



HELMA Solar House in Offenburg

2008 half-year report



Table of Contents

HELMA Group at a glance	3
Letter from the Management Board.....	4
Interim Group Management Report	5
Consolidated income statement	12
Consolidated balance sheet	13
HELMA locations.....	15
Contact / Financial Calendar	16

Note

The English version of the half-year report of HELMA Eigenheimbau AG at hand is a non-binding translation of the German version. Should any deviations between the English and German versions be found, only the German version applies.

HELMA Group at a glance

Profitability

In TEUR	01.01.2008 - 30.06.2008	01.01.2007 - 31.12.2007
Sales revenue	23,816	38,570
Total output	25,322	45,557
Gross profit	5,512	7,684
Gross profit margin*	21.8%	16.9%
EBIT	-544	-5,297
Consolidated net earnings	-935	-5,554

* on the basis of total output

Consolidated balance sheet

In TEUR	30.06.2008	31.12.2007
Total assets	46,172	42,008
Equity	8,043	8,978
Economic capital*	14,043	14,978
Cash and cash equivalents	7,107	5,678

* Participation right of TEUR 3,000 converted into subordinated loan as of January 1, 2008

Sales performance

	H1 2008	H1 2007
Number of units sold	215	200
Net new orders received	EUR 35.5 million	EUR 29.7 million

Other data

	30.06.2008	31.12.2007
Number of employees	112	125
Number of showhouses	39	36

Letter from the Management Board

Dear shareholders,
ladies and gentlemen,



Karl-Heinz Maerzke
The Management Board

We have reached some important milestones in the first half of 2008 on our way to a sustained return to profitability. For instance, we raised total output by over 35% year-on-year to EUR 25.3 million, and have already re-achieved a very pleasing gross profit margin of 21.8%. We have also managed to reduce average throughput times to 10.4 months, as well as to make cuts on the cost side.

As a result of seasonal factors, the second half of the year is for us traditionally stronger in terms of both sales and earnings. We also realised excellent sales in the first six months, and we are anticipating an even greater impact in the future from the positive effects from the cost-reduction measures we have performed.

With a successful first half-year behind us, we consequently expect to achieve the forecast turnaround for the full 2008 year, and to generate consolidated EBIT of between EUR 0.4 million and EUR 0.7 million, on total output of between EUR 55.0 million and EUR 58.0 million. This would correspond to an improvement in consolidated EBIT of over EUR 5.7 million, and an increase in total output of at least 20.5%.

At this juncture, it gives me pleasure to also provide you with a first outlook for the 2009 financial year. We shall continue to be able to achieve significant growth in total output over the coming years as a result of the expansion of showhouses that has now been completed, and the advancing establishment of the showhouses. It is already becoming clear this year that particularly our relatively new sales regions of Bavaria and Baden-Württemberg will make a considerable contribution in this respect. Additional reasons for the anticipated further increase in our sales figures include the HELMA solar house, which the market has received with enthusiasm, as well as the continued rise in the number of customer recommendations.

We will also continue to work hard on cost-efficiency, and we are assuming that we can further cut the fixed cost base in 2009, in spite of significantly higher total output. This leads us to anticipate total output of EUR 68.0 million to EUR 72.0 million, and consolidated EBIT of EUR 2.7 million to EUR 3.3 million, for the 2009 financial year.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Karl-Heinz Maerzke', written in a cursive style.

Karl-Heinz Maerzke
The Management Board

Interim Group Management Report

Business progress and profitability

Key figures from the consolidated income statement

In TEUR	01.01.-30.06.2008	01.01.2007-31.12.2007
Sales revenue	23,816	38,570
Increase in stocks of finished goods and work in progress	1,473	6,929
Other own work capitalised	34	59
Total output	25,322	45,557
Other operating income	183	431
Materials expense	-19,993	-38,304
Gross profit	5,512	7,684
Personnel expense	-2,920	-6,482
Depreciation/amortisation	-521	-961
Other operating expenses	-2,616	-5,539
EBIT	-544	-5,297
Net financial result	-360	-411
EBT	-904	-5,708

We achieved a significant increase in our total output on a consolidated basis in the first half of 2008, based on a net order backlog of EUR 47.9 million. In particular, the completed restructuring and the successful shortening of average throughput times to 10.4 months had a positive effect. Given total output of TEUR 25,322 and materials expense of TEUR 19,993, we generated gross profit of TEUR 5,512. This represents a significant improvement of the gross profit margin relative to total output of 21.8% (2007 full year: 16.9%).

The cost-reduction measures introduced in the second half of last year have already allowed us to achieve a detectable improvement on the cost side in the first half of 2008. For instance, the personnel expense was cut to TEUR 2,920 (2007 full year: TEUR 6,482), and other

operating expenses were reduced to TEUR 2,616 (2007 full year: TEUR 5,539). It should, however, be noted that the cost-reduction effects will become even more pronounced, both in the second half of 2008 and in the 2009 financial year. The identification and exploitation of opportunities to optimise costs further will continue to be an important element in raising our profitability in the future.

Following a good first half of 2008, the EBIT of the HELMA Group amounted to TEUR -544 (2007 full year: TEUR -5,297). The net financial result was mainly affected by the additional debt financing for showhouses and the new administration building, as communicated in the annual report, and amounted to TEUR -360. Consequently, EBT totalled TEUR -904.

Orderbook

Past investments in the new showhouse locations are generating growing returns. For instance, we raised net new orders received in the first six months of the 2008 financial year by 19.5% year-on-year to EUR 35.5 million in a market environment that continues to be difficult.

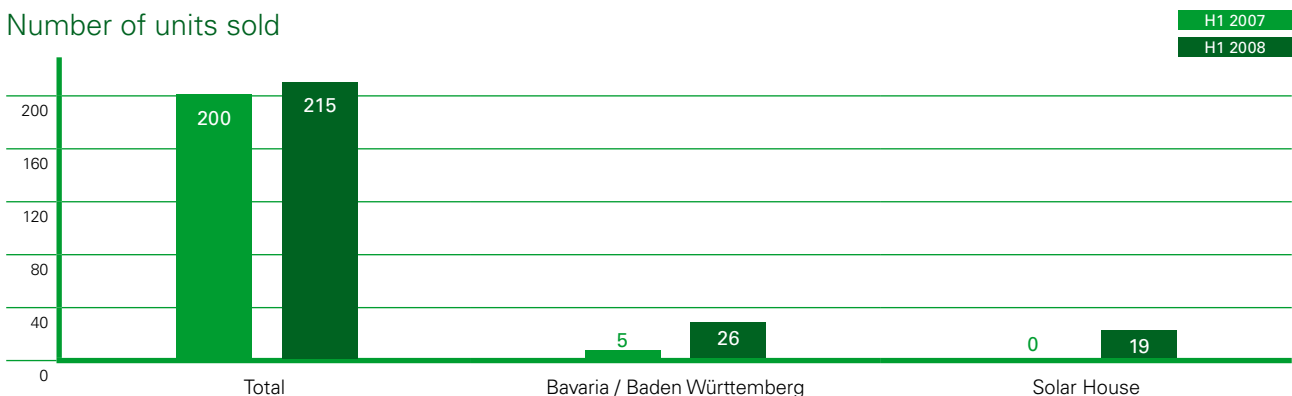
Net new orders received in EUR million



The number of houses sold amounted to 215 (H1 2007: 200). Of particular note are the high growth rates achieved in Bavaria and Baden-Württemberg with 26 units sold (H1 2007: 5 units), and the innovative "HELMA Solar House", which the market received with

enthusiasm, and where 19 units were sold. Our net order backlog as of June 30, 2008 consequently grew by around EUR 6.5 million compared with December 31, 2007, to EUR 54.4 million.

Number of units sold



The average house sales price, which currently amounts to a net price of TEUR 167, is already considerably above that of the 2007 financial year, at TEUR 153. Besides the price increase that was implemented as planned, this is particularly due to the higher share of energy-efficient

house types, as well as to the fact that significantly more expensive houses on average were sold in our new sales regions of Bavaria and Baden-Württemberg. We are assuming that these trends, and the related positive effects on margins, will continue.

Assets and financing

Key figures from the consolidated balance sheet

In TEUR	30.06.2008	31.12.2007
Fixed assets	16,090	14,674
Current assets	29,850	27,106
- of which cash and cash equivalents	7,107	5,678
Equity	8,043	8,978
Provisions	3,572	3,300
Liabilities	32,556	24,729
- of which bank borrowings	12,698	3,721
- of which prepayments for orders	15,054	12,491
- of which trade payables	2,111	6,184
Participation capital	2,000	5,000
Total assets	46,172	42,008

Total assets of the HELMA Group amounted to TEUR 46,172 as of June 30, 2008, which represents an increase of TEUR 4,164 compared with December 31, 2007.

On the assets side of the balance sheet, an increase in property, plant, and equipment fed through to a TEUR 1,416 increase in fixed assets to TEUR 16,090. Higher inventories and an increase in cash and cash equivalents of TEUR 1,429 to TEUR 7,107 resulted in a rise in current assets to TEUR 29,850.

The greatest change on the equity and liabilities side of the balance sheet was with respect to liabilities, where the overall increase amounted to TEUR 7,827 to total TEUR 32,556 as of the balance sheet reporting date. This change mainly reflects the TEUR 8,977 rise in bank borrowings, the TEUR 2,563 increase in prepayments for orders, and the TEUR 4,073 reduction in trade payables. A further point of note is the reduction in participation capital from TEUR 5,000 to TEUR 2,000. The following three points were the main contributing factors to the above-described development on the equity and liabilities side of the balance sheet:

1. Additions to loans at HELMA Eigenheimbau AG for showhouses and the new administration building totalling TEUR 3,356. This includes a pre-financing amount of TEUR 600, which will be paid back with the proceeds from the sale of the former company head office in Isernhagen.
2. Conversion of a TEUR 3,000 participation right (as of January 1, 2008) into a subordinated loan, whereby the terms were otherwise unchanged, and which carries a term until April 2013.
3. Purchase price payments made by HELMA Wohnungsbau GmbH & Co. KG for the "Carlsgarten" building plot. As planned, an overdraft was used for the financing. The increase totalled TEUR 3,375 as of the reporting date. This amount has already been cut to around TEUR 2,000 as the result of sales, as planned, and will prospectively amount to around TEUR 1,500 by the end of the 2008 financial year. Purchase price payments rendered resulted in a corresponding TEUR 3,375 reduction of trade payables.

Change in bank borrowings

In TEUR

Change in bank borrowings (as of December 31, 2007)	3,721
Conversion of participation right into subordinated loan	3,000
HELMA Eigenheimbau AG: additions to loans for showhouses and the administration building in Lehrte	3,356
HELMA Wohnungsbau GmbH & Co. KG: increase in overdraft to pay purchase price for "Carlsgarten" building plot	3,375
Redemption / reduction of loans	-846
Change in current accounts	92
Change in bank borrowings (as of June 30, 2008)	12,698

Bank borrowings (as of June 30, 2008)

In EUR

		Residual term up to 1 year	Residual term over 1 year
HELMA Eigenheimbau AG	8,755,356.26	374,198.39	8,381,157.87
HELMA Wohnungsbau GmbH & Co. KG	3,942,532.89	3,457,807.96	484,724.93
HELMA Group	12,697,889.15	3,832,006.35	8,865,882.80

Consequently, the HELMA Group is financed very solidly in overall terms, and possesses sufficient cash resources to implement its continued business strategy with success.

In addition, the repayment of the overdraft for the "Carlsgarten" building plot, and the repayment of the pre-financing following the successful sale of the former

company head office are allowing, and will allow a reduction in liabilities. Some of the expected positive operating cash flows have also been earmarked for the reduction of liabilities. This will result in a correspondingly positive effect on the HELMA Group's net financial result in the future.

Showhouses

All showhouses still under construction at the end of 2007 were opened successfully in the current 2008 financial year. We are firmly convinced the completed expansion of the number of showhouses will be reflected in significantly detectable stimuli to growth. They are particularly expected to feed through into further significant rates of growth in the high-growth regions of Southern Germany. A map providing an overview of all HELMA locations can be found in the back section of this half-yearly report.



Showhouses newly opened in 2008

Standort	Bundesland	Eigenes Grundstück	Eröffnet am
Mannheim	Baden-Württemberg	No (inheritable building right)	January 4, 2008
Xanten	North Rhine Westphalia	Yes	January 19, 2008
Bad Fallingbostal	Lower Saxony	Yes	March 29, 2008
Bielefeld	North Rhine Westphalia	Yes	April 19, 2008
Augsburg*	Bavaria	Yes	July 19, 2008

*Bio-natural gas house in cooperation with the energy utility erdgas schwaben

Administration building

We relocated to our new administration building in Lehrte in August 2008, which is located directly next to the HELMA showhouse-park. The entire administrative operations, including the planning and marketing department, which was previously located off-site, as well as the regional construction management, have been reunited at the new, centralised location. We are assuming this relocation will allow a further reduction in average throughput times of up to 0.5 months to be achieved in the medium term.



Staff

The HELMA Group employed 112 members of staff as of June 30, 2008, including 9 temporary workers. This represents a 10.4% decline compared with December 31, 2007. Together with the cut in the workforce introduced as part of cost-reduction measures in the second half of 2007, this allowed the personnel expense to already be cut to TEUR 2,920 in the first half of 2008 (FY 2007: TEUR 6,482). The relief in terms of personnel

costs will be even more pronounced in the second half of 2008 since some notice-terms stretch into the 2008 financial year.

The number of independent commercial representatives with whom we cooperate in the sales area at various locations also fell, from 104 to 89.

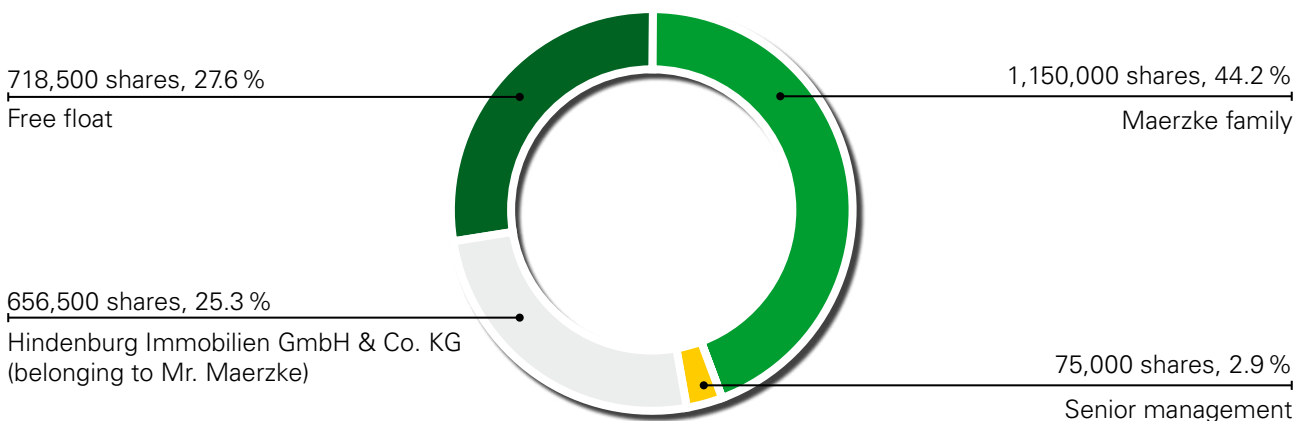
(Group) number of employees & independent commercial representatives

	30.06.2008	31.12.2007
Number of employees (of which temporary)	112 (9)	125 (12)
Number of independent commercial representatives	89	104

Participation programme

As announced in the last annual report, Management Board member and company founder, Karl-Heinz Maerzke, set up a participation programme for managers at HELMA Eigenheimbau AG, funded from his private financial resources. Mr. Maerzke provided 75,000 HELMA shares from his private holdings for this purpose. A total of five of the company's managers has

each received 15,000 shares with the aim of securing their long-term loyalty to the company, and to enable them to participate directly in the company's future success. All of these shares carry a lock-up period of three years. The following graph shows the resultant, new shareholder structure.



Risk report

No significant changes with respect to the risks pertaining to the future development of the business have arisen since the start of the financial year. The Management Board has identified no risks to the company as a

going concern. The disclosures made in the risk report contained in the Group financial statements for 2007 consequently continue to apply.

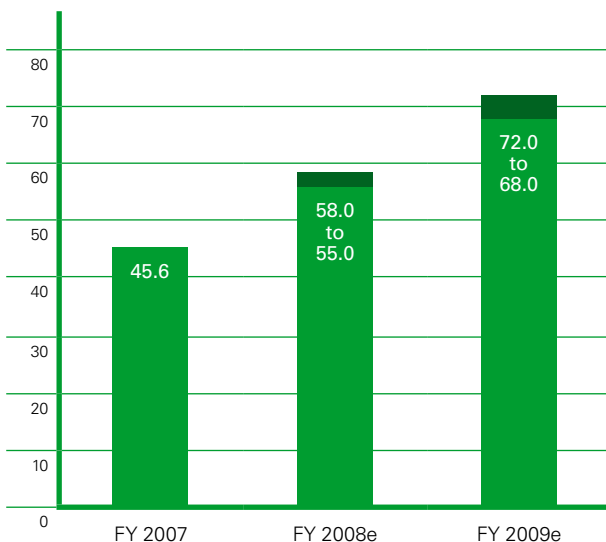
Outlook

Since the first half of 2008 has already proved to be a period of success for the HELMA Group, we are highly confident we will be able to achieve the forecast turnaround in the 2008 financial year. Firstly, the second half of the year, which is traditionally stronger in terms of sales and earnings, still lies ahead of us. Secondly, good sales figures, the anticipated further fixed-cost savings arising from the cost-reduction measures, the shortening of average throughput times that has already been achieved, and the significantly improved gross profit margin, prompt us to be optimistic. We consequently expect output of between EUR 55.0 million and EUR 58.0 million (FY 2007: EUR 45.6 million), and EBIT of between EUR 0.4 million and EUR 0.7 million (FY 2007: EUR -5.3 million).

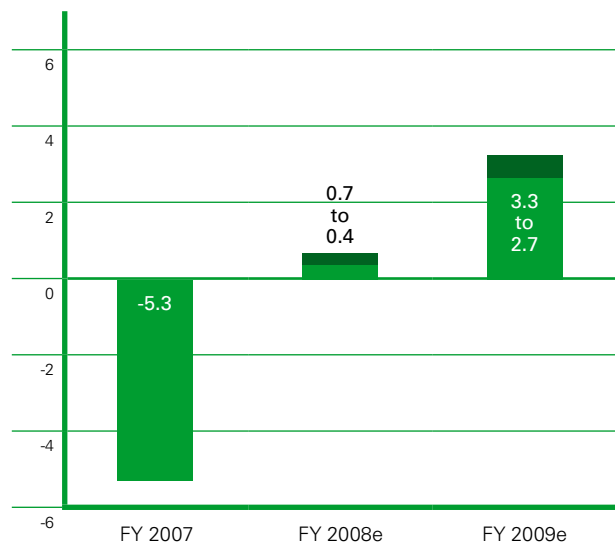
We are convinced we can continue the good growth achieved in the 2008 financial year into the 2009 financial year, and that the gratifying trends, such as the success of the solar house, and the rising sales figures, will strengthen even further next year as a result of the completed expansion of the number of showhouses. Despite the anticipated significant rise in total output, we are assuming we can establish a trend of cutting the fixed-cost base even further due to the cost-reduction measures we have already implemented.

In overall terms, our Group planning envisages total output of EUR 68.0 million to EUR 72.0 million, and EBIT of between EUR 2.7 million and EUR 3.3 million, for the 2009 financial year.

Group total output 2007-2009e in EUR million



Group EBIT 2007-2009e in EUR million



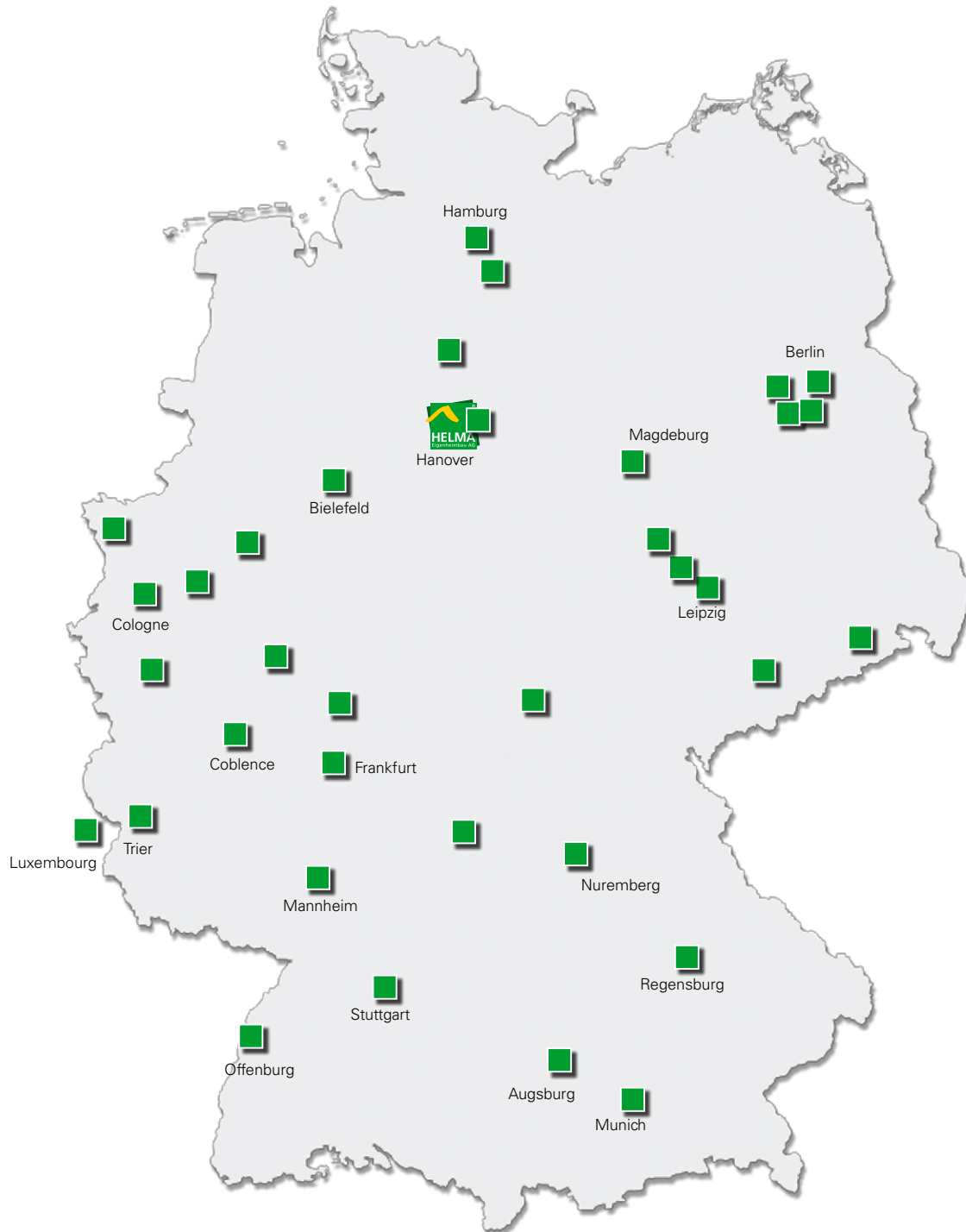
It should also be noted that we shall have fully completed the establishment of all newly created showhouses as part of the expansion of the showhouse base, prospectively by the end of 2009 / early 2010 (last showhouse opened in July 2008). This also means a double-digit rate of growth in total output, and an even faster rise in EBIT, is anticipated for the 2010 financial year.

Consolidated income statement

from January 1, 2008 to June 30, 2008 according to the German Commercial Code (HGB)

In EUR	01.01.-30.06.08	01.01.-31.12.07
1. Sales revenue	23,815,844.19	38,569,888.07
2. Increase in stocks of finished goods and work in progress	1,472,588.24	6,928,729.56
3. Other own work capitalised	34,000.00	58,772.06
4. Other operating income	183,055.30	430,921.88
5. Materials expense		
a) Expenses for procured services	-19,993,452.56	-38,303,834.82
6. Personnel expense		
a) Wages and salaries	-2,510,366.40	-5,617,023.00
b) Social contributions and expenses for pensions and benefits	-409,169.01	-865,220.05
	-2,919,535.41	-6,482,243.05
7. Amortisation		
a) of intangible assets and depreciation of tangible assets as well as capitalised expenses for start and expansion of operating business	-520,596.89	-961,057.23
8. Other operating expenses	-2,615,514.49	-5,538,603.66
EBIT	-543,611.62	-5,297,427.19
9. Income from shareholdings	0.00	-22,457.63
10. Other interest and similar income	94,361.69	333,194.30
11. Interest and similar expenses	-454,827.08	-721,774.96
12. Operating result (EBT)	-904,077.01	-5,708,465.48
13. Income tax	-21,682.72	182,475.87
14. Other tax	-9,185.87	-27,556.18
	-30,868.59	154,919.69
15. Consolidated net earnings	-934,945.60	-5,553,545.79
16. Minority interests	0.00	-12,480.36
17. Profit-/loss carried forward	-5,359,632.11	206,394.04
18. Consolidated balance sheet loss	-6,294,577.71	-5,359,632.11

HELMA locations



Contact / Financial Calendar

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Financial Calendar

October 06, 2008	2008 Q3 sales figures
October 07–09, 2008	International Roadshow
October 20–21, 2008	Specialist Conference of the Real Estate Share Initiative, Frankfurt
