

Comstock Homebuilding Companies, Inc. Reports Results for Three and Six Months Ended June 30, 2007

RESTON, VA, Aug 09, 2007 (MARKET WIRE via COMTEX News Network) -- Comstock Homebuilding Companies, Inc. (NASDAQ: CHCI) ("Comstock" or the "Company") today announced financial results for three and six months ended June 30, 2007.

For the three months ended June 30, 2007 the Company reported a net loss of \$4.7 million or (\$0.29) per share basic and diluted on total revenue of \$114.3 million as compared to a net loss of \$7.1 million or \$(0.47) per share basic and diluted for the three months ended June 30, 2006. In connection with these results the Company announced that it had elected to record a non-cash impairment and write-off charge of \$7.5 million for the three months ended June 30, 2007 as compared to a \$12.9 million charge for the three months ended June 30, 2006.

For the six months ended June 30, 2007 the Company reported a net loss of \$6.3 million or (\$0.40) per share basic and diluted on total revenue of \$161.0 million as compared to a net loss of \$5.9 million or \$(0.41) per share basic and diluted for the six months ended June 30, 2006. In connection with these results the Company announced that it had elected to record a non-cash impairment and write-off charge of \$8.4 million for the six months ended June 30, 2007 as compared to a \$12.9 million charge for the six months ended June 30, 2006.

The Company noted that during the three months ended June 30, 2007 it reduced its debt by \$63.3 million to \$230.1 million as compared to March 31, 2007 and by \$86.4 million as compared to June 30, 2006. The company's debt-to-cap ratio at June 30, 2007 was 65%, a reduction of 5 percentage points as compared to March 31, 2007. In addition, the Company indicated that it continued to be successful in both complying with all of its financial covenants and extending the maturities and cash obligations associated with its debt.

Selected Highlights of Financial Results -- Three months ended June 30, 2007:

- The Company reported a net loss of \$4.7 million or (\$0.29) per share basic and diluted on weighted average shares outstanding of 16.1 million as compared to a net loss of \$7.1 million or \$(0.47) per share basic and diluted on 15.0 million weighted average shares outstanding for the three months ended June 30, 2006;
- On a proforma basis, before impairments and write-offs, the Company's results would have been a net loss of \$0.1 million or \$0.00 per share (basic) as compared to net income of \$0.8 million or \$0.05 per share (basic) for the three months ended June 30, 2006;
- Total revenue was \$114.3 million with revenue from homebuilding increasing \$59.9 million or 118.8% to \$110.3 million, as compared to total revenue of \$50.7 million for the three months ended June 30, 2006 with \$50.4 million of revenue derived from homebuilding;
- The Company delivered 505 new homes including 316 units at its Bellemeade project at an average per unit revenue of approximately \$218,000 as compared to 165 new homes at an average per unit revenue of \$305,000 for the three months ended June 30, 2006. Net of the \$47.5 million of revenue from the Bellemeade units the Company's average revenue per delivery was \$332,000;
- Gross profit from homebuilding, was \$7.4 million on a proforma basis before impairments and write-offs representing a 6.7% gross margin as compared to \$9.1 million representing a gross margin from homebuilding of 18% for the three months ended June 30, 2006. Net of the Bellemeade units the Company's gross margin from homebuilding was 11.9%;
- Gross new order revenue was \$99.1 million on 494 new orders including 316 units at its Bellemeade project for an average new order revenue of \$201,000 as compared to \$66.3 million of new order revenue on 199 new orders for an average of \$285,000 per new order for the three months ended June 30, 2006. Net of the Bellemeade units the Company's average new order was \$290,000;
- Backlog at June 30, 2007 was \$92.8 million on 241 units as compared to \$218.4 million on 575 units at June 30, 2006;
- As a result of softening market conditions and project repositioning in the Company's markets, the Company elected to record a \$7.5 million non-cash charge to assets for impairments to its real estate inventory;

Selected Highlights of Financial Results -- Six months ended June 30, 2007:

- The Company reported a net loss of \$6.3 million or (\$0.40) per share basic and diluted on weighted average shares outstanding of 16.0 million as compared to a net loss of \$5.9 million or (\$0.41) per share basic and diluted on 14.5 million weighted average shares outstanding for the six months ended June 30, 2006;
- On a proforma basis, before impairments and write-offs, the Company's results would have been a net loss of \$1.1 million or (\$0.07) per share (basic) as compared to net income of \$2.0 million or \$0.14 per share (basic) for the six months ended June 30, 2006;
- Total revenue was \$161.0 million with revenue from homebuilding increasing \$66.6 million or 76.8% to \$153.3 million, as compared to total revenue of \$87.3 million for the six months ended June 30, 2006 with \$86.7 million of revenue derived from homebuilding;
- The Company delivered 636 new homes including 316 units at its Bellemeade project at an average per unit revenue of approximately \$241,000 as compared to 277 new homes at an average per unit revenue of \$313,000 for the six months ended June 30, 2006. Net of the Bellemeade units the Company's average revenue per delivery was \$331,000;
- Gross profit from homebuilding, was \$13.6 million on a proforma basis before impairments and write-offs representing an 8.9% gross margin as compared to \$18.3 million representing a gross margin from homebuilding of 21.1% for the six months ended June 30, 2006. Net of the Bellemeade units the Company's gross margin from homebuilding was 12.9%;
- Gross new order revenue was \$143.0 million on 639 new orders including 316 units at its Bellemeade project for an average new order revenue of \$224,000 as compared to \$141.9 million of new order revenue on 462 new orders for an average of \$307,000 per new order for the six months ended June 30, 2006. Net of the Bellemeade units the Company's average new order was \$296,000;
- Backlog at June 30, 2007 was \$92.8 million on 241 units as compared to \$218.4 million on 575 units at June 30, 2006;
- As a result of softening market conditions and project repositioning in the Company's markets, the Company elected to record a \$8.4 million non-cash charge to assets for impairments to its real estate inventory;

"We are encouraged by our results and accomplishments during the second quarter," said Christopher Clemente, Chairman and Chief Executive Officer. "We recognize the challenges that this market presents and feel that we are taking the necessary steps to strengthen our balance sheet and manage our liquidity. The significant reduction in debt this quarter is an indication of our commitment to selling through our inventory and reducing our exposure to unfunded interest costs. In addition, the commencement of settlements in the east tower of the Eclipse is a positive step toward realizing what we continue to believe will be significant cash flow from the project."

The Company will file its 10-Q later today. The Company will hold an investor conference call hosted by Christopher Clemente, Chief Executive Officer, and Bruce Labovitz, Chief Financial Officer on Monday, August 13, 2007 at 1:00 p.m. Eastern Time, to discuss financial results for the second quarter ended June 30, 2007. This investor call will be available via live webcast on the Company website at <http://www.comstockhomebuilding.com> in the "Investor Relations" section. To participate by telephone, the dial-in number is 866-542-4236 and the access code is 3229093. Investors are advised to join at least five minutes prior to the call to register. The call will be archived for seven days: from 6:45 p.m. Monday, August 13, 2007, until 11:59 p.m. Monday, August 20, 2007.

About Comstock Homebuilding Companies, Inc.

Established in 1985, Comstock Homebuilding Companies is a diversified real estate development firm with a focus on moderately priced for-sale residential products. Comstock builds and markets single-family homes, townhouses, mid-rise condominiums, high-rise condominiums, mixed-use urban communities and active adult communities. The company currently markets its products under the Comstock Homes brand in the Washington, D.C.; Raleigh, North Carolina; and Atlanta, Georgia metropolitan areas. Comstock develops mixed-use, urban communities and active-adult communities under the Comstock Communities brand. Comstock Homebuilding Companies Inc. trades on Nasdaq under the symbol CHCI. For more information on the Company or its projects please visit <http://www.comstockhomebuilding.com>.

Cautionary Statement Regarding Forward-Looking Statements

This release contains "forward-looking" statements that are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "may," "will," "expects," "projects," "anticipates," "estimates," "believes," "intends," "plans," "should," "seeks," and similar expressions, including statements related to Comstock's expected future financial results and anticipated growth in the Washington, D.C. housing market, are forward-looking statements. Forward-looking statements

involve known and

unknown risks and uncertainties that may cause actual future results to differ materially from those projected or contemplated in the forward-looking statements. These risks and uncertainties include, but are not limited to, economic, market and competitive conditions affecting Comstock and its operations and products, risks and uncertainties relating to the market for real estate generally and in the areas where Comstock has projects, the availability and price of land suitable for development, materials prices, labor costs, interest rates, Comstock's ability to service its significant debt obligations, fluctuations in operating results, anticipated growth strategies, continuing relationships with affiliates, environmental factors, government regulations, the impact of adverse weather conditions or natural disasters and acts of war or terrorism. Additional information concerning these and other important risks and uncertainties can be found under the heading "Risk Factors" in the prospectus from Comstock's initial public offering, as filed with the Securities and Exchange Commission on December 15, 2004. Comstock specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

BALANCE SHEET	June 30, 2007	December 31, 2006
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ASSETS		
Cash and cash equivalents	\$ 16,936	\$ 21,263
Restricted cash	6,720	12,326
Receivables	2,974	4,555
Note receivables	-	-
Due from related parties	377	4,053
Real estate held for development and sale	330,038	405,144
Inventory not owned - variable interest entities	35,458	43,234
Property, plant and equipment	2,322	2,723
Investment in real estate partnership	-	(171)
Deferred income tax	9,508	10,188
Other assets	18,351	14,114
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TOTAL ASSETS	422,684	517,429
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LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	35,913	55,680
Due to related parties	140	1,140
Obligations related to inventory not owned	33,524	40,950
Notes payable	200,140	265,403
Senior unsecured debt	30,000	30,000
Notes payable - related party	-	-
Income taxes payable	-	-
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TOTAL LIABILITIES	299,717	393,173
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Commitments and contingencies (Note 12)		
Minority interest	363	371
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SHAREHOLDERS' EQUITY		
Class A common stock, \$0.01 par value, 77,266,500 shares authorized, 14,961,779 and 14,129,081 issued and outstanding, respectively	150	141
Class B common stock, \$0.01 par value, 2,733,500 shares authorized, 2,733,500 issued and outstanding	27	27
Additional paid-in capital	150,911	147,528
Treasury stock, at cost (391,400 Class A common stock)	(2,439)	(2,439)
(Accumulated deficit)	(26,045)	(21,372)
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TOTAL SHAREHOLDERS' EQUITY	122,604	123,885
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 422,684	\$ 517,429
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	Three Months Ended	Six Months Ended

Income Statement	June 30,		June 30,	
	2007	2006	2007	2006
Revenues				
Revenue - homebuilding	\$ 110,313	\$ 50,351	\$ 153,338	\$ 86,716
Revenue - other	3,987	346	7,685	576
Total revenue	114,300	50,697	161,023	87,292
Expenses				
Cost of sales - homebuilding	102,876	41,295	139,743	68,456
Cost of sales - other	3,680	21	7,304	30
Impairments and write-offs	7,492	12,914	8,383	12,914
Selling, general & administrative	8,151	8,429	16,376	16,076
Operating loss	(7,899)	(11,962)	(10,783)	(10,184)
Other income, net	(302)	(355)	(646)	(587)
Loss before minority interest and equity in losses of real estate partnership	(7,597)	(11,607)	(10,137)	(9,597)
Minority interest	(3)	12	(5)	5
Loss before equity in earnings of real estate partnership	(7,594)	(11,619)	(10,132)	(9,602)
Equity in losses of real estate partnership	-	(26)	-	(53)
Total pre tax loss	(7,594)	(11,645)	(10,132)	(9,655)
Income taxes benefit	(2,926)	(4,522)	(3,796)	(3,771)
Net loss	\$ (4,668)	\$ (7,123)	\$ (6,336)	\$ (5,884)
Basic loss per share	\$ (0.29)	\$ (0.47)	\$ (0.40)	\$ (0.41)
Basic weighted average shares outstanding	16,095	15,034	15,992	14,511
Diluted loss per share	\$ (0.29)	\$ (0.47)	\$ (0.40)	\$ (0.41)
Diluted weighted average shares outstanding	16,095	15,034	15,992	14,511

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SOURCE: Comstock Homebuilding Companies, Inc.