592
Securities		5,915	7,501
Cash and cash equivalents		17,539	34,739
Total assets		**195,096**	**239,879**
EQUITY AND LIABILITIES		**EUR '000**	**EUR '000**
Equity		**83,911**	**118,034**
Subscribed capital		24,000	24,000
Capital reserve		76,016	76,016
Retained earnings		702	35,987
Accumulated other equity	(9)	- 2,275	- 3,437
Net cost in excess of net assets acquired on the acquisition of companies under common control and successive share acquisitions		- 14,532	- 14,532
Non-current provisions and liabilities		**16,936**	**18,606**
Pension provisions		20	19
Liabilities to banks	(10)	14,315	16,532
Other miscellaneous liabilities		19	19
Deferred taxes		2,582	2,036
Current provisions and liabilities		**94,249**	**103,239**
Other provisions		1,742	1,267
Financial debt		56,436	49,514
Liabilities to banks	(10)	50,739	41,943
Other financials debt		5,697	7,571
Trade payables		11,613	19,066
Payables to related parties	(12)	2,051	2,206
Income tax payables		15,955	17,984
Other current liabilities		6,452	13,202
Other financial liabilities		1,462	2,304
Other miscellaneous liabilities		4,990	10,898
Total equity and liabilities		**195,096**	**239,879**

Consolidated cash flow statement
for the period from January 1 to June 30, 2008

EUR '000	Six months ended June 30, 2008	Six months ended June 30, 2007
Consolidated net income for the period	- 18,485	19,005
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	1,613	2,017
Gains(-) from associated companies and joint ventures	23,431	- 4,839
Gains(-) from the disposal of intangible assets and property, plant, equipment and securities	- 278	- 98
Increase in pension provisions	1	2
Elimination of net interest income and net investment income	- 269	5,374
Elimination of income taxes	898	- 1,560
Other non-cash income and expenses	- 303	0
Decrease in working capital	- 1,936	- 2,827
Increase in inventories	- 167	- 86
Decrease in trade receivables	5,702	24,027
Decrease in other assets	8,981	845
Increase in current provisions	476	388
Decrease in trade payables	- 7,454	- 16,999
Decrease in receivables from and payables to related parties	- 469	- 3,126
Decrease in other liabilities	- 9,419	- 7,889
Other movements in operating activities	414	13
Taxes paid	- 5,682	- 9,135
Tax refunds	183	27
Interest paid	- 1,469	- 494
Interest received	674	360
Distributions received	107	1,259
Cash flows from operating activities	**- 1,515**	**9,091**
Proceeds from disposals of intangible assets, property, plant and equipment as well as assets held for sale	0	8
Proceeds from disposal of investment securities	2,916	265
Payments for investments, intangible assets and property, plant and equipment	- 206	- 404
Payments for investments in associated companies and interest in joint ventures	- 6,025	- 39
Payments for investments securities and securities classified as current assets	- 2,753	- 1,159
Cash flows from investing activities	**- 6,068**	**- 1,329**
Dividends paid to shareholders of HCI Capital AG	- 16,800	- 33,600
Proceeds from additions to financial liabilities	15,986	
Repayments of financial liabilities	- 8,803	- 3,500
Cash flow from financing activities	**- 9,617**	**- 37,100**
Net Changes in cash and cash equivalents	**- 17,200**	**- 29,338**
Cash and cash equivalents at beginning of period	34,739	58,613
Cash and cash equivalents at end of period	**17,539**	**29,275**

Consolidated statement of changes in equity
for the period from January 1 to June 30, 2008

				Accumulated other equity				
EUR '000	Subscribed capital	Capital reserve	Retained earnings	Income and expenses recognised directly in equity	Foreign currency translation adjustment	Change in present value of financial instruments (available for sale)	Net cost in excess of net assets acquired on the acquisition of companies under common control and successive share acquisitions	Consolidated equity
Balance at 01.01.2007	**24,000**	**76,016**	**38,006**	**- 136**	**- 7**	**0**	**- 14,532**	**123,347**
Consolidated net income for the period			19,005					19,005
Changes in foreign currency translation adjustment				- 221	- 3			- 224
Consolidated comprehensive income			19,005	**- 221**	**- 3**			18,781
Distributions to shareholders			- 33,600					- 33,600
Other changes			- 1					- 1
Balance at 30.06.2007	**24,000**	**76,016**	**23,410**	**- 357**	**- 10**	**0**	**- 14,532**	**108,527**
Balance at 01.01.2008	**24,000**	**76,016**	**35,987**	**- 3,546**	**109**	**0**	**- 14,532**	**118,034**
Consolidated net income for the period			- 18,485					- 18,485
Proportional change in the fair value of derivatives of cash flow hedges at associates				702				702
Changes in foreign currency translation adjustment				- 2,589	2,323			- 266
Expenses for capital procurement				- 73				-73
Change in present value of financial instruments (available for sale)				360		439		799
Income and expenses recognised directly in equity				- 1,600	2,323	439		1,162
Consolidated comprehensive income			- 18,485	- 1,600	2,323	439		-17,323
Distributions to shareholders			- 16,800					-16,800
Balance at 30.06.2008	**24,000**	**76,016**	**702**	**- 5,146**	**2,432**	**439**	**- 14,532**	**83,911**

NOTES
to the consolidated interim financial statements of HCI Capital AG as at 30 June 2008 in accordance with IFRS

GENERAL

(1) Accounting policies
The condensed interim consolidated financial statements of HCI Capital AG and its subsidiaries (in the following: the "HCI Group") as at 30 June 2008 were prepared in accordance with the provisions set out in IAS 34, with the notes having been prepared in condensed form in accordance with the option provided for by IAS 34.

The accounting policies used for the condensed interim consolidated financial statements of the HCI Group are the same as those applied in preparing the IFRS consolidated financial statements of HCI Capital AG as at 31 December 2007. Therefore, the interim consolidated financial statements as at 30 June 2008 have to be read in conjunction with the consolidated financial statements as at 31 December 2007.

The following standards and interpretations issued by the IASB and the IFRIC, respectively, until 30 June 2008 were not required to be applied by the HCI Group for its interim consolidated financial statements as at 30 June 2008 due to the fact that the relevant date of first-time adoption has not yet occurred or that these standards and interpretations have not yet been endorsed by the European Union:

- IFRS 3 "Business Combinations"
- IFRS 8 "Operating Segments"
- IFRIC 12 "Service Concession Arrangements"
- IFRIC 13 "Customer Loyalty Programmes"
- IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- Amendment to IAS 23 "Borrowing Costs"
- Amendment to IAS 1 "Presentation of Financial Statements"
- Amendment to IAS 27 "Consolidated and Separate Financial Statements"
- Amendment to IFRS 2 "Share-Based Payment: Vesting Conditions and Cancellations"
- Amendment to IAS 32 and IAS 1 "Puttable Financial Instruments and Obligations Arising on Liquidation"
- Amendment to IFRS 1 and IAS 27 "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
- "Improvements to IFRS"

The HCI Group currently expects that the application of these standards, with the exception of the amendments to IAS 1 and IFRS 8, and at the time the above-mentioned standards and interpretations are required to be applied, will not result in any material effects on the financial position, cash flows, and profit and loss of the HCI Group. The Company is currently evaluating the impact of IFRS 8 on its financial statements. As a result of the amendment made to IAS 1, we expect to make changes in the presentation of the individual statements.

The impacts of the amendments to IAS 27 and IFRS 3 on the Group's financial position, cash flows, and profit and loss will depend particularly on the acquisitions of companies and the disposals of investments or interests in companies carried out by the HCI Group after the date of application of these two standards.

(2) Consolidation
Pursuant to the share purchase agreement of 24 January 2008, HCI Capital AG has acquired registered shares in eFonds Holding AG amounting to a 25.1 % stake in the company, for a purchase price of EUR 6,025,004. The purpose of this investment is to support the sales activities of the HCI Group through the business activities of eFonds Holding AG, with respect to the brokerage of financial products. As at the date of preparation of the interim consolidated financial statements of the HCI Group as at 30 June 2008, no financial information pertaining to eFonds Holding AG was available: accordingly, the investment was accounted for on the basis of a preliminary purchase price allocation. Based on current information, it is assumed that the final purchase price allocation will identify intangible assets with a finite useful life, with related amortisation to be recognised in the result from associates in the future.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(3) Revenue

Revenues can be broken down as follows:

EUR '000	Six months ended June 30, 2008	Six months ended June 30, 2007
Sales and fund design revenues		
Ship	32,203	34,909
Real estate	8,527	3,433
Private equity	708	905
Secondary life assurance market	7,474	9,346
Sales and fund design revenues	**48,912**	**48,593**
Trust and service fees		
Ship	9,211	8,559
Real estate	1,236	1,081
Private equity	197	193
Secondary life assurance market	664	885
Trust and service fees	**11,308**	**10,718**
Management fees	**1,378**	**590**
Other remuneration	**54**	**3,473**
Total revenues	**61,652**	**63,374**

(4) Other operating income

Other operating income includes EUR 1,750,000 in compensation for breaches of contract related to non-fulfilment of shipbuilding contracts by the respective contractual counterparty.

The total figure also includes EUR 750,000 (H1 2007: EUR 2,772,000) in income generated through the brokerage of a ship, plus EUR 644,000 (H1 2007: EUR 6,032,000) in income from the brokerage of real estate.

(5) Result of associates and joint ventures accounted for using the equity method

EUR '000	Six months ended June 30, 2008	Six months ended June 30, 2007
ARAGON AG	478	123
NY Credit Operating Partnership LP	- 26,728	0
HAMMONIA Reederei GmbH & Co. KG	3,329	4,267
BH & HCI Real Estate Holding B.V.	34	363
HELLESPONT HAMMONIA GmbH & Co. KG	- 72	86
BH & HCI Overschiestraat Holding B.V.	- 64	0
eFonds Holding AG	- 408	0
Result of companies accounted for using the equity method	**- 23,431**	**4,839**

The negative results incurred by NY Credit Operating Partnership LP comprises EUR 1,970,000 in operating losses attributable to HCI Group, which was mainly due to impairment losses on capitalised loan receivables, and EUR 24,758,000 in write-downs on the carrying amount of the investment in NY Credit Operating Partnership LP, accounted for using the equity method. Given the losses incurred during the first half of 2008, and the continued difficult market conditions in the US, an impairment test was required as at 30 June 2008. For the purposes of determining the recoverable amount in accordance with IAS 36, the impairment used a DCF model to identify the fair value, applying a rate of 11.67 % to discount the cash flows used in the model.

As a result of the inclusion of General Electric Fünfundzwanzigste Beteiligungs GmbH as well as Dr Karsten Liebing as additional partners of HAMMONIA Reederei GmbH & Co KG in May 2008, the stake of the HCI Group in HAMMONIA Reederei GmbH & Co. KG was reduced from 50 % to 32 %. As a result of the capital contributions made by the new partners into the jointly held reserve account of HAMMONIA Reederei GmbH & Co. KG in connection with the enlargement of the group of partners, the share held by the HCI Group in the net assets of HAMMONIA Reederei GmbH & Co. KG was increased by EUR 2,576,000. This amount was recognised in the income statement.

(6) Interest expenses

Interest expenses increased from EUR 1,143,000 in the prior-year reporting period to EUR 2,295,000. This increase was mainly attributable to the first-time inclusion of HCI Real Estate Finance I GmbH & Co. KG in the consolidated financial statements of the HCI Group as at 31 December 2007, and the resulting inclusion of the interest expenses from the refinancing of the investment in NY Credit Operating Partnership LP in the interim consolidated financial statements for the first half of 2008 compared to the prior year.

(7) Income taxes

Income taxes payable were reduced by EUR 2,424,000 in tax refunds for prior periods.

(8) Earnings per share

Basic and diluted earnings per share are calculated as follows:

		Six months ended June 30, 2008	Six months ended June 30, 2007
Consolidated net income for the period attributable to the Group	EUR 000's	- 18,485	19,005
Weighted average number of shares outstanding	000's	24,000	24,000
Consolidated net income for the period per share	**EUR**	**- 0.77**	**0.79**

During the reporting periods presented, there were no instruments with a dilutive effect. Diluted earnings per share thus correspond to basic earnings per share.

NOTES TO THE CONSOLIDATED BALANCE SHEET

(9) Accumulated other equity

Other income or expenses for associates and joint ventures accounted for using the equity method, recognised directly in equity, included proportional fair value changes in the amount of EUR 2,334,000, related to derivatives in cash flow hedges used by NY Credit Operating Partnership LP. This negative fair value adjustment was reduced by EUR 702,000 to EUR 1,632,000. This item also includes EUR –2,589,000 in currency translation adjustments for the first half of 2008 related to associates and joint ventures accounted for using the equity method.

The shares held in HCI HAMMONIA SHIPPING AG were classified as available-for-sale financial instruments in accordance with IAS 39, and measured using the last transaction rate as at 30 June 2008. This resulted in an adjustment of EUR 799,000 for fair value changes of available-for-sale financial instruments, which is also included in accumulated other equity.

(10) Liabilities to banks

The EUR 22,000,000 loan taken out in the third quarter of 2007 to refinance the acquisition of shares in ARAGON AG, with a term until 30 September 2012, was partially repaid in the amount of EUR 3,300,000 during the first half of 2008.

HCI Real Estate Finance I GmbH & Co KG raised a loan in the amount of USD 55,500,000 to refinance the purchase of shares in NY Credit Operating Partnership LP. HSH Nordbank AG subsequently extended the loan facility until 31 December 2008, taking into consideration a redemption of USD 13,000,000 during the course of the year. As at 30 June 2008, the carrying amount of the loan, including accrued interest, amounted to EUR 30,278,000 (31 December 2007: EUR 35,921,000).

HCI Capital AG took out a cash loan in the amount of EUR 6,000,000 to finance the purchase of shares in eFonds Holding AG. The loan bears interest at 8.53 % p.a. until 31 July 2008, and 5.3 % p.a. thereafter.

In addition, two cash loans were raised in the amount of EUR 5,000,000 each, which were drawn in an aggregate amount of EUR 9,983,000 as at 30 June 2008. Both loans will be repaid in full during the course of the second half of 2008.

OTHER INFORMATION

(11) Segment information

In accordance with IAS 14, segment information is determined on the basis of the accounting policies applied in preparing the consolidated financial statements.

Revenues from external customers represent revenues from designing, initiating, and distributing investments, and from the provision of trust, management and other services to parties outside the Group. HCI Group uses EBIT (earnings before interest and taxes), a metric commonly used on an international basis, to measure its segment results.

The results for the periods under review are presented below:

EUR '000	Six months ended June 30, 2008		Six months ended June 30, 2007	
	Revenues from external customers	EBIT	Revenues from external customers	EBIT
Ship	42,196	19,130	46,414	22,813
Real estate	10,357	- 26,669	5,587	6,157
Private equity	475	96	1,099	83
Secondary life assurance market	8,138	323	10,231	1,336
Segment total	**61,166**	**- 7,120**	**63,331**	**30,389**
Other/holding	486	- 11,037	43	- 7,771
Group	**61,652**	**18,157**	**63,374**	**22,618**

(12) Related party disclosures

Receivables from, and payables to related parties can be broken down as follows:

EUR '000	June 30, 2008	December 31, 2007
Receivables from associates and joint ventures	1,295	923
Receivables from non-consolidated subsidiaries	73	129
Receivables from related parties	**1,368**	**1,052**
Payables to non-consolidated subsidiaries	658	608
Payables to members of the Management Board and the Supervisory Board	1,455	1,598
Payables to related parties	**2,113**	**2,206**

Income from and expenses for related party transactions can be broken down as follows:

EUR '000	Six months ended June 30, 2008	Six months ended June 30, 2007
Income from associates and joint ventures	3,841	4,839
Income from related parties	**3,841**	**4,839**
Expenses for members of the Management Board and the Supervisory Board of the HCI Group	5,033	3,342
Expenses for associates and joint ventures	27,272	0
Expenses for related parties	**32,305**	**3,342**

The expenses for members of the HCI Group's executive bodies relate to the fixed remuneration components for the Management Board members for the relevant periods, plus their proportional bonus entitlements, as well as the remuneration of the members of the Supervisory Board.

In addition, expenses for members of the HCI Group's executive bodies include EUR 3,820,000 in severance payments related to the retirement of Mr Wolfgang Essing and Dr Rolando Gennari from the Management Board of HCI Capital AG during the first half of 2008.

(13) Contingencies and other financial commitments

As at 30 June 2008, the Company had the following material contingencies and other financial commitments:

	30 June 2008			31 December 2007		
	EUR 000's	EUR 000's	USD 000's	EUR 000's	EUR 000's	USD '000s
Guarantees	**1,328,135**	319,204	1,593,506	**1,362,044**	317,364	1,541,008
of which: related to construction phase loans	**1,077,095**	158,112	1,451,442	**1,124,730**	170,174	1,408,066
of which: drawn	**826,569**	233,308	936,996	**851,120**	229,372	917,141
Placement guarantees	**566,120**	177,840	613,249	**313,644**	68,354	361,828
of which: for funds not yet in distribution	**253,532**	52,720	317,163	**279,602**	55,045	331,244
Future payments under operating leases	**3,807**	3,807		**5,006**	5,006	

Guarantees extended by HCI include those granted within the scope of construction phase loans. Such loans are usually collateralised via assignment of refundment guarantees which are required from the shipyards' bankers under the respective construction agreements. Accordingly, in these cases the guarantees extended by HCI are indirectly secured by refundment guarantees pledged.

(14) Dividend distribution

Pursuant to the proposal of the Management Board and the Supervisory Board, the Annual General Meeting resolved on 15 May 2008 to distribute a dividend of EUR 16,800,000 from the net retained profits of HCI Capital AG as reported in accordance with the principles of the German Commercial Code (HGB) as at 31 December 2007. This corresponds to a dividend of EUR 0.70 per share. The dividend was distributed on 19 May 2008.

(15) Events after the reporting date

On 25 July 2008, the Supervisory Board appointed Dr Andreas Pres as a new member of the Management Board and, at the same time, Chief Financial Officer (CFO), effective 13 August 2008.

Report of the Supervisory Board

The half-yearly financial report for 2008 and the review report of the half-yearly financial statements prepared by the auditors were submitted to the Chairman of the Supervisory Board on 8 August 2008, and explained by the Management Board.

Hamburg, 8 August 2008

Dr John Benjamin Schroeder
Chairman of the Supervisory Board

Disclaimer

Forward-looking statements

These documents include certain forward-looking statements and information regarding future developments; these are based on the views and convictions of the Management Board of HCI Capital AG, and on assumptions and information currently available to HCI Capital AG. Words such as ‘expect’, ‘assess’, ‘assume’, ‘intend’, ‘plan’, ‘should’, ‘might’, ‘project’, or similar concepts referring to the company are designed to identify such forward-looking statements, which are subject to a number of uncertainties.

Many factors could cause the actual results achieved by HCI Group to be materially different from the forecasts expressed in such forward-looking statements.

HCI Capital AG accepts no responsibility or liability to the general public for updating or correcting any forward-looking statements. All forward-looking statements are subject to differing risks and levels of uncertainty: as a result, the actual figures may deviate from projected values. Forward-looking statements reflect the prevailing opinion at the time they were made.

Financial Calendar

30.01.2008
Publication of equity capital placements 2007

10.03.2008
Annual financial report 2007 / Press conference to present the financial statements / Analysts' conference

13.05.2008
Report on the first three months of 2008

15.05.2008
Annual General Meeting

13.08.2008
Half-yearly financial report 2008

12.11.2008
Report on the first nine months of 2008

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