HCI Hammonia Shipping AG

Interim report first half-year 2012

CONTENTS

RECENT DEVELOPMENTS

- **Freight rates keep rising since beginning of year 2012**
- **Charter rates stagnate at low level**
- **Number of idle container ships going down since beginning of year**

Comparison 1 Jan – 30 Jun 2012 vs. prior-year period

EUR'000	1st half-year 2012	1st half-year 2011	Change
Charter revenues	**34,975**	**33,703**	**+3.8 %**
Operating costs and other expenses	-16,339	-15,031	
Other operating income	3,886	1,533	
EBITDA	**19,925**	**20,205**	**-1.4 %**
Depreciation and amortization	-13,066	-11,399	
EBIT	**6,859**	**8,806**	**-22.1 %**
Interest income	-8,772	-8,218	
Shares in profits of third-party limited partners	-148	-688	
Income taxes	-206	-46	
Net income for the period	**-2,267**	**-146**	**-**
Earnings per share	EUR -16.62	EUR -1.07	
Return on sales	-6.5 %	-0.4 %	
EBIT margin	19.6 %	26.1 %	
Equity ratio	30.2 %	31.1 %	
Off-hire days	**17.58 days**	**9.42 days**	

WELCOME ADDRESS

Dear shareholders and business associates,

HCI HAMMONIA SHIPPING AG continues to move in a difficult market environment. Even a slight slowdown in the growth of global trade has a considerable effect on a market that still reports overcapacity – as the container shipping market does. Thus the negative trend in charter rates from the second half of the previous year continued through March 2012. Since then stabilization or even a modest recovery has been noticeable. However, the still low level of rates is far from profitable for the ship owners and not sufficient to pay the debt service to the financing banks in the full amount on top of covering vessel operating costs. In contrast to that, freight rates for container transport and thus the revenues of the liner shipping companies have gone up strongly since March already. Usually the charter rates collected by the ship owners follow this trend with a certain delay. Yet a sustained recovery to a costcovering level will only be possible by the time overcapacity in the market is reduced and the pricing mechanism thus returns to normal.

The percentage of idle or unemployed ship tonnage has been reduced since March 2012 from roughly 6 % to slightly below 3 %. A full reduction of overcapacity is currently being prevented by those new ship constructions still in the shipyards' order books that are delivered and put in service successively, thus further increasing the supply of tonnage. At present, the accumulated order book still amounts to some 23 % of the already existing capacity. Yet this ratio has been on a continuous decline, coming to more than 60 % at the beginning of the shipping crisis by the end of 2008. Additions by the remaining ships under construction will essentially take place this year and the next. On the condition that shipping companies and their financing partners will exercise restraint regarding new construction assignments, chances are good for the market to return to a balance or even produce excess demand in some ship size segments.

With its concept of mixing medium to long-term charter agreements on the one hand with revenue pool operation on the other hand, HCI HAMMONIA SHIPPING AG managed to cushion the negative market development and asserted itself comparatively well in the difficult market environment that has prevailed since the end of 2008. But as the revenue pools follow the market trend – if somewhat toned down –, the market development reflects in the results of our company, too. The economic performance of our Company is still disappointing. Revenues of roughly EUR 35.0 million in the first half-year 2012 were 3.8 % above the prior-year period's mark. The essential contribution was made by the controlling interest in the MS "ANTOFAGASTA", fully consolidated by the HCI HAMMONIA SHIPPING AG Group since February 2012. But the vessel operating result of EUR 18.6 million was 13.6 % lower than in the prior-year period and the consolidated net result for the period was negative at EUR -2.3 million, after EUR -146k in the previous year.

Based on the significantly slowed-down recovery of the container shipping market and due to the fact that pool revenues will follow market rates with delay in the course of the expected recovery, we have requested deferments of payment for the eight pool ships for four additional quarterly installments each; we have encouraging meetings with the financing banks and assume negotiations will be concluded successfully. Among the conditions for this outcome is a contribution by the equity holders. Accompanying corporate actions are therefore in the planning stage. These measures on the part of both borrowed capital and equity capital are intended to set the course so that your Company will be able to pass through the anticipated two more difficult years with the entire fleet and after that benefit from the expected market recovery as well.

We regard the prospects for the medium and long-term as positive and unchanged. The growth in supply involves predominantly the large container vessels with more than 10,000 TEU slots. Through the cascade effect, i.e. squeezing out one container ship class by the next larger ships, the market for our Sub-Panamax ships is also under a lot of pressure at present due to the delivery of those large vessels. To the degree that the growth in demand continues in feeder traffic as well, where the smaller feeder ships are protected from the cascade effect due to technical restrictions based on port infrastructure, there is considerable potential of recovery for the revenues of HCI HAMMONIA SHIPPING AG as well.

Hamburg, 23 August 2012

Dr Karsten Liebing
Management Board

Jan Krutemeier
Management Board

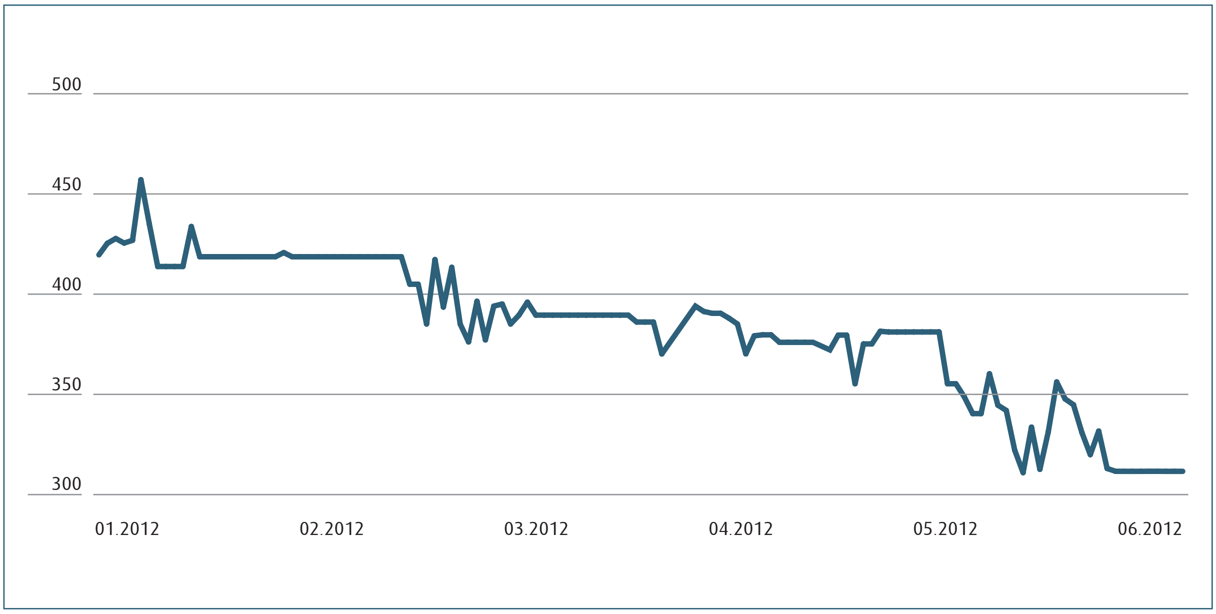
SHARE

The first half-year 2012 was determined by a falling price of the HCI HAMMONIA SHIPPING AG share. The closing price was some 26 % below the price at the beginning of the year and thus only slightly above EUR 300. This negative development is due to the persisting unfavorable market environment for container ships. Additional pressure is put on the share price as further deferments of payment must be negotiated with the financing banks because of the still low level of charter rates. Accompanying corporate actions are being planned in this context, too.

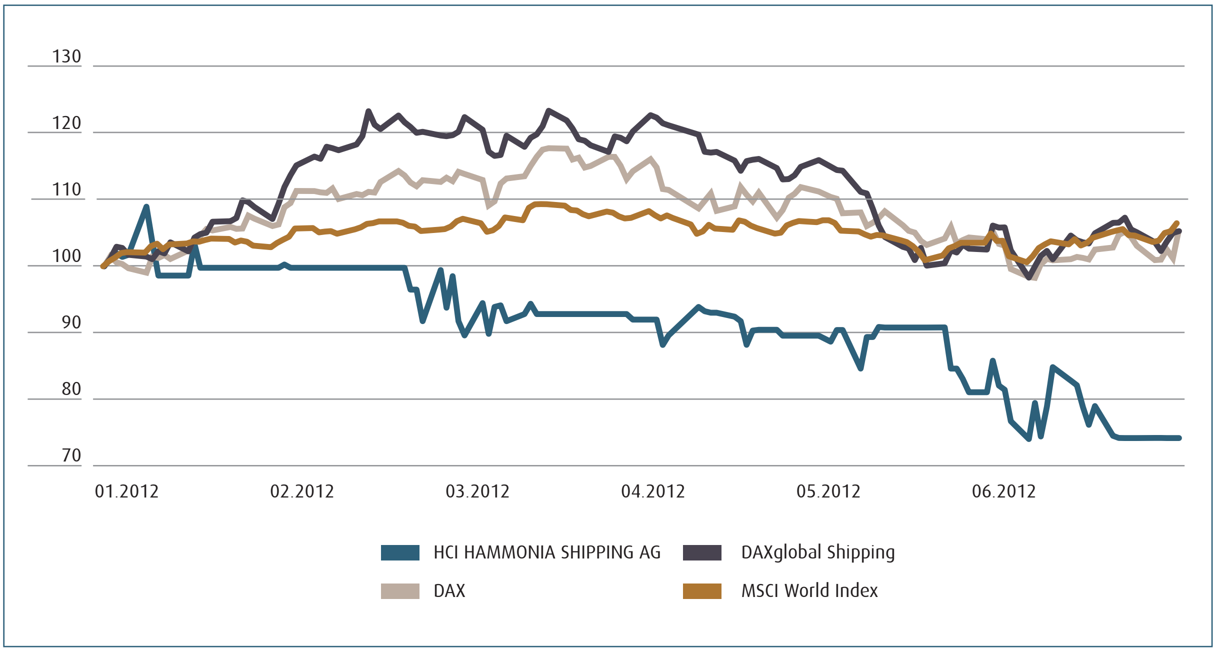
For the abovementioned reasons, the share of HCI HAMMONIA SHIPPING AG performed weakly in comparison with the relevant stock indices: DAX and MSCI World Index recorded gains of roughly 6 % for the reporting period. The DAXglobal Shipping EUR Price Return Index also went up by 5 % in the reporting period. The sound performance of DAXglobal Shipping is in part accountable by the fact that freight rates increased significantly in the reporting period, positively affecting the liner shipping companies' earnings forecasts. The freight rate for a 20-foot container box shipped from China to Northern Europe for instance rose from roughly USD 500 at the end of the year 2011 to more than USD 1,500 in the second quarter of 2012.

Due to the large denomination of shares and the predominant placement with long-term oriented institutional investors, the share of HCI HAMMONIA SHIPPING AG shows little liquidity in stock trading. The stock of HCI HAMMONIA SHIPPING AG is held by savings banks, Raiffeisen cooperative banks and Volksbank cooperative banks at roughly 19 %, by insurance companies and pension funds at roughly 27 %, by other banks at roughly 27 %, by HAMMONIA Reederei GmbH & Co. KG at roughly 10 %, by asset management companies at roughly 10 %, and by other institutional investors at roughly 4 %. The remaining share of roughly 2 to 3 % of the stock is free float. HCI HAMMONIA SHIPPING AG does not hold treasury shares.

Share price performance of HCI HAMMONIA SHIPPING AG (in EUR)



Relative share price performance compared to selected stock indices (in %)



Key data on the share of HCI HAMMONIA SHIPPING AG

German SIN (WKN) / ISIN	A0MPF5 / DE000A0MPF55
Ticker symbol / Reuters / Bloomberg	HHX.HAM / HHX.DE / HHX.GR
Share category	No-par ordinary bearer shares
Number of shares	136,414
Stock prices (1 Jan 2012 – 30 Jun 2012)	
High 9 Jan 2012	EUR 457.50
Low 4 June 2012	EUR 310.34
First 2 Jan 2012	EUR 419.75
Last 29 Jun 2012	EUR 311.00
Market capitalization 29 Jun 2012	EUR 42.42 million

INTERIM CONSOLIDATED MANAGEMENT REPORT

1. Key business conditions and general framework

As a listed shipping holding company, HCI HAMMONIA SHIPPING AG has the legal form of a German stock corporation and is listed in the Regulated Market of the Hamburg Stock Exchange (Hanseatische Wertpapierbörse Hamburg) and in the regulated unofficial markets of other German stock exchanges. In the XETRA electronic trading system, liquidity is provided by the so-called designated sponsor, M. M. Warburg & Co. Kommanditgesellschaft auf Aktien.

The business objective of HCI HAMMONIA SHIPPING AG is the development of a fleet of up-to-date seagoing vessels and their operation in fast-growing segments of the container shipping industry in order to generate a sustained return on our shareholders' investments. The Group thus generates revenue with the operation of ships. As the controlling Group company and managing holding, HCI HAMMONIA SHIPPING AG manages the individual ship investments of the respective subsidiaries.

With the acquisition of a controlling interest in MS „HAMMONIA PESCARA" Schiffahrts GmbH & Co. KG in December 2010 and the acquisition of a controlling interest in FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG in February 2012, HCI HAMMONIA SHIPPING AG currently has thirteen seagoing vessels in service. There are no obligations to purchase any more ships.

As of 30 June 2012, HCI HAMMONIA SHIPPING AG has direct interests in altogether 16 companies, with the following compulsory contributions of capital according to the respective articles of partnership:

• MS "SAXONIA" Schiffahrts GmbH & Co. KG	(EUR 10,226k)
• MS "WESTPHALIA" Schiffahrts GmbH & Co. KG	(EUR 10,226k)
• MS "HAMMONIA POMERENIA" Schiffahrts GmbH & Co. KG	(EUR 11,126k)
• MS "HAMMONIA HOLSATIA" Schiffahrts GmbH & Co. KG	(EUR 11,176k)
• MS "HAMMONIA MASSILIA" Schiffahrts GmbH & Co. KG	(EUR 11,326k)
• MS "HAMMONIA TEUTONICA" Schiffahrts GmbH & Co. KG	(EUR 11,226k)
• MS "HAMMONIA BAVARIA" Schiffahrts GmbH & Co. KG	(EUR 11,726k)
• MS "HAMMONIA ROMA" Schiffahrts GmbH & Co. KG	(EUR 11,326k)
• MS "HAMMONIA FIONIA" Schiffahrts GmbH & Co. KG	(EUR 17,000k)
• MS "HAMMONIA DANIA" Schiffahrts GmbH & Co. KG	(EUR 17,000k)
• MS "HAMMONIA HAFNIA" Schiffahrts GmbH & Co. KG	(EUR 17,000k)
• MS "HAMMONIA PESCARA" Schiffahrts GmbH & Co. KG	(EUR 10,733k)
• FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG	(EUR 7,429k)
• Verwaltung FHH Fonds Nr. 40 MS „Antofagasta" GmbH	(EUR 25k)
• Verwaltung HCI HAMMONIA Schiffahrts GmbH	(EUR 25k)
• Verwaltung MS "HAMMONIA PESCARA" GmbH	(EUR 14k)

The abovementioned holdings and HCI HAMMONIA SHIPPING AG itself basically form the group of companies included in the consolidated financial statements while the companies set up in the legal form of "GmbH & Co. KG" (limited partnership with a limited liability company as general partner), representing so-called single-ship limited partnerships, are the civil-law owners and operators of the respective individual ship. The holding Verwaltung MS "HAMMONIA PESCARA" GmbH serves as the limited partnership's personally liable partner (general partner) of MS "HAMMONIA PESCARA" Schiffahrts GmbH & Co. KG. Verwaltung FHH Fonds Nr. 40 MS "Antofagasta" GmbH acts as the limited partnership's personally liable partner (general partner) of FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG. Verwaltung HCI HAMMONIA Schiffahrts GmbH serves as the personally liable partner (general partner) of the other limited partnerships.

2. Business performance

The fleet

The fleet of HCI HAMMONIA SHIPPING AG comprises thirteen up-to-date container vessels with sizes between 2,500 and 7,800 TEU. The latest addition to the fleet, a container ship of roughly 2,870 TEU, was MS “ANTOFAGASTA”. HCI HAMMONIA SHIPPING AG holds a majority interest of approx. 51 % in the associated shipping company since 10 February 2012.

The six ships of the Sub-Panamax class with sizes of 2,500 TEU are operated in a revenue pool of altogether 63 ships (including new ship constructions yet to be delivered) managed by Peter Döhle Schiffahrts-KG. Charter rates in the spot market were only USD 7,500 per day on average in the first half-year 2012 (HAMBURG INDEX©, Container ship T/C rates, Results 1999 - 2012). Because of the pool arrangements’ streamlining effect on revenues, pool revenues could be maintained considerably above the spot rates attainable in the market. Pool rates for the 2,500 TEU ships were roughly USD 10,100 per day in the first half-year 2012.

The two ships of the Panamax class with sizes of 3,100 TEU are also operated in a revenue pool arranged by Peter Döhle Schiffahrts-KG. This pool includes 18 comparable ships altogether (including new ship constructions yet to be delivered). The rates of this pool were roughly USD 10,000 per day in the first half-year 2012. The corresponding market rates in the spot market were roughly USD 8,000 per day over the first six months of 2012. Thus pool rates generated in this class also were significantly above the corresponding market rates.

However, there are claims in a substantial amount against one charterer of the 3,100 TEU pool, essentially originating from years 2008 and 2009. For the Group’s two 3,100 TEU ships, respective receivables from the pool have been written down accordingly.

The remaining ships of the fleet are under time charters of several years with reputable liner shipping companies. MS “HAMMONIA PESCARA” with 4,250 TEU is chartered out to United Arab Shipping Company (“UASC”) until mid-2014. The three Post-Panamax vessels of 7,800 TEU each are chartered out to the world’s largest container shipping company, A.P. Moeller-Maersk, until the year 2018, and the 2,870 TEU ship is chartered out to A.P. Moeller-Maersk as well, until the year 2013. All five vessels continue to generate the agreed charter revenues on schedule.

The combination of ship operation in revenue pools and long-term charters of ships reduces the volatility of charter revenues and minimizes the risk of revenue loss by the temporary unemployment of ships. HCI HAMMONIA SHIPPING AG is thus distinguished by a solid concept of operation.

The three 7,800 TEU vessels were or rather will be docked as scheduled in the months of June, July and August in order to have their size classification renewed and to undergo routine maintenance work.

The ship operation of the fleet in service has been trouble-free for the most part and the charterers are highly satisfied with the technical performance of the vessels. The ships’ technical availability came to more than 99 %.

Financing

There are long-term financing agreements with banks established in the field of ship financing for all of the fleet’s vessels. HCI HAMMONIA SHIPPING AG is under no obligation to acquire any more ships so that unlike comparable competitors the Group is not exposed to corresponding financing risks.

Because of the low pool revenues it has to be assumed at present that all 2,500 TEU ships will not be able to make their repayments as scheduled in the year 2012. Further deferments of payment have therefore been requested from the financing banks.

The 3,100 TEU ships will probably not require any further deferments of payment for the year 2012; however, it has to be assumed for the year 2013 that repayments cannot be made on schedule. For these ships requests were filed for additional deferments of payment with the respective financing banks as well at this early stage.

Constructive negotiations have already been held with the banks financing both the 2,500 TEU as well as the 3,100 TEU ships with respect to the requested deferments of payment so that management anticipates a friendly solution. Yet the banks expect a contribution by the equity shareholders. Therefore accompanying measures are currently being planned.

Regarding the financing of the three 7,800 TEU container vessels, HCI HAMMONIA SHIPPING AG has been negotiating the extension of the existing waiver of the "loan-to-value" clause for some time now with the banks involved. This clause stipulates that the ship value without consideration of the charter agreement must not fall below a certain threshold value. Due to the falling ship prices of recent times, that value was undercut in the opinion of the financing banks. HCI HAMMONIA SHIPPING AG has received a draft by the financing banks for an addendum to the loan agreement whose terms and conditions are, however, in part still subject to negotiations.

3. Market development

The International Monetary Fund (IMF) predicts global economic growth of 3.5 % for the year 2012 in its recent July 2012 issue of World Economic Outlook. Resulting from a weaker economic performance during the second half-year 2011 and the first half of the year 2012, economic growth is expected to be 0.4 % below the prior-year mark. Particularly the emerging markets and developing countries provide positive stimulation with a predicted growth rate of 5.6 % that is significantly above the industrialized nations' growth rate of 1.4 %. Stronger growth in 2013 is expected both for the world economy and the euro area. Forecasts also attribute higher growth rates to the global trading volume, representing a substantial factor for the development of container shipping; however, the strong growth of the past years will not be achieved again yet. At the same time, the revenue situation of the liner shipping companies remains tense in container shipping because of fierce competition and increased fuel costs. Furthermore, the fleet capacity and the corresponding oversupply put noticeable pressure on the charter rates.

The global fleet of container vessels currently comprises 4,954 ships altogether, with a total capacity of some 16 million TEU. The vessel unemployment rate, surveyed by the analyst firm Alphaliner to determine the idle container ship capacity, dropped to 2.8 % in July 2012 after 4.6 % of the fleet capacity were still laid up in April 2012. With 233,201 TEU, the number of new construction assignments remains at a low level in the first half-year 2012. The number of ships entered in the shipyards' order books has gone down steadily since the beginning of the year 2012. Alphaliner Monthly Monitor assumes an order volume of approx. 3.7 million TEU, equivalent to 22.9 % of the fleet currently in service (March 2012: close to 27 %). Deliveries identified until June 2012 amount to 806,562 TEU, while the increase in cargo capacity of the container ship fleet is accounted for by new constructions in the size classes beyond 7,500 TEU for the most part. According to Alphaliner there will probably be 88 new ships with cargo capacity of 995,539 TEU in these size classes starting at 7,500 TEU in 2012. In the size class between 2,000 and 4,000 TEU which is of particular relevance to HCI HAMMONIA SHIPPING AG, deliveries amounting to capacity of 81,031 TEU are expected for the full year 2012; however, this volume accounts for only 5.5 % of the total deliveries scheduled for 2012. Thus the capacity increase in this size class will turn out very much lower than in other size classes.

Freight rates have been recording a steady increase since the beginning of 2012. The Shanghai Container Freight Index (SCFI) provides a weekly record of the development of freight rates (export) of container transports issuing from the port of Shanghai. At the end of June, the index reached 1,461 points; this corresponds with an increase in freight rates by more than 30 % since the end of 2011. Slightly growing demand is among the reasons for this. On the whole, an increase in demand by 5 % is anticipated for the year 2012. While the services between Asia and Europe are expected to record a 1.3 % drop in demand, all the other main routes show growing demand. In addition to that, the liner shipping companies now evidence higher discipline regarding freight rates: The cutthroat price war between the liner shipping companies has obviously come to an end and increasing freight rates to profitable levels have been pushed to be accepted by the charterers.

In contrast to the development of freight rates, no substantial recovery is noticeable yet concerning charter rates. After the Container Ship Time Charter Rate Index (New Con-Tex), an independent index compiled by a group of internationally operating ship brokers, had fallen from 409 points by the end of the year 2011 to 383 points in March 2012, since then a steady increase carried the index to 417 points reached in June 2012. Slightly positive trends were visible regarding all size classes. In mid-June 2012 a slight decline set in again, however. Despite rising freight rates, the charter rates are thus still at a level in container shipping that is not sufficient to cover vessel operating costs and debt service.

4. Profit/loss, financial position, and assets and liabilities

Profit/loss

The key figures to determine profit/loss for the first half-year 2012 in comparison to the first half-year 2011 are as follows:

At the beginning of 2012, the Group acquired a controlling interest in another container ship (MS "ANTOFAGASTA").

EUR'000	1 Jan - 30 Jun 2012	1 Jan - 30 Jun 2011	Change
Revenues	34,975	33,703	1,272
Vessel operating costs	-16,339	-12,135	-4,204
Vessel operating result	**18,636**	**21,568**	**-2,932**
Other operating income	3,886	1,533	2,353
thereof exchange rate gains	*1,762*	*964*	*798*
Other operating expenses	-2,597	-2,896	299
thereof exchange rate losses	*-1,080*	*-1,303*	*223*
Result from shipping operations	**19,925**	**20,205**	**-280**
Depreciation and amortization of property, plant and equipment and intangible assets	-13,066	-11,399	-1,667
Earnings before interest and taxes (EBIT)	**6,859**	**8,806**	**-1,947**
Interest income	73	88	-15
Interest expenses	-8,845	-8,306	-539
Earnings before profits of third-party limited partners and taxes	**-1,913**	**588**	**-2,501**
Shares in profits of third-party limited partners	-148	-688	540
Earnings before taxes (EBT)	**-2,061**	**-100**	**-1,961**
Income taxes	-206	-46	-160
Consolidated net income for the period	**-2,267**	**-146**	**-2,121**
Thereof attributable to owners of the parent company	*-2,270*	*-146*	*-2,124*
Thereof attributable to non-controlling interests	*3*	*0*	*3*

Revenues are now generated by chartering out 13 (prior-year period: 12) container ships. The concept of operation regarding the 12 container ships already included in the portfolio remained unchanged from the prior-year period of comparison (membership in two revenue pools or rather charter agreements with highly rated liner shipping companies without pool inclusion). The container ship acquired at the beginning of 2012 is still chartered out to a major liner shipping company until the beginning of 2013.

The increase in revenues over the prior-year period results from the expansion of the operated fleet as well as exchange rate effects involving the three 7,800 TEU "Maersk vessels" and the MS "HAMMONIA PESCARA". The revenues contributed by the eight ships operated in revenue pools have gone down considerably compared to the prior-year period on account of the persisting shipping crisis. Of total revenues in the amount of EUR 35.0 million, 57 % were generated from chartering out four ships to shipping company A.P. Moeller-Maersk.

Vessel operating costs include expenses for the actual operation of the ships, the purchase of fuel in the event of charterer change, the ships' insurance, and crew expenses. The increase in expenditure compared with the previous year was due, among other factors, to expenses for the purchase of fuel, the increase in crew expenses on account of the gradual return from so-called safe manning to normal crew sizes, and the addition of one container ship.

The increase in other operating income essentially results from reimbursements paid by charterers in the context of the purchase of fuel loads, higher foreign exchange gains, and income from the release of valuation allowances. Among other factors, the rise in foreign exchange gains is linked to the first-time inclusion of the MS "ANTOFAGASTA" in the consolidated financial statements as the shipping company has liabilities in Japanese yen (proportionate ship mortgage loans) and liabilities made out in euro (liabilities to non-controlling interests or rather to the equity of the non-controlling shareholders of the single-ship limited partnerships) and both the Japanese yen and the euro have lost value against the functional currency U.S. dollar over the first half-year 2012.

Other operating expenses are down by EUR 0.3 million compared to the previous year because of a reduction of foreign exchange losses. Among other positions, other operating expenses relate to fees under a consultancy and service agreement between HCI HAMMONIA SHIPPING AG and HAMMONIA Reederei GmbH & Co. KG. HCI HAMMONIA SHIPPING AG has no staff of its own but makes use of the staff of HAMMONIA Reederei GmbH & Co instead for performing its tasks. Other administrative expenses include among other items expenses for the financial audit, tax consultancy and legal fees for all Group companies, costs of the stock exchange listing and the legal form, and expenses in connection with the registration of the Group's ships.

The result from shipping operations went down slightly by EUR 0.3 million from the prior-year period of comparison.

The increase in depreciation and amortization is accounted for by the addition of container vessel MS "ANTOFAGASTA" as well as foreign exchange effects.

Compared with the prior-year period, interest expenses altogether went up on account of financing the MS "ANTOFAGASTA", included in the basis of consolidation for the first time, and interest on a profit participation right issued at the end of 2011 in connection with the acquisition of this investment. Contrary to that, interest expenses regarding the ships under time charter were reduced by the continued repayment of ship financing liabilities. With respect to the revenue pool ships, interest expenses rose over the reporting period due to margin increases within the scope of agreements on the deferment of payments.

The shares in profit of third-party limited partners result from limited partners' interests in the Group's shipping companies held by non-controlling partners. According to the IFRS regulatory framework, these non-controlling interests in limited partnerships must be disclosed as borrowed capital. Shares in profit attributable to non-controlling interests must therefore be recognized in profit or loss. The material decline from the previous year is connected to the addition of the MS "ANTOFAGASTA" due to allocation of loss to the limited partners of the single-ship company involved.

Financial position

The Group's financial position can be illustrated with the help of the cash flow statement. This statement differentiates between cash flows from operating activities, investing activities, and financing activities.

EUR'000	1 Jan - 30 Jun 2012	1 Jan - 30 Jun 2011	Change
Cash flow from operating activities	10,962	11,789	-827
Cash flow from investing activities	649	0	649
Cash flow from financing activities	-16,807	-8,280	-8,527
Net change in cash and cash equivalents	-5,196	3,509	-8,705
Effects of exchange rate changes on cash and cash equivalents	169	-1,929	2,098
Cash and cash equivalents at beginning of period	27,585	26,116	1,469
Cash and cash equivalents at end of period	22,558	27,696	-5,138

The cash flow from operating activities is determined according to the indirect method.

The positive cash flow from investing activities essentially concerns the net inflow of liquid assets from the first-time consolidation of the MS "ANTOFAGASTA" (cash purchase price less liquid assets acquired by the Group). The purchase price for the acquisition of the controlling interest was essentially paid noncash by the conversion of a loan receivable into limited partnership capital (debt-to-equity swap) and to a lesser part in cash. The liquid assets acquired by the Group within the framework of first-time consolidation exceed the relatively low cash purchase price so that at Group level a net inflow of liquid assets results from the first-time consolidation of the MS "ANTOFAGASTA".

In the cash flow from financing activities, cash outflow due to the repayment on loans and profit participation rights in the amount of EUR 17.2 million face an inflow of funds from the issue of a profit participation right in the amount of EUR 0.4 million. The inflow of assets relates to the cash portion of a profit participation right issued at the end of 2011 in the amount of EUR 5.8 million.

Compared with 31 December 2011, cash and cash equivalents altogether went down by EUR 5.2 million to EUR 22.6 million as of 30 June 2012. The reconciliation of cash and cash equivalents with the item "Cash and cash equivalents" in the statement of financial position is as follows:

EUR'000	
Cash and cash equivalents according to statement of cash flows	22,558
Agreed liquidity reserve in connection with deferment of payments	3,177
Cash and cash equivalents according to statement of financial position	25,735

The Group had unused overdraft facilities at its disposal in the amount of EUR 0.7 million as of 30 June 2012.

Assets and liabilities

The Group's assets and liabilities as of closing date 30 June 2012 and compared to the balance sheet date 31 December 2011 are as follows:

EUR'000	30 Jun 2012	%	31 Dec 2011	%	Change
Assets					
Non-current assets	526,922	94 %	504,283	93 %	22,639
Current assets	31,691	6 %	37,507	7 %	-5,816
Total assets	**558,613**	**100 %**	**541,790**	**100 %**	**16,823**
Equity	**168,518**	**30 %**	**165,929**	**31 %**	**2,589**
Liabilities					
Non-current liabilities	304,835	55 %	295,062	54 %	9,773
Current liabilities	85,260	15 %	80,799	15 %	4,461
Total equity and liabilities	**558,613**	**100 %**	**541,790**	**100 %**	**16,823**

Virtually unchanged from the previous year, 94 % of the total assets are accounted for by non-current assets. An increase in non-current assets due to the first-time inclusion of the MS "ANTOFAGASTA" in the consolidated financial statements as well as foreign exchange effects are contrasted by decreases due to depreciation and amortization and the conversion of a loan receivable into limited partnership capital. The changes in non-current assets are summarized in the following table:

EUR'000	
31 December 2011	**504,283**
First-time consolidation of MS "ANTOFAGASTA"	26,682
Investments in property, plant and equipment	333
Depreciation and amortization	-13,066
Debt-to-Equity swap loan against MS "ANTOFAGASTA"	-5,367
Foreign currency effects	14,029
Other changes	28
30 June 2012	**526,922**

Current assets in the total amount of EUR 31.7 million basically comprise cash and cash equivalents (EUR 25.7 million). Current assets also include other assets in the amount of EUR 2.6 million and inventories of EUR 2.1 million, among other items. Current assets as of 30 June 2012 went down compared to 31 December 2011 essentially due to a decrease in cash and cash equivalents.

Pursuant to IFRS provisions, the so-called functional currency of the thirteen single-ship companies is the U.S. dollar. As assets and liabilities must be translated at the exchange rates as of the respective reporting date pursuant to IFRS translation regulations, the performance of the U.S. dollar in relation to the euro between 31 December 2011 and 30 June 2012 led to a slight increase in total assets. The equity item for the adjustment for currency translation changed accordingly so that the equity ratio remained almost unchanged.

Changes in equity as expressed in absolute terms are presented in the following table:

EUR'000	
31 December 2011	**165,929**
Consolidated net income for the period	-2,267
Changes in the fair value of derivatives in cash flow hedges	-183
Changes exchange rate difference	5,039
30 June 2012	**168,518**

Non-current liabilities essentially comprise the non-current portion of the ship mortgage loans taken out for the thirteen seagoing vessels in service, a profit participation right defined as borrowed capital, and non-current liabilities from derivative financial instruments. The increase in non-current liabilities results from the first-time consolidation of the MS "ANTOFAGASTA". The scheduled repayments on the ship mortgage loans of the remaining fleet have a contrary effect, facing an increase in non-current liabilities due to foreign currency effects by the translation of the subsidiaries' financial statements from the functional currency U.S. dollar into the Group's reporting currency, the euro.

Current liabilities essentially include the current portions of ship mortgage loans and overdraft facilities as well as the current portion of liabilities from derivative financial instruments. The increase in current liabilities is essentially a consequence of the first-time consolidation of the MS "ANTOFAGASTA" and of exchange rate changes.

The Group's profit/loss, financial position, and assets and liabilities can altogether be regarded as sound.

5. Risk report

Systematic and efficient risk management represents a constantly progressing task for the Management Board of HCI HAMMONIA SHIPPING AG. Its focus is on the early detection of going-concern risks. Material risks result from ship operation, financing, and exchange rate changes as well as from the legal form and the stock exchange listing.

For reducing the risk from chartering out the fleet, eight ships altogether are operated in two revenue pools managed by Peter Döhle Schiffahrts-KG. The other four vessels are chartered out to shipping companies with high credit ratings under charters for many years.

For the ships' financing, long-term and for the most part currency-congruent loan agreements have been concluded with banks established in the business of ship financing. The risk of interest rate changes is reduced by derivative interest rate hedging transactions.

Going-concern risks such as over-indebtedness, insolvency, or other risks with a particular or profound impact on profit/loss, financial position, and assets and liabilities do not exist.

For the basic principles of the risk management system as well as the material risks for the Group's profit/loss, financial position, and assets and liabilities, please refer to the Annual Report 2011, pages 18 et seq.

6. Opportunities for future development

As the freight rates are currently going up in the medium-term there can also be expected an upward-trend for the level of charter rates. The relation of growth in supply and demand with respect to the ship sizes of importance to HCI HAMMONIA SHIPPING AG, up to 4,500 TEU, is favorable from the ship owners' viewpoint, because capacity growth in these ship classes will be significantly lower than at the large vessels.

Opportunities arise for HCI HAMMONIA SHIPPING AG from the medium and long-term increase in demand for shipping tonnage and corresponding higher charter revenues. The company has up-to-date vessels that meet the customers' high requirements – especially in regard to prevailing safety standards.

Another opportunity lies in the strengthening U.S. dollar in relation to the euro. As the majority of cash flows and assets is denominated in U.S. dollar, profit/loss, financial position and assets and liabilities are positively affected by a stronger U.S. dollar. A similar effect can be seen for the finance tranches of the ships "HAMMONIA PESCARA" and "ANTOFAGASTA" in Japanese yen. Currently the Japanese yen trades at historical highs against the euro. If the yen weakens against the euro and moves to long-term average exchange rates again, the HCI HAMMONIA SHIPPING AG will benefit from foreign exchange rate gains.

7. Subsequent events and outlook

Significant events with potential material effects on the Group's assets, liabilities, financial position and profit or loss have not occurred between 30 June 2012 and the date of this report.

The following forecasts contain assumptions made on the basis of all information available at this point in time. If the underlying assumptions do not materialize or if additional risks occur, actual results may differ from the expected results. We therefore cannot guarantee the correctness of these statements. The following predictions relate to the 24 months following the reporting period.

Against the backdrop of a slowdown in the growth dynamics of global economy and global trading, 2012 cannot be expected to be an easy year for the shipping industry. In the latest issue of its World Economic Outlook from July 2012, the International Monetary Fund (IMF) predicted 3.5 % growth for the global economy in the year 2012. For 2013, an increase of 3.9 % in the worldwide economic performance is anticipated. Growth in den emerging markets will probably slow down from 6.2 % in the year 2011 to 5.6 % in year 2012, to go up again to 5.9 % in the year 2013. For the industrialized nations, the predicted average growth is only 1.4 % for the year 2012 and 1.9 % for the year 2013, primarily on account of the sovereign debt crisis.

The increase in container turnover is anticipated to range between about 5 and 7 % in the years 2012 and 2013. However, this growth forecast depends strongly on the growth achieved in Asia. Yet the expected increase in cargo volumes will not be sufficient in the short-term to bring about a reduction of the oversupply of ship capacity, necessary for a sustained recovery of the market as a whole. As annual fleet growth will amount roughly to another 10 % in the year 2013 (before scrapping), significantly slowed-down fleet growth can be expected to set in only in the years after that. The delivery of new ship constructions and the fragile recovery of the global economy continue to put the charter market under pressure. While the growth of the fleet predominantly involves the large container vessels, smaller ship sizes are also affected negatively due to the so-called cascade effect, i.e. displacement by the respective next bigger size class. However, the negative impact the cascade effect has on the 2,500 and 3,100 TEU pool ships of HCI HAMMONIA SHIPPING AG is limited by economic and technical boundaries. Thus there is still large revenue potential for these medium sized units, for the most part equipped with cranes, that are very well suited for the fast growing feeder traffic and the regional services of Southern Asia and Africa.

Despite the unchanged sound prospects for HCI HAMMONIA SHIPPING AG in the medium and long-term, we do not expect a substantial recovery to happen in the short-term. The shipping crisis, dragging on for more than three years now, will probably continue for another one or two years. This slow recovery is due primarily to macroeconomic factors. The sovereign debt crisis in Europe, weak economic stimulation from the United States, and a diminishing growth dynamics in the Far East have a negative effect on the growth in demand for container transport capacity. The existing overcapacity will thus be reduced less quickly and keeps putting the charter market under pressure. Based on these assumptions, we expect for the HCI HAMMONIA SHIPPING Group a negative net result in the upper singledigit million euros in 2012. For 2013, we anticipate a negative net result as well, if somewhat improved in comparison with the year 2012. It applies for both financial years that unforeseeable special items might affect the results decisively. We think that by 2014 the container market should have stabilized again, and the consolidated net result of HCI HAMMONIA SHIPPING AG will recover significantly.

Regarding the development of the financial position, we anticipate a decrease in available liquid assets in the year 2012 due to repayments to be made on loans against the backdrop of insufficient charter revenues from the revenue pools. Therefore further deferments of payment are necessary for the ships operated in revenue pools and have been requested already. Corporate actions such as a capital increase from authorized capital or rather the issue of further profit participation rights are being planned as accompanying measures, to be implemented during the second half-year. If the deferments of payment are granted, sufficient liquidity will be guaranteed for the year 2013 as well. We are expecting that the negotiations with the financing banks will be concluded once more with a constructive outcome. Upon implementation of the planned measures, liquidity will altogether be sufficient at any time for meeting the Group companies' payment obligations. We currently do not see any liquidity risks that might be a threat to the continued existence of the group of companies.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement first half-year 2012

EUR'000	1 Jan - 30 Jun 2012	1 Jan - 30 Jun 2011
Revenues	34,975	33,703
Vessel operating costs	-16,339	-12,135
Vessel operating result	**18,636**	**21,568**
Other operating income	3,886	1,533
thereof exchange rate gains	*1,762*	*964*
Other operating expenses	-2,597	-2,896
thereof exchange rate losses	*-1,080*	*-1,303*
Result from shipping operations	**19,925**	**20,205**
Depreciation and amortization of property, plant and equipment and intangible assets	-13,066	-11,399
Earnings before interest and taxes (EBIT)	**6,859**	**8,806**
Interest income	73	88
Interest expenses	-8,845	-8,306
Shares in profits of third-party limited partners	-148	-688
Earnings before taxes (EBT)	**-2,061**	**-100**
Income taxes	-206	-46
Consolidated net income for the period	**-2,267**	**-146**
thereof attributable to shareholders of HCI HAMMONIA SHIPPING AG	*-2,270*	*-146*
thereof attributable to non-controlling interests	*3*	*0*
Earnings per share (basic) in EUR	-16.62	-1.07
Earnings per share (diluted) in EUR	-16.62	-1.07

Consolidated statement of comprehensive income first half-year 2011

EUR'000	1 Jan - 30 Jun 2012	1 Jan - 30 Jun 2011
Consolidated net income for the period	**-2,267**	**-146**
Foreign exchange gains / losses from currency translation of subsidiaries' financial statements	5,039	-9,795
Gains / Losses from hedging instruments applied for cash flow hedges		
Change recognized in profit or loss	3,137	3,112
Change recognized outside profit or loss	-3,320	-2,815
	-183	297
Other comprehensive income for the period	**4,856**	**-9,498**
Consolidated comprehensive income for the period	**2,589**	**-9,644**
thereof attributable to shareholders of HCI HAMMONIA SHIPPING AG	*2,586*	*-9,644*
thereof attributable to non-controlling interests	*3*	*0*

Consolidated income statement second quarter 2012

EUR'000	1 Apr - 30 Jun 2012	1 Apr - 30 Jun 2011
Revenues	16,641	16,516
Vessel operating costs	-8,626	-6,052
Vessel operating result	**8,015**	**10,464**
Other operating income	1,474	68
thereof exchange rate gains	*1,072*	*271*
Other operating expenses	-786	-1,063
thereof exchange rate losses	*-554*	*-86*
Result from shipping operations	**8,703**	**9,469**
Depreciation and amortization of property, plant and equipment and intangible assets	-6,603	-5,354
Earnings before interest and taxes (EBIT)	**2,100**	**4,115**
Interest income	45	38
Interest expenses	-4,347	-3,901
Shares in losses of third-party limited partners	3	441
Earnings before taxes (EBT)	**-2,199**	**693**
Income taxes	-106	-23
Consolidated net income for the period	**-2,305**	**670**
Earnings per share (basic) in EUR	-16.90	4.91
Earnings per share (diluted) in EUR	-16.90	4.91

Consolidated statement of comprehensive income second quarter 2012

EUR'000	1 Apr - 30 Jun 2012	1 Apr - 30 Jun 2011
Consolidated net income for the period	**-2,304**	**670**
Foreign exchange gains / losses from currency translation of subsidiaries' financial statements	10,593	-2,431
Gains / Losses from hedging instruments applied for cash flow hedges		
Change recognized in profit or loss	1,753	1,513
Change recognized outside profit or loss	-3,227	-3,457
	-1,474	-1,944
Other comprehensive income for the period	**9,119**	**-4,375**
Consolidated comprehensive income for the period	**6,815**	**-3,705**
thereof attributable to shareholders of HCI HAMMONIA SHIPPING AG	*6,814*	*-3,705*
thereof attributable to non-controlling interests	*1*	*0*

Consolidated statement of financial position

ASSETS	30 Jun 2012	31 Dec 2011
Property, plant and equipment	526,893	498,915
Financial investments	29	1
Other miscellaneous assets	0	5,367
Non-current assets	**526,922**	**504,283**
Inventories	2,088	1,760
Trade receivables	1,140	1,422
Receivables from related parties	4	79
Income tax receivables	5	3
Other financial assets	1,184	2,028
Other miscellaneous assets	1,522	623
Receivables from financial derivatives	13	0
Cash and cash equivalents	25,735	31,592
Current assets	**31,691**	**37,507**
Total assets	**558,613**	**541,790**

EQUITY AND LIABILITIES	30 Jun 2012	31 Dec 2011
Subscribed capital	13,641	13,641
Capital reserve	132,544	132,544
Retained earnings	10,613	12,883
Accumulated other equity	11,494	6,638
Equity attributable to shareholders of HCI HAMMONIA SHIPPING AG	*168,292*	*165,706*
Equity attributable to non-controlling interests	*226*	*223*
Equity	**168,518**	**165,929**
Financial liabilities	273,136	263,955
Profit participation capital	12,735	13,002
Liabilities from financial derivatives	14,522	14,203
Non-controlling interests in equity	4,442	3,902
Non-current liabilities	**304,835**	**295,062**
Financial liabilities	74,626	70,927
Trade payables	3,013	1,887
Liabilities to related parties	1,533	489
Income tax liabilities	495	607
Other liabilities	229	1,670
Liabilities from financial derivatives	5,364	5,219
Current liabilities	**85,260**	**80,799**
Total equity and liabilities	**558,613**	**541,790**

Consolidated statement of cash flows

EUR'000	1 Jan - 30 Jun 2012	1 Jan - 30 Jun 2011
Consolidated net income for the period	-2,267	-146
Depreciation and amortization of property, plant and equipment and intangible assets	13,066	11,399
Tax expense	206	46
Elimination of net interest income	8,920	8,906
Other non-cash income and expenses	-1,380	1,672
Decrease / increase in working capital	1,308	-1,887
Increase in inventories	-95	-62
Decrease / increase in trade receivables	814	-601
Decrease / increase in receivables from related parties	88	-218
Decrease / increase in other assets	142	-461
Decrease / increase in trade payables	242	-174
Decrease / increase in liabilities to related parties	1,000	-12
Decrease in other liabilities	-883	-359
Taxes refunded / paid	-435	-168
Interest paid	-8,528	-8,063
Interest received	73	30
Cash flow from operating activities	**10,962**	**11,789**
Payments for investments in financial assets	-28	0
Payments for investments in intangible assets and property, plant and equipment	-332	0
Net cash inflow from first-time consolidation	1.009	0
Cash flow from investing activities	**649**	**0**
Issuance of profit-participation rights	433	0
Transaction costs for loans	0	-244
Repayments of loans and participation rights	-17,240	-8,036
Cash flow from financing activities	**-16,807**	**-8,280**
Net change in cash and cash equivalents	**-5,196**	**3,509**
Cash and cash equivalents at beginning of period	27,585	26,116
Effects of exchange rate changes on cash and cash equivalents	169	-1,929
Cash and cash equivalents at end of period	**22,558**	**27,696**

Consolidated statement of changes in equity

EUR'000	Paid-in equity		Retained earnings	Accumulated other equity			Equity attributable to shareholders of HCI HAMMONIA SHIPPING AG	Non-controlling interests	Total consolidated equity
	Subscribed capital	Capital reserve		Changes in fair value of derivatives in cash flow hedges	Foreign currency translation adjustment	Accumulated other comprehensive income			
1 Jan 2011	**13,641**	**132,544**	**13,312**	**-10,834**	**14,871**	**4,037**	**163,534**	**0**	**163,534**
Consolidated comprehensive income for the period									
Consolidated net income for the period	0	0	-146	0	0	0	-146	0	-146
Foreign currency translation differences	0	0	0	0	-9,794	-9,794	-9,794	0	-9,794
Other changes	0	0	0	297	0	297	297	0	297
30 Jun 2011	**13,641**	**132,544**	**13,166**	**-10,537**	**5,077**	**-5,460**	**153,891**	**0**	**153,891**
1 Jan 2012	**13,641**	**132,544**	**12,884**	**-14,446**	**21,084**	**6,638**	**165,707**	**223**	**165,930**
Consolidated comprehensive income for the period									
Consolidated net income for the period	0	0	-2,270	0	0	0	-2,270	3	-2,267
Foreign currency translation differences	0	0	0	0	5,039	5,039	5,039	0	5,039
Other changes	0	0	0	-183	0	-183	-183	0	-183
									0
30 Jun 2012	**13,641**	**132,544**	**10,614**	**-14,629**	**26,123**	**11,494**	**168,293**	**226**	**168,519**

Selected notes to the interim consolidated financial statements as of 30 June 2012

(1) Accounting standards

The condensed interim consolidated financial statements as of 30 June 2012 have been prepared pursuant to Section 37w WpHG (German Securities Trading Act) and in accordance with the International Financial Reporting Standards (IFRS) – as applicable in the European Union (EU) – and thus in compliance with International Accounting Standard (IAS) 34: Interim Financial Reporting. Accordingly these interim financial statements contain all the information and notes required for condensed interim financial statements according to IFRS.

The accounting policies and valuation methods applied for preparing the condensed interim consolidated financial statements generally correspond with the accounting policies and valuation methods applied for the preparation of the consolidated financial statements for financial year 2011. Exceptions are those new or revised accounting standards that require mandatory first-time application in financial year 2012. Application of these releases had no material effects on the presentation of the interim consolidated financial statements.

In the context of preparing the condensed interim consolidated financial statements for the purpose of interim reporting in accordance with IAS 34, the Management Board has to make assessments as well as estimates and assumptions that affect the application of accounting standards in the Group and the disclosure of assets and liabilities as well as income and expenses. Actual amounts may differ from such estimates. Results achieved so far in financial year 2012 do not necessarily allow predictions of the development of the future business performance.

All assets and liabilities are valuated according to the going concern principle. The consolidated income statement has been structured according to total cost accounting.

Additional information pertaining to the accounting policies and valuation methods applied can be found in the consolidated financial statements for the financial year ended 31 December 2011, representing the basis of the interim financial statements at hand.

The condensed interim consolidated financial statements have been reviewed

(2) Consolidation

(a) Principles of consolidation

In addition to HCI HAMMONIA SHIPPING AG, the interim consolidated financial statements generally include all subsidiaries over which HCI HAMMONIA SHIPPING AG directly or indirectly exerts control as supreme and controlling parent company within the meaning of IAS 27.13.

(b) Basis of consolidation

In addition to the parent company, 15 subsidiaries were included in the interim consolidated financial statements by way of full consolidation as of 30 June 2012 (31 December 2011: 14). With respect to the principle of materiality, one general partner under majority control was not included.

(c) First-time consolidation

Acquired subsidiaries

At the end of 2011 or rather the beginning of 2012, the Group signed agreements on the acquisition of controlling interests in two companies. The purchase agreements were subject to the fulfillment of different conditions. Those conditions were fulfilled effective 10 February 2012. The acquisition involves the following entities:

Acquired subsidiaries	Main business activity	Date of acquisition	Acquired interest	Acquisition cost in EUR'000
FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG	Operation of one container ship	10/02/2012	51.23 %	5,680
Verwaltung FHH Fonds Nr. 40 MS "Antofagasta" GmbH	Assuming the position of general partner	10/02/2012	100.00 %	28

With respect to FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG, the Group acquired limited partnership shares in the amount of EUR 7,429k of the paid-in limited partnership capital of altogether EUR 14,500k. With respect to the general partner, the Group acquired the nominal capital in the full amount of EUR 25k.

The controlling interests in FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG and its general partner were acquired for the purpose of expanding the Group's activities with respect to container shipping.

Transferred consideration

For the acquisition of the subsidiaries, the following considerations were transferred:

Consideration transferred in EUR'000	FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG	Verwaltung FHH Fonds Nr. 40 MS „Antofagasta" GmbH
Cash	313	28
Plus conversion of a liability into limited partnership capital	5,367	0
Total	5,680	28

Within the scope of the issue of a profit participation right against contribution in kind, HCI HAMMONIA SHIPPING AG had received a loan in the face amount EUR 5,367k (fair value equals face value) from a credit institution as of 31 December 2011 for pre-financing the equity of FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG yet to be placed. Effective 10 February 2012, the loan was converted into limited partnership capital (debt-to-equity swap).

Acquired assets and assumed liabilities

The following table shows the acquired assets and assumed liabilities recognized as of the date of acquisition:

EUR'000	FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG
Assets	
Property, plant and equipment	26,682
Financial investments	1
Inventories	183
Trade receivables	25
Other current assets	564
Cash and cash equivalents	1,322
Liabilities	
Financial liabilities	-20,961
Tax liabilities	-101
Trade payables	-1,013
Other liabilities	-84
Liabilities from financial derivatives	-150
	6,468

Interests held by non-controlling shareholders

Non-controlling interests (48.77 % of the limited partnership shares in FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG) were initially recognized as of the date of acquisition at EUR 681k based on their fair value. The non-controlling interests were recognized in the amount of their share in the net assets' fair value. Non-controlling interests are included as borrowed capital in the item "Non-controlling interests in equity".

Negative difference as a result of the acquisition

The negative difference resulting from the acquisition is determined as follows:

EUR'000	FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG
Transferred consideration	5,680
Plus non-controlling interests (48.77 %)	681
Less fair value of identified acquired net assets	-6,468
Negative difference as a result of the acquisition	-107

The negative difference resulting from the acquisition of the interest in FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG was subjected to reassessment and recognized as income (item "Other operating income").

Net cash inflow from the acquisition

The acquisition of the two subsidiaries resulted in the following net cash inflow:

EUR'000	FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG
Consideration paid in cash	313
Less acquired cash and cash equivalents	-1,322
Net cash inflow from the acquisition	-1,009

Effect of the acquisition on the consolidated net result

FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG made a positive contribution in the amount of EUR 1,287k to the consolidated net result. In addition to that, due to its first-time consolidation a negative difference in the amount of EUR 107k was recognized as income.

Due to the first-time consolidation of FHH Fonds Nr. 40 MS "Antofagasta" GmbH & Co. KG, the Group's revenues were increased by EUR 2,853k in the first half-year 2012.

(3) Effects of exchange rates

In compliance with the legal requirements, the interim financial statements have been prepared in euro (EUR – presentation currency). The functional currency of the single-ship limited partnerships for the purpose of IAS 21 is the U.S. dollar (USD).

Assets and liabilities of subsidiaries whose functional currency is not the euro are translated at the exchange rate as of the reporting date. Items of the income statement are translated at the respective year's annual average exchange rate. Equity components of subsidiaries are translated at the respective historical exchange rate of the time they incur. Exchange rate differences resulting from currency translation are recognized in equity under foreign currency translation adjustments.

The following exchange rates were applied for the translation of financial statements prepared in foreign currencies and the valuation of monetary USD items with respect to companies whose functional currency is the euro:

Foreign currency for EUR 1	Average exchange rate		Reporting-date exchange rate	
	1 Jan - 30 Jun 2012	1 Jan - 30 Jun 2011	30 Jun 2012	31 Dec 2011
USD	1.2965	1.4032	1.2590	1.2939

With respect to a loan valued in JPY, an exchange rate of JPY/EUR 100.13 was applied for its measurement as of 30 June 2012 (31 December 2011: JPY/EUR 100.20).

Notes to the consolidated statement of financial position

(4) Property, plant and equipment

The Group's property, plant and equipment as of 30 June 2012 comprise the carrying amounts of 13 container ships (31 December 2012: 12 container ships). The development of property, plant and equipment over the first half-year 2012 was as follows:

EUR'000	
31 December 2011	**498,915**
First-time consolidation MS "ANTOFAGASTA"	26,682
Investments in property, plant and equipment	333
Depreciation and amortization	-13,066
Foreign currency effects	14,029
30 June 2012	**526,893**

(5) Trade receivables

Trade receivables are those from revenue pools and several liner shipping companies. Due to payment difficulties of individual liner shipping companies, receivables have partially been written down. As of 30 June 2012 receivables in the gross amount of EUR 2,286k have been written down in the total amount of EUR 1,146k. Write-downs decreased by EUR 446k in the compared to 31 December 2011.

(6) Equity

(a) Subscribed capital

Unchanged from 31 December 2011, the parent company's share capital in the amount of EUR 13,641k is divided into 136,414 no-par ordinary bearer shares with a theoretical share in the share capital of EUR 100.00 each as of the reporting date of the interim consolidated financial statements.

(b) Capital reserve

The capital reserve in accordance with Section 272 (2) no. 1 HGB (German Commercial Code) results from additional payments of EUR 13,636k within the framework of a capital increase carried out in the year 2007 by issuing 136,364 new shares.

Pursuant to shareholders' resolution of 11 June 2010, the amount of EUR 122,772k resulting from the capital reduction of the share capital was allocated to a capital reserve within the meaning of Section 272 (2) no. 1 HGB.

In accordance with IAS 32.37, the added equity capital was reduced by the issue costs for raising equity in the amount of EUR 3,864k.

(7) Financial liabilities

Financial liabilities essentially concern ship mortgage loans.

With respect to the financing of altogether seven container vessels, the Group came to agreements with several credit institutions on the deferment of four or eight payments, respectively. The ship mortgage loans affected by the deferred redemption payments were valued at altogether EUR 149,894k as of 30 June 2012. In accordance with the agreements concluded, the disclosure of deferred payments has been made under non-current financial liabilities. The credit institutions felt prompted by the deferments of payments to raise the credit margins for the loans.

In agreement with the financing credit institution, the Group deferred altogether eight redemption payments relating to another ship mortgage loan, valued at EUR 19,714k as of 30 June 2012, (tolerated deferment). The deferred payments amount to altogether USD 4,144k. A final agreement on the deferment of eight payments had not been concluded by the time of the preparation of the interim consolidated financial statements. Therefore the outstanding payments have been disclosed under current financial liabilities. Due to the deferred payments, the credit institution has raised the credit margin for the entire loan.

Notes to the consolidated income statement

(8) Revenues

This position states revenues from time charters of the Group's seagoing vessels. Of the Group's thirteen container vessels, eight are operated in revenue pools. Five (first half-year 2011: four) container ships are under charter contracts with liner shipping companies not subjected to any revenue pool. The structure of revenues is presented in segment reporting.

(9) Other operating income

Other operating income can be broken down for the periods of comparison as follows:

EUR'000	1 Jan - 30 Jun 2012	1 Jan - 30 Jun 2011
Exchange rate gains from measurement of receivables/liabilities	1,414	728
Foreign exchange transaction gains	300	149
Other exchange rate gains	48	87
Total exchange rate gains	**1,762**	**964**
Reimbursements from charterers	258	375
Proceeds from the sale of fuel	1,039	0
Adjustment in the allowances for receivables	476	0
Proceeds from receipt of the bad will from first time consolidation	107	0
Miscellaneous	244	194
	3,886	**1,533**

Exchange rate gains from the measurement of receivables/liabilities include among other items exchange rate gains from the measurement and redemption of JPY loans taken up for ship financing of two container vessels.

(10) Other operating expenses

Other operating expenses can be broken down for the periods of comparison as follows:

EUR'000	1 Jan - 30 Jun 2012	1 Jan - 30 Jun 2011
Exchange rate losses from measurement of receivables/liabilities	766	1,108
Foreign exchange transaction losses	211	167
Other exchange rate losses	103	28
Total exchange rate losses	**1,080**	**1,303**
Bad debt loss	0	138
Fees for controlling and administrative services and other services	826	750
Other administrative expenses	691	705
	2,597	**2,896**

Exchange rate losses from the measurement of receivables and liabilities include foreign exchange losses from the measurement and redemption of JPY loans.

(11) Earnings per share

Basic and diluted earnings per share are determined as follows:

EUR'000		1 Jan - 30 Jun 2012	1 Jan - 30 Jun 2011
Consolidated net income/loss for the period attributable to owners of the parent company	EUR'000	-2,267	-146
Weighted average number of issued shares	Number	136,414	136,414
Consolidated net income/loss for the period attributable to owners of the parent company per share	EUR	-16.62	-1.07

There were no instruments with a dilutive effect in the presented periods so that diluted earnings per share equal basic earnings per share.

(12) Notes to the consolidated statement of cash flows

The cash flow statement distinguishes between cash flows from operating, investing, and financing activities.

The parent company's term deposits serve as collateral for deferments of payment agreed for seven single-ship limited partnerships in the amount of USD 4,000k (EUR 3,177k) (cf. note (44) (a) (iv), Notes to 2011 consolidated financial statements).

The reconciliation of cash and cash equivalents with the item "Cash and cash equivalents" in the statement of financial position is as follows:

EUR'000	
Cash and cash equivalents according to statement of cash flows	22,558
Liquidity reserve due to deferments of payment	3,177
Cash and cash equivalents according to statement of financial position	25,735

Cash equivalents are term deposits with original terms to maturity of only a few days.

The cash flow from operating activities is determined in application of the indirect method. Cash flows from investing and financing activities are determined according to the direct method.

There were no material non-cash transactions in the periods of comparison.

As a result of a waiver agreement with a bank consortium (cf. item (44) (a) (iv) of the Notes to the consolidated financial Statements 2011) it was determined that three subsidiaries may only make cash distributions to their shareholders – including HCI HAMMONIA SHIPPING AG as the parent company – if cash on hand and unused overdraft facilities exceed the amount of USD 3,250k respectively. The subsidiaries involved have unrestricted disposal of the respective cash on hand. The agreement relates to payment instruments in the total amount of EUR 7,744k as of 30 June 2012.

(13) Notes to segment reporting

Pursuant to IFRS 8, the Group's separate segments must be defined in accordance with the so-called "management approach". The deciding aspect is for which segments the Group's "chief operating decision maker" is provided with separate financial information for the assessment of performances and the allocation of resources. Due to a large number of transactions subject to approval – also at the level of the single-ship limited partnerships –, the parent company's Management Board and Supervisory Board are to be regarded collectively as the responsible corporate entity.

Management Board and Supervisory Board regularly receive financial information on consolidated basis. Target-actual comparisons are also prepared on consolidated basis. Forecast calculations are provided on aggregated basis while merely the changes in working capital relating to the respective ships are included. Separate information on the individual ships is generally not subject to regular reporting to the Supervisory Board. This is not considered necessary as the Group is a one-product enterprise with a uniform "manufacturing process" (chartering out container vessels to liner shipping companies). The Group's management of operations is based solely on the fleet's total result from operations as well as the daily charter proceeds. Therefore the responsible corporate entity has determined that the Group consists of only one operating segment on which information must be reported. As a consequence there is no segment reporting.

IFRS 8 stipulates segment information to be disclosed even for Groups that consist of only a single segment. Thus the following information is provided:

From chartering out container ships to third-party liner shipping companies, the Group generated revenues in the amount of EUR 34,975k in the first half-year 2012 (first half-year 2011: EUR 33,703k).

Unchanged from the period of comparison, there are separate charter agreements with liner shipping companies for all of the Group's vessels. However, insofar also unchanged, the Group has joined so-called revenue pools with eight of its ships. In pool arrangements, the revenues of all members are pooled, and a pool average is passed over to the individual parties involved. Pool revenues thus do not correspond with the charter rates agreed on with the individual liner shipping companies. As a consequence, no country-specific information can be disclosed for the ships under pool operation.

Four ships (previous year: three) not included in pool arrangements are chartered out to a Denmark-based liner shipping company. Revenues of EUR 19,910k (first half-year 2011: EUR 15,560k) were generated from these charter agreements. This equals 57 % (first half-year 2011: 46 %) of total revenues. Another container ship is chartered out to a liner shipping company based in Kuwait. Under this agreement, revenues were generated in the amount of EUR 3,846k (first half-year 2011: EUR 3,543k), equivalent to 11 % (first half-year 2011: 11 %) of total revenues.

Unchanged from the previous year, the Group's property, plant and equipment of EUR 526,893k (31 December 2011: EUR 498,915k) exclusively relate to container vessels. These are operated worldwide on changing shipping routes. The companies owning these container ships are all based in the country in which the parent company maintains its registered office.

Other notes

(14) Other financial liabilities

As of 30 June 2012, other financial liabilities in the amount of EUR 1,653k per year arise from the existing agreement for consultancy and other services with HAMMONIA Reederei GmbH & Co. KG, Hamburg. These liabilities are determined on the basis of an annual rate of 1.0 % of the respective equity of HCI HAMMONIA SHIPPING AG. As of 30 June 2012, the contract has a remaining term of 15 years.

(15) Related party disclosures

In accordance with IAS 24, related parties of the HCI HAMMONIA SHIPPING Group are individuals and companies that either control the Group or have a significant influence over the Group, or are controlled by the Group or are subject to its significant influence.

One executive of HCI Concept GmbH & Co. KG is member of the Board of Management of HCI HAMMONIA SHIPPING AG. HCI Concept GmbH & Co. KG and its affiliates of HCI Group are therefore considered related parties.

HAMMONIA Reederei GmbH & Co. KG and its affiliates are considered related parties due to the fact that the company is the contractual ship operator and managing limited partner of the single-ship limited partnerships as well as a contracting party of the service agreement, and because one of its managing directors is also a member of the Management Board of HCI HAMMONIA SHIPPING AG and managing director of the general partners of the single-ship limited partnerships.

Furthermore, the members of the Management Board and the Supervisory Board of HCI HAMMONIA SHIPPING AG, as well as its subsidiaries, are considered related parties.

In addition to the business relationships with the subsidiaries included in the consolidated financial statements by way of full consolidation, the following business relationships existed with related parties.

(a) Relationships with HCI Concept GmbH & Co. KG

HCI HAMMONIA SHIPPING AG had originally concluded an agreement with the predecessor company of HCI Concept GmbH & Co. KG on the provision of controlling and administrative services and other services with a term of 20 years (service agreement) effective 1 July 2007, according to which HCI Concept GmbH & Co. KG received consideration in the amount of 1.0 % per annum of the company's respective equity within the meaning of Section 266 (3) letter a HGB (German Commercial Code) plus sales tax if applicable. The payment was due in proportionate amounts at the end of each quarter, based on the company's equity as of the end of the preceding quarter as reported in the respective interim financial statements for that quarter. Effective 1 October 2009, HCI Concept GmbH & Co. KG assigned its rights under said agreement to HAMMONIA Reederei GmbH & Co. KG. HCI Concept GmbH & Co. KG assumed the obligation to HAMMONIA Reederei GmbH & Co. KG to continue rendering the services under said agreement to HCI HAMMONIA SHIPPING AG until 30 December 2014. HCI Concept GmbH & Co. KG has the right, exercisable between 1 October 2010 and 31 December 2014 and subject to the consent of HCI HAMMONIA SHIPPING AG, to repurchase the service agreement from HAMMONIA Reederei GmbH & Co. KG and to adopt it.

(b) Relationships with HAMMONIA Reederei GmbH & Co. KG

The following liabilities and expenses pertaining to HAMMONIA Reederei GmbH & Co. KG existed in the periods of comparison:

Statement of financial position (EUR'000)	30 Jun 2012	31 Dec 2011
Receivables from HAMMONIA Reederei GmbH & Co. KG and its affiliates	3	0
Liabilities to HAMMONIA Reederei GmbH & Co. KG and its affiliates	1,524	474

Income statement (EUR'000)	1 Jan - 30 Jun 2012	1 Jan - 30 Jun 2011
Vessel operating costs (operating fees)	1,415	1,230
Other operating costs (service fees)	826	750

(c) Relationships with related persons

The following liabilities and expenses pertaining to related persons existed in the periods of comparison:

Statement of financial position (EUR'000)	30 Jun 2012	31 Dec 2011
Liabilities to corporate bodies of the HCI HAMMONIA SHIPPING Group	9	15

Income statement (EUR'000)	1 Jan - 30 Jun 2012	1 Jan - 30 Jun 2011
Other operating expenses	9	9

Members of the Supervisory Board receive a fixed annual compensation of EUR 5,000.00 each according to the articles of incorporation. The chairman of the Supervisory Board receives one and a half times this amount. In addition, the members of the Supervisory Board are reimbursed for expenses incurred in connection with Supervisory Board activity as well as for sales tax payable on Supervisory Board compensation.

The total remuneration paid to members of the Supervisory Board for the first half-year 2012 amounts to EUR 8,750.00 (first half-year 2011: EUR 8,750.00).

The Management Board did not receive any remuneration in the first half-years of 2012 and 2011.

Furthermore, above-mentioned persons were neither granted advances nor loans, nor did contingencies exist in favor of these persons.

Hamburg, 23 August 2012

Dr Karsten Liebing
Management Board

Jan Krutemeier
Management Board

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim consolidated 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, 23 August 2012

HCI HAMMONIA SHIPPING AG

Dr Karsten Liebing	Jan Krutemeier
Management Board	Management Board

REVIEW REPORT

We have reviewed the condensed interim consolidated financial statements – comprising consolidated income statement and consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, statement of changes in equity, and selected explanatory notes – and the interim consolidated management report of HCI HAMMONIA SHIPPING AG for the period from 1 January to 30 June 2012, required components of the half-year financial report according to Section 37w WpHG (German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim consolidated management report in accordance with the regulations of the WpHG applicable to interim consolidated management reports is the responsibility of the parent company's management. It is our responsibility to issue a report on the condensed interim consolidated financial statements and the interim consolidated management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim consolidated management report in accordance with the German generally accepted standards for the review of financial statements as defined by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and conduct our review in such a way that we can rule out the possibility with a certain level of assurance that the condensed interim consolidated financial statements have not been prepared in all material respects in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim consolidated management report has not been prepared in all material respects in accordance with the regulations of the WpHG applicable to interim consolidated management reports. A review is limited primarily to inquiries of employees of the parent company and analytical assessments and therefore does not provide the degree of assurance attainable in a financial statement audit. As we have not performed a financial statement audit in accordance with our engagement, we cannot issue an auditor's report.

No matters have come to our attention on the basis of our review that cause us to presume that the condensed interim consolidated financial statements have not been prepared in all material respects in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim consolidated management report has not been prepared in all material respects in accordance with the regulations of the WpHG applicable to interim consolidated management reports.

Hamburg, 23 August 2012

HANSA PARTNER GmbH
Wirtschaftsprüfungsgesellschaft

(Arp)	ppa. (Keßler)
Auditor	Auditor

Financial calendar

30.04.2012	Release of annual report 2011
18.05.2012	Release of interim statement for 1st quarter 2012
15.06.2012	Annual General Meeting
30.08.2012	Release of half-year interim report 2012
19.11.2012	Release of interim statement for 3rd quarter 2012

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