H1

Interim Report

as of June 30, 2014

GROUP FIGURES AS OF JUNE 30, 2014

	H1–2014	H1–2013	H1–2012
€ millions			
Sales	4.8	7.3	7.1
Recurring income	4.8	5.4	5.2
EBIT	-0.1	0.9	0.6
Consolidated net profit/loss for the period	0.2	1.2	0.2
EBIT margin (%)	-2.7	11.6	8.5
Return on sales (%)	5.1	16.5	3.3
Total assets	27.4	30.4	41.2
Equity	16.2	16.8	18.4
Equity ratio (%)	59.0	55.2	44.6
earnings/loss per share (€)	0.01	0.04	0.01
Employees (as of June 30)	51	54	72
Staff costs	2.4	2.6	3.9

Percentages calculated using T€ figures.

FUND PERFORMANCE

	H1–2014	H1–2013	H1–2012
€ millions			
Number of funds initiated, cumulative	106	106	105
Equity placements	–	9.0	13.0
of which in umbrella funds	–	–	–
of which in the form of restructuring capital	–	4.3	–
Cumulative equity placements	2,039	2,032	2,007
Cumulative investment volume	5,010	5,010	5,109
Assets held under trust, cumulative	1,654	1,667	1,671
Number of subscribers	53,454	53,567	53,018

LETTER FROM THE MANAGEMENT BOARD

Ladies and gentlemen,

The Capital Investment Act, which took effect in July of last year, marked a paradigm change for our sector as well as for Lloyd Fonds AG. Whereas the new legislation doubtless offers our sector and also Lloyd Fonds AG the long-term opportunity of responding to the changed market environment and of tapping new sales channels via new products, the implementation of these new rules effectively meant that almost no new products at all were arranged during the period under review. This is reflected all too clearly in placement figures in the closed-end investment fund sector as a whole as well as our own Company's figures.

Despite the sustained difficult market conditions, Lloyd Fonds AG was able to post consolidated net profit for the period of € 0.2 million thanks to active and successful asset management. This shows that we are well positioned against the backdrop of the current market conditions, which remain characterized by strong restraint particularly on the part of retail investors. With a value of over € 1.6 billion, our broad portfolio under management provides the economic underpinnings for our Company. Thus, the income which we generate from portfolio management is sufficient to cover all of our operating costs even if substantial impairments should become necessary. In this way, we have been able to create a solid basis for the Company's continued development.

The consolidated net profit which we generated in the first half of the year demonstrates that we have a good and strong competitive position on the solid basis of portfolio management and our focus on our two core segments – shipping and real estate – allowing us to explore all strategic options for Lloyd Fonds AG.

One key aspect of the corporate strategy is targeted at additionally improving the quality of the company's balance sheet. In this connection, you, our shareholders, approved a resolution at the annual general meeting held on August 21 in Hamburg with a large major providing for our share capital to be reduced on a 3:1 basis to € 9,156,642.00. This establishes the basis for possible future corporate actions. Although the number of shares which you hold has consequently dropped, there is no change in the relative proportion of your share in Lloyd Fonds AG's capital. As the share price will rise for technical reasons once the capital reduction is implemented in the stock market (expected for the third quarter of 2014), there will be no change in the value of their investment.

Lloyd Fonds AG is well prepared for the changes facing the closed-end investment fund sector. Strategically, we have positioned the Company in such a way that we can additionally grow our business model in our two core segments of shipping and real estate by leveraging our skills in sourcing assets, structuring investments, selling and asset management. The structural adjustments required to achieve this have in part already been completed and will continue to be stepped up wherever necessary. In this way, we have laid the foundations for sustained profitability – next year, we will be celebrating our 20th anniversary. With respect to new business, the first special real estate fund targeted at semiprofessional and professional investors is about to be launched.

We wish to thank our staff for their outstanding work. Our gratitude also goes out to our subscribers and shareholders as well as our business and sales partners for their confidence in us. We look forward to a continuation of our successful joint activities.

Yours sincerely

Dr. Torsten Teichert **Dr. Joachim Seeler**

INTERIM MANAGEMENT REPORT OF THE LLOYD FONDS GROUP FOR THE FIRST HALF OF 2014

BUSINESS PERFORMANCE

Despite the sustained difficult market conditions afflicting investments in alternative real assets, Lloyd Fonds AG was able to achieve consolidated net profit of € 0.2 million in the first half of 2014 (comparison period: € 1.2 million) chiefly as a result of the active and successful management of assets worth around € 1.6 billion. In the first half of the year, the Lloyd Fond Group's sales came to € 4.8 million (comparison period: € 7.3 million). A small operating loss of € 0.1 million was sustained at the EBIT level (comparison period: EBIT of € 0.9 million).

The new legislation enshrined in the Capital Investment Code, which took effect on July 22, 2013, caused considerable uncertainty on the part of all market participants. According to industry association Bundesverband Sachwerte und Investmentvermögen e. V., a mere seven retail funds have been admitted under the rules of the new Capital Investment Act since the beginning of the year (data correct as of August 13, 2014). Following the full placement of the "Bremen Domshof" real estate fund in December 2013 with equity of around € 8.9 million, the real estate segment continued to work in the first half of 2014 on structuring Lloyd Fonds AG's first special-purpose real estate fund with planned equity of € 50 million together with sales and marketing plans targeted specifically at semiprofessional and professional investors. The fund is expected to launch in October 2014. No equity was collected in any asset classes in the first half of the year (comparison period: € 9.0 million). Equity placements in the first half of the previous year had also included restructuring capital of € 4.3 million on which no income was earned.

BUSINESS PERFORMANCE BY ASSET CLASS

Shipping & Special Assets

In the shipping segment the focus in the current year is again on active management of the legacy fleet to alleviate the effects of the protracted severe shipping crisis as far as possible. To this end, innovative solutions such as "OCEAN MPP", which was implemented successfully in 2013, are to be developed. Under this model, six multipurpose ships were pooled under the roof of a new entity known as Ocean Multipurpose Schifffahrtsunternehmen GmbH & Co KG. The ship mortgage loans of a total of around USD 50 million previously provided by HSH Nordbank and Nord/LB, which wished to withdraw from this exposure, were discharged in full by Deutsche Bank. In this way, the previous single-ship entities were replaced by a new entity which is able to make use of all the advantages of a fleet constellation such as cross collateral underlying the funding for all the ships, risk diversification within the fleet structure and the improved loan-to-value ratio for the entire portfolio.

Lloyd Fonds AG currently has 31 ship funds comprising 56 ships under management. The fleet comprises a total of 32 container ships, six multi-purpose ships and 18 tankers. The container ship fleet consists of a feeder ship, 12 sub-Panamax ships of up to 3,000 TEU, 15 Panamax ships of up to 5,100 TEU and 4 post-Panamax ships of up to 8,500 TEU. The six multi-purpose ships, i. e. container ships that can also be used for global voyages carrying plant and project cargo, have a size of around 31,000 gross tons. In addition, the fleet comprises 18 product and chemical tankers including three which are used in income pools an enter into charters directly with the oil majors such as BP, ExxonMobil or Shell. As well as this, Lloyd Fonds manages three secondary-market funds investing in ship funds holding some 300 standard container ships, tankers and bulkers.

In the first half of 2014, there were no insolvencies of shipping companies. Since June 30, 2014 two ship funds filed for insolvency proceedings: MS "Adrian" Schiffahrtsgesellschaft mbH & Co. KG and MS "Vega Gotland" Schifffahrtsgesellschaft mbH & Co. KG.

At the same time, the special assets department is responsible for managing a total of 18 fund entities particularly in the aircraft,

UK traded endowment policy and renewable energies segments as well as the Group's own investments such as KALP GmbH.

In connection with the "Lloyd Fonds A380 Singapore Airlines" aircraft fund arranged in 2011, a large majority of the subscribers recently approved a resolution to restructure the two existing bridge finance facilities provided by Crédit Industriel et Commercial and US bank Citigroup and to replace them with a new less expensive loan provided by HI Investment & Securities. The savings in interest expenses resulting from this new facility are giving the fund entity greater liquidity, which it can use to achieve substantially better payouts compared with the forecast. The restructured finance and resultant closure of the fund are still subject to final approval, which is expected to be forthcoming in the beginning of October.

With respect to Lloyd Fonds' own investments, KALP GmbH, in which it holds a 45.1 % share, continued to work on developing the first automatic lashing platform for loading and unloading container ships. Further technical development of this platform has been stepped up in conjunction with the Finnish Cargotec Group since the beginning of 2012. The Cargotec Group possesses the industrial expertise for series production of the platform as well as an international network for marketing the product and providing the necessary after-sales service.

Real Estate

As business with semiprofessional and professional investors is to be significantly expanded, Lloyd Fonds AG is currently working on new products in the real estate segment. In the first half of 2014, the structure of the planned special-purpose real estate fund was finalized and details of the product submitted to the competent Luxembourg authority Commission de Surveillance du Secteur Financier on June 4, 2014 for approval. The fund is being targeted at semiprofessional and professional investors particularly foundations, family offices and church bodies. It will be investing a total of € 80.0 million, including equity of € 50.0 million, in newly constructed and well-maintained existing buildings predominantly in the two metropolitan regions of Hamburg and Berlin. The target portfolio is to comprise at least five and up to ten properties with a planned volume of € 2–20 million per asset. A payout of 5.0 % p. a. is being targeted. The planned real estate fund will be structured as a Luxembourg SICAV and governed in accordance with the AIFM Directive, which took effect in 2013. The capital management company is Hauck & Aufhäuser Investment Gesellschaft S. A., a subsidiary of Frankfurt-based bank Hauck & Aufhäuser. The fund is expected to launch in October.

What is more, new real estate products, such as securitization, are being developed for other professional investors. For this purpose, larger assets or real estate portfolios will be placed in the capital market in a bond-like structure. A new strategic partnership with one of the leading issuers of these types of bonds in Germany, Bankhaus Baader & Heins, was established on February 10, 2014 for this planned new product line. Lloyd Fonds AG's task in this partnership is to source, structure and manage the assets, while the bank will be handling the selling activities.

In addition to this, the real estate segment offers a range of services such as asset sourcing and management via direct mandates for selected professional investors such as large foundations.

All in all, Lloyd Fonds AG has a portfolio of twelve real estate funds in Germany and the Netherlands which are almost fully leased with a weighted remaining rental period of around 10 years. In recognition of its successful real estate activities, rating agency Scope awarded Lloyd Fonds AG an A+ (high quality) rating in an extended assessment, which particularly concentrated on asset management skills, in July 2014.

In September 2012, Lloyd Fonds AG had signed a contract for the sale of the US TVO real estate portfolio pending successful completion of the due diligence exercise for execution by the end of that year. However, as it was not possible for the transaction to be completed in this period, Lloyd Fonds terminated the negotiations with the buyer and relaunched the sales process. In this connection, an agreement was reached that the bank providing the equity bridge finance would waive the interest owing to it for 2012 and for 2013 and absorb certain costs arising in connection with the previous sales process. The TVO portfolio was deconsolidated on this basis effective March 14, 2013 and sold in its entirety in January 2014.

RESULTS OF OPERATIONS

The following notes on the Group's results of operations analyze the material developments in the period from January 1 to June 30, 2014.

Results of operations for the period under review compared with the same period in the previous year were as follows.

	H1–2014	H1–2013
T€		
Sales	4,828	7,338
Cost of materials	-748	-1,815
Staff costs	-2,436	-2,601
Depreciation/amortization and impairment losses	-212	-214
Net other operating income/expenses	-1,794	-2,443
Share of profit of associates	231	586
Net profit/loss from operating activities (EBIT)	**-131**	**851**
Net finance income/expenses	379	84
Earnings before taxes (EBT)	**248**	**935**
Income taxes	-4	278
Consolidated net profit	**244**	**1,213**

The following changes arose in connection with sales:

	H1–2014	H1–2013
T€		
Equity placements	10	373
Project organization	–	16
Arrangement of financing	–	262
Trusteeship business	3,484	4,041
Management fees	1,334	1,358
Others	–	1,288
Sales	**4,828**	**7,338**

Compared with the year-ago period, sales dropped by T€ 2,510 to T€ 4,828 in the first half of 2014. Income from equity placements declined by T€ 363 to T€ 10 due for the most part to the lower placement figures of € 0.0 million in the first half of 2014 (comparison period € 9.0 million). Equity placements in the first half of the previous year also include restructuring capital of € 4.3 million on which no income was earned.

No project structuring income was generated in the period under review. The project structuring income of T€ 16 in the comparable prior-year period was solely attributable to the "A380 Singapore Airlines" fund.

No income from the arrangement of financing arose in the period under review. The income generated in the previous year was due solely to the "Bremen Domshof" fund.

At T€ 3,484 in the period under review, income from trusteeship business was down on the previous year (T€ 4,041). Recurring income from ongoing trusteeship fees came to T€ 3,484 (comparison period T€ 3,995). This decline was primarily due to the fact that in the period under review no income was recorded for entities which were under insolvency proceedings. At the same time, there was a corresponding decline in impairments of receivables. Establishment fees, which are recognized in accordance with the progress made in the placement of the fund, did not arise in the period under review (T€ 46 in the comparison period).

At T€ 1,334 in the first half of 2014, management fees were slightly down on the previous year (T€ 1,358). Management fees earned in the period under review comprise amounts totaling T€ 758 (comparison period T€ 756) received for the management of active funds as well as services to the open-end ship fund "LF Open Waters OP" of T€ 576 (comparison period T€ 602).

The other sales of T€ 1,288 in the comparison period related to the structuring fee for Ocean MPP.

The cost of materials dropped by T€ 1,067 over the previous year to T€ 748, reflecting the lower sales commission expense as a result of the aforementioned trends in equity placements. A further factor was the commission of T€ 568 which had been generated in the previous year in connection with Ocean MPP.

Staff costs declined by T€ 165, dropping from T€ 2,601 to T€ 2,436 in the period under review primarily due to the reduction in the average head count from 57 to 53. This effect was amplified by the decline of T€ 55 in expenditure on variable remuneration and settlement payments over the previous year.

Depreciation, amortization and impairment losses came to T€ 212 in the period under review (comparison period T€ 214). This includes impairment expense on shares in associates of T€ 128 (comparison period T€ 22).

In the period under review, net other operating income/expenses improved from T€ 2,443 to T€ 1,794. A positive effect in comparison to the same period of the previous year arose from the T€ 595 decline in impairments of trade receivables and unrecoverable receivables, the reversal of provisions for dividends received of T€ 279, the T€ 202 increase in the reversal of impairments of receivables and further general savings, particularly the T€ 89 reduction in sales support and subscriber relations management costs. On the other hand, income from the derecognition of liabilities dropped by T€ 409. This chiefly relates to the derecognition in the previous year of interest liabilities of T€ 411 due to the bank providing the equity bridge finance in connection with the deconsolidation of the TVO portfolio.

The share of profit of associates came to T€ 231, down from T€ 586 in the previous year. The earnings recorded in the comparison period had particularly been affected by the remeasurement gains achieved by Fünfte LF Immobiliengesellschaft mbH & Co. KG on two items of real estate of T€ 440 resulting from the reversal of an impairment of T€ 114 ahead of the planned sale up until the date of deconsolidation. The opposite effect arose in the comparison year from the share of losses of KALP GmbH of T€ 278. As this investment was written off in full as of December 31, 2013, no additional losses were reported in the year under review. The recurring loss arising in the period under review is recorded in a shadow ledger. Otherwise, this item predominantly comprises dividends received from associated companies.

As a result, the Lloyd Fonds Group sustained a loss at the EBIT level of T€ 131 for the first half of 2014 (comparison period EBIT gain of T€ 851).

The net finance results came to T€ 379, up from T€ 84 in the comparison period. This includes currency translation losses of T€ 5 (comparison period T€ 87), net interest income of T€ 208 (comparison period T€ 115) and net investment income of T€ 176 (comparison period T€ 56).

The net tax expense of T€ 4 arising in the period under review results from assessment notices for tax expense in connection with companies outside the fiscal union. The net tax income of T€ 278 for the comparison period primarily resulted from assessment notices for prior years. No further tax expense arose in the period under review due to the income tax fiscal union established between Lloyd Fonds AG (dominant company) and Lloyd Treuhand GmbH (subordinate company).

Following on from the consolidated net profit of T€ 1,213 for the comparison period of the previous year, Lloyd Fonds recorded consolidated net profit of T€ 244 in the first half of 2014.

SEGMENT INFORMATION

This section provides further information on the consolidated earnings for the shipping & special assets, real estate and trusteeship segments. Reference should be made to the general comments on the Group's results of operations and the additional information provided in the segment report in the notes to the consolidated financial statements (see Note 5), where the main aspects for each reportable segment are described.

Shipping & Special Assets segment
EBIT in this segment dropped by T€ 669 to T€ 390. This decline particularly reflects the income of T€ 1,288 from the structuring of Ocean MPP in the previous year. In this connection, heightened costs of materials of T€ 568 were recorded in the previous year. On the other hand, the reversal of provisions for dividends received of T€ 257 had a favorable effect in the period under review. Whereas EBIT had come under strain from the share of T€ 278 of the loss sustained by KALP GmbH in the comparable prior-year period, this effect was eliminated in the period under review as the investment in this Company had been written off in full as of December 31, 2013.

Real Estate segment
EBIT in the real estate segment fell significantly from T€ 914 in the comparable prior-year period, resulting in a loss of T€ 279 in the period under review. Among other things, this was due to the T€ 262 decline in income from the arrangement of financing. Other operating income also dropped by T€ 454. In the previous year, income had been generated from the sale of two assets by Fünfte LF Immobiliengesellschaft mbH & Co. KG and the waiver by HelaBa of interest in connection with the investment in TVO. Similarly, the share of profit of associates dropped by T€ 555. In the previous year, fair value remeasurement gains at the level of Fünfte LF Immobiliengesellschaft mbH & Co. KG and the share of profit of Lloyd Fonds US real estate I L.P. had been achieved.

Trusteeship segment

EBIT in the trusteeship segment rose from T€ 1,669 to T€ 2,046. Although sales fell by T€ 558, other operating expenses also dropped by T€ 612 particularly as a result of reduced impairments of receivables. In addition, the increase in other operating income (T€ 165), particularly the reversal of impairments, resulted in an improvement in earnings.

NET ASSETS

The Group's net assets as of June 30, 2014 and December 31, 2013 are analyzed in the following table:

Assets	June 30, 2014	Dec. 31, 2013
T€		
Property, plant and equipment and intangible assets	430	447
Financial assets	11,703	12,119
Receivables and other assets	9,427	8,604
Cash and cash equivalents	5,880	5,709
Total assets	**27,440**	**26,879**

Equity and liabilities	June 30, 2014	Dec.31, 2013
T€		
Consolidated equity	16,191	15,977
Deferred income tax liabilities	825	795
Financial liabilities	2,904	3,028
Other liabilities	7,520	7,079
Total equity and liabilities	**27,440**	**26,879**

As of June 30, 2014, total assets stood at T€ 27,440 and were thus up T€ 561 or 2.1 % on the end of 2013.

On the assets side, this is chiefly reflected in an increase in receivables and other assets and on the liabilities side, in a increase in other liabilities. This is particularly due to the increase in other receivables from fund subscribers of T€ 636 resulting from the obligation to repay past distributions. There was also a matching increase in other liabilities.

Reference should be made to the notes in the section on the Company's financial condition for details of the changes in cash and cash equivalents.

The T€ 416 decline in financial assets to T€ 11,703 is chiefly due to distributions received (down T€ 155), depreciation and amortization expense (down T€ 128) and measurement using the equity method (down T€ 130).

At T€ 2,904, financial liabilities were virtually unchanged over the comparable prior-year period (T€ 3,028). This reduction is chiefly due to repayments made towards loans to finance the shares acquired in the target funds held by Premiumportfolio Austria.

As of June 30, 2014, equity stood at T€ 16,191, up from T€ 15,977 as of December 31, 2013. Primarily as a result of the consolidated net profit of T€ 244 for the period.

FINANCIAL STATUS

The Group's financial condition in the first half of the year compared with the same period in the previous year is set out below:

	H1–2014	H1–2013
T€		
Consolidated profit/loss before share of profit of associates, interest and taxes	-366	178
Non-cash income and expenses	497	1,442
Changes in working capital	-183	-212
Dividends and profit distributions received	537	381
Net interest and income taxes received and paid	-96	-938
Cash flow from operating activities	**389**	**851**
Cash flow from investing activities	-60	-45
Cash flow from financing activities	-153	-96
Net increase in cash and cash equivalents	**176**	**710**
Cash and cash equivalents at the beginning of the period	5,670	3,084
Changes in companies consolidated	–	-10
Currency translation differences	-5	-5
Cash and cash equivalents at the end of the period	**5,841**	**3,779**

Despite the consolidated net loss of T€ 366 before the share of profits of associates, interest and taxes, a net cash inflow of T€ 389 was generated from operating activities in the period under review. This was mainly due to non-cash expenses and income

of T€ 497. Non-cash expenses and income particularly include the impairments on receivables and unrecoverable receivables (T€ 967) recognized in the period under review. The opposite effect chiefly arose from the proceeds from the reversal of impairments of receivables (T€ 372), income from the reversal of provisions (T€ 279) and income from the derecognition of liabilities (T€ 29). The dividends and profit distributions received were sufficient to cover the interest and income tax payments made net of interest and income tax payments received.

The net cash outflow of T€ 60 from investing activities is chiefly due to payments made for the acquisition of property, plant and equipment.

The net cash outflow from financing activities (T€ 153) is mainly due to the settlement of financial liabilities.

This caused free cash and cash equivalents to increase by T€ 171 in the first half of the year to T€ 5,841.

EMPLOYEES

As of June 30, 2014, the Lloyd Fonds Group had 51 employees (June 30, 2013: 54). This figure does not include members of the Management Board, employees on extended child-care leave, trainees and temporary staff.

SIGNIFICANT EVENTS AFTER JUNE 30, 2014

Lloyd Fonds welcomed around 70 shareholders to its annual general meeting held on August 21, 2014 in Hamburg. 19,622,850 shares, equivalent to 71.43 % of the Company's voting-entitled share capital, were represented at the annual general meeting. The shareholders approved a reduction in the Company's share capital in two stages: Initially, the share capital of a current € 27,469,927.00 will be reduced by one share in accordance with Section 237 (3) No. 1 of the German Stock Corporation Act and then on a 3:1 basis in accordance with Section 229 et seq. of that Act by € 18,313,284.00 to € 9,156,642.00. As a result of this measure, the number of shares held by the shareholders in the company has dropped but there is no change in their relative proportion of the Company's capital. The capital reduction is expected to be executed technically in the stock exchange before the end of the third quarter of 2014. In addition, the shareholders elected a new member to the Supervisory Board. Following the departure of Rodney M. Rayburn, Stephen Seymour, managing director of US investment company Värde Partners, was elected as his replacement on the Supervisory Board.

In September 2013, Lloyd Fonds Consulting GmbH received a permit from the German Federal Financial Supervisory Authority (BaFin) allowing it to sell to professional investors under Section 32 of the German Banking Act. When this wholly owned subsidiary of Lloyd Fonds AG, which pools the Group's selling activities, had been established, such a permit was required for the sale of shares in special-purpose funds. However, with the introduction of the Capital Investment Code, a permit under Section 32 of the German Banking Act is now no longer required for Lloyd Fonds Consulting GmbH's selling activities. For this reason, it served notice on BaFin on August 22, 2014 stating that it would be waiving the activities coming within the scope of Section 32 of the German Banking Act as it holds the other permits required by law for the sale of investment products, e. g. under Section 34 et seq. of the Trade Code. As a result, it is able to dispense with the substantial resources required to ensure compliance with the regulatory requirements.

The "Vier Einzelhandelsobjekte in Norddeutschland" real estate fund sold two of its portfolio assets in Göttingen and Hardegsen in 2013. Initiated in 1999, the first real estate fund invested in retail properties, some of which also include office space. The proceeds from the sale exceeded the figure which had been originally quoted in the resolution passed in mid-2013. The third asset located in Leezen north of Hamburg was sold on July 8, 2014, with the last remaining asset in Hamburg expected to be disposed of in September 2014.

RISK REPORT

Lloyd Fonds AG has good access to the main shipping and real estate markets. Business activities and the Company's success materially hinge on its ability to obtain the right assets for the planned investment products in the individual markets. In addition to the risk of not locating any suitable assets, successful integration of the assets which are found may be impeded or delayed by the failure to raise the necessary debt finance.

After the build contracts for eight ships on order were terminated with the result that the corresponding ship investment vehicles were wound up in the years 2007 and 2008, the shipyard was required to refund the prepayments already made plus interest and withholding tax to the financing banks. The shipyard commenced proceedings against the banks to recover the withholding tax which had been paid. If the court rules in favor of the shipyard, there is a risk of the banks taking recourse to Lloyd Fonds AG as the founding limited partner in the ship investment entities.

The detailed risk report can be found on page 44 and following pages of the annual report for 2013. The risks described and evaluated in that report together with the additional comments made here suitably present the Company's risk situation as of June 30, 2014.

OUTLOOK FOR THE GLOBAL ECONOMY

Experts continue to assume that the global economy will recover slightly in 2014 despite the considerable regional differences which are still discernible. The United States is continuing to expand at a moderate rate, underpinned in particular by a sharp growth in consumption together with consumers' improved financial situation, low debt servicing and strong growth in employment. Against this backdrop, the broad recovery in the job market should continue. Japan is also registering surprisingly dynamic growth after the damper placed on the economy by the increase in excise taxes. Eurozone GDP is still expected to grow, although the relatively slow pace of the recovery and the disparate rates of expansion from country to country as well as the risk of economic setbacks remain a cause of concern. In addition, there are external risks to Europe's recovery, while the political tension in Ukraine has yet to be resolved. Many of the Latin American emerging markets are also a source of worry, as weak export development and decling domestic demand dampen the expension. In the emerging markets of Asia, particularly India and China, it will be a question of spurring the private sector by improving the conditions for investment and providing the necessary infrastructure. However, these countries will continue to drive the global economy. All in all, the IMF, OECD and the World Bank expect global GDP to expand by between 3.4 and 3.6 % this year.

The German economy faltered in the second quarter after sharp growth at the beginning of the year but still remains in good health. The IMF has raised its forecast for Germany to 1.9 % in 2014 and 1.7 % next year, with consumer spending providing the main stimulus. Growth in income and employee as well as stable consumer prices are spurring consumer confidence.

CLOSED-END INVESTMENT FUND SECTOR

Adjustments in the light of the new statutory situation and the implementation of the requirements of the Capital Investment Code posed the main challenge for the alternative real investment sector in the first half of 2014. Arrangers, retailers and service providers must take further steps to put the new legislation into practice. The first step entails the approval process for capital management companies and, followed by this, the new investment assets and the related distribution notification process. To date, only few companies have submitted applications for registration as a capital management company with BaFin and received corresponding permits. There are still numerous unanswered questions in connection with the implementation of the Capital Investment Code, while the retail organizations continue to face considerable uncertainty. Fund arrangers must identify the processes which they must modify within their own companies to satisfy the regulatory requirements. However, this does not only apply to arrangers as implementation of the Capital Investment Code also has ramifications for advisers and the retailing of open and closed-end investment products as the previously separate retailing and advisory processes are now being unified. Against this backdrop, the current year will see the continuation of the change which has already occurred for many market participants.

According to industry association bsi, only seven closed-end alternative retail investment funds and five special-purpose funds for institutional investors have so far been approved by the German Federal Financial Supervisory Authority (BaFin) under the new rules stipulated by the Capital Investment Code. A survey conducted by the association of its members indicates that at least 33 new investment funds are to be launched by the end of 2014. However, at this stage it is entirely unclearly whether the regulatory selling notification process will result in any

delays as many companies will first be awaiting approval of their applications for recognition as capital management companies before submitting their planned investment funds to the BaFin approval process. bsi reports that the average processing period for an application for full recognition as a capital management company is six months after submission of the documentation. The shortest period in which an application was processed was eight weeks. The longest period, which was experienced by two companies, was eight months. In this environment, there is little likelihood of any increase in placement figures over the year as a whole. This is indicated by a market survey performed by the DEXTRO Group suggesting that the full-scale restraint shown in the first half of 2014 will now be slowly yielding to the launch of new products. Still, analysts assume that it will not be possible for all these investment funds to be placed in full by the end of the year.

OUTLOOK FOR THE COMPANY

Given the challenging market conditions and particularly the fact that 2014 will be a year of strategic and operational adjustments to address the new regulatory requirements, Lloyd Fonds AG will – as stated in the annual report for 2013 – again be dispensing with a specific forecast for placement figures in 2014. It sees potential for growth in business with semi-professional and professional investors. In line with its strategy, Lloyd Fonds AG will be concentrating on placing shipping and real estate assets in the future.

At the same time, it is working on stabilizing recurring income from management and trusteeship fees and on generating additional income from the active management of the legacy portfolio. On this basis, it assumes that it will be able to report consolidated net profit in the low single-digit millions in 2014. Moreover, management expects the Group's liquidity position to remain stable in line with its forecast business performance.

In the shipping segment, management is continuing to attach top priority to legacy ship funds against the backdrop of the protracted crisis afflicting the shipping industry. New and innovative solutions are to be developed for this purpose.

In the real estate segment, Lloyd Fonds AG wants to intensify sales of real estate funds to semiprofessional and professional investors. Working together with the Luxembourg branch of the bank Hauck & Aufhäuser, it plans to launch a special-purpose real estate fund for these target groups. As the Luxembourg SICAV conforms to the AIFM Directive, distribution in Germany is also possible. The investment strategy is targeted at new constructions and well-maintained existing properties in the residential, retail and office segments in the two metropolitan regions of Hamburg and Berlin. As well as this, further products such as securitization products for professional investors and direct mandate business are to be developed for this target group.

OPPORTUNITIES

Overall assessment

With its consolidated net profit for the first half of the year, Lloyd Fonds AG stands on a solid economic basis, permitting it to step up its strategic development in 2014 and recapture lost market share. Against the backdrop of the fundamental changes in the alternative real asset sector, Lloyd Fonds AG will be endeavoring to make the best possible use of this potential by utilizing and expanding its strengths and skills. Material opportunities will be derived from the following factors:

Solid economic foundations and a strong strategic partner

Lloyd Fonds AG has in US venture capital company AMA Capital Partners LLC (AMA) a strong strategic investor with a proven track record in shipping and transport. Since its incorporation in 1987, AMA has overseen numerous international shipping transactions. ACP Fund V LLC, which is managed by AMA, holds 49.90 % of the Company's shares. AMA is committed to ensuring that Lloyd Fonds AG recaptures market share and enhances its enterprise value. Using as a basis its legacy portfolio and the consolidated net profit for the first half of 2014, the Company has created solid economic foundations for sustained growth.

Expertise and many years of experience in active asset management

With a history now spanning almost 20 years, Lloyd Fonds AG is one of the oldest initiators of investments in alternative real assets. Since its establishment in 1995, it has arranged 106 closed-

end investment funds, in which over 53,000 subscribers have placed equity of more than € 2.0 billion. The Company has to date realized a cumulative investment volume of over € 5 billion. Portfolio management by proven experts with over € 1.6 billion under management forms the economic basis for the Company as the income from these activities is sufficient to cover basic operating costs even in the event of significant impairments. Moreover, additional income can be generated from this portfolio by means of active asset management. Thanks to the long-standing experience of its asset managers, the Lloyd Fonds Group is able to act on key opportunities.

Focus on Shipping and Real Estate

Lloyd Fonds AG is concentrating on shipping and real estate, thus aligning its strategy to what traditionally have always been the largest asset classes in the alternative real asset sector. Given the generally low interest rates and continued plentiful liquidity in the capital market, real estate funds are attracting considerable interest on the part of both private and professional investors. In view of the opportunities currently offered by shipping thanks to low entry prices, this also applies to professional investors, who invested record sums of money last year.

Despite the protracted shipping crisis and the insolvencies of many fund entities, new business should also arise again in the retail segment in the medium to long term on account of the great experience which German shipping companies have amassed. Looking forward, Lloyd Fonds AG will therefore be continuing its strategy of focusing on real estate and shipping. By developing new investment vehicles in these two asset classes, Lloyd Fonds AG will be able to position itself on a sustained basis despite the changed market environment.

Expansion of institutional business

Demand for alternative real assets is strong – particularly on the part of professional investors – harboring significant opportunities for arrangers who are able to align their distribution channels and products to meet the needs of this target group at an early stage. What is more, Lloyd Fonds AG assumes that despite investors' current reticence retail distribution will also recover in the medium term via differently structured investment products which will accommodate investors' generally reduced risk appetite. The equity of € 2.3 billion collected in 2013 testifies to the continued demand for investments in alternative real assets notwithstanding the severe uncertainty triggered by the profound changes.

New target group-oriented products

The most significant challenge facing arrangers of investments in alternative real assets is to listen to the market and to develop products meeting the needs of private and professional investors. The previous "classic closed-end investment fund" will have to change and the new products must satisfy investors' demands for heightened liquidity and flexibility. In addition, new ship investments must take account of the experience gained from the crisis.

Regulation has in any case forced the sector to move in the right direction as "old-style" closed-end investment funds were relegated to the past on July 22, 2013 and replaced by the investment company or investment partnership. By developing new investment vehicles, Lloyd Fonds AG will be able to position itself on a sustained basis despite the changed market environment. With the new real estate fund, a product targeted at German foundations, family offices and church bodies is about to be launched.

Regulatory aspects

The mounting regulation of the sector is offering Lloyd Fonds AG opportunities for recapturing market share. In the medium term, only those arrangers which are sufficiently capitalized and able to satisfy the regulatory requirements will be able to assert themselves. Further opportunities will also arise for Lloyd Fonds AG from its stock market listing as unlike many of its peers it already complies with high transparency requirements and quality standards.

INTERIM FINANCIAL STATEMENTS OF THE LLOYD FONDS GROUP (IFRS) AS OF JUNE 30, 2014

CONSOLIDATED INCOME STATEMENT

for the period from January 1 to June 30, 2014

	Note	H1-2014	H1-2013
T€			
Sales	6.1	4,828	7,338
Cost of materials	6.2	-748	-1,815
Staff costs	6.3	-2,436	-2,601
Depreciation/amortization and impairment losses	6.4	-212	-214
Net other operating income/expenses	6.5	-1,794	-2,443
Share of profit of associates	6.6	231	586
Net profit/loss from operating activities		**-131**	**851**
Finance income	6.7	457	829
Finance expenses	6.7	-78	-745
Earnings before taxes		**248**	**935**
Income taxes	6.8	-4	278
Consolidated net profit		**244**	**1,213**
Earnings per share (diluted/basic) for the period (€ per share)	6.9	0.01	0.04

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to June 30, 2014

	H1-2014	H1-2013
T€		
Consolidated net profit	**244**	**1,213**
Other income components recognized in equity		
Available-for-sale financial assets	6	339
Deferred taxes on these	-30	-31
Currency translation differences	-6	-5
Other comprehensive income	**-30**	**303**
Consolidated comprehensive income	**214**	**1,516**

All other income components recognized in equity will be reclassified subsequently to profit or loss when specific conditions are met.

The notes on pages 17–25 are an integral part of this interim financial report.

CONSOLIDATED BALANCE SHEET

as of June 30, 2014 in comparison to December 31, 2013

	Note	June 30, 2014	Dec.31, 2013
T€			
Assets			
Non-current assets			
Property, plant and equipment		425	438
Intangible assets		5	9
Receivables from related parties	9.3	1,921	1,919
Investments in associates	7.1	2,416	2,561
Available-for-sale financial assets	7.2	3,383	3,506
		8,150	**8,433**
Current assets			
Trade receivables and other receivables	7.3	6,820	5,609
Receivables from related parties		9	395
Available-for-sale financial assets	7.2	5,904	6,052
Current income tax assets		677	681
Cash and cash equivalents	7.4	5,880	5,709
		19,290	**18,446**
Total assets		**27,440**	**26,879**
Equity			
Share capital	7.5	27,470	27,470
Additional paid-in capital	7.5	44,065	44,065
Retained earnings	7.5	-55,344	-55,558
Total equity		**16,191**	**15,977**
Liabilities			
Non-current liabilities			
Net assets value attributable to other limited partners	7.6	705	685
Trade payables		128	176
Other provisions	7.8	48	62
Deferred income tax liabilities		825	795
		1,706	**1,718**
Current liabilities			
Trade payables and other liabilities		5,894	4,857
Liabilities to related parties		491	609
Financial liabilities	7.7	2,904	3,028
Other provisions	7.8	219	559
Current income tax liabilities	7.9	35	131
		9,543	**9,184**
Total liabilities		**11,249**	**10,902**
Total equity and liabilities		**27,440**	**26,879**

The notes on pages 17–25 are an integral part of this interim financial report.

CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1 to June 30, 2014

	Note	H1-2014	H1-2013
T€			
Cash flow from operating activities			
Consolidated profit/loss before share of profit of associates, interest and taxes	8.1	-366	178
Deconsolidation gain	6.5	–	70
Depreciation/amortization and impairments on non-current assets	6.4	212	214
Other non-cash income and expenses	8.2	285	1,158
Changes in trade receivables and other receivables		-1,289	-426
Changes in receivables from related parties		133	-339
Changes in trade payables and other liabilities		1,167	506
Changes in amounts due to related parties		-119	36
Changes in other provisions		-75	11
Interest received		–	81
Interest paid		-1	-556
Dividends and profit distributions received		537	381
Income tax refunds received		53	501
Income taxes paid		-148	-964
Net cash generated from operating activities		**389**	**851**
Cash flow from investing activities			
Payments made for investments in:			
Intangible assets and property, plant and equipment		-67	-18
Available-for-sale financial assets and investments in associates		7	-50
Proceeds from the disposal of:			
Available-for-sale financial assets and investments in associates		–	23
Net cash used in investing activities		**-60**	**-45**
Cash flow from financing activities			
Repayment of borrowings		-153	-96
Net cash used in financing activities		**-153**	**-96**
Net increase in cash and cash equivalents		**176**	**710**
Cash and cash equivalents at January 1		5,670	3,084
Changes in companies consolidated		–	-10
Currency translation differences		-5	-5
Cash and cash equivalents at June 30	**8.3**	**5,841**	**3,779**

The notes on pages 17–25 are an integral part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to June 30, 2014

				Other comprehensive income		
	Share capital	Additional paid-in capital	Retained earnings	Financial assets available for sale	Currency translation differences	Total equity
T€						
Amount on January 1, 2013	**27,470**	**44,065**	**-59,747**	**3,542**	**-65**	**15,265**
Total net profit/loss recorded within consolidated equity	–	–	1,213	308	-5	1,516
Amount on June 30, 2013	**27,470**	**44,065**	**-58,534**	**3,850**	**-70**	**16,781**
Amount on January 1, 2014	**27,470**	**44,065**	**-58,612**	**3,094**	**-40**	**15,977**
Total net profit/loss recorded within consolidated equity	–	–	244	-24	-6	214
Amount on June 30, 2014	**27,470**	**44,065**	**-58,368**	**3,070**	**-46**	**16,191**

The notes on pages 17–25 are an integral part of this interim financial report.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Although Lloyd Fonds AG's change of segment from the Prime Standard to Entry Standard means that the Company is no longer required by law to prepare its financial statements in accordance with IFRS, it has nevertheless prepared its interim financial statements as of June 30, 2014 in accordance with international accounting standards on a voluntary basis. Lloyd Fonds AG's interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) on or before June 30, 2014. All figures are reported in thousands of euros (T€). This may result in rounding differences between the individual parts of the financial statements. As a matter of principle, Lloyd Fonds early adopts all standards and interpretations. Notwithstanding this, however, the following standards endorsed by the EU Commission were not early adopted:

- IAS 19 "Employee Benefits"
- Revisions arising from the "Annual Improvement Project 2010–2012"
- Revisions arising from the "Annual Improvement Project 2011–2013"

There were no changes in any of the other accounting policies described in the notes to the consolidated financial statements as of December 31, 2013. Accordingly, these interim financial statements must be read in the light of the disclosures made in the consolidated financial statements for 2013. New standards and interpretations which must be applied for the first time in the year under review did not have any impact on these consolidated interim financial statements.

In accordance with IFRS guidance (IAS 34 "Interim Financial Reporting"), these interim financial statements have been prepared in condensed form compared with the consolidated financial statements as of December 31, 2013.

2 COMPANIES CONSOLIDATED

The first-time consolidation of Lloyd Fonds Management GmbH, Hamburg, as of January 1, 2014 did not have any material effect on the Lloyd Fonds Group's net assets, financial position or results of operation.

The companies consolidated now comprise the Parent Company as well as 17 subsidiaries.

3 CAPITAL MANAGEMENT

The objectives of the Lloyd Fonds Group with regard to capital management are to maintain an adequate level of equity on a sustained basis and to generate an appropriate return on the capital employed. In this connection, top priority is given to the Group's credit rating. The Group monitors its capital on the basis of absolute amounts in the light of the equity ratio. Future movements in capital and possible capital requirements are identified on the basis of an integrated planning model for the coming two years.

As a matter of principle, Lloyd Fonds AG manages its capital structure via its dividend policy. In the last five years, no dividend has been distributed on account of the Company's earnings situation. Moreover, no dividends were permitted to be paid out until full liability release had been achieved (January 10, 2012).

As of June 30, 2014, the Lloyd Fonds Group's equity capital stood at T€ 16,191, up from T€ 15,977 at the end of the previous year. The equity ratio came to 59.0 % as of the reporting date (December 31, 2013: 59.4 %).

4 CHANGES IN DISCRETIONARY ESTIMATES, ASSUMPTIONS AND DECISIONS

All estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events which are believed to be probable under the circumstances. The Group makes estimates and assumptions concerning the future. The resultant accounting estimates may deviate from the related actual results. The following section describes changes to the estimates and assumptions liable to exert a material effect on the measurement of assets and liabilities.

An impairment of T€ 312 was recognized on Fünfte LF Immobiliengesellschaft mbH & Co. KG as of December 31, 2013, meaning that it is now recognized at a carrying amount of T€ 501. There were no measurement changes as of June 30, 2014.

Following the full write-off of the shares in KALP GmbH as of December 31, 2013, no share of profits is recognized. The loan granted to this company is unchanged at T€ 1,800. The interest payable on this loan in the period under review was written off in full.

5 SEGMENT INFORMATION

In the current year, the two segments Shipping and Investments & Alternative Assets have been combined to form a single segment known as Shipping & Special Assets. Sales & Marketing ceased to exist as a separate segment effective January 1, 2014 and is now allocated to the segment "All other segments". Net taxes calculated for internal budgeting purposes is also taken into account and allocated to the segments. The previous year's figures have been restated accordingly.

The following reportable segments can be identified on the basis of the Lloyd Fonds Group's internal reporting system:

Shipping & Special Assets

- Purchase and structuring of assets in the shipping and secondary-market ship fund segments as well as special assets (e. g. aircraft, traded endowment policy, private equity and energy funds)
- Financing of assets by arranging debt capital
- Earning of investment income
- Measures to ensure efficient management and supervision of the fund companies
- Integration in ongoing fund reporting
- Preparation of the meetings of the companies' advisory councils
- Support for trustee and submission of information of decision-making information
- Monitoring of existing fund companies' liquidity to identify any risks at an early stage and to take any necessary countermeasures
- Integration in the asset selling process including the winding-down of the corresponding fund companies
- Monitoring and coordination of the Lloyd Fonds Group's material investments in the special assets segment.

Real Estate

- Purchase and structuring of assets in the real estate segment
- Other activities similar to those in the "Shipping & Special Assets" segment

Trusteeship

- Handling of new issues on a trust basis
- Management of the subscribers trust accounts
- Provision of information and services for trustors

The "All other segments" column primarily comprises the Lloyd Fonds Group's management and central activities. This also includes sales and marketing of the Group's investment products and the execution of activities such as advertising and marketing. As they do not generate any revenues as defined by IFRS 8, they are by definition not separate operating segments and are therefore pooled in this category.

Segment profit/loss for the first half of 2014 breaks down as follows:

H1–2014	Shipping & Special Assets	Real Estate	Trusteeship	All other segments	Total
T€					
External sales	1,221	122	3,484	1	4,828
Other operating income	352	25	389	150	916
Cost of materials	-450	-5	-293	–	-748
Staff costs	-545	-184	-487	-1,220	-2,436
Other operating expenses	-287	-238	-1,042	-1,143	-2,710
Share of profit of associates	230	1	–	–	231
Depreciation and amortization	-131	–	-5	-76	-212
EBIT	**390**	**-279**	**2,046**	**-2,288**	**-131**
Net finance income/expenses	106	211	-7	69	379
Income taxes	-4	–	–	–	-4
Net profit/loss after tax	**492**	**-68**	**2,039**	**-2,219**	**244**

H1–2013	Shipping & Special Assets	Real Estate	Trusteeship	All other segments	Total
T€					
External sales	2,622	674	4,042	–	7,338
Other operating income	198	479	224	162	1,063
Cost of materials	-1,116	-301	-398	–	-1,815
Staff costs	-549	-225	-460	-1,367	-2,601
Other operating expenses	-480	-268	-1,654	-1,104	-3,506
Share of profit of associates	30	556	–	–	586
Depreciation and amortization	-36	-1	-85	-92	-214
EBIT	**669**	**914**	**1,669**	**-2,401**	**851**
Net finance income/expenses	70	-69	37	46	84
Income taxes	2	-22	–	298	278
Net profit/loss after tax	**741**	**823**	**1,706**	**-2,057**	**1,213**

Lloyd Fonds' internal reporting system does not include any provision for breaking down assets and liabilities by segment as management does not consider this data to be relevant for managing the Group. Accordingly, these disclosures have been dispensed with.

6 NOTES ON THE CONSOLIDATED INCOME STATEMENT

6.1 SALES

Breakdown:

	H1–2014	H1–2013
T€		
Equity placements	10	373
Project organization	–	16
Arrangement of financing	–	262
Trusteeship business	3,484	4,041
Management fees	1,334	1,358
Others	–	1,288
Sales	**4,828**	**7,338**

Sales declined by T€ 2,510 over the first half of the previous year from T€ 7,338 to T€ 4,828. This particularly reflects the income of T€ 1,288 generated by Ocean MPP in the previous year. The decline was due to the lower placement figures in the first half of 2014 as well as the reduced income of T€ 557 from trusteeship business.

Reference should be made to the section on results of operations in the interim management report for further information on the breakdown of and changes in sales.

6.2 COST OF MATERIALS

Breakdown:

	H1–2014	H1–2013
T€		
Commission	-3	932
Cost of services bought	751	883
Cost of materials	**748**	**1,815**

Commission was paid in connection with the placement of equity. This item was lower due to the lower placement income. The item for the previous year also includes commission of T€ 568 in connection with Ocean MPP. The cost of services bought primarily relates to management services utilized and fund-related marketing and retailing costs.

6.3 STAFF COSTS

Breakdown:

	H1–2014	H1–2013
T€		
Wages and salaries	2,185	2,328
Social security	245	268
Retirement benefit costs	6	5
Staff costs	**2,436**	**2,601**

The reduction in staff costs from T€ 2,601 to T€ 2,436 is chiefly due to the decline in the average head count from 57 in the first half of 2013 to 53 in the period under review. Moreover, variable remuneration dropped by T€ 55.

6.4 DEPRECIATION/AMORTIZATION AND IMPAIRMENT LOSSES

Breakdown:

	H1–2014	H1–2013
T€		
Depreciation and amortization		
Property, plant and equipment	80	95
Intangible assets	4	97
	84	**192**
Impairment losses		
Available-for-sale financial assets	128	22
Depreciation/amortization and impairment losses	**212**	**214**

6.5 NET OTHER OPERATING INCOME/EXPENSES

Breakdown:

T€	H1–2014	H1–2013
Other operating income		
Income from reversal of impairments on receivables	372	170
Income from the reversal of provisions	279	–
Rentals	138	112
Income from recharged expenses	44	142
Remuneration in kind	44	56
Income from the derecognition of liabilities	29	438
Deconsolidation gain	–	60
Income from sale of shares	–	37
Other income	10	48
	916	**1,063**
Other operating expenses		
Impairment losses on receivables and unrecoverable receivables	-967	-1,562
Rentals, ancillary rental costs and cost of premises	-539	-562
Financial statement, legal and consulting costs	-475	-397
Office supplies, IT costs and communications	-303	-303
Motor vehicle and travel costs	-156	-160
Retailing support and subscriber relations	-98	-187
Insurance and subscriptions	-53	-64
Other personnel expenses	-39	-22
Costs assumed for fund companies	-14	-46
Other expenses	-66	-203
	-2,710	**-3,506**
Net other operating income/expenses	**-1,794**	**-2,443**

In the period under review, net other operating income/expenses improved from T€ 2,443 to T€ 1,794. A positive effect in comparison to the same period of the previous year arose from the T€ 595 decline in impairments of trade receivables and unrecoverable receivables, the reversal of provisions for dividends received of T€ 279 from ship investments for which there is no longer any reimbursement duty, the T€ 202 increase in the reversal of impairments of receivables and further general savings, particularly the T€ 89 reduction in sales support and subscriber relations management costs. On the other hand, income from the derecognition of liabilities dropped by T€ 409. This chiefly relates to the derecognition in the previous year of interest liabilities of T€ 411 due to the bank providing the equity bridge finance in connection with the deconsolidation of the TVO portfolio.

6.6 SHARE OF PROFIT OF ASSOCIATES

Breakdown:

T€	H1–2014	H1–2013
Fünfte LF Immobiliengesellschaft mbH & Co. KG, Hamburg	–	440
TVO Income Portfolio LP, El Paso, United States	–	114
KALP GmbH, Böel	–	-278
Others	231	310
Share of profit of associates	**231**	**586**

In the previous year, the earnings recorded by Fünfte LF Immobiliengesellschaft mbH & Co. KG had chiefly resulted from the reversals of T€ 440 on impairments recognized on two items of real estate ahead of the planned sale. There were no measurement changes in the period under review.

The earnings recorded by TVO Income Portfolio L. P. in the previous year resulted from application of the equity method as well as foreign-currency translations gains and losses up until the deconsolidation date on March 14, 2013.

The opposite effect arose in the previous year from the share of KALP GmbH's losses (T€ 278). As this investment was written off in full as of December 31, 2013, no additional losses were reported in the year under review. The recurring loss arising in the period under review is recorded in a shadow ledger.

Otherwise, this item predominantly comprises dividends received from associated companies.

6.7 NET FINANCE INCOME/EXPENSES

Breakdown:

	H1–2014	H1–2013
T€		
Net profit affiliated entities	176	56
Net foreign-currency income/expenses	-5	-87
Net interest income	208	115
Net finance income/expenses	**379**	**84**

Net investment income chiefly comprises dividends received from non-consolidated affiliated companies. Reference should be made to the analysis of the Group's results of operations in the management report for further information on changes in finance expense and finance income.

6.8 INCOME TAXES

Income taxes comprises income taxes paid or owed as well as deferred income taxes. Taxes comprise corporate tax plus the solidarity surcharge and trade tax.

The net tax income of T€ 278 arising in the previous year chiefly resulted from assessment notices for prior years and tax expense in connection with companies outside the fiscal union. No further tax expense arose in the period under review due to the income tax fiscal union established between Lloyd Fonds AG (dominant company) and Lloyd Treuhand GmbH (subordinate company).

6.9 EARNINGS PER SHARE

Earnings per share are calculated by dividing profit or loss attributable to the equity holders by the average number of shares outstanding during the period under review. No dilution effects arose either in the first half of 2014 or in the same period in the previous year.

	H1–2014	H1–2013
Net profit attributable to equity holders of parent company (T€)	244	1,213
Average number of shares issued (in thousands)	27,470	27,470
Earnings per share (€ per share)	**0.01**	**0.04**

The number of shares outstanding was unchanged at 27,469,927 in the first half of 2014.

7 NOTES ON THE CONSOLIDATED BALANCE SHEET

The following section describes the main items of the balance sheet and selected changes.

7.1 INVESTMENTS IN ASSOCIATES

There are a total of 123 associates on which the Lloyd Fonds Group exerts material influence. These primarily comprise investments in the limited-partner entities and project companies which Lloyd Fonds holds together with its shipping company partners.

This item also includes the investment in KALP GmbH, Böel, which was written off in full as of December 31, 2013. Accordingly, the share of KALP GmbH's loss was not recorded as the carrying amount of this investment has been written off in full.

The carrying amount of Fünfte LF Immobiliengesellschaft mbH & Co. KG of T€ 501 is unchanged as of December 31, 2013.

7.2 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets comprise a total of 165 investments as of the end of the period under review. These are predominantly shares which Lloyd Fonds holds in its own funds as the founding limited partner as well as affiliated companies, e.g. shelf or project companies, which are not consolidated for reasons of immateriality.

All available-for-sale financial assets measured at fair value are allocated to Level 3 of the hierarchy. They are measured using inputs that are not based on observable market data. The fair value of the investments is normally calculated using the discounted cash flow method in accordance with the data set out in Note 4.2 of the 2013 annual report, which is still considered to be stable. Impairments of T€ 128 were recognized in the period under review. In addition, impairments of T€ 6 were reversed and the proceeds recorded within other comprehensive income.

7.3 TRADE RECEVABLES AND OTHER RECEIVABLES

Breakdown:

	June 30, 2014	Dec. 31, 2013
T€		
Receivables from issuing business	1,105	2,067
Receivables from trusteeship	2,445	1,191
Other receivables and other assets	3,270	2,351
	6,820	**5,609**

The increase in receivables from trusteeship management relates to income arising in the period under review but not received until the following quarter and is due to reporting-day effects.

The increase in other receivables chiefly relates to higher receivables from fund subscribers of T€ 636 arising from distributions made in the past subject to a repayment obligation. At the same time, other liabilities rose by the same amount.

The increase in other receivables chiefly relates to prepaid expenses of T€ 319 arising in the year under review.

7.4 CASH AND CASH EQUIVALENTS

The changes in cash and cash equivalents are analyzed in the consolidated cash flow statement. Reference should be made to Note 8.3 for the breakdown.

7.5 EQUITY

The composition of and changes in the Group's equity are analyzed in the consolidated statement of changes in equity.

7.6 NET ASSET VALUE ATTRIBUTABLE TO OTHER LIMITED PARTNERS

This item results from the inclusion of Premium Portfolio Austria in Lloyd Fonds' consolidated financial statements. It comprises the shares of those limited partners who are not part of the Lloyd Fonds Group. As these are puttable financial instruments, they are reported under non-current financial liabilities. They were measured at their fair value on the date of initial consolidation and will be reported at amortized cost using the effective interest method in later periods, with the resultant expenses or income recorded within net finance income/expenses.

7.7 FINANCIAL LIABILITIES

There are no non-current financial liabilities as of the reporting date.

As of the reporting date, current financial liabilities chiefly comprise the liabilities of T€ 2,893 (December 31, 2013: T€ 3,004) arising from the finance for the investments acquired in the Premium Portfolios Austria. As in the previous year, the carrying amounts of the loans match their fair value.

7.8 OTHER PROVISIONS

As of the balance sheet date, other provisions primarily comprise amounts for pending repayments of dividends to ship entities (T€ 157). In addition, they include amounts for pending losses of T€ 110 arising from the subletting of office space. Of this, an amount of T€ 48 is recorded as non-current provisions.

7.9 CURRENT INCOME TAX LIABILITIES

As in the previous year, the reported income tax liabilities chiefly relate to income taxes payable by companies outside the fiscal union.

8 NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

8.1 RECONCILIATION WITH CONSOLIDATED PROFIT/LOSS FOR THE PERIOD

	Note	H1–2014	H1–2013
T€			
Net profit/loss from operating activities		-131	851
Share of profit of associates	6.6	-231	-586
Net foreign-currency income/expenses	6.7	-5	-87
		-367	**178**

8.2 OTHER NON-CASH INCOME AND EXPENSES

Breakdown:

	Note	H1–2014	H1–2013
T€			
Impairment losses on receivables and unrecoverable receivables	6.5	967	1,562
Unrealized currency translation gains/losses		-2	204
Income from the reversal of provisions	6.5	-279	–
Income from reversal of impairments on receivables	6.5	-372	-170
Income from the derecognition of liabilities	6.5	-29	-438
		285	**1,158**

8.3 COMPOSITION OF CASH AND CASH EQUIVALENTS

Composition for the purposes of the cash flow statement:

	June 30, 2014	June 30, 2013
T€		
Cash at banks	5,877	3,816
Cash in hand	3	3
Cash at banks subject to drawing restrictions	-39	-40
	5,841	**3,779**

9 OTHER DISCLOSURES

9.1 CONTINGENCIES

The contingencies reported as of June 30, 2014 comprise increased liable amounts and potential distribution repayment obligations. Including the settlement claims under joint and severable obligations towards third parties net contingencies come to a total of T€ 3,298 as of June 30, 2014 (December 31, 2013: T€ 3,298).

As part of trusteeship business, shares of T€ 1,654,233 (December 31, 2013: T€ 1,658,095) are managed on the Company's own behalf but for the account of various trustors. In addition, trust accounts of T€ 1,256 (December 31, 2013: T€ 7,784) are maintained on the Company's own behalf but for the account of various trustors.

Lloyd Treuhand has in some cases been entered in the commercial register as the limited partner in trust for subscribers with the corresponding liable amount attributable to such subscribers. In accordance with Sections 171, 172 IV of the German Commercial Code, Lloyd Treuhand is fundamentally liable for any liquidity surpluses which have been distributed but are not backed by profits. The amount by which the distribution is less than the liable amount entered in the commercial register may be subject to reimbursement by Lloyd Treuhand. The potential repayment obligations from distributions stand at T€ 7,621 (December 31, 2013: T€ 9,660) as of the reporting date; however, Treuhand can recover these amounts from the individual investors under the terms of the trusteeship contract. This item was not utilized in the previous year due to the increasingly difficult conditions in the shipping segment. The Management Board does not consider the possible outflow of resources as a result of such recourse claims to be likely.

9.2 OPERATING LEASE COMMITMENTS

Analysis of obligations under leases:

	June 30, 2014	Dec. 31, 2013
T€		
Office space	5,424	5,915
Motor vehicles	106	105
Other	14	28
	5,544	**6,048**

9.3 RELATED-PARTY TRANSACTIONS

As of June 30, 2014, the non-current loan granted to KALP GmbH, Böel, including accrued interest was valued at T€ 1,800 (December 31, 2013: T€ 1,800). Other than this, there were no material transactions with related parties.

9.4 EVENTS AFTER THE REPORTING DATE

A contract for the sale of one property included in the "Fünfte LF Immobiliengesellschaft mbH & Co. KG" real estate fund was signed on June 18, 2014. The condition precedent provided for in this contract, namely payment of the purchase price, was discharged on August 22, 2014.

At the annual general meeting held on August 21, 2014 in Hamburgt the shareholders approved a reduction in the Company's share capital in two stages: Initially, the share capital of a current € 27,469,927.00 will be reduced by one share in accordance with Section 237 (3) No. 1 of the German Stock Corporation Act and then on a 3:1 basis in accordance with Section 229 et seq. of that Act by € 18,313,284.00 to € 9,156,642.00. As a result of this measure, the number of shares held by the shareholders in the company has dropped but there is no change in their relative proportion of the Company's capital. The capital reduction is expected to be executed technically in the stock exchange before the end of the third quarter of 2014. In addition, the shareholders elected a new member to the Supervisory Board. Following the departure of Rodney M. Rayburn, Stephen Seymour, managing director of US investment company Värde Partners, was elected as his replacement on the Supervisory Board.

In September 2013, Lloyd Fonds Consulting GmbH received a permit from the German Federal Financial Supervisory Authority (BaFin) allowing it to sell to professional investors under Section 32 of the German Banking Act. When this wholly owned subsidiary of Lloyd Fonds AG, which pools the Group's selling activities, had been established, such a permit was required for the sale of shares in special-purpose funds. However, with the introduction of the Capital Investment Code, a permit under Section 32 of the German Banking Act is now no longer required for Lloyd Fonds Consulting GmbH's selling activities. For this reason, it served notice on BaFin on August 22, 2014 stating that it would be waiving the activities coming within the scope of Section 32 of the German Banking Act as it holds the other permits required by law for the sale of investment products, e.g. under Section 34 et seq. of the Trade Code. As a result, it is able to dispense with the substantial resources required to ensure compliance with the regulatory requirements.

No other events materially affecting the Group's net assets, financial position or results of operations occurred after the reporting date.

Hamburg, September 16, 2014

The Management Board

Dr. Torsten Teichert **Dr. Joachim Seeler**

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 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, September 16, 2014

The Management Board

Dr. Torsten Teichert **Dr. Joachim Seeler**

CERTIFICATION OF REVIEW BY AUDITORS

TO LLOYD FONDS AG, HAMBURG

We have reviewed the condensed consolidated interim financial statements – comprising the condensed statement of financial positions, condensed income statement and condensed statement of comprehensive income, condensed statement of cash flow, condensed statement of changes in equity and selected explanatory notes – and the interim group management report of Lloyd Fonds AG, Hamburg, for the period from January 1 to June 30 2014, which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany – IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU or that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Hamburg, September 17, 2014

TPW GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

signed
Roger Hönig
Wirtschaftsprüfer
(German Public Auditor)

signed
Britta Martens
Wirtschaftsprüferin
(German Public Auditor)

FINANCIAL CALENDAR

	2014
Annual Report 2013	May 28
General Annual Meeting	August 21
Semi-annual Report	September 18

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NB:

Lloyd Fonds AG's semi-annual Report for 2014 is also available as a PDF file on the Internet at www.lloydfonds.de. This English language version of the semi-annual Report is a convenience translation. In the event of any doubt, the German version is to apply.

LLOYD FONDS

AKTIENGESELLSCHAFT

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