

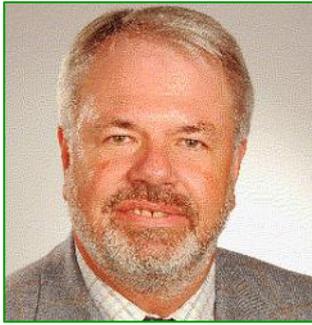
# 2007 half-year report





## Key points in brief

- We have continued to consistently pursue our expansion path - HELMA is clearly asserting itself against the sector trend, and is gaining significant market shares
- Group boosts H1 new order volumes by 12.3% year-on-year
- We have failed to achieve our declared objective of shortening order throughput times, which serves as the basis for our planned performance growth in 2007
- Expansion-driven structural measures and the creation of new sales regions require more energy than expected, and are burdening margins and earnings
- We have launched a project to sustainably enhance performance and profitability
- Management Board makes significant adjustment to 2007 forecast, while indicating positive outlook for 2008



Karl-Heinz Maerzke  
CEO



Torsten Rieger  
CFO

## Preface

Following an exceptional 2006, we set ourselves ambitious goals for the current financial year. We successfully mastered a number of tasks in the first half of 2007, but a difficult market environment made further key steps either significantly more difficult or even impossible.

Firstly, we expanded our competitive position considerably, and won notable market shares for HELMA in a highly competitive market that is currently characterized by special factors.

Secondly, the half-year figures and our outlook for the overall year show that the reduction of order throughput times has failed to assist us in generating additional revenue and earnings for the current financial year that extend beyond the order intake in 2006. This would have created the basis for the improvement in performance and profitability we had forecasted for 2007. Apart from the start-up work in the new sales regions, the difficult market environment has tied up a great deal of energy and resources, which has made itself felt in the optimization of internal structures and processes.

We regret that we shall fail to achieve the objectives we set for ourselves for 2007, which we also communicated to our shareholders, and we promise to bring the HELMA Group back onto the path on which we originally made a successful start, through appropriate measures that form part of the project we initiated to generate sustainable improvements in performance and earnings.

Isernhagen, September 28, 2007

Karl-Heinz Maerzke

Torsten Rieger



Wir bauen für  
Ihr Leben gern

## Ambivalent business progress in the first half of 2007

- HELMA Group - significant improvement in market share in a difficult market environment

The 2007 financial year is characterized by a dramatic decline in building approvals for detached and semi-detached houses in Germany. The Federal Office of Statistics has reported a decline of 47.3% in building approvals in the first half of 2007.

The decline is blamed primarily on the abolition of state housing grants at the end of 2005, as well as rising construction prices. According to the Federal Association of Independent Real Estate and Apartment Companies (Bundesverband freier Immobilien- und Wohnungsunternehmen e.V.), these have risen by around 10% in the last two years. Additional factors include the increase in interest for building finance by around 1.5%, as well as the 3% rise in value-added tax. The market is anticipated to stabilize in 2008, however.

<b>HELMA Group</b> / in EUR million	H1 2007	Δ	H1 2006
Order intake gross	35.5	+ 12,3%	31.6
Order intake in units	201 units	+10,4%	182 units

In 2006, HELMA almost matched the level of the order intake in the previous year, thereby clearly setting itself apart from the general sector trend. In the first half of 2007, new orders received rose by as much as 12.3% year-on-



year, to reach EUR 35.5 million. The related, significant increase in market share forms the basis for sustainably successful business growth.

The Group's order book amounted to EUR 76.9 million gross as of the first-half accounting date, which corresponds to 445 housing units not yet transferred.

<b>HELMA Group</b> / in EUR million	June 30, 2007	June 30, 2006
Order backlog gross	76.9	78.9
Order backlog in units	445 units	475 units

- **HELMA Group**  
- Consistent implementation of the expansion strategy

The number of show houses was increased by 4 to 31 in the first half of 2007. The new locations of Munich-Poing, Baiersdorf near Nuremberg, Berlin-Karlshorst and Bad Vilbel near Frankfurt were opened. We are planning to open a further nine show house locations by the end of this financial year:

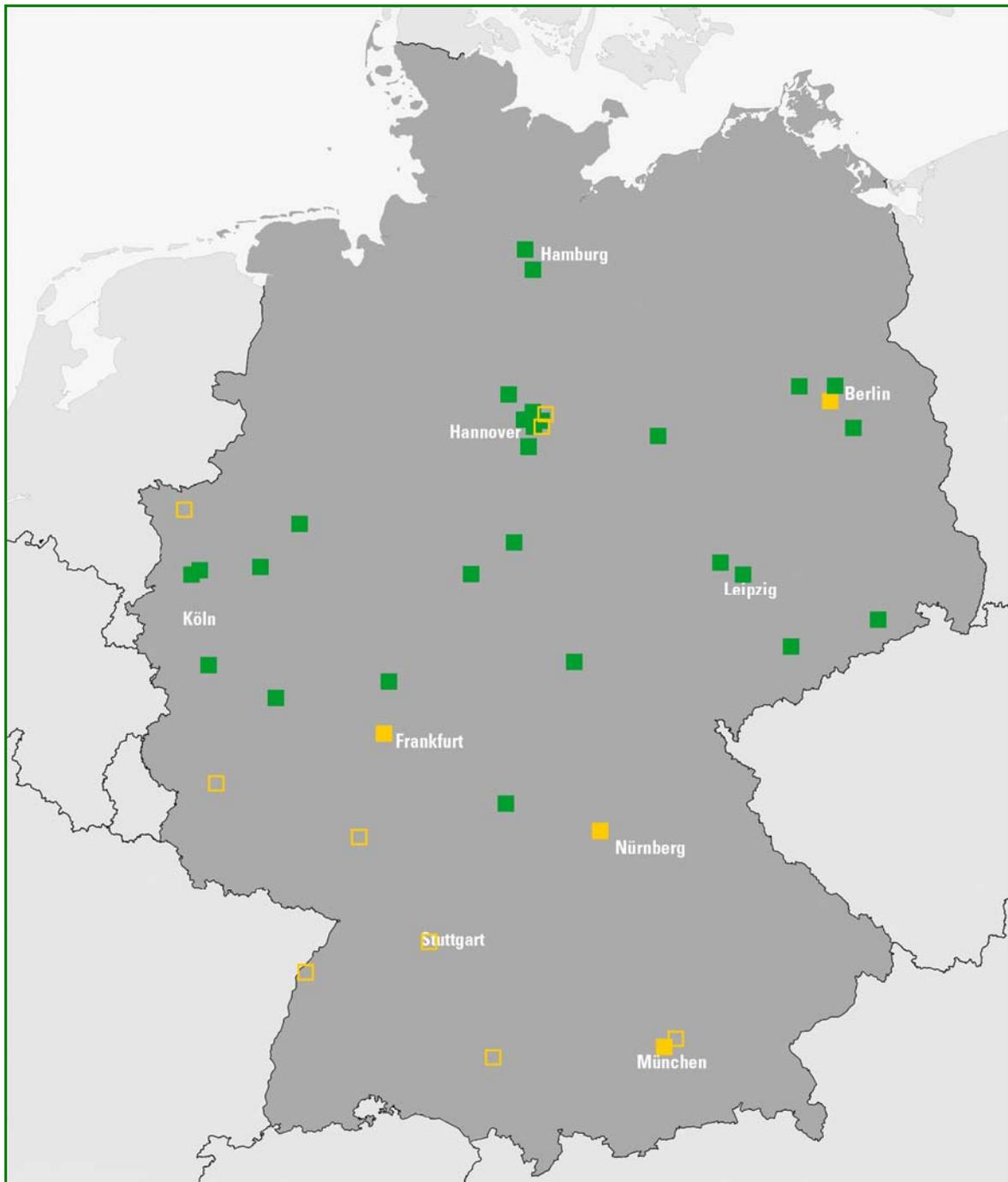
- Expansion of the show house park in Lehrte
- Fellbach near Stuttgart
- Mannheim
- Berlin-Falkensee
- Bekond near Trier
- Offenburg near Freiburg
- Eberhardzell near Tübingen
- Xanten near Düsseldorf
- Second show house in Munich-Poing.

This corresponds to an increase of 48% for the whole year. In this context, the new sales regions of Bavaria and Baden-Württemberg account for six new locations.

HELMA is further strengthening its presence in the existing and new sales regions as a result of the focused implementation of the expansion strategy. The resulting revenue and earnings potentials will have a significantly positive effect on overall growth in coming years.



- HELMA show house locations



- Show house locations at the end of 2006
- New show houses in the first half of 2007
- Planned new openings in the second half of 2007



- **HELMA Eigenheimbau AG - performance, gross profit, and earnings significantly below expectations**

The revenue of HELMA Eigenheimbau AG rose by 37.3% year-on-year to EUR 9,313 thousand in the first half of 2007. However, total performance and gross profit were below the previous year's levels, and consequently significantly below expectations.

Total performance fell 8.3% to EUR 17,304 thousand. The HELMA Group started 2007 with a slightly lower order book (EUR 52.4 million) compared with the previous year (EUR 56.1 million). We had nevertheless forecast an increase in total performance for the 2007 financial year. This forecast was based on our declared objective of achieving a significant reduction in average order throughput times. The half-year figures and the outlook for the overall year show, however, that this goal cannot be achieved in the current financial year.

<b>HELMA Eigenheimbau AG</b> / in EUR thousand	H1 2007	Δ	H1 2006	FY 2006
Revenues	9,313	+ 37.3%	6,785	57,563
Total performance	17,304	- 8.3%	18,871	57,541
Gross profit	3,365	- 15.0%	3,960	13,530
Sales expenses	1,005	+ 29.4%	777	1,799
Operating expenses	5,326	+ 28.4%	4,147	9,257
EBIT	- 2,966	-208.0%	-963	2,474

The reported gross profit fell by 15.0% to EUR 3,365 thousand. This corresponds to 19.4% of total performance compared to 20.9% in the same period of the previous year. The slight decline in the gross profit margin is attributable to special effects arising from the expansion of the new sales regions, as well as the higher materials costs, which could not always be fully offset by price increases in terms of time-related effects.

The operating expenses in the area of personnel and structure costs were particularly attuned to targeted performance growth in 2007, as well as to the requirements of the regional expansion to Bavaria and Baden-



Württemberg, and rose by 28.4% year-on-year. Since the increase in personnel and structural costs began as early as the second half of 2006, however, the rise in operating expenses for the total year-on-year comparison will be significantly more moderate on a relative basis. It should be noted overall that the current structures can ensure the higher performance expected for the 2008 financial year without significant adaptations.

- **HELMA Group - project to sustainably enhance performance and profitability**

In response to the recent developments, the Management Board of HELMA Eigenheimbau AG has initiated "Project 1000-20-10", the implementation of which is already underway. The project aims to sustainably enhance the performance and profitability of the HELMA Group. The project consists of a substantial package of measures, and is based on three main objectives:

- > **Sell 1000**

Sale of 1,000 houses in the 2009 financial year <

- > **Get 20**

Achievement of a sustainable gross margin of significantly above 20% <

- > **Show 10**

Reporting an EBIT margin of up to 10% by 2010 <

The Management Board will communicate the project in more detail in the coming months, and will present it as part of an international roadshow.

- **HELMA Eigenheimbau AG  
- Cash and finance debt**

HELMA Eigenheimbau AG reported cash and cash equivalents of EUR 10,810 thousand as of the June 30, 2007 reporting date.

<b>HELMA Eigenheimbau AG</b> / in EUR thousand	June 30, 2007	June 30, 2006
Cash an cash equivalents	10,810	5,531



Finance debt totaled EUR 9,519 thousand as of the reporting date.

<b>HELMA Eigenheimbau AG</b> / in EUR thousand	June 30, 2007	June 30, 2006
Finance debt	9,519	9,619
of which current	12	0
of which non-current	3,507	3,619
of which mezzanine capital	6,000	6,000

- **HELMA Wohnungsbau GmbH & Co. KG**  
- Expansion of the property developing business



Our subsidiary HELMA Wohnungsbau GmbH & Co. KG is experiencing positive growth. Following the entire placing of the first construction portion of the Karlshorst property "Carlsgarten", 20% of the second construction portion with a total of 69 units has already been sold.

(Photo: The Karlshorst "Carlsgarten" housing estate)

Moreover, new properties are already in the planning and preparation stage in growth regions such as Frankfurt, Leipzig, and Hamburg. Over the medium to long term, we are aiming to be represented with attractive property development projects in all regions of Germany where there is substantial population growth. The further expansion of the property developing business that we are targeting will generate progressive earnings increases for the HELMA Group in coming years.



## Current developments

- Promising subsidiary
  - Gratifying level of new orders received at HELMA LUX S.A.

We have received gratifying level of new orders at the HELMA LUX S.A. subsidiary that was founded in 2007. The receipt of seven new house orders with a total volume of around EUR 1.9 million was registered in the first half of 2007.



- HELMA stands for security
  - Distinction of Hamburg's safest house

The President of the Police Force of Hamburg gave an award to HELMA Eigenheimbau AG for a house based in the Hamburg metropolitan area of Niendorf which is equipped with extensive security technology. The show house was created applying the guidelines of the "Safe Living" network,



which has set itself the goal of reducing the number of break-ins through prevention and information. HELMA offers this break-in protection for all its types of houses, and recommends that its building owners invest in security technology at the construction stage, since this is both more cost-effective and efficient than equipping at a later stage.



- **Innovation continues for energy-efficient housing types  
- the HELMA SUN house**

With the development of the HELMA SUN house, HELMA Eigenheimbau AG has once again proved its innovative ability in the area of energy-saving housing types, and meaningfully expanded its product portfolio. Solar collectors, which store the collected energy in a water tank measuring several cubic meters, allow the HELMA SUN house to function without conventional energy sources such as oil, gas, or electricity for heating and warm water. Additional heating using a low-maintenance wood furnace is required only at times when the sun is at its weakest. The related energy requirement is only 1-4 cubic meters of wood per year depending on the type of house. Besides the SUN house, with its KfW-40/60-house, the 2- and 3-litre house, as well as the passive house, the company is already offering its customers the opportunity to realize the dream of owning an environmentally friendly home, as well as the benefits of keeping operating expenses at a very low level.



## **Forecast for the 2007 financial year**

As a result of the information we have extracted from the half-year figures and the outlook for the overall year, we have had to make a significant correction to the forecast we issued as part of the 2006 annual report. We are now assuming total group performance of around EUR 60 million, and earnings before interest and tax (EBIT) of EUR -1.0 million, according to IFRS.

We are issuing a positive outlook for the 2008 financial year. We are anticipating double-digit revenue growth and a significantly positive EBIT for 2008 based on the higher level of order intake and the successful implementation of the components of the 1000-20-10 Project.



## Investor Relations contact

HELMA Eigenheimbau AG  
Torsten Rieger (CFO)

Jathostrasse 10  
D-30916 Isernhagen

Telephone: +49 (0)511 - 901 90 - 0  
Fax: +49 (0)511 - 901 90 - 11

info@HELMA.de

[www.helma.de](http://www.helma.de)

UBJ. GmbH  
Gerrit Janssen

Haus der Wirtschaft, Kapstadtring 10  
D-22297 Hamburg

Telephone: +49 (0)40 - 63 78 - 54 14  
Fax: +49 (0)40 - 63 78 - 54 23

gerrit.janssen@ubj.de



ISIN:  
WKN:  
Stock exchange  
abbreviation:

DE 000A0EQ578  
A0E Q57  
H5E

