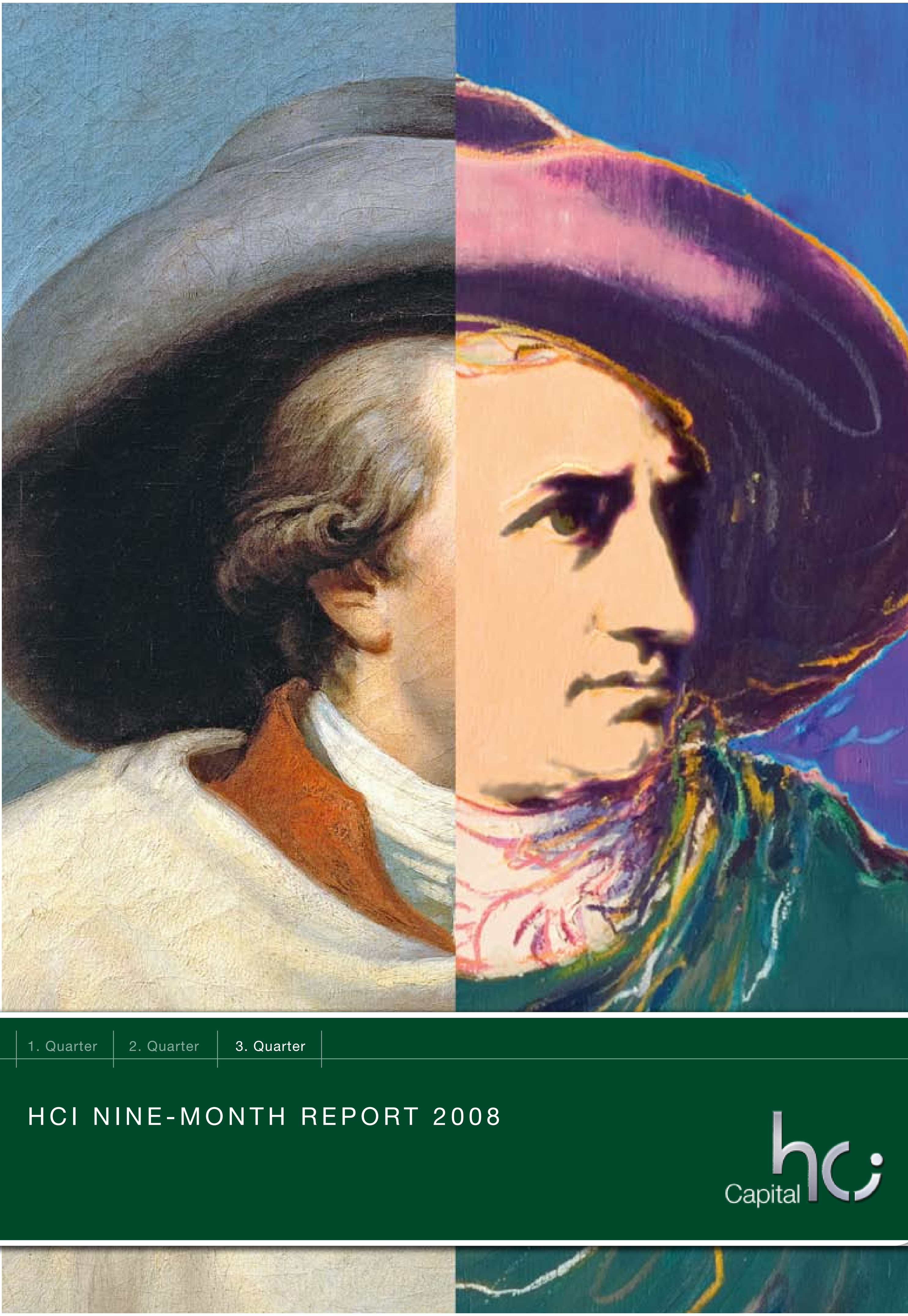


1. Quarter | 2. Quarter | 3. Quarter

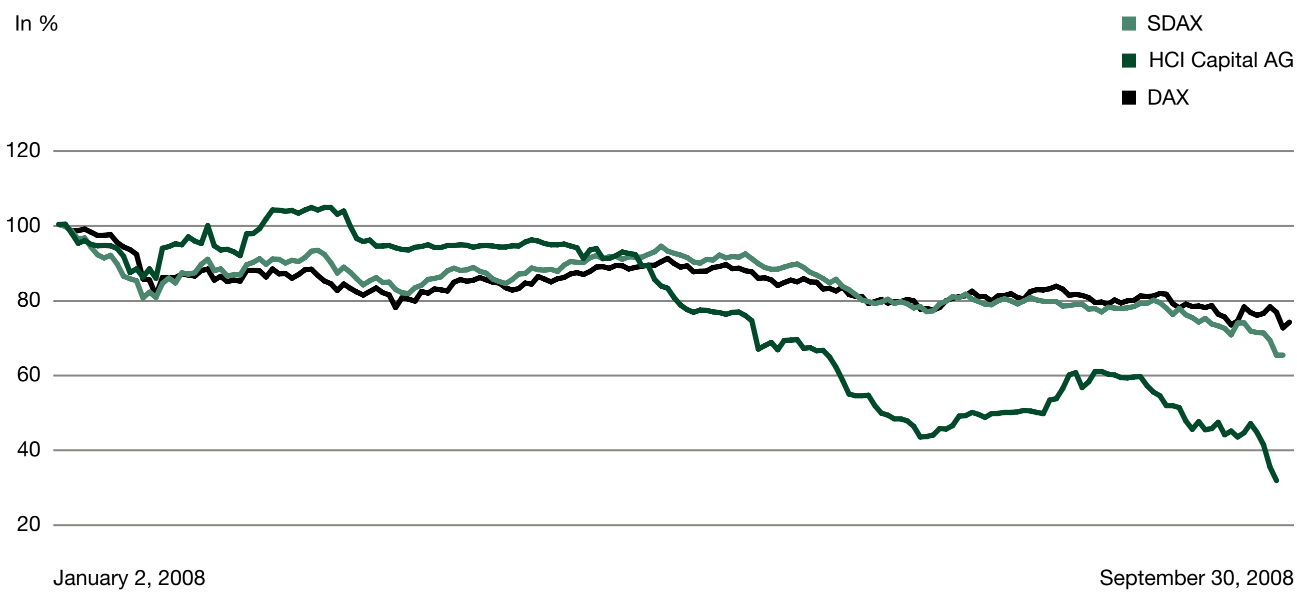
HCI NINE-MONTH REPORT 2008

Capital

Key financial indicators

Earnings	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Revenues in EUR thousands	96,503	89,314
EBIT in EUR thousands	- 12,253	28,477
EBT in EUR thousands	- 10,010	32,645
Group net earnings in EUR thousands	- 12,184	27,244
Return on sales in %	- 12.63	30.50
EBIT margin in %	- 12.70	31.90
Earnings per share in EUR	- 0.51	1.14
Placed equity in EUR million	507.8	434.6
Balance sheet	**September 30, 2008**	**December 31, 2007**
Total assets in EUR thousands	164,936	239,879
Equity in EUR thousands	88,324	118,034
Equity ratio in %	53.55	49.21
Staff	**September 30, 2008**	**September 30, 2007**
Average employees	305	251
Personnel costs in EUR thousands	21,927	20,969
Personnel costs in % of revenue	22.7	23.5

HCI Capital AG Share



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.

Hint: Rounding differences likely to occur.

Dear shareholders and businessfriends of HCI Capital AG,

The first nine months of the 2008 financial have been very eventful for the HCI Group. Under difficult conditions, including substantial changes to our group of shareholders, Supervisory Board and Management Board over and above the simmering financial markets crisis, our operational business demonstrated a remarkable level of growth and strength. At the same time, however, we were not able to escape the crisis on the financial markets completely unscathed. Over the past few weeks the situation on the financial markets has clearly intensified once again. The impact of these distortions will also leave its mark on the figures for the 2008 financial year. As far as the management and employees of the HCI Group are concerned, the difficult market environment is the key challenge on which we are currently focusing in all of our activities.

Record placements of EUR 508 million

HCI Group's operating performance during the third quarter of the 2008 financial year clearly demonstrated the strength of its product range and distribution network: with placed equity capital of EUR 507.8 million for the period ended 30 September 2008 and an increase of 16.8 % over the previous year's level of EUR 434.6 million, we have successfully continued along our growth path. At EUR 167.3 million, placements during the third quarter of 2008 were up by as much as 20.9 % year-on-year (Q3 2008: EUR 138.4 million). In spite of the challenging market environment, HCI Group achieved the highest placement figure ever seen in any nine-month period throughout the Group's 20+-year history.

In addition to strong growth from innovative products, such as the real estate fund of funds HCI Real Estate BRIC+ and the successful placement of guarantee products in the shipping segment (Shipping Protect), as well as clear growth in the placement of secondary life insurance market funds with British life insurance policies, this success can also be attributed to the introduction of new asset classes in the form of the HCI Deepsea Oil Explorer and the HCI Aircraft One. At the same time, the number of customers as at 30 September 2008 had risen to some 117,000, representing a year-on-year rise of approximately 20 %. This shows that the HCI Group, armed with its innovative products and a strong sales network, is increasingly succeeding in capturing new groups of target customers.

Strong Q3 result, with sales up 34.4 % year-on-year

The gratifying development in operational business is also demonstrated in the results for the quarter: Revenues and gross profit rose particularly strongly compared with the same period of the previous year, up by 34.4 % and 33.4 % respectively, demonstrating HCI Group's operational profitability. At EUR 5.9 million, third-quarter earnings before interest and taxes (EBIT) were in line with the previous year's figure.

Financial market crisis influences 9-month result and outlook

The result for the period from 1 January to 30 September 2008, however, continues to be influenced by the extraordinary one-off effects already reported at the end of the first six months, and, in particular, by the considerable impairment recognised on an investment in a portfolio of commercial real estate loans in the USA, originally planned as a fund product. EBIT as well as the result after taxes for the first nine months of the 2008 financial year were negative as a result, at EUR – 12.3 million and EUR – 12.2 million respectively. Excluding the impairment referred to above, both of these key figures would have been positive, in excess of EUR 12.0 million.

The dramatic intensification of the crisis affecting financial markets and the banking sector since the beginning of October has generated a high level of uncertainty among investors. The result has been a general reticence towards all investment products. The closed-end funds sector has also been hit by this development, and what has been very dynamic placement activity by the HCI Group to date has slowed markedly over recent weeks. Against this backdrop, we are forced to revise our sales planning downwards from an initial figure of EUR 880 million of placed equity capital to a target range of between EUR 650 and 750 million. Accordingly, the forecast full-year result after taxes, which had been projected to break even due to significant non-recurring charges, is now expected to show a loss between EUR 9 million and EUR 13 million.

An opportunity for sound investments in tangible assets

The impact of the financial market will undoubtedly place a considerable burden on our result for 2008, the extent of which will be greater than expected even at the beginning of the year. The current situation facing financial markets and banks and the impact on the real economy poses a huge challenge for the entire sector of closed-end fund product providers. But every crisis also offers an opportunity. I firmly believe that investors' attention will once again focus on our products, in recognition of their solid and transparent material investments following the experiences of the financial market crisis. We have the right products, a strong sales network and thus also the opportunities to gain renewed momentum as soon as events on the market calm down again.

Yours sincerely,

Hamburg, November 2008

R. Friedrichs

Dr. Ralf Friedrichs
(Chairman of the Management Board)

The HCI Share

International equity markets proved to be very volatile under the shadow of the ongoing financial crisis during the period under review. This development intensified even further in September and, above all, at the beginning of the fourth quarter. The DAX, Germany's blue-chip index, lost some 27 % of its value during the period under review, reaching its lowest point so far – around the 5,800 mark – as at 30 September 2008. As the worldwide banking crisis worsened, the DAX was extremely volatile in October 2008, moving in a range between 4,300 and 5,800 index points, which marked another low for the year. The SDAX, the small caps index relevant to the HCI share, put in an even weaker performance, with a fall of around 35 % in the first nine months of 2008, increasing to as much as 53 % in October 2008, when the index dipped to a new low for the year so far of around the 2,465 level.

The HCI share was also unable to escape this development. However, the takeover bid on the part of MPC Capital AG during the first quarter of the year, coupled with the results recorded and the change in outlook for the HCI Group in particular and the closed-end fund sector in general, meant that a whole series of factors influenced the share price performance during the period under review. As at 30 September 2008, the HCI share price was EUR 4.76. The share subsequently dropped to its lowest level of EUR 2.80 during the turbulence experienced on equity markets in October 2008. It should also be noted that it was the prices of smaller financial stocks that were dealt a disproportionately severe blow by the distortions of the financial market crisis. Institutional investors in particular proved to be very reticent in this volatile market environment, especially with regard to the smaller financial stocks. With the even greater intensification of the crisis over the past two months, a general reticence on the part of investors has now been in evidence. This is also documented by the low level of share turnover, with some 50,000 HCI shares being traded per day during the reporting period. This compares with around 66,000 shares per day during the same period of the previous year, when the share price was significantly higher.

Eleven analysts are currently covering the HCI share, producing regular company reports and evaluations. Two analysts are currently giving a buy recommendation, with five analysts advising investors to ‚hold' the share, or set at ‚neutral'. Four analysts have downgraded their assessment to ‚underperform' or ‚reduce'.

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. 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. Business Environment

Macro-economic environment

Having remained very robust during the first few months of the year, despite the continuing financial market crisis, the global economic situation and future prospects have since darkened considerably. According to the estimates of the leading economic institutes, the world economy was in a downturn by autumn 2008. The key contributory factors have been the worldwide rise in inflation triggered by commodity prices, the corrections on the real estate markets in an increasing number of countries and the worldwide financial market crisis. The fact that these factors have all intensified considerably over recent weeks has cast an even darker cloud over the economic situation.

The economic downturn is affecting the industrial nations, particularly the USA and Japan, to a greater extent. Meanwhile, in Western Europe, the leading indicators have fallen substantially over recent months, and overall economic production is no longer expanding. It is only in the newly industrialising countries that production has been able to expand quite strongly during the period under review, although there too growth has become less dynamic there overall.

The economic climate has grown considerably gloomier in Germany. Germany is particularly affected by the weakness of the international economy as demand for capital goods, on which the German export industry is considerably reliant, is waning noticeably. Further contributory factors over the past few years have been the ongoing rise in the value of the euro and, specifically this year, the massive rise in global market prices for fuels, commodities and foodstuffs. The latter is affecting consumers first and foremost. The rise in the rate of inflation is leading to a fall in real incomes and a real reduction in consumer spending.

There is still no sign of the equity and financial markets calming down. If anything, the market situation in September and October deteriorated further, as new negative headlines emerged from the financial sector, not least with news of a massive liquidity crisis facing the banking sector. The blue-chip indices on the international equity markets duly grew more volatile in response, with further major falls being recorded. Banks' lending policy has also been determined by the crisis on the financial markets. The crisis of confidence that has hit interbank trading is continuing, despite efforts by governments across the world to support their banks. Banks' refinancing costs have increased significantly. Against this background, the margins for new loans from banks to corporate customers continue to remain at higher levels than they were prior to the crisis: overall, the banks have adopted a more restrictive lending policy.

Faced with rising inflation, the ECB raised key rates in the middle of the year, with a hike of 25 basis points to 4.25 %. However, as the financial market crisis has taken ever greater hold, the central banks too have switched priorities so that their focus is now on stabilising the financial and economic system rather than curbing inflation. This has resulted in a common approach by the world's most important central banks, who collectively cut their key rates by 0.5 percentage points in October. In an additional move, ECB cut its key interest rate at the beginning of November, by half a percentage point to 3.25 %.

The price of crude oil rose to a record level of more than USD 140 per barrel during the first six months of the year. Over the course of the global economic downturn in the third quarter it fell back to USD 94 per barrel and thus to the level recorded back at the beginning of the year. The euro, which has been very strong of late, has fallen significantly against the US dollar as Europe's economy has weakened and, following a temporary high of USD 1.60 saw out the second quarter at USD 1.41 at the end of September 2008.

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. According to a Feri Rating & Research AG study, the fall was as much as 14 %.

Whilst the weaker sales of closed-end fund investments experienced by many competitors at the beginning of the year were more related to a problem with product availability, the market situation in the third quarter – and following on from the financial markets crisis and its recent escalation – was primarily marked by increasing reticence on the part of investors themselves. This mood affected all types of investment, with the result that the closed-end fund sector was no different from any other. We therefore envisage the downward trend in the sector to continued throughout the second half of 2008.

B. Business Development

Placement volumes

The HCI Group succeeded in distancing itself from the weak market environment during the first nine months of the current financial year by recording a strong placement result. With placed equity capital of EUR 507.8 million as at 30 September 2008, representing an increase of 16.8 % compared with the previous year's level of EUR 434.6 million, HCI successfully countered the sector's downward trend. Placements in the third quarter reached EUR 167.3 million and were thus 20.9 % up on the previous year's result of EUR 138.4 million. In spite of the challenging market environment, HCI Group thus achieved the highest placement figure ever seen in any nine-month period throughout the Group's 20+-year history.

This success was attributable to strong growth in the real estate product sector (which includes the HCI Real Estate BRIC+ real estate fund of funds); strong placements of guarantee products in the shipping segment (Shipping Protect); a significant increase in placements of secondary life insurance market funds involving UK life assurance policies; and not least the extension of the product range into new asset classes (HCI Deepsea Oil Explorer and HCI Aircraft One). As expected, there has been a fall in the sales figures for private equity funds of funds.

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

Placements recorded in **ship** products, at EUR 260.1 million for the period under review, were 7.2 % down on the placement volume for the first nine months of the previous year (EUR 280.3 million). However, the results were very varied across the different product classes. Classic closed-end shipping investments and asset creation plans, accounting for a placement volume of EUR 201.7 million, were down on the previous year's level of EUR 233.9 million. In contrast, the volume of subscribed asset creation plans involving classic closed-end shipping funds more than doubled on a year-on-year basis. This shows very clearly that such innovative products, which are the only product in the sector with ongoing subscription, are becoming ever more significant. Additionally, the dynamic growth enjoyed with regard to the placement of structured products was maintained with regard to shipping. Through the HSC Shipping Protect I and II guarantee funds and the HSC Freight Rates Certificates III and IV, a total of EUR 58.3 million was placed, representing a year-on-year increase of 25.7 % (EUR 46.4 million).

The **real estate** product area sector continued to record dynamic growth in the third quarter. With a placement result of EUR 112.8 million for the first nine months of 2008 compared with EUR 71.1 million during the same period of 2007, a year-on-year increase of 58.7 % was recorded. This development is primarily attributable to the HCI Real Estate BRIC+ success story. It alone accounted for EUR 107.7 million of the placement result. The product concept of this fund of funds, which invests in real estate funds predominantly 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 insurance market**, the HCI Group was able to use secondary life insurance market funds, asset creation plans and structured products to place equity capital of EUR 78.4 million. This represented 9.9 % growth on the EUR 71.3 million recorded during the same period of 2007. This growth was supported by classic closed-end secondary life insurance market funds and asset creation plans, with total placed equity capital of EUR 74.9 million, thereby exceeding by 36.2 % the previous year's level of EUR 55.0 million. Key contributory factors were HSC Optivita X UK, investing in British life insurance policies, and the successor product, HSC Optivita XI UK. During the second quarter of the year, the HCI Group launched the guarantee product HSC Multi Asset Protect I in the form of a structured product, which is very broadly diversified and also invests in secondary life insurance market funds. This new product contributed some EUR 3.5 million to the total placement volume. A total of EUR 16.3 million had already been placed in the first nine months of 2007 through the HSC Optivita Europe LV Index certificate. The re-launch of this product, introduced at the end of June 2008, has since been postponed – again, due to weak demand for certificates at the current time. As a result, the placement result for structured products in this product area is significantly down on the previous year's figure.

Total equity capital placed in **private equity** products reached EUR 4.5 million during the reporting period which, at minus EUR 7.4 million, was – as expected – well down on the same period of 2007 (EUR 11.9 million).

By launching products in **new asset classes**, the HCI Group has been able to generate further growth. The HCI Deepsea Oil Explorer, placement of which was launched in late June 2008 with a total target volume of some USD 104.6 million, had accounted for a placement volume of USD 64.9 million by the end of September following strong placement activity at the beginning of the three quarter. The HCI Group's first aircraft fund, HCI Aircraft One, was also launched at the end of June with a total target volume of USD 136.0 million. By the end of September the total placement level achieved was USD 15.7 million, in what is currently a difficult environment for the aircraft segment.

Profit and loss

Whilst the strong placement result recorded by the HCI Group in the first half of 2008 was still strongly influenced by structured products and real estate funds of funds which provide a relatively low commission and margin, the start of the third quarter saw the launch for sale of a series of closed-end shipping funds and, above all HCI Deepsea Oil Explorer and HCI Aircraft One, which generate higher commission and margins. Additionally, the strong growth in terms of secondary life insurance market funds meant that **revenues** during the reporting period, at EUR 96.5 million, were considerably higher than the previous year's level of EUR 89.3 million, representing a growth rate of 8.0 %. Revenue growth is even more impressive when viewed on a quarterly basis. With revenues of EUR 34.9 million in the third quarter of 2008, the result was a marked 34.4 % up on the corresponding 2007 figure of EUR 25.9 million.

After a remarkable level of **other operating income** was generated in the 2007 financial year from the brokerage of ships and real estate, this type of transaction was carried out on a much smaller scale during the first nine months of 2008. Correspondingly, other operating income, at EUR 5.7 million as at 30 September 2008 was significantly lower than the previous year's figure of EUR 12.8 million.

Costs of purchased services, primarily comprising commissions paid to distribution partners, rose from EUR 44.5 million to EUR 52.1 million during the period under review, in line with the strong placement growth.

Gross profit, at EUR 45.3 million during the reporting period, was slightly higher than the previous year's figure of EUR 44.8 million. However, due to the changed commission and margin structure of the placed products, a clear rise to EUR 16.0 million (previous year: EUR 12.0 million) was recorded during the third quarter of 2008.

Personnel expenses rose slightly during the first nine months of 2008, up by 4.6 % to EUR 21.9 million compared with EUR 21.0 million for the same period of 2007. This rise can be attributed to one-off expenses of EUR 3.8 million relating 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 considerably, due to lower provisions for variable remuneration components. During the reporting period, the HCI Group employed an average of 305 staff (9m 2007: 251).

Other operating expenses, at EUR 15.9 million at the reporting date, were approximately 13.6 % higher year-on-year (EUR 14.0 million). The rise in non-staff expenses is primarily due to the additional consultancy costs of EUR 1.0 million incurred during the first quarter in conjunction with the takeover bid of MPC Capital AG, and to that extent represents a non-recurring factor.

The **results of associates and joint ventures accounted**

for using the equity method were clearly negative for the period under review, at EUR –23.2 million (9m 2007: EUR 8.7 million). The major change compared with the previous year is primarily due to the non-recurring effects resulting from an impairment of the stake held in NY Credit Operating Partnership LP (NY Credit) and accounted for using the equity method. The shares are held by HCI Capital AG through HCI Real Estate Finance I GmbH & Co. KG (REF I). The main contributions to the result made by associates and joint ventures accounted for using the equity method were as follows:

NY Credit contributed a loss of approx. EUR 27 million for the period under review. The holding of REF I in NY Credit was included in the financial statements, using the equity method, for the first time as at 31 December 2007. A negative result from NY Credit in the second quarter of 2008, of which EUR 2.0 million related to the HCI Group, coupled with still difficult market conditions in the US, meant that, as at 30 June 2008, an impairment test was required under IAS 39 to review the carrying amount of the investment in accordance with IAS 36. This impairment testing led to a value adjustment of EUR 24.8 million. In the third quarter of 2008 the NY credit result allocated to the HCI Group amounted to EUR –0.2 million.

HAMMONIA Reederei GmbH & Co. KG posted a significant positive contribution of EUR 4.1 million, of which EUR 1.5 million related to the result generated from operational business. 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.

Earnings before interest and taxes **(EBIT)** for the period from 1 January to 30 September 2008, at EUR –12.3 million, were down on the same period of the previous year (EUR 28.5 million) due to the business developments outlined above. At EUR 5.9 million, third-quarter (EBIT) was in line with the previous year's figure.

The **net financial result** amounted to EUR 2.2 million, which was EUR 2.0 million down on the same period of the previous year (EUR 4.2 million). The year-on-year falls are primarily due to one-off income during the previous year resulting from a positive balance of income and expenses from the sale of interest rate swaps and the cancellation of financing commitments in conjunction with real estate sales in the Netherlands. This income was included under interest income in the 2007 nine-month report, which at EUR 5.1 million was significantly higher than the figure of EUR 1.8 million reported as at 3 September 2008. Interest expenses amounted to EUR 3.5 million as at the balance sheet date, and were thus EUR 0.5 million higher than during the first nine months of the previous year. This rise is primarily attributable to the financing of HCI Real Estate Finance I GmbH & Co. KG, consolidated for the first time as at 31 December 2007, and the rise in interest-bearing borrowings. The rise in the other financial result, from EUR 2.1 million during the previous year to EUR 4.0 million during the reporting period, is essentially due to positive currency translation based on the clear rise in the USD exchange rate against the euro during the third quarter of 2008.

Earnings before taxes **(EBT)** totalled EUR –10.0 million during the period under review, and were thus significantly down on the same period of 2007 (EUR 32.6 million).

Income taxes of EUR 2.2 million include current income tax expenses amounting to EUR 1.0 million, tax refunds for prior periods totalling EUR 1.5 million as well as expenses for deferred taxes in the amount of EUR 2.7 million.

The **consolidated net income for the period**, at EUR – 12.2 million for the period under review, was down on the same period of the previous year (EUR 27.2 million). Consolidated net income for the third quarter totalled EUR 6.3 million (Q3 2007: EUR 8.2 million).

Overall, HCI Group's results for the period from 1 January to 30 September 2008 have been hit by significant non-recurring burdens in particular. Excluding the one-off effects of the value adjustment of the holding in NY Credit, earnings before interest and taxes (EBIT) would have been clearly positive, at EUR 12.5 million. This means that, with regard to its core operations, the HCI Group has demonstrated a high level of earning power even when faced with difficult basic conditions.

Cash flows

HCI Group generated EUR 8.1 million in net cash from operating activities for the first nine months of the current financial year. The EUR 3.2 million decline year-on-year was largely attributable to a EUR 9.4 million reduction in working capital, on account of an aggregate EUR 23.8 million reduction in trade liabilities and other liabilities. These cash reductions were primarily related to commission expenses and VAT liabilities created in the fourth quarter of 2007, during which revenues were strong, and income taxes paid for the 2006 tax year. Negative cash flows within working capital were offset by lower trade receivables and other assets. The positive cash flow from a reduction in other assets was due primarily to loans repaid by fund management companies.

EUR 26.2 million in cash generated from investing activities was primarily attributable to the sale of a 25 % stake in Aragon AG. Additional positive cash flows totalling EUR 5.3 million for the period ended 30 September 2008 included the proceeds from the sale of shares in HCI HAMMONIA SHIPPING AG. The EUR 6.6 million net cash outflow from investing activities included the consideration for acquiring a stake in eFonds Holding AG.

Aggregate cash outflow from funding activities amounted to EUR 42.2 million, comprising dividend payments to shareholders of HCI Group (EUR 16.8 million) and redemptions of financial obligations (EUR 41.5 million). The majority of cash outflows referred to the repayment of loans taken out to finance the acquisition of stakes in Aragon AG and NY Credit Operating Partnership LP, as well as to the repayment of short-term overdraft facilities. Cash outflows were offset by EUR 16.0 million in cash generated by borrowing.

Taking all these factors into account, cash and cash equivalents changed from EUR –8.0 million to EUR 26.7 million as at 30 September 2008.

Financial position

Consolidated total assets amounted to EUR 164.9 million as at 30 September 2008, down EUR 74.9 million from the end of 2007. The decline was due mainly to a EUR 48.1 million reduction in investments in associates and interests in joint ventures accounted for using the equity method, to EUR 38.2 million, and to a reduction in cash and cash equivalents and trade receivables by EUR 8.0 million and EUR 8.3 million, respectively.

Shareholders' equity totalled EUR 88.3 million as at 30 September 2008, down by EUR 29.7 million compared to 31 December 2007. The decrease was primarily attributable to the EUR 16.8 million dividend distribution, as resolved by the General Meeting on 15 May 2008, and the net consolidated loss of EUR 12.2 million. HCI Group's equity ratio increased to 53.6 % (up 4.4 %); this reflected the large-scale redemption of liabilities (using cash flows from operating activities) in particular. Current provisions and liabilities were reduced by EUR 30.8 million. Long-term liabilities to banks declined by EUR 16.5 million, reflecting the repayment of loans.

C. Report on Material Events After the Reporting Date

On 3 November 2008, the lender to NY Credit Operating Partnership LP, which is accounted for using the equity method, requested additional collateral to be pledged. This is likely to result in the liquidation of the credit portfolio originally held by NY Credit Operating Partnership LP. The related impact on the amounts carried by HCI Group in the fourth quarter of the current financial year will depend on the further course of proceedings (refer to the Risk Report contained in the Interim Group Management Report for the period from 1 January to 30 September 2008).

D. Risk Report

The risks of relevance to the HCI Group's business model and the Group's risk management system are described in detail in the 2007 Annual Report, pages 70 to 80.

Given the current market environment, the risk situation for the HCI Group at the present time is to a large extent being influenced by the intensifying crisis on the international financial markets and, to some extent, the fall-out for the real economy. The following risks should therefore be considered:

- The HCI Group needs financing from banks, for the Group itself and in order to issue fund projects – both for funds to be placed as well as for a series of projects in order to commit to investments in advance. In light of the difficult earnings and liquidity situation facing the banking sector, banks are currently adhering to a very restrictive lending policy. Loans have also become more expensive due to the increase in banks' refinancing costs. In this situation, the risk that fund projects of the HCI Group – or the HCI Group itself – cannot be sufficiently financed, or can only be financed at a higher cost than would previously have been the case, has increased significantly. The HCI Group is working to counter this risk by means of an intensive and transparent exchange of information with the banks involved, through cooperation with various different banks – at both Group and fund level – and by focusing on well-established banks with many years' experience behind them, particularly in the area of shipping finance, and with a proven track record as competent and reliable finance partners even in cyclical markets.

- As a general rule, the HCI Group's active funds have access to finance spanning the entire term of the fund. In the past, some funds placed required additional funding, which was also provided by HCI Group in part. In a scenario where funds clearly fail to meet performance targets, against the background of the deteriorating economic environment, and where sufficient alternative financing sources are not available due to banks generally adopting a restrictive lending policy, the financings provided by HCI Group could be impaired. The HCI Group is working to counter this risk by means of proactive fund and asset management in cooperation with banks and investors, through an intensive and transparent exchange of information with the banks, and through cooperation with various different banks.

- As a result of the worsening financial market crisis, investors are currently shying away from all kinds of investment products. This also applies to investments in closed-end funds. For the HCI Group, this creates a significantly greater sales risk with regard to those fund products already being sold and to those that have been designed and are being prepared for sale. This also encompasses the risk that companies in the HCI Group will be held liable for placement guarantees. As a general rule, all of the HCI Group's fund products (except blind pools) available for sale have placement guarantees in the full amount of the equity capital (see the details on the current portfolio provided in Note 15). The placement guarantees for funds currently being sold generally extend far into 2009, whilst those applicable to shipping funds tend to run until the end of 2009. Furthermore, there is generally also the option – when negotiating with the banks – of extending the term of placement guarantees. Should it be necessary in the case of individual funds to include some of the equity capital in the HCI Group's own books, the Group would be required to provide the corresponding financing. No such bridge loans have currently been committed. In such cases, the placement would be continued at a later stage, or other viable options, such as the sale of the investments, would be reviewed.

– As the global economy has weakened, the market conditions in individual segments of the shipping markets have markedly deteriorated due to excess capacity and falling charter rates. The HCI Group has a ship pipeline comprising some 70 ships, intended for placement between now and 2011 in the form of closed-end fund investments. To this extent, the risk is that if shipping markets remain weak, individual projects might not be placeable as a fund investment, in which case HCI Group would face significantly increased liquidity needs. At present there is no assurance that liquidity which may be required will, in fact, be available. The ship pipeline is broadly diversified in terms of type and size of vessel, which means that not all of the ships will be affected by the cyclical nature of some market segments. The majority of ships in our pipeline operate through pools, which means that negative developments in charter rates can be cushioned initially. Moreover, the HCI Group counters the risks involved by closely observing the markets, so that alternative deployment options can be found where necessary and for the purposes of allocating vessels to suitable investment vehicles. Discussions on financing options are being conducted in parallel, with banks and business partners.

– With regard to the holding of HCI Real Estate Finance I GmbH & Co. KG in NY Credit Operating Partnership LP (cf. the detailed reporting in the 2007 Annual Report, pages 76-80 and in the 2008 Semi-Annual Report on pages 9–10), there is the risk – as the real estate and financial market crisis in the USA becomes increasingly severe – that a further impairment test could be required, creating the need for a further value adjustment in relation to the residual carrying amount of EUR 3.4 million. In the event of a full disposal of the shareholding, the reversal of amounts previously carried in equity would result in additional expenditure of EUR 3.7 million. The outstanding financing of the investment in the amount of USD 39.3 million, provided by HSH Nordbank, expires with effect from 31 December 2008. There is a risk here that follow-on financing might not be available for the full amount or might only be available at significantly higher costs. Negotiations over an extension and a redemption plan are currently in progress with HSH Nordbank.

E. Opportunities Report

The opportunities available to the HCI Group in the 2008 report with regard to its business operations were described in detail in the Outlook contained in the 2007 Annual Report. In light of the described market developments, the following opportunities are identified at the current time:

– The HCI Group has a very broadly diversified sales network compared with its competitors. This provides an opportunity to cushion any drop in sales triggered by market conditions more effectively than those competitors who are essentially reliant on one single sales partner or just a handful of partners.

– The current reticence on the part of investors is, in our view, a temporary phenomenon that can be attributed to the current uncertainty over the extent and duration of the financial market crisis, not to mention its impact on the real economy. Generally speaking, investors in Germany have a high level of savings that they can invest. As soon as the situation on the financial markets eases, it is likely that investors will adopt a more positive outlook and begin investing in closed-end funds to a greater extent once more. Thanks to its well-stocked product pipeline and strong sales network, the HCI Group could profit particularly well from such a development.

– The HCI Group, through its closed-end funds, offers long-term and transparent investment opportunities in tangible assets. The strongly diversified product portfolio is also, through its innovative product structures (e.g. guarantee products, asset creation plans), particularly geared towards different investor needs with regard to length of investment, minimum investment amount and risk/reward profile. Based on the negative experiences that investors have had with complex financial products during the financial market crisis, we see an opportunity for investments in solid material assets to enjoy a revival among investors as soon as the market situation eases again. Thanks to its well-stocked and broadly diversified product pipeline and its strong sales network, the HCI Group could profit particularly well from such a development.

– The risks resulting from the financial market crisis for providers of closed-end funds – a very fragmented market – will, in our view, hit our smaller competitors particularly hard: in other words, those competitors whose products are less well established on the market, whose sales are less networked, and who are not as strong as HCI in terms of credit standing and financing capability. Against this background, there is a chance that the impact of the financial market crisis could favour a consolidation of the closed-end fund market, a process from which the HCI Group could benefit in its capacity as one of the leading and most experienced providers on the market.

F. Outlook

Overall economic outlook

The leading economic research institutes expect the global economy to continue to slow down. The negative developments on the financial and real estate markets are viewed as key factors responsible for this downturn. Some countries, particularly those where the financial and construction sectors are of major importance, are threatened by recession. However, those countries whose expansion has been primarily supported by export activity in the past are also likely to be hit by a major downturn.

As far as Germany is concerned, a further drop in production is expected over the coming months. Companies' expectations in nearly all sectors of the economy have seriously deteriorated. The economic institutes estimate that gross domestic product will fall at an annual rate of 0.2 % during the second half of the year. For 2008 as a whole, this will result in an increase of 1.8 %.

The major uncertainty factor in all of these forecasts is how long the crisis on the international financial markets will last, and just how serious it will be. Real economic development in modern national economies is dependent on an efficient supply of capital via the financial markets. In turn, the financial markets will only be able to fulfil this function if the banking sector stabilises again over the coming months. If this stabilisation occurs, the economic research institutes expect the global economy to slowly begin to recover as of the middle of 2009.

Sector outlook

Industry analysts believed – back at the beginning of the year – that 2008 could be a record year for closed-end fund providers after their strong showing in 2007. However, the development of the financial market crisis has put paid to such an optimistic outlook. The recent heightening of the banking crisis in particular has unsettled investors and led to a general reluctance to invest in any kind of investment product. This is a general trend that providers of closed-end funds have been unable to escape.

How demand for closed-end funds now develops will depend in the first instance on the extent and duration of the international financial market crisis. As soon as signs emerge of an easing of the situation on the relevant markets, we expect investors to start making greater use of their savings again to invest in capital investment products and in closed-end funds in particular.

Business development

In light of the high level of uncertainty currently in evidence and the related reticence on the part of investors towards all kinds of investment product, the placement activity of the HCI Group, which was still very dynamic at the beginning of the fourth quarter, has slowed markedly over the reporting period. Against this backdrop, the HCI Group has revised its sales planning downwards from an initial figure of EUR 880 million of placed equity capital to a target range of between EUR 650 and 750 million. Accordingly, the forecast full-year result after taxes, which had been projected to break even due to significant non-recurring charges, is now expected to show a loss between EUR 9 million and EUR 13 million.

In order to achieve a placement result that is as strong as possible during the fourth quarter, despite the difficult basic conditions, a key focus of our sales activities will lie in reaching our target customers with individually structured private placements and in working together with strong, independent sales partners. Another of our priorities will be the sales launch of our third guarantee product in the shipping sector. We expect security-oriented investment products to be of interest to investors in the current environment. Finally, we expect investors to return to investments in material assets again once the current uncertainty dominating the markets has eased. Provided that the first positive signs emerge before the end of the fourth quarter of 2008, we see an opportunity for placement activity to pick up speed again towards the end of the year.

Hamburg, November 2008

HCI Capital AG
The Management Board

Dr. Ralf Friedrichs	Dr. Oliver Moosmayer	Dr. Andreas Pres

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

EUR '000	Note	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Revenues	(4)	96,503	89,314
Other operating income	(5)	5,676	12,811
Change in inventories		815	- 39
Cost of purchased services		- 52,062	- 44,463
Personnel expenses		- 21,927	- 20,969
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		- 2,167	- 2,823
Other operating expenses		- 15,929	- 14,028
Results of associated companies and joint ventures accounted for using the equity method	(6)	- 23,162	8,674
Earnings before interest and taxes (EBIT)		**- 12,253**	**28,477**
Interest income	(7)	1,751	5,066
Interest and similar expenses	(7)	- 3,464	-2,994
Other financial result	(7)	3,956	2,096
Earnings before taxes (EBT)		**- 10,010**	**32,645**
Income taxes	(8)	- 2,174	- 5,401
Consolidated net income for the period		**- 12,184**	**27,244**
Consoldiated net income for the period attributable to the group		- 12,184	27,244
Earnings per share (basic) in EUR	(9)	- 0.51	1.14
Earnings per share (diluted) in EUR	(9)	- 0.51	1.14

Consolidated income statement
interim financial statements for the third quarter ended September 30, 2008

EUR '000	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Revenues	**34,851**	**25,940**
Other operating income	1,664	2,905
Change in inventories	635	- 68
Cost of purchased services	- 19,527	- 13,913
Personnel expenses	- 6,637	- 7,536
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	- 554	- 806
Other operating expenses	- 4,797	- 4,498
Results of associated companies and joint ventures accounted for using the equity method	269	3,835
Earnings before interest and taxes (EBIT)	**5,904**	**5,859**
Interest income	560	3,622
Interest and similar expenses	- 1,169	- 1,851
Other financial result	3,449	637
Earnings before taxes (EBT)	**8,744**	**8,267**
Income taxes	- 2,443	- 28
Consolidated net income for the period	**6,301**	**8,239**
Consoldiated net income for the period attributable to the group	6,301	8,239
Earnings per share (basic) in EUR	0.26	0.34
Earnings per share (diluted) in EUR	0.26	0.34

Consolidated balance sheet
as at September 30, 2008

EUR '000	Note	September 30, 2008	December 31, 2007
ASSETS		**TEUR**	**TEUR**
Non-current assets		**78,554**	**130,099**
Intangible assets		3,955	5,538
Property, plant and equipment		1,636	1,875
Investments in associated companies and interests in joint ventures accounted for using the equity method		38,154	86,226
Investment securities		17,439	15,834
Other financial assets		17,224	19,953
Deferred taxes		146	673
Current assets		**86,382**	**109,780**
Work in progress and finished services		2,237	1,772
Trade receivables		23,469	31,785
Receivables from related parties	(13)	380	1,052
Income tax receivables		11,130	9,966
Other assets		18,461	22,965
Other financial assets		17,932	22,373
Other miscellaneous assets		529	592
Securities		3,964	7,501
Cash and cash equivalents		26,741	34,739
Total assets		**164,936**	**239,879**
EQUITY AND LIABILITIES		**TEUR**	**TEUR**
Equity		**88,324**	**118,034**
Subscribed capital		24,000	24,000
Capital reserve		76,016	76,016
Retained earnings		7,003	35,987
Accumulated other equity	(10)	- 4,163	- 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		**4,220**	**18,606**
Pension provisions		20	19
Liabilities to banks	(10)	7	16,532
Other miscellaneous liabilities		19	19
Deferred taxes		4,174	2,036
Current provisions and liabilities		**72,392**	**103,239**
Other provisions		2,255	1,267
Financial debt		39,942	49,514
Liabilities to banks	(11)	35,971	41,943
Other financials debt		3,971	7,571
Trade payables		7,077	19,066
Payables to related parties	(13)	1,166	2,206
Income tax payables		15,880	17,984
Other current liabilities		6,072	13,202
Other financial liabilities		1,848	2,304
Other miscellaneous liabilities		4,224	10,898
Total equity and liabilities		**164,936**	**239,879**

Consolidated statement of changes in equity

for the period from January 1 to September 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			27,244					27,244
Changes in foreign currency translation adjustment				- 391	- 10			- 401
Consolidated comprehensive income			27,244	- 391	- 10			26,843
Distributions to shareholders			- 33,600					- 33,600
Balance at 30.09.2007	**24,000**	**76,016**	**31,650**	**- 527**	**- 17**	**0**	**- 14,532**	**116,590**
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			- 12,184					- 12,184
Proportional change in the fair value of derivatives of cash flow hedges at associates				398				398
Changes in foreign currency translation adjustment				- 1,077	- 468			- 1,545
Change in present value of financial instruments (available for sale)				216		205		421
Income and expenses recognised directly in equity				- 463	- 468	205		- 726
Consolidated comprehensive income			- 12,184	- 463	- 468	205		- 12,910
Distributions to shareholders			- 16,800					- 16,800
Balance at 30.09.2008	**24,000**	**76,016**	**7,003**	**- 4,009**	**- 359**	**205**	**- 14,532**	**88,324**

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

EUR '000	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Consolidated net income for the period	- 12,184	27,244
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2,167	2,823
Losses(+)/Gains(-) from associated companies and joint ventures	23,162	- 8,674
Gains(-) from the disposal of intangible assets and property, plant, equipment and securities	- 261	- 225
Increase in pension provisions	2	2
Elimination of net interest income and net investment income	2,174	5,401
Elimination of income taxes	980	- 4,168
Other non-cash income and expenses	697	- 1,941
Increase/Decrease in working capital	- 9,445	1,105
Increase in inventories	- 465	- 34
Decrease in trade receivables	8,328	32,704
Decrease in pre-financing of limited liability partners contribution	20	152
Decrease in other assets	5,744	- 14,278
Increase in current provisions	989	123
Decrease in trade payables	- 11,990	- 18,903
Decrease in receivables from and payables to related parties	- 366	- 3,238
Decrease in other liabilities	- 11,915	4,589
Other movements in operating activities	210	- 10
Taxes paid	- 8,140	- 11,321
Tax refunds	10,422	34
Interest paid	- 2,546	- 847
Interest received	888	1,556
Distributions received	157	342
Cash flows from operating activities	**8,073**	**11,331**
Proceeds from disposals of intangible assets, property, plant and equipment as well as assets held for sale	24	16
Net cash outflow from the disposal of associated companies	31,000	0
Proceeds from disposal of investment securities	5,253	8,012
Payments for investments, intangible assets and property, plant and equipment	- 370	- 504
Payments for investments in associated companies and interest in joint ventures	- 6,565	- 1,768
Payments for investments securities and securities classified as current assets	- 3,187	- 1,495
Cash flows from investing activities	**26,155**	**4,261**
Dividends paid to shareholders of HCI Capital AG	- 16,800	- 33,600
Proceeds from additions to financial liabilities	16,027	43,455
Repayments of financial liabilities	- 41,453	- 47,162
Cash flow from financing activities	**- 42,226**	**- 37,307**
Net Changes in cash and cash equivalents	**- 7,998**	**- 21,715**
Cash and cash equivalents at beginning of period	34,739	58,613
Cash and cash equivalents at end of period	**26,741**	**36,898**

Notes

to the interim consolidated financial statements of HCI Capital AG
for the nine months ended 30 September 2008

GENERAL INFORMATION

(1) Information about the company and the group

HCI Capital AG, with its registered office in Bleichenbrücke 10, 20354 Hamburg, Germany, is registered with the Commercial Register (Handelsregister) of the Hamburg local court (Amtsgericht Hamburg), under registration number HRB 93324.

HCI Capital AG and its subsidiaries („HCI Group") together constitute a service group operating principally in Germany. The business activities of the Group consist primarily of the design and initiation of closed-end funds in the main product areas ship, real estate, secondary life assurance market, private equity and aircraft, as well as the subsequent raising of funds from institutional and retail investors. Furthermore, the Group operates as fiduciary manager of equity capital placed and of fund assets (after sales segment, asset management).

(2) Accounting policies

The interim consolidated financial statements as at 30 September 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 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 September 2008 have to be read in conjunction with the consolidated financial statements as at 31 December 2007. Please refer to the consolidated financial statements as at 31 December 2007 for information on standards and interpretations issued by the IASB and the IFRIC, respectively, required to be applied for the first time since 1 January 2008, and the consequences of their application.

The following standards and interpretations, which are relevant for the Group's business and which had been issued by the IASB and the IFRIC, respectively, by 30 September 2008, were not required to be applied as at the reporting date:

- IFRS 3 Business Combinations
- IFRS 8 Operating Segments
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- Amendment to IAS 23 Borrowing Costs
- Amendment to IAS 1 Presentation of Financial Statements: A Revised Presentation
- 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
- IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedge Items

The standards and interpretations are adopted as at the time they are required to be applied. The HCI Group currently expects that the application of these standards, with the exception of the amendment to IAS 1 and IFRS 8, will not result in material effects on the presentation of the financial position and performance 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, the Company expects 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.

(3) Consolidation

HCI Capital AG sold its stake (25 % plus one share) in Aragon AG, Wiesbaden, Germany (which had been accounted for using the equity method) to ABL Unternehmensgruppe GmbH by way of an agreement dated 19 June 2008, which was subject to conditions precedent, with effective transfer of ownership on 9 September 2008, with a result of EUR 201,000.

Pursuant to the share purchase agreement of 24 January 2008, HCI Capital AG acquired registered shares in eFonds

Holding AG for a purchase price of EUR 6,025,000 plus additional transaction costs of EUR 148,000, thus holding a stake of 25.1 % in the company. 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. The inclusion of eFonds Holding AG into the consolidated financial statements, using the equity method, was made on the basis of a preliminary purchase price allocation. This approach resulted in the identification of intangible assets with indefinite useful lives in form of trademark rights with a pro rata amount of EUR 500,000 and a share in a licence amounting to EUR 200,000, as well as intangible assets in form of a trading platform for financial products with a useful life of seven years with a pro rata amount of EUR 2,500,000. This resulted in goodwill of EUR 3,500,000, which is included in the carrying amount of the investment in eFonds Holding AG as measured under the equity method. Amortisation of the intangible assets with finite useful lives, as well as changes in effects from deferred taxes, are reported and included in the result from associates.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(4) Revenues

Revenues can be broken down as follows:

EUR 000's	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Sales and fund design revenues		
Ship	42,116	49,162
Real estate	12,086	7,431
Private equity	417	1,268
Secondary life assurance market	9,559	10,139
Other	11,375	0
Sales and fund design revenues	**75,553**	**68,000**
Trust and service fees		
Ship	13,814	12,972
Real estate	1,693	1,770
Private equity	296	291
Secondary life assurance market	997	1,325
Trust and service fees	**16,800**	**16,358**
Management fees	**2,013**	**955**
Other remuneration	**2,137**	**4,001**
Total revenues	**96,503**	**89,314**

Sales and fund design revenues generated from the placement of the HCI Deepsea Oil Explorer and HCI Aircraft One funds.

(5) Other operating income

Other operating income (EUR 5,676,000) includes compensation for breaches of shipbuilding contracts in the amount of EUR 1,750,000. Other operating income also includes remuneration from the brokerage of two ships (EUR 1,500,000) and from the brokerage of real estate (EUR 833,000).

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

EUR 000's	01.01.–30.09.2008	01.01.–30.09.2007
Hammonia Reederei GmbH & Co. KG	4,102	8,258
ARAGON AG	679	66
BH & HCI Real Estate Holding B.V.	56	313
HELLESPONT HAMMONIA GmbH & Co. KG	-92	73
BH & HCI Overschiestraat Holding B.V.	- 157	- 36
eFonds AG	- 822	0
NY Credit Operating Partnership LP	- 26,928	0
Result of companies accounted for using the equity method	**- 23,162**	**8,674**

Please refer to the interim management report for the period from 1 January to 30 September 2008, and to the notes to the financial statements contained in the semi-annual report 2008 for a description of the calculation of the carrying amount recognised for NY Credit Operating Partnership LP.

(7) Net financial result

The other financial result includes EUR 1,960,000 (9m 2007: EUR 3,143,000) of fees which the HCI Group receives as preliminary distributions from secondary life assurance market funds.

In addition, the other financial result includes foreign exchange gains in the amount of EUR 1,002,000 (9m 2007: foreign exchange losses EUR 1,927,000).

(8) Income taxes

Income taxes include current income tax expenses amounting to EUR 975,000 and tax refunds for prior periods totalling EUR 1,466,000 as well as expenses for deferred taxes in the amount of EUR 2,665,000.

(9) Earnings per share

Basic and diluted earnings per share are calculated as follows:

		01.01.–30.09.2008	01.01.–30.09.2007
Consolidated net income for the period attributable to the Group	EUR 000's	- 12,184	27,244
Weighted average number of shares outstanding	000's	24,000	24,000
Consolidated net income for the period per share	**EUR**	**- 0.51**	**1.14**

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

(10) Accumulated other equity

Other income from 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 398,000 as at 30 September 2008, to EUR 1,936,000. In addition, this item also includes effects from foreign exchange translation differences related to associates and joint ventures accounted for using the equity method in the amount of EUR 1,077,000 for the first three quarters of 2008.

The shares held in HCI HAMMONIA SHIPPING AG are classified as available-for-sale financial instruments in accordance with IAS 39 and measured as at 30 September 2008 using the last stock market price. This resulted in an adjustment of the fair value changes of the available-for-sale financial instruments, also recognised in accumulated other equity in the amount of EUR 421,000. Due to the sale of the shares, income of EUR 73,000 was no longer recognised directly in equity, but in income.

(11) 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 repaid through a payment of EUR 3,300,000 during the first half of 2008 and a payment of EUR 18,700,000 during the third quarter of 2008.

HCI Real Estate Finance I GmbH & Co. KG raised a loan in the amount of USD 52,000,000 to refinance the purchase of the 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 September 2008, the carrying amount of the loan, including accrued interest, amounted to EUR 29,903,000 (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 bore interest of 8.53 % p.a. until 31 July 2008, and 5.3 % p.a. since that date.

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 were repaid during the course of the third quarter of 2008.

OTHER INFORMATION

(12) Segment information

Segment information is determined on the basis of the accounting policies applied in preparing the consolidated financial statements.

Revenues to 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. The 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's	Nine months ended September 30, 2008		Nine months ended September 30, 2007	
	Revenues from external customers	EBIT	Revenues from external customers	EBIT
Ship	58,986	25,738	65,609	31,271
Real estate	14,616	- 27,487	10,436	7,860
Private equity	713	- 1,405	1,559	392
Secondary life assurance market	10,556	- 236	11,464	549
Segment total	**84,871**	**- 3,480**	**89,068**	**40,072**
Other/holding*	11,632	- 8,773	246	- 11,595
Group	**96,503**	**- 12,253**	**89,314**	**28,477**

* Amount shown under Other/holding for the period under review include revenues generated from the placement of the HCI Deepsea Oil Explorer and HCI Aircraft One funds.

(13) Related party disclosures

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

EUR 000's	30.09.2008	31.12.2007
Receivables from associates and joint ventures	275	923
Receivables from non-consolidated subsidiaries	105	129
Receivables from related parties	**380**	**1,052**
Payables to non-consolidated subsidiaries	681	608
Payables to members of the Management Board and the Supervisory Board	485	1,598
Payables to related parties	**1,166**	**2,206**

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

EUR 000's	01.01.– 30.09.2008	01.01.– 30.09.2007
Income from associates and joint ventures	4,837	8,710
Income from related parties	**4,837**	**8,710**
Expenses for members of the Management Board and the Supervisory Board of the HCI Group	5,626	5,734
Expenses for associates and joint ventures	27,999	36
Expenses for related parties	**33,625**	**5,770**

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

(14) Contingencies and other financial commitments

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

	30.09.2008			31.12.2007		
	EUR 000's	EUR 000's	USD ,000s	EUR 000's	EUR 000's	USD ,000s
Guarantees	**1,437,033**	328,887	1,588,306	**1,362,044**	317,364	1,541,008
of which: related to construction phase loans	**1,171,891**	167,507	1,439,585	**1,124,730**	170,174	1,408,066
of which: drawn	**993,124**	252,139	1,062,054	**851,120**	229,372	917,141
Placement guarantees	**686,232**	234,987	646,769	**313,644**	68,354	361,828
of which: for funds not yet in distribution	**304,105**	80,367	320,683	**279,602**	55,045	331,244
Future payments under operating leases	**3,331**	3,331		**5,006**	5,006	

Guarantees extended by HCI include those granted within the scope of construction phase loans. However, 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.

(15) Events after the reporting date

On 3 November 2008, the lender to NY Credit Operating Partnership LP, which is accounted for using the equity method, requested additional collateral to be pledged. This is likely to result in the liquidation of the credit portfolio originally held by NY Credit Operating Partnership LP. The related impact on the amounts carried by HCI Group in the fourth quarter of the current financial year will depend on the further course of proceedings (refer to the Risk Report contained in the Interim Group Management Report for the period from 1 January to 30 September 2008).

No further signifcant reportable events occured subsequent to the balance sheet date.

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