HCI Capital AG

Nine-Month Report 2011

Capital

Key financial indicators

Earnings	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Revenues in EUR thousand	22,740	27,918
EBIT in EUR thousand	-5,985	-6,016
EBT in EUR thousand	-7,011	6,504
Group net earnings in EUR thousand	-7,932	9,283
Earnings per share in EUR (basic)	-0.24	0.37
Equity capital placed and equity capital investments in EUR million	80.3	110.6

Balance sheet	September 30, 2011	December 31, 2010
Total assets in EUR thousand	101,616	106,210
Equity in EUR thousand	49,285	46,142
Equity ratio in %	48.50	43.44

Employees	September 30, 2011	September 30, 2010
Average full-time equivalents	240	251
Personnel costs in EUR thousand	16,485	15,473
Personnel costs in % of revenue	72.5	55.4

Welcome letter

Dear shareholders and business friends of HCI Capital AG,

As recently as the beginning of the year, we expected to see a turnaround in the market for closed-end funds in 2011. With very positive macroeconomic developments and a tangible recovery in the container shipping markets in particular, there was every indication that an upturn was imminent. However, we have since seen the market environment worsen again. This had a particularly marked effect on developments in the third quarter of the current financial year. The public debt crises in Europe and the USA are keeping the financial markets guessing and having an increasingly negative impact on development prospects in the real economy as well. In the light of all this, investors have become even more uncertain and cautious regarding long-term investments. Many investors are holding on to their cash or fleeing to what are seen as safer investment forms, as illustrated by recent trends in the price of gold and the Swiss franc.

For this reason, we took a number of important steps in the reporting period to make the HCI Group crisis-proof even in an increasingly difficult market environment. These included adjusting our product portfolio to the market situation, pacing our new fund offerings in line with the general reduction in placement speeds and thereby limiting our placement risk. With this strategy, the HCI Group succeeded in placing some EUR 60 million of equity capital in new business as of 30 September 2011 despite the weak market developments. We also implemented a cash capital increase in the second quarter of 2011, totalling around EUR 11 million, which enabled us to significantly strengthen the Group's financial base once more and successfully complete the overall financial reorganisation of the HCI Group. In the third quarter, the HCI Group also launched another cost-cutting programme with the aim of saving more than EUR 10 million in 2012. This also involves reducing the workforce from 260 to 211. This cost-cutting programme will enable us to generate positive results in the operational business even on a lower revenue level in a persistently weak market environment.

HCI places approximately EUR 60 million despite weak market developments

The latest market data issued by the industry association Verband Geschlossene Fonds (VGF) for the first nine months of the current year shows very clearly that the sector has not experienced a recovery as yet. On the contrary: the equity capital invested in closed-end funds fell by 12 % compared with the same period of the previous year. New business with private investors was particularly weak in the third quarter of 2011, contracting by 22 % compared with June to September last year and by 38 % as against Q2 2011.

Despite the difficult environment, the HCI Group succeeded in placing new business worth EUR 17.7 million in the third quarter of 2011. The placement result at the end of September 2011 therefore came to EUR 59.1 million. The HCI Berlin Airport Center real estate fund and the container ship fund HCI JPO Leo were largely responsible for this result, contributing approximately EUR 22.4 million and around EUR 12.6 million respectively.

Sound financial footing – cost structure adjusted with savings of over EUR 10 million for 2012

The overall positive performance of new business is not yet fully reflected in the statement of operations as of 30 September 2011. This is because we will only be able to recognise the revenues earned from the placement of HCI Berlin Airport Center and HCI JPO Leo in the IFRS consolidated financial statements after these funds have been fully placed. HCI JPO Leo was fully placed in mid-October, and we expect our real estate fund to follow suit in Q4 2011. In addition to this, we had to recognise impairments on receivables and investments in the third quarter of 2011 due to weak overall market developments. Although these write-downs do not have a direct effect on the HCI Group's liquidity, they impact on the consolidated net result. The cost-cutting measures agreed in the third quarter are expected to generate savings of over EUR 10 million, but the full effect of this programme will only be felt in the 2012 financial year.

This means that the consolidated net result for the period to 30 September 2011 will be negative at EUR -7.9 million. The HCI Group's sound financial footing remains unchanged. The Group's equity totalled EUR 49.3 million as of 30 September 2011, while the equity ratio stood at 48.5 % and cash holdings came to EUR 21.0 million.

In the fourth quarter of 2011, we aim to swiftly complete placement of HCI Berlin Airport Center and various other funds. Further fund products are already being planned for 2012. We are confident that there are attractive investment opportunities for our clients, even – and especially – in the current market environment. The HCI Group is prepared to ride out the storm; we will remain on course and intend to proactively capitalise on forthcoming market opportunities

Best wishes,

Hamburg, November 2011

Dr. Ralf Friedrichs
(Chairman of the Management Board)

The share

Buoyed by the continuing global economic recovery, the international stock markets developed positively on the whole until mid-2011. Most share prices were highly volatile, however. In March, the Japanese earthquake and tsunami disaster led to falls on all of the world's major stock exchanges. Prices subsequently rose again briefly before the intensifying debt crisis in Europe and the growing uncertainty surrounding Greece's financial position caused prices to tumble on global stock exchanges beginning in late July. In mid-September, Germany's leading share index, the DAX, hit an interim low of 4,966 points, for example. Halfway through the year, it had stood at 7,376 points – growth of 6.68% compared with year-end 2010. The index recovered again somewhat by the end of the reporting period and stood at 5,502 points. This corresponds to a fall of 20.42% on the previous year-end and an even more substantial loss of 25.41% vis-à-vis the end of June 2011. The other German indices experienced similar trends, as did major international indices. The MDAX lost 17.64% compared with year-end 2010, the SDAX dropped 16.68%, the US Dow Jones fell by 5.74% and Japan's NIKKEI slumped by 14.94%.

The HCI share price was extremely volatile, in particular at the start of the year. After closing 2010 at EUR 1.85 (XETRA), it increased in January alongside the share prices of HCI's publicly listed competitors as a result of unusually high turnover and peaked at EUR 3.99, whereby this performance was not motivated by any new announcements about the HCI Group. Since then, daily turnover on the stock exchange has returned to its original level. At the year's mid-point, the share cost EUR 1.50 – the same as the new stocks issued by HCI Capital AG as part of the cash capital increase in May 2011. In Q3 2011, the price of listed issuing houses' shares also fell sharply as a result of growing uncertainty on the financial markets and substantial stock market downturns. The HCI share closed the reporting period at EUR 1.06. The average number of shares traded daily was approximately 28,500 in the period under review, with an average daily turnover of around EUR 63,700.

The completion of the capital increase in May 2011 meant that the key data for the HCI share changed too. HCI Capital AG increased its subscribed capital from EUR 29,354,116 to EUR 36,692,645 through existing authorised capital by issuing 7,338,529 new shares in exchange for cash contributions. For details of the capital increase, please refer to the Semi-Annual Report 2011 for HCI Capital AG.

Interim Group management report

A. Economic environment

Overall economic development

Global economic growth slowed down in the reporting period, as expected. Worldwide production charted growth of 3.1 % in the first six months of the current year, although growth lost pace noticeably in the second quarter, taking the annualised rate to 2.7 %. This weakening is due in part to the natural disaster in Japan this spring, which led to downtime, delays and falls in production in the electronics and automotive industries. Although this mainly affected Japan and the USA directly, it also had a subsequent impact on world trade. In mid-2011, global trade was only on a par with its level from the beginning of the year. The oil price also soared in the meantime, dampening the economy further. Since the middle of the year, the public finance crises in Europe and the USA have also been having a growing impact on the global economy. Economic sentiment indicators have continued to worsen recently, suggesting that global production lost pace again in the third quarter.

Overall, worldwide economic growth remains heavily dependent on emerging market and developing countries. However, economic expansion is slowing here as well. The struggling economy in the industrialised nations leads to lower exports. In addition to this, some governments are moving to curb growth. For instance, the central banks in China, India and Brazil have taken steps to rein in high rates of inflation by means of their monetary policy. This has reduced macroeconomic demand. Economic growth amounted to 9.5 % in China in the first half, slowing to 9.1 % in Q3. Similar downswings are expected in India and Brazil following strong performances in the first six months.

Economic trends in Europe and the USA are increasingly being shaped by the public finance crises, which are heightening uncertainty both on the financial markets and among consumers and also limiting the available economic measures. In the USA, economic growth came in at an annualised rate of just 1 % in the first half of 2011 and was therefore considerably lower than in the second half of 2010 (approximately 2.8 %). Backlogs resulting from this should have prompted growth to pick up pace in Q3. The US Department of Commerce anticipates growth of 2.5 % as against the previous quarter. Experts do not expect this trend to last though, and forecast that the persistently high level of uncertainty among consumers will translate into weak economic developments. The tense situation on the labour market, still-weak real estate market and low consumer demand are all having an impact on the economy, as is the budgetary consolidation which has been agreed to prevent the country from defaulting.

Meanwhile, the economic picture remains varied in Europe. The countries which are directly affected by the debt crisis are undergoing a phase of stagnation or recession and are having to implement far-reaching austerity measures at the same time. These countries are first and foremost Greece, Portugal, Spain, Italy and Ireland. By contrast, Germany is continuing to drive economic growth in Europe. However, the overall rate of growth has slowed down, even in the euro zone's economic powerhouses. All in all, economic expansion in the euro zone stagnated in the second quarter, with growth of just 0.2 % as against the previous quarter. The situation is not expected to improve in Q3.

The debt crises in the USA and Europe prompted rising uncertainty on the financial and currency markets during the reporting period, which in turn led to very high volatility. On the whole, share prices rose on most international stock markets in the first half of the year. However, the third quarter saw prices crash. Ratings agencies have downgraded the relevant countries' credit ratings, which has led to massive increases in the interest premiums for government bonds. The single currency's exchange rate also fluctuated considerably: the euro was worth USD 1.33 at the beginning of the year, rising to USD 1.48 in April. At the end of the reporting period, the exchange rate had returned to its level from the beginning of the year, closing at USD 1.34. All in all, the debt crisis drove investors to favour the Swiss franc in particular. Having stood at CHF 1.24 at the beginning of the year, the Swiss franc reached a record high of CHF 1.03 against the euro in August. The Swiss National Bank pegged the Swiss franc to the euro on 6 September 2011 and set a minimum exchange rate of CHF 1.20 to prevent any further weakening of the Swiss export industry. Since then, exchange rates between the euro and the Swiss franc have largely stabilised in the region of CHF 1.20 to 1.24.

Monetary policy at the central banks developed disparately. In the emerging market and developing countries, the national banks upped the base rate considerably in the face of rising inflationary pressure. China and India currently have base rates of 6.56% and 8.50% respectively. At 12%, the base rate in Brazil is even higher at present. By contrast, monetary policy remained heavily expansive in the industrialised nations in a bid to avoid compromising dwindling economic growth with rising interest rates. The European Central Bank (ECB) raised the base rate by 25 basis points in April this year and again in July, taking it to 1.5%, with the aim of counteracting the threat of inflation caused by spiralling commodity and food prices. However, in the light of much gloomier economic prospects, the ECB dropped interest rates to 1.25% again at the beginning of November. Interest rates in the USA and the UK did not change in the period under review. Due to the tense economic situation, interest rates here remained extremely low at 0.25% and 0.5% respectively. The picture was similar in Japan, whose interest rate stood at 0%.

Shipping market development

Liner shipping companies posted record-breaking profits in 2010 thanks to rising freight volumes and prices. However, the first half of 2011 saw tumbling freight rates (transport price per container) due to tough competition in the **container shipping** sector. This trend is primarily attributable to the delivery of a large number of new container vessels with capacity exceeding 8,000 TEU and the slowdown in world trade. The resulting cost pressure is now having a growing impact on charter rates. Although charter rates developed positively for small and medium-sized vessels (up to 4,500 TEU) in the first six months of 2011, rates for all size categories underwent a substantial correction in the course of Q3. The number of idle ships increased at the same time. As of the end of September 2011, 2.2% of the fleet's capacity was idle – corresponding to 156 ships. The figure was just 0.5% in mid-June. Having stood at 557 points at the beginning of the year, the Container Ship Time Charter Rate Index (New ConTex) shot up to 700 points by the beginning of June 2011. From this point on, the index fell steadily, standing at 508 points at the end of September 2011. This trend also continued after the reporting period. The ConTex had dropped to 455 points by the end of October.

In the **bulker segment** the situation is strained due to increasing overcapacities. Further negative factors in the first half of 2011 were the catastrophic flooding in Australia, which resulted in production stoppages at many iron ore mines, the earthquake disaster in Japan and the insolvency of Korea Lines, one of the major operators and charterers of bulk carriers. Despite a temporary recovery, charter rates for bulkers were down considerably on last year in the reporting period. In particular the charter rate level for very large ships – capesize carriers – is far below what is needed to service debts as well as cover ship operating costs. The Baltic Dry Index (the index for the shipping prices of various bulk goods), which had reached a high of around 4,200 points in May 2010, hit its lowest point this year of 1,043 points in January 2011. The index has recovered substantially since then, rising to 1,899 points at the end of September 2011. On the whole, this trend continued following the reporting period: the BDI kept rising and stood at 2,173 points in mid-October. The improvement in the Baltic Capesize Index is largely responsible for this development. Rates in the capesize segment have increased significantly since mid-August thanks to China's growing demand for iron ore. The BDI fell somewhat at the end of October, dropping to 1,965 points.

Developments on the market for **tankers** remain highly volatile, due primarily to pressure from the supply side as a result of substantial overcapacities. In almost all cases the current spot rates are insufficient to meet the costs of debt servicing. This affects both crude oil tankers and product tankers. The VLCC (very large crude carrier) segment is particularly hard hit, with charter rates in some cases not even covering ship operating costs. By the end of the first quarter there were signs of a recovery in rates for both crude oil tankers and product tankers. However, this did not last. The Baltic Dirty Tanker Index (BDTI) climbed from 776 points at the start of January 2011 to an interim high of 1,049 points at the end of February 2011 due to seasonal factors. However, the BDTI then fell steadily and stood at 697 points at the end of September 2011. The index has since proved highly volatile. It came in at 773 points at the end of October, leaving it roughly on a par with the beginning of the year.

Industry developments

The mood on the closed-end fund market darkened considerably in the course of the reporting period. The Business Climate Index calculated by ScopeAnalysis twice a year, which records fund initiators' and brokers' assessments of the current business climate and prospects, fell from 153 in first half of 2010 to 146 points. The main reasons for the overall weaker assessments are continuing reticence and uncertainty among investors, the difficult situation with regard to obtaining profitable asset investments and, as a result, a shortage of attractive products. Overall, this trend gathered pace during the third quarter of 2011 in the light of heightened uncertainty on the financial markets and gloomier economic prospects. In particular, there was a general unwillingness among investors to choose long-term assets.

On the demand side, the closed-end fund market was correspondingly weak in the first nine months of 2011. According to market data released by the industry association VGF, the amount of equity capital committed by investors during the reporting period was down significantly by around 12 % to EUR 2,530.2 million compared with the same period last year (EUR 2,874.4 million). The need for equity capital investments to safeguard existing funds decreased by more than half across the industry to approximately EUR 86.5 million (9M 2010: EUR 192.9 million). At the same time, however, equity capital placed in new business fell noticeably by around 9 % in the overall market, including institutional investors. Approximately EUR 108.8 million of equity capital was invested in new products in the Ship area. This is around 11 % less than in the first nine months of 2010 (EUR 122.3 million). The placement volume for real estate funds was also down on last year at EUR 1,526.6 million (previous year: EUR 1,565.7 million). In the Renewable Energy product area, equity capital of around EUR 217.0 million was raised, a reduction of approximately 36 % against last year (EUR 338.0 million).

On the supply side, providers of closed-end funds remain cautious in the light of weak demand and longer placement periods. In the reporting period, the prospective equity capital of funds approved by the German Federal Financial Supervisory Authority (BaFin) shrank by around 6 % compared to the first nine months of 2010. This drop would have been considerably larger were it not for a small number of very high-volume funds in the Real Estate area, which were approved in Q2 of this year and account for around 16 % of the total prospective equity capital. Experts see this as an exception, and an accumulation of funds of this size is not expected again for the foreseeable future. Disregarding the few large individual funds offered, prospective equity capital actually decreased significantly in the first nine months of 2011 by around 20 % compared with January to September of last year. The number of prospective funds fell noticeably as well. A quarterly comparison reveals that some 31 % fewer fund products were offered in Q3 2011 than in the same period of the previous year.

Business developments at the HCI Group

New business at the HCI Group reflected the persistently weak industry developments. The HCI Group succeeded in growing new business considerably in Q2 2011 thanks to the products launched in April and May, HCI Berlin Airport Center and HCI JPO Leo. However, business developments in the third quarter of 2011 were heavily influenced by the darker overall mood on the market. Due to the modest demand for closed-end funds, product placements are taking longer than originally planned. Against this backdrop, the equity capital placed by the HCI Group amounted to EUR 17.7 million in the third quarter and therefore totalled EUR 59.1 million for the first nine months of 2011. HCI Berlin Airport Center accounted for around EUR 22.4 million of this, while approximately EUR 12.6 million was attributable to HCI JPO Leo. Placement of HCI JPO Leo was completed in October 2011. Meanwhile, the placement of HCI Berlin Airport Center is already at an advanced stage, with some 85 % completed. The fund should be fully placed in the course of Q4 2011.

Another clear decrease in the restructuring capital needed for existing funds was seen during the period under review. Investors contributed approximately EUR 21.2 million to safeguard existing funds – around half as much as in the same period of last year, when the figure was EUR 41.0 million. Including new business, the investment volume in HCI funds in the reporting period came to EUR 80.3 million (9M 2010: EUR 110.6 million).

Equity capital placed[1] and equity capital investments in 9M 2011 in EUR million

	01.01.2011–30.09.2011	01.01.2010–30.09.2010
Ship	**35.6**	**62.4**
Traditional investments	31.5	32.7
Of which placed via: asset creation plans	12.8	15.6
guarantee products	0.4	2.2
Equity capital invested by ship managers[2]	0.0	24.4
Certificates	0.0	2.9
Guarantee products	0.0	0.1
Asset creation plans	4.1	2.3
Real Estate	**23.5**	**1.2**
Traditional investments	23.5	1.2
Of which placed via: asset creation plans	0.3	0.0
Renewable energy	**0.0**	**4.7**
Traditional investments	0.0	4.7
Of which placed via: asset creation plans	0.0	0.7
Other[3], [4]	**0.0**	**1.3**
Traditional investments	0.0	0.6
Of which placed via: asset creation plans	0.0	0.1
guarantee products	0.0	0.5
Asset creation plans	0.0	0.7
Total equity capital placed	**59.1**	**69.6**
Equity capital investments[5]	**21.2**	**41.0**
Total equity capital placed and equity capital investments	**80.3**	**110.6**

1) The equity capital placed by the HCI Group is defined as equity capital raised from investors by the HCI Group and resulting generally in commissions earned. This also includes the equity capital placed in funds that are explicitly subject to being wound up if a specified minimum capital amount is not reached. The commission-bearing equity capital also includes equity capital for which the HCI Group does not receive any commission due to specific fee structures at the time it was placed. It does not include cancelled shares from investors that lead to a repayment of sales commission. Capital reductions which also lead to a reduction in sales commission also reduce the amount of equity capital placed. Capital reductions that did not result in a reduction in sales commission in 2011 totalled EUR 3.1 million.
2) The equity capital raised in the Ship area in 2010 includes participations in limited partnerships by shipowners amounting to EUR 24.4 million, which is not subject to commission.
3) The product areas Aircraft and Secondary Life Insurance Market are pooled under "Other".
4) The HCI Aircraft One fund was withdrawn from sale in May 2009 and closed in January 2010 in connection with a new financing concept. The HCI Group has not offered any other aircraft funds since then. However, Asset Creation Plan 8 continues to invest in shares in closed-end funds specialising in the asset classes Ship, Aircraft and Secondary Life Insurance Market.
5) In accordance with how industry figures for the overall market are reported, all reinvestments and capital increases in existing funds are added to the placement result as equity capital investments.

New business in the individual product areas was as follows:

The product area **Ship** remained the HCI Group's strongest asset class in the first nine months of 2011 with equity capital placed totalling EUR 35.6 million. Classic closed-end funds accounted for EUR 31.5 million in the reporting period and therefore almost matched the previous year's figure of EUR 32.7 million. Asset creation plans amounted to EUR 4.1 million – a sizeable improvement on the 2010 figure of EUR 2.3 million.

In the **Real Estate** area, a total of EUR 23.5 million (9M 2010: EUR 1.2 million) was placed in HCI Wohnkonzept Hamburg and the new fund HCI Berlin Airport Center in the reporting period.

In the **Renewable Energy** area the HCI Group did not have any products on offer in the reporting period.

B. Financial performance, cash flows and financial position of the HCI Group

I. Financial performance

Revenues totalling EUR 22.7 million were generated in the period under review. This was EUR 5.2 million down on the same period last year (EUR 27.9 million). The fall in revenues is mainly due to the decrease in revenues from Design and Sales following the lower placement result compared with the same period last year. It was not possible to recognise the sale and design revenues from HCI Berlin Airport Center (EUR 3.0 million), HCI JPO Leo (EUR 1.5 million) and other funds totalling EUR 0.2 million as of 30 September 2011 due to existing winding-up agreements. These revenues can only be recognised after the agreed minimum capital amount for the respective fund companies has been reached.

In the first six months of the year, sales and design revenues shrank noticeably compared with last year, coming in at EUR 2.9 million (EUR 7.1 million). Revenues from trust management and service fees totalled EUR 16.2 million and were therefore slightly down on last year. Revenues from management fees of EUR 3.6 million were also marginally lower than in 2010 (EUR 3.9 million).

Changes in inventories of work in progress and finished services amounted to EUR 3.0 million and primarily resulted from costs associated with the sale and design of the two funds HCI Berlin Airport Center and HCI JPO Leo.

Other operating income rose from EUR 2.1 million to EUR 3.6 million. It included recharges of costs from fund companies amounting to EUR 1.6 million (9M 2010: EUR 0.6 million).

The **cost of purchased services**, which mainly consists of commissions paid to sales partners, came to EUR 5.1 million for the reporting period, an increase on last year's EUR 3.6 million. The total gross yield margin in the first nine months of 2011 was around 90.7 %, a decline on the figure of 87.0 % for the same period last year.

Personnel expenses climbed by EUR 1.0 million vis-à-vis the nine-month figure for 2010, taking them to EUR 16.5 million. This rise is attributable to severance payments of EUR 1.1 million and salary costs totalling EUR 0.8 million resulting from the personnel measures implemented in September. The reduction in full-time equivalents had the opposite effect on personnel expenses. The average number of full-time equivalents sank from 2519 to 240 in comparison with the same period last year.

Other operating expenses amounted to EUR 14.5 million, putting them well below the previous year's figure (EUR 16.6 million). In 2010, other operating expenses included fees of EUR 2.7 million which were payable to banks for the release from contingent liabilities. Expenses for write-downs on receivables for the first nine months of 2011 were approximately EUR 2.5 million higher than last year's figure (EUR 0.7 million). By contrast, legal and consultancy expenses dropped by EUR 1.6 million to EUR 3.8 million.

The **results of associated companies and joint ventures accounted for under the equity method** came to EUR 1.1 million, which was an increase of EUR 0.8 million on last year's figure. The result includes earnings from impairment reversals on shares in eFonds Solutions AG totalling EUR 0.6 million.

Earnings before interest and taxes (EBIT) amounted to EUR -6.0 million and were therefore identical to last year (EUR -6.0 million).

At EUR -1.0 million, the **financial result** was EUR 13.5 million below the previous year's EUR 12.5 million. The decline in the financial result stems mainly from the **other financial result** recorded this year, which was lower than last year. The other financial result for the same period last year was largely attributable to the positive effect of converting bank debt into equity of EUR 23.6 million. The other financial result was affected by two main factors in the first nine months of 2011. A call option granted last year by the HCI Group to the co-shareholders of HAMMONIA Reederei for 50% of the interests held by the HCI Group in HAMMONIA Reederei became available for exercise as of 30 June 2011. This means that the HCI Group no longer has a significant influence in the HAMMONIA Reederei. The investment in HAMMONIA Reederei previously accounted for under the equity method was reclassified as a financial instrument as of 30 June 2011 and measured at fair value. This measurement resulted in a profit of EUR 12.4 million. The revaluation of the above-mentioned call option had the opposite effect, however, with its fair value deteriorating from EUR -5.3 million as of 31 December 2010 to EUR -11.9 million. Measurement of the HAMMONIA Reederei interests as of 30 September 2011 resulted in a loss of EUR 5.5 million, which was offset by earnings of EUR 1.7 million from the valuation of the option. The negative value of this option includes the fair value calculated when the company in question was measured as of 30 September 2011.

Net interest income increased by approximately EUR 4.1 million to EUR 3.1 million. The change in net interest income is largely attributable to earnings generated from releasing a provision for interest liabilities of EUR 2.5 million, which was created for the financial years from 2002 onwards as part of tax-entity relationships.

Earnings before taxes (EBT) totalled EUR -7.0 million in the period under review and were therefore lower than in the same period last year (EUR 6.5 million).

Income taxes amounted to EUR -0.9 million in the first nine months of the 2011 financial year (9M 2010: EUR 2.8 million).

This resulted in a **consolidated net result for the period** of EUR -7.9 million, a considerable decrease compared with the same period last year (EUR 9.3 million).

II. Cash flows

In the first nine months of the financial year, the cash flow from operating activities generated by the HCI Group was negative at EUR -6.2 million (9M 2010: EUR -3.2 million). The negative cash flow was partly caused by a reduction of EUR 4.6 million in revenues compared with 30 September 2010.

The cash flow from investing activities of EUR -1.1 million is primarily the balance from capital expenditure on other investments and property, plant and equipment and a positive cash flow from the disposal of investments. Proceeds from the disposal of investments amounting to EUR 2.3 million were generated in the same period last year. Compared with last year, cash flow from investing activities sank by EUR 1.4 million.

The cash flow from financing activities amounted to EUR 10.2 million and was primarily generated by the cash capital increase implemented in Q2 2011. After the deduction of transaction costs, this resulted in a cash inflow of EUR 10.6 million. On the payments side, there was a cash outflow of EUR 0.4 million for the repayment of financial liabilities. Compared with the same period last year, cash flow from financing activities increased by EUR 12.0 million.

All of this caused cash and cash equivalents to increase by EUR 2.9 million to EUR 21.0 million as of 30 September 2011, compared with 31 December 2010. Against 30 September 2010, cash and cash equivalents were up EUR 1.9 million.

III. Financial position

Total assets came in at EUR 101.6 million as of 30 September 2011 (31 December 2010: EUR 106.2 million). Non-current assets rose by EUR 3.3 million, in particular as a result of revaluing the interests in HAMMONIA Reederei. This increase in non-current assets contrasts with a drop in current assets of EUR 7.9 million overall, which is primarily attributable to the decrease in other financial assets of EUR 10.8 million and the EUR 2.9 million fall in trade receivables. In contrast, cash and cash equivalents went up by EUR 2.8 million, while work in progress and finished services climbed by EUR 2.9 million to EUR 3.5 million.

Non-current assets make up 55.7% of the HCI Group's total assets. Please refer to the notes on cash flows for information about the change in cash and cash equivalents. The figure posted for **interests in associated companies and joint ventures accounted for under the equity method** shrank by a total of EUR 26.3 million. This reduction was primarily caused by reclassification of the interests in HAMMONIA Reederei as other investments. This step became necessary as of 30 June 2011 on account of the exercisable call option on half of the interests held by the HCI Group which was granted to co-shareholders. The interests were measured at the fair value of the investment during their designation as a financial instrument. This led to an impairment reversal which, together with the reclassification as part of the change in recognition, explains the rise in other investments. As of 30 September 2011, the interests in HAMMONIA Reederei were worth some EUR 32.7 million.

The drop in other financial assets is due to the derecognition of receivables from former affiliated companies totalling EUR 10.5 million, which was offset by the removal of existing other obligations within current provisions and liabilities.

As of 30 September 2011, **equity** grew by EUR 3.1 million compared with 31 December 2010 to EUR 49.3 million. The equity ratio went up from 43.4 % as of 31 December 2010 to 48.5 % following the equity increase carried out in May 2011 from authorised capital. This equity increase prompted an overall cash capital increase of EUR 10.6 million as a result of the issuance of 7.3 million new no-par value shares. The consolidated net result for the first nine months of 2011 (EUR -7.9 million) is primarily attributable to the effect of the financial result on profit and loss in connection with both the fair value measurement of interests held in an associated company previously accounted for under the equity method and from releasing a provision for interest liabilities. These developments were offset by write-downs on receivables (EUR 4.2 million), expenses relating to personnel measures (EUR 1.9 million) and an increase in other provisions.

Non-current provisions and liabilities came to EUR 18.0 million, recording only a slight drop of EUR 0.8 million since 31 December 2010. By contrast, **current provisions and liabilities** contracted by EUR 6.9 million. This was principally due to the above-mentioned removal of obligations amounting to EUR 10.5 million. In addition, provisions for interest liabilities of EUR 2.5 million were released, as the reason for these provisions no longer applies. This contrasted with an increase in other financial liabilities of EUR 1.7 million from the measurement of the call option granted to the co-shareholders of HAMMONIA Reederei, which was recognised at its negative fair value of EUR 8.3 million as of the reporting date. Furthermore, the commission already paid by fund companies on funds in the placement phase of EUR 4.6 million prompted an increase in the HCI Group's liabilities. On top of this, the Company formed provisions due to contingencies in connection with its position as a limited liability trustee. These came to EUR 2.0 million overall (31 December 2010: EUR 0.3 million).

C. Events subsequent to the balance sheet date

HCI Group has fully placed the fund HCI JPO Leo during the fourth quarter in 2011. As a result revenues of EUR 1.6 million will be recognized.

Beyond that no events of special significance have occurred that exercise a material effect on the HCI Group's financial performance, cash flows and financial position since the balance sheet date

D. Report on risks and opportunities

I. Risks to future performance

Both the relevant business risks inherent in the HCI Group's business model and its risk management system are described in detail on pp. 73 to 80 of the 2010 Annual Report. In the light of business developments up to and including the third quarter of the 2011 financial year, special mention must be made of the following issues:

Risks in connection with the Design and Sales segment / Placement potential and product availability of closed-end funds

The market for closed-end funds remained subdued in the third quarter of the current financial year. There is still no sign of a sustained recovery in the closed-end fund industry at present. The market's weak performance is also affecting HCI's placement potential. Despite the difficult market environment, the HCI Group succeeded in placing approximately EUR 60 million in the first nine months of this year. However, there is a risk of it proving impossible to fully place the funds currently in the placement phase if market developments remain weak until the end of the year. HCI is aware of the risk and is continuously developing solutions in close coordination with its sales partners in order to complete placement of the funds being sold.

Risks from contingent liabilities

A placement guarantee for USD 16.95 million was cancelled in the first half of 2011. In return for this, the HCI Group issued a liquidity commitment with a duration of seven years to guarantee the liquidity of a fund company to a maximum amount of USD 1.8 million. There is also an additional obligation of approximately USD 1.9 million which provides for the payment of further equity to an investment company under certain circumstances.

Risks relating to the After-Sales Services segment / Prospectus liability

The HCI Group's companies, which develop the economic and legal structure for investment offers themselves, are liable if the design and advertising of the fund is defective. Individual companies in the HCI Group are designers and providers of the products and, as such, are affected by the following risks:

Prospectuses are drawn up for the investment offers made by the HCI Group, and these prospectuses are used by potential investors as the basis for an investment decision. The companies directly responsible for the content of the prospectus are liable to investors with respect to the completeness, clarity and correctness of the fund prospectus. This liability is based on the provisions of the German Securities Prospectus Act (hereafter: VerkProspG) and the German Ordinance on Asset Prospectuses (hereafter: VermVerkProspV).

In addition, other companies within the HCI Group, which are not providers or designers of funds, may also be liable for claims relating to prospectuses.

In 2010, there were claims for damages against the HCI Group, which were mostly related to the current negative performance of individual fund companies triggered by the financial and economic crisis. They were followed by further claims for the same reasons in the first half of 2011. It cannot be ruled out that other investors will pursue similar claims for damages, especially if individual investors successfully enforce claims against HCI.

The HCI Group will defend itself to the fullest extent against any claims. Nevertheless, at this point in time it cannot be ruled out that individual investors could make successful claims against HCI, which would result in the withdrawal of the fund company's interests as well as increased legal and consultancy expenses. In this case, it might not be possible to resell the withdrawn fund interests immediately again, or the market price might not match the issue price that HCI would nevertheless have to pay out to the individual investors in this regard. The result, therefore, would be an adjustment to the values of the fund interests. As well as this, liquidity would have to be made available to acquire the interests. HCI is aware of this risk and has taken it into account in its balance sheet if applicable and as necessary.

Liability under Sections 171, 172(IV) of the German Commercial Code (HGB)

The risk of liability under Sections 171, 172(IV) of the German Commercial Code (HGB) is explained in detail in the 2010 Annual Report (page 39, section 3.2.3).

The risk described here is countered by involving restructuring teams from HCI in the restructuring of funds. For fund companies where claims against HCI companies as per Sections 171, 172(IV) HGB are fundamentally possible, but not sufficiently likely at present, the amount of distributions not covered by profits which may have to be repaid is estimated at a double-digit million amount between EUR 41 million and EUR 74 million (31 December 2010: EUR 21 million to EUR 40 million). Should recourse be made to HCI, the Company has a regular right to claim compensation from investors. However, invoking this right is associated with credit and enforcement risks as regards both time-related and material aspects. The risk of recourse being made to the Company could increase in future due to developments on the shipping markets and the growing unwillingness of ship-financing banks to take steps to support liquidity.

The range between the two figures quoted above has changed as a result of adjusting the risk assessment for HCI real estate funds to allow in particular for breaches of covenant, liquidity shortages and balance sheet changes. In this regard, there were demands by the financing banks for the repayment of capital contributions in individual real estate funds in the current financial year. In some cases investors have been asked to arrange for repayment of capital contributions and have already done so. In addition, attempts are being made to avoid liability under Sections 171, 172(IV) HGB by restructuring the funds or reviewing a disposal of the properties. In cases where these measures do not work, sale and capital contribution requests are issued in parallel to the investors of the real estate funds affected. At present, it is not possible to estimate the extent to which investors will agree to the necessary capital contributions. The risk that capital contributions by investors are insufficient and / or no other measures to avert claims under Sections 171, 172(IV) HGB are possible would then lead to claims against the HCI company in question. HCI's exposure to default has been taken into account accordingly in the balance sheet (see Note [12] “Financial result”).

Liquidity and earnings risks

Earnings from trust management and service fees for HCI's existing funds across all asset classes currently make a major contribution to the success of the HCI Group. If the performance of individual existing funds in the current market environment is below the level forecast, the HCI Group in some cases defers the trust management and service fees as part of the restructuring. The result of this is a delay in payment, which in turn impacts on the liquidity situation. It cannot be ruled out that in the future HCI will also make contributions in the form of deferments as part of necessary fund restructuring measures.

Liquidity and earnings risks also exist for funds still in the placement phase. If placement falls significantly short of its planned level in the fourth quarter of the current financial year, this would have a negative impact on the HCI Group's planned earnings. In the worst-case scenario of one of these funds being wound up, the Company may also be obliged to refund payments which have already been received but be unable to demand that payments made be reimbursed. This would impact on the HCI Group's liquidity.

As regards other risks arising from the HCI Group's business operations, there have been no changes to the risk position described in the 2010 Annual Report.

II. Opportunities regarding the future performance of the Group

The opportunities for the HCI Group's business in the 2011 financial year are described in detail in the report on risks and opportunities in the 2010 Annual Report (see pages 80–81). On the whole, these still apply unchanged. In view of current market developments and the current performance of the HCI Group the following opportunities deserve special mention and the following updates should be noted:
The capital increase of EUR 11 million carried out in Q2 2011 has enabled the HCI Group to successfully complete its restructuring measures and, in doing so, substantially strengthen the Company's capital and liquidity base. As financing fund projects will require more equity in future this is an important success factor for realising attractive products and securing the Group's competitive position.

The closed-end fund industry will in future be subject to much tighter regulation. The awaited regulatory conditions have become clearer in recent months. The draft of an act to update asset investment law and investment brokerage law was approved by the German Federal Parliament in October 2011 and is expected to come into force starting in 2012. The draft law contains a separate law for asset investments in the area of closed-end funds and increases the requirements for brokering these products, in particular for independent financial service providers. At European level, the Alternative Investment Funds Management (AIFM) directive came into force on 21 July 2011 and must be incorporated into national law by the middle of 2013. This directive, which also pertains to closed-end funds, contains regulations on minimum capital amounts and the management expertise of service providers, wide-reaching legal requirements regarding the administration, risk and liquidity management and transparency of alternative investments and, finally, mandatory licensing and continuous monitoring of service providers and managers by supervisory authorities. As the HCI Group already meets high quality and transparency standards, we expect to be in a better position than most of our competitors to easily and quickly implement regulatory requirements. With regard to further regulation of independent financial service providers, the HCI Group is also in a better position than others to provide this group of sales partners with services and consultation that will enable them to adapt to the regulatory changes. The HCI Group therefore stands to benefit overall from further industry consolidation as a result of stricter market regulation.

E. Outlook

Overall economic outlook

The prospects for the growth of the global economy have worsened considerably since summer 2011 and economic sentiment has become noticeably less positive. In September, the International Monetary Fund (IMF) revised its forecasts for global economic growth in both the current year and 2012 downwards by 0.3 and 0.5 percentage points respectively compared with its June 2011 forecast. Global economic output is now expected to increase by 4.0% in each of the two years. However, the outlook has become even more uncertain in the face of the unresolved public debt crises. The escalating crisis in the euro zone is a major concern, especially as there are no long-term viable solutions on the horizon as yet. The USA is also contributing towards the uncertainty, with the budgetary situation hallmarked by cutbacks. On top of this, the US labour market remains tense and the real estate industry is still weak. These trends could prompt additional turbulence on the financial markets and further slow real economic growth. The sharp increase in energy and commodity prices along with the repercussions of the natural disaster in Japan are also having a dampening effect. Growth in world trade also lost pace in the course of these developments. The IMF has lowered its world trade forecast as a result. Growth of 7.5% is now expected for 2011 (-0.7 percentage points compared with June 2011), with 5.8% predicted for 2012 (-0.9 percentage points).

However, experts consider it unlikely that the global economy will slide back into recession. This view is supported, for instance, by the fact that economic expansion in the emerging market countries is now largely unconnected to developments in the more advanced economies. Instead, newly industrialised countries have become a strong driving force in the global economy. In addition to this, most emerging market countries have sufficient means of stimulating their economies promptly in the case of a downturn by means of economic policy. Although monetary policy is the main tool used, financial policy is also often utilised. In general, stronger growth rates are still anticipated for the emerging market countries. However, here too, expansion is expected to lose pace in some countries. For example, growth of up to 9.5% is anticipated for China in 2011 (IMF), followed by 7.9% to 9.0% in 2012 (DIW and IMF). India's gross domestic product looks set to rise by up to 8.1% (DIW) in 2011 and by between 7.5% and 8.4% in 2012 (IMF and DIW).

As financing conditions remain favourable, the German Institute for Economic Research (ifw) also expects the industrialised nations' economies to keep growing. However, it is anticipated that macroeconomic capacity utilisation will decline in the coming quarters. Economic researchers forecast growth of 1.5% (IMF, DIW) to 1.6% (ifw) for the USA in 2011, followed by 1.5% (DIW) to 1.8% (IMF) in 2012. Due to the heightened uncertainty, economic expansion in the euro zone is expected to remain comparatively weak in both 2011 – 1.6% (IMF) to 1.7% (DIW) – and the following year at just 0.8% (DIW) to 1.1% (IMF). However, Germany looks set to remain the driving force behind growth.

Expectations for the German economy have also fallen since our report on the first half of 2011. The ifo Business Climate Index stood at 114.4 points in June 2011 but has been falling ever since. It came in at just 106.4 points in October. The ifo Employment Barometer has also slumped since summer, with a score of 112.0 points in October 2011. It stood at 114.1 in July. At the same time, the major economic research institutes have revised their forecasts downwards. Most had previously predicted growth of over 3%. The new forecasts anticipate year-on-year growth of 2.7% (IMF) or 2.8% (DIW, ifw) in the German economy for 2011 thanks to strong expansion in the first six months. A much lower growth rate of 0.8% (ifw) to 1.3% (IMF) is expected for the following year. This is primarily because production is likely to stagnate during winter 2011/2012.

Charter rates in the container ship sector are unlikely to recover in the short term, given the gloomy macroeconomic outlook and the steady stream of newly built large container vessels. The prospects remain positive in the medium term. As most of the strong growth on the supply side relates to large container ships of 5,000 TEU and higher, the best market opportunities are for small to medium-sized container vessels used for feeder traffic.

Considerable growth is still being seen on the demand side of the bulker segment. At the same time, however, the large order book is having a negative impact on the market. This means that a sustained recovery in charter rates can only be expected in the medium term. Even higher scrapping rates in the partially outdated fleet as well as cancellations and postponements of newbuilding orders will only compensate for the supply pressure to a limited extent.

The order book is an issue in the tanker segment as well, albeit to a somewhat lesser extent, meaning that the growth in supply is currently outstripping the growth in demand. This will continue to impact on spot rates for some time to come.

The sector

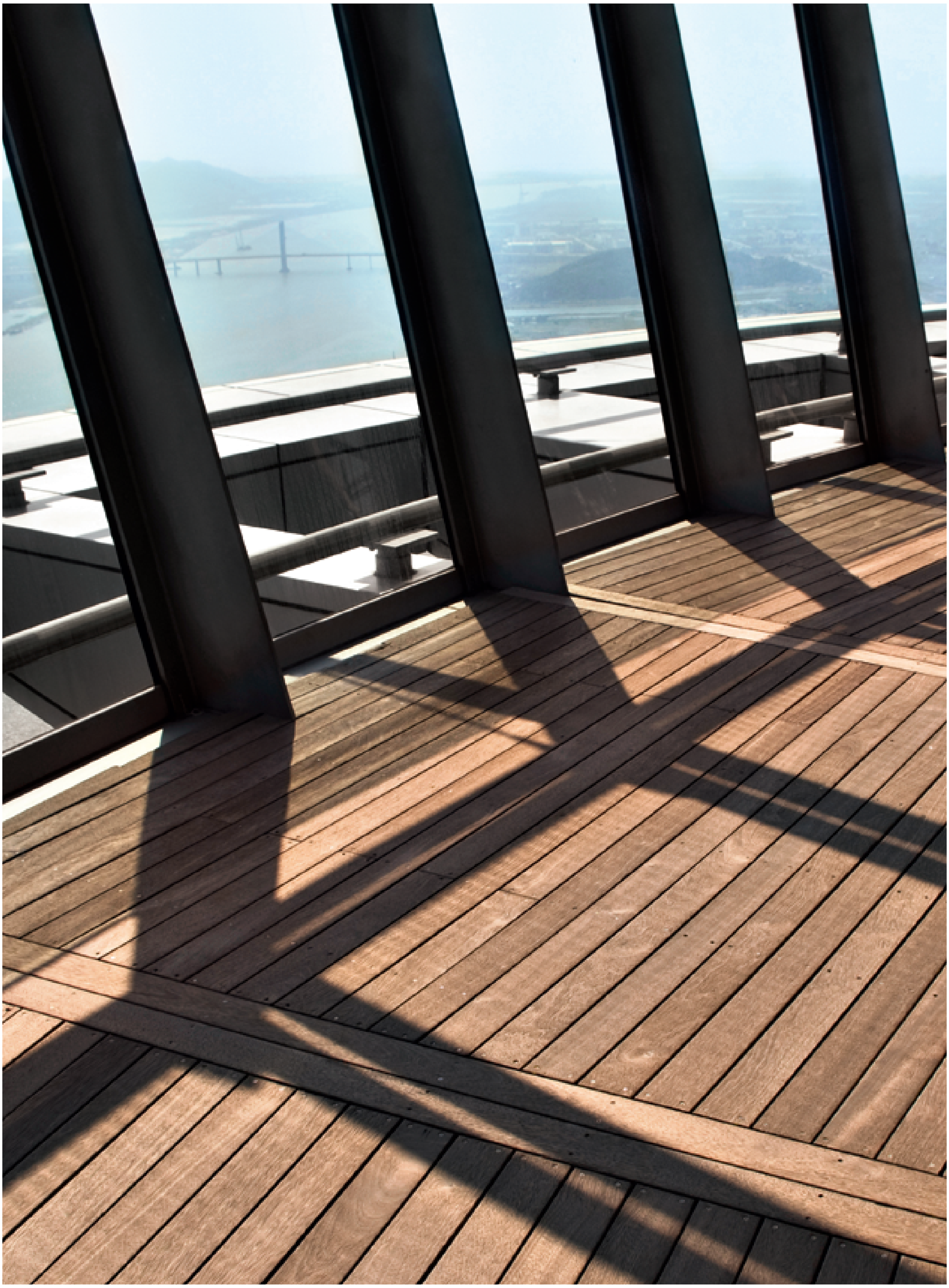
Business developments in the sector for closed-end funds have remained weak since the beginning of the year. On the whole, investors have also become more uncertain and reticent since the summer. In the light of this, no sustained market recovery can be expected in 2011. According to data collected by ScopeAnalysis, neither fund initiators nor brokers expect to see a year-on-year increase in the placement volume. The issuing houses surveyed are tending to be even more sceptical than brokers and, on average, they anticipate a drop in the overall market volume for 2011 to EUR 5.3 billion (previous year: EUR 5.8 billion).

Business developments at the HCI Group

The HCI Group has succeeded in positioning itself well on the market with its new business, especially the HCI Berlin Airport Center and HCI JPO Leo funds. As market conditions remain difficult and worsened overall in the course of Q3 due to turmoil on the financial markets, placement is taking longer than originally planned, however. The HCI JPO Leo fund was successfully closed in October 2011. Approximately 85 % of HCI Berlin Airport Center has been placed to date. By the end of the year, we plan to largely fully place all the funds currently being marketed.

However, as investors remain cautious, the HCI Group will be unable to achieve the level of year-on-year growth originally anticipated for its placement volume with new business. In addition to this, the HCI Group had to recognise considerable write-downs on receivables and investments due to the weak overall market environment in the third quarter of 2011 in particular. Although these write-downs do not have a direct effect on the Company's liquidity, they impact on the consolidated net result. As a consequence, the HCI Group will be unable to meet its target of reaching break-even point with its consolidated net result after tax at year-end 2011.

The HCI Group believes that the market for closed-end funds cannot be expected to make a sustained recovery in 2011 and that developments in 2012 are also likely to be shaped by considerably slower economic growth. However, the HCI Group has responded to the changed market outlook by making cost savings in excess of EUR 10 million. This will enable it to generate positive results in the operational business even on a lower revenue level in a persistently weak market environment. This also involves reducing the workforce from 260 (as of 30 June 2011) to 211. The cost savings will be felt in full in the 2012 financial year.



Consolidated statement of operations for the period from January 1 to September 30, 2011

EUR '000	Note	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Revenues	(4)	**22,740**	**27,918**
Other operating income	(5)	3,593	2,110
Change in inventories	(6)	2,995	71
Cost of purchased services	(7)	-5,111	-3,646
Personnel expenses	(8)	-16,485	-15,473
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(9)	-337	-635
Other operating expenses	(10)	-14,467	-16,621
Results of associated companies and joint ventures accounted for using the equity method	(11)	1,087	260
Earnings before interest and taxes (EBIT)		**-5,985**	**-6,016**
Interest income	(12)	3,577	867
Interest expenses	(12)	-463	-1,901
Other financial result	(12)	-4,140	13,554
Earnings before taxes (EBT)		**-7,011**	**6,504**
Income taxes	(13)	-921	2,779
Consolidated net result for the period		**-7,932**	**9,283**
Consolidated net result for the period attributable to the shareholders of the parent company		-7,932	9,283
Earnings per share (basic) in EUR	(14)	-0.24	0.37
Earnings per share (diluted) in EUR	(14)	-0.24	0.32

Consolidated statement of comprehensive income for the period from January to September 30, 2011

EUR '000	Note	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Consolidated net result for the period		**-7,932**	**9,283**
Income and expenses recognised directly in equity for associated companies and joint ventures	(16)	173	2,094
Changes in fair value of available for sale financial instruments	(16)	153	0
Foreign currency translation adjustment	(16)	-1	9
Other comprehensive income		**325**	**2,103**
Total comprehensive result		**-7,607**	**11,386**
Total comprehensive result for the period attributable to the shareholders of the parent company		-7,607	11,386

Consolidated statement of operations for the period from July 1 to September 30, 2011

EUR '000	Note	Three months ended September 30, 2011	Three months ended September 30, 2010
Revenues	(4)	**6,611**	**7,177**
Other operating income	(5)	1,485	423
Change in inventories	(6)	1,171	0
Cost of purchased services	(7)	-1,561	-737
Personnel expenses	(8)	-5,930	-5,258
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(9)	-114	-221
Other operating expenses	(10)	-5,484	-5,412
Results of associated companies and joint ventures accounted for using the equity method	(11)	-171	633
Earnings before interest and taxes (EBIT)		**-3,993**	**-3,395**
Interest income	(12)	435	-114
Interest expenses	(12)	247	-673
Other financial result	(12)	-7,202	783
Earnings before taxes (EBT)		**-10,513**	**-3,399**
Income taxes	(13)	-307	2,743
Consolidated net result for the period		**-10,820**	**-656**
Consolidated net result for the period attributable to the shareholders of the parent company		-10,820	-656
Earnings per share (basic) in EUR	(14)	-0.33	-0.02
Earnings per share (diluted) in EUR	(14)	-0.33	-0.05

Consolidated statement of comprehensive income for the period from July 1 to September 30, 2011

EUR '000	Note	Three months ended September 30, 2011	Three months ended September 30, 2010
Consolidated net result for the period		**-10,820**	**-656**
Income and expenses recognised directly in equity for associated companies and joint ventures	(16)	0	1,142
Foreign currency translation adjustment	(16)	183	0
Changes in fair value of available for sale financial instruments	(16)	-154	0
Other comprehensive income		**29**	**1,142**
Total comprehensive result		**-10,791**	**486**
Total comprehensive result for the period attributable to the shareholders of the parent company		-10,791	486

Consolidated balance sheet

ASSETS in EUR '000	Note	30.09.2011	31.12.2010
Non-current assets		**56,567**	**53,282**
Intangible assets		1,358	1,382
Property, plant and equipment		993	1,059
Investments in associated companies and interests in joint ventures accounted for using the equity method		2,004	28,322
Other investments	(15)	46,979	14,938
Other financial assets		4,225	6,735
Deferred taxes		1,008	846
Current assets		**45,049**	**52,928**
Work in progress and finished services		3,541	615
Trade receivables		10,615	13,434
Receivables from related parties	(19)	107	24
Income tax receivables		1,132	851
Other assets		6,910	17,986
Other financial assets		6,543	17,459
Other miscellaneous assets		367	527
Securities		1,705	1,753
Cash and cash equivalents		21,039	18,265
Total assets		**101,616**	**106,210**

EQUITY AND LIABILITIES in EUR '000	Note	30.09.2011	31.12.2010
Equity		**49,285**	**46,142**
Subscribed capital		36,693	29,354
Capital reserve		81,149	77,738
Additional paid-in capital		-54,862	-46,930
Accumulated other equity	(16)	837	512
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		**18,014**	**18,824**
Pension provisions		32	30
Debts	(17)	3,869	3,784
Liabilities due to related parties		0	3,075
Other miscellaneous liabilities		10,355	8,460
Deferred taxes		3,758	3,475
Current provisions and liabilities		**34,317**	**41,244**
Other provisions		5,118	3,948
Debts	(17)	4	1,553
Trade payables		4,672	6,927
Liabilities due to related parties	(19)	1,009	3,034
Income tax payables		2,912	13,258
Other current liabilities		20,602	12,524
Other financial liabilities		20,074	11,788
Other miscellaneous liabilities		528	736
Total equity and liabilities		**101,616**	**106,210**

Consolidated cash flow statement

EUR '000	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Consolidated net result for the period	-7,932	9,283
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	1,230	635
Impairment on loans, interests and other financial receivables	4,032	2,272
Impairment on assets held for sale	0	870
Gains from the valuation of shares of Hammonia Reederei GmbH & Co. KG at fair value	-5,450	0
Losses from the valuation of an option at fair value	1,673	0
Losses(+)/Gains(-) from associated companies and joint ventures	-1,087	-260
Losses(+)/Gains(-) from the disposal of intangible assets and property, plant, equipment and securities	44	-1,716
Gains from associated companies and joint ventures	-60	0
Increase in pension provisions and other non-current liabilities	2	2
Elimination of income taxes	921	-2,779
Elimination of net interest result and net investment result	-4,129	1,827
Losses resultiing from the allowance for bad debts	1,621	0
Cash deposit of available funds	-500	0
Other non-cash income and expenses	318	-14,072
Decrease in working capital	2,746	2,684
Increase in inventories	-2,926	-59
Decrease in trade receivables	2,006	927
Decrease in other assets	498	1,844
Increase in current provisions	1,169	-33
Decrease in trade payables	2,560	430
Decrease in receivables from and payables to related parties	-5,183	-4,479
Increase in other liabilities	4,622	4,045
Other movements in operating activities	0	9
Income taxes paid	-393	-2,149
Income tax refunds	555	173
Interest paid	-24	-74
Interest received	120	73
Distributions received	73	50
Cash flow from operating activities	**-6,240**	**-3,181**
Proceeds from disposals of intangible assets, property, plant and equipment as well as assets held for sale	9	3
Proceeds from the disposal of associated companies	60	0
Proceeds from disposals of other investments and securities	333	2,241
Payments for intangible assets and property, plant and equipment	-247	-401
Payments for investments in associated companies and interest in joint ventures	0	-534
Payments for investments, securities and long-term loans to related parties	-1,206	-1,022
Cash flows from investing activities	**-1,051**	**287**
Proceeds from capital increase	10,628	0
Proceeds from additions to debts	4	1
Repayments of debts	-404	-1,709
Others from investing activities	0	-36
Cash flow from financing activities	**10,228**	**-1,744**
Net Changes in cash and cash equivalents	**2,937**	**-4,638**
Changes in cash and cash equivialents due to foreign exchange rate changes	-163	391
Cash and cash equivalents at beginning of period	18,265	23,334
Cash and cash equivalents at end of period	**21,039**	**19,087**

Consolidated statement of changes in equity

EUR '000	Subscribed capital	Capital reserve	Retained earnings	Accumulated other equity: Gains and losses recognised directly in equity from associated companies	Accumulated other equity: Foreign currency translation adjustment	Accumulated other equity: Changes in fair value of available for sale financial instruments	Net cost in excess of net assets acquired on the acquisition of companies under common control and successive share acquisitions	Consolidated equity
Balance at 01.01.2010	24,000	75,943	-51,939	-33	-355	0	-14,532	33,084
Capital increase	5,354	1,795						7,149
Total comprehensive result			9,283	2,094	9			11,386
Balance at 30.09.2010	29,354	77,738	-42,656	2,061	-346	0	-14,532	51,619
Balance at 01.01.2011	29,354	77,738	-46,930	462	-344	394	-14,532	46,142
Capital increase	7,339	3,411						10,750
Total comprehensive result			-7,932	173	-1	153		-7,607
Other movements				-635	635			0
Balance at 30.09.2011	36,693	81,149	-54,862	0	290	547	-14,532	49,285

Segment reporting for the period from January 1 to September 30, 2011

EUR '000	Desing & Sales		After Sales Services		Asset Management	
	2011	2010	2011	2010	2011	2010
Revenues	2,956	7,162	14,762	14,977	5,023	5,779
Change in inventories	2,995	71				
Cost of purchased services	-5,111	-3,646				
Gross Margin	**839**	**3,587**	**14,762**	**14,977**	**5,023**	**5,779**
Other operating income	924	282	2,688	1,375	368	315
Personnel expenses	-5,203	-5,604	-5,084	-4,798	-2,374	-1,065
Depreciation, amortisation and impairment		-9	-12	-22	-16	-265
Other operating expenses	-4,759	-5,298	-5,963	-4,148	-2,307	-1,376
Results of associated companies and joint ventures accounted for using the equity method	84				1,003	260
Earnings before interest and taxes (EBIT)	**-8,115**	**-7,042**	**6,391**	**7,384**	**1,697**	**3,648**
Segment assets	**11,237**	**10,722**	**18,765**	**24,107**	**40,691**	**31,796**

Operating Segment Total		Holding / Others		Consolidation		HCI Group	
2011	2010	2011	2010	2011	2010	2011	2010
22,740	27,918					22,740	27,918
2,995	71					2,995	71
-5,111	-3,646					-5,111	-3,646
20,624	**24,343**					**20,624**	**24,343**
3,980	1,972	2,548	3,220	-2,935	-3,081	3,593	2,110
-12,661	-11,467	-3,824	-4,007			-16,485	-15,473
-28	-296	-309	-339			-337	-635
-13,029	-10,822	-4,372	-8,880	2,935	3,081	-14,467	-16,621
1,087	260					1,087	260
-28	**3,990**	**-5,957**	**-10,006**			**-5,985**	**-6,016**
70,694	**66,625**					**70,694**	**66,625**

Notes to the condensed interim consolidated financial statements of HCI Capital AG

for the period to 30 September 2011

General information

(1) Information about the Company and the Group

HCI Capital AG, with its registered office at Burchardstraße 8, 20095 Hamburg, Federal Republic of Germany, is listed in the Register of Companies (Handelsregister) of Hamburg District Court (Amtsgericht Hamburg, HRB 93324).

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") constitute a service group that operates mainly in Germany. The Group's business activities consist primarily of the design and initiation of closed-end funds in the main product areas Ship, Real Estate, Life Insurance, Renewable Energy, 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) Capital increase in 2011

On 12 May 2011, the Management Board of HCI Capital AG decided – with the approval of the Supervisory Board – to make use of the authorisation set down in article 4(3) of the articles of association and increase the Company's subscribed capital by EUR 7,338,529 from EUR 29,354,116 to EUR 36,692,645 from authorised capital by issuing 7,338,529 new no-par value registered shares for subscription in cash with a pro rata subscribed capital amount of EUR 1.00 at the lowest issuing amount of EUR 1.00 per share. The 7,338,529 new no-par value registered shares were issued at a subscription price of EUR 1.50 per share. This resulted in the transferral of EUR 3,669,264.50 to additional paid-in capital, before deducting directly attributable transaction costs.

As of 30 June 2011, 9,384,565 shares (25.58 %) were held by MPC Münchmeyer Petersen Capital AG (hereinafter "MPC"), 9,384,565 shares (25.58 %) were held by Mr. Jochen Döhle, Germany, and by companies in which he holds a controlling interest or exercises significant influence, and 7,301,836 shares were held by HSH Nordbank AG (19.90 %). The remaining shares are in free float.

Transaction costs of EUR 380 thousand were directly attributable to the capital increase. These were recognised as a deduction from equity as per IAS 32.37. Income taxes amounting to EUR 121 thousand were associated with the transaction costs. These were also recognised directly in equity. The increase in additional paid-in capital was EUR 259 thousand lower as a result.

(3) Accounting policies

HCI Capital AG's interim consolidated financial statements for the period to 30 September 2011 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 interim consolidated financial statements correspond to those used in HCI Capital AG's IFRS consolidated financial statements for the period to 31 December 2010. The interim consolidated financial statements for the period to 30 September 2011 must therefore be read in conjunction with the consolidated financial statements for the period to 31 December 2010.

In 2010, the HCI Group granted the co-shareholders of HAMMONIA Reederei GmbH & Co. KG a call option on half of its interests held in HAMMONIA Reederei GmbH & Co. KG, which were available to be exercised as of 30 June 2011. Due to the loss of its significant influence here, the HCI Group's interest in HAMMONIA Reederei GmbH & Co. KG of 32 % can no longer be recognised as an investment in an associated company under IAS 28 as of 30 June 2011. The HCI Group classified its interest in HAMMONIA Reederei GmbH & Co. KG relating to the call option as "measured at fair value through profit or loss" under IAS 39.9 and allocated the remaining 16 % interest to the category "available for sale". As per IAS 39, the interests in HAMMONIA Reederei GmbH & Co. KG are now measured at fair value (IAS 39.43) following the loss of significant influence effective 30 June 2011. The difference between the carrying value under IAS 28 and the fair value was recognised in profit and loss (IAS 28.18). Future changes in fair value will be recognised, depending on the category in question, either in the statement of operations ("measured at fair value through profit or loss") or directly in equity ("available for sale"). Please refer to Notes (11), (12) and (15) in the Notes to the consolidated financial statements with regard to the quantitative effects of these circumstances in the interim consolidated financial statements as of 30 September 2011.

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, the risks arising from the HCI Group's liquidity requirements and their potential effects in relation to this assumption, reference is hereby made to Note (20) and to the interim Group management report.

Application of the following standards and interpretations published by the IASB or IFRIC prior to the preparation of the interim consolidated financial statements was not mandatory as of the balance sheet date because they had either not yet been endorsed by the EU or the date for their first-time mandatory use had not yet been reached:

- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 27 Separate Financial Statements in accordance with IFRS
- IAS 28 Investments in Associates and Joint Ventures
- Amendments to IFRS 7 Financial Instruments: Disclosures
- Amendments to IAS 12 regarding Deferred Tax: Recovery of Underlying Assets
- Amendments to IFRS 1 regarding the Removal of Fixed Dates for First-Time Adopters
- Amendments to IAS 1 regarding the Presentation of Items of Other Comprehensive Income
- Amendments to IAS 19 Employee Benefits

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 financial performance, cash flows and financial position.

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Notes to the consolidated statement of operations

(4) Revenues

Revenues can be broken down as follows:

EUR '000	01.01.–30.09.2011	01.01.–30.09.2010
Ship	2,789	5,242
Real Estate	155	727
Renewable Energy	0	680
Other	0	500
Design and Sales	**2,944**	**7,149**
Ship	13,095	13,169
Real Estate	1,761	1,828
Renewable Energy	15	12
Other	1,320	1,450
After-Sales Services	**16,191**	**16,459**
Asset Management	**3,594**	**3,922**
Other remuneration	**11**	**388**
Total revenues	**22,740**	**27,918**

In the same period last year the product area Renewable Energy related to HCI Energy Solar. The area Other comprises the investments in aircraft funds and HCI Deepsea Oil Explorer.

The revenues from Asset Management include fees received by the HCI Group as part of provisions in the bylaws in the form of advance distributions from Secondary Life Insurance Market funds. The corresponding revenues for the period from 1 January to 30 September 2011 amount to EUR 1,972 thousand (9M 2010: EUR 2,125 thousand).

For fund concepts that provide for a winding-up of the fund if a certain equity capital amount is not reached, with the result that HCI Group's payment claims no longer apply and amounts already paid must be returned, revenues are not recognised – in accordance with IAS 18 – until the agreed minimum capital amount is placed. In this regard, the payments from the placement of HCI Berlin Airport Center (EUR 3,004 thousand), HCI JPO Leo (EUR 1,479 thousand), JPO Tucana (EUR 132 thousand) and HCI Shipping Select 26 – Vorzugskapital 2011 (EUR 52 thousand) were not recognised as of 30 September 2011 due to existing contractual agreements with the fund companies.

(5) Other operating income

Other operating income totalled EUR 3,593 thousand (9M 2010: EUR 2,110 thousand) and was primarily the result of reimbursements for fund expenses initially paid by the HCI Group (EUR 1,612 thousand; 9M 2010: EUR 562 thousand), realising receivables previously written off (EUR 646 thousand; 9M 2010: EUR 406 thousand), earnings from reversing a liability (EUR 380 thousand; 9M 2010: EUR 0 thousand) and earnings from the release of provisions (EUR 259 thousand; 9M 2010: EUR 220 thousand).

(6) Changes in inventories

The increases in work in progress and finished services relate in particular to the costs of producing prospectuses and commissions, which resulted mainly from services provided by sales partners with regard to finding limited liability partners for the HCI Berlin Airport Center and HCI JPO Leo funds. No write-downs were necessary in 2011.

(7) Cost of purchased services

The cost of purchased services mainly comprises commission payments for fund sales and prospectus costs.

(8) Personnel expenses

Personnel expenses were made up as follows:

EUR '000	01.01.–30.09.2011	01.01.–30.09.2010
Wages and salaries	14,579	13,537
Social security contributions	1,673	1,675
Other social security costs	233	261
Personnel expenses	**16,485**	**15,473**

Personnel expenses of EUR 16,485 thousand include severance payments of EUR 1,065 thousand and current obligations to pay salaries until the expiry of employment contracts amounting to EUR 830 thousand for employees whose employment contracts were terminated as part of Group-wide personnel measures at the HCI Group in September 2011.

Employer contributions to statutory pension schemes are included in social security contributions.

An average of 251 people were employed in the Group during the period from 1 January to 30 September 2011 (9M 2010: 262).

(9) Depreciation, amortisation and impairment of property, plant and equipment and intangible assets

Depreciation, amortisation and impairment of property, plant and equipment and intangible assets totalled EUR 337 thousand (9M 2010: EUR 635 thousand). Of this, EUR 113 thousand (9M 2010: EUR 378 thousand) is attributable to intangible assets while EUR 224 thousand (9M 2010: EUR 257 thousand) relates to property, plant and equipment.

(10) Other operating expenses

Other operating expenses of EUR 14,467 thousand (9M 2010: EUR 16,621 thousand) mainly comprise legal, auditing and consultancy expenses of EUR 3,787 thousand (9M 2010: EUR 5,350 thousand), expenses from the revaluation of receivables of EUR 2,473 thousand (9M 2010: 743 thousand), and rental and leasing costs of EUR 2,350 thousand (9M 2010: EUR 2,120 thousand). In the same period last year, expenses totalling EUR 2,700 thousand were incurred for service charges payable to the banks involved as a result of the release from contingent liabilities.

(11) Results of associated companies and joint ventures accounted for under the equity method

The results of associated companies and joint ventures accounted for under the equity method came to EUR 1,087 thousand (9M 2010: EUR 260 thousand). Of this, EUR 1,147 thousand (9M 2010: EUR 1,850 thousand) was attributable to the investment in HAMMONIA Reederei GmbH & Co. KG. A call option on 50% of the interests held by the HCI Group in HAMMONIA Reederei GmbH & Co. KG, which were previously accounted for under the equity method, was granted to the co-shareholders of HAMMONIA Reederei GmbH & Co. KG and can now be exercised at any time. Because of this, these interests were designated as a financial instrument as of 30 June 2011 and recognised in accordance with IAS 39 at their fair value. The interests were measured at fair value, resulting in an impairment reversal of EUR 5,540 thousand. The EUR 1,147 thousand pro rata share of the company's results generated until reclassification was recognised under results of associated companies and joint ventures. Since the reclassification the equity method is no longer used for these interests.

In addition to this, the results of associated companies and joint ventures accounted for under the equity method include a negative result for ordering companies amounting to EUR -143 thousand (9M 2010: EUR -94 thousand).

The results of associated companies and joint ventures accounted for under the equity method include income relating to eFonds Solutions AG of EUR 84 thousand (9M 2010: expenses of EUR -1,495 thousand). This includes the negative pro rata result for eFonds Solutions AG in the first nine months of 2011 totalling EUR -470 thousand (9M 2010: EUR -567 thousand). In addition to this, the inclusion of NORDCAPITAL GmbH as a further shareholder by way of a capital increase at eFonds Solutions AG reduced the HCI Group's share in eFonds Solutions AG from 29.19% to 22.60%. The purchase price paid for the new shares as part of this capital increase made it necessary to re-estimate the value of the shares held by the HCI Group in eFonds Solutions AG on the basis of the current market transaction. This led to an impairment reversal of EUR 554 thousand for these shares, which was recognised in profit or loss.

(12) Financial result

The other financial result essentially comprises income from the reversal of impairments on investment assets outlined in Note (11) amounting to EUR 5,540 thousand (9M 2010: EUR 0 thousand), expenses from the measurement of the call option granted for 50% of the interests held in HAMMONIA Reederei GmbH & Co. KG totalling EUR 8,296 thousand (9M 2010: EUR 0 thousand), expenses from the measurement of loan receivables of EUR 3,528 thousand (9M 2010: EUR 0 thousand), expenses of EUR 1,760 thousand (9M 2010: EUR 0 thousand) from the formation of provisions for a probable obligation to repay previously received dividends under Sections 171, 172(4) of the German Commercial Code (HGB), and exchange rate losses of EUR 129 thousand (9M 2010: gains of EUR 175 thousand).

The income from the reversal of impairments on investment assets is primarily due to the valuation of the HCI Group's investment in HAMMONIA Reederei GmbH & Co. KG at fair value in accordance with IAS 39. The investment was accounted for under the equity method until 30 June 2011 (EUR 5,540 thousand).

The HCI Group granted the co-shareholders of HAMMONIA Reederei GmbH & Co. KG a call option. The agreement enables the other shareholders of HAMMONIA Reederei GmbH & Co. KG to acquire 50% of the interests held by the HCI Group in HAMMONIA Reederei GmbH & Co. KG within a specified period at an agreed fixed purchase price. As the fair value of the interests in HAMMONIA Reederei GmbH & Co. KG was higher than the strike price as of the reporting date of 30 September 2011, the option has a negative value of EUR 8,296 thousand. The change in the negative value of the option was recognised in profit or loss as an expense amounting to EUR 1,672 thousand under other financial result.

The expenses arising from the measurement of loan receivables relates to loans belonging to real estate fund companies, which were necessitated by the business performance of these real estate fund companies.

Interest income totalling EUR 3,577 thousand (9M 2010: EUR 867 thousand) was reported for the first nine months, while interest expenses came in at EUR 463 thousand (9M 2010: EUR 1,901 thousand). Interest income includes income generated from reversing a provision for interest liabilities of EUR 2,489 thousand, which was created for the financial years from 2002 onwards as part of tax-entity relationships. This provision was released as of 30 June 2011 as the reason for the provision no longer applies. In this regard, a receivable from former affiliated companies of EUR 11,454 thousand was derecognised, which was offset by the derecognition of liabilities in the same amount.

(13) Income taxes

Income taxes incorporate current tax expenses amounting to EUR 678 thousand (9M 2010: EUR 337 thousand), including EUR 140 thousand in expenses for previous years (9M 2010: EUR 158 thousand) and deferred tax expenses of EUR 243 thousand (9M 2010: deferred tax income of EUR 3,116 thousand).

(14) Earnings per share

Basic earnings per share were calculated as follows:

		01.01.–30.09.2011	01.01.–30.09.2010
Group share of the net result for the period	EUR '000	-7,932	9,283
Weighted average number of shares issued	In thousands	32,643	25,000
Earnings per share for the reporting period	**EUR**	**-0.24**	**0.37**

There were no dilutive instruments in 2011, meaning that diluted and basic earnings per share are the same.

The diluted earnings per share for the first nine months of the 2010 financial year are calculated as follows:

		01.01.–30.09.2010	01.07.–30.09.2010
Group share of the net result for the period	EUR '000	9,283	-656
Change in interest expense and change in value of the banks' call option	EUR '000	-866	-725
Group share of the net result for the period (diluted)	EUR '000	8,417	-1,381
Weighted average number of shares issued	In thousands	26,648	26,994
Earnings per share for the reporting period	**EUR**	**0.32**	**-0.05**

Notes to the consolidated balance sheet

(15) Other investments

A call option on 50% of the interests held by the HCI Group in HAMMONIA Reederei GmbH & Co. KG, which were accounted for under the equity method until 30 June 2011, was granted to the co-shareholders of HAMMONIA Reederei GmbH & Co. KG and can now be exercised at any time. Because of this, these interests were designated as a financial instrument as of 30 June 2011 and recognised in accordance with IAS 39 at their fair value. The current carrying value of the interests in HAMMONIA Reederei GmbH & Co. KG is EUR 32,718 thousand as of 30 September 2011 (31 December 2010: EUR 26,210 thousand). Since the reclassification the equity method is no longer used for these interests. Please see Note (11) regarding the earnings effect as of 30 September 2011.

(16) Accumulated other equity

Accumulated other equity consists of changes in the fair value of available-for-sale financial instruments and translation adjustments for 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.

(17) Financial liabilities

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

Loans	Carrying value 30.09.2011 EUR '000	Carrying value 31.12.2010 EUR '000	Loan currency	Interest rate in %	Final due date
Bankhaus Wölbern & Co.	3,869	3,784	USD	EURIBOR + 1.85%[1]	[1]
Bremer Landesbank	4	--	EUR	0%	2011
Commerzbank AG	--	375	EUR	0%	2011
HSH Nordbank AG	--	29	EUR	0%	2011
HSH Nordbank AG	--	1,115	EUR	0%	2011

1) No final arrangement made with Wölbern Bank & Co. yet.

In order to finance the contributions needed for construction phase interim loan for nine ships, the HCI Group took out a credit line for USD 9,000 thousand with Bankhaus Wölbern & Co. in the 2008 financial year. The credit line was fully utilised as of 31 December 2008; two repayments each of USD 1,000 thousand were made in 2009 in connection with the delivery date of ships. A payment of USD 2,250 thousand was made to Bankhaus Wölbern & Co. in February 2010 on the basis of agreements with the shipowner.

Bankhaus Wölbern & Co. utilised the option granted to the HCI Group's financing banks of converting all claims arising from loan receivables into equity so as to bring about a long-term financing arrangement by changing the lending terms and conditions. As the conditions of the new financing agreement have not yet been negotiated, the revaluation of the loan required under IAS 39.40 on 18 May 2010 initially assumed that the fair value of the new liabilities would correspond to the nominal value of the original loan liabilities.

These financial liabilities were reported as non-current financial liabilities on 30 September 2011.

Other information

(18) 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 – This segment consists mainly of assisting investors with all company law and regulatory matters relating to their fund commitments and the trust management of the capital they have invested.
- Asset Management – Both the management of investment assets 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 as well as holding functions.

The earnings measure for segment results is earnings before interest and taxes (EBIT), which is the net result for the period before interest, other financial result and income taxes. It is used in internal IFRS-based controlling as a parameter for segment controlling. The revenue and cost categories used in internal reporting are the same as those presented 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. The HCI Group recorded goodwill of EUR 875 thousand as of 30 September 2011, which is not allocated to segment assets.

Internal reporting does not include segment liabilities. Therefore they are not stated in segment reporting in accordance with IFRS 8.

Segment assets are reconciled with the Group's total assets as follows:

EUR '000	30.09.2011	31.12.2010
Segment assets	**70,694**	**66,625**
Cash and cash equivalents	21,039	18,265
Other assets and receivables	4,576	15,964
Deferred taxes	1,007	846
Intangible assets	1,358	1,382
Securities	1,705	1,753
Property, plant and equipment	993	1,059
Other investments	244	316
Group assets	**101,616**	**106,210**

(19) Related party disclosures

Receivables from and liabilities to related parties are as follows:

EUR '000	30.09.2011	31.12.2010
Receivables from other associated companies and joint ventures	90	20
Receivables from unconsolidated subsidiaries	17	4
Receivables from related parties	**107**	**24**
Liabilities to associated companies and joint ventures	627	5,332
Liabilities to HCI Group executive bodies	382	777
Liabilities to related parties	**1,009**	**6,109**

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

EUR '000	01.01.–30.09.2011	01.01.–30.09.2010
Income from associated companies and joint ventures	1,231	1,850
Income from related parties	**1,231**	**1,850**
Expenses for HCI Group executive bodies	1,301	1,890
Expenses from associated companies and joint ventures	144	1,590
Expenses reported under other financial results	528	0
Expenses for related parties	**1,973**	**3,480**

Expenses for 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.

For service relationships with HAMMONIA Reederei GmbH & Co. KG, please refer to (Note 12) below. The Döhle Group owns 47 % of the interests covered by the option outlined under (Note 12) below.

(20) Contingencies and other financial commitments

As of 30 September 2011, the Company had the following contingencies and other financial commitments:

	30.09.2011			31.12.2010		
	EUR '000	EUR '000	USD '000	EUR '000	EUR '000	USD '000
Guarantees and other commitments	**35,940**	26,214	13,123	**30,076**	23,026	9,434
Placement and equity capital guarantees	**--**	--	--	**12,668**	--	16,950
Future payments under operating leases	**4,616**	4,616	--	**6,230**	6,230	--

The business model of the HCI Group, which comprises the design, initiation and sale of closed-end funds, is dependent upon securing the availability of the investment assets held in the closed-end funds. This product availability must be secured long-term, and the HCI Group regularly gives contingencies in terms of winding-up pledges, acquisition commitments, placement guarantees and similar.

The financial guarantees that the HCI Group recognised in exercising its option under IFRS 4 – particularly relating to guarantees and acquisition commitments in the shipping sector and other areas – will not result in any liabilities or expenses. Since the HCI Group received no premium for undertaking these commitments, no assets or earnings were recognised either. With respect to the financial guarantees, the HCI Group is exposed to a risk of having to reimburse the financing bank for all or part of the losses arising from the loan granted to the debtor if the debtor defaults. In order to minimise such risks, the HCI Group conducts negotiations with its contractual partners.

Individual companies in the HCI Group are listed in the Register of Companies (Handelsregister) as limited liability trustees for existing funds on behalf of investors and with the relevant liability contributions of these investors. In line with the intended distribution of liquidity surpluses not covered by profits to investors, a number of funds may be liable in accordance with Sections 171 and 172(IV) of the German Commercial Code (HGB). This means that distributions which lead to a failure to meet the liability contributions might have to be paid back to the relevant fund companies. Any indemnifying compensation claims by the limited liability trustee against investors would have to be dealt with individually. The amount resulting from this situation is estimated at EUR 41 to 71 million. In the case of payment, refund claims could be lodged against investors in the same amount.

In connection with the prospectuses it produces for investment offers, the HCI Group is exposed to an underlying risk of investors lodging claims for damages based on incomplete, incorrect or unclear prospectus details. Evidence of such failings must be produced by the investor. Provisions are set aside when necessary for any such claims which are lodged. The HCI Group has taken appropriate steps to protect itself from and / or reduce the risk posed by such claims.

Instead of issuing placement guarantees, the HCI Group has committed itself to winding up the investment concept for individual closed-end funds in the capital-raising stage if the issuing capital falls short of projections. This means that if the planned issuing capital is not raised, the fund company in question must refund the paid-in contributions plus a premium. However, it would be impossible to reclaim the commission paid to sales partners during the capital-raising stage, so this would have to be borne by the HCI Group. This would be disadvantageous for the HCI Group. In addition to this, the HCI Group has pledged to extend sales commission for individual closed-end funds in the capital-raising stage until this phase has been completed. If the planned issuing capital were not raised, no commission would be payable. The HCI Group would still incur the costs of implementing the concept, winding up the project and in certain cases for loss compensation.

The HCI Group has also provided fund companies that have invested in US life insurance policies with credit lines (or liquidity pledges) totalling EUR 7,366 thousand and USD 4,010 thousand. As of 30 September 2011, these lines had not been used. In view of the funds' current performance, the fund companies are unlikely to make use of these liquidity commitments.

(21) Events after the balance sheet date

HCI Group has fully placed the fund HCI JPO Leo during the fourth quarter in 2011. As a result revenues of EUR 1,600 will be recognized.

Beyond that no events of special significance have occurred that exercise a material effect on the HCI Group's financial performance, cash flows and financial position since the balance sheet date.

Hamburg, November 2011

HCI Capital AG
The Management Board

Dr. Ralf Friedrichs Dr. Oliver Moosmayer

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 financial performance, cash flows and financial 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, November 2011

HCI Capital AG
The Management Board

Dr. Ralf Friedrichs Dr. Oliver Moosmayer

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.

Translation from German

In case of conflict between the English and the German texts, the German text shall prevail.

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