



1. Quarter

2. Quarter

3. Quarter

HCI SEMI-ANNUAL REPORT 2009

Capital **hc**

Key Financial Indicators Semi-Annual Report 2009

Earnings	Six months ended June 30, 2009	Six months ended June 30, 2008
Revenues in EUR thousands	22,662	61,652
EBIT in EUR thousands	- 12,091	- 18,157
EBT in EUR thousands	- 31,113	- 18,754
Group net loss in EUR thousands	- 36,100	- 18,485
Return on sales in %	- 159.30	- 29.98
EBIT margin in %	- 53.35	- 29.45
Earnings per share in EUR	- 1.50	- 0.77
Placed equity in EUR million	73.1	340.5
Balance sheet	June 30, 2009	December 31, 2008
Total assets in EUR thousands	129,894	172,586
Equity in EUR thousands	50,554	86,200
Equity ratio in %	38.92 %	49.95 %
Staff	June 30, 2009	June 30, 2008
Average employees	295	281
Personnel costs in EUR thousands	12,320	15,290
Personnel costs in % of revenue	54.4	24.8

Hint: Rounding differences likely to occur.

Dear shareholders and businessfriends of HCI Capital AG,

The ongoing financial and economic crisis has presented major challenges to providers of closed-end funds since the end of 2008. Investors feel insecure after the worldwide slumps in financial markets and are currently tending to focus mainly on fixed-interest bonds and investments of this kind that are seen as stable in value. The otherwise general restraint exercised by investors with regard to new investments is very noticeable in all asset classes, including the market for closed-end funds, which in the first half of 2009 saw a substantial decline in new business compared with the previous year. In the ship fund segment in particular the weak market environment weighs heavily on existing funds and thus has a further negative effect on new business.

The HCI Group tackled the challenges in this difficult market environment at an early stage. With far-reaching cost reduction measures and restructuring of its product range it has already taken significant steps to adapt to the changes in market conditions. In addition, the HCI Group has in negotiations with its principal creditor banks and shareholders reached major milestones that should give the Company the leeway it needs in the years ahead to cope successfully with the crisis and extend its leading position as a provider of closed-end funds.

HCI agrees comprehensive restructuring concept with principal creditors

After several months of negotiations a comprehensive restructuring concept was discussed and accepted by the main creditor banks HSH Nordbank AG and the Commerzbank Group and with HCI Capital AG's principal shareholders MPC Capital AG and the Döhle Group as a first step toward releasing the HCI Group from all material contingent liabilities to banks and safeguarding liquidity on a lasting basis. In detail the restructuring is a multi-stage concept agreed as a first step after several months of negotiations with the main creditor banks HSH Nordbank and the Commerzbank Group and the principal shareholders MPC Capital AG and the Döhle Group. It is aimed at a long-term moratorium, the simultaneous release from all material contingent liabilities to banks, a subsequent capital increase in cash, and the conversion of existing HCI Capital AG financing arrangements. The two main creditor banks account for the main share (about three quarters) of the Company's contingent liabilities. The concept will need to be agreed finally with the other creditor banks in the weeks ahead and is subject, among other things, to unanimous consent of all other banks involved.

Release from all material contingent liabilities to banks

HCI Capital AG aims to agree with the banks an irrevocable moratorium on claims for contingent liabilities until 30 June 2013. At the same time a phased total release from the overwhelming majority of existing contingent liabilities is aimed to be concluded by 28 February 2010.

Capital increase in cash and conversion of existing financing secure liquidity

On completion of the release from liability a EUR 22 million cash capital increase is intended to be undertaken. MPC Capital AG and the Döhle Group would underwrite it, should the other shareholders not exercise their subscription rights. In addition, the banks are to receive a claim against HCI Capital AG in the form of a EUR 12.5 million debtor warrant the details of which have yet to be agreed.

Furthermore, an extension of loan repayments to banks until 30 September 2010 was agreed to ensure short-term liquidity. Conversion of the deferred liabilities into equity or, alternatively, into long-term funding is being considered to ensure that the HCI Group's cash flow is not impaired with lasting effect.

Q2 2009 placement result shows improvement on Q1 2009

How difficult the current market environment is for providers of closed-end funds is shown very clearly by the sharp decline in the volume of equity capital placed by the industry. With the exception of individual products that are currently bucking the general trend, in the first two quarters of 2009 the market continued to decline after the tumble it took in the fourth quarter of 2008. The HCI Group did not escape this trend, and the volume of equity capital placed in the first half of 2009 was, at around EUR 73.1 million, significantly lower than the previous year's EUR 340.5 million. The Group was, however, able to go against the trend of general decline by increasing the volume of its placements to EUR 43.0 million in the second quarter of 2009 compared with the first quarter's EUR 30.1 million. In the first half of 2009, for example, we succeeded in placing a significant volume of around EUR 48.2 million in classic closed-end funds, asset creation plans and guaranteed products, especially in the ship fund category. In addition, new products such as HCI Energy 1 Solar and a guaranteed capital version of HCI Deepsea Oil Explorer contributed toward this placement success.

Half-yearly result for 2009 hit by market-related special effects

The weak overall economic trend and substantial impairments that the HCI Group was obliged to make, mainly on a number of investments and receivables, had a significant negative impact on the first-half result for 2009. Due mainly to market-related impairments and other special effects totalling EUR -30.2 million, the consolidated result after taxes was EUR -36.1 million and therefore even poorer than the previous year's EUR -18.5 million, which was also affected by special effects. As at 30 June 2009 the HCI Group has an equity ratio of 38.9%. In addition, in the first half of 2009 the Group earned a positive cash flow from operating activities and held EUR 22.6 million in cash and cash equivalents as at 30 June 2009.

HCI will actively shape industry change

The market environment will continue in the foreseeable future to be difficult for issuing houses. The major upsets in ship markets in particular will for the time being pose a serious challenge for new business and for existing funds. In the course of these developments the industry faces changes and will need to develop considerably in the years ahead:

- In the design of closed-end funds we will need to strike out in new directions in acquiring and financing assets. This will be accompanied by new product structures that will need even more than in the past to be tailored to the individual needs of a large number of different groups of investors. That is the only way we will succeed in developing on a permanent basis a growing business in investments in attractive tangible assets such as ships and real estate.
- Statutory framework conditions for closed-end funds will change. That will have a major effect on transparency requirements in the design, sale and ongoing fiduciary management of investments. This in turn will lead to changes in sales and commission structures for closed-end funds and put business on a new basis for issuing houses and sales organisations.
- Now and in the future, issuing houses will need more than ever to manage existing funds actively and in collaboration with banks and fund managers – such as shipowners in the case of ship funds – to devise value stabilisation measures.

Regardless of this, closed-end funds are and will remain a cornerstone of the financial system. That applies especially to the financing of ships and real estate that for decades has been a regular feature of the product range in this investment segment. In shipping alone, a third of the world's container

shipping fleet is financed by German investors via closed-end funds. We are convinced that the closed-end fund will continue to be a mainstay of the financial system and make the financing of investment in tangible assets possible.

The HCI Group is one of the leading issuing houses, has 24 years of experience and can lay claim to innovation and flexibility without equal among our competitors that we have repeatedly demonstrated in recent years. We are therefore one of the few issuing houses that are in a position to actively shape the change that our industry needs. The agreements now under completion with the banks can provide the decisive basis for this change. The comprehensive restructuring concept that we have developed jointly with HCI Capital AG's principal banks and shareholders would give us the leeway needed in the years ahead to cope with the most serious crisis the industry has ever experienced and provide major stimuli for sustainable further development of business in closed-end investment models. That is why we will do our utmost in the weeks and months ahead to ensure that this concept is brought to a successful conclusion with all of the banks involved.

For our employees, sales and business partners, investors and not least our shareholders the current trend at the HCI Group constitutes without doubt a severe endurance test, and we are fully aware of the fact. We are also convinced, however, that in the first half of 2009 we have put in place fundamental measures to ensure development prospects for the Company. At the same time there are also signs of an improvement in overall economic development once more. If this trend is consolidated and the economy regains momentum in the years ahead, that too will take our operating business forward again. All of the HCI Group's stakeholders should benefit, in the medium and the long term.

Best wishes,

Hamburg, August 2009



Dr. Ralf Friedrichs
(Chairman of the Management Board)

The share

In an environment still characterised by uncertainties about where the world economy was heading, global stock markets continued to show volatile development in the reporting period. After an initial sharp decline in market indices at the beginning of the year, stock markets have latterly recovered perceptibly. After the latest upward trend the German DAX index closed on 30 June 2009 at 4,808 points. In the course of this development the MDAX index of midrange companies closed on 30 June 2009 at 5,754 points, while the SDAX ended the reporting period at 2,904 points.

In this environment the HCI share began by falling further but regained ground from the middle of the reporting period. In the reporting period the share traded at very low daily levels in a price range that varied between EUR 1.10 at the beginning of March and EUR 2.09 at the beginning of January. The share price on 30 June 2009 was EUR 1.45.

Five analysts currently follow HCI Capital AG's progress with regular reports and assessments on the HCI share. One analyst currently gives the share a "Hold" rating, while the recommendations of the others are Reduce, Underweight and Sell.

Interim management report

A. Economic environment

Overall economic development

After the recession in the fourth quarter of 2008 the world economy's downward trend continued overall in the first half of 2009 and only showed signs of bottoming out at the end of the reporting period. After a worldwide slump in manufacturing, trading and investment activity at the beginning of the year there was a slight recovery in industrial production at the end of the second quarter. The gross domestic product in the United States and the euro zone showed only a slight fall of 0.3% and 0.1% respectively in the second quarter. In the first quarter of 2009 the figures were -1.6% in the US and -2.5% in the euro zone. Only the emerging market countries China and India continued to report economic growth in the first half of 2009, albeit at a much lower rate than in previous years.

In Germany too the recession continued in the first quarter, with negative growth of 3.5%. Exports were especially hard hit and made a substantial contribution toward the real decline in gross domestic product as the German economy relies heavily on its trade balance. The increasingly poor orders position prompted many companies to introduce short time or to lay off employees. Cancellations of existing orders initially led to a significant rise in inventories, but the demand backlog at the end of the reporting period ushered in a strong increase in orders and a partial stabilisation of export business. In the second quarter of 2009 the German economy reported slight

0.3% growth on the previous quarter for the first time since the first quarter of 2008 and was able to end the recession, at least for the time being, sooner than expected.

Against the background of international economic setbacks there are no signs yet of recovery in shipping markets. The level of charter and freight rates for container ships reached a historic low in nearly all size segments in the first half of 2009. At the end of June the Clarkson Container Ship Time Charter Rate Index was down by about 23.4% compared with the end of 2008. As a rule, business is no longer profitable at this level. In the bulk carrier markets a gradual recovery in charter rates was noted in the first half of 2009. The Baltic Dry Index, a price index for shipping bulk goods, stood at 4,291 points at the beginning of June 2009. That was an improvement of 3,628 points on its historic low at the beginning of December 2008. The reason for this development was almost entirely to be found in China. Falling commodity prices, declining inventories and China's multi-billion economic stimulus package led to more iron ore being imported in the second quarter of 2009 than in the same period the previous year. In tanker markets too, which were initially affected less by the crisis, rate levels took a turn for the worse in the first half. Time charter rates, still profitable as a rule, are down significantly in a number of market segments. The overall decline in demand for oil and oil products hit tanker markets especially hard.

The measures undertaken around the world by governments and central banks contributed greatly to stabilising the financial system. They consist of recapitalising the banks' weakened capital base and government guarantees to strengthen inter-bank trading. At the same time the world's leading central banks shifted their focus from maintaining monetary stability to boosting the economy. As a result the US Federal Reserve reduced interest rates to between 0.00% and 0.25%. In addition, the European Central Bank reduced its interest rate to 1.00%, the lowest level since the euro was launched, while the Bank of England cut its rate to 0.5%. Furthermore, governments of leading industrial and emerging market countries announced substantial national economic stimulus packages to boost consumer demand and investment and thereby counteract the economic downturn or prevent a longer-term depression.

A further positive factor is the low oil price, which has fallen from a peak of about USD 140 per barrel in 2008 to around USD 40. Toward the end of the reporting period oil prices were tending to rise again, however. The price per barrel at the end of June was around USD 70. The significant overall decline in commodity-driven inflation has strengthened consumer purchasing power and eased pressure on the manufacturing industry.

After a weak phase at the beginning of the year the US dollar ended the reporting period at EUR 1.41 once more.

Industry developments

Against the backdrop of further weak economic development and an ongoing high level of uncertainty about the extent and duration of the financial and economic crisis, investors continued to show marked restraint regarding investment products in the reporting period. This also affected development of the market for closed-end funds considerably. After the market had initially stabilised in the first quarter of 2009 compared with the weak 2008 fourth quarter, according to figures compiled by the industry association Verband Geschlossene Fonds e.V. (VGF), due to low transaction numbers, especially for direct investment in real estate, the second quarter showed a further significant decline in placement volume on the two previous quarters. Placements were down 19.3% on Q1 2009 and 18.3% on Q4 2008. The only areas that reported an increase on the previous quarter were the secondary life insurance market and energy funds. In all other asset classes, especially ship funds, aircraft funds and real estate funds too, the figures for the second quarter of 2009 showed a marked decline. In keeping with this trend the ScopeAnalysis surveys show the total volume of new closed fund issues in the reporting period to have fallen by about 38.6% on the previous year.

Course of business

Against the background of a weak market environment the HCI Group sustained a significant first-half decline in placement volume to about EUR 73.1 million (previous year: EUR 340.5 million). Due to the regional alignment of sales and intensive dialogue with sales partners, HCI has, however, succeeded in placing equity capital in nearly all asset classes and in doing so continuously. In addition, compared with the first quarter and bucking the general market trend, placement volume in the second quarter rose from EUR 30.1 million to EUR 43.0 million. So the Group's placement volume is well above the average that is currently achieved by issuing houses in the market. VGF surveys show these to have been EUR 20.4 million in the first quarter and only EUR 16.4 million in the second quarter of 2009.

In the individual product groups the course of equity capital placement was as follows:

The **Transport and Logistics** product area comprises the asset classes Ship and Aircraft. In this area the HCI Group placed EUR 49.9 million in the first half of 2009 (previous year: EUR 199.0 million). With a EUR 48.2 million total equity capital

Equity capital placed in EUR'000

Product area	HY 2009	HY 2008	Δ	Δ %
Ship	29,595	131,969	- 102,374	- 77.6 %
HSC asset creation plan placed	9,230	13,350	- 4,120	- 30.9 %
HSC guarantee product placed	2,440	18,455	- 16,015	- 86.8 %
Ship certificates		5,463	- 5,463	
Aircraft	822		822	
HSC asset creation plan placed	235		235	
Guarantee products	7,893	40,938	- 33,045	- 80.7 %
Ship asset creation plan	10,663	20,635	- 9,973	- 48.3 %
Aircraft asset creation plan	899		899	
Transport and Logistics	49,872	199,005	- 149,134	- 74.9 %
Real Estate	1,029	80,150	- 79,121	- 98.7 %
Life insurance	5,315	57,206	- 51,891	- 90.7 %
HSC asset creation plan placed	700		700	
Guarantee products		*)		
Asset creation plan	1,804	1,463	341	23.3 %
Life Insurance	7,119	58,669	- 51,550	- 87.9 %
Deepsea Oil Explorer	5,740		5,740	
Guarantee products	2,618		2,618	
Renewable energy	6,768		6,768	
Energy and Commodities	15,126		15,126	
Private equity		1,929	- 1,929	
Asset creation plan		731	- 731	
Private Equity		2,660	- 2,660	
Total	73,145	340,484	- 267,339	- 78.5 %

*) Regrouping of Multi Asset Protect to T&L due to main investments in ship products.

placement in **Ship** investments this continues to be the largest asset class in the HCI portfolio. It includes EUR 29.6 million in classic participation models, EUR 10.7 million in participations in asset creation plans and EUR 7.9 million in guarantee products (HSC Shipping Protect 3 and Multi Asset Protect). In the asset class **Aircraft** HCI Aircraft One was withdrawn from sales temporarily in the second quarter with a view to the concept being revised. In the reporting period EUR 0.8 million was placed in HCI Aircraft One participations and EUR 0.9 million in Aufbauplan 8.

In the **Energy and Commodities** product area a significant EUR 2.0 million placement increase was achieved compared with the first quarter, taking the first-half total to EUR 15.1 million. Deepsea Oil Explorer Protect, a guaranteed capital version of HCI Deepsea Oil Explorer, was launched at the beginning of May 2009 and reached a placement volume of EUR 2.6 million by 30 June 2009. Placement of the classic product, HCI Deepsea Oil Explorer, amounted to EUR 5.7 million in the reporting period. At the beginning of April 2009 the HCI Group launched HCI Energy 1 Solar, another new product that has met with brisk demand in the current market environment. By 30 June 2009 EUR 6.8 million of the EUR 10 million target volume had already been placed. Placement of this fund was completed successfully in August 2009.

In the **Real Estate** product area a volume of EUR 1.0 million was placed in the reporting period in an opportunist fund, HCI Real Estate G7. Against the background of exceptional market activity in direct real estate investment, demand for HCI Real Estate G7 was slack, however. That is why the fund was withdrawn from sales and the EUR 1.3 million in equity capital subscribed was returned to the investors.

In the **Secondary Life Insurance Market** product area a total of EUR 7.1 million was placed in the reporting period in the current HSC Optivita UK XI product and asset creation plans.

B. Earnings, financial and assets position

I. Earnings position

Due to the sharp decline in placement results achieved in the first half of 2009 compared with the previous year, the HCI Group's **revenues** dropped substantially in the reporting period. Totalling EUR 22.7 million, they were well below the previous year's EUR 61.7 million. Compared with the first quarter's EUR 10.0 million, the second quarter of 2009 saw a 27.0% rise in revenues.

Sales and fund design revenues rose from EUR 4.1 million in the first quarter to EUR 6.3 million in the second, but the EUR 10.4 million total for the first half of 2009 was well below the previous year's EUR 48.9 million. Trust management and service fees totalled EUR 10.7 million and were therefore slightly below the previous year's EUR 11.3 million. Revenues from

management fees were up a little on the year from EUR 1.4 million to EUR 1.5 million.

In the first half of 2009 no significant **other operating income** was earned in ship or real estate brokerage. The figure for the previous year included EUR 1.8 million in compensation payments received for breach of shipbuilding contracts. Other operating income was thus lower at EUR 0.7 million than the previous year's EUR 4.0 million.

Changes in Inventory include EUR 1.3 million (previous year: nil) in impairment charges on capitalised work in progress and finished services for products withdrawn from placement.

The **cost of purchased services**, consisting mainly of commission paid to sales partners, was, in keeping with the decline in placement results, about 76.7% down on the previous year from EUR 32.5 million to EUR 7.6 million in the reporting period. The disproportionate decline in commission expenses compared with the fall in revenues shows that revenues from trust management is weighted more heavily in revenues. The 61.7% gross yield margin in the first half of 2009 was significantly higher than the previous year's 47.5%. The gross yield margin in the sales and fund design segment, adjusted for the impairment on work in progress and finished services, showed no significant change on the previous year.

Personnel expenses fell by about 20.0% on the previous year in spite of EUR 1.3 million in one-off expenses in connection with personnel measures in the second quarter of 2009 to EUR 12.3 million (previous year: EUR 15.3 million). This was largely due to last year's EUR 3.8 million in severance payments to management board members and to the sharp decline in bonuses. The average number of employees rose to 295 (previous year: 281). In the fourth quarter of financial year 2008 the number of employees was 303 and has therefore fallen by eight.

Other operating expenses as at the reporting date amounted to EUR 10.1 million and were 9.6% below the previous year's EUR 11.1 million. First-half savings in non-personnel costs as a result of the cost reduction programme totalled around EUR 2.0 million and were achieved mainly in travel expenses and marketing costs. The HCI Group also incurred one-off expenses totalling EUR 2.0 million to 30 June 2009 (previous year: EUR 1.0 million) that consisted mainly of legal and consulting expenses.

Investment income from associated and joint ventures accounted for under the equity method amounted to EUR -3.2 million in the reporting period compared with the previous year's EUR -23.4 million. The main special effect that led to this significantly negative result in the previous year was the EUR 24.8 million impairment charge on the investment in NY Credit Operating Partnership LP. In the first half of 2009 an impairment charge of EUR 1.6 million on the investment in eFonds

Holding AG and EUR 0.9 million in impairment charges on ship ordering companies operated jointly with shipowners led to the negative result. There were no significant positive earnings contributions from other shareholdings.

Due to the course of business outlined above and to EUR -12.1 million in one-off special effects, earnings before interest and taxes (**EBIT**) for the period 1 January to 30 June 2009 were well above the previous year's EUR -18.2 million.

The **financial result** at EUR -19.0 million was EUR 18.4 million below the previous year's EUR -0.6 million. Interest income was down by EUR 0.3 million to EUR 0.9 million. Interest expenses were also down, from EUR -2.3 million to EUR -1.2 million. That was due mainly to a substantial repayment of debt. The remainder of the significantly negative financial result was due mainly to EUR 14.1 million in impairment charges on financial investments, securities and non-current financial receivables as a result of impairment tests and the impairment of right of recourse to a fund company that led to EUR 1.9 million in expenses. In addition, the measurement of assets held for sale at fair value less cost of sale for investments in associated and joint ventures previously accounted for under the equity method resulted in a EUR 3.2 million burden on the result.

Earnings before taxes (**EBT**) totalled EUR -31.1 million in the reporting period. They were therefore well below the previous year's EUR -18.8 million.

Income taxes amounted to EUR -5.0 million in the first half of 2009 (previous year: EUR 0.3 million), due mainly to the reversal of the recognition of deferred tax assets on tax loss carryforwards as a result of changes in planned scenarios.

The **consolidated net result for the period** was EUR -36.1 million, again lower than the previous year's EUR -18.5 million.

II. Financial position

In the first half of 2009 the HCI Group generated a EUR 2.1 million positive **cash flow from operating activities**. This EUR 3.6 million improvement on the previous year was due mainly to the EUR 3.8 million positive cash flow from the decrease in funds tied down in working capital (previous year: EUR 1.9 million increase in funds) and to EUR 4.7 million in net tax refunds received for prior periods as against the previous year's EUR 5.5 million in taxes paid.

The EUR -3.2 million negative **cash flow from investment activities** was due mainly to investments in other investments and associated companies. Compared with the previous year, cash flow improved by EUR 2.9 million because the shares in eFonds Holding AG were acquired in the first half of 2008.

Repayment of debt led to a EUR 5.6 million negative **cash flow from financing activities**. An improvement in cash flow

from financing activities on the first half of 2008 was due to the dividend distribution, which reduced the previous year's cash flow by EUR 16.8 million.

III. Assets position

At EUR 129.9 million **total assets** at 30 June 2009 were EUR 42.7 million down on the total to 31 December 2008. Non-current assets were down by EUR 20.3 million and thereby accounted for 48.0% of the fall in net assets. Current assets fell by EUR 22.4 million to a total of EUR 67.5 million that accounted for 52.0% of the balance sheet total.

The change in **non-current assets** is due primarily to a EUR 5.9 million decline in other investments as a result of value adjustments after impairment tests in view of the continuing difficult market conditions to 30 June 2009 and to a EUR 4.1 million reduction in deferred tax assets.

In addition, receivables from related parties and other financial assets were down by EUR 5.2 million from EUR 14.7 million to EUR 9.5 million, while investments in associated companies and joint ventures accounted for under the equity method were down by EUR 4.1 million. This was due for one thing to EUR 3.5 million in impairments of these holdings. Also, EUR 3.3 million of interests was reclassified as assets held for sale in accordance with IFRS 5. Due to the intention to dispose of it, it was then measured at fair value less cost of sale. That led to a EUR 3.2 million impairment. These changes were counterbalanced by a EUR 2.2 million additions in investments in associated companies and joint ventures accounted for under the equity method as a result of capital increases.

The change in **current assets** resulted mainly from reductions in trade receivables (EUR -7.9 million), cash and cash equivalents (EUR -6.7 million), income tax receivables (EUR -3.8 million) and other assets (EUR -2.5 million).

The decline in trade receivables is due mainly to lower revenues in the first half of 2009 in accordance with the ongoing difficult market position outlined in the course of business.

Equity was down by EUR 35.6 million from 31 December 2008 to EUR 50.6 million as at 30 June 2009. The equity ratio fell from 49.9% to 38.9% as at 30 June 2009. This was due in particular to the negative consolidated net result for the period of EUR -36.1 million.

Non-current provisions and liabilities were down by EUR 23.6 million on 31 December 2008, due especially to reclassification of debt as current liabilities because of their due dates.

Current provisions and liabilities rose by EUR 16.6 million. This change was due primarily to the reclassification of debt stated as non-current as at 31 December 2008 that had to be stated as current assets as at 30 June 2009 in view of

their due dates. Overall, debt was down by EUR 6.1 million and other liabilities were reduced from EUR 11.3 million to EUR 6.6 million.

C. Events subsequent to the balance sheet date

The HCI Group's Management Board decided in July 2009 to withdraw the HCI Real Estate G7 GmbH & Co. KG real estate fund that had been on sale since the beginning of November 2008 and refund the placed capital to investors. The fund was intended to give investors from the general public access to established real estate markets in the world's largest industrialised countries via subscription to holdings in these countries. At the time of the decision to halt placement of the fund a fund subsidiary had signed up to a EUR 10 million investment in an appropriate real estate fund. Payment has yet to be made. The intention is to transfer the holding in the real estate fund to a third party. In addition, the HCI Group made investors who had already subscribed to the fund to buy back their shares; all investors have accepted this offer. The anticipated loss from winding up the fund amounts to EUR 1.8 million.

For the latest status of negotiations with the banks and the package of measures please see the Report on risks and opportunities.

No further events of special significance that exercise a material effect on the HCI Group's assets, financial and earnings position have occurred since the balance sheet date.

D. Report on risks and opportunities

I. Risks regarding future performance

The relevant business risks inherent in the HCI Group's business model and its risk management system are described in detail in the 2008 Annual Report on pp. 50–59. In principle, the risks outlined there continue to apply.

The current risk position has changed on the position described in the 2008 Annual Report in respect of the following parameters:

- As expected, a reliable assessment of charter rates is not possible at the moment. In addition, there can be no telling when the charter markets will start to recover and how the recovery will be distributed across different types of ship. It is now clear that charter rates have come under very strong pressure at short notice due to uncertainties about international trade in goods and that in some cases we can expect ships to be laid up for longer periods. Shipowners are trying to respond to this trend with much shorter charter periods so as to benefit as directly as possible from a forthcoming recovery in charter rates. If charter rates continue to fall, that may have serious effects

on the profitability of individual ship funds and associated companies and could lead to the insolvency of these funds or associated companies (cf. 2008 Annual Report, Section 4.1.1). Averting these risks requires the parties concerned to draw up restructuring concepts that in addition to the risk to HCI's reputation might require the Group to provide liquidity or reduce or even forgo trust management and service fees.

In the event of insolvency of funds in which HCI Group companies are active as trusteeship partners, distributions to limited partners that exceed the limited partner's share or the capital account can lead to a trusteeship partner becoming liable and to a substantial outflow of liquidity. Resulting claims by the trusteeship partner would have to be pursued against each individual investor.

- (4.2 and 9.3.2) In the course of the financial market crisis, investors are currently continuing to exercise restraint in respect of investment products of all kinds. This also affects investment in closed-end funds. For the HCI Group this means a significantly higher sales risk for fund products either already on sale or devised and intended for sale. Most placement guarantees for which claims might currently be made against the Group run until the end of 2009. There is also, however, a possibility of extending placement guarantees if need be. In cooperation with fund companies and banks, the HCI Group has made use of this option for a number of funds with placement guarantees that would have been due in the first half of 2009, extending the sale period and with it the placement guarantee. This is also conceivable, but not definite, for further funds with placement guarantees that expire before the end of 2009. Were the HCI Group to need to acquire part of the equity capital of individual funds temporarily, it would need to raise interim funding accordingly. No such funding has been pledged at present. Placement might be resumed at a later date, or other appropriate solutions such as selling off investment items might be considered.
- The continuing restraint exercised by investors in subscribing to closed-end fund models has a negative effect on the HCI Group's ability to earn cash flows that are required for the Group's essential investment and financing activities and for one-off effects with an effect on liquidity. To strengthen its operative cash flow the HCI Group has initiated further sales endeavours and cost reduction programmes.
- (9.3.1) Market conditions for individual shipping market segments have not improved in recent months. To reduce the risk of recourse to guarantees for interim construction period financing of ships that are tied up, HCI has begun talks with the shipyards and shipowners affected or with the refinancing banks about cancelling or postponing

orders or swapping ships. The Group has already been able to reach agreement on cancellations or postponements in a certain number of cases.

- (4.2 and 9.3.2) Ongoing market weakness and reports on the further progress of the lessee Air Canada have made placement of the Group's aircraft fund HCI Aircraft One more difficult. The placement guarantee that the fund company has assigned to the refinancing bank has been extended until the end of the year. At present, the selling of this fund is on hold. Work is in progress on a concept to revise the fund's structure.
- (4.2) For some of the funds that are in placement the desired placement volumes have yet to be achieved. The HCI Group has responded by suspending placement, by restructuring funds or by winding up the fund. If a fund company is wound up there may be a further burden on liquidity insofar as the Group agrees to refund contributions to fund partners.

Summarising the risks outlined above, the continued combination of weak shipping markets, tight credit markets and subdued investor interest, a significantly higher risk of claims for contingent liabilities can be said to exist. Any significant resulting liquidity requirement can only be limited or met by means of cooperative behaviour on the part of the banks, as the HCI Group's ability to continue as a going concern is at risk.

The HCI Group is currently holding intensive talks with its principal financing partners and shareholders to prevent claims for contingent liabilities or to ensure that sufficient funding is made available. The concept currently agreed provides for the following packages of measures that are to be finally negotiated and implemented in the weeks ahead.

Comprehensive restructuring concept agreed with principal creditor banks

After several months of negotiations a comprehensive restructuring concept was discussed and accepted by the main creditor banks HSH Nordbank AG and the Commerzbank Group and with HCI Capital AG's principal shareholders MPC Capital AG and the Döhle Group as a first step toward releasing the HCI Group from all material contingent liabilities to banks and safeguarding liquidity on a lasting basis. In detail the restructuring is a multi-stage concept agreed as a first step after several months of negotiations with the main creditor banks HSH Nordbank and the Commerzbank Group and the principal shareholders MPC Capital AG and the Döhle Group. It is aimed at a long-term moratorium, the simultaneous release from all material contingent liabilities to banks, a subsequent capital increase in cash, and the conversion of existing HCI Capital AG financing arrangements. The two main creditor banks account for the main share (about three quarters) of the Company's contingent liabilities. The concept

will need to be agreed finally with the other creditor banks in the weeks ahead and is subject, among other things, to unanimous consent of all other banks involved.

Release from all material contingent liabilities to banks

HCI Capital AG aims to agree with the banks an irrevocable moratorium on claims for contingent liabilities until 30 June 2013. At the same time a phased total release from the overwhelming majority of existing contingent liabilities is aimed to be concluded by 28 February 2010.

Capital increase in cash and conversion of existing financing

On completion of the release from liability a EUR 22 million cash capital increase is aimed to be undertaken. MPC Capital AG and the Döhle Group would underwrite it, should the other shareholders not exercise their subscription rights. In addition, the banks are to receive a claim against HCI Capital AG in the form of a EUR 12.5 million debtor warrant the details of which have yet to be agreed.

Supplementary interim financing totalling around EUR 6.0 million is to be raised by assigning future receivables.

Furthermore, an extension of loan repayments to banks until 30 September 2010 was agreed. The deferred liabilities are then to be converted into equity or, alternatively, into long-term funding to ensure that the HCI Group's cash flow is not impaired with lasting effect.

II. Opportunities regarding future performance

The opportunities that exist for HCI Group business in the 2009 financial year were described in detail in the Report on risks and opportunities in the 2008 Annual Report (cf. pp. 50–59). They apply unchanged. Against the background of the current market development special mention must be made of the following opportunities:

- On the investment side the current crisis in the shipping segment provides entry opportunities from which interesting offers can be designed for investors. The HCI Group with its extensive experience in this sector and its good relations with shipping companies and other market players could derive special benefits from these opportunities. A number of new products are already at the design stage that will enable the fund management to respond flexibly to market opportunities and thereby achieve attractive returns for investors in hard times. In this connection the Group launched a product of this kind, HCI Shipping Opportunity, in August 2009.
- The present low-interest policy accompanied by a sharp increase in government debt makes inflationary tendencies seem likely in the medium term. Investments in tangible assets will then become highly attractive propositions. The

HCI Group could derive special benefits from this trend with its well-filled and highly diversified product pipeline and its strong sales network.

- The higher risk profile of providers of closed-end funds arising from the financial market crisis will in our view hit smaller competitors especially hard – competitors who are less well-established with their products, are less networked in sales and have lower credit standing and financial strength on the capital side. Against this backdrop there is a chance that the repercussions of the financial market crisis might favour a consolidation of the market for closed-end funds from which the HCI Group as one of the leading and most experienced providers in the market could benefit.
- In view of developments in the course of the financial market crisis we anticipate that the industry providing closed-end participation models and the independent providers of financial services who make a considerable contribution toward HCI's placement success will be subjected to stricter regulatory control. In respect of further regulation of independent financial advisers the HCI Group offers its services in providing an adequate liability cover solution for this group of sales partners via a stake in eFonds AG. The Group thereby stands to benefit overall from further industry consolidation in the course of stricter market regulation.
- Future financing arrangements will require a higher equity capital input. As a listed company the HCI Group is able to position itself better than its competitors in this environment.

E. Outlook

Overall economic outlook

Overall economic development for the remainder of 2009 continues to face considerable uncertainties. Economic research institutes and financial institutions are agreed that the world economy is in the throes of a downturn this year. Even though a number of economic indicators currently suggest that the recession has bottomed out, a return to slight initial growth is not anticipated until 2010. The extent and rate at which the many and in part substantial financial and economic policy booster packages agreed by the world's leading economies will take effect remains hard to assess.

Forecasts by economic research institutes and financial institutions anticipate for the world economy continued weak development and a decline in gross domestic product of around 1.5%. Exceptions to this rule are China and India, for which lower growth of between 6.5% and 7.5% and between 4.2% and 5.4% respectively is expected for 2009. The decline in gross domestic product forecast for the euro zone in 2009 is between 4.3% and 4.8%. Reasons for the

anticipated economic decline in the euro zone are significant decreases in corporate investment, worse forecasts for world trade and the high export dependence level of Europe's largest economy, Germany. For the German economy a GDP decline of about 6% is expected for 2009. The anticipated rise in unemployment is between 0.4 million (DIHK estimate) and 1.0 million (HWWI estimate). If there is no improvement in the order position of companies by autumn 2009, further negative influences on employment must be assumed. Against the backdrop of the two economic booster packages agreed, however, positive trends are also being noted and indicate that the decline in manufacturing output has bottomed out. The main early indicators have recently pointed to a pleasing upturn, meaning that slight growth seems to be on the way in the second half of the year. Lasting economic growth is still not in sight, however.

For shipping markets in particular the weak state of the world economy will continue to be burdensome. A sustainable charter rate recovery is not yet expected in the main shipping segments by the year's end. Moreover, in view of the anticipated fleet growth no perceptible reduction in the surplus of supply over demand is yet in sight. Current cancellations, delivery postponements and rising scrappage quotas are unlikely to fully offset this surplus in the prevailing environment. A clear recovery in shipping markets is at the moment not anticipated before 2010.

The sector

Due to the ongoing financial and economic crisis investors will in our view continue for the present to feel uncertain about all forms of investment. This is underscored by the sentiment in the sector reported on by ScopeAnalysis in mid-2009. The business climate index compiled for the industry from issuing houses and intermediaries since 2003 has reached a new historic low. Some intermediaries and issuing houses may forecast a slight improvement in the outlook for the industry in the second half of 2009, but about half of the respondents expect the market trend to be on the weak side for the rest of the year.

For the providers of closed-end funds the weak market environment will continue to pose a serious challenge in respect of both new business and the management of asset pipelines and existing funds. On balance it is hard to say how the market will develop in 2009. It will depend mainly on the extent and duration of the economic downturn. In this market environment the outlook continues to be better for direct investment in real estate and for energy funds in particular. In addition, guarantee-backed and opportunist fund concepts, i.e. blind pools aimed at making use of favourable entry opportunities in a weak market, may stand to benefit.

Business development

The market trend continues to be difficult and will pose a serious challenge to the HCI Group in the future course of the

2009 financial year. In view of ongoing uncertainty as to the general economic trend a serious full-year business forecast for 2009 is not possible.

In view of the challenges that it faces the HCI Group has put in place a number of measures aimed at securing revenues and reducing costs.

On the sales side the HCI Group has adapted to the current market situation by focussing its product range – especially in the closed-end ship fund area – on individually structured products with a lower placement volume and on asset creation plans and guaranteed products. In addition, in August 2009 the Group launched a new product with an opportunist concept, HCI Shipping Opportunity, that offers investors the chance to make use of entry options arising in the present situation in shipping markets. In other product areas we succeeded within a very short time in placing the HCI Energy 1 Solar fund in full in August 2009. In the real estate area the Group's aim is to put an attractive core real estate investment product on the market before the end of the year.

On the costs side the HCI Group decided on further economies in the second quarter of 2009. They consist of a reduction in personnel expenses by about EUR 1.1 million in the current year and by EUR 4.2 million in 2010. In this connection the Group is reducing employee numbers by 36 in all. In addition, it has not replaced a number of staff in the course of restructuring since October 2008. A further part of the savings package is the cost reduction programme for non-personnel expenses initiated at the beginning of the year and upgraded in June 2009 to about EUR 8.5 million in all. It does not include one-off expenses incurred due to the current difficult market trend. The Group anticipates overall savings this financial year of around EUR 10 million on 2008 as a result of the proposed measures.

Now that the HCI Group has agreed with its principal creditors HSH Nordbank and the Commerzbank Group and its main shareholders MPC Capital AG and the Döhle Group a comprehensive restructuring concept with its major objective a release from all material contingent liabilities to banks followed by a EUR 22 million capital increase in cash, final negotiations will be held with the other creditor banks in the weeks ahead. Implementation of this concept would ease substantially the burden of risks on the HCI Group and contribute toward safeguarding liquidity in a market environment that continues to be difficult, thereby helping to secure the Company's lasting survival as a going concern. It would at the same time be an important signal that would strengthen substantially the confidence of our business partners, especially in the area of sales.

The progress of operating business will also, incidentally, depend on how far and how fast the financial sector and the economy overall recover in the course of the year from the serious collapses they have suffered. As soon as signs of recovery are apparent there will, we feel, be good prospects for the HCI Group to regain momentum with its placement business.

Consolidated statement of operations

for the period from January 1 to June 30, 2009

EUR '000	Note	Six months ended June 30, 2009	Six months ended June 30, 2008
Revenues	(3)	22,662	61,652
Other operating income	(4)	663	4,012
Change in inventories	(5)	- 1,085	180
Cost of purchased services		- 7,591	- 32,535
Personnel expenses	(6)	- 12,320	- 15,290
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(7)	- 1,162	- 1,613
Other operating expenses		- 10,062	- 11,132
Results of associated companies and joint ventures accounted for using the equity method	(8)	- 3,196	- 23,431
Earnings before interest and taxes (EBIT)		- 12,091	- 18,157
Interest income	(9)	860	1,191
Interest expenses	(9)	- 1,172	- 2,295
Other financial result	(9)	- 18,710	507
Earnings before taxes (EBT)		- 31,113	- 18,754
Income taxes	(10)	- 4,987	269
Consolidated net result for the period		- 36,100	- 18,485
Consolidated net income for the period attributable to the shareholders of the parent company		- 36,100	- 18,485
Earnings per share (basic) in EUR	(11)	- 1.50	- 0.77
Earnings per share (diluted) in EUR	(11)	- 1.50	- 0.77

Consolidated statement of comprehensive loss

for the period from January 1 to June 30, 2009

EUR '000	Six months ended June 30, 2009	Six months ended June 30, 2008
Consolidated net result for the period	- 36,100	- 18,485
Income and expenses recognised directly in equity for associated companies and joint ventures	122	- 1,527
Foreign currency translation adjustment	332	2,323
Change in fair value of available-for-sale financial instruments	0	439
Other comprehensive income	454	1,235
Total comprehensive result	- 35,646	- 17,250
Total comprehensive result for the period attributable to the shareholders of the parent company	- 35,646	- 17,250

Consolidated statement of operations

for the second quarter ended June 30, 2009

EUR '000	Note	Three months ended June 30, 2009	Three months ended June 30, 2008
Revenues	(3)	12,673	35,164
Other operating income	(4)	281	3,062
Change in inventories	(5)	- 1,217	430
Cost of purchased services		- 4,251	- 18,766
Personnel expenses	(6)	- 6,275	- 9,870
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(7)	- 903	- 928
Other operating expenses		- 5,819	- 5,892
Results of associated companies and joint ventures accounted for using the equity method	(8)	- 3,637	- 24,391
Earnings before interest and taxes (EBIT)		- 9,148	- 21,191
Interest income	(9)	491	514
Interest expenses	(9)	- 492	- 1,155
Other financial result	(9)	- 19,677	1,438
Earnings before taxes (EBT)		- 28,826	- 20,394
Income taxes	(10)	- 4,781	671
Consolidated net result for the period		- 33,607	- 19,723
Consolidated net income for the period attributable to the shareholders of the parent company		- 33,607	- 19,723
Earnings per share (basic) in EUR	(11)	- 1.40	- 0.82
Earnings per share (diluted) in EUR	(11)	- 1.40	- 0.82

Consolidated statement of comprehensive loss

for the second quarter ended June 30, 2009

EUR '000	Three months ended June 30, 2009	Three months ended June 30, 2008
Consolidated net result for the period	- 33,607	- 19,723
Income and expenses recognised directly in equity for associated companies and joint ventures	- 830	351
Foreign currency translation adjustment	1,666	3,032
Change in fair value of available-for-sale financial instruments	0	439
Other comprehensive income	836	3,822
Total comprehensive result	- 32,771	- 15,901
Total comprehensive result for the period attributable to the shareholders of the parent company	- 32,771	- 15,901

Consolidated balance sheet

as at June 30, 2009

	Note	June 30, 2009	December 31, 2008
ASSETS		EUR '000	EUR '000
Non-current assets		62,412	82,736
Intangible assets		2,172	3,017
Property, plant and equipment		1,263	1,510
Investments in associated companies and interests in joint ventures accounted for using the equity method		31,891	36,033
Other investments		16,747	22,628
Receivables from related parties	(15)	0	2,542
Other financial assets		9,546	12,114
Deferred taxes		793	4,892
Current assets		67,482	89,850
Work in progress and finished services		1,264	2,352
Trade receivables		15,635	23,553
Receivables from related parties	(15)	27	27
Income tax receivables		9,350	13,114
Other assets		15,931	18,441
Other financial assets		15,344	17,642
Other miscellaneous assets		587	799
Securities		2,559	3,059
Cash and cash equivalents		22,586	29,304
Assets held for sale		130	0
Total assets		129,894	172,586
EQUITY AND LIABILITIES		EUR '000	EUR '000
Equity		50,554	86,200
Subscribed capital		24,000	24,000
Capital reserve		75,943	75,943
Retained earnings		- 33,663	2,437
Accumulated other equity	(12)	- 1,194	- 1,648
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		7,699	31,318
Pension provisions		23	22
Debts	(13)	2,836	27,636
Other miscellaneous liabilities		0	19
Deferred taxes		4,840	3,641
Current provisions and liabilities		71,641	55,068
Other provisions		2,219	1,808
Debts	(13)	35,556	16,837
Trade payables		8,815	8,457
Liabilities due to related parties	(15)	2,682	1,538
Income tax payables		15,782	15,132
Other current liabilities		6,587	11,296
Other financial liabilities		5,954	9,499
Other miscellaneous liabilities		633	1,797
Total equity and liabilities		129,894	172,586

Consolidated statement of changes in equity

for the period from January 1 to June 30, 2009

EUR '000	Subscribed capital	Capital reserve	Retained earnings	Accumulated other equity			Net cost in excess of net assets acquired on the acquisition of companies under common control and successive share acquisitions	Consolidated equity
				Income and expenses recognised directly in equity from associated companies	Foreign currency translation adjustment	Change in fair value of available-for-sale financial instruments		
Balance at 01.01.2008	24,000	76,016	35,987	- 3,546	109	0	-14,532	118,034
Expenses for capital procurement		- 73						- 73
Total comprehensiv result			- 18,485	- 1,527	2,323	439		- 17,250
Distributions to share-holders			- 16,800					- 16,800
Balance at 30.06.2008	24,000	75,943	702	- 5,073	2,432	439	- 14,532	83,911
Balance at 01.01.2009	24,000	75,943	2,437	- 333	- 1,315	0	- 14,532	86,200
Total comprehensiv result			- 36,100	122	332			- 35,646
Balance at 30.06.2009	24,000	75,943	- 33,663	- 211	- 983	0	- 14,532	50,554

Consolidated cash flow statement

for the period from January 1 to June 30, 2009

EUR '000	Six months ended June 30, 2009	Six months ended June 30, 2008
Consolidated net result for the period	- 36,100	- 18,485
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	1,162	1,613
Impairment on loans, interests and other financial receivables	15,955	0
Impairment on work in progress and finished services	1,297	0
Impairment on assets held for sale	3,178	0
Losses(+)/Gains(-) from associated companies and joint ventures	3,196	23,431
Gains(-) from the disposal of intangible assets and property, plant, equipment and securities	10	- 278
Increase in pension provisions	1	1
Elimination of income taxes	4,987	- 269
Elimination of net interest result and net investment result	925	898
Other non-cash income and expenses	- 113	- 303
Decrease/Increase in working capital	3,838	- 1,936
Increase in inventories	- 208	- 167
Decrease in trade receivables	7,917	5,702
Increase/Decrease in other assets	- 36	8,981
Increase in current provisions	414	476
Decrease in trade payables	358	- 7,454
Increase/Decrease in receivables from and payables to related parties	- 142	- 469
Decrease in other liabilities	- 4,139	- 9,419
Other movements in operating activities	- 326	414
Income taxes paid	- 1,340	- 5,682
Income tax refunds	6,065	183
Interest paid	- 1,215	- 1,469
Interest received	266	674
Distributions received	32	107
Cash flows from operating activities	2,144	- 1,515
Proceeds from disposals of other investments and securities	341	2,916
Payments for intangible assets and property, plant and equipment	- 70	- 206
Payments for investments in associated companies and interest in joint ventures	- 1,752	- 6,025
Payments for investments, securities and long-term loans to related parties	- 1,752	- 2,753
Cash flows from investing activities	- 3,233	- 6,068
Dividends paid to shareholders of HCI Capital AG	0	- 16,800
Proceeds from additions to debts	33	15,986
Repayments of debts	- 5,662	- 8,803
Cash flow from financing activities	- 5,629	- 9,617
Net Changes in cash and cash equivalents	- 6,718	- 17,200
Cash and cash equivalents at beginning of period	29,304	34,739
Cash and cash equivalents at end of period	22,586	17,539

Segment reporting

for the period from January 1 to June 30, 2009

EUR '000	Design & Sales		After Sales Services		Asset Management	
	2009	2008	2009	2008	2009	2008
Revenues	10,446	48,921	10,739	11,335	1,477	1,396
Change in inventories	- 1,085	206				- 26
Cost of purchased services	- 7,591	- 32,535				
Gross Margin	1,770	16,592	10,739	11,335	1,477	1,370
Other operating income	135	144	569	694	206	3,301
Personnel expenses	- 5,304	- 5,523	- 3,045	- 2,667	- 860	- 745
Depreciation, amortisation and impairment	- 673	- 89	- 79	- 617	- 179	- 181
Other operating expenses	- 3,871	- 5,477	- 2,479	- 2,177	- 572	- 681
Results of associated companies and joint ventures accounted for using the equity method	- 1,970	70			- 1,226	3,227
Earnings before interest and taxes (EBIT)	- 9,913	5,717	5,705	6,568	- 1,154	6,291
Segment assets	20,488	29,272	26,189	32,759	29,449	38,583

Operating Segment Total		Holding/ Others		Consolidation		HCI Gruppe	
2009	2008	2009	2008	2009	2008	2009	2008
22,662	61,652					22,662	61,652
- 1,085	180					- 1,085	180
- 7,591	- 32,535					- 7,591	- 32,535
13,986	29,297					13,986	29,297
910	4,139	1,531	1,710	- 1,778	- 1,837	663	4,012
- 9,209	- 8,935	- 3,111	- 6,355			- 12,320	- 15,290
- 931	- 887	- 231	- 726			- 1,162	- 1,613
- 6,922	- 8,335	- 4,918	- 4,634	1,778	1,837	- 10,062	- 11,132
- 3,196	3,297		- 26,728			- 3,196	- 23,431
- 5,362	18,576	- 6,729	- 36,733	0	0	- 12,091	- 18,157
76,126	100,614	0	0	0	0	76,126	100,614

Notes

to the consolidated interim financial statements of HCI Capital AG
as at 30 June 2009

GENERAL INFORMATION

(1) Information about the company and the group

HCI Capital AG, with its registered office at Bleichenbrücke 10, 20354 Hamburg, Federal Republic of Germany, is registered with the Register of Companies (Handelsregister) of the Hamburg District Court (Amtsgericht Hamburg, HRB 93324).

The Company's subscribed capital amounts to EUR 24,000,000 and is divided into 24,000,000 no-par registered shares. Since its initial public offering (IPO) in October 2005 and the related admission to trading on the regulated market, the Company has been listed in the Prime Standard segment of the Frankfurt Stock Exchange and on the Hamburg Stock Exchange.

HCI Capital AG and its subsidiaries (hereinafter referred to as the HCI Group) together constitute a service group operating mainly in Germany. The Group's business activities consist primarily of the design and initiation of closed-end funds in the main product areas Transport and Logistics, Real Estate, Life Insurance, Energy and Commodities, as well as the subsequent raising of funds from institutional and private investors. The Group also operates as the fiduciary manager of equity capital placed (After Sales Services) and in the management of fund assets (Asset Management).

(2) Accounting Policies

HCI Capital AG's consolidated interim financial statements as at 30 June 2009 were prepared in accordance with the provisions of IAS 34, with the notes presented in a condensed form in accordance with the option permitted by IAS 34.10.

With the exception of the following changes, the accounting policies used in the preparation of the Group's consolidated interim financial statements correspond to those used in HCI Capital AG's IFRS consolidated financial statements as at 31 December 2008. The consolidated interim financial statements as at 30 June 2009 must therefore be read in conjunction with the consolidated financial statements as at 31 December 2008.

The consolidated financial statements were prepared under the assumption of the Company's ability to continue as a going concern. As for the risks arising from contingent liabilities and their potential effects and the risks arising from the HCI Group's liquidity requirements in relation to this assumption, reference is hereby made to Note 16 and to the consolidated interim management report.

As stated in Note 4 to the IFRS consolidated financial statements as at 31 December 2008, the HCI Group is applying IFRS 8 "Operating Segments" for the first time in the financial year 2009. Segment information for the first half of 2009 as stated in these consolidated interim financial statements was prepared on the basis of this standard. Comparative information for the first half of 2008 was adjusted accordingly. In accordance with IFRS 8, which is based on the management approach, segment reporting consists of a presentation of reportable operating segments that correspond to the areas of a company for which the Group's chief operating decision maker regularly assesses the earnings performance and allocates resources on the basis of available financial information. In line with the internal management of the areas by HCI Capital AG's Management Board, Design and Sales, After-Sales Services and Asset Management were defined as operating segments. With regard to segment reporting for the first half of 2009 we refer to Note 14.

In the consolidated interim financial statements as at 30 June 2009, the HCI Group applies the provisions of IAS 1 "Presentation of Financial Statements" as revised in 2007. The statement of comprehensive income including gains and losses with and without an impact on profit and loss is included as a component of the consolidated interim financial statements.

In the first quarter of 2009, the HCI Group changed the revenue recognition for revenues from design and sales services. Until 31 December 2008, design and sales revenues were recognised when the investor signed and the statutory or, if longer, the contractual cancellation period expired. They are now recognised when HCI accepts the signed contract taking into account the anticipated cancellation quotas within the statutory or, if longer, the contractual cancellation period. Cancellation quotas are calculated per product category on the basis of historical values over a period of up to five years, taking into account margin developments or other special factors for the relevant product category. No material changes arose from applying the new accounting method, so the financial information was not adjusted retrospectively in accordance with IAS 8 and adjustments were only made in the current period.

Other standards or interpretations applied for the first time had no impact on HCI Group's assets, financial and earnings position.

Application of the following standards and interpretations published by the IASB or IFRIC prior to the preparation of the

consolidated interim financial statements was not mandatory as at the balance sheet date because they had either not yet been endorsed by the EU or their first-time mandatory use had yet to be stated:

- Amendment to IFRS 3 “Business Combinations”
- Amendment to IFRS 1 “First Time Adoption of IFRS”
- IFRIC 15 “Agreements for the Construction of Real Estate”
- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”
- IFRIC 17 “Distributions of Non-Cash Assets of Owners”
- IFRIC 18 “Transfers of Assets from Customers”
- Amendment to IAS 27 “Consolidated and Separate Financial Statements”
- Amendment to IAS 39 “Financial Instruments: Recognition and Measurement: Eligible Hedged Items”
- Amendment to IAS 39 “Reclassification of Financial Assets: Effective Date and Transition”

- Amendment to IFRIC 9 and IAS 39 “Embedded Derivatives”
- “2007–2009 Annual Improvements Project”
- Amendment to IFRS 2 “Group Cash Settled Share-based Payment Transactions”
- IFRS for Small and Medium-Sized Entities

They will be implemented when their application becomes mandatory. The HCI Group’s current assumption is that application of these standards will have no material impact on the presentation of its assets, financial and earnings position.

The effects on the Group’s assets, financial and earnings position of the amendments to IAS 27 and IFRS 3 will depend in particular on such acquisitions or disposals of interests in companies that the HCI Group undertakes after the date of first-time application of these two standards.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(3) Revenues

Revenues break down as follows:

EUR '000	01.01– 30.06.2009	01.01– 30.06.2008
Transport and Logistics	6,882	32,633
Real Estate	286	8,527
Energy and Commodities	2,454	--
Secondary Life Insurance Market	785	7,474
Other	39	287
Design and Sales	10,446	48,921
Transport and Logistics	8,522	9,211
Real Estate	1,227	1,262
Energy and Commodities	113	--
Secondary Life Insurance Market	679	664
Other	198	198
After-Sales Services	10,739	11,335
Asset Management	1,477	1,396
Total revenues	22,662	61,652

Due to the changes in the segment structure in 2009, the HCI Group adjusted the presentation of revenues from design and sales and after sales services for the corresponding period in 2008. The Transport and Logistics product area

comprises the Ship and Aircraft asset classes. The Energy and Commodities product area consists of the HCI Deepsea Oil Explorer fund and is being expanded to include the HCI Energy 1 Solar fund.

(4) Other operating income

Other operating income totalled EUR 663,000 (first half-year 2008: EUR 4.012 million). The previous year's figure included EUR 1.750 million in compensation for breach of contract in connection with shipbuilding contracts the other party failed to fulfil. Other operating income for the first half of 2008 also included brokerage income for ships (EUR 750,000) and real estate (EUR 644,000).

(5) Changes in inventories

Due to the difficult market environment for placing closed-end funds, write-downs totalling EUR 1.297 million were made on work in progress and finished services in connection with the design of closed-end fund models.

(6) Personnel expenses

Personnel expenses totalling EUR 12.320 million (first half-year 2008: EUR 15.290 million) include EUR 667,000 in severance payments and EUR 573,000 in salaries paid until the end of the employment relationship for employees laid off as part of the HCI Group's restructuring in June 2009.

(7) Depreciation, amortisation and impairment

Impairment charges on intangible assets in the first half of 2009 amounting to EUR 590,000 related to the goodwill recognised in the private equity segment as a result of the HCI Group's realignment.

(8) Results of associated companies and joint ventures accounted for using the equity method

The result of associated companies and joint ventures accounted for under the equity method includes EUR 2.583 million (first half-year 2008: EUR 24.758 million) in impairment charges arising from impairment tests undertaken due to the ongoing difficult market conditions as at 30 June 2009.

In the impairment tests carried out in accordance with IAS 36, recoverable amounts were established on the basis of a DCF model taking the companies' planning data into account. Impairment charges amounted to EUR 1.645 million for the investment in eFonds Holding AG and EUR 938,000 for interests in shipbuilding companies managed jointly with shipping companies and included under the equity method in the consolidated financial statements.

In the second quarter of 2009, eFonds Holding AG carried out a cash capital increase. In connection with this capital increase the HCI Group exercised its subscription rights. It also exercised some of the subscription rights of another shareholder, with the result that the HCI Group's stake in eFonds Holding AG increased from 25.1 % to 28.0 %. The Group recognised a gain of EUR 174,000 on this transaction.

(9) Financial result

The other financial result includes EUR 1.4 million (first half-year 2008: EUR 1.188 million) in fees received by the HCI Group as advance distributions from secondary life insurance market funds.

They also include EUR 13.227 million (first half-year 2008: EUR 97,000) in impairment charges on interests in one-ship companies classified as available for sale financial instruments in accordance with IAS 39 and of non-current financial receivables from ship fund companies and a shipping company that are classified as loans and receivables in accordance with IAS 39, plus EUR 653,000 (first half-year 2008: EUR 1.340 million) in currency losses.

Furthermore, other financial result includes an impairment of the HCI Group's right of recourse against a fund company. In the financial year 2008, the Group entered into two non-interest bearing promissory note loans in connection with the design of a fund product, which were to be transferred to the fund company once the fund product was placed. The fund company undertook to release the HCI Group from all risks and rewards arising from the notes until it took over the notes after placement. A write-down of EUR 1.862 million was made on this claim, as it is currently impossible to assess the fund's placement potential.

In addition, an impairment loss of EUR 866,000 was made on the fair value of shares classified as available for sale financial assets.

Due to the intention to sell the investments in BH & HCI Overschiestraat Holding B.V. and BH & HCI Real Estate Holding B.V. accounted for under the equity method and in BH & HCI Tupolevlaan Building B.V. reported under other investments, these interests were reclassified as assets held for sale in accordance with IFRS 5 as at 30 June 2009. Management considers that they are highly probable to be sold within 12 months of reclassification. They were measured at fair value less costs of sale, leading to a impairment charge of EUR 3.178 million. The EUR 79,000 in pro rata shares of the companies' profits until the time of reclassification in accordance with IFRS 5 is stated under results from associated companies and joint ventures.

(10) Income taxes

Income taxes include EUR 5.298 million in deferred tax expenses resulting mainly from the reversal of the recognition of deferred tax assets. This was attributable to the release of deferred tax assets for tax loss carryforwards as a result of changes in plan scenarios.

HCI Capital AG's Management Board proposes the conclusion at the annual general meeting on 31 August 2009 of a control and profit and loss transfer agreement between HCI Capital AG and HCI Treuhand GmbH with effect from 1 January 2009. The effects on the Group's tax expenses from 1 January 2009 are already included in the consolidated interim

financial statements as at 30 June 2009 because the Annual General Meeting is expected to approve the proposal.

(11) Earnings per share

Basic and diluted earnings per share were as follows:

		01.01.– 30.06.2009	01.01.– 30.06.2008
Group share of the net result for the period	EUR'000	-36,100	-18,485
Weighted average number of shares issued	In million	24.0	24.0
Earnings per share for the reporting period	EUR	-1.50	-0.77

There were no dilutive instruments in the periods presented, with the result that diluted and basic earnings per share were the same.

NOTES TO THE CONSOLIDATED BALANCE SHEET

(12) Accumulated other equity

Accumulated other equity consists of changes in fair value of financial instruments available for sale and reconciling items from translating financial statements denominated in a foreign currency. In addition, it includes pro rata gains and losses

recognised directly in equity from associated companies and joint ventures accounted for under the equity method .

(13) Debt

The financial liabilities are amounts owed to banks by the HCI Group. The terms and conditions of the principal financial liabilities to banks are as follows:

Loans	Book value as at 30.06.2009 in EUR'000	Book value as at 31.12.2008 in EUR'000	Loan currency	Interest rate in %	Final due date
HSH Nordbank AG	26,978	28,579	USD	Three-month LIBOR +3%	2010
Bankhaus Wölbern & Co.	5,672	6,481	USD	EURIBOR +1.85%	2011
Commerzbank AG	4,200	5,995	EUR	7.50%	2010
HSH Nordbank AG	1,527	3,383	EUR	9.03%	2009

For interim financing of the acquisition of the shares in eFonds Holding AG, HCI Capital AG took out a cash loan of EUR 6.0 million in 2008. In January 2009 the Group repaid EUR 1.5 million. In February 2009 an agreement was reached with

Commerzbank AG (formerly Dresdner Bank AG) that the loan was to be repaid in future in quarterly instalments of EUR 150,000 with payment of the final instalment on 31 January 2010. The interest rate is 7.5 %.

OTHER INFORMATION

(14) Segment information

Segment data was prepared on the basis of financial information used in internal management and corresponds to the accounting policies used for the consolidated financial statements.

Reportable operating segments as per IFRS 8 are as follows:

- Design and Sales – This segment contains the HCI Group's activities in relation to the identification of suitable investments, product design and product sales.
- After Sales Services – The After Sales Services segment consists mainly of looking after investors in all company law and regulatory matters relating to their fund commitments and in the fiduciary management of the capital they have invested.
- Asset Management – The management of investments held by funds initiated by the HCI Group in the Ship, Real Estate and Life Insurance Fund sectors and charter operations with third parties are assigned to the Asset Management segment.

In addition, there is a Holding/Other area that includes items not directly attributable to segments and expenses incurred for holding functions.

Segment results are stated as earnings before interest and taxes (EBIT), which is the result for the period before interest and other financial result and before income taxes. It is used in internal controlling as the segment management figure on the basis of IFRS. In internal reporting the revenue and cost categories are included that are also shown in the consolidated statement of operations.

The segment assets held by the operating segments include the assets that are relevant for operating activities in the relevant segment. They consist of inventories, trade receivables, loans granted and loans to sales partners, funds and ordering companies along with the HCI Group's interests in funds or ordering companies and in associated companies and joint ventures accounted for under the equity method. Goodwill stated at EUR 875,000 as at 30 June 2009 is not allocated to segment assets.

Internal reporting does not include segment liabilities, which is why they are not stated in segment reporting in accordance with IFRS 8.

The reconciliation of segment assets with the Group's total assets is as follows:

EUR'000	30.06.2009	31.12.2008
Segment assets	76,126	100,614
Cash and cash equivalents	22,587	29,304
Securities	2,559	3,059
Deferred tax refunds	793	4,893
Property, plant and equipment	1,263	1,510
Intangible assets	2,172	3,017
Assets held for sale	130	0
Other assets and receivables	23,770	29,583
Other financial assets	494	606
Group assets	129,894	172,586

(15) Related party disclosures

Receivables from and liabilities to related parties are as follows:

EUR'000	30.06.2009	31.12.2008
Receivables from associated companies and joint ventures	23	2,555
Receivables from unconsolidated subsidiaries	4	14
Receivables from related parties	27	2,569
Liabilities to unconsolidated subsidiaries	585	687
Liabilities to associated companies and joint ventures	1,358	0
Liabilities to HCI Group executive bodies	739	851
Liabilities to related parties	2,682	1,538

Income and expenses resulting from related party transactions break down as follows:

EUR'000	01.01.– 30.06.2009	01.01.– 30.06.2008
Income from associated companies and joint ventures	140	3,841
Income from related parties	140	3,841
Expenses of members of HCI Group executive bodies	1,591	5,033
Expenses of associated companies and joint ventures	3,336	27,272
Expenses of other financial results	3,178	-
Expenses of related parties	8,105	32,305

Expenses of members of HCI Group executive bodies consist of fixed remuneration components for Management Board members during the stated periods plus pro rata management bonus entitlements and Supervisory Board remuneration.

In the comparative period last year, the expenses of members of HCI Group executive bodies included severance payments totalling EUR 3.820 million made in connection with the retirement of Wolfgang Essing and Dr. Rolando Gennari from HCI Capital AG's Management Board.

Impairment losses totalling EUR 3.178 million were made on the investments in associated companies BH & HCI Oversschiepstraat Holding B.V. and BH & HCI Real Estate Holding B.V. due to their classification in accordance with IFRS 5 as at 30 June 2009 and stated under other financial results. Cf. Note 9.

(16) Contingencies and other financial commitments

As at 30 June 2009, the Company had the following contingencies and other financial commitments:

	30.06.2009			31.12.2008		
	EUR'000	EUR'000	USD'000	EUR'000	EUR'000	USD'000
Guarantees	1,487,493	401,930	1,531,077	1,480,102	343,761	1,578,036
of which drawn	912,895	257,383	924,533	941,295	256,918	950,395
Placement guarantees	641,679	286,397	501,089	639,182	263,997	521,019
of which for funds not yet in distribution	223,317	38,615	260,503	248,093	60,477	260,543
Future payments under operating leases	3,148	3,148		3,566	3,566	--

The HCI Group also has provided fund companies that have invested in US life insurance policies with loan lines (or liquidity pledges) totalling EUR 7.450 million and USD 3.5 million that run until 30 June 2012. As at 30 June 2009, no use had been made of these lines. In view of the funds' current performance, the fund companies seem unlikely to make use of these liquidity commitments.

In connection with the purchase of the assets underlying fund design and fund structuring by special purpose entities, in which the HCI Group and a partner hold a joint share, the HCI Group has provided guarantees to hedge construction phase loans and, on a regular basis, placement guarantees to hedge bridge finance facilities. In case that investment and construction phase loans as well as bridge finance facilities cannot be repaid as scheduled as a result of weak markets and pending fundraising, the HCI Group is exposed to the risk, in particular in the shipping segment, that the Group will be called upon within the scope of such contingent liabilities if the special purpose entity concerned does not obtain an extension or prolongation of the financing commitment from the banks involved. The currently available liquidity of the HCI Group would not be sufficient if it is called upon to a significant extent, resulting in the Group's illiquidity.

The HCI Group counters this risk by intensive negotiations with the lending banks, by analysing and valuing the potentially affected ship types and orders for new ships, and by designing an individual action plan for each ship affected. Potential measures include, above all, the cancellation of orders for new ships, delaying the scheduled date of delivery, the exchange of ships, re-negotiating the purchase price of ships, partially deferring purchase price payments (deferred consideration), the structuring of new employment concepts, as well as adjustments of margins and distribution concepts on the sales side. If these measures are not successful, the HCI Group

needs to obtain an equivalent financing from banks. Accordingly, the HCI Group has initiated negotiations with banks in order to conclude agreements to secure liquidity.

In connection with the restructuring concept with the principal creditor banks and principal shareholders, negotiations are under way on an irrevocable moratorium with regard to contingent liabilities and on a capital increase in cash. Please refer to Section D, Report on Risks and Opportunities, of the consolidated interim management report for details.

(17) Events subsequent to the balance sheet date

The HCI Group's Management Board decided in July 2009 to withdraw from placement the HCI Real Estate G7 GmbH & Co. KG umbrella fund that had been on sale since early November 2008. The fund was intended to give investors from the general public access to established real estate markets in the world's largest industrialised countries by buying shares in real estate funds that had invested in these countries. At the time of the decision to halt placement, a fund subsidiary had invested EUR 10 million in an appropriate real estate fund. This investment has since been transferred to a third party. In addition, the HCI Group has bought back the shares in the fund that investors had acquired. The anticipated loss from winding up the fund amounts to EUR 1.8 million.

For details of agreements on deferring payments of interest and repayments on loans outstanding, please refer to Section D, Report on Risks and Opportunities, of the consolidated interim management report.

No further events of special significance that exercise a material effect on the HCI Group's assets, financial and earnings position have occurred since the balance sheet reporting date.

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, financial and earnings position 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 2009

HCI Capital AG
The Management Board



Dr. Ralf Friedrichs

Dr. Oliver Moosmayer

Dr. Andreas Pres

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

12.05.2009

Report on the first three months of 2009

28.08.2009

Half-yearly financial report 2009

31.08.2009

Annual General Meeting

11.11.2009

Report on the first nine months of 2009

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