HAMBURGER HAFEN UND LOGISTIK AKTIENGESELLSCHAFT

Annual Report 2010

Key figures

in € million	HHLA Group 2010	2009	Change
Revenue and earnings			
Revenue	1,073.1	990.7	8.3 %
EBITDA	306.9	277.5	10.6 %
EBITDA margin in %	28.6	28.0	0.6 pp
EBIT	192.9	160.2	20.4 %
EBIT margin in %	18.0	16.2	1.8 pp
EBIT from continuing activities [1]	190.7	177.7	7.3 %
EBIT margin from continuing activities in %	17.8	18.0	- 0.2 pp
Profit after tax	113.9	89.1	27.8 %
Profit after tax and minority interests	76.2	53.0	43.7 %
Balance sheet and cash flow statement			
Total assets	1,715.1	1,590.5	7.8 %
Equity	567.0	637.0	- 11.0 %
Equity ratio [2] in %	33.1	40.0	- 6.9 pp
Cash flow from operating activities	206.9	193.2	7.1 %
Investments	173.8	159.7	8.9 %
Employees			
Employees as of 31.12.	4,679	4,760	- 1.7 %
Performance data			
Container throughput in thousand TEU	5,844	4,913	19.0 %
Container transport [3] in thousand TEU	1,696	1,500	13.1 %

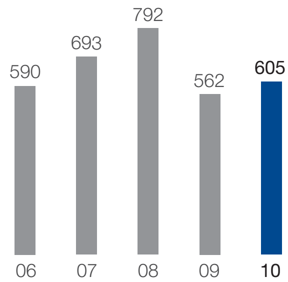
	Port Logistics subgroup [4,5]			Real Estate subgroup [4,6]		
in € million	2010	2009	Change	2010	2009	Change
Revenue	1,044.1	962.9	8.4 %	34.0	32.7	3.8 %
EBITDA	290.1	261.1	11.1 %	16.8	16.4	2.2 %
EBITDA margin in %	27.8	27.1	0.7 pp	49.5	50.2	- 0.7 pp
EBIT	179.9	147.7	21.8 %	12.7	12.3	3.2 %
EBIT margin in %	17.2	15.3	1.9 pp	37.4	37.6	- 0.2 pp
EBIT from continuing activities [1]	177.7	165.1	7.6 %	12.7	12.3	3.2 %
EBIT margin from continuing activities in %	17.0	17.2	- 0.2 pp	37.4	37.6	- 0.2 pp
Profit after tax	107.6	82.8	30.0 %	4.8	6.1	- 20.8 %
Profit after tax and minority interests	69.9	46.7	49.6 %	4.8	6.1	- 20.8 %
Earnings per share in €/share [7]	1.00	0.67	49.3 %	2.34	2.34	0.0 %
Dividend in €/share [8]	0.55	0.40	37.5 %	1.20	1.00	20.0 %

[1] EBIT without one-off restructuring effects of CTL (previous year: CTL and combisped)
[2] Equity ratio in 2010 after a reclassification from minority interests to financial liabilities
[3] The transport volume was fully consolidated
[4] Before consolidation between subgroups
[5] Listed A shares
[6] Non-listed S shares
[7] Basic and diluted
[8] 2010: Dividend proposal

The segments at a glance

HHLA Container segment Port Logistics subgroup

Revenue
in € million



A hub for world trade

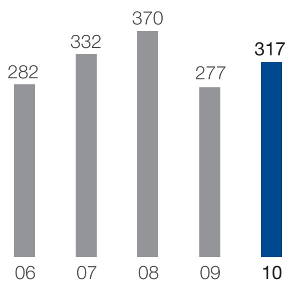
HHLA's container terminals link ships and rail networks together to create efficient, eco-friendly transport chains. The company's three high-performance terminals – Altenwerder, Burchardkai and Tollerort – make the Port of Hamburg the most important container hub between Asia and Europe. Technical innovations and automated work processes enable a level of productivity which sets both national and international benchmarks. With its Container Terminal Odessa (Ukraine), HHLA also operates one of the leading handling facilities in the fast-growing region around the Black Sea. With its service companies, HHLA provides an extensive portfolio for all container handling needs.

Key figures

in € million	2010	2009	Change
Revenue	605.3	561.6	7.8 %
EBIT	155.7	149.6	4.1 %
EBIT margin in %	25.7	26.6	- 0.9 pp
Employees as of 31.12.	2,891	2,961	- 2.4 %
Container throughput in thousand TEU	5,844	4,913	19.0 %

HHLA Intermodal segment Port Logistics subgroup

Revenue
in € million



A network for Europe

HHLA Intermodal offers a comprehensive transport and terminal network for containers. While the Intermodal companies create high-performance rail links between ports in Northern Europe and their hinterland, a growing number of inland terminals provide the high service quality demanded by maritime logistics in hinterland regions as well. The market leader Metrans links the Czech Republic, Slovakia, Hungary and Slovenia with the German seaports, while Polzug Intermodal focuses in Poland and the CIS. Meanwhile, TFG Transfracht is a market leader in Germany and also serves Switzerland and Austria. The container forwarder CTD operates truck services in the metropolitan areas of major German cities and over long distances throughout Europe.

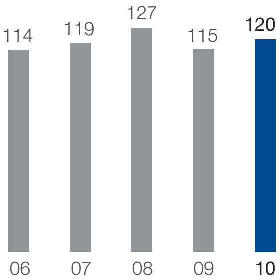
Key figures

in € million	2010	2009	Change
Revenue	317.3	277.3	14.4 %
EBIT	24.8	4.4 [1]	462.6 %
EBIT margin in %	7.8	1.6	6.2 pp
Employees as of 31.12.	777	751	3.5 %
Container transport in thousand TEU	1,696	1,500	13.1 %

[1] *incl. one-off restructuring effect amounting to € 17.5 million*

HHLA Logistics segment Port Logistics subgroup

Revenue
in € million



A range of services for an universal port

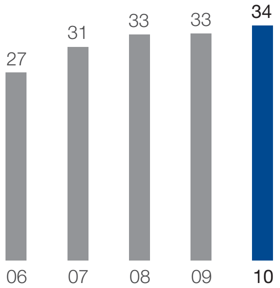
A wide range of services are pooled in the Logistics segment – from consultancy and specialist handling services to storage and contract logistics. Unikai Lagerei und Spedition is the competence centre for vehicle logistics in the Port of Hamburg. The Frucht- und Kühlzentrum is the German market leader for fruit handling, and Ulrich Stein GmbH offers essential services for the fruit import sector. With Hansaport, HHLA also holds a stake in Germany's largest terminal for ore and coal handling. HHLA Logistics stands for high-quality logistics solutions, and HPC Hamburg Port Consulting and its subsidiaries Uniconsult and HPTI successfully market HHLA's expertise in port technology and project development all around the world.

Key figures

in € million	2010	2009	Change
Revenue	120.4	114.9	4.8 %
EBIT	6.2	8.2	- 25.0 %
EBIT margin in %	5.1	7.2	- 2.1 pp
Employees as of 31.12.	441	475	- 7.2 %

HHLA Real Estate segment Real Estate subgroup

Revenue
in € million



Careful redevelopment of historic districts

HHLA Real Estate boasts a broad portfolio of services, from project and property development to district management and active urban redevelopment. At the heart of its activities is the careful, sustainable renovation of Hamburg's Speicherstadt historical warehouse district. HHLA aims to make this an exemplary redevelopment project. The unique atmosphere of this warehouse complex – which is designated as a historical landmark – attracts tenants from the media, culture and fashion sectors. On the northern banks of the river Elbe, HHLA and FMH Fischmarkt Hamburg-Altona GmbH also preserve part of the city's fishing tradition. The property is now embedded in an intelligent site development concept that offers fish trading, offices and fine dining.

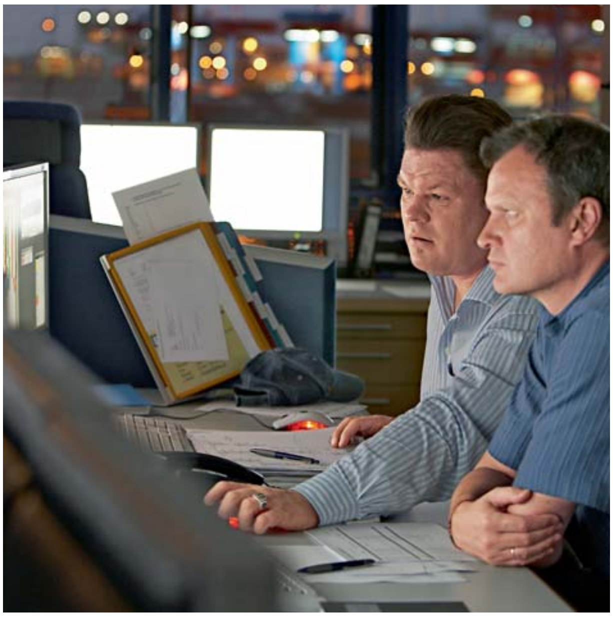
Key figures

in € million	2010	2009	Change
Revenue	34.0	32.7	3.8 %
EBIT	12.7	12.3	3.2 %
EBIT margin in %	37.4	37.6	- 0.2 pp
Employees as of 31.12.	38	40	- 5.0 %

We are one of Europe's leading port logistics groups. With our Container, Intermodal and Logistics segments, we are vertically aligned along the entire transport chain. Efficient container terminals, high-performance transport systems and comprehensive logistics services form a complete network between the international port and the European hinterland. Our environmentally friendly logistics chains support global economic developments and draw on our strengths: moving, networking and developing.

Contents

Developing



Annual Report 2010

Ladies and Gentlemen,

Klaus-Dieter Peters
Chairman of the Executive Board

After correcting its revenue forecast upwards several times during the course of the year, Hamburger Hafen und Logistik AG (HHLA) fully met these expectations in the 2010 financial year and even slightly exceeded its earnings forecast. At the same time, we made significant progress with important forward-looking measures and initiated new projects. These included systematically further extending our European network for hinterland transport and increasing the number of mega-ship berths we can offer in Hamburg.

Overall, 2010 was a very pleasing year for our company. This is illustrated not only by the gain in market share brought about by an above-average growth in container handling volumes. As our net profit for the year after minority interests also experienced a disproportionately high increase, the Executive and Supervisory Boards of HHLA will be able to propose at the Annual General Meeting on 16 June 2011 an increase of around 40 percent in the dividend. This will mean paying out € 0.55 per market-traded share in the Port Logistics subgroup entitled to dividends. We paid out € 0.40 per share during the 2009 crisis.

There are various reasons behind our company's fast and strong recovery:

- One of the primary factors was the sustained global economic recovery. This also proved that one particular world economic trend is still valid: growth in transport volumes exceeds growth in the national product. Economic growth and rising affluence are still dependent on the cross-regional division of labour and therefore on a disproportionately high increase in transport services.
- Thanks to the normalization of the macroeconomic environment – with a recovery in charter rates for seaborne transport and rising fuel costs, for instance – the geographic advantages of the Port of Hamburg for transport links are once again gaining in importance. This has meant that feeder services in the Baltic region have been moved from the Benelux ports back to Hamburg, for example.
- The Port of Hamburg's main customers include economic regions whose foreign trade or economic performance was particularly hard hit by the crisis. As a consequence, the strong revival in China's foreign trade and the upturn in many Central and Eastern European economies prompted a strong recovery in handling and transport demand in Hamburg.

The macroeconomic environment was therefore much more favourable than during 2009. However, we were also able to capitalize on these parameters so successfully because we consistently enhanced our efficiency and performance during the crisis. The steps taken included:

- Completing new mega-ship berths at our Burchardkai and Tollerort container terminals. This was a crucial factor for attracting new Far East services and the largest container ships currently in operation to Hamburg. These mega-ships have a capacity of up to 14,000 standard containers.
- Continuously further developing and optimizing our terminal processes. Here are just two examples of the considerable efficiency improvements: the new container gantry cranes at Burchardkai can handle two large 40-foot containers in a single movement, and our automated vehicles at the Altenwerder terminal are now also transporting two 20-foot containers simultaneously for the first time.
- The successful work done by the innovative feeder logistics centre (FLC) at the Port of Hamburg, which optimizes the workflows for feeder ships.
- Commencing operations at a modern inland terminal in the Polish city of Katowice, which links Silesia directly with the Port of Hamburg.
- Improving the portfolio and performance of the Czech HHLA subsidiary Metrans, whose rail transport services for containers are already exceeding the record level seen in 2008. This is thanks in part to considerable growth in the company's market share.

By taking these steps in 2010, we consistently further pursued our strategy of vertical integration along the transport chain between the international port and clients in the European hinterland. This has had a positive effect on business developments at HHLA and beyond. As HHLA's European transport network is geared towards intermodal transport using rail, the company is playing a major role in helping Hamburg to keep expanding its role as the leading European rail port. We have succeeded in continuously upping the proportion of rail transport in recent years. Rail services already account for well over 70 percent of transport on long-distance routes and no less than 98 percent of journeys to Austria. This is a significant achievement as regards climate and environmental protection, but rail transportation also offers considerable growth potential for the future, a capacity which road haulage no longer has.

As ships continue to grow larger and larger, port lay time is becoming increasingly important. Container mega-ships are particularly susceptible to losing some of their cost advantages if they are laid up in port for longer periods of time due to growing throughput volumes. Here, too, we are well equipped: our container terminals' throughput per hour of ship's lay time – the key productivity indicator for our clients – is constantly improving. Both Burchardkai and Altenwerder set new records in 2010, all of which further strengthens their leading positions in Europe. The high performance and reliability of our Hamburg terminals thus play an important role in making the Port of Hamburg an attractive option. This is even more significant at present, as the delay in dredging the river Elbe's shipping channel is currently restricting capacity utilization on large container ships.

Our employees are key to our company's performance. During the year under review, their dedication and flexibility once again made a crucial contribution towards our ability to successfully master the ever-growing demands of the maritime logistics sector. With our "Securing the Future" project, we succeeded in safeguarding jobs during the crisis and simultaneously improving our staff's skills. More than 400 employees in Hamburg took part in the incentive, which offered an attractive combination of short-time working hours and qualification measures.

Having successfully overcome the 2009 crisis and recorded a strong recovery in the 2010 financial year, our company is in a good position for further development. Although growth can be expected to become weaker as the year progresses, and pent-up demand gradually ebbs away, we expect to see an increase of around 10 percent in our transport volumes in 2011. This is based on current forecasts for the coming year, which predict growth of 5 to 6 percent in container traffic via the North European seaports. As competition remains intense, we are setting ourselves the ambitious target of achieving growth in revenue matching that of volumes, and at the same time, to increase our EBIT margin as a result of the improved capacity utilization of our facilities and systems.

We took action in 2010 to continue on our successful business path. One of our key projects here was transferring the successful business model used for transport routes in South-Eastern Europe to other regions. As part of this initiative, we will open additional inland terminals which meet the needs of maritime logistics and extend our system of shuttle train links. HHLA will therefore open new inland terminals in Poland and the Czech Republic in 2011. In June 2010, HHLA and Eurogate established the joint venture IPN Inland Port Network. Its aim is to improve links between our main market of Germany and the Port of Hamburg in the future. The joint venture is currently preparing to establish a network of high-performance inland terminals in Germany. This new network will offer much more favourable conditions for stepping up the use of shuttle connections.

To further improve transport for the "last mile" between inland terminals and customers' premises, the HHLA subsidiary CTD and EKB, a transport company from Bremen, established the joint venture CIT Container Inland Trucking in July 2010. CIT will develop a comprehensive, road-based delivery network for inland terminals in Germany.

We also launched important forward-looking projects in our Container segment last year. First and foremost, this meant continuing with the modernization programmes at our Hamburg container terminals. The focus of this work is on Burchardkai. Over the coming years, the terminal will gain additional mega-ship berths to cater for demand, along with a new, state-of-the-art block storage system for container storage. This is a further reminder of how valuable our flexible extension programme for our facilities is, as it allows us to adjust the type and pace of improvement work to actual developments in demand. We also initiated a major project for the future at our Container Terminal Odessa in 2010. The prime objectives of this extension project are to significantly improve handling conditions for large vessels and to ramp up capacity. By 2012, the work to enlarge the existing terminal will have created deep-water berths and considerably increased the area of the terminal.

Having successfully overcome the 2009 crisis and experienced a fast and strong recovery in 2010, our company is now ideally prepared to master current and future challenges and to realize its opportunities for sustainable growth. As we move forward, we can draw on our well-established strengths:

- We have a long-term, forward-looking strategy that offers integrated handling, logistics and transport services between the seaport and customers in its European hinterland, catering for goods flows between the growth markets of the Far East and Central/Eastern Europe.
- We can adapt quickly to different market situations with our flexible expansion programme.
- We have sound, crisis-proof balance sheet relationships and strong earnings. This enables us to make forward-looking investments and both maintain and extend our technological leadership in many aspects of maritime logistics.
- We contribute towards stable, high-quality labour markets at our locations with our HR management and our training measures.
- We make an important contribution towards economic developments at our locations with our high added value.
- We aid environmental and climate protection with our eco-friendly production – for example at the low-emissions terminal in Altenwerder – but, above all, with our environmentally friendly, rail-based transport chains.

With this combination of strengths, we fulfil our corporate responsibility. This is ensured by our long-term, sustainable strategy in which efforts to fulfil economic, social and ecological objectives complement each other. On this basis, we will continue to pursue a future-proof success path.

Yours,

Klaus-Dieter Peters
Chairman of the Executive Board

1 Klaus-Dieter Peters
First appointed on
1 January 2003

Responsibility
- Coordination Executive Board
- Corporate communication
- Corporate development
- Sustainability

2 Dr. Stefan Behn
First appointed on
1 May 1996

Responsibility
- Container segment
- Information systems

3 Heinz Brandt
First appointed on
1 January 2009

Responsibility
- Human resources
- Purchasing & supplies/materials
- Legal and insurance
- Health and safety in the workplace

4 Dr. Sebastian Jürgens
First appointed on
1 January 2009

Responsibility
- Intermodal segment
- Logistics segment

5 Dr. Roland Lappin
First appointed on
1 May 2003

Responsibility
- Finance
- Controlling
- Organization
- Investor Relations
- Internal audit
- Real Estate segment

Moving

HHLA keeps global goods flows moving 24 hours a day, 7 days a week. The very latest technology, the courage to innovate and the company's extensive expertise all ensure the utmost in efficiency and performance. As a result, HHLA's terminals and transport networks define state-of-the-art maritime logistics.

Straddle carriers transporting a container at the HHLA Container Terminal Burchardkai.

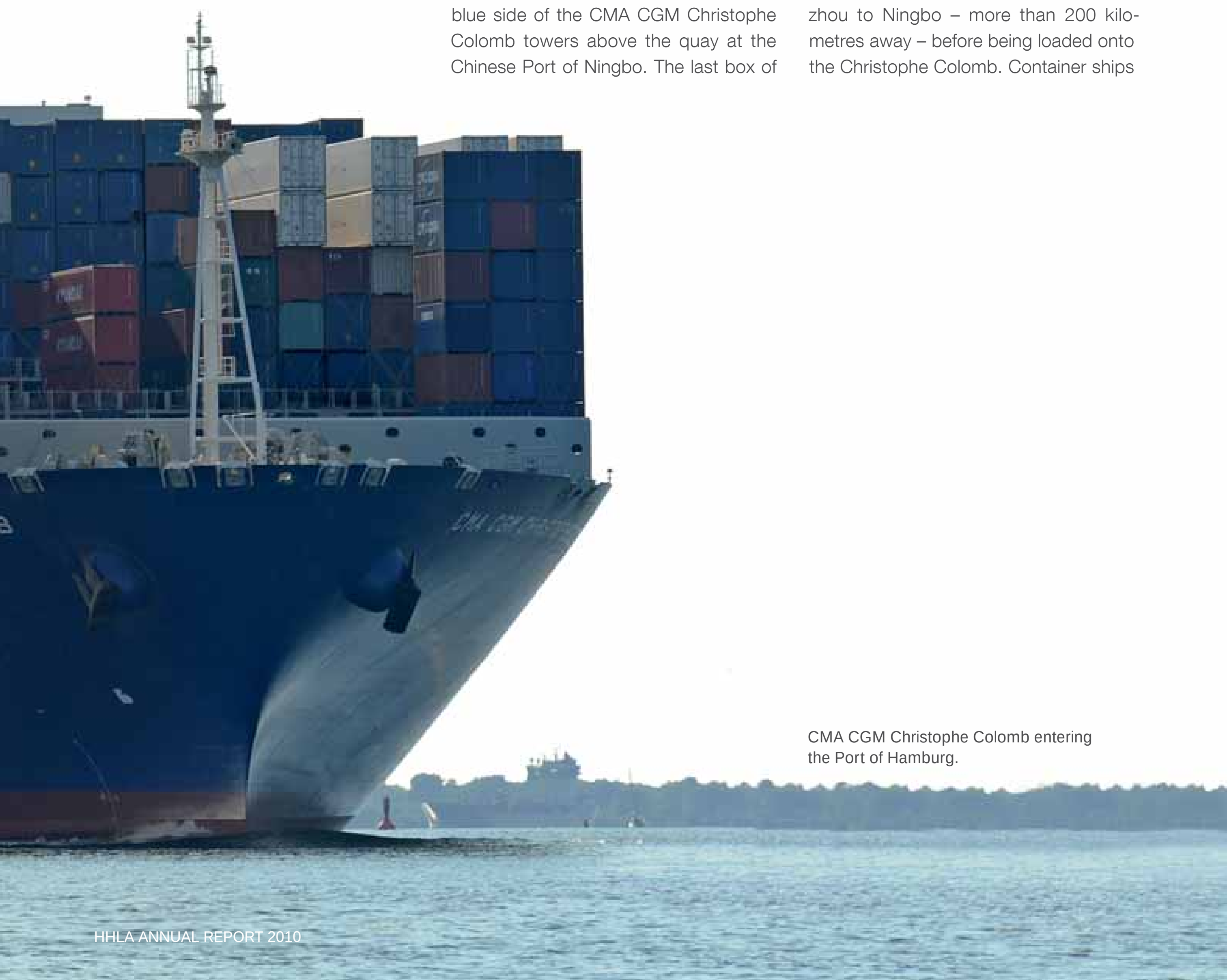
Moving

Hamburg: the logistics hub

There are more than 10,000 nautical miles between China and Europe, between Ningbo on the Chinese coast and the Port of Hamburg. This is the diary of a journey. It is the story of how Europe's largest shoe retailer, Deichmann, sends its latest collection of men's, women's and children's shoes on a voyage across the seas to Europe, and how HHLA links global transport chains with its modern container hub in Hamburg.

Hamburg, 10 December 2010, 7.45 a.m. At first light, the outline of a giant emerges just beyond the suburb of Wedel on the river Elbe. 51 metres wide and almost 366 metres long, the Christophe Colomb operated by French shipping company CMA CGM is sailing up the river Elbe. It is one of the largest container ships in the world. Captain Pascal Jean Auvet makes the final preparations to enter the Port of Hamburg.

Five weeks earlier – Ningbo in China, 7 November, 11.30 a.m. The bright blue side of the CMA CGM Christophe Colomb towers above the quay at the Chinese Port of Ningbo. The last box of goods for Europe has just been loaded – including container CMAU 146090-0, packed to the brim with the latest collection of men's, women's and children's shoes for the Deichmann branch at Mariahilferstrasse 41 in Vienna, among others. Europe's largest shoe retailer, Deichmann, manufactures its shoes all around the world and has a major production facility in the city of Wenzhou in China. Almost as soon as the Deichmann shoes had rolled off the conveyor belt and been packed, container CMAU 146090-0 was transported from Wenzhou to Ningbo – more than 200 kilometres away – before being loaded onto the Christophe Colomb. Container ships



CMA CGM Christophe Colomb entering the Port of Hamburg.

From Wenzhou to Hamburg

One of the manufacturing facilities used by Deichmann – Europe's largest shoe retailer – is located in the Chinese city of Wenzhou. There, the shoes are packed into containers and transported 200 kilometres by rail to the port of Ningbo. They are then loaded onto a container ship before embarking on a voyage to Europe, some 20,000 nautical kilometres away. The Asia–Europe service FAL 5/AE8 operated by the shipping companies CMA CGM and Maersk completes this journey in about five weeks.

such as the Christophe Colomb are crucial to global trade, carrying heavy loads along fixed routes to tight schedules. In 2010, CMA CGM and Maersk set up a new liner service, the FAL 5/AE8, linking Asia's fast-growing economies with Northern Europe. The service is operated by container ships with a capacity of up to 14,000 standard containers (TEU). The sea route from Ningbo to Hamburg – the Pacific to the North Sea – is around 20,000 kilometres long.

Suez Canal, 28 November, 0.57 a.m. At a speed of around 7.5 knots, the mighty Christophe Colomb forges its way down Egypt's Suez Canal, which stretches more than 160 kilometres. It is the world's most important shipping route, linking the Mediterranean Sea with the Red Sea and making it unnecessary for vessels to travel all the way around the African continent, which would add about seven days to the voyage from Asia to Europe.

Hamburg, Burchardkai, 29 November, 8.00 a.m. HHLA shipplanner Sven Merzlanovits can monitor all the containers stacked on the Christophe Colomb on the screen in his office at the Container Terminal Burchardkai (CTB). Red, green, blue, yellow – the colourful containers are piled up in such a way that they can be lifted off the ship in Le Havre, Rotterdam and Hamburg without any time-wasting restowing. The containers destined for Hamburg are highlighted blue.

The container ship CMA CGM Christophe Colomb (front) shortly before it berths at the HHLA Container Terminal Burchardkai in Hamburg.

They include container CMAU 146090-0, which holds some 5,000 pairs of shoes due to arrive at the Deichmann stores in Austria in time for Christmas. “Of course, ships with a capacity of 14,000 standard boxes pose a particular challenge for the shipping companies and us terminal operators,” explains Merzlanovits. Long before the Christophe Colomb reaches Hamburg, the qualified industrial engineer starts working with CMA CGM on the logistics of unloading and loading the containers at HHLA’s terminal. These days, transport chains are planned in minute detail, carefully coordinated and finely tuned.

Le Havre, 7 December, 6.00 a.m. Following a stop-off at the French Port of Le Havre, the Christophe Colomb casts off from the quay wall. Merzlanovits starts clarifying the final details for the container handling in Hamburg. At the same time, he plans the loading of the ship at the Port of Hamburg. His plans have to take into account stowing instructions from the shipping company CMA CGM. The shipplanner uses a planning software to work out on his computer screen exactly where each container should be stacked on the ship. You could call it the maritime transport chain’s answer to Tetris. Meanwhile, the relevant shift manager at Burchardkai calculates the optimum number of container gantry cranes to use.

Hamburg, Burchardkai, 10 December, 8.45 a.m. The sound of a 108,000 hp diesel engine throbs through the hull of the Christophe Colomb. Tugs help the Christophe Colomb to berth at the new berth at Burchardkai. Crane operators, crane supervisors, checkers and lashers – who secure (lash) and release containers – all prepare to work on the ship. In the control centre at Burchardkai, the shift manager, process controllers and online planners all start their jobs on the computer screens. At the same time, HHLA’s straddle carrier drivers climb into their 15-metre-high vehicles at the terminal. A gigantic, carefully coordinated handling apparatus gears up, ready for action.

Burchardkai, 9.00 a.m. Shipplanner Merzlanovits climbs up the gangway to the Christophe Colomb. Together with Chief Mate Julien Rodrigues Genest, he checks whether the proposed stowage plan can be implemented. About 30 minutes later, Merzlanovits drives across Burchardkai back to the terminal building in his red VW Fox. The container handling starts. “Even though I’ve been doing this for years, I’m always fascinated when everything dovetails smoothly,” says the shipplanner.

Burchardkai, 12.14 p.m. Sleet batters against the windows of the crane’s glass cabin. The steel legs of container gantry crane no. 28 tower 49 metres above the quay and the 68-metre-long booms have been extended. “Thousands of containers have to be unloaded and loaded here today,” says crane operator Soenke Greve. He is on the early shift, driving one of seven container gantry cranes being used to dispatch the Christophe Colomb’s cargo since 9.00 a.m. Precision is crucial. The huge ship is due to leave Hamburg again the very next day.

Permanently connected

Industrial engineering graduate Sven Merzlanovits (on right, speaking with a ship’s officer) is a shipplanner at the HHLA Container Terminal Burchardkai (CTB). Merzlanovits talked to us about how to perfectly stack thousands of brightly coloured containers, the networking of port operations and the impact of high tech on maritime logistics.

Mr. Merzlanovits, what makes your job so appealing?
Being a shipplanner is a very international job because many of the shipping companies we work for are based abroad and the ships’ crews usually come from all over the world. You come into contact with totally different ways of thinking. Constantly working together to manage the handling of container ships is what makes this job so appealing.

What exactly does a shipplanner do?
First and foremost, a shipplanner is responsible for drawing up stowage plans for container ships. As soon as we receive comprehensive data about the cargo along with stowage instructions from the shipping companies, we draft a stowage plan for the container ship with the help of our modern planning software. At the same time, we have to optimize the logistics processes at the container terminal.

How has the job of a shipplanner changed in recent years?
The whole ship handling process has changed with the advent of modern IT systems and increasing vessel sizes. We now focus more than ever on logistics at the container terminal and on the perfect interplay between all systems involved in ship handling – such as container gantry cranes, straddle carriers and storage blocks.

How do you optimize logistics at a container terminal?
For instance, by ensuring that the uppermost container on a stack is the first one that needs to be transported to the ship and loaded, rather than the one right at the bottom. The correct order is hugely important in ship’s planning as it allows us to prevent time-consuming restacking manoeuvres.

Does your work have a significant effect on shaping intelligent maritime transport chains?
We shipplanners always have to think and work with a view to the whole. We are involved in planning and logistics – but we are also in personal contact with many other players, such as shipping companies, ships’ crews, shipping agents and even the harbour police. Our role couldn’t be more pivotal.

The operator of a container gantry crane unloading the containers.

Burchardkai, 12.15 p.m. Greve pushes the joystick in front of him forwards and the cabin slowly glides along the boom, passing over a mountain of containers. Greve's container gantry crane can lift four standard containers at once – a total weight of 120 tons. That is a record-breaking capability. To cope with the latest generation of container ships, HHLA has equipped a berth at Burchardkai with Europe's most high-performance container gantry cranes.

Burchardkai, 12.16 p.m. A small computer screen in the crane's cabin tells Greve which of the brightly coloured containers he has to lift off the deck of the Christophe Colomb. Greve looks through a window in the floor of the cabin, slowly lowers the spreader – which itself weighs tons – and locks on to container CMAU 146090-0 in bay 57 of the Christophe Colomb. There is a muffled sound. Greve heaves the box up off the pile. If the crane supervisor gives him the green light, Greve can set the container down on the quayside. Then he can pick up the next box.

Containers are deposited on the quayside before straddle carriers take them to the yard.

Burchardkai, 12.16 p.m. Several hundred metres away, process controller Manfred Fuß is in the control centre, monitoring the unloading of container CMAU 146090-0. Once Greve has set the box down on the quayside, it flashes on the surveillance monitor. HHLA has invested in a new integrated terminal operating system at Burchardkai known as ITS. As well as enabling staff to monitor handling in real time, it steers the automatic stacking of the containers in the modern storage block at the terminal. ITS makes sure that all the systems involved in container handling can be optimally linked together and controlled. From his desk in the control centre, Manfred Fuß works closely with the online planners during the container handling. The online planners ensure that the container gantry cranes are used efficiently to handle the ship's cargo. Thousands of containers have to be unloaded and loaded without the cranes getting in each other's way.

Burchardkai, 12.17 p.m. As soon as the box was set down on the quayside, Ulf Niekrenz automatically received a transport job order. He drives a 60-ton straddle carrier to container gantry crane no. 28 to pick up the box.

Burchardkai, 12.20 p.m. Niekrenz leaves container CMAU 146090-0 in the drop-off lane of the storage block. 5,000 pairs of shoes for the Deichmann stores in Austria have completed the first stage of their journey to the European hinterland. The computer-controlled rail-mounted gantry cranes at the fully automated yard sort the container into the ideal interim storage position prior to its ongoing journey. The timetable for the rest of its journey has already been set. It will be transported by rail to the Czech city of Prague, then on to Dunajská Streda in Slovakia before arriving in the Austrian stores of Deichmann.

Burchardkai, 11 December, 12.45 p.m. The mooring gang release the mooring lines at Burchardkai. The Christophe Colomb sails down the river Elbe towards the North Sea with new cargo bound for Asia.

Maritime logistics: a growth market

Economic expert Prof. Michael Bräuninger from the Hamburg Institute of International Economics (HWWI) believes there is significant growth potential for maritime logistics in Hamburg. His assessment is based on the tremendous backlog demand in Eastern Europe and the high level of service offered by Hamburg-based logistics companies.

„It goes without saying that Hamburg enjoys a very favourable geographical position in terms of transport links. However, its success as the dominant port for trade between Europe and Asia rests largely on the high standards of its maritime logistics companies." For Professor Bräuninger, the logistics involved in transcontinental transport chains have long since become „a highly complex affair often underestimated by the general public". With its unrivalled breadth and level of specialization, Hamburg's „maritime cluster" is another of the city's strengths, along with the expertise and passion for innovation of its logistics companies.

However, the success enjoyed by Hamburg in recent years is also attributable in part to the markets linked via the port. In a study on the economic significance of the Port of Hamburg published in 2010, the HWWI lists these as being the Far East and South America for the overseas market and the Baltic region plus much of Central and Eastern Europe for the European market. The outcome is that: „Especially since 2000, container throughput in Hamburg has easily outpaced world trade."

„Due to their backlog demand, the economies of Eastern Europe are likely to maintain this dynamic growth in future," says Bräuninger. Hamburg is ideally positioned to benefit from this fast rate of growth. The region's well-developed transport network – both for ships via the Baltic Sea and for hinterland traffic by rail – provide the necessary conditions. HWWI's long-term development forecast projects growth rates of 4 percent for Eastern Europe and just over 7 percent for South-East Asia. Michael Bräuninger adds: „If the project to deepen the river Elbe is quickly implemented as announced, there is every reason to believe that container traffic via Hamburg will continue to enjoy above-average growth."

A long-legged straddle carrier setting down a container at Burchardkai.

Networking

HHLA organizes exemplary transport and logistics chains with its networks and terminals. Goods flows, carriers and the accompanying data are interlinked with the aid of intelligent processes. This industrialization of the transport chain reduces costs and is good for the environment. With its networks, HHLA provides the same high-quality service for both maritime logistics and transport deep in the European hinterland.

A container train from Hamburg reaches the Prague inland terminal operated by HHLA's subsidiary Metrans.

Networking

A transport chain for Europe

Every day up to five pairs of container trains operated by the HHLA subsidiary Metrans link the Hamburg container terminals with the Czech Republic and South-East Europe. We followed the transport chain by tracing container CMAU 146090-0 and about 5,000 pairs of shoes inside it on their journey from Burchardkai to the Deichmann stores in Austria.

Hamburg, Burchardkai, 11 December 2010, 10.50 a.m. Metrans train 41316 from Prague has arrived on time for its five-hour slot in siding 7 of the rail terminal at Burchardkai. On the first floor of the blue, red and grey main building at the HHLA Container Terminal Burchardkai (CTB), there is a flurry of activity in the rail cargo handling control centre. "We'll pack it to the gunwales with 60 boxes," proclaims a voice from somewhere in the cramped room, which is full of monitors, walkie-talkies, phones and a large control screen. Bernd Lentfer, Head of Hinterland Operating Administration, smiles: "The shuttle trains of Metrans are easy to plan. All the incoming and outgoing trains are almost always full." The "60 boxes" – half 40-foot and half 20-foot containers – add up to 92 TEU in total, the global unit of measurement based on the standard 20-foot container. With this load, today's train to Prague is fully booked.

Burchardkai, 11.25 a.m. At siding 7, work is well under way, accompanied by light snow flurries. Ten straddle carriers whizz back and forth between the imposing storage block collection points and the elongated rail terminal. They have to bring the containers exactly into position ready to be transferred to the train. Like the platforms at many centrals stations with high-speed services, the sidings are divided into sections A to F to aid positioning. The key is for the IT system and the control centre staff to organize the discharging and loading of the train as smoothly as possible in close contact with the straddle carrier drivers. This also ensures optimum workflow for the drivers of the rail-mounted gantry cranes, too, huge cranes which span several sidings.

Burchardkai, 3.48 p.m. The process is running more or less perfectly today: the advance planning was good, customs had no objections, and the rail staff worked

A rail-mounted gantry crane loading and unloading block trains with containers at the HHLA Container Terminal Burchardkai.

Container handling at the Burchardkai rail terminal.

quickly. Michael Helk from the Hinterland Operating comments: “It’s all going very smoothly.” At 2.31 p.m., a green light flashes up on the surveillance monitor: container CMAU 146090-0 has been loaded on carriage 33544960171-5 in section A. By 3.21 p.m., the whole train is ready to go. At 3.48 p.m., the giant – more than 600 metres in length – slowly pulls away. At this moment, the Metrans dispatchers in Prague and logistic experts of Deichmann simultaneously receive digital notification that the team at Burchardkai has once again done its job to perfection.

A container train leaving the Port of Hamburg.

Burchardkai, 1–11 December 2010. Burchardkai alone dispatches 32 trains every day. Thorough preparations are needed to ensure that everything runs like clockwork. Sönke Volkmer, Managing Director of Metrans Germany, organizes the whole process. He shared with us his most important professional secret: “A good relationship with everyone involved in the transport chain is very important to us. Everyone is committed to giving their all, and we can build on that.” He coordinates the shipping company, customs, the rail operator, Burchardkai, Deichmann and Metrans in Hamburg, Prague and Dunajská Streda. He has a dedicated coordinator for each container terminal in Hamburg. They are responsible for organizing the processes associated with the 1,781 Metrans train services which link Hamburg with Prague in 2010. That means as many as five trains a day and up to 40 per week. In 2010, Metrans achieved record capacity utilization of almost 100 % on the Hamburg–Prague route. Volkmer is full of praise for the shoe retailer: “As far as we’re concerned, Deichmann is an exemplary partner.” The chain’s logistics philosophy complements the Metrans concept perfectly. His monitor flagged up the Deichmann container, CMAU 146090-0, at 12.33 p.m. back on 1 December: “Order from customer in our system”. The

From Hamburg to Vienna

The route taken by Deichmann’s shoes from the Port of Hamburg to the Viennese stores.

Metrans system, customs and Burchardkai are all automatically notified of customer orders from Deichmann. Data is constantly updated and documents are prepared for the final container handling right up until the container physically arrives at Burchardkai. Everything goes smoothly this time for CMAU 146090-0. The customs officers do not carry out a spot check and the container is already on its way to Prague at 3.45 p.m. on 11 December, just over 24 hours after it arrived in Hamburg.

Děčín, freight rail terminal, 12 December 2010, 6.10 a.m. Despite difficult weather conditions, the journey via Magdeburg and Dresden went smoothly. At 6.00 a.m., the train stops in Děčín when the driver and chief guard reach the end of their shifts. Děčín is the first Czech town beyond the German spa town of Bad Schandau on the river Elbe. Metrans trains are among the most frequent visitors to this ruggedly picturesque stretch of track that runs along the Elbe. With their solid rows of containers, they are easily identifiable from quite a distance. Metrans has its own rolling stock and uses a sophisticated logistics system that utilizes capacity to the full. This means the company can pack containers more tightly and run fuller trains than its competitors. The rail company transported more than 160,000 containers on the Hamburg–Prague route in 2010, easily exceeding its previous record dating from just 2008. The Czech economy has currently pulled out of recession. Both exports and imports are in full swing. Germany accounts for 31 percent of exports and 28 percent of imports, making it the Czech Republic's leading trade partner. 75 percent of this trade is conducted by rail – and the majority is handled by Metrans.

Prague, 12 December 2010, 8.57 a.m. The weather is no better in Prague: it is still snowing lightly when Metrans train 41315 arrives at one of Europe's largest hinterland terminals. The terminal has a capacity of 15,000 containers and its railway sidings are spread across a large area, allowing ten trains to be processed at once. All the workflows in Prague have been carefully planned in advance, just like at Burchardkai. When the train comes to a halt on Monday morning, a feeder train is already waiting on the adjacent track. It will leave for Dunajská Streda – some 380 km away – at 12.26 a.m. The containers are transhipped directly from train to train using a rail-mounted gantry crane, ensuring a highly efficient and cost-effective connection.

The industrialization of the transport chain

With its intelligent concept for transportation between the quayside and customers in Europe's hinterland, the rail service operated by HHLA subsidiary Metrans points the way for the future of European container traffic.

With its bits and bytes, the digitalization of analogue media radically changed the world. However, the general public is less aware of the "digitalization" of cargo transport brought about by the humble container. With this steel box, nearly all the goods people ship can suddenly be the same shape. As a globally standardized receptacle, it prompted the industrialization of the transport chain. By significantly boosting efficiency and drastically reducing transport costs, it was the major driving force behind the current pace of globalization.

This process of industrialization is already at an advanced stage in maritime logistics, with container megaships and increasingly automated terminals like the HHLA Container Terminal Altenwerder. However, on the whole overland transport still has a long way to go. This is particularly true of long-distance transportation: far too few companies utilize the advantages of the rail system over trucks for hauling containers.

HHLA's subsidiary Metrans shows that it doesn't need to be this way. With its intermodal transport concept combining road and rail, Metrans organizes standardized transport chains between the seaport and customers' hinterland sites. End-to-end information chains form an elementary part of this system – something which even today is far from being a matter of course in transport logistics. Also critical are large-scale inland terminals which function as hubs as well as the organization of long-distance transportation via regular shuttle trains. Every day, as many as five pairs of trains link the major inland terminal in Prague directly with the Hamburg container terminals. Once they arrive in Prague, goods can be shipped to the Czech Republic, Slovakia and Hungary by direct trains or trucks. The Prague terminal also serves as a buffer or temporary storage facility for goods flows.

It is a successful system which also has big plans for the future. Over the next few years, HHLA plans to roll out this system trialled by Metrans in Poland and Germany.

A crane operator in the cab of a rail-mounted gantry crane at the Metrans terminal in Prague.

The cargo travels as far as Dunajská Streda (Slovakia) by rail.

Dunajská Streda, 13 December 2010, 9.11 a.m. Smart and tidy, the newest Metrans terminal is located outside the old town near the Danube in the triangle formed by Vienna, Budapest and Bratislava. And it looks just as good on the ground as it does from the air. An exemplary terminal layout was used for the newbuild, which was constructed on a greenfield site. The area has space for 25,000 containers and the generous area surrounding the sidings allows several block trains to be processed at the same time. This terminal even grew during the recent crisis. At the very height of the recession in April 2009, Deichmann opened a new distribution centre at the terminal. Now, more than 15 percent of all the shoes sold by Deichmann in Europe – 21 million in 2010 – pass through this site. 5,000 of them are in the box labelled CMAU 146090-0, which arrives at the terminal on this wintry Monday morning. From the train, it is taken straight to the distribution centre. Here, the 5,000 pairs of shoes are divided up into consignments for the various Austrian stores.

Vienna, Schenker site, 14 December 2010, 1.45 p.m. Deichmann uses its own distribution centre at the Schenker site by Albern Harbour in Vienna to cater for the high demand in the Austrian capital. Metrans has yet another role to play here. Peter Kiss, Managing Director of the Slovakian Metrans subsidiary, explains: "We offer a special standard of quality with our all-in-one service." This includes organizing transportation to Vienna, of course. A container with a shipment of shoes bound for Vienna is loaded up at the distribution centre and dispatched at 11.06 a.m. By 1.45 p.m., it has reached the warehouse at Gottfried Schenker-Strasse 1. Now it is just a few kilometres to the five stores in Vienna.

Vienna, Mariahilferstrasse 41, 15 December 2010, 8.12 a.m. At the large Deichmann store in one of Vienna's historical shopping districts, the 21,000-kilometre journey from China comes to an end. The shelves are restocked for the final phase of the Christmas rush, which is already benefitting from the more up beat economicoutlook. It has been exactly 37 days, 20 hours and 42 minutes since the Christophe Colomb set sail from Ningbo.

The Metrans terminal near Dunajská Streda with Deichmann's distribution centre at the top left.

Deichmann chooses rail

Europe's largest shoe retailer collaborates with HHLA's subsidiary Metrans in the field of logistics: a textbook example of successful globalization.

In 2010, the family-owned company Deichmann sold almost 140 million pairs of shoes in Europe. 21 million of these were shipped via the distribution centre opened in April 2009 in the Slovakian town of Dunajska Streda near the Hungarian border. This distribution centre – the seventh and latest to be established by the Deichmann group in Europe – now serves seven countries: Slovakia, the Czech Republic, Austria, Hungary, Bulgaria, Slovenia and Romania.

Deichmann's Managing Director Karsten Schütt, Head of Logistics at the Essen-based firm, is delighted with the latest distribution centre: "We're achieving the same level of productivity as at our other sites and we also benefit from the proximity to our markets." Another real advantage is that the centre neighbours the Metrans terminal with its direct links to the container terminals in Hamburg and Bremerhaven. Almost half a million shoes pass through the centre every week.

Deichmann manages all the logistics processes itself – from its factory in China to stores in Vienna, Budapest or Bratislava. An end-to-end information system accessible to all transport chain partners forms the heart of the whole logistics concept. This ensures that everyone involved is kept permanently in the loop regarding transportation status. Truckers, shipping companies, seaport terminals, rail operators and inland terminals all constantly update their data and can thus significantly optimize and standardize their processes.

The system has proved highly successful. In recent years, Deichmann has increased capacity utilization at its distribution centres by 20 percent and established a more constant flow of goods to its stores. This is good news for the environment too. In 2000, 70 percent of all Deichmann shoes were shipped via Antwerp and most were then distributed throughout Europe by truck. By contrast, some 75 percent now arrive in Hamburg or Bremerhaven and most of these are then delivered to European consumers using environmentally friendly intermodal transport (long-distance rail service, truck for the "last mile").

About Deichmann

DEICHMANN SE is headquartered in Essen (Germany). Established in 1913, it is wholly owned by the founder's family. The company is Europe's market-leading shoe retailer and employs more than 30,000 people around the world. Stores are operated under the DEICHMANN name in Germany, Bulgaria, Denmark, the UK, Italy, Croatia, Lithuania, Austria, Poland, Romania, Sweden, Slovakia, Slovenia, Spain, the Czech Republic, Turkey and Hungary. The brand will also be rolled out in Portugal and Serbia in 2011. In addition to this, the group is also represented in Switzerland, the Netherlands and the USA.

Developing

Many innovations for maritime logistics are developed by HHLA itself and undergo initial tests at the company's facilities. The staff is playing a crucial role in the Group's technological leadership. An extensive training and staff development system strengthens employees' knowledge and creativity. The result is a never-ending modernization process with practicable innovations.

Operation managers in the control centre at the HHLA Container Terminal Altenwerder.

Automated guided vehicles (AGVs) emit 30 percent less CO_2 thanks to hybrid diesel-electric engines. The next generation of vehicles could be battery powered if the trial proves successful.

The **rail terminal with seven sidings** ensures that more goods can be transported by rail, which is better for the environment. Block container trains can be marshalled directly without shunting.

Semi-automatic double-trolley container gantry cranes have generators which recover electricity when the container is lowered, saving 20 to 25 percent of their energy needs.

The **adjacent logistics centre** means traffic is reduced due to the short distances involved. Several logistics companies (such as HHLA Logistics) are establishing a freight traffic centre nearby.

Automated storage blocks, operated by rail-mounted gantry cranes, opens up new possibilities for the efficient use of space. Only half the conventional amount of yard space is needed per container.

High-tech climate protection

Technological leadership and a high level of electrification are working hand-in-hand to protect the environment at the HHLA Container Terminal Altenwerder (CTA). With this winning combination, electricity from renewable sources is being used to reduce the whole terminal's carbon footprint by around 60 percent.

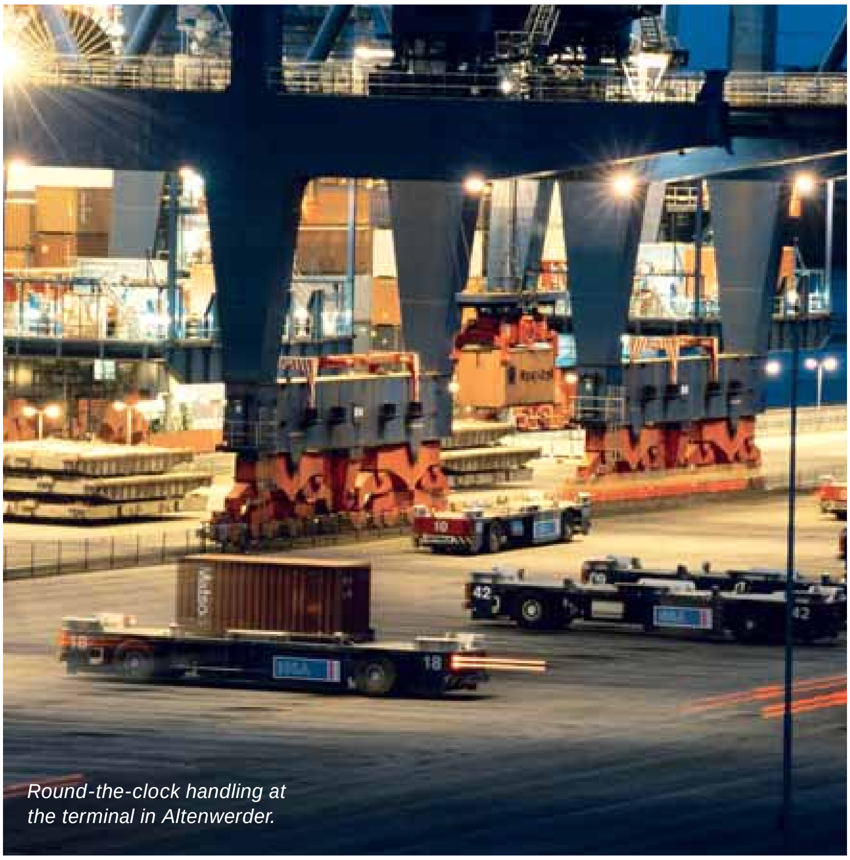
As well as being the world's most highly automated container terminal, Hamburg-Altenwerder can also boast the highest level of electrification. This is great news for the environment, as the terminal's energy requirements – over 50 million kilowatt hour (kWh) of electricity – have been sourced entirely from renewable sources since 2010. Use of this carbon-neutral energy source reduces the whole terminal's carbon footprint by around 60 percent. But this has not stopped the terminal from also trying to save energy: automated processes are constantly being optimized with the aid of special algorithms. Special software calculates the shortest and therefore most energy-efficient routes across the terminal and minimizes the stacking manoeuvres in the container store. In 2010, the "Multiple Load" project alone led to a saving of 292,000 kWh less electricity and 334,000 fewer litres of diesel being used. The initiative focused on transporting and handling two standard containers at the same time.

Developing

Planning, controlling, programming

Intelligent controls are the most important means of making automated processes even more efficient. Many staff at the HHLA Group all use the same tool to improve efficiency: networked IT systems, some of which were developed in-house.

The view from the control centre at the HHLA Container Terminal Altenwerder.



Round-the-clock handling at the terminal in Altenwerder.

When they see that processes at the HHLA Container Terminal Altenwerder are almost fully automated, visitors often think that everything happens "as if by magic". It is true that there are only a few employees at the quayside, although more than 800 people work at the terminal. In the operations centre alone there are 150 employees, who ensure that everything runs according to the terminal's well-planned schedule. The control centre is at the heart of this complicated apparatus. It is always staffed by 15 operations managers, around the clock. The centre's large windows enable them to monitor the flow of hundreds of thousands of steel boxes every year and ensure that they are handled as efficiently as possible, as planned.

Admittedly, automation with the aid of state-of-the-art IT plays a key role. However, computers are only machines – useful tools which cannot replace experienced staff and their ability to make sound judgements, especially in tricky situations. This is made very clear by the kind of control centres that can be found at all HHLA container terminals. Only real people can assess the current situation correctly; only they can input the necessary parameters into computers in order to react to important requirements. In the short term, this could be special customer requests or technical blips. In the long term, it means lots of little things which – when taken together – constantly optimize workflows. That is the reason why the terminal in Altenwerder, originally designed for 1.9 million TEU, can now handle around 1 million TEU more than this. To achieve this, IT programs were adjusted, vehicle paths were altered, and algorithms were recalculated. HHLA has a large IT department which develops its own relevant programs and optimizes the interfaces with third-party systems. This is essential because very few external specialists are really familiar with the terminals' workflows.

These specific requirements mean that new job profiles often emerge – for example in servicing and fault clearance, where highly specialist staff write their own control software. However, making intelligent use of modern IT is part of day-to-day work not only at the container terminals. Staff use IT systems and think in terms of process chains across all areas of HHLA's activities. For instance, employees at the Hansaport bulk goods handling centre monitor throughput in the control centre, dispatchers at the railway companies track each and every container on screen, and CTD has even developed special software and screens for truck drivers designed to prevent empty trips at the port.

The training provided by HHLA also takes this into account, explains Holger Jensen, Director of HHLA's own specialist college. Project management has been part of the curriculum since 2006 and the workflows in the transport chain are treated holistically. "Planning and control skills are become increasingly important," comments Jensen. "More and more machinery is coordinated and controlled remotely; schedules have to be drafted and optimized."

The best in Germany

Jonas Maybaum, 24, completed his apprenticeship in port logistics at HHLA with the best score in Germany and now operates rail-mounted gantry cranes.

Jonas Maybaum is a ray of sunshine in his brand-new high-visibility jacket, his smile is almost as radiant as clothes. And that's no surprise. After achieving the best score nationwide in his apprenticeship to become a certified specialist in port logistics in 2010, he has already secured his ideal job – at HHLA. "The training at HHLA is really well organized," explains Maybaum. "We were given hands-on experience of the work processes and the teaching was geared towards our specialisms." He never wanted an office job – his dream was to operate a rail-mounted gantry crane. He found it easy to operate the crane's joystick because he grew up with computer games. Nevertheless, the tips and tricks passed on by his experienced coaches helped him to latch onto a container from a height of over 15 metres and place the swaying box on a railway carriage. "It's the old hands who make us what we are," praises the youngster. And his work? "There's no better job out there for me," he says.

The insatiable learner

Thomas Reich, 25, didn't just complete training as a mechatronics engineer at HHLA – his professional activities are geared entirely towards the future.

Mechatronics – the combination of mechanical engineering, electrical engineering and IT – is a key 21st century technology. Thomas Reich agrees; he started training to become a mechatronics engineer in August 2003 at HHLA. But the 25-year-old didn't stop there. He wanted more: more knowledge and more responsibility. So when HHLA offered a six-month full-time training course in automation technology, he seized the opportunity. The course focused on stored programmable controls for machinery. Thomas Reich believes that this is what the future will be about. After all, container gantry cranes, block storage facilities and straddle carriers all need software to run. At the same time, he started a course at an evening college to become a state-certified mechatronics technician. The 25-year-old takes it all in his stride: "You have to make the most of opportunities like this. And it's a really interesting subject."

Highlights of 2010

Burchardkai

New berth handles largest container ship

In July, a new mega container ship berth was opened for business at the HHLA Container Terminal Burchardkai with the handling of the CMA CGM Christophe Colomb. With a stowage capacity of 13,880 TEU, the French shipping company CMA CGM's new flagship was the largest container ship ever to have berthed in Hamburg. HHLA has equipped a berth with five new super post-panamax container gantry cranes to maximize productivity when handling ships of this size. These tandem gantry cranes are capable of unloading two 40-foot containers or four 20-foot containers from a ship in a single movement. They are the largest and most powerful container gantry cranes of their kind in Europe. Burchardkai now has a total of ten super post-panamax container gantry cranes for mega container ship handling.

Metrans

Milestone in Prague

Metrans – a HHLA subsidiary – transported its two millionth standard container (TEU) between Prague and the Port of Hamburg in October. A special celebration was held to mark the event, which was attended by the Mayor of Hamburg, Christoph Ahlhaus. During the Mayor's visit to Prague, a rail gantry crane lifted the two millionth box onto a Metrans carriage.

Feeder Logistik Zentrale

Feeder hub Hamburg

The new Feeder Logistik Zentrale (FLZ) was unveiled to the public in January. The FLZ is a joint project between HHLA and Eurogate. It coordinates the activities of feeder ships throughout the Port of Hamburg. These feeders are responsible for distributing the cargo brought in by container ships. „The FLZ is unique in the world. It considerably strengthens Hamburg's position as a feeder hub," praised Bernd Bertram, who manages the Danish shipping company Unifeeder's operations in Germany.

Katowice

High-performance terminal

HHLA and Polzug reacted to growing demand for container transport in one of Poland's key economic regions by opening a new inland terminal in Katowice. The full-service terminal meets the high demands placed on handling terminals for intermodal transport in Europe. HHLA Intermodal Polska invested a total of around € 10 million in the construction of the new terminal, which opened in June.

Joint venture

Inland terminals for Germany

In May, HHLA and Eurogate established the joint venture Inland Port Network (IPN) to build up a network of inland terminals in Germany. This will enable the two companies to support customers in the hinterland of German seaports with the same high standard of service they offer in maritime logistics. With their integrated depots, the terminals will also offer storage capacity in close proximity to clients' target markets. During the initial phase, the team will develop terminal concepts, assess sites and build up facilities.

Northern banks of the Elbe

"Perlenkette"

The „Areal West" architectural competition was launched to find ideas for a newbuild to fill the last vacant site in the string of prestigious buildings lining the northern bank of the river Elbe in Hamburg-Altona. Hamburg's Chief Construction Officer Jörn Walter, the Managing Director of Fischmarkt Hamburg-Altona GmbH (FMH) Hartwig Sommerfeld and the Director of the HHLA Real Estate segment Thomas Kuhlmann presented the winners and their designs in July. This means that the „Perlenkette" on the Elbe riverfront can now be completed.

Anniversary

Formal reception to celebrate 125 years of HHLA

HHLA's predecessor company, HFLG, was established on 7 March 1885 to construct and operate the Speicherstadt warehouse district in what was then the new free port. 125 years later, HHLA celebrated its anniversary as one of Europe's most dynamic and innovative port logistics providers. The anniversary was marked on 8 March with a formal reception at Hamburg city hall and the opening of an exhibition about the company's history in the city hall's lobby. Some 500 guests from the worlds of politics and business attended the event. In his speech, Klaus-Dieter Peters (HHLA's Chairman of the Executive Board) thanked all those who helped the company to develop so successfully. Frank Horch, President of the Hamburg Chamber of Commerce, congratulated the company with these words: „It is impossible to imagine the port without HHLA, just like it is impossible to imagine Hamburg without the Alster lake and Michel church. Even in our city with its long-standing tradition of commerce, a 125th company anniversary is not an everyday occurrence."

Odessa

Expansion of terminal

In September, HHLA announced its modular extension concept for the HHLA Container Terminal Odessa. The company plans to add new megaship berths to enable the terminal to profit from growth in the region surrounding the Black Sea.

Container transport

Network for the „last mile"

Together with EKB Container Logistik, a transport company from Bremen, HHLA's subsidiary CTD established the joint venture Container Inland Trucking (CIT) in May. Its aim is to develop a comprehensive network for the „last mile" of the container transport chain in Germany. CIT is present at key sites and provides transportation from the inland terminals to customers' premises.

The share

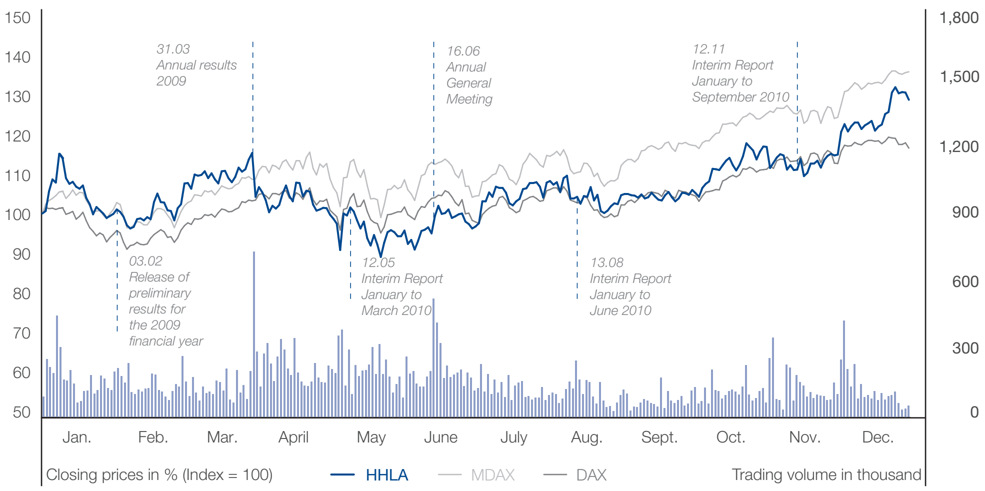
Volatile upwards trend on the stock markets

The year 2010 was a mixed but generally positive year for the stock markets. The mood was predominantly upbeat at the beginning of the year: following a good start and rather restrained progress during February, trading became somewhat firmer from March onwards. This trend turned around temporarily in early May when the debt crisis in Greece triggered a wave of selling on the stock markets. As the year progressed, the debt problems of eurozone countries remained to be a key topic on the financial agenda. On the world's trading floors, weak economic data from the USA was largely responsible for further – albeit mainly brief – downward slides. Nevertheless, stock markets received a broad-based boost in the second half of the year in the wake of predominantly positive economic indications on both sides of the Atlantic, as well as improving company profits and diminishing concerns about public debt in the eurozone. The mid-cap index MDAX, which includes the HHLA share, grew 35 percent to 10,128 points. The leading German index DAX closed on 31 December 2010 at 6,914 points, up 16 percent on the previous year.

Decent performance of HHLA share

For the most part, the HHLA share developed in parallel to the relevant indices and was able to gain 28 percent over the course of the year. In contrast to the general market trend, however, the share price dipped on publication of the company's cautious forecast for the full year 2010, which came out with the 2009 annual results and was still due to limited visibility. However, bolstered by positive industry data, the share price subsequently recovered. In the second quarter, the upgraded volume forecast published in the Interim Report and a more detailed outlook for the year as a whole were well received. However, the share price was unable to escape the volatile market trends of the subsequent third quarter. In early September, the share outperformed the

Share price development 2010



Source: Datastream

market average amid buoyant trading, positive business news and optimistic economic forecasts. This growth in value was accompanied by good corporate news, such as the contract for a major Asia–Europe service and the addition of further feeder services. High liquidity and a lack of investment alternatives also prompted many investors to enter the market at widely attractive prices. The resulting upswing gained further momentum from early October onwards, as companies published their figures for the first nine months and forecasts for the coming year. At an international level, companies succeeded in overcoming the economic crisis during the course of 2010 and began posting strong profits again. With the publication of its report for the first nine months of 2010, HHLA also indicated good prospects for further growth in volumes and enhanced earnings. Buoyed by growing global trade, the HHLA share also benefited from the general economic upswing. In 2010, the average daily trading volume was 154,626 shares (previous year: 132,816 shares), which was largely attributable to the overall, occasionally volatile stock market recovery. The HHLA share closed on 31 December 2010 at € 34.55, up 28 percent on the previous year. It peaked at € 35.39 on 23 December 2010, thereby returning to the price level of October 2008 for the first time. Market capitalization totalled € 2.4 billion at year-end. Earnings per listed Class A share achieved € 1.00 for 2010.

Dialogue with capital market intensified further

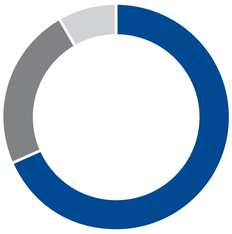
All of HHLA's investor relations activities in 2010 were once again aimed at making the company's performance transparent by means of fair, open and timely communication. The company provided information about its financial performance in a variety of activities over and above its statutory duties, which include the Annual General Meeting, Annual and Interim Reports and mandatory disclosures. In order to provide retail invest-ors with the information they require, HHLA's Investor Relations team took part in a number of events

Key figures HHLA share

in €	2010	2009
Closing price at year-end [1]	34.55	26.99
Highest share price [1]	35.39	32.36
Lowest share price [1]	24.11	16.64
Performance in %	28.0	14.9
Average daily trading volume [2]	154,626	132,816
Number of shares	72,679,826	72,679,826
Listed shares (Class A shares)	69,975,326	69,975,326
Non-listed shares (Class S shares)	2,704,500	2,704,500
Dividend per Class A share [3]	0.55	0.40
Dividend yield in %	1.6	1.3
Market capitalization as of 31.12. (Class A shares) in € million	2,417.6	1,888.6
Price-earnings ratio as of 31.12.	38.4	33.0
Earnings per share	1.00	0.67

[1] *XETRA*
[2] *XETRA, Frankfurt am Main, Hamburg*
[3] *Dividend proposal for 2010*

Shareholder structure
as of 31.12.2010



■	68.5 %	Free and Hanseatic City of Hamburg
■	23.3 %	Institutional investors
■	8.2 %	Retail investors

Source: Share register

held by shareholder protection associations, as well as a retail investor fair, at which the Executive Board presented HHLA's current business situation and future prospects. The range of information on the HHLA share on the company's website was also steadily expanded. Investors continue to take advantage of the opportunities provided for direct communication by phone, e-mail or letter. HHLA's capital market communication once again included teleconferences on the quarterly results, one-to-one discussions with institutional investors and analysts, roadshows and investor conferences in the financial centres of Europe and North America. The Investor Relations department uses all of these activities to maintain a dialogue with shareholders and potential investors. In addition to informing interested members of the public, the team also takes up issues of particular interest for the capital market. Last year, for example, investors were particularly interested in HHLA's integrated business model and its competitiveness, as well as the market developments in port logistics and pricing trends. The deepening of the river Elbe waterway also remained an important issue. Realization of this project is still of major importance to HHLA's future perspectives.

HHLA's Investor Relations team strives to constantly improve its communications activities in order to support private and institutional investors, as well as financial analysts, evaluate the company's performance and current value. This work was rewarded with an improvement in the company's score and position in various IR ranking tables.

Shareholder base remained stable

Due to the stake held by the Free and Hanseatic City of Hamburg (68.5 percent), HHLA's shareholder structure was again highly stable. The number of shareholders recorded in the share register reached a high at the end of the year (36,884 shareholders), corresponding to an increase of 5 percent. This broader distribution of shares lends the company even greater stability. According to the voting rights notifications submitted to HHLA by year-end 2010 in accordance with the German Securities Trading Act (WpHG), no single free float investor held more than 3 percent of the outstanding shares. Among the daily traded shares, ownership shifted towards retail investors, who held 8.2 percent (previous year: 7.0 percent) of nominal capital as of 31 December 2010. On the same date, institutional investors held 23.3 percent of shares (previous year: 24.5 percent). In regional terms, the largest free float shareholders are based primarily in Germany, the UK, the USA, Australia and further countries, mainly across continental Europe.

Interest from analysts continued to grow

In the reporting year, the number of financial analysts tracking HHLA's business development and making investment recommendations rose by two to 26. The overwhelming majority of analysts (85 percent) recommend buying or holding the HHLA share. They cite the general economic upturn, a dredging of the river Elbe waterway and potential savings as the key value drivers. Financial analysts who recommend selling the share (15 percent) primarily highlight the risks associated with the pending dredging of the river Elbe and the increasing competition between the North Range ports.

HHLA places great value on broad and well-informed coverage of its share as this enhances investors' understanding of the company's business model and ensures a comprehensive spectrum of opinion. The Group therefore maintains a close dialogue with all financial analysts and strives to expand the number of independent studies on its business development. ► Overview of financial analysts available at www.hhla.de

Annual General Meeting well attended

HHLA's third Annual General Meeting since its initial public offering was held in Hamburg on 16 June 2010. Some 1,100 private and institutional investors attended the event, which meant that almost 80 percent of the company's nominal capital was represented at the meeting. The resolutions proposed by the Supervisory Board and the Executive Board were approved with large majorities.

Dividend at a high level

At the Annual General Meeting in 2010 it was resolved to pay a dividend of € 0.40 per listed Class A share. The payouts were made on 17 June 2010. At the Annual General Meeting in 2011, the Executive Board and Supervisory Board will propose a dividend of € 0.55 per Class A share. HHLA's appropriation of profit is thus once again oriented towards both the development of results in the financial year ended and the continuation of its dividend policy. In an external comparison, the dividend payout ratio in relation to the relevant annual net profit of the listed subgroup Port Logistics would remain high at 55,1 percent.

Basic data HHLA share

Type of shares	No-par value registered shares
ISIN International Security Identification Number	DE000A0S8488
SIC	A0S848
Symbol	HHFA
Stock exchanges	Regulated market: Frankfurt am Main, Hamburg Open market: Berlin, Düsseldorf, Hannover, Munich, Stuttgart
Stock exchange segment	Prime Standard
Prime Sector	Transport & Logistics
Indices	MDAX, MSCI Germany, HASPAX, CDAX, HDAX, Prime All Share, Classic All Share
Ticker symbol Reuters	HHFGn.de
Ticker symbol Bloomberg	HHFA : GR
First listing	2 November 2007

Report of the Supervisory Board

Prof. Dr. Peer Witten
Chairman

Working relationship between the Supervisory Board and the Executive Board

In the 2010 financial year, the Supervisory Board fulfilled the responsibilities entrusted to it by law, the company's articles of association and rules of procedure, and the German Corporate Governance Code. It carefully and regularly monitored the Executive Board's management of business and provided advice on the company's further strategic development as well as on important individual measures.

At the Supervisory Board's meetings, as well as in written and verbal reports, the Executive Board provided the Supervisory Board with prompt, regular and comprehensive information, especially on the situation of HHLA and the Group, corporate planning, fundamental issues of company policy and strategy, investment plans and personnel. Further focal points included risk management, the internal accounting control system and HHLA's compliance system. The Chairman of the Supervisory Board was regularly in touch with the Executive Board and was informed about HHLA's current business situation, significant transactions and risk management. The Supervisory Board was involved in all decisions of major significance for HHLA and the HHLA Group. On the basis of its own thorough examination and in-depth discussions with the Executive Board, the Supervisory Board approved all measures submitted to the Supervisory Board for approval by the Executive Board in accordance with the law, the articles of association and the Executive Board's rules of procedure.

Meetings

In the 2010 financial year, the Supervisory Board held four routine meetings and adopted one resolution by means of document circulation. None of the Supervisory Board members took part in fewer than half of the Supervisory Board meetings held in the reporting year. Full attendance was recorded at all the committee meetings.

At each ordinary meeting, the Supervisory Board dealt with the current development of business and the HHLA Group's earnings position in detail. On each occasion, the Executive Board reported in particular on the development of revenue, results and the personnel situation for the Group and the individual segments, as well as on the financial position and the Group's further strategic and structural development.

The financial statements meeting held on 26 March 2010 focused on the reporting, auditing and approval of the annual financial statements and the management report of HHLA, including the individual divisional financial statements for the A and S divisions, the Consolidated Financial Statements and the Group Management Report for the 2009 financial year. Representatives of the auditors were present at this meeting. They reported on the main results of their audit and were available to answer questions. In addition, the Supervisory Board discussed the Executive Board's proposal on the appropriation of profit and the proposal made by the Audit Committee regarding the choice of auditor for the 2010 financial year. Also under discussion at the meeting were the agenda for the Annual General Meeting in 2010, the Supervisory Board's report to the Annual General Meeting, the Corporate Governance Report, the cooperation between CTD Container-Transport-Dienst GmbH and EKB Container Logistik GmbH & Co. KG, and the disposal of assets held by CTL GmbH, Lübeck.

The meeting on 1 July 2010 concentrated on the 2010 round of wage negotiations and the remuneration system for members of the Executive Board.

In the September meeting, the Supervisory Board focused on the 2010 amendments to the German Corporate Governance Code, a corresponding revision of the Supervisory Board's rules of procedure, and the choice of auditor for the 2011 financial year. The Supervisory Board also approved a proposal to expand the container terminal in Odessa.

The last meeting in the reporting period was held on 15 December, when the Supervisory Board concerned itself primarily with the budget for 2011, which it approved, and the medium-term corporate planning for 2012 to 2015. Another matter of major significance was a new remuneration system for the Executive Board members, which the Supervisory Board approved. The Supervisory Board also formulated diversity targets for its own composition, discussed the extent to which these had been implemented, and examined the results of an efficiency review conducted as part of a self-assessment process. Details of the defined targets can be found in the Corporate Governance Report ► see also page 40 et seq.

The new remuneration system is described in detail in the Remuneration Report ► see also page 46 et seq. Furthermore, the Executive Board gave a detailed report on the findings of the risk inventory and on risk management. The Executive Board and the Supervisory Board also discussed the declaration of compliance with the German Corporate Governance Code and the Supervisory Board resolved to issue the annual declaration of compliance.

The written resolution by circulation concerned an adjustment to the cooperation agreement concluded with parties including Hapag-Lloyd AG which relates to the Container Terminal Altenwerder.

Committee work

The Supervisory Board has set up a total of six committees: the Finance Committee, the Audit Committee, the Real Estate Committee, the Personnel Committee, the Nomination Committee and the Arbitration Committee. They prepare the resolutions of the Supervisory Board in full council and, if permitted, make decisions on behalf of the Supervisory Board in certain cases. With the exception of the Nomination Committee, all of the committees include an equal number of shareholder and employee representatives (for details on the composition of the committees ► see also page 48 et seq., Board members and mandates.

The Finance Committee met four times in the reporting period: in March, June, August and December 2010. In addition to reporting on the Group's financial results, the main focal points of its work at the March meeting were making preparations for the Supervisory Board to discuss the cooperation between CTD Container-Transport-Dienst GmbH and EKB Container Logistik GmbH & Co. KG, and the disposal of assets held by CTL Container Terminal Lübeck GmbH. At its June meeting, the Finance Committee examined the acquisition of locomotives for Metrans a.s. The September session focused on preparations for the Supervisory Board to discuss expanding the container terminal in Odessa and a proposal to bring forward investments at Metrans a.s. At its December meeting, one of the Finance Committee's prime concerns was its preliminary review of the budget for 2011 and medium-term planning for 2012 to 2015.

The Audit Committee convened four times in the past financial year. The March meeting focused primarily on the extensive discussion and examination of the annual financial statements of HHLA, the Consolidated Financial Statements and the management reports, as well as a recommendation for the Supervisory Board regarding the submission of a proposal to the Annual General Meeting for the choice of auditor for the 2010 financial year. Representatives of the auditors were present when the annual financial statements were discussed. They reported on the audit's findings and were available to answer questions. According to the auditors' representatives, there were no circumstances demonstrating any bias of the auditor. The Interim Report for the first quarter of 2010 and the report on the work done by Internal Audit were the main items discussed at the June meeting. At the third meeting, in August, the Audit Committee concentrated on the Interim Report for the first half of 2010, preparations to select an auditor for the 2011 financial year, and the new version of the German Corporate Governance Code. Preparations were made to propose an amendment to the Supervisory Board's rules of procedure. The meeting in December focused on the Interim Report for the third quarter of 2010, a discussion of focal points for the audit and the audit assignment for the 2010 annual and Consolidated Financial Statements for the auditors, a discussion of the findings of the 2010 risk inventory and the risk management system. At this meeting, the Audit Committee also worked on preparing the declaration of compliance with the German Corporate Governance Code, the internal control system and HHLA's compliance system, and their further development. The Audit Committee acquired the necessary declaration of independence from the auditors. The Chairman of the Executive Board and the Chief Financial Officer regularly attend the meetings of both the Finance Committee and the Audit Committee.

The Real Estate Committee met twice in the 2010 financial year. It focused on the general development of business and the discussion and audit of HHLA's annual financial statements, including the separate financial statements of the S division, and of the Consolidated Financial Statements and the management reports (March meeting), as well as the budget for 2011 and the medium-term planning for 2012 to 2015 (December meeting), each in relation to the Real Estate subgroup (S division).

The Personnel Committee met six times in the year under review (March, April, May, June, October and December 2010). It primarily dealt with matters relating to the Executive Board. In particular, the committee drafted proposals to the full council concerning a new remuneration system for Executive Board members and set targets for the future composition of the Supervisory Board with regard to diversity criteria, and specifically the appropriate inclusion of women.

Neither the Nomination Committee nor the Arbitration Committee convened in the 2010 financial year.

Following each meeting, the chairpersons of the committees reported back to the Supervisory Board about the activity of each committee and their findings, and made recommendations on resolutions to be taken.

Corporate Governance

The Supervisory Board closely examined the contents of the German Corporate Governance Code and, in particular, the amendments to the Code dated 26 May 2010, which were announced on 2 July 2010. The declaration of compliance with the German Corporate Governance Code was discussed in detail and prepared together with the Executive Board at the Audit Committee meeting on 3 December 2010. The joint declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) was passed at the Supervisory Board's December meeting and issued on 15 December 2010. This has been made permanently available to the general public on the HHLA website ► www.hhla.de/corporategovernance. The Supervisory Board does not include any former members of the company's Executive Board.

As a precaution and due to a potential conflict of interest, Wolfgang Rose (an employee representative on the Supervisory Board and a member of the Supervisory Board of Hapag-Lloyd AG) did not take part in the written circulation procedure to reach a resolution concerning the adjustment to the cooperation agreement with the shareholder consortium of Hapag-Lloyd AG. The agreement concerns the Container Terminal Altenwerder. No further conflicts of interest regarding members of the Executive Board or the Supervisory Board requiring immediate disclosure to the Supervisory Board arose in the reporting year.

The Executive Board and the Supervisory Board report on the declaration of compliance and HHLA's Corporate Governance in the Corporate Governance Report for 2010. ► see also page 40 et seq., Corporate Governance Report.

Audit of financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, was elected as auditor for the auditor's review of the annual financial statements an the abridged financial statements and the Interim Management Report for the first half of the 2010 financial year at the Annual General Meeting on 16 June 2010, and instructed by the Supervisory Board. The auditors carried out an audit of HHLA's annual financial statements as provided by the Executive Board, including the divisional financial statements for the A division (Port Logistics subgroup) and the S division (Real Estate subgroup) presented as part of the Notes, in line with the provisions of the German Commercial Code (HGB), the Consolidated Financial Statements including the subgroup financial statements for the A and S divisions in accordance with International Financial Reporting Standards (IFRS), and the management reports for HHLA and the Group, and issued an unqualified opinion with respect to the foregoing.

The HHLA Executive Board also prepared a report on company transactions with related parties for the 2010 financial year, in line with Section 312 of the German Stock Corporation Act (AktG). The auditors audited this report, delivered a written report on their findings and, having no objections to make, gave the following unqualified opinion:

"On the basis of our audit and in our professional opinion we confirm that

1. the factual statements in the report are correct,
2. the consideration paid by the company for the transactions mentioned was not inappropriately high,
3. with respect to the measures mentioned in the report there are no circumstances for an assessment substantially different from that of the Executive Board."

In accordance with Section 4 (5) of the articles of association, the Executive Board of HHLA also prepared a report on the relationship between the A division and the S division in the 2010 financial year. The auditors audited this report, delivered a written report on their findings and, having no objections to make, gave the following unqualified opinion:

"On the basis of our audit and in our professional opinion we confirm that

1. the factual statements in the report are correct,
2. the consideration paid by the Port Logistics and Real Estate divisions for the transactions mentioned was not inappropriately high.

Any expenses and returns which could not be attributed directly to one division were divided among the divisions in line with the articles of association."

As soon as they had been prepared and audited, the financial statements including the divisional financial statements, the Consolidated Financial Statements including the subgroup financial statements, the management reports for HHLA and the Group, the report on transactions with related parties, the report on the relationship between the A and S divisions and the auditors' report were distributed to all members of the Supervisory Board.

The Audit Committee and the Real Estate Committee each carried out a preliminary review of the financial statements and reports as well as of the proposal for appropriating profits at their respective meetings on 21 March 2011. In the financial statements meeting of the Supervisory Board on 25 March 2011, the Supervisory Board examined in detail the aforementioned financial statements and reports as well as the proposal for appropriating profits and discussed them thoroughly. Representatives of the auditors were also present at this meeting; they reported on their major findings, particularly regarding the company's internal risk management, and were available to answer questions. According to the auditor's representatives, there were no circumstances demonstrating any bias of the auditors. In addition to the annual audit itself, the auditor also provided services for the company regarding half year-statements and minor tax consulting. The auditors gave comprehensive information to the Supervisory Board regarding the nature and extent of these services.

Having discussed the course and the results of the audit in detail, and after an in-depth review of the Auditor's Reports and the Executive Board's proposal for appropriating distributable profit, and on the basis of its own review and evaluation of the annual financial statements including the divisional financial statements, the Consolidated Financial Statements including the subgroup financial statements, the management reports for HHLA and the Group, the report on transactions with related parties, the report on the relationship between the A and S divisions and the Executive Board's proposal for appropriating distributable profit, the Supervisory Board approved the results of the audit. The Supervisory Board concluded that, in the final analysis, it had no objections to make and, at the financial statements meeting held on 25 March 2011, approved the financial statements, including the divisional financial statements, the Consolidated Financial Statements including the subgroup financial statements, the management report and the Group Management Report as recommended by the Audit Committee and the Real Estate Committee. The annual financial statements of HHLA are thereby authorized. The Supervisory Board also concluded that following its review it had no objections to make to the Executive Board's statements on related parties and on the relationship between the A and S divisions. After carrying out its own audit, the Supervisory Board concurred with the Executive Board's proposal on the appropriation of profit.

Composition of the Supervisory Board

The Supervisory Board member elected by the shareholders, Carsten Frigge – former State Secretary of the Hamburg Ministry for Economic and Labour Affairs and former Senator of Finance of the city of Hamburg – resigned from his office with effect from 5 August 2010. By order of Hamburg Local Court dated 23 August 2010, Peter Wenzel was appointed to the Supervisory Board as his successor. Peter Wenzel is State Secretary of the Hamburg Ministry for Economic and Labour Affairs. In line with the recommendation in Section 5.4.3 of the German Corporate Governance Code, State Secretary Wenzel's appointment was initially made for the period up to the end of the company's next Annual General Meeting. The Supervisory Board would like to thank Mr Frigge for his good work and dedication.

The Supervisory Board would also like to thank the members of the Executive Board and all employees and their representatives at HHLA and its affiliated companies for their commitment and hard work during the 2010 financial year. They have all helped to ensure that it was a good year for HHLA overall, despite the ongoing challenges posed by the global economic environment.

Hamburg, 25 March 2011

The Supervisory Board

Prof. Dr. Peer Witten

Chairman

Corporate Governance Report

Responsible and transparent corporate management geared towards sustainable value has always been an essential foundation of HHLA's commercial success. For this reason, HHLA's Supervisory Board and Executive Board expressly support the German Corporate Governance Code ("the Code") and the objectives and purposes which it pursues.

Corporate Management Declaration

Division of responsibilities between the Executive Board and the Supervisory Board

In accordance with the stipulations of German stock corporation law, HHLA has a dual system of management with an Executive Board and a Supervisory Board as management bodies, both of which have their own defined areas of competence. This system is characterized by having separate personnel to carry out the management and supervision functions: the Executive Board manages the company on its own responsibility, while the Supervisory Board monitors the Executive Board and discusses relevant matters with it. Simultaneous membership of both bodies is not permissible. HHLA's Executive Board and Supervisory Board work closely together for the company's benefit in an atmosphere of mutual trust.

Function of the Supervisory Board

The Supervisory Board oversees the Executive Board's management of the company, advises it on company management, and is involved in decisions of fundamental importance. Decisions of fundamental importance must be approved by the Supervisory Board. It also decides on the composition of the Executive Board. The examination and approval of the annual financial statements is another of the Supervisory Board's main tasks.

In accordance with the company's articles of association, Sections 95 and 96 of the German Stock Corporation Act (AktG) and Section 7 of the German Co-Determination Act (MitbestG), the Supervisory Board consists of six shareholder representatives elected by the Annual General Meeting and six employee representatives elected in accordance with the German Co-Determination Act (MitbestG). No former members of HHLA's Executive Board sit on the Supervisory Board. Unless the Annual General Meeting specifies a shorter period of office, Supervisory Board members are elected for a period ending with the Annual General Meeting which passes a resolution discharging the Board for the fourth financial year following the start of its term of office. The financial year in which the term of office begins is not included.

Members of the Supervisory Board are obliged to disclose any conflicts of interest to the Supervisory Board as a whole, especially resulting from any advisory role or seat on a management body involving customers, suppliers, creditors or other business partners. If a member of the Supervisory Board has significant conflicts of interest which are not merely temporary, this should result in the termination of his/her period of office. The Supervisory Board is to give notification of any conflicts of interest which arise and how they are being handled in its report to the Annual General Meeting On the activity of HHLA in the reporting period ▸ see also page 36 et seq., Report of the Supervisory Board.

The company has arranged for D&O insurance with an appropriate deductible for members of the Supervisory Board.

The Supervisory Board carries out its work both in full council and in individual committees. The Supervisory Board has adopted its own rules of procedure, which also outline the committees' responsibilities. In order to fulfil its duties as efficiently as possible, the Supervisory Board has currently constituted the following six committees:

- The Finance Committee prepares Supervisory Board meetings and resolutions of major financial importance, such as approvals or other resolutions to be adopted concerning significant borrowing and lending, guarantees for third-party liabilities, financial investments and other financial transactions. It also deals with planning and investment issues, such as the budget and medium-term planning.

- The Audit Committee monitors accounting processes and the audit of financial statements, particularly the independence of the auditors and the additional services provided by the auditors. The committee prepares the Supervisory Board's resolution proposal to the Annual General Meeting on the election of the auditors and, after the auditors have been elected by the Annual General Meeting, awards the audit assignment for the consolidated and annual financial statements. It also deals with the fee agreements and determines which areas the audits should focus on. In addition, it concerns itself with the effectiveness of the internal accounting control system, the risk management system, the internal audit system and the compliance system. As an independent member of the Supervisory Board, the Chairman of the Audit Committee, Jörg Wohlers, has expertise and experience in the areas of accounting, the auditing of financial statements and internal monitoring procedures.

- The Arbitration Committee was constituted for the purposes laid down in Section 31 (3) of the German Co-Determination Act (MitbestG). Its task is to make proposals for appointing members of the Executive Board if the statutory majority of two-thirds of the Supervisory Board members' votes is not reached after the first round of voting.

- The Personnel Committee prepares the personnel decisions to be taken by the Supervisory Board. The committee ensures there is a long-term succession plan in place and that diversity considerations are taken into account in the Executive Board's composition. It prepares the Supervisory Board's resolution specifying the remuneration of the Executive Board and the examination of the remuneration system for the Executive Board, and handles the Executive Board contracts, provided German law or the Code does not require the full council of the Supervisory Board to handle these responsibilities. Furthermore, the Personnel Committee fulfils the role of Nomination Committee – consisting solely of shareholders' representatives when performing this role – in compliance with the Code. In line with the criteria stipulated in Section 5.4.1 of the Code, it proposes suitable candidates to the Supervisory Board for its suggestions to the Annual General Meeting for the shareholder representatives on the Supervisory Board.

- As HHLA is divided into two subgroups (Port Logistics subgroup [A division] and Real Estate subgroup [S division]), a Real Estate Committee was constituted for the latter. This committee receives all Executive Board reports on behalf of the Supervisory Board and is involved in discussing all affairs that relate to the Real Estate subgroup. It also decides on whether to grant Supervisory Board approval for all legal transactions requiring such approval and all other matters which affect the Real Estate subgroup, either primarily or in their entirety. In addition, the Real Estate Committee is responsible for examining the documents relating to the annual financial statements and preparing the Supervisory Board's decision on the adoption of the financial statements, but only insofar as these relate to the affairs of the Real Estate subgroup. Its tasks also include preparing the approval of the Consolidated Financial Statements and confirming the Executive Board's proposal for appropriation of the distributable profit by the Supervisory Board, insofar as these relate to the Real Estate subgroup.

For the current composition of the Supervisory Board and its committees ► see also page 48 et seq., Board members and mandates.

Function of the Executive Board

The Executive Board manages the company's business under the joint responsibility of its members. It determines the company's goals, its fundamental strategic orientation, and Group policy and organization. These tasks include, in particular, steering the Group and managing its financing, developing a personnel strategy, appointing and developing managers and representing the company before the capital markets and the general public.

The Executive Board of HHLA consists of five members. For its current composition ► see also page 48 et seq., Board members and mandates. In accordance with Article 8 of the articles of association, the Executive Board must consist of at least two members. The Executive Board's members are appointed by the Supervisory Board. Executive Board members are given responsibility for particular departments in line with a schedule of responsibilities, which forms part of the rules of procedure specified by the Supervisory Board for the Executive Board. When appointing company executives, the Executive Board takes diversity considerations into account. In particular, it aims to ensure the appropriate inclusion of women.

The Executive Board provides the Supervisory Board with regular, timely and comprehensive information on all matters that are relevant for the Group. These include, in particular, the intended business policy, corporate profitability, the course of business and the position of the company, planning, the current risk position, risk management and compliance. The Executive Board must notify the Chairman of the Supervisory Board without undue delay of any important events of fundamental significance for the assessment of the position and development or the management of the Group. These include operational malfunctions and illegal actions which disadvantage the company, for example. Certain actions and transactions of fundamental importance conducted by the Executive Board require the approval of the Supervisory Board in accordance with the Executive Board's rules of procedure. No conflicts of interest regarding members of the Executive Board requiring immediate disclosure to the Supervisory Board arose in the reporting year. Executive Board members may only take on other duties, especially supervisory board posts at companies outside the Group, with the approval of the Supervisory Board. Transactions of material importance between Group companies and members of the Executive Board, parties related to them, or companies closely associated with them also require the approval of the Supervisory Board. All such transactions must be performed at generally accepted market terms. There were no transactions of this nature in the reporting period.

The company has arranged for D&O insurance with an appropriate deductible for members of the Executive Board.

Declaration of Compliance

The Executive Board and the Supervisory Board again dealt with matters relating to Corporate Governance in great depth during the 2010 financial year. On 15 December 2010, they jointly issued the following Declaration of Compliance for 2009 as per Section 161 of the German Stock Corporation Act (AktG). The Executive Board and Supervisory Board of Hamburger Hafen und Logistik AG herewith state after due examination that in the period from 15 December 2009 (the date on which the previous declaration of compliance was issued) to 2 July 2010, HHLA complied with the recommendations of the German Corporate Governance Code ("the Code") in the version as of 18 June 2009, and thereafter the version of the Code dated 26 May 2010, and published on 2 July 2010, with the following exceptions. Furthermore, HHLA shall comply with the 26 May 2010 version of the Code in the future with the following exceptions:

a) Section 4.2.3 of the GCGC specifies that in concluding Executive Board contracts, care is to be taken to ensure that payments made to an Executive Board member on premature termin-ation of a contract without good cause or as a result of change of control do not exceed certain levels (severance payment caps) and that the severance payment cap in question is based on the total remuneration for the previous financial year and, where applicable, on the probable total compensation for the current financial year. The severance payment provisions for Executive Board members in the event of a change of control or comparable situations as outlined in the share prospectus and the last Remuneration Report comply only in part with these requirements. In our view, an additional inclusion of severance payment caps for cases of premature termination of contract without good cause would not be practicable since contracts of Executive Board members are regularly concluded for the duration of the term for which they are appointed, meaning that a regular termination of these contracts is in principle not possible.

b) According to Section 7.1.2 of the GCGC, half-yearly and any quarterly financial reports are to be discussed with the Executive Board by the Supervisory Board or its Audit Committee prior to publication. HHLA does not comply with this recommendation because compiling such reports on the basis of individual segment reporting for the A and S divisions takes more time than for companies with only one type of share. As a result, an effective prior discussion by the Supervisory Board or its Audit Committee cannot be assured at present. In order to increase the level of detail and frequency at which the company's reports are examined, the half-yearly financial report and the Interim Management Report were reviewed by the auditor again this year. It is intended that this will continue in the future.

Hamburg, 15 December 2010

The Executive Board of
Hamburger Hafen und Logistik Aktiengesellschaft

The Supervisory Board of
Hamburger Hafen und Logistik Aktiengesellschaft

The above declaration and the declarations of compliance relating to previous years can be viewed on HHLA's website at ▸ www.hhla.de/corporategovernance.

Key corporate governance practices

Compliance

Compliance with corporate guidelines and the statutory provisions relevant to the company's activities (hereinafter also referred to as "corporate compliance") is regarded as an essential part of Corporate Governance at HHLA. The management team in each corporate unit is therefore responsible for working to achieve compliance with the regulations that are relevant for their field of activity and area of responsibility. Workflows and processes must be structured in line with these regulations. The cornerstone of HHLA's compliance management system is a code of conduct, which formulates overriding principles on topics with special relevance for compliance, such as conduct in the competitive environment, the prevention of corruption and conflicts of interest, and how to deal with sensitive corporate information, especially insider information ▸ www.hhla.de/compliance. The overall coordination of the compliance management system is performed by a Compliance Officer, who reports directly to the Chief Financial Officer and synchronizes his or her activities closely with those of the Internal Audit and Risk Management departments. In 2010, further extensive steps were taken to enhance HHLA's compliance management system. The company's preventative work was strengthened by drafting and updating Group guidelines and rules of conduct, as well as holding training sessions on the code of conduct and various special issues, such as conduct in the competitive environment and occupational health and safety. Furthermore, the company introduced a Group-wide reporting system for staff to report compliance infringements and preventive measures. The Audit Committee also monitored the development of the compliance management system in the reporting period by means of regular reports from the Executive Board and the Compliance Officer. The system will be further extended in the future.

Sustainability

Sustainability has been an integral part of HHLA's business model since the company was established. Port terminals provide an ecologically sound link between global goods flows, on the one hand, and hinterland networks and logistics centres on the other. HHLA's actions are characterized by responsibility towards its employees, the environment and society as a whole and by taking responsibility for its business activities. ► see also page 70 et seq., Sustainability.

Further information about Corporate Governance at HHLA

Diversity objectives for the Supervisory Board and progress to date

At its meeting on 15 December 2010, the Supervisory Board of Hamburger Hafen und Logistik Aktiengesellschaft adopted the following statement of intent for its future composition as per Section 5.4.1 of the German Corporate Governance Code ("the Code"):

According to the Supervisory Board's rules of procedure, HHLA's Supervisory Board should "always consist of members with the necessary knowledge, skills and industry experience to fulfil their responsibilities properly". These requirements apply regardless of the members' gender, nationality or other personal characteristics.

In addition, the current version of the Code (dated 26 May 2010) calls in Section 5.4.1 for concrete objectives to be defined regarding the Supervisory Board's composition. Against the backdrop of an organization's specific situation, these should take into account the company's international operations, potential conflicts of interest, a definable age limit for Supervisory Board members and diversity. In particular, these concrete objectives should stipulate the appropriate inclusion of women.

HHLA's Supervisory Board has incorporated these requirements into its rules of procedure. The following objectives have been defined for the composition of the Supervisory Board:

Diversity

Diversity should be taken into account in the composition of the Supervisory Board.

Diversity in the Supervisory Board is – inter alia – reflected by shareholder representatives with different career paths and fields of activity who can draw on a wide range of different experiences (e.g. from international assignments).

In 2009, women made up around 13.8 percent of the workforce at HHLA's German companies (average for the year). With regard to the appropriate inclusion of women on the Supervisory Board, the company is pursuing two goals. Firstly, the company aims to increase the number of qualified women included in the selection stage and put forward in election proposals to the Annual General Meeting. Secondly, once the current period of office comes to an end in 2012, the company aims to recruit at least one woman onto the HHLA Supervisory Board so as to better reflect relations within the workforce.

The possibility of filling Supervisory Board posts with female candidates has always been taken into consideration in the past. However, when positions become available, the number of male candidates is regularly substantially larger. For this reason, the Supervisory Board of HHLA decided on the following concrete measures at its meeting on 15 December 2010, which are designed to give qualified women a better chance of gaining a seat on the Supervisory Board:

- The profile requirements for Supervisory Board positions will be formulated specifically with equal opportunities for men and women in mind.
- When searching for and selecting candidates in the future, use will be made of external databases of female candidates established specifically for this purpose.
- If personnel consultants are employed to support the candidate search and selection process, they will be instructed to identify at least one potential female candidate in the future.

International orientation

Due to HHLA's business model, the company's operations focus is rather regional or site specific. However, as some of the members of the company's Supervisory Board have extensive relevant experience of managing international companies, it is currently not necessary to sharpen the Board's focus on an international orientation.

Age limit for Supervisory Board members

The rules of procedure of HHLA's Supervisory Board already stipulate that only candidates under the age of 70 may stand for election or re-election as members of the company's Supervisory Board.

Conflicts of interest

To prevent conflicts of interests, the rules of procedure of HHLA's Supervisory Board state that Supervisory Board members may not hold a seat on a management body or fulfil an advisory role involving major competitors of the company. Members of the Supervisory Board are obliged to disclose any conflicts of interest to the Supervisory Board as a whole, especially conflicts which may arise as a result of an advisory role or seat on a management body involving customers, suppliers, creditors or other business partners. If a member of the Supervisory Board has significant conflicts of interest which are not merely temporary, this should result in the termination of his/her period of office. The Supervisory Board gives notification of any conflicts of interest which arise and how they are being handled in its report to the Annual General Meeting. The company will continue to ensure that – in its view – a sufficient number of independent members are appointed to the Supervisory Board in the future.

The objectives concerning international orientation, the age limit and conflicts of interests have already been achieved and/or will continue to be taken into account when selecting future candidates and making election proposals. It has not been possible to follow through on the diversity objective as yet – particularly with regard to the appropriate inclusion of women – as the current Supervisory Board members' period of office does not end until 2012. However, this objective will be borne in mind when considering potential candidates for the next period of office and submitting election proposals to the Annual General Meeting.

Directors' dealings

In the 2010 financial year, the company did not receive any notifications regarding directors' dealings with HHLA shares.

As of 31 December 2010, the Executive Board and Supervisory Board overall did not possess more than 1 percent of the shares issued by HHLA.

Risk management

The HHLA Group's risk management system is described in detail in the Risk and opportunity report chapter of the management report ► see also page 90 et seq. In accordance with the statutory provisions, it is designed to identify significant risks in advance so that they can be minimized, diversified, transferred or averted, ensuring the continued existence of the HHLA Group and its operating companies. The risk strategy and risk policies of HHLA form the primary guidelines for dealing with risks in the HHLA Group. In performing its duties, the Risk Management department receives material support from the Controlling department, the Compliance Officer and the Internal Audit department.

Transparency

HHLA informs capital market participants and interested members of the general public comprehensively about the position of the Group and important company developments, particularly by means of its financial reporting (Annual Report and Interim Reports), press conferences for analysts and financial press conferences, dialogue with analysts and the press, press releases and ad hoc announcements as required, and its Annual General Meetings. As a permanently available and up-to-date communication medium, the website ► www.hhla.de provides all the relevant information in both German and English. In addition to comprehensive information about the HHLA Group and the HHLA share, it contains a financial calendar which gives an overview of the main events. Any enquiries over and above this from shareholders, investors and analysts should be addressed to the Investor Relations department.

Shareholders and Annual General Meeting

Shareholders exercise their rights, in particular their voting rights, at the Annual General Meeting. According to the articles of association, the Annual General Meeting is held in Hamburg, another major German city or the seat of a German stock exchange within the first eight months of each financial year. Each share entitles its holder to one vote at the Annual General Meeting. There are no shares with multiple voting rights, no preference shares and no caps on voting rights.

Shareholders may exercise their voting rights at the Annual General Meeting in person, by appointing a representative of their choice or by giving voting instructions to a proxy designated by the company. The articles of association also authorize the Executive Board to provide for shareholders to cast their votes in writing or by means of electronic communication without attending the Annual General Meeting (postal vote). The invitation to the Annual General Meeting includes explanations of the participation conditions, the voting procedure (including proxy voting) and the rights of shareholders. In addition, the company has a telephone hotline for shareholders' questions. The reports and documents required by law for the Annual General Meeting, including the Annual Report, are published on the company's website at ► www.hhla.de/agm together with the agenda. Information on attendance at the Annual General Meeting and the voting results can likewise be found on the company's website after the Annual General Meeting.

Accounting and auditing

HHLA prepares its Consolidated Financial Statements and its Interim Reports in accordance with International Financial Reporting Standards (IFRS). This Annual Report provides further information on IFRS in the Notes to the Consolidated Financial Statements. The individual financial statements for HHLA Aktiengesellschaft are prepared in line with the accounting regulations of the German Commercial Code (HGB). The appropriation of profits is based solely on the individual financial statements.

Arrangements have been made with the auditor for the 2010 financial year – KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg – for the Chairman of the Audit Committee to be informed immediately of any possible grounds for exclusion or bias arising during the audit, insofar as these are not rectified without delay. The auditor should also report immediately on any findings or incidents arising from the audit of the financial statements which are of significance for the Supervisory Board's remit. Furthermore, the auditor is to inform the Supervisory Board and/or record in its report if – when conducting the audit – it identifies facts which indicate that the declaration of compliance issued by the Executive Board and Supervisory Board as per Section 161 of the German Stock Corporation Act (AktG) is incorrect. The audit conducted includes an extended audit as stipulated under Section 53 of the German Budgetary Procedures Act (HGrG). This requires an audit and assessment of the propriety of the company's management and its financial situation as part of the audit of the annual financial statements.

Remuneration Report

The following remuneration report is part of the Group Management Report.

Executive Board remuneration

Following preparatory work by its Personnel Committee, the Supervisory Board in its entirety is responsible for setting remuneration for individual Executive Board members in accordance with Section 87 (1) of the German Stock Corporation Act (AktG) and a corresponding provision in the Supervisory Board's rules of procedure. The German Corporate Governance Code also stipulates that the full Supervisory Board does not merely provide advice on, and examine the structure of, the remuneration system, but also decides the remuneration system for the Executive Board, including the core contractual components. When conducting their reviews, the Personnel Committee and the Supervisory Board take into account HHLA's size and activities, its financial and economic position and the amount and structure of Executive Board remuneration at comparable companies. The responsibilities and services provided by each Executive Board member are also taken into account.

The remuneration of Executive Board members in the reporting period is made up of a non-performance-related basic annual salary, a performance-related bonus and other benefits (primarily the use of a company car). The amount of the bonus depends on total consolidated earnings (before minority interests). The bonus is calculated on the basis of earnings before taxes (EBT) and before additions to pension provisions, less any extraordinary income from the disposal of companies, interests and/or real estate. Annual climate protection goals are also agreed, particularly regarding the reduction of CO_2 emissions.

In addition to this, there is a pension commitment for each Executive Board member. Pensions are paid to former Executive Board members either after five or eight years' service on the Executive Board if they leave the Board for reasons unrelated to the Board member, as a result of incapacity or due to reaching retirement age. Pensions consist of a percentage of the entitlement salary, which in turn is based on the annual basic salary. The percentage is between 35 and 50 percent. Several different forms of income are taken into account for this, for example that from statutory pension insurance and pensions and related benefits from public funds.

Surviving spouses of Executive Board members receive a widow(er)'s pension of 60 percent of the pension entitlement.

Should the pension entitlement have been suspended or no longer apply, transitional pay will apply for a limited period on the basis of the annual basic salary. The service contracts valid during the reporting period include a compensation provision relating to change of control or comparable circumstances. This stipulates that Executive Board members will be entitled to receive their remuneration entitlements for the remaining duration of their respective contracts as a lump sum, discounted by 2 percent per annum. This does not affect their pension entitlements.

The members of the Executive Board were not granted any loans or similar payments. The members of the Executive Board received total remuneration of just over € 2.55 million for their services in the 2010 financial year. Former members of the Executive Board and their surviving dependants received total payments of € 820,880.14. Total provisions of € 11,691,935 have been formed for pension obligations to former members of the Executive Board and their surviving dependants.

The regulations described above are based on contractual provisions agreed with the members sitting on the Executive Board during the reporting period before the German Act on the Appropriateness of Management Board Remuneration (VorstAG) came into effect. In the course of the 2010 financial year, the Personnel

Individual remuneration of Executive Board members
in €

	Performance-unrelated payments									
	Basic salary		Supplementary payments		Performance-related components		Total remuneration		Appropriation to pension provisions	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Klaus-Dieter Peters	350,000	350,000	13,521	13,424	350,214	321,722	713,735	685,146	242,554	325,335
Dr. Stefan Behn	275,000	275,000	12,237	10,488	175,107	160,861	462,344	446,349	185,867	316,236
Heinz Brandt	275,000	275,000	12,734	11,986	175,107	160,861	462,841	447,847	176,702	149,769
Dr. Sebastian Jürgens	275,000	275,000	8,955	26,444	175,107	160,861	459,062	462,305	88,367	67,856
Dr. Roland Lappin	275,000	275,000	5,906	5,942	175,107	160,861	456,013	441,803	116,603	191,519
Rolf Fritsch (until 31.03.2009)	0	68,750	0	6,467	0	40,215	0	115,432	0	460,438
Total	1,450,000	1,518,750	53,353	74,751	1,050,642	1,005,381	2,553,995	2,598,882	810,093	1,511,153

Committee made proposals for a new remuneration system and drafted the corresponding key contractual components in accordance with the requirements of the VorstAG Act. The full council of the Supervisory Board examined these proposals and approved a new remuneration system at its December meeting. The new system shall be used in future when existing Executive Board contracts are amended or extended and when new contracts are concluded. Within the new system, remuneration still comprises a non-performance-related annual salary, a performance-related bonus and other benefits (primarily the use of a company car). The performance-related bonus is set on the basis of a three-year assessment period. The calculation is based on the average earnings before interest and taxes (EBIT) for the last three years (before additions to pension provisions and less any extraordinary income from the disposal of companies, interests and/or real estate), the average return on capital employed (ROCE) and the achievement of targets relating to environmental issues (CO_2 value per container) and social issues (broken down into training and continuing professional development, health and employment) over the same period. When making these calculations, roughly equal weight should be given to EBIT, on the one hand, and the above-mentioned sustainability components on the other. Variable remuneration is capped at 150 percent of basic salary. For the most part, the new system will uphold the arrangements for pensions described above.

Supervisory Board remuneration

In accordance with Section 16 of HHLA's articles of association, Supervisory Board members are remunerated as resolved by the Annual General Meeting. This remuneration is based on the scope of the Supervisory Board members' activities as well as on the company's financial position and results. The current remuneration clause was adopted at the Annual General Meetings held on 24 September and 18 October 2007. The members of the Supervisory Board receive fixed remuneration of € 10,000 per financial year. The Chairman receives three times this amount and the Vice Chairman is paid one and a half times the basic figure. This remuneration increases by 35 percent when a dividend is paid to holders of the company's Class A shares for the financial year in question. Supervisory Board members who belong to a committee receive an additional € 2,500[4] per committee per year, while the Chairman of the respective committee receives € 5,000[4], but altogether no more than € 10,000[4]. Supervisory Board members who have belonged to the Supervisory Board or a committee for less than a whole year receive a corresponding pro rata payment.

Furthermore, Supervisory Board members receive a meeting attendance fee of € 250[4] for each meeting of the Supervisory Board or one of its committees. No loans or similar payments were granted to members of the Supervisory Board. Total remuneration paid to members of the Supervisory Board amounted to € 323,972.

Individual remuneration of Supervisory Board members
in €

	Fixed remuneration		Variable remuneration		Remuneration for committee work		Meeting fee		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Prof. Dr. Peer Witten[1]	35,700	35,700	12,495	12,495	5,950	5,950	2,975	2,083	57,120	56,228
Dr. Bernd Egert	10,000	10,000	3,500	3,500	7,500	5,527	3,250	3,250	24,250	22,277
Carsten Frigge	5,945	10,000	2,081	3,500	1,486	2,185	1,500	1,250	11,012	16,935
Holger Heinzel	10,000	10,000	3,500	3,500	0	0	750	1,500	14,250	15,000
Rolf Kirchfeld[1]	0	5,053	0	1,769	0	0	0	595	0	7,417
Jörg Klauke	10,000	10,000	3,500	3,500	5,000	2,705	3,000	2,750	21,500	18,955
Dr. Rainer Klemmt-Nissen	10,000	10,000	3,500	3,500	10,000	10,000	3,250	3,000	26,750	26,500
Thomas Mendrzik	10,000	10,000	3,500	3,500	2,500	2,500	1,500	2,000	17,500	18,000
Arno Münster[2]	15,700	10,000	5,495	3,500	14,789	7,705	7,328	3,250	43,311	24,455
Wolfgang Rose[1]	17,850	17,850	6,248	6,248	2,975	2,975	2,678	1,785	29,751	28,858
Uwe Schröder	10,000	10,000	3,500	3,500	7,500	5,205	4,500	3,000	25,500	21,705
Walter Stork	10,000	10,000	3,500	3,500	5,000	5,000	3,500	2,500	22,000	21,000
Peter Wenzel	3,589	0	1,256	0	788	0	1,000	0	6,633	0
Jörg Wohlers[3]	11,900	5,781	4,165	2,023	5,950	411	2,380	1,000	24,395	9,215
Total	160,684	154,384	56,239	54,035	69,438	50,163	37,611	27,963	323,972	286,545

[1] *All figures include VAT.*
[2] *The amounts reported for 2010 all include statutory value-added tax on the remuneration paid in 2010 plus additional value-added tax paid out in 2010 for the years 2009 and 2008.*
[3] *The amounts reported for 2010 all include statutory value-added tax.*
[4] *Amounts exclusive of statutory value-added tax.*

Board members and mandates

The Supervisory Board members and their mandates *

Prof. Dr. Peer Witten
Chairman
Businessman, Hamburg
Other Supervisory Board mandates
- KWG Kommunale Wohnen AG, Hamburg
- Lufthansa Cargo AG, Frankfurt am Main
- Otto AG für Beteiligungen, Hamburg

Advisory Board mandates
- Röhlig & Co. Holding GmbH & Co. KG, Bremen

Board of Partners mandates
- Otto Group, Hamburg
- Honorary Chairman of Bundesvereinigung Logistik (BLV) e.V., Bremen

Wolfgang Rose
Vice Chairman
Banker, Hamburg
Executive at ver.di (trade union) in Hamburg
Other Supervisory Board mandates
- Hapag-Lloyd AG, Hamburg
- Asklepios Kliniken Hamburg GmbH, Hamburg

Dr. Bernd Egert
Physicist, Winsen (Luhe)
Senate Director in the Ministry for Economic & Labour Affairs of the Free and Hanseatic City of Hamburg
Other Supervisory Board mandates
- Flughafen Hamburg GmbH, Hamburg
- LZN Laser Zentrum Nord GmbH, Hamburg, Chairman
- Chairman of the Curatorship Foundation Elbefonds, Hamburg

Carsten Frigge (until 5 August 2010)
Graduate in business administration (Dipl.-Kaufmann), Hamburg
Other Supervisory Board mandates
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (until 30 November 2010)
- ReGe Hamburg Projekt-Realisierungsgesellschaft mbH, Hamburg (until 22 June 2010)
- Projektierungsgesellschaft Finkenwerder mbH & Co. KG, Hamburg (until 22 June 2010)
- Dedalus GmbH & Co. KGaA, Stuttgart (until 30 November 2010)
- Hamburg Energie GmbH, Hamburg (until 22 June 2010)
- Zentrum für angewandte Luftfahrtforschung GmbH, Hamburg (until 31 May 2010)

Administrative Board mandates
- Hamburgische Wohnungsbaukreditanstalt AöR (Administrative Board), Hamburg (until 30 November 2010)

Holger Heinzel
Graduate in business administration (Dipl.-Kaufmann), Hittfeld
Head of Controlling at HHLA
- Member of the representative committee Hafen Hamburg Marketing e.V., Hamburg
- Member of the management committee Hafenfonds Gesamthafenbetriebs-Gesellschaft m.b.H., Hamburg

Jörg Klauke
Port technician, Hamburg
Vice Chairman of HHLA works council

Dr. Rainer Klemmt-Nissen
Administrative lawyer, Hamburg
Managing Director of HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg
Other Supervisory Board mandates
- Flughafen Hamburg GmbH, Hamburg (until 15 April 2010)
- Hamburger Hochbahn AG, Hamburg
- HHLA Container Terminals GmbH, Hamburg
- HSH Nordbank AG, Hamburg
- HMC Hamburg Messe und Congress GmbH, Hamburg (since 11 July 2010)

Thomas Mendrzik
Electrical technician, Hamburg
Chairman of the HHLA Container-Terminal Altenwerder GmbH works council
Other Supervisory Board mandates
- HHLA Container Terminals GmbH, Hamburg
- HHLA Container-Terminal Altenwerder GmbH, Hamburg
- HHLA CTA Besitzgesellschaft mbH, Hamburg
- SCA Service Center Altenwerder GmbH, Hamburg

Arno Münster
Port technician, Hamburg
Chairman of HHLA works council

** Seats on statutory supervisory board or comparable supervisory bodies at domestic and foreign companies.*

Other Supervisory Board mandates
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg
- HHLA Container Terminals GmbH, Hamburg

Uwe Schröder
Trade union secretary, ver.di Hamburg
Other Supervisory Board mandates
- HHLA Container Terminals GmbH, Hamburg (until 31 December 2010)

Walter Stork
Logistics manager, Hamburg
Chairman of the Executive Board of NAVIS Schifffahrts- und Speditionsgesellschaft AG, Hamburg (until 6 July 2010)
Other Supervisory Board mandates
- DAKOSY Datenkommunikationssystem AG, Hamburg
- HHLA Container Terminals GmbH, Hamburg
- VorstandsChairman der NAVIS Schifffahrts- und Speditionsgesellschaft AG, Hamburg (until 6 July 2010)
- NAVIS Schifffahrts- und Speditionsgesellschaft AG, Hamburg (Chairman, since 7 July 2010)

Advisory Board mandates
- DIHS-DAKOSY Interessengemeinschaft Hamburger Spediteure GmbH, Hamburg

Board of Partners mandates
- HPA Hamburg Port Authority AöR, Hamburg

Peter Wenzel (since 23 August 2010)
State Secretary in the Ministry for Economic & Labour Affairs
Other Supervisory Board mandates
- Dedalus GmbH & Co. KGaA, Stuttgart (since 30 November 2010)
- ReGe Hamburg Projektrealisierungsgesellschaft mbH, Hamburg (since 22 June 2010)
- Projektierungsgesellschaft Finkenwerder mbH & Co. KG, Hamburg (since 22 June 2010)
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsverwaltung mbH, Hamburg (since 9. Juni 2010)
- Zentrum für Angewandte Luftfahrtforschung GmbH, Hamburg (since 31 May 2010)
- HMC Hamburg Messe und Congress GmbH, Hamburg (since 22 June 2010)
- HHT Hamburg Tourismus GmbH, Hamburg (since 7 September 2010)
- Hamburg Energie GmbH, Hamburg (22 June 2010 until 25 December 2010)

Jörg Wohlers
Dipl.-Sparkassenbetriebswirt, Hamburg
Haspa Finanzholding, Member of the Executive Board
(Deputy spokesman of the executive board)
Hamburger Sparkasse AG, Hamburg,
(Member of the Executive Board)
Other Supervisory Board mandates
- Haspa Beteiligungsgesellschaft für den Mittelstand mbH, Hamburg (Deputy Chairman)
- S Broker AG & Co. KG, Wiesbaden (Deputy Chairman)
- DAL Deutsche Anlagen-Leasing GmbH & Co. KG, Wiesbaden
- DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co. KG, Bremen
- Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe (since 22 February 2010 Deputy Chairman)
- Deutsche Sparkassen Leasing Verwaltungs-Aktiengesellschaft, Bad Homburg v. d. Höhe (until 22 February 2010 Deputy Chairman)
- NRS Norddeutsche Retail-Service AG, Hamburg/Bremen
- S Broker Management AG, Wiesbaden
- S Rating und Risikosysteme GmbH, Bonn
- Sparkasse zu Lübeck Aktiengesellschaft, Lübeck
- Cenito Service GmbH, Hamburg (Chairman, since 1 May 2010)

Administrative Board mandates
- BTG Beteiligungsgesellschaft Hamburg mbH, Hamburg (Chairman)
- Bürgschaftsgemeinschaft Hamburg GmbH, Hamburg

Committees of the Supervisory Board

Finance Committee
Dr. Rainer Klemmt-Nissen (Chairman)
Arno Münster (Deputy Chairman)
Dr. Bernd Egert
Jörg Klauke
Uwe Schröder
Walter Stork

Audit Committee
Jörg Wohlers (Chairman)
Arno Münster (Deputy Chairman)
Dr. Bernd Egert
Jörg Klauke
Dr. Rainer Klemmt-Nissen
Uwe Schröder

Real Estate Committee
Dr. Rainer Klemmt-Nissen (Chairman)
Thomas Mendrzik (Deputy Chairman)
Dr. Bernd Egert
Arno Münster

Personnel Committee
Prof. Dr. Peer Witten (Chairman)
Arno Münster (Deputy Chairman)
Carsten Frigge (until 5 August 2010)
Wolfgang Rose
Uwe Schröder
Walter Stork
Peter Wenzel (since 23 August 2010)

Nomination Committee
Prof. Dr. Peer Witten (Chairman)
Carsten Frigge (until 5 August 2010)
Walter Stork
Peter Wenzel (since 23 August 2010)

Arbitration Committee
Prof. Dr. Peer Witten (Chairman)
Carsten Frigge (until 5 August 2010)
Arno Münster
Wolfgang Rose
Peter Wenzel (since 23 August 2010)

The Executive Board members and their mandates*

Klaus-Dieter Peters
Chairman
Forwarding merchant, Hamburg
Appointed: 2003
Areas of responsibility
- Executive Board coordination
- Corporate communications
- Corporate development
- Sustainability

Supervisory Board mandates
- HHLA Container Terminals GmbH, Hamburg
- HHLA Container-Terminal Altenwerder GmbH, Hamburg
- HHLA CTA Besitzgesellschaft mbH, Hamburg
- SCA Service Center Altenwerder GmbH, Hamburg
- HHLA Container Terminal Tollerort GmbH, Hamburg
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- GHL Erste Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg
- GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg
- HPC Hamburg Port Consulting GmbH, Hamburg
- HHLA Intermodal GmbH, Hamburg
- CTD Container-Transport-Dienst GmbH, Hamburg
- CTL Container Terminal Lübeck GmbH, Lübeck (since 14 April 2010)

Dr. Stefan Behn
Graduate in business administration (Dipl.-Kaufmann), Hamburg
Appointed: 1996
Areas of responsibility
- Container segment
- Information systems

Supervisory Board mandates
- HHLA Container-Terminal Altenwerder GmbH, Hamburg
- HHLA CTA Besitzgesellschaft mbH, Hamburg
- SCA Service Center Altenwerder GmbH, Hamburg
- HHLA Container Terminal Tollerort GmbH, Hamburg
- HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- CTL Container Terminal Lübeck GmbH, Lübeck (until 14 April 2010)
- Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven
- Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven
- HHLA Rosshafen Terminal GmbH, Hamburg
- HPC Hamburg Port Consulting GmbH, Hamburg
- DAKOSY Datenkommunikationssystem AG, Hamburg

Advisory Board mandates
- LZU Leercontainer Zentrum Unikai GmbH, Hamburg
- CuxPort GmbH, Cuxhaven
- HCC Hanseatic Cruise Centers GmbH, Hamburg
- UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg
- UNIKAI Hafenbetrieb GmbH, Hamburg
- SC HPC Ukraina, Odessa, Ukraine

*Seats on statutory supervisory board or comparable supervisory bodies at domestic and foreign companies.

Heinz Brandt
Legal assessor, Bremen
Appointed: 2009
Areas of responsibility
- Human resources
- Purchasing & supplies/materials
- Health and safety in the workplace
- Legal and insurance

Supervisory Board mandates
- HHLA Logistics GmbH, Hamburg
- HHLA Logistics Altenwerder GmbH & Co. KG, Hamburg
- HHLA Logistics Altenwerder Verwaltungsgesellschaft mbH, Hamburg
- HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg
- GHL Erste Gesellschaft für Hafen- und Lagerei-immobilien-Verwaltung mbH, Hamburg
- GHL Zweite Gesellschaft für Hafen- und Lagerei-immobilien-Verwaltung mbH, Hamburg
- Gesamthafenbetriebs-Gesellschaft mbH, Hamburg

Advisory Board mandates
- HHLA Personal-Service-Gesellschaft mbH, Hamburg
- Member of the management committee Hafenfonds der Gesamthafenbetriebs-Gesellschaft mbH, Hamburg

Dr. Sebastian Jürgens
Attorney at law, Hamburg
Appointed: 2009
Areas of responsibility
- Intermodal segment
- Logistics segment

Supervisory Board mandates
- POLZUG Intermodal GmbH, Hamburg
- METRANS a.s., Prague, Czech Republic
- Ulrich Stein GmbH, Hamburg
- TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt am Main
- HHLA Logistics GmbH, Hamburg
- HHLA Logistics Altenwerder GmbH & Co. KG, Hamburg
- HHLA Logistics Altenwerder Verwaltungsgesellschaft mbH, Hamburg
- HHLA Intermodal Polska sp. z o.o., Warsaw, Poland
- HPC Hamburg Port Consulting GmbH, Hamburg
- HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg
- Hansaport Hafenbetriebsgesellschaft mbH, Hamburg
- IPN Inland Port Network GmbH & Co. KG, Hamburg (since 5 May 2010)
- IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg (since 5 May 2010)
- CTL Container Terminal Lübeck GmbH, Lübeck (until 14 April 2010)

Advisory Board mandates
- UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg
- CIT Container Inland Trucking GmbH, Hamburg (since 30 August 2010)

Dr. Roland Lappin
Graduate in industrial engineering (Dipl.-Wirtschaftsingenieur), Hamburg
Appointed: 2003
Areas of responsibility
- Finance
- Controlling
- Organization
- Internal audit
- Investor Relations
- Real Estate segment

Supervisory Board mandates
- HHLA Rosshafen Terminal GmbH, Hamburg
- HHLA Container Terminals GmbH, Hamburg
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt am Main
- Hansaport Hafenbetriebsgesellschaft mbH, Hamburg
- GHL Erste Gesellschaft für Hafen- und Lagerei-immobilien-Verwaltung mbH, Hamburg
- GHL Zweite Gesellschaft für Hafen- und Lagerei-immobilien-Verwaltung mbH, Hamburg
- Fischmarkt Hamburg-Altona GmbH, Hamburg
- HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg
- Ulrich Stein GmbH, Hamburg
- HHLA Intermodal GmbH, Hamburg
- HHLA Intermodal Polska sp. z o.o., Warsaw, Poland
- CTD Container-Transport-Dienst GmbH, Hamburg
- CTL Container Terminal Lübeck GmbH, Lübeck (since 14 April 2010)
- METRANS a.s., Prague, Czech Republic
- POLZUG Intermodal GmbH, Hamburg
- IPN Inland Port Network GmbH & Co. KG, Hamburg (since 5 May 2010)
- IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg (since 5 May 2010)

Advisory Board mandates
- Regionalbeirat Nord der Commerzbank AG
- SC HPC Ukraina, Odessa, Ukraine

Business development at a glance

Recovery in world trade utilized intensively

- Double-digit growth in throughput and transport volumes
- Improvement of integrated service portfolio
- Market share gains in key areas

Group revenue increased to € 1,073.1 million

- Billion mark exceeded for the first time since 2008
- Intense price competition due to surplus capacity in the market
- Lower contributions from storage fees and load mix effects

Operating result (EBIT) improved to € 192.9 million

- Absence of previous year's one-off expenses
- Development of costs below volume growth
- Economies of scale on rising capacity utilization

Free cash flow of € 150.7 million generated

- Effective cash conversion
- Further adjustments in capital expenditure
- Proposal to lift dividend payment

Balance sheet total expanded to € 1,715.1 million

- Rise in the non-current asset base
- Enlarged available liquidity
- Maintained financial flexibility

Positive expectations for the 2011 financial year

- Continued growth in throughput and transport volumes
- Revenue increase in the region of 10 %
- EBIT margin improvement

Table of content

Group Management Report

Group structure

Group

HHLA

Holding/Other
- Corporate and segmental strategic development
- Management of resources and processes
- Provision of shared service

- Floating crane operations
- Management of port-related real estate

Subgroups

Port Logistics	Real Estate
Listed Class A shares	Non-listed Class S shares

	Container	Intermodal	Logistics	Real Estate
Segments	**Container**	**Intermodal**	**Logistics**	**Real Estate**
Main services	• Container handling • Container transfer between modes of transport (ship, rail, truck) • Container-related services (e.g. storage, maintenance, repair)	• Rail- and road-bound transport services in the ports' hinterland • Loading and unloading of carriers • Operation of hinterland terminals	• Special handling of bulk goods, fruits, vehicles, etc. • Consulting and training • Warehousing and contract logistics	• Management of real estate in Hamburg's Speicherstadt historical warehouse district and Fischmarkt Hamburg-Altona GmbH • Development • Lending • Facility management
Selected Group companies with % shareholding	HHLA Container Terminal Burchardkai 100.0 % HHLA Container Terminal Altenwerder 74.9 % HHLA Container Terminal Tollerort 100.0 % SC HPC Ukraina 100.0 %	Metrans Group 51.5 % TFG Transfracht 50.0 % Polzug Intermodal 33.3 % CTD Container-Transport-Dienst 100.0 %	Unikai Lagerei- und Speditionsgesellschaft 51.0 % HHLA Frucht- und Kühl-Zentrum 51.0 % HPC Hamburg Port Consulting 100.0 % Hansaport 49.0 % HHLA Logistics 100.0 %	Real estate in the historical warehouse district of Hamburger Hafen und Logistik AG 100.0 % Fischmarkt Hamburg-Altona GmbH 100.0 %

► Please see page 172 for a full list of HHLA's shareholdings, listed by business sector.

Group Management Report

Group overview

The HHLA Group is a leading company in the European seaport transportation industry. As an integrated handling, transport and logistics provider, the Group offers services along the logistics chain between overseas ports and their European hinterland. Since its foundation, HHLA's activities have always included the development and letting of properties in Hamburg. Hamburger Hafen und Logistik Aktiengesellschaft runs the Group as a strategic management holding company. Its operations are carried out by the 39 domestic and seven foreign subsidiaries which make up the consolidated group. No significant legal or organizational changes were made to the company structure in the 2010 financial year.

The HHLA Group is divided into two subgroups, Port Logistics and Real Estate. The Class A shares, which are listed on the stock exchange, belong to the subgroup Port Logistics and entitle shareholders merely to participate in the result and net assets of these commercial operations. The subgroup Port Logistics encompasses the Container, Intermodal and Logistics segments. The Holding/Other division is likewise part of the subgroup Port Logistics, although according to International Financial Reporting Standards (IFRS) it does not constitute an separate segment. The Holding company is responsible for strategic corporate development, the central management of resources and processes, and the provision of shared services for the operating companies. It also includes the properties specific to HHLA's port handling business and the Group's floating crane operations.

Through its subgroup Port Logistics, HHLA is one of the leading port logistics companies in the European North Range, i.e. the ports between Hamburg and Le Havre. The geographical focus of its commercial activities is on the Port of Hamburg and its hinterland. The Port of Hamburg is the major international hub for container transport by sea and land, with an optimal hinterland link to the economies of Central and Eastern Europe, Scandinavia and the Baltic region.

The subgroup Real Estate includes those HHLA properties which are not specific to port handling, i.e. the properties in Hamburg's historical warehouse district (Speicherstadt) and Fischmarkt Hamburg-Altona GmbH. The performance and financial result of the Real Estate subgroup, which also follows urban development objectives, are represented by the Class S shares. These shares are not traded on the stock exchange and are held solely by the Free and Hanseatic City of Hamburg (FHH). Under a separate agreement, the FHH municipal authority is indirectly responsible for assuming any losses of the Real Estate subgroup.

The HHLA management structure

As a German stock corporation (Aktiengesellschaft), HHLA has a dual structure of management and supervision consisting of an Executive Board and a Supervisory Board, in line with common German practice. The Executive Board manages the company on its own responsibility. The Supervisory Board appoints, advises and monitors the Executive Board.

The Executive Board of HHLA currently consists of five members, whose areas of responsibility are defined by their specific tasks and operating segments. The Supervisory Board consists of twelve members in total, with six representing the shareholders and six representing the employees. ▸ see also page 48 et seq., Board members and mandates.

Organisational structure

Supervisory Board

Executive Board

Executive Board members	Klaus-Dieter Peters	Dr. Stefan Behn	Heinz Brandt	Dr. Sebastian Jürgens	Dr. Roland Lappin
Fields of responsibility	ı Coordination executive board ı Corporate communications ı Corporate development ı Sustainability	ı Container segment ı Information systems	ı Human resources ı Purchasing and supplies/ materials ı Legal and insurance ı Health and safety in the workplace	ı Intermodal segment ı Logistics segment	ı Finance ı Controlling ı Investor Relations ı Internal audit ı Real Estate segment

Group segments

Container segment

HHLA's Container segment pools the Group's container handling operations and is its largest business unit in terms of revenue and results. The Group's activities in this segment consist primarily of handling container ships (the loading and discharging of containers) and transferring containers to other carriers (e.g. rail, truck or feeder ship). HHLA operates three high-performance container terminals in Hamburg (Altenwerder, Burchardkai and Tollerort, abbreviated as CTA, CTB and CTT, respectively). It also provides handling services in Odessa, Ukraine, where it operates an additional container terminal. The portfolio is rounded off by supplementary container services, such as maintenance and repairs provided by its subsidiary HCCR.

Intermodal segment

The Intermodal segment is the second-largest of HHLA's segments in terms of revenue and results. As a core element of HHLA's business model, which is vertically integrated along the transportation chain, the segment provides a comprehensive seaport-hinterland rail and truck network. Together with strategic partners, HHLA operates the railway companies Transfracht, Metrans and Polzug, which maintain regular rail links to and from Central and Eastern Europe. The trucking company CTD transports containers in the Hamburg, Berlin, Bremen and Stuttgart metropolitan areas, as well as over long distances within Europe. The segment's service portfolio also includes loading and unloading carriers and operating inland terminals.

Logistics segment

The Logistics segment is the third pillar of HHLA's vertically integrated business model and offers a supplementary range of services. These encompass a wide range of contract and warehousing logistics, specialist handling services and consulting. Its service portfolio comprises both stand-alone logistics services and entire process chains for the international procurement and distribution of merchandise, including the operation of handling facilities for dry bulk, fruits and motor vehicles, as well as the processing of cruise ships. In this segment, HHLA also provides consulting and management services for clients in the port and transport industry. Most of the logistics services are provided together with partner companies.

Real Estate segment

The HHLA Real Estate segment corresponds to the Real Estate subgroup. Its business activities comprise the development, letting and

Important income and expense items

Income

- Handling fees
- Transport fees
- Fees for additional services (storage, repairs, maintenance, etc.)
- Consulting fees
- Building rental

Expenses

- Wages and salaries
- Fuel and energy
- Leases for land and quay walls
- Usage fees (locomotives, railway tracks)
- Depreciation and amortization
- Maintenance and repair
- External services
- Financing costs

managing of properties in the Port of Hamburg's peripheral area. These include the Speicherstadt historical warehouse district, the largest complex of traditional warehouses in the world. In this central location, HHLA offers some 300,000 m² of commercial space. Other prime properties are managed by Fischmarkt Hamburg-Altona GmbH in the exclusive environment of the river Elbe's northern banks. The segment's core competencies are real estate services tailored to customers' requirements, as well as services such as sales, property management, facility management, project development and construction.

Market position

With its publicly listed core business Port Logistics, HHLA operates on the European market for international sea freight services. The company's handling, transportation and logistics services focus primarily on the interface between overseas traffic and seaborne feeder services, as well as on land-based pre-carriage and on-carriage systems.

Sea freight shipping is overall regarded as a growth market since falling transport costs and looser trade restrictions have created a favourable environment for the global division of labour in procurement, production and sales. Maritime shipping is by far the most important mode of transport used in intercontinental trading as it is the most cost-effective and environmentally friendly option per transported unit. In addition to the efficiency benefits of the container as a standardized transport receptacle, it is the increasing integration of the emerging economies of Central and Eastern Europe and Asia in particular which has led to rising freight volumes. It is generally assumed that this trend will continue, as can already be seen from the remarkably fast recovery of global trade following the financial and economic crisis. The development of many emerging economies is closely linked to their export business. In turn, the consumer markets and manufacturing opportunities offered by these countries are becoming increasingly important for industrialized nations.

The relevant market for port services along the Northern European coast between Hamburg and Le Havre (the North Range) is characterized by its high density of ports. Competition is currently strongest between the major North Range ports of Hamburg, HHLA's main hub, Bremen/Bremerhaven, Rotterdam and Antwerp.

As the most easterly North Sea port, the Port of Hamburg is in an ideal position to serve as the hub for the entire Baltic region and for hinterland traffic to Central and Eastern Europe. Furthermore, the long-standing trading relationships between the Port of Hamburg and the Asian markets are advancing Hamburg's role as an important European container hub.

With a handling volume of 7.9 million standard containers (TEU), Hamburg remained the third-largest port in its competitive region in 2010. Import and export volumes were once again largely balanced. This resulted in a comparatively low proportion of empty containers, adding to Hamburg's attractiveness as a port from a shipping line's perspective.

Largest North Range ports

by container throughput, 2010

Source: Port authorities

Seaborne container throughput

by shipping region in the port of Hamburg, 2010

- 60 % Asia
- 10 % Scandinavia
- 10 % Eastern Europe (Baltic Sea)
- 7 % Rest of Europe
- 6 % South America
- 4 % North America
- 2 % Africa
- 1 % Australia/Pacific

Source: Hafen Hamburg Marketing e.V.

Containerized freight

at the Port of Hamburg, split into key classes of goods, Jan.–Sep. 2010

in million tons	Incoming	Outgoing
Food and animal feed	4.2	3.3
Electronic products, machinery	2.6	3.9
Chemical products	2.5	4.4
Textiles and leather goods	2.2	0.5
Agricultural and forest products	2.1	1.5
Stones and soils	1.1	0.8
Iron, steel and non-ferrous metals	1.0	1.6
Glassware	0.7	0.4
Vehicles	0.6	1.0
Ores and scrap metal	0.2	0.2
Fertilizers	0.1	0.1
Fuels	0.1	0.3
Other semi-finished and finished goods	11.9	10.9
Total	29.3	28.9

Source: Statistics Office North, Hamburg, data as of March 2011

Hamburg ranks 16 in the list of the world's leading international ports, now that Chinese ports, in particular, have risen to occupy leading places due to their massive growth in recent years. Consignments to and from Hamburg often originate from, or are destined for, China.

Top 20 ports

by container throughput, 2010

in million TEU	
1. Shanghai, China	29.1
2. Singapore	28.4
3. Hong Kong, China	23.5
4. Shenzhen, China	22.5
5. Busan, South Korea	14.2
6. Los Angeles/Long Beach, USA	14.1
7. Ningbo, China	13.1
8. Guangzhou, China	12.6
9. Qingdao, China	12.0
10. Dubai, United Arab Emirates	11.6
11. Rotterdam, The Netherlands	11.1
12. Tianjin, China	10.1
13. Kaohsiung, Taiwan	9.2
14. Port Kelang, Malaysia	8.9
15. Antwerp, Belgium	8.5
16. Hamburg, Germany	7.9
17. Tanjung Pelepas, Malaysia	6.5
18. Xiamen, China	5.8
19. Dalian, China	5.2
20. Laem Chabang, Thailand	5.2

Source: AXS Alphaliner

In the Container segment, HHLA competes directly with other terminal operators in Hamburg and the wider North Range. Primary competitive factors – apart from pricing – are reliability and speed of ship handling, and the scope and quality of container handling services. Other factors affecting the terminal operators' competitive position are the ports' geographical position, its hinterland links and its accessibility from the sea.

In Hamburg, HHLA's high-performance terminals helped to maintain the company's leading position as the largest container handling firm with a total throughput volume in all segments of 5.5 million TEU in 2010. A good 70 % of container traffic (previous year: 68 %) at the Port of Hamburg was handled by HHLA. HHLA was also able to recapture freight volume lost to rival ports during the 2009 crisis. Among the major North Range ports, its market share rose to 17.4 % (previous year: 16.6 %). This was due to significantly stronger demand in those shipping regions which traditionally have the highest throughput, i.e. routes to and from Asia as well as the relocation of feeder services from other ports back to Hamburg. HHLA benefited from improving its range of services for handling large vessels and coordinating feeders, while rising ship operating costs (charter and bunker prices) helped to underline the port's geographical advantage as the year progressed.

The Intermodal segment strengthens HHLA's market position by offering a complementary range of seaport-hinterland traffic services. In particular, HHLA utilizes the advantages of the Port of Hamburg's rail infrastructure – Europe's most important rail traffic hub. The Group's subsidiary Transfracht has established itself as market leader for combined cargo traffic from Hamburg and Bremerhaven by extending its shuttle train connections within Germany, to and from Austria, and to Switzerland. Meanwhile, the Metrans Group – also part of the HHLA rail network – has steadily expanded its market position as a leading provider of intermodal transportation from Hamburg, Bremerhaven, Koper and Rotterdam to the Czech and Slovak Republics and Hungary. Polzug has a strong competitive position in the rail-bound transport business from Hamburg, Bremerhaven and Rotterdam to the Central and Eastern European hinterland (primarily Poland and the CIS) and ultimately central Asia. The Group's affiliate CTD is striving to build on its sound market position for the regional delivery and/or collection of containers by truck in the greater Hamburg region by means of a joint venture with EKB – a large Germany-wide trucking company. Furthermore, by opening its first intermodal hinterland terminal in Katowice, southern Poland, the Group has started occupying further key market positions in the transport chain. HHLA has also established a joint venture with the Eurogate Group to set up a terminal network in Germany's hinterland with the same goal.

The Logistics segment serves various market sectors, some of them highly specialized. With its fruit and refrigeration centre, for example, HHLA is market leader in the field of fruit handling in Germany and occupies second place in the North Range. Via Hansaport, HHLA also has a stake in Germany's biggest seaport terminal for handling dry bulk cargo. In the field of port consultancy, the Group's affiliates Hamburg Port Consulting (HPC) and Uniconsult work on major development projects around the world. HHLA's complementary range of warehouse and contract logistics services supports the Group's market positions in the handling and transportation sectors.

For the Real Estate segment Hamburg is one of the largest and most interesting property markets in Germany with its population of around 1.8 million and its significance as an economic centre. The HHLA Real Estate segment owes its outstanding market position to the special attractiveness of the properties it manages in Hamburg's Speicherstadt historical warehouse district and on the northern bank of the river Elbe, as well as their customized and sustainable enhancement. The segment competes with German and international investors marketing high-quality properties in comparable locations.

Sales and customer structure

The customer base in the Container and Intermodal segments consists mainly of shipping companies and freight forwarders. The services provided in the Logistics segment are aimed at various customer groups, from retail companies (in the field of fruit logistics) to international operators of ports and other logistics centres (in the field of port consulting). The Real Estate segment lets its office and industrial premises to German and international corporate customers from a variety of sectors, ranging from warehousing and trading companies, to media, consulting and advertising agencies, fashion firms and restaurants.

Globally operating container shipping companies are the customers which account for the largest share of HHLA's revenue. HHLA's container terminals treat ships from all shipping companies equally when handling vessels and allocating berths (multi-user principle) and can therefore offer service of a consistently high quality for all customers. HHLA's customer base currently includes 19 of the 20 largest container shipping companies. In the 2010 financial year, HHLA's five most important customers accounted for 50 %, its ten most important for 75 % and its 15 most important for 89 % of revenue generated by the HHLA container terminals in Hamburg. HHLA has maintained commercial relationships with 75 % of its most important customers for more than two decades.

Top 20 shipping companies

by transportation capacity, 2010

in thousand TEU

1.	APM-Mærsk	2,148
2.	MSC	1,863
3.	CMA CGM	1,210
4.	Evergreen Line	604
5.	Hapag-Lloyd	597
6.	APL	585
7.	CSAV	579
8.	COSCO	545
9.	Hanjin	477
10.	CSCL	457
11.	MOL	399
12.	NYK	387
13.	Hamburg Süd	371
14.	OOCL	354
15.	K Line	328
16.	Zim	323
17.	Yang Ming Line	322
18.	Hyundai M.M.	287
19.	PIL (Pacific Intl. Line)	264
20.	UASC	217

Source: AXS Alphaliner

Revenue distribution

split by customers in the Container segment, 2010

- 50 % Top 1– 5
- 25 % Top 6 –10
- 14 % Top 11–15
- 11 % Other

HHLA generally concludes individual framework contracts with its major customers. These contracts contain comprehensive descriptions of the services to be rendered and of the remuneration arrangements. The actual usage of the services is not fixed beforehand, as the shipping companies transport the cargo, but the freight volumes and transport routes are determined by the producers or purchasers of the goods. Therefore volumes in the Container segment do not constitute an order backlog in the classical sense. Sales activities are organized by means of traditional key account management with individual advice and support for major customers. Selling the services on offer is not the only objective of these activities. They are also aimed at optimizing processes and thereby helping to increase value added for customers. HHLA therefore provides container shipping companies with their own key account managers. These managers are responsible for providing comprehensive advice at strategic and operational level. The key account managers inform the container shipping companies regularly about the latest technological developments at the HHLA container terminals and advise them on ways of improving the efficiency of intermodal container transport via the Port of Hamburg.

The two HHLA segments Intermodal and Logistics are geared differently towards the specific needs of customers. Sales activities are usually managed by the individual companies. As far as possible, they follow the strategic approach of vertical integration, i.e. offering comprehensive transport and logistics services from a single source. The companies in the Intermodal segment each maintain sales departments at their headquarters in Hamburg, Frankfurt am Main, Prague and Warsaw. They also use regional offices at the seaports (such as Bremerhaven, Koper and Rotterdam) and in the target markets – e.g. Berlin, Munich, Nuremberg, Duisburg, Warsaw, Dunajská Streda and central locations overseas – to provide local support for their shipping and forwarding customers and to acquire new business.

In HHLA's Real Estate segment, the sales activities are organized by way of its two central locations, Hamburg's Speicherstadt historical warehouse district and the northern banks of the river Elbe. Potential customers and tenants can therefore be advised across the whole spectrum of services by professional real estate staff who specialize in the respective properties and can offer customized solutions based on their location expertise.

Corporate strategy

HHLA's strategy is aimed at the sustainable growth of its enterprise value. This long-term approach to corporate development considers the company's economic, ecological and social responsibilities in equal measure with the goal of strengthening the Group's future prospects. Thanks to its business model of vertical integration along the logistics chain between international seaports and the European hinterland, HHLA is favourably positioned to exploit the intensification in global trade and achieve profitable growth. This is underlined by Hamburg's role as an international hub linking the Far East, especially China and India, with the economies of Central and Eastern Europe.

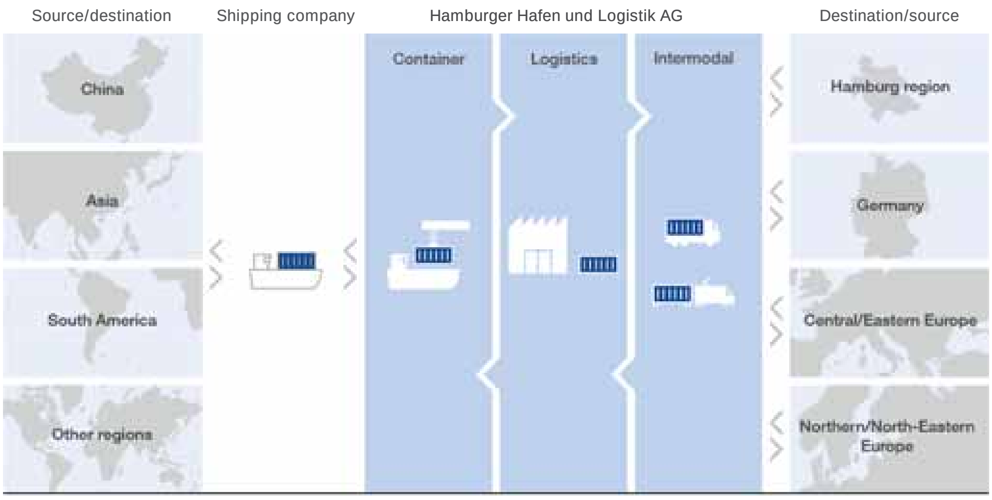
No fundamental changes were made to corporate strategy in the 2010 financial year. HHLA pursues the following strategic guidelines with the aim of securing and expanding its leading position as a port logistics group in the European North Range:

Enhancing quality and efficiency leadership

HHLA plans to continuously improve its competitiveness by further enhancing its service quality and technological capabilities. It is concentrating on both retaining its broad customer base and attracting new clients. Its ship handling activities focus on continuously improving the efficiency of handling services. This involves systematically gearing the design and operation of facilities towards maximizing land-usage, employee and capital productivity. In order to strengthen its leading position in handling technology and efficiency, HHLA works particularly on innovating its systems and optimizing processes. To this end, HHLA continuously improves its IT basis. To ensure that it is largely independent from IT service providers, HHLA develops and maintains systems critical to success itself – unless standard modules can be procured and used for such purposes. ► see also page 68 et seq., Research and development.

Vertical integration

HHLA's strategic foundation



In order to ensure a consistently high standard of service, HHLA will continue to pursue its multi-user concept in the Container segment, i.e. the equal treatment of all shipping companies in the handling of vessels and the allocation of berths. The company believes that this concept will secure the long-term existence of a balanced customer portfolio and the profitability of its services.

In order to steadily improve the quality of its pre-carriage and on-carriage systems, the company also plans to systematically increase its control over the hinterland network at key transport junctions and further enhance its coordination of maritime feeder traffic. In this way, freight traffic and the accompanying information can be intelligently linked and thus optimally managed. By tailoring these activities to the specific demands of maritime transport chains, HHLA will pave the way for an efficient link between sales and procurement markets in the seaports' hinterland and via seaborne transport within Europe.

Expanding the integrated service portfolio

HHLA plans to continuously improve the services it provides by expanding intermodal transport between international ports and the rail and road networks. Besides increasing the scope and range of its services, HHLA also focuses on raising the level of its value generation. This approach is geared primarily towards making effective use of the Port of Hamburg's advantageous geographical position in terms of transport links by utilizing synergies between handling and transport services and by adding complementary services (container repairs, empty container storage facilities, special logistics, etc.). HHLA's activities are therefore mutually beneficial: greater handling volumes in the Port of Hamburg result in more traffic for hinterland transport and increased demand for logistics services. At the same time, the provision of efficient transport systems and high-quality logistics services generates additional handling volumes for the HHLA container terminals.

In the rail sector, HHLA will continue to strengthen the market position of its intermodal subsidiaries with the main geographical focus on the growth markets of Central and Eastern Europe. Investments will concentrate on inland terminals and their connection via highly efficient shuttle systems, i.e. direct links to distribution centres. HHLA will accompany these measures by expanding its truck platform, which focuses on offering a comprehensive network for delivering and collecting sea containers over the "last mile". It is intended that all additions to the Group's integrated service portfolio will be managed in dialogue with customers and according to demand.

Strengthening the regional port presence

In addition to organic growth, HHLA regularly examines opportunities for acquisitions. Potential acquisitions and equity investments focus on port projects in attractive growth markets within the company's core region. Based on the economies of scope offered by the existing network and the opportunities it presents to tap additional potential, HHLA's core region stretches from the North Sea coast to the catchment area between the Baltic region, the northern Adriatic and the Black Sea. HHLA pursues a selective, opportunity-driven approach which has already proved successful with the takeover of terminal operations in Odessa on the Black Sea, for example. Both the Group's international consultancy activities and its ongoing corporate development work can provide starting points for this approach. In addition to strategic compatibility, key decision-making criteria include growth prospects, the anticipated return on capital employed, and the extent to which entrepreneurial risks can be limited.

In its non-listed Real Estate subgroup, HHLA pursues a value-oriented approach to enhancing the activities pooled in this segment. This includes in particular the careful development of areas and properties, their marketing, commercial property management and facility management.

HHLA's strategic development as a whole is supported and safeguarded by sound financial resources and a good corporate credit rating, based on the criteria for investment-grade ratings. Herewith, HHLA aims to ensure that it can seize opportunities for value-enhancing corporate development and actively shape consolidation processes in the port logistics sector at any time. ► see also page 82 et seq., Financial position.

HHLA uses a system of key figures to assess the achievement of its objectives. This is based on the return on capital employed (ROCE), which acts as a central gauge of the contribution made by business activities to value creation. The system is also embedded in a number of financial and non-financial progress indicators. These include revenue growth, cost efficiency and margin progression, as well as customer satisfaction, handling speed, geographical range and many more factors. Together, all the key indicators form a self-contained framework for the value-oriented implementation and further development of the corporate strategy. ► see also page 63 et seq., Corporate and value management.

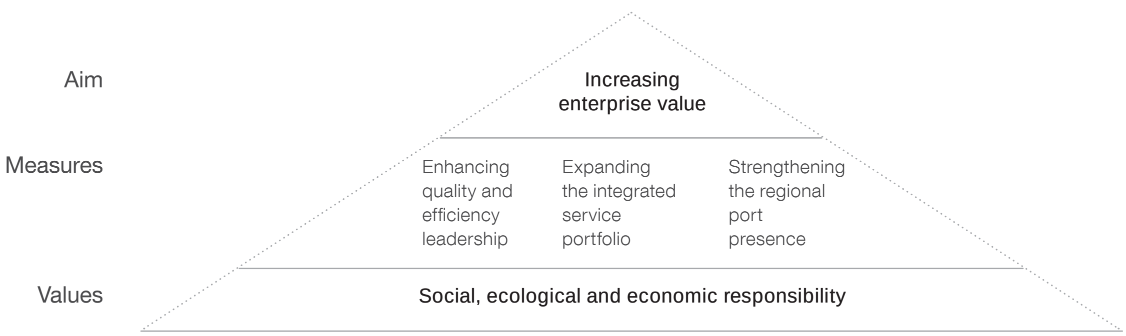
Legal framework

In its business operations, HHLA is subject to numerous German and foreign statutory provisions and regulations such as public law, trade, customs, labour, capital market and competition regulations.

As the bulk of HHLA's commercial activities are concentrated in and around the Port of Hamburg, its regulatory environment is largely determined by the Hamburg Port Development Act (Hamburgisches Hafenentwicklungsgesetz – HafenEG). HafenEG formulates the structural framework for the sound development of commercial activity in the Hamburg port area. HafenEG's objectives are to maintain the Port of Hamburg's competitiveness as an international all-purpose port, to safeguard freight volumes and to use the public infrastructure as effectively as possible. To

Corporate strategy

Sustainably increasing enterprise value at HHLA



this end, the Port of Hamburg currently employs a "landlord model", by which the public sector retains ownership of the port area and responsibility for building and maintaining the infrastructure, while the privately owned port operators are responsible for the development and maintenance of the superstructure (buildings and facilities). HHLA has concluded a long-term lease agreement with Hamburg Port Authority for those port areas of importance for its business operations.

For the construction, alteration and operation of its handling facilities, HHLA is reliant on the issuance and continued existence of authorizations under public law, especially official authorizations in accordance with the German Federal Emissions Control Act (Bundesimmissionsschutzgesetz – BImSchG), the applicable local building regulations and water and waterways laws. All construction and extension measures require separate authorizations by the respective authorities, irrespective of the planning approval procedure for the expansion of the throughput areas. HHLA's Group companies are subject to a number of strict regulatory requirements, especially if they are involved in the handling of materials which can have damaging effects on people or the environment, e.g. the handling, storage and transportation of environmentally dangerous materials and hazardous goods. These regulatory requirements also include regulations on technical safety, health and safety in the workplace and environmental protection.

HHLA's commercial activities are governed predominantly by the provisions of German and European competition law. This means that its pricing is determined by the market and is, as a matter of principle, not regulated.

Due to the dangers posed by international terrorism, there are strict security precautions at all ports. An essential component of these precautions is the International Ship and Port Facility Security Code (ISPS Code), which requires the internationally standardized installation of measures to prevent terrorist attacks on ocean-going vessels and port facilities. For the operators of port facilities, compliance with the code involves observing strict access control and implementing numerous other measures for averting danger.

The aforementioned international provisions are implemented in the Port of Hamburg's area by means of the German Port Security Act (Hafensicherheitsgesetz – HafenSG). The act contains far-reaching regulations which take account of the increased security requirements of the Port of Hamburg.

The legal framework for HHLA is subject to constant change at national and international level, particularly by the European Community, in order to keep pace with technical progress and increasing public sensitivity with regard to safety and environmental issues. In the 2010 financial year, however, there were no amendments to the legal framework with a significant impact on operating activities.

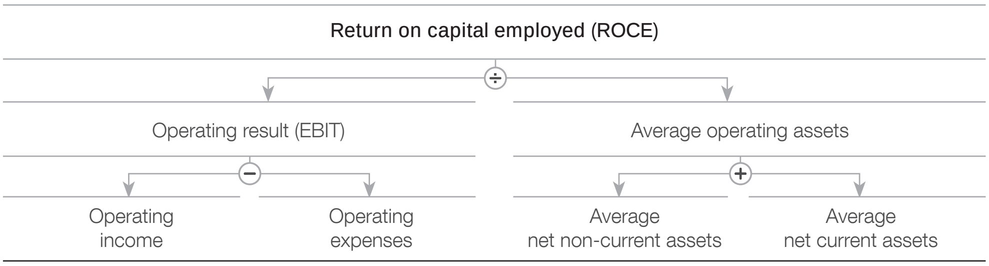
Corporate and value management

HHLA's primary objective is the sustainable growth of its enterprise value. The company believes this is only possible in the long run if economic success is coupled with ecological and social responsibility. For this reason, all corporate decisions observe the principle of achieving a balance between economic, environmental and social considerations. ► see also page 70 et seq., Sustainability and page 60 et seq., Corporate strategy.

HHLA uses a group-wide value management system for the planning, management and monitoring of its commercial activities. No fundamental changes were made to this system in the 2010 financial year. The key performance indicator for financial management is the ratio ROCE (return on capital employed). This benchmark takes account of all the Group's relevant earnings and assets parameters, thereby encouraging value-generating corporate decisions in the interest of a closely coordinated management of profitability and capital employed.

Value management

ROCE – defining parameters and influential factors



The HHLA Group calculates ROCE as follows:

$$\text{ROCE} = \frac{\text{Operating result (EBIT)}}{\text{Average operating assets}}$$

The numerator – EBIT – corresponds to the operating result before interest and taxes. The Group uses EBIT to measure its operating performance and the earnings generated by its commercial activities in the respective period. The operating result is the aggregate performance in a period, which is essentially determined by revenue plus other operating income less operating expenses, such as cost of materials and personnel expenses as well as other operating expenses and depreciation and amortization. The denominator – average operating assets – is based on the assets side of the balance sheet. It is calculated using the average net non-current assets (intangible assets and property, plant and equipment, investment properties, assets accounted for using the at-equity method and financial assets) and the average net current assets (inventories plus trade receivables less trade liabilities). Operating assets therefore comprise the Group's assets which are used to generate the operating result.

As in the previous year, EBIT from continuing activities was used to calculate ROCE for 2010. In the reporting period, the difference to regular EBIT was due to proceeds from the sale of property, plant and equipment of a discontinued company. In the previous year, the discrepancy was attributable to non-recurring restructuring expenses, the deconsolidation loss and operating losses at this and another discontinued company. ▶ see also page 75, Group performance, Note on the reporting.

EBIT from continuing activities corresponds to the definitional approach to operating assets, which does not include assets held for sale.

Thus, the key performance indicator ROCE represents the average return on the capital employed to generate the regular operating performance. Return on capital employed is not only a central criterion for assessing investments, but also a significant parameter for determining variable remuneration components for executives with operational responsibility. In the 2010 financial year, the long-term development of this target was explicitly emphasized by introducing a multi-year assessment time frame for calculating performance-related remuneration components at executive level. ▶ see also page 46 et seq., Remuneration Report.

Value-oriented management therefore serves to align all operating activities with the aim of raising enterprise value. Commercial activities are generally regarded as value-generating if the return on capital employed exceeds the cost of capital. Such capital costs correspond to the weighted average of equity costs and the cost of borrowed capital. In the 2010 financial year, HHLA used a

Value management

EBIT – target indicator

$$\text{EBIT} > \text{Average operating assets} \times \text{Weighted average cost of capital in \%}$$

weighted average cost of capital of 10.5 % before tax to calculate its value growth at Group level. This cost of capital is based on management's assessment of a stable, long-term rate of return arising from a balanced relationship between equity and borrowed capital. This approach aims to prevent short-term fluctuations which can impair sustainable corporate development.

Group management follows a vertically integrated business model which enables the operating units to derive a high level of mutual benefit from their business activities. For this reason, the segments and companies are not measured in isolation using a central return target. Instead, they are steered individually depending on their contribution to the Group, i.e. with regard to their specific segment and company characteristics.

HHLA's objective is to earn a sustainable premium on its capital costs. For this reason, considerable importance is attached to managing capacities in line with demand and in a dialogue with customers – wherever allowed by the highly capital-intensive nature of the industry and investment projects that often take several years to be realized. Potential acquisition and investment possibilities that might constitute strategically useful additions are also mainly assessed according to their expected value contributions. The Group refrains from engaging in commercial activities with negative value contributions if they are unlikely to achieve the required internal return targets in future. As a result, the organization of feeder traffic through the Baltic Sea port of Lübeck was discontinued during 2009.

ROCE grew in the 2010 financial year as a result of the strong economic recovery. As the percentage growth in the operating result from continuing activities outstripped the increase in average operating assets, ROCE improved to 14.6 %. It was thus once again well above the weighted average cost of capital of 10.5 %. This represented another positive value contribution in 2010, with the Group recording an increase of € 8.7 million or 19.4 % on the previous year's figure.

Key performance indicators

in € million	2010	2009	Change
Operating income	1,114.8	1,024.5	8.8 %
Operating expenses	- 924.1	- 846.8	9.1 %
EBIT from continuing activities[1]	**190.7**	**177.7**	**7.3 %**
Average net non-current assets	1,226.5	1,174.3	4.4 %
Average net current assets	79.0	90.5	- 12.7 %
Average operating assets	**1,305.5**	**1,264.8**	**3.2 %**
ROCE in %	14.6	14.1	0.5 pp
Relative cost of capital before tax[2] in %	10.5	10.5	–
Absolute cost of capital before tax[2]	137.1	132.8	3.2 %
Relative value added in %	4.1	3.6	0.5 pp
Absolute value added	53.6	44.9	19.4 %

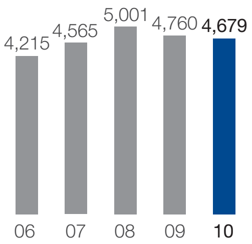
[1] EBIT unadjusted: € 192.9 million for 2010 and € 160.2 million for 2009
[2] Of which 7.5 % for subgroup Real Estate

In the operating business units, various non-financial performance indicators are used in addition to the ROCE benchmark. For example, the number of handling moves per hour, energy efficiency or the number of containers handled per square metre, the so-called land-usage productivity, are important indicators for the quality of services rendered and the container terminals' performance. These and other performance indicators are therefore used intensively for the ongoing optimization of specific operational processes, although they also serve the overriding objective of value-generating management. In addition to the continuous dialogue HHLA maintains with its customers, the company makes extensive use of macroeconomic forecasts as early indicators for its operating activities. These include the anticipated development of gross domestic product for important trading partners, and the subsequent estimates for foreign trade and import/export flows, as well as for container traffic on relevant routes.

Employees

Employees

HHLA Group
as of 31.12.



HHLA had a total of 4,679 employees at the end of 2010. Compared with the previous year's total, there are 81 employees less, or a decrease of 1.7 %. In geographical terms, the workforce was concentrated mainly in Germany, with 3,563 staff members (76 %), and particularly in Hamburg, where 3,472 are employed (74 %). The 1,116 jobs at foreign sites are located predominantly in the Ukraine, the Czech Republic, Slovakia and Poland.

Employees

by segment as of 31.12.

	2010	2009	Change
Container	2,891	2,961	- 2.4 %
Intermodal	777	751	3.5 %
Logistics	441	475	- 7.2 %
Real Estate	38	40	- 5.0 %
Holding / Other	531	533	- 0.4 %
Total	4,679	4,760	- 1.7 %

The Container segment's workforce fell by 2.4 % to 2,891 (61.8 % of the entire workforce), primarily due to natural fluctuation and an expanded part-time early retirement model. In the reporting year, the number of staff working in the Intermodal segment rose by 3.5 % to 777, thus comprising 16.6 % of HHLA's total workforce. Most of these jobs were created in Eastern Europe. As of year-end, the number of staff in the Logistics segment had fallen to 441 or 9.4 % of HHLA's employees. This reduction of 7.2 % represents the company's largest decrease in staff numbers. It was mainly due to the expiry of temporary contracts, not filling vacancies and reallocating staff within the Group. The Holding/Other division's workforce dropped 0.4 % to 531 employees, of which 497 (previous year: 502) are employed by HHLA Holding.

A collective bargaining agreement governs pay and working conditions for 92 % of the workers at German sites (previous year: 91 %). As in the previous year, the fluctuation rate was 5.2 % at the German locations in 2010.

Due to the positive development in handling and transportation volumes in 2010, the Group was able to discontinue the short-time work scheme introduced as of 1 July 2009 at its affiliated companies in Hamburg as of 1 November 2010, with the exception of HHLA Logistics GmbH and HHLA Logistics Altenwerder GmbH & Co. KG. HHLA achieved its objective of avoiding operational redundancies. The qualification program extended and enhanced by HHLA during the crisis will remain in place even after the return to normal working hours. HHLA used the period of short-time working to provide additional training for around 480 members of staff, thereby further expanding its employees' expertise. For example, 150 employees retrained – or are retraining – to become certified specialists in port logistics. As part of its training campaign, HHLA offered over 30 different vocational and specialist training schemes for all career paths, such as port workers, skilled trades workers, administrative roles, technicians and programmers. The measures were developed with the valuable help of the Hamburg Employment Agency and various training providers. Particular importance was attached to tailor-made programmes which cover current and future challenges facing the port logistics industry. HHLA partnered with the Maritime Competence Centre (ma-co), HHLA's specialist college and external training providers to run the courses, which focused on combining theory with practice to achieve long-term learning results.

The "Securing the Future" project was pursued further in 2010. During intensive negotiations with employee representatives, far-reaching changes to the organizational and work structures were agreed for the Container Terminal Burchardkai (CTB). The work structure and the planning/steering processes will be further optimized by means of a central framework and newly defined responsibilities, aligned with a view to current and future challenges. The reorganization will be phased in gradually.

Final negotiations have been conducted concerning the introduction of overlapping shifts and the associated alteration in working hours at CTB with the aim of increasing machine running times.

The average employee age rose from 41 in 2009 to 42 in 2010 (men: 43; women: 38). This is primarily attributable to the reduction in recruitment due to the crisis, which automatically leads to an increase in the average age.

The majority of jobs at HHLA are in a segment of the labour market in which men are traditionally employed, and there is therefore a below-average percentage of women. In response to this, HHLA specifically offers women development opportunities in all areas and at all levels of the Group. The proportion of HHLA's workforce in Germany made up of women increased to 14.0 % (previous year: 13.8 %) as a result. In order to promote equal opportunities and diversity, in 2010, the Executive Board agreed on a minimum proportion of women of 20 % for all managerial positions. A systematic process is intended to plan managerial and specialist careers for female staff. Adjustments will also be made to the recruitment process. This is intended to ensure that HHLA can permanently meet its requirements for highly qualified employees – both male and female. In this context, it is important to ensure that staff can reconcile work and family demands. The company does this by offering customized models for part-time working.

Despite uncertainty resulting from the economic climate at the beginning of 2010, the company remained heavily committed to further training in Hamburg. HHLA offered a total of 126 young people apprenticeship in the past financial year.

HHLA is also continuously at work maintaining and improving the occupational safety of its workforce and protecting their health. The number of reportable accidents in Germany rose from its five-year low of 88 in 2009 to 111 in 2010. This rise was largely attributable to a weather-related increase of accidents like falling, slipping and tripping during the winter months at the beginning of 2010.

HHLA's exemplary commitment to occupational safety was certified in 2010 by the Ministry of Social Affairs, Family Affairs, Health and Consumer Protection. The company's occupational health and safety system was rated as excellent.

Purchasing and materials management

Organization

Purchasing is a shared service provided by the HHLA Group's management holding company. The central unit manages and coordinates all sourcing and procurement activities for the Group. The strategic focus of purchasing is to ensure the reliable and long-term availability of the required capital goods, raw materials, supplies, services and other products with regard to quality, price and environmental aspects.

In order to optimize central sourcing and procurement processes, purchasing is divided into four classes of goods. This enables the Group to pool its requirements and procurement activities and provide the best-possible service and quality for its internal customers.

In the 2010 financial year, the construction class accounted for some 41 % of the Group-wide order volume (previous year: 21 %), followed by the MRO class (maintenance, repairs and operation) at around 32 % (previous year: 23 %). A 14 % share was attributable to equipment and energy (previous year: 45 %), while IT made up 13 % (previous year: 11 %). Contrary developments prompted a year-on-year shift in weighting between the classes of goods. While procurement in the construction goods class rose – due primarily to the establishment of additional inland terminals – and undertaking formerly postponed maintenance work caused an increase in MRO, the purchasing volume for the equipment/energy class fell due to an adjustment to the investment programme, associated with a reduction in purchases of large-scale equipment.

Overall, the procurement volume remained virtually on a par with the previous year's total. The Group utilized market opportunities to benefit from more attractive purchasing conditions, especially for operating supplies. However, fuel became more expensive as the price of crude oil climbed.

The energy trading company established in October 2009 helped to pool demand more

Procurement volume
by class of goods, 2010

Group
Management Report

effectively and to optimize the energy management. In the field of procurement, it works closely with the Group's central purchasing unit. The Group achieved corresponding synergy effects in energy management and associated services during the 2010 financial year. In light of price developments in the energy sector, the tranche model used to buy electricity proved to be advantageous. It allowed us to benefit from low prices even during the 2010 financial year.

The Group deliberately diversifies its procurement activities. As a result, there were no significant dependencies on individual suppliers in the 2010 financial year, neither at Group nor at segment level. Against the background of volatile global economic developments, however, there was a further increase in the strategic integration of the Group's suppliers into the development of products, facilities and processes. At the same time, it is becoming more and more important to analyse and evaluate every aspect of the supplier relationship, such as reliability, quality, innovative strength, cost structures and economic stability.

It is also becoming increasingly important for suppliers to meet environmental requirements – not only regarding their products and services, but also their corporate strategy – especially as globalization continues to gather pace.

The timely procurement of supplies and replacement parts remains an important factor for the operational readiness of container handling equipment and thus places high demands on the flexibility and automation of the procurement process. Although throughput and transportation volumes recovered more strongly than anticipated, purchasing was still able to rise to these demands in 2010. There were no supply bottlenecks during the reporting period.

Process optimization

The measures already introduced to optimize procurement processes were stepped up once again in 2010. As part of the drive to optimize procurement processes – based on the purchasing guidelines introduced in 2008 – an e-procurement system (SAP-SRM) was launched in addition to the existing digital contract documentation. This made processes faster, more transparent and easier to trace.

At the same time, the Group continued to incorporate subsidiaries into its central procurement processes, thus enhancing the overall level of service in its operating divisions.

Further steps were taken in 2010 to improve the Group's carbon footprint. As well as switching to green power for the HHLA Group's electricity consumers which are not involved in handling, the annual consumption of the HHLA Container Terminal Altenwerder for 2010 was rendered carbon-neutral.

Training

A training programme specially designed for purchasing staff was run as part of the qualification and skill-building initiative associated with HHLA's "Securing the Future" project. The programme focused especially on the various aspects of operational and strategic procurement.

Research and development

One of HHLA's strategic objectives is to continuously improve the efficiency of its operating systems, and consequently its competitiveness, by developing application-oriented technologies. The main focus of these activities is therefore on engineering and IT-based innovation projects. A good example of how the company implements such innovations is the HHLA Container Terminal Altenwerder, which is regarded as one of the world's most technologically advanced handling facilities. The intelligent, compact terminal layout, cutting-edge handling technology, innovative IT systems and high level of automation all ensure that loading and unloading is conducted efficiently. Especially in the case of container mega-ships, this leads to short lay times, giving the terminal a significant edge over its competitors.

Prototype for battery-powered container vehicles

As a technological leader, HHLA is involved in researching new, eco-friendly drive systems. One current example of its work in this area is the development of a prototype battery-run AGV (automated guided vehicle). AGVs are already used to transport containers at the HHLA Container Terminal Altenwerder (CTA). In future, they could be supplied with electric power via batteries. Together with the AGV manufacturer Gottwald Port Technology and several research bodies, HHLA has formed a syndicate to research battery-electric drive systems. The researchers have found that the new technology has certain advantages over diesel-electric drive systems as regards sustainability, as well as energy and maintenance costs. Gottwald Port Technology will now prepare the battery-powered AGV for large-scale production. The project is part of an sponsorship supported by the German Federal Ministry for the Environment.

Optimization of logistics processes and new management procedures

From 2007 to 2010, HHLA also ran the OLAS project, which focused on optimizing logistics processes and new management procedures for the Container Terminal Altenwerder. This research project was sponsored by the German Federal Ministry of Economics and Technology (BMWi) and aimed to boost process integration and increase both container throughput and efficiency at CTA, taking account of its hinterland links via road, rail and inland waterways. The project was successfully concluded in 2010. Other key projects completed include the development of the so-called multiple-load method for fully automatic, driverless transport vehicles or AGVs. The control software for these devices was expanded and optimized during test operations to allow two containers with different starting points and destinations to be transported simultaneously by a single AGV. At the same time, HHLA and the Technical University of Berlin (TU Berlin) conducted a simulation study for new approach and departure strategies for AGVs on the quayside. In another joint project with the TU Berlin and Gottwald Port Technology, HHLA developed a prototype for dynamic, optimized AGV routing. Other subprojects and results include automated chassis handling between the storage block cranes and rail loading, speeding up truck handling by using a truck appointment system with a self-service terminal, improving the management of empty container movements, and designing and simulating both removal strategies for full containers and heavy-load storage strategies.

Innovative Seaport Technologies II

Innovative technologies for German seaports and their hinterland links are being examined and developed as part of the support initiative “Innovative Seaport Technologies II” (ISETEC II). The aim is to enable them to cater for fast-growing transport volumes, which remain a long-term trend. Several HHLA companies are involved in various development projects. The main focus of these projects is to optimize operating processes and integrate new technologies at container terminals. Examples of how operating processes have been optimized include the integration of tandem container gantry cranes into processes and logistics management at the HHLA Container Terminal Burchardkai (CTB), the development of an innovative gantry crane monitoring system to boost productivity at the Container Terminal Altenwerder and the development of an innovative transport concept in the Intermodal segment with the aim of increasing train capacity utilization and making better use of the rail infrastructure at the port. Other subprojects include optimizing operations and maintenance in order to improve capacity utilization, increase the availability of machinery or improve occupational health and safety.

New technologies being integrated at the container terminals include the container ID system, a position detection system for port handling, and lean port management. Container ID enables boxes to be identified automatically during the handling process and integrated into the information chain. Using an optical character recognition system (OCR) at the quayside means that checking processes can be performed faster and more reliably using an automatic identification system. Position detection during port handling is designed to prevent delays during loading operations at the terminals. HHLA intends to put such a system in place for container handling by using innovative position detection technologies which are currently being tested. At CTB, the radio-based position detection system Symeo is already being phased in following successful analyses and tests. Lean port management strives to minimize port throughput times in order to make more efficient use of existing resources and improve capacity utilization during the container import process. The most significant packages of measures are the port-wide, customer-friendly standardization of critical information units, code lists and interfaces, the description and development of functions and services to integrate new customs requirements, and the creation of information platforms.

The research project VESUHV was also launched in 2010. Several companies from the Intermodal segment are involved in this initiative, which is dedicated to networking seaports and rail-bound hinterland transportation. Its aim is to establish standardized, timely and reliable data transfer between the German seaports and those involved in rail-bound hinterland transport with a view to improving the transport chain's performance.

Performance certified

In order to document its performance, the Container Terminal Altenwerder once again received certification in accordance with the Container Terminal Quality Indicator (CTQI) in the reporting year. The standard, which was developed by the Global Institute of Logistics and Germanischer Lloyd, checks criteria such as the safety, performance level and efficiency of a terminal on both the water and land sides, as well as its links to pre-carriage and on-carriage systems. With its successful certification, CTA proved once again that it is one of the most productive container terminals in the world.

Sustainability

Since its foundation, HHLA attaches great importance to sustainable entreprenieurship. Due to high levels of capital intensity and long useful lives, those who build and operate handling facilities, hinterland networks and logistics centres are compelled to take a wider view and gear their business operations towards long-term success spanning several economic cycles. For this reason, HHLA pursues a sustainable, long-term corporate strategy. HHLA's actions have always been guided by economic considerations and a sense of responsibility towards its employees, the environment and society as a whole.

HHLA's business model aims to provide an ecologically sound link between global goods flows at port terminals, on the one hand, and railways, hinterland networks and logistics centres, on the other. Ecological transport chains are therefore the focus of HHLA's sustainability strategy. The company provides highly efficient handling facilities, high-performance transport systems and comprehensive logistics services to put such transport chains in place. By extending its facilities and networks, HHLA is laying the foundations for a disproportionately high increase in the percentage of hinterland transport accounted for by rail. The central interfaces in the international flow of goods are operated in an environmentally friendly manner which also conserves land. They are constantly developed with an eye on the future. These efforts include the Group's targets to reduce its specific CO_2 emissions by at least 10 % by 2015, compared with 2007 levels, and significantly improve its facilities' land-usage productivity.

The measures implemented to minimize the impact of transport on the environment are rounded out by environmental and resource conservation measures. Well-trained employees are the foundation for all of the company's activities and when combined with exemplary occupational safety standards, they guarantee a high level of quality. HHLA's socially responsible activities focus on raising awareness of port and logistics-related issues. For example, the company intends to systematically extend its information programmes for schoolchildren and young people over the coming years.

HHLA's sustainability strategy is based on three pillars: environment, society and economy. Ten fields of activity and guidelines have been defined and implemented within each of these areas. This puts HHLA in a position to also take a leading role in the area of sustainability.

The fields of activity focus on environmentally friendly transport chains, climate protection and surface area conservation. HHLA was the first international port logistics provider to also regularly publish information about its carbon footprint as part of the international Carbon Disclosure Project (CDP). The company has been disclosing its carbon footprint since 2008. The CDP is a non-profit initiative which now manages one of the world's largest databases of corporate greenhouse gas emissions on behalf of institutional investors, and makes this information widely

Sustainability initiatives

	Fields of activity	Guidelines
Environment	Ecological transport chains	Active networking with other logistics operators and creation of sustainable, environmentally friendly transport chains
	Space conservation	Increasingly efficient use of port and logistics areas
	Surface conservation	Minimize impact on nature and actively protect natural habitats
	Climate protection	Utilize technically and economically viable means of reducing specific CO_2 emissions
Society	Occupational safety/ health protection	Safety, appropriate working conditions and promotion of health-conscious behaviour
	Staff development	Vocational education and training as well as tailored staff development programmes
	Social responsibility	Step up dialogue with society; information and discussions regarding port logistics
Economy	Added value	Make an ongoing and significant contribution to added value and consequently raise prosperity at all locations
	Business partners	Tailor-made customer solutions and reliable cooperation with suppliers
	Shareholders	Long-term increase in enterprise value and transparency for investors

available. HHLA calculates its CO_2 emissions on the basis on the Greenhouse Gas Protocol, a global standard for recording greenhouse gas emissions.

HHLA ranked fifth in the Fraunhofer Supply Chain Services Transparency Index for Sustainability published in December 2010 and was deemed "highly transparent". The index assessed the 150 logistics providers around the world who generate the highest revenue.

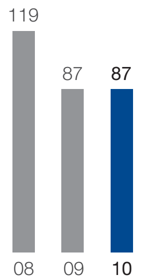
Environment

Within the HHLA Group, air pollution is largely restricted to absolute CO_2 emissions, which are primarily influenced by handling and transportation volumes and the use of electricity from renewable sources. Due to the strong growth in handling, energy consumption rose by 11.1 % to 592,795 MWh in the 2010 financial year. However, the company succeeded in reducing its CO_2 emissions by 0.7 % in the same period by raising the proportion of green electricity it uses. Of the total emissions, around 10,000 t of CO_2 per annum are classified as relatively fixed, i.e. largely independent on actual operations. The Group reached its 2015 target of slashing specific CO_2 emissions by 10 % much sooner than anticipated – in 2010. This was primarily due to the strong recovery in volumes combined with the prompt use of renewable energies in the year under review. HHLA will therefore set new targets for its CO_2 emissions in 2011.

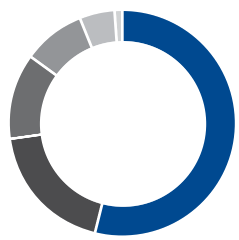
HHLA has been making greater use of power from renewable sources since 2009. As of this date, the electricity required by all buildings and workshops occupied by HHLA has come from renewable energies. The Container Terminal Altenwerder has been making exclusive use of green electricity since 2010. This reduced CO_2 emissions by 16,575 tons in the reporting year (previous year: 3,000 tons) and enabled HHLA to improve its specific CO_2 emissions per defined activity unit by 14.4 percentage points year on year. This explains the considerable change in CO_2 emissions by equipment type compared to the previous year. In addition to power from renewable energies, a number of energy-saving projects at the various affiliates also contributed towards this positive development. For example, the "Multiple Load" project at the Container Terminal Altenwerder led to 292,000 kWh less electricity and 334,000 fewer litres of diesel being used in 2010. The initiative focused on optimizing control software to enable two 20-foot containers to be transported and transhipped at the same time.

A long-term increase in the percentage of electricity used within the Group's energy mix will enable the company to utilize more renewable energies and thereby substantially reduce its carbon footprint. To achieve this goal, HHLA is converting more and more of its equipment and machinery to electricity. In the year under review, preparations were made for a number of pilot and

CO_2 emissions
in thousand tons



CO_2 emissions
by equipment type, 2010

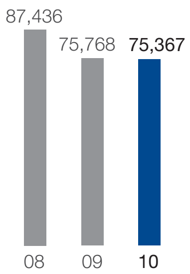


- 54 % Straddle carriers
- 19 % AGVs
- 12 % Container and rail gantry cranes
- 9 % Lighting for buildings and open areas, etc.
- 5 % Reefer containers
- 1 % Storage cranes

The CO_2 emissions are based on measured and calculated data as well as estimates.

Water consumption

at HHLA's sites in Germany and the Ukraine in m³



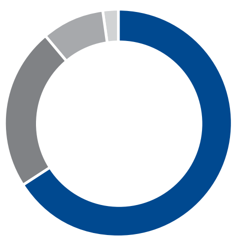
Source of added value

Production value
€1.1 billion = 100 %

- 45 % Added value
- 34 % Cost of materials
- 11 % Other expenses
- 10 % Depreciation/amortization

Application of added value

Added value
€ 502.1 million = 100 %



- 66 % Employees
- 23 % Shareholders
- 9 % Public authorities
- 2 % Lenders

model projects using electrified equipment and machinery. Together with the AGV manufacturer Gottwald Port Technology and several research bodies, HHLA has formed a syndicate to research battery-electric drive systems. ▸ see also page 68 et seq., Research and development. The project is supported by the German Federal Ministry for the Environment as part of the German government's National Electromobility Development Plan. An electrified rail checkmobile has also been commissioned, which will reduce CO_2 emissions by some eleven tons a year compared to the conventionally powered checkmobile previously used. During the year under review, a pilot scheme to test a hydrogen-powered forklift truck came to an end as scheduled. Hydrogen is not yet available at economically viable prices, but the technology proved practicable in principle. HHLA will therefore closely monitor further developments.

Water is mostly used in the HHLA Group to clean large-scale equipment and containers and for employee hygiene. Compared to the previous year, the amount of water consumed by operations in Hamburg and the Ukraine fell by 401 m³ or 0.5 % to 75,367 m³ in 2010.

Although the amount of waste produced at the Hamburg sites rose by 10 % year on year to 9,676 tons in 2010, it grew at a slower pace than handling volumes. The proportion of waste classified as hazardous came to 41.3 % or 3,629 tons in 2009. In the reporting year, it dropped to 33.7 % or 3,261 tons. Of the total waste volume, 2,728 tons or 28.2 % was made up of overripe bananas and other foodstuffs unsuitable for processing or consumption. Almost 80 % of this food waste was recycled to generate biogas. In this way, some 480,000 kWh of zero-carbon electricity were produced in the reporting year. Some 2,266 tons or 23.4 % of waste was attributable to water collected at the washing and parking spaces for straddle carriers and AGVs. Commercial waste accounted for 9.0 % of waste, while about 6.8 % was paper waste. Scrap metal made up 6.5 % of the waste produced by HHLA, while engine/hydraulic oils and equipment containing oil accounted for 3.5 % of waste. The sharp fall in waste and freshwater use at the HHLA Container Terminal Tollerort during the year under review is very encouraging. For the first time, this includes the effects of the chemical water treatment plant, which conserves resources on two counts, over a full twelve-month period. The water for cleaning the straddle carriers is used several times by means of a treatment cycle. This eliminated more than 600 tons or 84.5 % of water/oil mixtures which have to be declared as waste, such as sludge from oil/water separators.

Society

Thanks to positive developments in handling and transportation volumes, HHLA discontinued the crisis-related short-time work scheme in 2010, but retained its pioneering training programme at the Hamburg site. This training scheme safeguarded jobs and improved employees' career prospects. ▸ see also page 66 et seq., Employees. A total of 480 members of staff were trained during the programme, 50 of whom were also taught in energy efficiency.

The number of reportable accidents in Germany climbed from 88 to 111 in 2010. This rise was attributable to a weather-related increase in accidents during the winter months. ▸ see also page 66 et seq., Employees.

The company's dialogue with society focuses on raising awareness of port and logistics-related issues. Its most important education project is the "Aqua-Agenten" initiative launched by the Michael Otto Foundation: an official project which forms part of the United Nations Decade of Education for Sustainable Development. This takes a fun approach to teaching schoolchildren aged about eight or nine why water is important for people, nature and businesses. Pupils learn about the significance of shipping and ports for world trade at HHLA's container terminals. In addition to this project, more than 100 children found out about sustainable developments and measures at HHLA on school trips to the terminals during Hamburg's "Climate Week".

Economy

Net added value rose by € 37.6 million to € 502.1 million in 2010. At 45 %, the added value ratio remained unchanged on the previous year. Net added value serves as an indicator of business activities' economic value creation. It is calculated by taking the value of production and deducting all intermediate inputs, depreciation and amortization. Added value is shared between employees, shareholders, the public authorities (taxes) and lenders. The largest proportion, 66.2 % or € 332.5 million, went to employees. Shareholders accounted for the second-largest share of € 113.9 million

(22.7 %), followed by the public authorities with €44.6 million (8.9 %) and payments to lenders amounting to € 11.1 million (2.2 %).

Added value in the HHLA Group

in € million	2010	2009	Change
Employees	332.5	325.7	2.1 %
Shareholders	113.9	89.1	27.8 %
Public authorities	44.6	36.9	20.9 %
Lenders	11.1	12.8	- 13.1 %
Total	502.1	464.5	8.1 %

Economic environment

Macroeconomic development

In the course of 2010, the global economy recovered surprisingly quickly from its dramatic downturn. According to the International Monetary Fund (IMF), global gross domestic product (GDP) grew by 5 % in 2010, after falling almost 1 % in 2009. Following highly dynamic economic developments – due in part to pent-up demand – at the beginning of the year, the global economy entered a phase of more stable, moderate expansion in spring 2010. After having shrunk by 11 % in 2009, global trade volume rose 12 % over the full twelve months of 2010.

Economic development varied widely between individual economic regions, however. The recovery began early in the emerging nations. Although it levelled off from the start of the year, it had already outstripped the long-term growth trend again by the summer of 2010. Overall, the emerging markets achieved economic growth of 7 % in 2010. The slight fall in pace as the year progressed was partly due to the end of economic stimulus programmes and the return of restrictive monetary and financial policies in certain countries, in order to counteract inflationary pressure and the potential overheating of the real estate and capital markets. In the industrialized nations, the economic upswing only began to lose momentum from the middle of the year onwards. GDP in these nations grew by a total of 3 %, although output is still well below pre-crisis levels.

China remained the most important driver of growth in the emerging markets. GDP rose sharply until the third quarter and grew by over 10 % in 2010 as a whole. This strong upswing was driven largely by a marked increase in capital expenditure, mainly in the real estate sector. Private consumption also expanded thanks to strong growth in real income. With export growth of 31 % in 2010, foreign trade compensated for the crisis-related downswing, while imports grew even more strongly. The economies of Central and Eastern Europe – which were hard hit by the crisis – returned to growth in 2010 and recorded a 4 % rise in GDP. Russia's economic output climbed by almost 4 %, while GDP in the euro zone edged up by nearly 2 %.

The German economy proved to be Europe's economic engine in 2010, recording growth of 4 % after experiencing its deepest recession since the Second World War in 2009. Growth was driven mainly by foreign trade, although domestic demand also contributed. Exports grew 14 % in 2010, after falling 14 % in the previous year. Imports were up 13 %.

Sector development

After shrinking by over 10 % in the previous year, global container throughput enjoyed significant growth in 2010. According to current estimates, this growth came to around 13 % in 2010. After peaking at the beginning of 2010, the number of ships laid up around the world declined considerably as the year progressed. At the end of 2010, roughly 2.5 % of global container ship capacity was redundant. When shipping companies introduced so-called slow steaming – decreasing ship speeds with a disproportionately high reduction in fuel consumption – the resulting extension in voyage times meant that additional tonnage was also absorbed by existing services. As demand picked up, freight rates made a good recovery. However, the level dipped again somewhat at the end of the year. This remarkably improved shipping companies' earnings position following the high losses they experienced in the previous year. Experts estimate that worldwide container shipping companies may have generated earnings of up to $17 billion in 2010.

The ports in the Hamburg-Antwerp Range (Hamburg, Bremen/Bremerhaven, Rotterdam, Antwerp) recorded a total throughput of 32.4 million standard containers (TEU) in 2010, corresponding to growth of 13.2 % on the previous year. Container throughput at the Port of Hamburg rose by 12.7 % to 7.9 million TEU. Although the recovery in Hamburg commenced much later in the year than at the western ports, it proved sequentially stronger.

Growth in gross domestic product (GDP)

in %	2010	2009
World	5.0	- 0.6
Emerging markets	7.1	2.6
Industrialized countries	3.0	- 3.4
China	10.3	9.2
Central and Eastern Europe	4.2	- 3.6
Russia	3.7	- 7.9
Germany	3.6	- 4.7
World trade	12.0	- 10.7

Source: IMF

The recovery was driven by shipping regions of particular importance to the Port of Hamburg – North-East Asia and the Baltic region. Container throughput here climbed by 18.4 % and 19.9 %, respectively in 2010. Together, the two shipping regions accounted for around three quarters of Hamburg's total container throughput in 2010. Hamburg profited strongly from growth on the major Far East services, which link this region with Europe using the largest container ships currently in operation. These mega-ships have a capacity of up to 14,000 TEU or more. As a result, the number of ships berthing in the Port of Hamburg with a capacity of over 10,000 TEU rose strongly – increasing from 69 in 2009 to 125 in 2010.

During the year under review, Hamburg succeeded in maintaining and extending its strong links to the European hinterland. With 154 weekly departures to the Baltic region, Hamburg has the densest feeder network serving this area. In 2010, containers with a total volume of 1.9 million TEU were transported by rail. This represents an increase over the previous record of from 2008, and once again underlines the Port of Hamburg's leading position in this market.

As the year progressed, the companies that make up the Intermodal segment benefitted from an increasingly positive market environment. The number of containers and swap bodies transported in Germany climbed by 10 % in the first three quarters of 2010. Despite this rising volume, competition remained fierce. Although rail freight rates stabilized progressively over the course of the year, prices for rail transport in Germany crept up by just 1 % overall.

Overall, the German logistics sector also returned to a clear path of recovery and growth. Following a double-digit percentage fall in revenue in 2009 due to the recession, estimates put the increase in sector revenue at 9 % for 2010. As the end of the year approached, the industry's business confidence indicators painted an increasingly positive picture.

Course of business and economic situation

Group performance

Key figures

in € million	2010	2009	Change
Revenue	1,073.1	990.7	8.3 %
EBITDA	306.9	277.5	10.6 %
EBITDA margin in %	28.6	28.0	0.6 pp
EBIT	192.9	160.2	20.4 %
EBIT margin in %	18.0	16.2	1.8 pp
EBIT from continuing activities [1]	190.7	177.7	7.3 %
EBIT margin from continuing activities in %	17.8	18.0	- 0.2 pp
Profit after tax and minority interest	76.2	53.0	43.7 %

[1] EBIT without one-off restructuring effects of CTL (previous year: CTL and combisped)

Earnings position

Overall view. In the management team's opinion, the 2010 financial year was highly satisfactory. Following a year dominated by the financial and economic crisis in 2009, HHLA profited greatly from the strong global economic recovery in the year under review. The company succeeded in meeting the Group revenue forecast in full. Originally made in the 2009 annual report, this

Forecast and actual figures

	Forecast 31.03.2010	Forecast 12.05.2010	Forecast 13.08.2010	Forecast 12.11.2010	Actual 31.12.2010
Revenue	in the region of €1 billion, below previous year	in the region of €1 billion	in the region of €1 billion, above previous year	over of €1 billion	€1,073.1 million
EBIT margin	double-digit margin	margin in the region of 15 %	margin of at least 15 %	earnings in the region of €180 million	€192.9 million 18.0 % margin

forecast was subsequently corrected upwards in the course of the year due to the unexpectedly sharp rise in demand. Moreover, HHLA even slightly exceeded its EBIT forecast and increased its net profit for the year, after minority interests, at a faster rate than the operating result. In addition, HHLA took important steps to safeguard further growth by continuing to pursue forward-looking projects, such as establishing its own, high-performance inland terminals.

Note on the reporting. Due to the high level of flexibility required in the sector, handling and transport services are generally not ordered or arranged months in advance. Consequently, an order backlog and order trends do not serve as reporting indicators, such as in other industries.

In order to provide a consistent reporting format, EBIT from continuing activities, which has been included since the second quarter of 2009, has been retained again in the 2010 financial year. In the previous year, the difference to regular EBIT stemmed from one-off restructuring expenses and operating losses at two companies in the Intermodal segment, which were classified as discontinued operations (total impact in 2009: €17.5 million). One of the companies was sold and deconsolidated in 2009; with the other, the operating assets were sold in summer 2010. This generated total income of €2.2 million, largely from the revaluation of property, plant and equipment.

Since the beginning of the 2010 financial year, expenses for port-related external staff have been recognized in personnel expenses rather than in the cost of materials, as was previously the case. Although staff from Gesamthafenbetriebs-Gesellschaft (GHB) are flexibly deployed according to demand, they have an employee-like relationship with the company. Reclassifying these costs as personnel expenses is therefore more accurate. The following information takes a corresponding reclassification between these two expense items into account. The figures for the previous year have been restated accordingly. This does not affect the operating result.

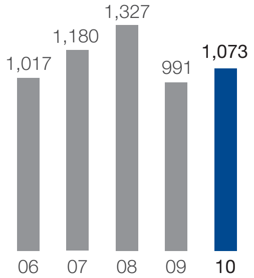
As a result of the profit and loss transfer agreement concluded within the Container segment during the reporting year, there is a conditional payment commitment to a minority shareholder which is classified as debt capital in accordance with IAS 32 (Financial Instruments). The total anticipated financial settlement for the absorption of estimated future results therefore led to a balance-sheet reclassification from minority interests to other financial liabilities.

The group of consolidated companies changed in the 2010 financial year as a result of the entry of one company and the merger of three other companies. However, this had no material impact on revenue or results at Group level. ► see also page 122 et seq., Notes to the Consolidated Financial Statements.

Currency effects also had no material impact on the earnings position of the Group. The 2010 Consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the European Union, taking the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) into consideration.

Revenue and earnings. The performance data which has a material influence on the majority of Group revenue was largely shaped by an extremely strong recovery in international container traffic during the 2010 financial year. As the year progressed, HHLA was able to capitalize increasingly effectively on the economic upturn and to improve its market position in comparison to rival ports in Northern Europe, increasing its business volume considerably. Container throughput in the Container segment rose by 19.0 % to 5.8 million TEU in the year under review (previous year: 4.9 million TEU) as a result of gaining additional shipping services or regaining existing ones and an increase in freight volume per ship call. Hinterland traffic in the Intermodal segment also benefitted from the economic recovery with rail and road business reporting strong, double-

Revenue
in € million



digit growth of 13.1 % and transport volumes of 1.7 million TEU (previous year: 1.5 million TEU).

In a highly competitive market, particularly for feeder services, the HHLA Group generated revenue of €1,073.1 million in total. Although the increase in Group revenue was unable to match volume growth, the figure climbed by 8.3 % compared to the previous year (€990.7 million) despite lower storage charges, ongoing price pressure and shifts in the handling shares of feeder and overseas services. The stock-exchange-listed Port Logistics subgroup benefitted in particular from the positive economic trend with its Container, Intermodal and Logistics segments and Holding/Other division. ▸ see also page 78 et seq., Segment report. In this subgroup HHLA generated revenue growth of 8.4 % to €1,044.1 million (previous year: €962.9 million) in the 2010 financial year. This caused the proportion of the Group's total external revenue accounted for by the Port Logistics subgroup to achieve to 97.1 % (previous year: 97.0 %). The proportion attributable to the Real Estate subgroup fell accordingly to 2.9 % (previous year: 3.0 %) although revenue increased by 3.8 % to €34.0 million (previous year: €32.7 million).

At € -1.1 million (previous year: €0.4 million), changes in inventories were down slightly on the previous year at Group level. Own work capitalized was also somewhat below the previous year's figure (€8.3 million) at €7.4 million, due largely to a change in the amount of software developed internally by the company. Other operating income grew from €29.2 million in the previous year to €37.8 million in the reporting period. This was primarily due to lower utilization of the provisions for phased early retirement – caused by the employment situation – and the revaluation of property, plant and equipment held by a company that was discontinued.

Expenses. Operating expenses increased at a much lower rate than throughput and transport volumes in the 2010 financial year. On the basis of continuing activities, the total went up by 9.1 % in the year under review as compared with last year's considerably reduced figure. As volumes recovered, capacity utilization improved for both the HHLA Group's handling facilities and its transport systems. This enabled the company to compensate almost entirely for the lower earnings quality via costs management. Operating expenses therefore developed virtually hand in hand with revenue.

The cost of materials, which is largely dependent on volumes, climbed by 15.6 % compared to the previous year's figure, coming in at a total of €372.4 million (previous year: €322.1 million). It therefore increased roughly on a par with volumes. The expenses posted under this item were influenced very strongly by purchased rail services in the field of intermodal traffic (particularly locomotive and track use). The higher transportation volume was largely responsible for the increase here. Procurement costs for fuel, energy and replacement parts also rose due to the higher volume of business. Overall, the ratio of cost of materials to revenue was 34.7 % (previous year: 32.5 %).

By contrast, the rise in personnel expenses remained well below volume growth, and at 2.6 %, the increase to €316.8 million (previous year: €308.7 million) also fell far short of the growth in revenue. As a consequence, the ratio of personnel expenses fell to 29.5 % of revenue, compared to 31.2 % in the previous year. Expenses for external staff, who are largely involved in handling, also grew due to increased demand. The use of short-time working hours in line with demand however was largely responsible for relieving this item, along with lower mandatory contributions to the German pension insurance scheme and fewer employees. Short-time working was only suspended in key parts of the company in late autumn. In the previous year, personnel expenses also included the impact of offering an extended range of phased early retirement options. Against the background of a considerable increase in demand, full use was not made of the options available in 2010. However, the scheme had a satisfactory outcome in terms of safeguarding jobs, as intended.

Other operating expenses increased by 0.7 % to €121.0 million (previous year: €120.2 million) in the reporting period. Higher maintenance costs, resulting from postponed servicing work and repairs to weather-related surface damage along with scheduled adjustments to the lease expenses for land and quay walls, were offset mainly by savings in advisory services. Taking into account a deconsolidation loss of €3.0 million associated with the sale of a company in the previous year, HHLA was still able to keep the

Cost structure, 2010

- 40 % Cost of materials
- 34 % Personnel expenses
- 13 % Other operating expenses
- 13 % Depreciation / amortization

increase well below the level of revenue growth. The ratio of other operating expenses to revenue fell accordingly to 11.3 % (previous year: 12.1 %).

Depreciation and amortization dropped by 2.8 % compared to the previous year, coming in at € 114.0 million (previous year: € 117.3 million). The ratio of depreciation and amortization to revenue was 10.6 % (previous year: 11.8 %). Comparison with the previous year is affected by one-off expenses, however. In 2010, an impairment of € 3.0 million was realised on goodwill in the Intermodal segment. Furthermore, the restructuring of Lübeck traffic in the same segment prompted write-downs totalling € 11.7 million in the previous year. Adjusted for these effects, depreciation and amortization climbed by 5.1 % as a result of on going investments. Key projects included taking additional ship berths in Hamburg into operation and the opening of a new hinterland terminal in Poland.

Earnings. Against the background of these developments, the operating result before depreciation and amortization (EBITDA) rose by 10.6 % to € 306.9 million (previous year: € 277.5 million). The EBITDA margin therefore edged up to 28.6 % (previous year: 28.0 %).

After depreciation and amortization, the operating result (EBIT) came in up 20.4 % at € 192.9 million (previous year: € 160.2 million). Based on continuing activities, i.e. adjusted for the above-mentioned income from the revaluation of property, plant and equipment at a company that was discontinued, the Group improved its EBIT to € 190.7 million (previous year: € 177.7 million). The EBIT margin from continuing activities was 17.8 % (previous year: 18.0 %). Of the total EBIT, the Port Logistics subgroup generated 93.3 % while the Real Estate subgroup contributed 6.7 %.

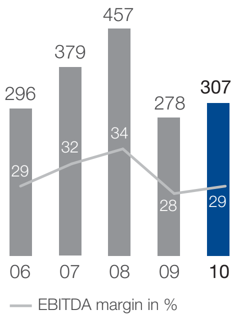
Interest income in the financial result fell to € 5.0 million (previous year: € 5.6 million), primarily due to lower interest on the Group's credit balances. Despite a slight increase in financial liabilities, interest expenses remained virtually unchanged at € 39.9 million on the previous year's level.

At 28.1 %, the effective tax rate was lower in the reporting period than in the previous year (29.3 %). This was largely due to a shift in earnings to Group companies with lower tax rates and a one-off reduction due to changes in the taxation of property management subsidiaries. Without this non-recurring effect, the tax rate would have been similar to the previous year's.

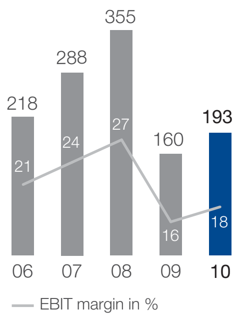
In light of these developments, consolidated profit after tax and minority interests rose at a faster pace than the operating result, soaring by 43.7 % to € 76.2 million (previous year: € 53.0 million). In relation to profit after tax, the proportion attributable to shareholders of the parent company also went up significantly compared with the previous year, mainly due to the above-average recovery in volumes at facilities owned solely by HHLA and the absence of the one-off expenses from 2009. Earnings per share improved correspondingly by 43.7 % to € 1.05 (previous year: € 0.73). The publicly listed Port Logistics subgroup achieved a 49.3 % increase in earnings per share to € 1.00 (previous year: € 0.67). Earnings per share for the unlisted Real Estate subgroup remained on a par with the previous year at € 2.34. As in the previous year, there was no difference between basic and diluted earnings per share in 2010.

Appropriation of profits. As in the previous year, HHLA's appropriation of profits is oriented towards both the development of results in the financial year ended and the continuation of a consistent profit distribution policy. The individual financial statements of the HHLA Group's parent company, which are relevant for dividend distribution, show a net profit of € 86.5 million, according to the German Commercial Code (HGB), for the 2010 financial year. Of this sum, € 81.8 million is accounted for by the A division (Port Logistics subgroup) and € 4.7 million by the S division (Real Estate subgroup). On this basis, the Executive Board and Supervisory Board of HHLA will propose at the Annual General Meeting on 16 June 2011 that a dividend of € 0.55 per Class A share and € 1.20 per Class S share will be distributed. Accordingly, the sum distributed for the Class A shares would therefore increase by more than 37 % to € 38.5 million and the amount for Class S shares would rise by 20 % to € 3.2 million. In relation to the consolidated profit and the earnings per share, the dividend payout ratio would once again reach a comparably high figure of 55.1 % for the Port Logistics subgroup and 51.2 % for the Real Estate subgroup.

EBITDA
in € million



EBIT
in € million



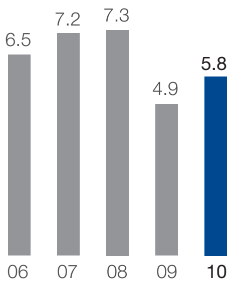
Container segment

Key figures

in € million	2010	2009	Change
Revenue	605.3	561.6	7.8 %
EBITDA	236.3	225.5	4.8 %
EBITDA margin in %	39.0	40.2	- 1.2 pp
EBIT	155.7	149.6	4.1 %
EBIT margin in %	25.7	26.6	- 0.9 pp
Container throughput in thousand TEU	5,844	4,913	19.0 %

Container throughput

in TEU million



In the 2010 financial year, the Container segment experienced a stronger and faster recovery in throughput than initially anticipated. Container handling at the HHLA terminals in Hamburg and Odessa increased by 19.0 %, or 931 thousand standard containers (TEU), taking the total to 5,844 thousand TEU (Hamburg: 5,548 thousand TEU; Odessa: 296 thousand TEU). Thanks to this dynamic trend in volumes, HHLA not only grew considerably faster than the Port of Hamburg (12.7 %), but also increased its market share in the Hamburg-Antwerp Range. However, this trend only emerged at the HHLA terminals in March 2010, and peaked in the fourth quarter with growth of 29.6 % – the largest year-on-year increase. Although the full-year result fell 20 % short of the record 2008 figure, the gap between the second half of 2010 and the same period in 2008 was narrowed to just over 10 %.

The Far East and Baltic shipping routes accounted for the majority of this growth. At 512 thousand TEU (+ 23.3 %) and 143 thousand TEU (+ 30.4 %), respectively, they accounted for 70 % of the 931 thousand TEU total increase in volume. Growth was also strong in both North American (105 thousand TEU, 46.8 %) and South American traffic (65 thousand TEU, 21.7 %). With 48.6 % share of total throughput volume at HHLA's Hamburg terminals, the Far East traffic region maintained its leading position, well ahead of Scandinavia (11.2 %) and the Central/Eastern European Baltic region (11.0 %). South and North America followed with 6.5 % and 5.9 %, respectively.

Segment revenue climbed 7.8 % to € 605.3 million (previous year: € 561.6 million), but was unable to keep pace with the trend in volumes. This was mainly due to the sharp fall in storage charges caused by shorter container storage times at the HHLA terminals, coupled with price incentives to attract feeder traffic back to the terminals and their increased share of the loading mix. Thanks to the development and successful implementation of an extensive package of measures to make cost structures more flexible, the segment's rise in costs remained well below the volume trend at 9.1 %.

As the growth in throughput gathered pace over the course of the year, the company succeeded in significantly improving its EBITDA and EBIT earnings figures for the full year, which had been down 8.5 % and 13.4 %, respectively, on the previous year after the first half of 2010. However, EBITDA subsequently rose 4.8 % year on year to € 236.3 million (previous year: € 225.5 million), while EBIT grew 4.1 % to € 155.7 million (previous year: € 149.6 million). Although profit margins are still currently below the record 2008 figures at 39.0 % (EBITDA) and 25.7 % (EBIT), they are above average for the industry in the current environment.

HHLA further boosted its performance and secured additional freight flows for the Port of Hamburg in the 2010 financial year, using a host of measures, which helped the company recapture market share. One example of the steps taken is the work to establish and expand mega-ship berths at the HHLA Container Terminals Burchardkai and Tollerort. At Burchardkai, a state-of-the-art block storage facility was also put into operation. The new berths play a crucial role in serving the needs of a growing number of container mega-ships with a capacity of 10,000 TEU or more. Such ships place great demands on the terminals with their need for fast, punctual handling in line with customer requirements. Other steps which substantially increased Hamburg's attractiveness included the opening of the feeder coordination centre – which optimizes workflows for feeder vessels at the Port of Hamburg – and the systematic expansion of the intermodal network for transporting containers in the German seaports' European hinterland. ► see also next chapter, Intermodal segment. Increased capacity and improved handling for larger ships are also the main objectives of the expansion project launched at the Container Terminal Odessa in 2010. By spending an equivalent of around €70 million, the project will create deep-water berths and enlarge the area of the terminal by 2012. This is crucial if the terminal is to continue to capitalize on the opportunities offered by volume growth in this region.

Intermodal segment

Key figures

in € million	2010	2009	Change
Revenue	317.3	277.3	14.4 %
EBITDA	42.5	31.6	34.6 %
EBITDA margin in %	13.4	11.4	2.0 pp
EBIT	24.8	4.4	462.6 %
EBIT margin in %	7.8	1.6	6.2 pp
EBIT from continuing activities[1]	22.6	21.9	3.2 %
EBIT margin from continuing activities in %	7.1	8.0	- 0.9 pp
Container transport[2] in thousand TEU	1,696	1,500	13.1 %

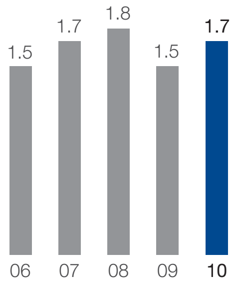
[1] EBIT without one-off restructuring effects of CTL (previous year: CTL and combisped)
[2] The transport volume was fully consolidated

With 13.1 % growth in transportation volume to 1,696 thousand standard containers (TEU), the companies in the Intermodal segment almost regained their pre-crisis levels during the 2010 financial year. The figures even substantially exceeded these levels on certain routes. This applies in particular to those companies and transport routes which offer a high value added and high level services, which are tailored to the quality and volume requirements of maritime logistics. These include the HHLA subsidiary Metrans, for example, which links the Czech Republic, Slovakia and Hungary directly with the container terminals at the German seaports via its system of shuttle trains and its own network of large inland terminals. Metrans succeeded in increasing transport volumes by more than 30 % on its main route between Hamburg and Prague in 2010.

In 2010, there were similarly dynamic developments in handling volumes at the inland terminals which are majority-owned by HHLA or its subsidiaries. Container throughput at these facilities grew 37.2 % to 1,227 thousand TEU (previous year: 894 thousand TEU). Thanks to the strong growth in rail traffic, this mode of transport also significantly raised its market share within the competitive intermodal sector. The share of hinterland traffic to and from the Port of Hamburg via rail transport rose to 36.7 % in 2010 alone. In 2000, the figure was just 28.1 %. Although trucks still dominate the transport mix within the greater Hamburg metropolitan region due to the large volume of local freight traffic (2010: 61.6 %; 2000: 70.9 %), the rail network has long since extended its share of long-distance traffic to well over 70 %.

Despite this highly dynamic development in volume within the overall market for maritime container logistics in Europe's hinterland transport, there was only slight relief in the strong competitive pressure of this sector during the course of the year. The company was only able to push through price increases for certain transport services towards the end of the year. This makes the 14.4 % rise in revenue to €317.3 million (previous year: €277.3 million) all the more remarkable, as it outstripped the growth in volumes.

Container transport
in TEU million



The development of EBITDA and EBIT has only limited meaningfulness, as these earnings figures include the net effects of special items and widely varying performance figures for individual companies. After including the book gains from selling container gantry cranes in Lübeck (€ 2.2 million), for example, segment EBITDA climbed 34.6 % to € 42.5 million (previous year: € 31.6 million). Without consideration of activities in Lübeck that were discontinued last year and proceeds of € 2.2 million in 2010, EBIT from continuing activities reached € 22.6 million and thus came in 3.2 % above the prior-year figure. Per mid-year, the decline in EBIT was still 23.7 %. Earnings therefore stabilized appreciably over the course of the year. The EBIT trend would have been even more positive if HHLA had not adjusted the goodwill recognized for TFG Transfracht by € 3.0 million. This adjustment was made because of the unsatisfactory development during the reporting period and the realignment of the company's business activities that is expected to take some time. The realignment will establish a significantly larger share of direct and shuttle trains. As it will take some time for the optimized management and scheduling processes to become established, the changes are only expected to have an effect on earnings from the second half of 2011.

Efforts to expand HHLA's intermodal network in 2010 focused on consistently enhancing all intermodal activities in order to set up high-performance, integrated transport chains between the seaport and customers in its European hinterland. This means gradually rolling out the successful business model used for transport routes in south-eastern Europe to other regions. As part of the programme, TFG Transfracht increased its share of direct trains from 10 % in 2009 to 30 % in 2010. There are plans for a further increase to 50 % in 2011. In March 2010, HHLA and Eurogate set up the joint venture IPN Inland Port Network. The joint venture is currently preparing to establish a network of inland terminals in Germany. This new network will meet the quality requirements of maritime logistics and offer much more favourable conditions for stepping up the use of shuttle connections. To further improve transport for the "last mile" between inland terminals and customers' premises, the HHLA subsidiary CTD together with EKB, a Bremen-based transport company, established the joint venture CIT Container Inland Trucking in July 2010. CIT will set up a comprehensive, road-based delivery network for inland terminals in Germany. In Poland, the focus was – and remains – on establishing high-performance inland terminals. At the end of June 2010, a new container terminal was inaugurated in the Polish city of Katowice. In 2011, a terminal will also open in Poznán. Metrans also intends to gradually extend its terminal network.

Logistics segment

Key figures

in € million	2010	2009	Change
Revenue	120.4	114.9	4.8 %
EBITDA	13.2	14.0	- 6.0 %
EBITDA margin in %	11.0	12.2	- 1.2 pp
EBIT	6.2	8.2	- 25.0 %
EBIT margin in %	5.1	7.2	- 2.1 pp

The Logistics segment's operating performance during the year under review was shaped largely by the economic recovery of 2010. Within the wide range of services offered by the segment's companies – from special logistics (vehicles, fruit, dry bulk goods) to contract logistics and consultancy services – there was growth in both volumes and revenue. The only exception was fruit logistics, which suffered a fall in volume during 2010 as a result of changes in service scheduling by one shipping company. This resulted in a 21.3 % fall in fruit handling tonnage to 779 thousand tons (previous year: 990 thousand tons).

By contrast, the volume of vehicle and general cargo logistics increased by a total of 10.4 % to 1,292 thousand tons (previous year: 1,171 thousand tons). This was largely thanks to growth in vehicle handling of 48.3 % to 170 thousand units. Dry bulk goods handling leapt by 31.8 % from 10.4 million tons in 2009 to 13.8 million tons. This was mainly due to the recovery in demand for ore, which currently comprises just over 11 % of total throughput at the Port of Hamburg. The cruise business picked up at an even faster rate with growth of more than 30 % in the number of ships coming into port. Passenger numbers doubled to about 250,000. Around the world, demand was also higher for the HPC Group's consultancy services in 2010 than in the previous year. Within contract logistics, project business experienced a notable upswing. However, intensive price-based competition and an unsatisfactory capacity utilization still had a negative overall impact on segment earnings in warehouse and contract logistics.

The varying development in revenue and earnings figures was due to a large number of factors. In view of the lower margins typical of this industry, even smaller factors can prompt fluctuations in earnings and thus lead to a destocked picture of the segment's operating performance. Factors which impacted on the result here included, for example, the formation of provisions for phased early retirement. As a consequence, EBITDA amounted to € 13.2 million and fell short of the previous year's result (€ 14.0 million) by 6.0 %. Meanwhile, the 25.0 % decrease in EBIT to € 6.2 million (previous year: € 8.2 million) was attributable to a rise in depreciation and amortization caused by investing activity. In spite of this, the profit margins of 11.0 % (EBITDA) and 5.1 % (EBIT) achieved in 2010 remain noticeable by industry standards.

Volume developments
in the Logistics segment

	2010	2009
Fruit handling in thousand tons	779	990
Vehicle and general cargo logistics in thousand tons	1,292	1,171
Bulk cargo handling in million tons	13.8	10.4
Cruise ship calls	99	76

Real Estate segment

Key figures

in € million	2010	2009	Change
Revenue	34.0	32.7	3.8 %
EBITDA	16.8	16.4	2.2 %
EBITDA margin in %	49.5	50.2	- 0.7 pp
EBIT	12.7	12.3	3.2 %
EBIT margin in %	37.4	37.6	- 0.2 pp

According to the current market overview by Jones Lang LaSalle, the office rental market in Germany's real estate hotspots experienced a significant upturn in the course of 2010. A total of 502,800 m² of office space was let in Hamburg, representing an increase of around 28 % on the previous year. A sustained high level of new office space construction – not matched by a corresponding rise in demand – drove the vacancy rate up to 9.6 %. However, the figure did not exceed the 10 % mark, as experts had originally feared. Nevertheless, Hamburg experienced a sharper increase in its vacancy rate than any other major German city over the past twelve months.

In this increasingly competitive market environment, the HHLA properties in the Speicherstadt historical warehouse district and in the Fischmarkt area on the northern bank of the Elbe developed positively. Revenue climbed 3.8 % in comparison to last year to € 34.0 million (previous year: € 32.7 million). During the period under review, EBITDA reached € 16.8 million – up 2.2 % on the previous year's € 16.4 million. EBIT improved by 3.2 % to € 12.7 million (previous year: € 12.3 million). With EBITDA at 49.5 % (previous year: 50.2 %) and EBIT at 37.4 % (previous year: 37.6 %), profit margins remained virtually unchanged on the year and illustrated the subgroup's strong earnings power.

The cautious redevelopment of the Speicherstadt historical warehouse district continued in 2010 with new lets and continued project development. Companies from the communications and creative industries occupy more than 80,000 square metres there, making the Speicherstadt district one of the preferred locations for agencies in Hamburg.

Sensitive development work also continued on the structure and usage of HHLA's properties on the northern banks of the river Elbe. Following the successful conclusion of an architecture competition in June 2010, preparations are now under way for a major new construction project here with an architecturally sophisticated blend of residential and commercial space as well as cafés and restaurants.

Financial position

Principles and objectives of financial management

Financial management at the HHLA Group is managed centrally and serves the overriding objective of ensuring the Group's long-term financial stability and flexibility. Group clearing pools the Group's financial resources, optimizes net interest income and substantially reduces dependency on external sources of funding. Derivative financial instruments are used to reduce interest rate risks and, to a minor extent, to reduce currency and commodity price risks. They do not have a material impact on HHLA's Consolidated Financial Statements.

Overall view of the financial position

Following positive business developments in 2010, HHLA is in a markedly stable financial position at the time of preparing these annual financial statements. HHLA continues to have a sound balance sheet structure and a low gearing ratio by industry standards. This is reflected in its equity ratio of 40.1 % (previous year: 40.0 %) before financial settlements to minority shareholders.

As a result of the profit pooling contract concluded within the Container segment during the reporting year, there is a conditional payment commitment which is classified as debt capital in accordance with IAS 32 (Financial Instruments). To compensate for the contractually agreed profit pooling, an annual payment must be made to a minority shareholder for an initial period of five years. This payment is based primarily on future results. The total anticipated financial settlement therefore led to a balance-sheet reclassification from minority interests to other financial liabilities. Taking this new balance sheet representation into account, the regular equity ratio comes to 33.1 %.

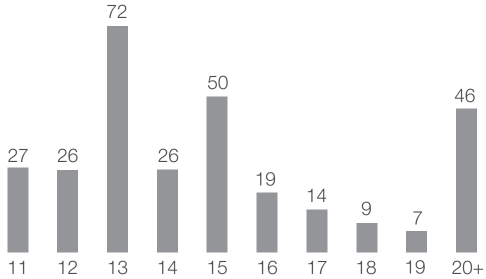
Thanks to the company's comfortable liquidity base as of the balance sheet date, it has no significant refinancing requirements.

Financing analysis

HHLA's core business is dominated by a large proportion of property, plant and equipment with long useful lives. For this reason, HHLA mainly uses medium and long-term loans and finance leases to achieve funding with matching maturities.

At €298.9 million, its liabilities from bank loans were below their previous year's level (€330.0 million) in the 2010 financial year. The decline was primarily a result of loan repayments amounting to €31.3 million (previous year: €34.3 million). The Group did not draw on any additional external financing in the year under review (previous year: €64.2 million). The maturity profile for the coming years includes bullet loans due in 2013 and 2015 from investment projects which have now been completed. These are due to be repaid as scheduled using the cash inflows generated and the available liquidity. Due to the maturities agreed and the stable liquidity base, the company has also no other significant refinancing requirements.

Maturities of bank loans
by year in € million



The majority of the loans are denominated in euros and have a mixture of fixed and floating interest rates. As a result of borrowing, certain affiliates have covenants linked to key balance sheet figures (relevant for 27 % of loans). The covenants were met at all agreed audit points throughout the reporting year. HHLA recognized non-current liabilities to related parties for the first time on the balance sheet date. The amount of € 65.7 million resulted from the recognition of leasing liabilities to Hamburg Port Authority in connection with the mega-ship berths at the HHLA Container Terminal Burchardkai and the HHLA Container Terminal Tollerort. With the exception of the operating leases discussed in the Notes, there are no significant off-balance sheet financial instruments. ► see also page 133, Notes to the Consolidated Financial Statements. These operating leases relate primarily to long-term agreements with the Free and Hanseatic City of Hamburg and the Hamburg Port Authority for leasing land and quay walls in the Port of Hamburg and the Speicherstadt historical warehouse district. The HHLA Group forms provisions primarily for pensions; these are available for long-term financing.

Cash and cash equivalents, the bulk of which is held centrally by the holding company, totalled € 235.5 million (previous year: € 173.5 million) as of the reporting date. These funds are invested at German financial institutions with verified high credit ratings as call money and short-term deposits. Current credit lines play a subordinate role due to HHLA having sufficient liquid funds. As of the balance sheet date, the Group had unused credit facilities amounting to some € 26.7 million (previous year: € 30.5 million). In HHLA's view, the Group's solid balance sheet structure would enable more substantial credit facilities to be arranged at any time if its medium-term liquidity planning were to reveal a need. Of the total cash and cash equivalents, € 21.5 million (previous year: € 11.8 million) was subject to restrictions in the Ukraine relating to the transfer of currency abroad.

As HHLA has a wide range of borrowing options at its disposal outside of the capital market, the Group currently sees no need for an external rating. Instead, it provides existing and potential creditors with comprehensive information to ensure that they can derive appropriate internal credit ratings.

Investment analysis

The investment volume in the past financial year totalled € 173.8 million and was higher than the previous year's € 159.7 million. This was attributable to additions to assets of € 66.1 million within the scope of finance leases pertaining to new quay walls for handling operations, which do not have an immediate effect on cash flow. This effect was compensated by postponing some investments to subsequent years. Property, plant and equipment accounted for € 158.9 million (previous year: € 149.7 million) of capital expenditure, € 7.9 million (previous year: € 7.5 million) was for intangible assets and € 7.0 million (previous year: € 2.5 million) for investment property.

The largest share of the Group's aggregate investment was accounted for by the Container segment with € 137.9 million (previous year: € 96.5 million). The new quay walls and the commissioning of new container gantry cranes at the handling facilities in Hamburg accounted for the majority of investments.

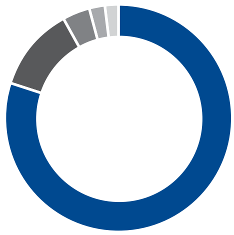
Total investment in the Intermodal segment amounted to € 21.0 million, short of its previous year's level of € 35.9 million. The Metrans Group invested further in expanding sites and procuring railcars. At the Polish companies, work continued on the planned expansion of the terminal network.

Total investments in the Logistics segment came to € 3.7 million (previous year: € 20.2 million). The majority of this expenditure consisted of payments on account for the planned acquisition of two multifunctional devices and two shunting locomotives for bulk cargo handling.

In principle, the main focus of investment will remain on improving the productivity of existing terminal areas by using state-of-the-art handling technology. At the same time, HHLA will continue to promote its expansion of efficient hinterland connections as well as the extension and optimization of its logistics activities in line with market requirements.

Of the obligations from outstanding purchase commitments, € 44.2 million related to the capitalization of property, plant and equipment.

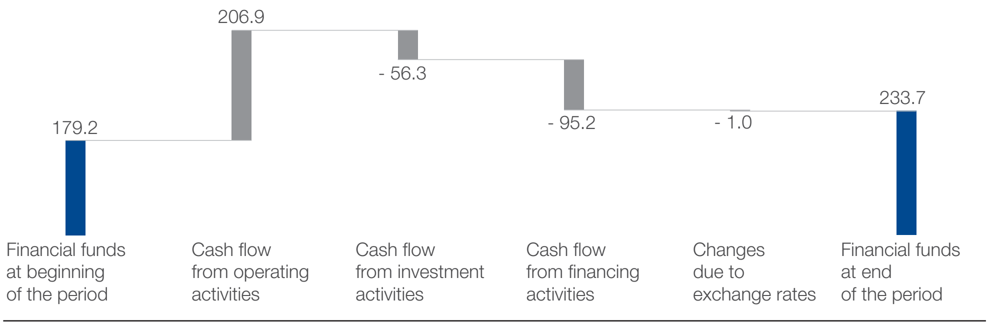
Investments
by segments, 2010



- 80 % Container
- 12 % Intermodal
- 4 % Real Estate
- 2 % Logistics
- 2 % Holding/Other

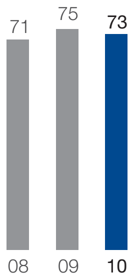
Change in financial funds

in € million



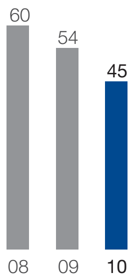
Intensity of investments

in %



Equity assets ratio

in %



Liquidity analysis

in € million	2010	2009
Financial funds as of 01.01.	179.2	231.2
Cash flow from operating activities	206.9	193.2
Cash flow from investing activities	- 56.3	- 157.3
Free cash flow	150.7	35.9
Cash flow from financing activities	- 95.2	- 88.6
Change in financial funds	55.5	- 52.7
Change in financial funds due to exchange rates	- 1.0	0.7
Financial funds as of 31.12.	233.7	179.2

Cash flow from operating activities (inflow) rose to € 206.9 million (previous year: € 193.2 million) in the reporting period, primarily due to the positive earnings trend.

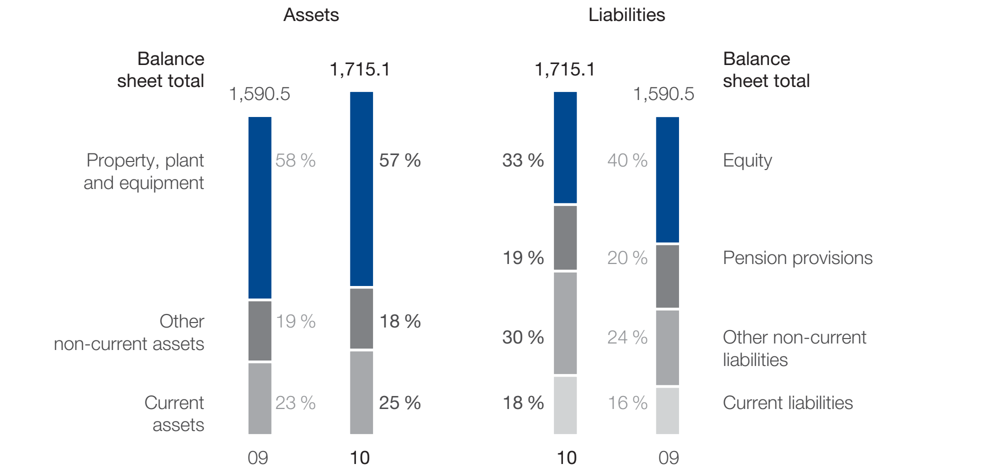
The cash flow from investing activities (outflow) totalled € 56.3 million, which was below the previous year's figure of € 157.3 million, mainly as a result of non-cash effective assets additions out of finance lease, unsettled capital expenditure on the due date and postponed investment projects. The amount spent includes expenditure for investments in property, plant and equipment, investment property and intangible assets amounting to € 64.4 million (previous year: € 159.0 million) and other disbursements amounting to € 3.9 million (previous year: € 7.9 million), particularly for the acquisition of shares in consolidated companies and other business units as well as for investments in non-current financial assets. These sums were offset by cash inflows of € 12.1 million (previous year: € 9.6 million) from the sale of intangible assets, property, plant and equipment, non-current assets held for sale and non-current financial assets.

The free cash flow – the total cash flow from operating and investing activities – increased to € 150.7 million from its previous year's level of € 35.9 million.

Cash flow from financing activities (outflow) came to € 95.2 million (previous year: € 88.6 million) in the reporting period and was dominated by dividend payments to shareholders and minority shareholders for the 2009 financial year totalling € 61.3 million (previous year: € 115.3 million). Debt repayments came to € 31.3 million (previous year: € 34.3 million) and also contributed to this cash outflow.

With regard to its overall financial position, the HHLA Group has sufficient liquidity as of year-end 2010. Financial funds are made up of cash and cash equivalents (€ 235.5 million) offset by liabilities from short-term borrowing at HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (€ 0.6 million) and current liabilities to shareholders outside the Group and banks (€ 1.2 million). The figure amounted to € 233.7 million as of 31 December 2010 and was therefore higher than at the beginning of the year (€ 179.2 million) for the reasons mentioned above.

HHLA Balance sheet structure
as of 31.12. in € million / in %



Acquisitions and disposals of companies

No acquisitions or disposals of companies were carried out in the 2010 financial year which had a material effect on the Group's financial position.

Analysis of the balance sheet structure

Compared with the end of 2009, the HHLA Group's balance sheet total increased by a total of € 124.6 million to € 1,715.1 million as of 31 December 2010.

On the assets side, non-current assets came in at € 1,290.6 million (previous year: € 1,224.9 million). This development resulted primarily from investment in property, plant and equipment.

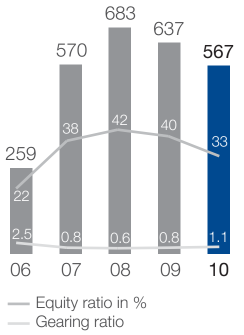
Current assets climbed to € 424.5 million (previous year: € 365.6 million). This upturn resulted largely from cash and cash equivalents increasing to € 235.5 million (previous year: € 173.5 million). Trade receivables also rose to € 126.5 million (previous year: € 121.7 million) due to the positive development of business in this year compared to the previous year. This higher figure was offset by a drop in income tax receivables to € 21.0 million (previous year: € 23.4 million) and a fall in receivables from related parties to € 2.7 million (previous year: € 6.7 million).

On the liabilities side, equity decreased by € 70.0 million to € 567.0 million (previous year: € 637.0 million) compared with year-end 2009. This was mainly due to the obligation to pay future financial settlements of € 121.5 million to a minority shareholder – as described in the overall view of the financial position – and the associated reduction in minority interests. The rise in retained earnings as a result of the increase in consolidated net income to € 113.9 million had a contrary effect. Overall, the equity ratio declined due to these effects by 6.9 percentage points to 33.1 % (previous year: 40.0 %).

Non-current liabilities increased to € 850.0 million as of the balance sheet date (previous year: € 710.6 million). This rise resulted principally from the growth in non-current financial liabilities due to the recognition of the above-mentioned payment commitment to a minority shareholder, as well as leasing liabilities in connection with the mega-ship berths at CTB and CTT. Use of a lower discount factor to calculate the present value of pension obligations (4.5 %; previous year: 4.75 %) had a corresponding effect. The associated actuarial effects played a major role in the € 6.0 million rise in pension provisions to € 331.1 million (previous year: € 325.1 million).

Current liabilities climbed by € 55.3 million to € 298.2 million (previous year: € 242.9 million). The increase was largely brought about by a rise in other financial liabilities to € 91.1 million (previous year: € 66.1 million) as a result of the current portion of the financial settlement payable to the minority shareholder. Trade liabilities went up by € 22.4 million to € 77.0 million due to the higher

Group equity
in € million



overall performance. Income tax liabilities rose accordingly to €5.6 million from the previous year's figure of €3.4 million.

The debt coefficient as a ratio of net financial liabilities and pension provisions to Group equity (gearing ratio) was 1.1 (previous year: 0.8) as of the balance sheet date of 31 December 2010. The higher figure resulted partly from the recognition of the financial settlement payable to a minority shareholder and the resulting reduction in minority interests. ► see also page 74 et seq., Overall view of the financial position. The recognition of leasing liabilities within the scope of finance leases pertaining to the new quay walls for handling operations also contributed to the increase.

Additional information in accordance with Section 289 (4) and Section 315 (4) of the German Commercial Code (HGB) and explanatory notes

1. The subscribed capital of the company amounts to €72,679,826.00. It is divided into 72,679,826 no-par-value shares, including 69,975,326 Class A shares and 2,704,500 Class S shares (classes of shares). The Class S shares constitute only shareholdings in the net profit/loss and net assets of the S division, and the Class A shares constitute only shareholdings in the net profit/loss and net assets of the remainder of the company (A division). That part of the company which deals with the acquisition, holding, selling, letting, management and development of properties not specific to port handling (Real Estate subgroup) is known as the S division. All other parts of the company (Port Logistics subgroup) are known as the A division. The dividend entitlement of holders of Class S shares is based on the proportion of the distributable profit for the year attributable to the S division, and the dividend entitlement of holders of Class A shares is based on the remaining proportion of distributable profit for the year (articles of association, Section 4 [1]). Each share entitles the holder to one vote at the Annual General Meeting (articles of association, Section 20 [1]) and gives the holder the rights and responsibilities laid down in the German Stock Corporation Act (AktG). If the statutory provisions require a special resolution to be adopted by holders of a given class of shares, only the holders of that class of shares shall be entitled to vote.

2. The shares allocated preferentially within the scope of the initial public offering to employees of HHLA, and of companies in which HHLA directly or indirectly holds at least 50 % of the shares may not be sold until four years have expired, measured from the date on which the shares, were posted to the respective deposit accounts. To the Executive Board's knowledge, there are no further restrictions on voting rights or the transfer of shares, including those arising from agreements between shareholders.

3. As stated in the voting rights notifications issued as per Section 21 (1) of the German Securities Trading Act (WpHG) by the Free and Hanseatic City of Hamburg (FHH), HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV) and HHLA Beteiligungsgesellschaft mbH (HHLA-BG), dated 6 November 2007 and 4 January 2008, FHH held voting rights totalling 69.71 % (50,625,000 voting rights) via its subsidiary HGV and the latter's subsidiary HHLA-BG. The voting rights held by HGV and HHLA-BG, respectively, are attributed to FHH under Section 22 (1) sentence 1 (1) and Section 22 (1) sentence 1 (1) sentence 3 of the German Securities Trading Act (WpHG). The above-mentioned figures relate to the status prevailing on the date indicated in the respective voting rights notification. There were no other notifications on voting rights involving any direct or indirect interest in the capital which entitle the holder to more than 10 % of the voting rights.

4. There are no shares with special rights granting powers of control.

5. Employees who hold stakes in the company's equity exercise their shareholders' rights at their own discretion. There is no control of the voting rights of those employees who hold shares.

6. Members of the Executive Board are appointed and dismissed in accordance with Sections 84 and 85 of the German Stock Corporation Act (AktG) in conjunction with Section 31 of the German Co-Determination Act (MitbestG) and Section 8 of the articles of association. These stipulate that the Supervisory Board is responsible for appointing and dismissing members of the

Executive Board. In accordance with Section 31 of the German Co-Determination Act (MitbestG), it reaches its decisions by a two-thirds majority of its members. If this majority is not reached, the Arbitration Committee has one month as from the Supervisory Board's vote to make a proposal for the appointment. Other proposals may also be made to the Supervisory Board in addition to the proposal by the Arbitration Committee. A simple majority is sufficient for voting on the proposals made to the Supervisory Board. In the event of a vote being tied, the Chairman of the Supervisory Board has two votes in a second round of voting in accordance with Section 31 (4) of the German Co-Determination Act (MitbestG).

Amendments to the articles of association can be made by means of a resolution of the Annual General Meeting. Any such amendment becomes effective when it is recorded in the commercial register. In line with Sections 179 and 133 of the German Stock Corporation Act (AktG) and Section 22 of the articles of association, a simple majority of the votes cast at the Annual General Meeting is sufficient for amendments to the articles of association. If a capital majority is required in addition to a majority of the votes, a simple majority of the nominal capital represented when the resolution is passed is adequate. Exceptions to this rule are amendments to the articles of association for which the law requires a larger majority. In accordance with Section 11 (4) of the articles of association, the Supervisory Board is authorized to carry out amendments to the articles of association which relate only to the edition. If an amendment to the articles of association is designed to change the relationship between Class A and Class S shares, in the event of a capital increase or in case of steps taken in accordance with the German Reorganization of Companies Act (UmwG), special resolutions by the Class A and Class S shareholders affected are required as per Section 138 of the German Stock Corporation Act (AktG).

7.1 Subject to the approval of the Supervisory Board, the Executive Board is authorized under Section 3 (4) of the articles of association to increase the company's nominal capital until 1 September 2012 by up to €33,742,924.00, by issuing up to 33,742,924 new registered Class A shares for subscription in cash and/or kind in one or more stages (authorized capital I). The statutory subscription right of the holders of Class S shares shall be excluded. The Executive Board was further authorized – with the approval of the Supervisory Board – to exclude the statutory subscription rights of holders of Class A shares,

7.1.1 if the capital increase is for subscription in cash and does not exceed 10% of that proportion of the nominal capital attributable to Class A shares and the issue price of the new shares is not significantly below the market price of shares already listed on the stock market at the time the Executive Board sets the issue price,

7.1.2 if it increases the nominal capital by subscription in kind for the purpose of acquiring companies, equity stakes in companies, parts of companies, intellectual property rights such as patents, trademarks or respective licences or other product rights,

7.1.3 as necessary for equalizing fractional amounts or

7.1.4 to offer employees in the company and its subsidiaries the opportunity to purchase the new shares (employee share plan).

7.2 Subject to the approval of the Supervisory Board, the Executive Board is additionally authorized under Section 3 (5) of the articles of association to increase the company's nominal capital until 1 September 2012 by up to €1,352,250.00, by issuing up to 1,352,250 new registered Class S shares by subscription in cash and/or kind in one or more stages (authorized capital II). The statutory subscription right of the holders of Class A shares shall be excluded. The Executive Board was further authorized, with the approval of the Supervisory Board, to exclude the statutory subscription rights of holders of Class S shares as is necessary to equalize fractional amounts.

7.3 The company's nominal capital is increased contingently as per Section 3 (6) of the articles of association by up to €6,900,000.00, by issuing up to 6,900,000 new registered Class A shares. The contingent capital increase is only to be carried out to the extent that

a) the holders and/or creditors of bonds with warrants and/or convertible bonds make use of the option and/or conversion rights granted to them up to 15 June 2013 by the issue of bonds with warrants and/or convertible bonds by the company or by companies in which the company holds a majority stake, or

b) the holders and/or creditors of convertible bonds issued by the company or its affiliates up to 15 June 2013 fulfil their conversion obligations.

The new Class A shares are entitled to profits from the beginning of the financial year in which they arise by the exercise of conversion or option rights or by the fulfilment of conversion obligations. Notwithstanding the foregoing, the Executive Board can, subject to the approval of the Supervisory Board, determine that the new Class A shares are entitled to profits from the beginning of the financial year for which the Annual General Meeting has not yet adopted a resolution on the appropriation of distributable profit at the time the conversion or option rights are exercised or the conversion obligations are fulfilled.

7.4.1 The Annual General Meeting held on 16 June 2010 authorized the company until 15 December 2011 to acquire Class A shares in the company amounting to up to 10 % of the current nominal capital attributable to Class A shares. Together with other Class A shares held by the company or attributable to it under Section 71a et seq. of the German Stock Corporation Act (AktG), the Class A shares acquired may not at any time constitute more than 10 % of the company's nominal capital accounted for by Class A shares. This authorization may not be used for the purpose of trading in its own shares. The authorization may be exercised in whole or in part, in one or more stages, for one or more purposes, by the company or its affiliates, or for its or their account by third parties. At the discretion of the Executive Board, the purchase can be made via the stock exchange or by means of a public purchase offer made to all Class A shareholders or by means of a public request for a purchase offer.

(1) If the Class A shares are acquired via the stock exchange, the amount paid by the company per Class A share (excluding incidental purchasing costs) may not be more than 5 % above or below the average market price of the company's Class A shares in the Xetra final auction (or a similar successor system) on the Frankfurt Stock Exchange on the last five trading days before purchase.

(2) If the purchase is made by means of a public offer to all Class A shareholders or a public request for a purchase offer, this is permissible if the price or the threshold of the price range offered per Class A share (excluding incidental purchasing costs) is not more than 10 % above or below the average market price for the company's Class A shares in the Xetra final auction (or a similar successor system) on the Frankfurt Stock Exchange on the last five trading days before publication of the decision to make the purchase offer or the public request for a purchase offer. If the defining stock price is significantly different after a publication of a purchase offer or a public request for a purchase order, the offer or the request to submit such an offer can be amended. Any amendment made in these cases is made on the basis of the average market price for the company's Class A shares in the Xetra final auction (or a similar successor system) on the last five trading days before publication of any amendment. The volume of the offer may be restricted. If the total acceptance of the offer exceeds this volume, the purchase must be pro rata. Preferential purchases of up to 100 Class A shares in the company per shareholder may be admitted subject to the partial exclusion of any possible rights of other shareholders to offer their Class A shares. The purchase offer or the public request for a purchase offer may contain further conditions.

7.4.2 The Executive Board was also authorized, subject to the approval of the Supervisory Board, to use Class A shares purchased under the authorization to acquire the company's own Class A shares for any legally permissible purpose, including the following:

(1) The Class A shares can be resold by means other than the stock exchange or an offer to all Class A shareholders, provided these Class A shares are resold at a price which is not significantly lower than the price of shares in the company of the same rights at the time of the sale. The defining market price for the purposes of this regulation is the average share price of the company's Class A shares in the Xetra final auction (or a similar successor system) on the

Frankfurt Stock Exchange over the last five trading days before the sale of the company's own shares. In these cases the number of shares to be sold, together with the new shares issued under Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) since this authorization came into effect, excluding subscription rights, must not exceed 10% of the company's nominal capital in the form of Class A shares at the time this authorization comes into effect and is exercised.

(2) The Class A shares can be sold as payment in kind to third parties, particularly in the course of mergers with other companies or in order to acquire companies, equity stakes or parts of companies.

(3) The Class A shares can be used to settle rights or obligations held by bearers or creditors under convertible bonds or bonds with warrants issued by the company or by companies in which the company holds a majority stake.

(4) The Class A shares can be transferred or offered for purchase to employees of the company or affiliated companies.

(5) The Class A shares can be redeemed in full or in part without a further resolution by the Annual General Meeting. They can be redeemed in a simplified process in accordance with Section 237 (3–5) of the German Stock Corporation Act. The authorization to redeem shares can be made use of multiple times. If the shares are redeemed in a simplified process in accordance with Section 237 (3) (3) of the German Stock Corporation Act, the Executive Board is authorized to adjust the number of no-par-value shares in the articles of association.

7.4.3 The right of shareholders to subscribe for the company's own shares is excluded if these shares are used in accordance with the aforementioned authorizations in 7.4.2 items 1 to 4.

7.4.4 The authorizations in 7.4.2 items 1 to 5 also cover the use of shares in the company acquired on the basis of Section 71 (d) sentence 5 of the German Stock Corporation Act.

7.4.5 The authorizations in 7.4.2 can be exercised on a one-off or repeated basis, in whole or in part, and separately or jointly. The authorizations in 7.4.2 items 1 to 4 can also be exercised by independent companies or companies in which the company holds a majority stake or third parties acting for their own account or for the account of the company.

7.5 The Annual General Meeting on 16 June 2010 authorized the Executive Board, subject to the approval of the Supervisory Board, to issue on one or more occasions up to 15 June 2013 bearer or registered bonds with warrants or convertible bonds (hereinafter known collectively as "debenture bonds") and to grant the bearers or creditors of the debenture bonds warrants or conversion rights for new Class A company shares subject to the detailed terms of the debenture bonds. The total nominal amount of the debenture bonds issued under this authorization may not exceed €400,000,000.00. Option and conversion rights may only be issued for Class A company shares accounting for up to €6,900,000.00 of the company's total nominal capital accounted for by Class A shares.

Class S shareholders' subscription rights are excluded.

The Executive Board is authorized, subject to the approval of the Supervisory Board, to exclude Class A shareholders' subscription rights to the debenture bonds in full or in part,

- for fractional amounts;
- to the extent necessary to grant the bearers or creditors of then outstanding option rights and/or convertible bonds those subscription rights to bonds with warrants or convertible bonds to which they would be entitled after exercising the option or conversion right or fulfilling their conversion obligation;
- to the extent that bonds are issued for cash and the issue price is not significantly lower than the theoretical market value of the separate securities as measured by recognized mathematical methods. However, this authorization to exclude subscription rights only applies to debenture bonds with rights,

options or obligations to convert them into shares accounting for no more than 10 % of nominal capital in total, either at the time this authorization takes effect or when it is exercised. The exclusion of subscription rights under other authorizations is to be taken into account in determining the extent to which the 10 % limit has been used, in accordance with Section 186 (3) sentence 4 AktG.

Even if the conversion ratio, exercise price or conversion price are variable, the conversion or exercise price set for one Class A company share (issue price) must be equivalent to either

- at least 80 % of the average final auction price for Class A company shares in Xetra trading (or a similar successor system) (i) on the ten trading days before the Executive Board adopts a resolution to issue the debenture bonds or (ii) on the five trading days immediately before an offer to subscribe for the debenture bonds is publicly announced or (iii) on the five trading days immediately before the company declares its acceptance following a public invitation to apply for subscription

or

- at least 80 % of the average final auction price of the Class A company shares in Xetra trading (or a similar successor system) during the days on which the subscription rights to the debenture bonds are traded on the Frankfurt Stock Exchange, with the exception of the last two trading days for those rights.

7.6 Under Section 6 of the articles of association and Section 237 (1) of the German Stock Corporation Act (AktG), the company is authorized to mandatorily redeem Class A or S shares against payment of appropriate compensation if the shareholders whose shares are to be redeemed have given their consent.

8. The company has no significant agreements dependent on a change of control resulting from a takeover bid.

9. The contracts of employment with the Executive Board members valid during the reporting period contain clauses which provide for a payment to the respective Executive Board members in the event of their employment contracts being terminated prematurely due to a change of control or similar circumstances. The agreed amount to be paid is the remaining remuneration for the residual terms of their respective contracts of employment, payable to each in one lump sum discounted by 2 % per annum. In calculating this severance pay, the future entitlement to payment of a bonus is calculated based on the average annual net profit for the preceding three full financial years. If an Executive Board member earns additional income in the period up to the original end of his or her contract of employment, this income is set off against the severance payment up to a certain amount.

The provisions described above correspond to the legal situation and are standard practice at comparable listed companies. Their intention is not to complicate any possible take overs.

Risk and opportunity report

Risk management

HHLA's risk management system fosters a keen awareness of dealing with corporate risks. It aims to identify risks in good time and take steps to manage or avert them, thereby preventing situations which could jeopardize the continued existence of the HHLA Group. An important element of the system is its compliance with the principles of promoting entrepreneurial thinking and independent, responsible action.

HHLA defines risk in this case as the possibility of any negative deviation from its operational or strategic plans and current forecasts.

In order to manage such risks, the company has established a risk management system comprising the necessary organizational rules and procedures for identifying risks at an early stage, and taking proactive steps to deal with the risks and potential rewards inherent in all commercial activity. To this end, HHLA has created a methodical system covering all its business operations and based on risk policies established by the Executive Board. Risk management is carried out according to systematic principles and is subject to a continual improvement process.

The main elements of the risk management system were determined in close cooperation between the Executive Board, Internal Audit and Group Controlling, and establish clear lines of responsibility for the identification, assessment, control, monitoring and reporting of risks.

Risks are catalogued regularly in the course of the annual planning process. All identified risks are described clearly, classified according to defined risk areas and assigned to a risk manager.

Risks are categorized by the likelihood of their occurrence and the amount by which such an occurrence would reduce the operating result or cash flow before taxes.

When assessing a risk, the level of loss or damage plus the anticipated probability must be stated. A distinction is made here between the gross risk (excluding reduction by management measures) and the net risk (including reduction by management measures). Risks are assessed in the context of the existing circumstances or a realistic projection. In addition to estimates and economic or mathematical/statistical inferences, sensitivities derived from the planning processes can also be used as a basis for assessment.

To ensure that risks of the same kind are recorded uniformly throughout the Group, staff liaise with the central Risk Management unit when assessing identified risks, to establish and calculate the likelihood of the risks arising and the associated potential loss or damage.

After identifying and assessing the risk, the company then defines control measures aimed at reducing the likelihood of its occurrence and/or the loss or damage. Risks are monitored continuously and any significant changes are reported and documented on a quarterly basis. Additional ad hoc reports must be issued whenever significant risks emerge, cease to apply, or change. Risks are reported using standard Group-wide reporting formats in order to ensure a consistent overall picture of current risks.

The most important elements of the risk management and risk reporting systems are described in a corporate guideline.

The Internal Audit department is responsible for auditing the risk management system. The external auditors also assess the early detection system as part of their audit of the annual financial statements.

Internal control system and management of accounting risks

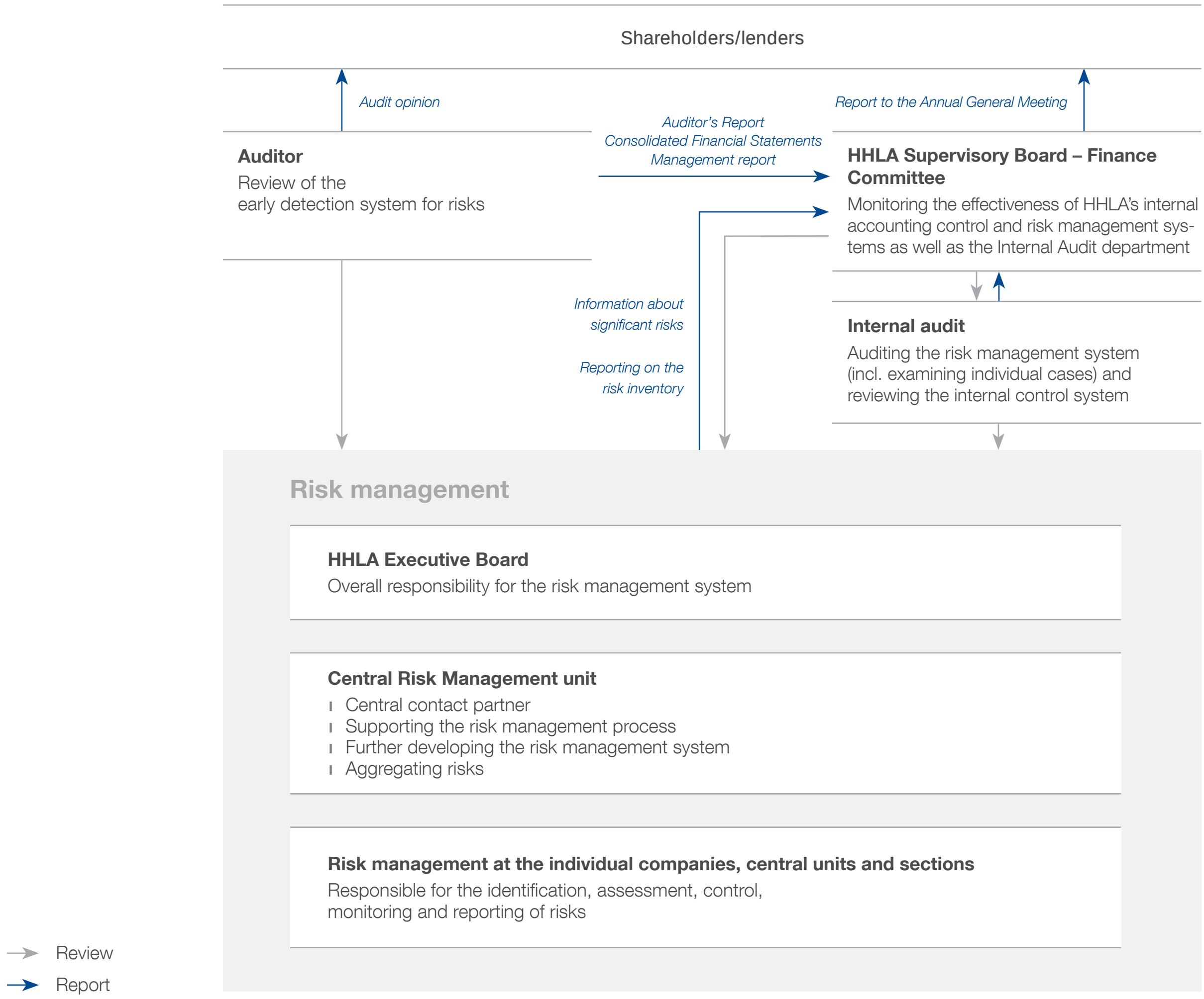
Structure of the system

HHLA's internal control system is designed to ensure that the (financial) reporting processes used throughout the company are consistent, transparent and reliable. Furthermore, it makes sure they comply with legal standards, contractual and voluntary obligations and the company's own guidelines. It comprises principles, procedures and methods designed to reduce risk and ensure the effectiveness and propriety of HHLA's processes.

The internal control system is regularly monitored and assessed according to documented processes, risks and controls. It therefore ensures transparency with regard to its structure and functionality for the purposes of internal and external reporting.

HHLA's internal accounting control and risk management system is based on the criteria laid out in the "Internal Control – Integrated Framework" working paper published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Accounting processes are assessed to determine whether there is a risk posed to the completeness, existence, accuracy, valuation, ownership and reporting of transactions. The company also conducts a risk assessment regarding the possibility of fraud. Concluding unusual or complex transactions can lead to

Organization of risk management



specific accounting risks. There is also a latent risk of error when processing non-routine transactions. Employees are by necessity given a certain amount of leeway when recognizing and measuring balance sheet items, which can give rise to further risks.

Internal controls are intended to reduce accounting risks and make sure that transactions are documented, recorded, processed and assessed correctly in the balance sheet, as well as being quickly and correctly adopted in financial reporting. Controls are in place for all accounting processes. Internal controls guarantee that the accounting process is efficient and avoids – or at the very least detects – the majority of errors.

Accounting processes, risks and controls have been documented and described along with their respective lines of responsibility and reporting structures. A risk control matrix is used to document risks and controls. Processes, risks and controls are updated regularly.

The Internal Audit department is responsible for monitoring HHLA's internal accounting control and risk management systems. The external auditor also assesses the effectiveness of the accounting-related internal control system, primarily by carrying out spot checks.

The internal accounting control and risk management systems will always have certain limitations, regardless of how carefully they are designed. For this reason, it is impossible to fully guarantee that accounting standards will always be met or that every incorrect statement will always be avoided or identified.

Significant regulations and controls

Areas of responsibility related to accounting are clearly structured and assigned by HHLA. The Executive Board of HHLA bears overall responsibility for the internal accounting control and risk management system of the HHLA Group. The central units of HHLA Holding and the Group companies are responsible for carrying out adequate and orderly accounting processes. The departments involved in the accounting process are provided with appropriate personnel and resources. All employees involved with accounting activities are suitably qualified.

Accounting tasks and functions are clearly defined within the Group. There is a clear functional demarcation between accounts payable and accounts receivable, as well as the preparation of individual financial statements and the preparation of Consolidated Financial Statements. There is also a clear demarcation between these departments and the respective segment accounting. Separating execution, settlement and authorization functions and giving these responsibilities to different members of staff reduces the risk of fraud. Multi-stage approval and authorization thresholds for ordering, payment transactions and accounting are employed across the Group. These include using the double-check principle. There is a single accounting manual which covers the consistent application and documentation of accounting rules for the entire Group. Other accounting guidelines are also in place. As with the accounting manual, they are reviewed regularly and updated if necessary.

Most bookkeeping procedures are recorded using accounting systems developed by SAP. For the purposes of preparing HHLA's Consolidated Financial Statements, subsidiaries add more information to their separate financial statements to form standardized report packages, which are then fed into the SAP EC-CS consolidation module for each individual company.

Measures are in place to protect the IT systems from unauthorized access. Access rights are granted in line with each user's role. Only those departments responsible for mapping transactions are given write access. Departments responsible for processing information use read access. Detailed function-related authorizations are defined in a set of SAP authorization guidelines. IT security guidelines also cover access to IT systems in general.

External service providers are used for pension reports, fiscal issues and for other reports and projects if necessary.

The specific formal requirements for the consolidation process pertaining to the Consolidated Financial Statements are clearly defined. In addition to a definition of the consolidated group, there are also detailed rules requiring affiliates to use a standardized and complete report package. There are also specific provisions regarding the recording and handling of Group clearing transactions and subsequent balance reconciliations, or the determination of the fair value of shareholdings. As part of consolidation, the Group accounting team analyzes the separate financial statements submitted by affiliates and corrects them if necessary. Incorrect information is identified and corrected as necessary using control mechanisms already present in the SAP EC-CS system or using system-based plausibility checks.

Risk items

Strategic risks

The continuing growth in ship dimensions also impacts the competitiveness of HHLA and Hamburg as a port location. The expansion of regional transport and hinterland infrastructure is therefore essential.

The dredging of the Elbe's shipping channel to allow for a salt-water draught of 13.50 m throughout, and 14.50 m depending on the tides, is of considerable significance. The German Federal Ministry of Transport and the Hamburg Ministry for Economic and Labour Affairs expect the work to start in late 2011, assuming the necessary planning permission has been granted by then. Radical improvements for tidal shipping should start to emerge around nine months after construction work has begun. It would therefore be feasible to complete the project by 2013.

For the Port of Hamburg, the deepening of the waterway is a vital prerequisite for maintaining and extending its position as a key hub for international container traffic in future. Delays in carrying out the work may mean that shipping companies increasingly look to other handling sites with better nautical access when planning their liner services. As a consequence, developments in freight traffic might bypass the Port of Hamburg in the long run. These factors put a strain on HHLA's business development, and depending on the further course of proceedings and the reactions of shipping companies, could severely impact the Group's assets, financial and earnings position.

As well as dredging the shipping channel, the regional road and rail infrastructure must be modernized and expanded if the Port of Hamburg wants to remain competitive and optimize its processes for the inbound and outbound flows of goods in its hinterland. Projects of this kind with special significance for business at the port include constructing the transversal port motorway (A 252), establishing a high-speed rail link between Hannover and Hamburg/Bremen, and upgrading the Kiel Canal. HHLA is confident that the relevant political decision-makers will continue to press for the completion of these infrastructure projects. HHLA is attempting to prevent any further delay by making sure that HHLA's interests are represented on the appropriate committees, as well as by means of lobbying and active public relations activities.

Market risks

Stable and ongoing economic growth in HHLA's target markets is crucial for the further development of container handling, transport volumes and logistics services. Leading economic researchers and institutes expect global economic growth in 2011 to be slightly weaker than in 2010, but to remain stable.

However, a number of different macroeconomic risks may jeopardize further economic developments. There is still risk potential associated with the financial markets. The countries affected by the European debt crisis have now initiated measures to consolidate their budgets, and the countries' further refinancing seems to have been safeguarded by bonds – some with high risk premiums – and rescue packages at EU level. Nevertheless, there are still risks inherent in banks' balance sheets. The subprime crisis showed what effects turmoil on the financial markets can have on the real markets and therefore on world trade.

Experts believe that prices for commodities such as oil, copper and rare earths, which are sensitive to cyclical trends, will climb further in 2011 following the recent sharp rises. This could have a negative impact on the global economic recovery.

Protectionist moves by various countries to keep their currency artificially low by means of monetary policy, therefore boosting their own competitiveness, could lead to retaliatory trade sanctions from other countries, such as compensatory tariffs, which might hamper world trade.

China's central bank has increased its base rate twice since October in an attempt to rein in inflation. The markets are therefore worried that further increases could slow China's economic growth and thus hamper world trade.

The euro zone and its export industries have recently benefitted hugely from the low euro exchange rate. Should the euro start to recover, this could dampen economic developments.

For the reasons listed above, there is still a serious risk of the global economy suffering a setback. Consequently, there is also a risk that HHLA may not achieve its planned figures for container throughput, transport volumes or logistics services.

Terminal operators in the Hamburg-Antwerp range are gradually bringing the expansion of their handling capacities to a close. Due to the economic crisis, the supply of container throughput capacity still far outstrips demand. Drewry and Bremen's Institute of Shipping Economics and Logistics (ISL) anticipate an underutilization of capacities in Northern Europe over the coming years. A surplus of this kind will lead to even greater competition.

Similar to the Container segment, the Intermodal segment may experience restrained growth in demand for container transport. This may lead to an underutilization of traction systems and hinterland terminals. Generally, underutilization entails the risk that it might not be possible to compensate fully for negative divergences in earnings because of insufficient flexibility on the cost side. HHLA counters this risk by diversifying its customer base and concluding medium-term contracts of varying duration. The contracts governing the purchasing of traction services contain flexible components which permit the company to respond to market fluctuations and seasonal deviations.

The Intermodal companies are exposed to noticeably more intense competition from competing rail operators as well as from trucks and feeder ships as carriers. The market entry of new competitors with aggressive pricing policies, particularly in Eastern Europe, poses the risk that market share will shift to the detriment of rail operators in which HHLA has interests.

Some of the Group companies generate a large percentage of their revenue with a small number of customers. If one of these clients were to switch to a different service provider, it would have a sizeable impact on earnings at the company in question.

HHLA works with almost all the major global shipping companies in container traffic. For some years now, the industry has been undergoing a process of consolidation. Mergers and alliances among terminal operators, as well as between terminal operators and shipping companies, may result in a change in the volume and pricing structure currently in place between handlers.

In order to confront these market risks, HHLA takes specific steps to reinforce customer loyalty and develop unique selling points in all its segments. The Group also makes use of its flexibility in cost and capacity management. HHLA's strategy is to adapt its investments in the expansion of container terminals as flexibly as possible to foreseeable demand. Throughput and transport volumes in the affected markets are monitored together with the throughput volumes and service structure of each client, so that any negative developments can be recognized at an early stage. The network is also used to anticipate developments of relevance to the competitive situation.

A limited number of companies supply equipment and systems for container handling. This could lead to bottlenecks in the procurement of replacement parts and changes to purchasing agreements as a result of the low number of market participants. HHLA monitors the market in order to find procurement alternatives and diversifies its purchasing activities where necessary. HHLA also works closely with strategic suppliers in a spirit of partnership. In coordination with HHLA's departments and affiliates, relevant consolidation processes in the procurement markets are also carefully monitored and taken into account when awarding contracts, particularly when it comes to handling equipment. HHLA also continually tracks its suppliers' credit ratings by means of a monitoring system.

The HHLA companies operating in the Intermodal segment purchase significant traction, carriage and network services from the respective public rail operators. This leads to a certain amount of dependence on one, or a small number of, service providers. In order to minimize this dependence, the Intermodal companies maintain regular contact with the public rail operators, some of which are HHLA shareholders. The Intermodal companies take specific precautionary steps to reinforce customer loyalty and develop unique selling points. All rail operators are constantly exposed to the risk of the public rail operators charging excessive usage fees.

The failure of central technical equipment can restrict the ability of equipment-based companies to provide services. Depending on the duration of the downtime, unavailable equipment can lead to decreased revenue and an increase in the costs involved in providing services. Preventative maintenance, contingency plans/repair services and redundant equipment, such as computing centres and transformer stations, reduce the risk considerably. HHLA's affiliates carry out regular inspections and tests to identify possible faults before they happen.

Financial risks

Liquidity risks in financial management are limited by, among other things, HHLA's centralized responsibility for financing its affiliates. Financing of the direct equity holdings where HHLA exercises operational control is safeguarded, controlled and monitored by HHLA by means of a cash pooling arrangement. Liquidity at the other Group equity holdings is ensured by, for example, including them in the Group's clearing system, arranging for their own credit lines or giving them access to those of HHLA.

As a result of borrowing, certain affiliates have covenants linked to key balance sheet figures. Violating these covenants would authorize the lender to demand additional collateral, a change in conditions or the repayment of the loan. In order to prevent such steps, HHLA constantly monitors compliance with the covenants and, where required, implements measures to ensure that all conditions of the loan are met. As of 31 December 2010, the relevant total borrowings came to €81 million. The covenants were met at all agreed audit points throughout the reporting year.

When investing liquid funds, generally in the form of call money or term deposits, HHLA currently restricts itself to investments with domestic financial institutions which are fully secured by a deposit protection fund or comparable arrangement. Since HHLA only enters into transactions with institutions boasting a very high credit rating, and the financial sector is currently being fortified by government measures, the risk of default can be regarded as low.

Changes in interest levels over the long term may alter the necessary pension provisions. A fall in long-term interest levels increases the fair value of the pension obligations. HHLA monitors interest trends so that it can adjust its provisions as necessary.

The HHLA Group uses derivative financial instruments to reduce interest rate risks and, to a lesser extent the exchange rate and commodity price risks. Interest rate risks are largely hedged by interest rate derivatives and by fixed-interest agreements. No speculative hedging transactions are conducted. The theoretical default risk in the case of derivative financial instruments is that of counterparty default and is therefore equivalent to the carrying amounts of the individual financial instruments. The risk of default can be regarded as minimal, as the HHLA Group only conducts derivative financial transactions with counterparties boasting very good credit ratings. ► see also the Notes, Note 46.

The bulk of HHLA's services are rendered within the euro zone, meaning that the majority of its invoices are issued in euros. Even the Group's Eastern European affiliates invoice mainly in euros, or based on euros or US dollars. Currency or transfer risks therefore result primarily from exchange rate fluctuations affecting Eastern European currencies.

In order to reduce the risks associated with exchange rate fluctuations, the affiliates strive to use the relevant functional currency for invoicing, loans and payments. Should currencies fluctuate, this minimizes the overall impact of individual contrary effects. All HHLA companies that operate with foreign currencies reduce the risk of exchange rate fluctuations by monitoring rates regularly and, where necessary, transferring free liquidity in local currency to accounts with hard currency. The holding company also constantly tracks those currencies of relevance to the Group. If there are indications that currencies will fluctuate, suitable countermeasures are promptly discussed with the units affected.

Growth rates in the global container transport industry have reduced the probability of client bankruptcies compared with the previous year. Nevertheless, some degree of risk remains due to lower freight rates and new ship orders.

In addition to the loss of any outstanding accounts receivable, the insolvency of one of HHLA's shipping clients could lead to freight volumes being taken on by shipping companies which are not clients of HHLA. As the HHLA Group's customers are international, the Group must adapt its payment transactions to prevailing global practice. For the HHLA Group, this means granting its customers trade credit during the course of its commercial relationships. HHLA uses credit checks to reduce del credere collection risks.

To reduce the risk of default, HHLA operates an active receivables management system that enables outstanding accounts to be monitored with precision. HHLA has also taken out loan loss insurance to minimize default risks.

Economic developments at certain affiliates remain difficult. This could make it necessary to write down the carrying amount of holdings and/or set aside provisions for impending losses. It may also prove necessary to assume losses. HHLA checks the value of its equity holdings regularly and makes adjustments where necessary.

Change in the legal environment

The rendering of port services has long been a focal point of legislative considerations at EU level. The EU's deliberations so far have aimed at opening up the market for port services and establishing a valid EU-wide legal framework for their rendering. As part of a public consultation process in 2010, the European Commission launched an investigation into the need for an initiative to adjust the valid legal framework for licences and the effects of such an initiative. Although the consultation process essentially covered all licences, it focussed specifically on port operations.

Effective as of 1 July 2010, the sulphur limits for ocean-going vessels in the North Sea and the Baltic Sea were reduced from 1.5 % to 1.0 %. The limit is to be lowered further, to 0.1 %, from 2015. As of 2012, the international limit will be cut from its current 4.5 % to 3.5 %, with a further reduction to 0.5 % starting in 2020. As the stricter limits in the North Sea and the Baltic Sea make transportation costlier, there is a risk of traffic shifting and competition being distorted.

Staff risks

HHLA's ability to operate relies to a large degree on the skills of its staff. For this reason, the HHLA Group is exposed to individual risks resulting from the age distribution of its workforce, a shortage of staff with the necessary qualifications and training, and fluctuation among key personnel. In order to minimize such risks, staff selection, recruitment and development are carried out centrally by HHLA Holding in coordination with the subsidiaries and associated companies using standardized processes and procedures. Furthermore, expertise is systematically shared among staff and substitution procedures have been put in place. Staff appraisals are also conducted on a regular basis to retain employees on a long-term basis. A standardized procedure is used to assess managers and help them to develop. This procedure allows HHLA to recognize potential and safeguard succession plans.

Staff risks also include the possibility of fraudulent acts and, at a more general level, employees violating the law during their work. To reduce these risks, HHLA has introduced guidelines, manuals and double-checking, embedded controls in its processes and established spot checks. Furthermore, the Group has issued a code of conduct which applies to all HHLA managers and staff. Training sessions are held regularly on the contents of the code of conduct. New employees and apprentices also receive training on the code. Regular induction and training sessions focusing on special issues are also held for relevant groups of staff. These cover topics such as occupational health and safety, environmental protection, conduct in the competitive environment, preventing corruption and insider trading rules.

IT risks

As part of the expansion of terminal capacity, major investments were made in hardware and software components. Ever-greater process automation, increasing integration of customers and service providers into organizational processes and the consequent growth of data transfer mean that the availability of IT systems is becoming increasingly important. Redundant copies of key IT components such as computing centres, computer networks and telecommunications systems substantially reduce the probability of downtime.

IT security and SAP authorization guidelines define the responsible operation of IT systems and serve to prevent IT security violations.

Other risks

All of the handling sites within the HHLA Group offer ships and port facilities maximum protection against potential terrorist attacks. The requirements of the International Ship and Port Facility Security Code (ISPS Code), which took effect in 2004, are met in full.

Generally speaking, the competent authorities worldwide are looking to tighten the security guidelines in maritime transport even further. These measures would lead to additional costs which it may not be possible to fully recoup, or which cannot be passed on due to the competitive situation. HHLA makes its position clear by means of lobbying and public relations work.

Increases in rents in the years ahead are expected as a result of contractual step-up clauses in leases for quays and other areas. Planning authorities may require supplementary conditions to be fulfilled when granting permission for container terminal capacities to be expanded. These conditions can relate in particular to environmental and emission protection measures. There is also a general risk of further legal obligations if the project turns out to have any unforeseen negative consequences.

As a result of the existing structural situation and the fact that HHLA's port facilities and buildings operate close to water, a risk of storm flooding must be assumed. Flood protection work undertaken by HHLA and the Free and Hanseatic City of Hamburg in recent years has reduced this risk considerably, however. Should this risk ever become reality, comprehensive emergency programmes have been put in place by public authorities and companies operating in the port to minimize the potential damage. Additionally, anticipated third-party claims for damage to property are insured against.

The HHLA Group companies are active in Central and Eastern Europe via terminals operated there. The general environment in some parts of these countries is different from that in Western Europe, with little political, economic and legal stability. As a result, the HHLA Group is exposed to a number of factors which it cannot influence directly and which could have an impact on its commercial activities in these countries. In particular, it cannot be ruled out that for political or legal reasons, HHLA may not receive all or some of the profits it generates.

Above and beyond the risks mentioned, no further significant risks have currently been identified, while those that do exist are largely insured against.

Overall assessment of risks

The HHLA Group's overall risk position is determined largely by uncertainties surrounding the future development of the global economy and by strategic and market risks. Overall, there has been a slight increase in residual risks after taking countermeasures into account. This is due to the higher volumes being handled.

The risks identified do not threaten the existence of the Group, either individually or as a whole. As far as the future is concerned, there are also no discernible risks at present which could jeopardize the continued existence of the company.

Opportunities

Thanks to its favourable geographical location, the Port of Hamburg is the leading international hub for seaborne and overland container transport close to the German North Sea coast. It also enjoys excellent hinterland links to the growing economies of Central and Eastern Europe and the Baltic states. If the planned enhancement of the river Elbe shipping channel is completed quickly, this will enable HHLA to maintain and extend its competitive position. The Intermodal segment will also benefit from the growth in container handling. The shift in container traffic from road to rail could be accelerated by new environmental policies in the future. In addition to the above, HHLA continually assesses the extent to which strategically advantageous acquisition or investment possibilities are available.

Provided that there are no protectionist tendencies hampering world trade, the international division of labour in the production of consumer and capital goods will also continue in future. The Port of Hamburg's integration into the global exchange of goods gives HHLA the chance to benefit immediately from further developments in the global economy. Experts believe that the prerequisites for such a development are in place, thanks to the decisive response of politicians and central banks to market fluctuations, the stabilization of financial markets and the expected further growth of the global economy.

Events after the balance sheet date

The HHLA Group took out a long-term bank loan for €60 million in January 2011, to finance its expansion projects in the Container segment. Apart from this, there were no other significant events after the balance sheet date.

Business forecast

Macroeconomic environment [1]

According to predictions of leading research institutes, global economic growth will continue in 2011. However, the pace of growth can be expected to slow as the year progresses. The figures for the 2010 reporting year form a more challenging comparative basis due to the strong economic recovery seen in past months. In addition to this, the expiry of economic stimulus programmes and the fading effects of the inventory cycle in particular are likely to have a dampening effect, as are more restrictive monetary policies and the consolidation of government budgets. Applying the International Monetary Fund's (IMF) estimates to this base case scenario gives rise to projected global economic growth of 4 to 5 %. For the world trade the IMF expects growth of around 7 %.

Divergent growth rates are still anticipated in the economic regions of prime importance for business developments at HHLA. The IMF forecasts strong economic growth of over 8 % for Asia and an increase of as much as 10 % in China's gross domestic product (GDP). More moderate expansion of 3 to 4 % is predicted for the Central and Eastern European economies. Russia should be able to grow slightly stronger, by a good 4 %. Restrained economic growth of 1 to 2 % is forecasted for the industrialized countries in the euro zone, while Germany's GDP looks set to rise by over 2 %.

Following the international financial and economic crisis, the macroeconomic environment should still be considered unstable. For this reason, forecasts remain highly uncertain. Actual industry and business developments may thus follow a considerably worse or considerably better economic trend than the base case described below.

The prime risks for this scenario arise from the economic repercussions of necessary public spending cutbacks, liquidity-driven inflation tendencies and the fragile trust in the ability to refinance massive levels of public indebtedness. Should the recent unrest in North Africa and the Middle East spread, this could also have a palpable impact on economic developments by disrupting the oil supply.

By contrast, opportunities are presented above all by an increasingly self-supporting, ongoing upturn which – when combined with stabilization on the financial markets and a reduction in the pressure on government budgets – could prompt increasingly strong economic growth.

Sector development

Based on the developments described above, market research institutes, such as Drewry Shipping Consultants or Clarkson, anticipate growth of between 7 and 10 % in worldwide container throughput for 2011. While an above-average growth rate is predicted for container traffic within Asia, the forecasts for Northern European ports suggest more moderate growth of 5 to 6 %. Intense competition in handling and transport services is expected to dominate the market environment once again in 2011. Container shipping companies are likely to face higher fuel costs and renewed pressure on earnings due to surplus transport capacity. Despite the ongoing recovery in volumes, surplus handling capacity is still to be expected in Northern Europe.

In light of developments at the seaports, a moderate upturn in freight volume is also anticipated for European land-based pre-carriage and on-carriage systems. The Association of German Freight Forwarders and Logistics Operators (Deutscher Speditions- und Logistikverband) forecasts a total growth rate of 4 % for transport volumes and services, including transit traffic, in 2011. Developments on the routes served by the companies in HHLA's Intermodal segment are likely to vary, depending on the core region they provide links to. According to surveys, transport prices are expected to rise across the board in 2011 for both rail and road-based goods traffic, although the tough price-based competition on a number of routes seems set to continue.

Experts anticipate average growth of 5 to 6 % for logistics services in Germany over the next three years. However, the market environment for the HHLA companies in the Logistics segment is likely to continue to develop differently for each market segment. For example, the German Steel Federation expects steel production in Germany to grow by a further 2 % in 2011, despite the high level already reached – a development which

[1] Since the time the audit certificate for the Group Management Report was issued, Japan has suffered a severe earthquake. Supplementary information on this incident is provided below. This information was not included in the audit of the report and is not therefore part of the audited Group Management Report. Container traffic with Japan accounts for less than 5 % of HHLA's total seaborne throughput. Although the main Japanese ports of importance for international container traffic are still functional, delays and problems in the transport chain are currently expected due primarily to the temporary closure of local production lines. It is currently impossible to assess the local impact and the potential further consequences with sufficient certainty.

Business forecast for 2011

Assumptions

Base case scenario

- Continuation of global economic growth
- More challenging comparative basis
- Expiry of economic stimulus programmes
- Fading out of restocking activities
- More restrictive fiscal and monetary policies
- Beginning of the planned deepening of the Elbe waterway

Relevant growth expectations

Gross domestic product	2011
Global economy	4–5 %
Germany	2–3 %
Asia	8–9 %
Eastern Europe	3–4 %

Industry indicators	
Global trade	7 %
Container throughput, worldwide	7–10 %
Container throughput, Northern Europe	5–6 %
Transport volume, Germany	4%

Source: IMF, Drewry, Clarkson, Association of German Freight Forwarders and Logistics Operators (Deutscher Speditions- und Logistikverband)

Group targets

- Revenue growth in the region of 10 % (revenue in 2010: € 1,073 million)
- EBIT margin improvement against previous year (2010: 18.0 %)
- Capital expenditure in a range of € 180–220 million

Subgroup targets

	Port Logistics	Real Estate
Revenue growth	In the region of 10 % (revenue in 2010: € 1,044 million) at continuing pricing pressure due to surplus capacity in the market	Comparable to the previous year (revenue in 2010: €34 million)
EBIT margin	Year-on-year increase (2010: 17.2 %) despite the cost-side impact of ceased short-time working, catch-up effects in maintenance work and additional depreciation	Comparable to the previous year (2010: 37.4 %)

Segment targets

	Container	Intermodal	Logistics	Real Estate
Volume growth	Container throughput: In the region of 10 % (2010: 5,844 thousand TEU)	Container transport: In the region of 10 % (2010: 1,696 thousand TEU)	Heterogeneous but overall positive development in specialized market segments	The Real Estate segment is equivalent with the Real Estate subgroup (see section above).
Revenue growth	≤ 10 % (2010: € 605 million)	≥ 10 % (2010: € 317 million)	≤ 8 % (2010: € 120 million)	
EBIT margin	Year-on-year increase (2010: 25.7 %)	Year-on-year increase (2010: 7.8 %)	Year-on-year increase (2010: 5.1 %)	

	Positive case scenario	Negative case scenario
Conditions	Ongoing strong economic recovery Considerably improved capacity utilization Decreasing price competition Beginning of the planned deepening of the Elbe waterway	Recession sets in again Deterioration in capacity utilization Increased price competition Delay of the planned deepening of the Elbe waterway
Group performance	Revenue growth of over 10 % EBIT margin distinctly above previous year	Revenue comparable in the region of the previous year or below in the case of a double-dip crisis EBIT margin below previous year

will impact accordingly on iron ore and coal bulk cargo handling. The German Association of the Automotive Industry, however, anticipates growth of 5 % in car exports.

Group performance

Expected earnings position

HHLA expects revenue to increase in the region of 10 % at Group level in 2011. On the EBIT margin the company is striving to achieve a year-on-year improvement.

Developments will be again largely determined by the listed subgroup Port Logistics. In 2011, HHLA expects to experience strong growth in both handling and transport services, primarily as the 2010 recovery in volumes took effect later at the Port of Hamburg than at rival ports. Based on the expectation that the increase in freight volume achieved partly by means of sales drives in the second half of 2010 will continue throughout the full year in 2011, the company should achieve higher growth rates than the overall market compared with the previous year. Furthermore, the Eastern European markets important for Baltic and hinterland traffic offer additional growth potential for HHLA, as these markets are expected to face more dynamic economic growth than the Western industrialized nations in 2011. Against this background, HHLA anticipates growth in the region of 10 % in both handling and transport services. However, the increase in volumes will still take place in a highly competitive environment. The Group is striving to largely maintain its earnings quality despite limited leeway. As a result, revenue growth should roughly match the increase in volume.

On the cost side major impact is expected to stem from ceased short-time working, catch-up effects in maintenance work and recognizing additional depreciation. Despite this rise in costs, HHLA expects to increase its EBIT margin, assuming capacity utilization at its facilities improves. The effective tax rate for 2011 is expected to be in the region of 30 % again due to the absence of non-recurring tax effects. With regard to minority interests, their pro rata share of profit after taxes is expected to fall, leaving a greater proportion for the shareholders of the parent company.

HHLA will continue to make important investments in 2011 to secure its long-term prospects. As well as investing in continued modernization work at the container terminals – including a large-scale project to expand handling operations in Odessa on the Black Sea – the company will focus on ramping up hinterland traffic to further strengthen its vertical integration along the transport chain. Overall, the HHLA Group plans capital expenditure in the range of € 180 million to € 220 million.

At the Port Logistics subgroup level, volume growth in the region of 10 % is anticipated in the Container segment. However, pressure on prices seems to remain high, meaning that achieving revenue growth in line with volumes is a set but ambitious target. Furthermore, the impact of the costs described above will be felt in the Container segment in particular. All in all, HHLA is nevertheless aiming for an improvement in its operating margin in conjunction with greater capacity utilization at its facilities.

In the Intermodal segment, the demand for container transport in 2011 is likely to develop more or less in line with the trend in throughput volumes at the Container segment. Revenue should be able to grow at a similar rate to transport volumes, and a number of routes have potential for improved earnings quality. Corresponding to the capital expenditure on inland terminals and the realignment of Transfracht's transport services, the company expects the segment's added value – and therefore also its EBIT margin – to grow.

For the Logistics segment, HHLA is expecting growth in revenue and an improved overall operating result, with developments in specific market segments remaining varied. An increase in earnings is primarily anticipated in the field of bulk goods handling and RoRo activities within vehicle logistics. The company also intends to bring about an improvement in contract logistics.

In the Real Estate subgroup the company still expects to see stable business developments despite the increasingly challenging environment. HHLA will continue to pursue the value-oriented development of its properties in 2011. Revenue is anticipated to be roughly on a par with the previous year. The Group may incur higher costs than in the previous year as a result of the portfolio development activities in 2011. Overall, HHLA is aiming to match the previous year's EBIT margin in this subgroup, however.

HHLA will continue to add more specific details to its outlook above and beyond the statements made in this report as soon as future business developments can be estimated more precisely.

Financial position

It is likely that continued investments will lead to an increase in the Group's balance sheet total. A rise in non-current assets, primarily in the area of property, plant and equipment, can be expected on the assets side. On the liabilities side, the development of equity will mainly be determined by the achievable net profit for the year as well as the changes in actuarial effects arising from the calculation of the present value of pension provisions based on the applicable discount rate. Financial liabilities for the financing of investment projects are also expected to increase.

Other than this, the intended means of financing the further development of business are, primarily, the liquidity reserves available to the Group, the positive cash flows from ongoing business activities and, to a lesser extent, the raising of loans. Additional financing possibilities arise from HHLA's good credit standing. HHLA is therefore confident that sufficient financial funds will remain available for a value-creating corporate development in the future as well.

Dividend

HHLA's objective remains the same: to continue pursuing its yield-oriented dividend distribution policy. As far as financing needs allow and as long as there are no fundamental changes in the situation, the intention is to continue distributing at least 50 % of the net income for the year as dividends.

Change in business activity and organization

There are no plans to make any fundamental changes to the Group's strategic alignment and objectives. ► See also page 60 et seq., Corporate strategy. As regards the primary goods flows in international sea freight shipping – and therefore the relevant sales markets for HHLA's range of services – market research institutes such as Drewry do not anticipate any significant shifts. As the lead times for constructing and commissioning capital-intensive handling facilities span several years, the Group does not expect additional competitors to enter the market in Hamburg or Odessa during the forecast period. Other than ongoing further development, HHLA does not plan to make any far-reaching alterations or changes to its existing service portfolio.

If an attractive acquisition opportunity should occur which meets HHLA's strategic and financial requirements, this may allow HHLA to expand its core business within existing segments. Apart from that, no changes in the organization of business are currently planned.

Further development

It is of crucial importance for HHLA's perspectives in 2012 and beyond that the Elbe waterway is dredged promptly. Assuming this enables the company to tap growth opportunities in full, HHLA is confident that it will be able to expand its market position and benefit disproportionately from increases in European cargo volumes. If the economic recovery continues into the new year and price discipline in container shipping continues, it should be possible to generate revenue exceeding € 1.2 billion in 2012. Although pressure on yields is expected to persist in the foreseeable future, HHLA will strive to generate further earnings improvements even in this environment. The investment project to expand HHLA's activities on the Black Sea will mean that capital expenditure in 2012 is unlikely to be below the previous year's total.

Growth expectations

	2012
Global economy	4–5 %
Germany	2 %
Asia	8–9 %
Eastern Europe	4 %
World trade	6–7 %

Source: IMF

Against the background of its broad strategic position, the increasing concentration of freight volumes on large international hubs and the continuing integration of emerging economies into the international division of labour, HHLA anticipates positive medium-term business prospects. Should economic growth continue to stabilize as predicted by the IMF, HHLA will strive to further increase its revenue and earnings in subsequent years. With this aim, it intends to carry on its investment programme in line with the development of demand.

In order to maintain stable balance sheet relationships, HHLA intends to continue with its conservative financing policy. Accordingly, it is still planning to cover investments and dividend payments as far as possible out of current cash flow and liquidity reserves. Additionally, HHLA attaches a great deal of importance to the preservation of its good corporate credit standing.

Statement of the Executive Board

Under the circumstances known to the Executive Board at the time the transactions listed in the related parties report in accordance with Section 312 of the German Stock Corporation Act (AktG) were carried out or actions were committed or omitted, the company received adequate consideration for the transaction and was not disadvantaged by committing or instigating the said actions.

In accordance with Section 4 of the articles of association, the Executive Board, with analogous application of the provisions of Section 312 of the German Stock Corporation Act (AktG), must prepare a report on the relationships between the A division and the S division. Under the circumstances that were known to the Executive Board at the time when the legal transactions specified in the report on the relationships between the A division and the S division were completed, both divisions received an appropriate consideration. Any expenses and returns which could not be attributed directly to one division were divided among the divisions in line with the articles of association. No steps were taken or omitted at the behest or in the interests of the other division in each case.

Hamburg, 4 March 2011

Hamburger Hafen und Logistik AG
The Executive Board

Klaus-Dieter Peters
Dr. Stefan Behn

Heinz Brandt
Dr. Sebastian Jürgens

Dr. Roland Lappin

Some of the disclosures in the Group Management Report – including statements on revenue and earnings developments and on possible changes in the sector or the financial position – contain forward-looking statements. These statements are based on the current best estimates and assumptions by the company. Depending on whether uncertain events materialize, HHLA's actual results, including its earnings and financial position, may differ materially from those explicitly or implicitly assumed or described in these statements.

Table of content
Consolidated Financial Statements Notes to the Consolidated Financial Statements

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Consolidated Financial Statements

Income statement HHLA Group

in € thousand	Note	2010	2009
Revenue	8.	1,073,122	990,743
Changes in inventories	9.	- 1,149	360
Own work capitalized	10.	7,359	8,278
Other operating income	11.	37,752	29,238
Cost of materials	12.	- 372,367	- 322,129
Personnel expenses	13.	- 316,783	- 308,725
Other operating expenses	14.	- 121,046	- 120,216
Earnings before interest, taxes, depreciation and amortization (EBITDA)		306,888	277,549
Depreciation and amortization	15.	- 113,980	- 117,301
Earnings before interest and taxes (EBIT)		192,908	160,248
Earnings from associates accounted for using the equity method	16.	208	164
Interest income	16.	5,015	5,644
Interest expenses	16.	- 39,949	- 39,933
Other financial result	16.	336	- 119
Financial result	16.	- 34,390	- 34,244
Earnings before tax (EBT)		158,518	126,004
Income tax	18.	- 44,588	- 36,868
Profit after tax		113,930	89,136
of which attributable to minority interests	19.	37,703	36,090
of which attributable to shareholders of the parent company		76,227	53,046

Statement of comprehensive income HHLA Group

in € thousand	Note	2010	2009
Profit after tax		113,930	89,136
Actuarial gains/losses	36.	- 6,493	- 23,640
Cash flow hedges	47.	- 220	- 800
Translation differences		3,838	- 3,065
Deferred taxes on changes recognized directly in equity	18.	2,140	7,766
Other		18	85
Income and expense recognized directly in equity		- 717	- 19,654
Total comprehensive income		113,213	69,482
of which attributable to minority interests		37,898	35,903
of which attributable to shareholders of the parent company		75,315	33,579

Income statement HHLA subgroups 2010

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2010 Group	2010 Port Logistics	2010 Real Estate	2010 Consolidation
Revenue	1,073,122	1,044,118	33,960	- 4,956
Changes in inventories	- 1,149	- 1,124	- 25	0
Own work capitalized	7,359	7,350	0	9
Other operating income	37,752	37,633	884	- 765
Cost of materials	- 372,367	- 366,647	- 5,826	106
Personnel expenses	- 316,783	- 314,740	- 2,043	0
Other operating expenses	- 121,046	- 116,509	- 10,143	5,606
Earnings before interest, taxes, depreciation and amortization (EBITDA)	306,888	290,081	16,807	0
Depreciation and amortization	- 113,980	- 110,170	- 4,117	307
Earnings before interest and taxes (EBIT)	192,908	179,911	12,690	307
Earnings from associates accounted for using the equity method	208	208	0	0
Interest income	5,015	4,919	230	- 134
Interest expenses	- 39,949	- 35,013	- 5,070	134
Other financial result	336	336	0	0
Financial result	- 34,390	- 29,550	- 4,840	0
Earnings before tax (EBT)	158,518	150,361	7,850	307
Income tax	- 44,588	- 42,768	- 3,028	1,208
Profit after tax	113,930	107,593	4,822	1,515
of which attributable to minority interests	37,703	37,703	0	0
of which attributable to shareholders of the parent company	76,227	69,890	4,822	1,515

Statement of comprehensive income HHLA subgroups 2010

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2010 Group	2010 Port Logistics	2010 Real Estate	2010 Consolidation
Profit after tax	113,930	107,593	4,822	1,515
Actuarial gains/losses	- 6,493	- 6,358	- 135	
Cash flow hedges	- 220	- 220	0	
Translation differences	3,838	3,838	0	
Deferred taxes on changes recognized directly in equity	2,140	2,096	44	
Other	18	18	0	
Income and expense recognized directly in equity	- 717	- 626	- 91	0
Total comprehensive income	113,213	106,967	4,731	1,515
of which attributable to minority interests	37,898	37,898	0	
of which attributable to shareholders of the parent company	75,315	69,069	6,246	

Income statement HHLA subgroups 2009

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2009 Group	2009 Port Logistics	2009 Real Estate	2009 Consolidation
Revenue	990,743	962,865	32,718	- 4,839
Changes in inventories	360	338	23	0
Own work capitalized	8,278	8,231	0	47
Other operating income	29,238	28,870	1,143	- 775
Cost of materials	- 322,129	- 317,000	- 5,247	118
Personnel expenses	- 308,725	- 306,309	- 2,416	0
Other operating expenses	- 120,216	- 115,885	- 9,781	5,449
Earnings before interest, taxes, depreciation and amortization (EBITDA)	277,549	261,110	16,440	0
Depreciation and amortization	- 117,301	- 113,460	- 4,138	296
Earnings before interest and taxes (EBIT)	160,248	147,650	12,302	296
Earnings from associates accounted for using the equity method	164	164	0	0
Interest income	5,644	5,605	184	- 145
Interest expenses	- 39,933	- 34,671	- 5,407	145
Other financial result	- 119	- 119	0	0
Financial result	- 34,244	- 29,021	- 5,223	0
Earnings before tax (EBT)	126,004	118,629	7,079	296
Income tax	- 36,868	- 35,834	- 988	- 46
Profit after tax	89,136	82,795	6,091	250
of which attributable to minority interests	36,090	36,090	0	0
of which attributable to shareholders of the parent company	53,046	46,705	6,091	250

Statement of comprehensive income HHLA subgroups 2009

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2009 Group	2009 Port Logistics	2009 Real Estate	2009 Consolidation
Profit after tax	89,136	82,795	6,091	250
Actuarial gains/losses	- 23,640	- 23,321	- 319	
Cash flow hedges	- 800	- 800	0	
Translation differences	- 3,065	- 3,065	0	
Deferred taxes on changes recognized directly in equity	7,766	7,663	103	
Other	85	85	0	
Income and expense recognized directly in equity	- 19,654	- 19,438	- 216	0
Total comprehensive income	69,482	63,357	5,875	250
of which attributable to minority interests	35,903	35,903	0	
of which attributable to shareholders of the parent company	33,579	27,454	6,125	

Balance sheet HHLA Group

in € thousand

Assets	Note	31.12.2010	31.12.2009
Non-current assets			
Intangible assets	22.	83,850	82,334
Property, plant and equipment	23.	978,583	916,772
Investment property	24.	185,568	186,471
Associates accounted for using the equity method	25.	1,620	1,487
Financial assets	26.	8,284	8,062
Deferred taxes	18.	32,766	29,812
		1,290,671	1,224,938
Current assets			
Inventories	27.	20,965	20,379
Trade receivables	28.	126,516	121,731
Receivables from related parties	29.	2,704	6,660
Other financial receivables	30.	2,607	2,356
Other assets	31.	15,209	12,292
Income tax receivables	32.	20,972	23,412
Cash and cash equivalents	33.	235,493	173,531
Non-current assets held for sale	34.	0	5,200
		424,466	365,561
		1,715,137	1,590,499

Equity and liabilities	Note	31.12.2010	31.12.2009
Equity			
Subscribed capital		72,680	72,680
Subgroup Port Logistics		69,975	69,975
Subgroup Real Estate		2,705	2,705
Capital reserve		139,728	139,728
Subgroup Port Logistics		139,222	139,222
Subgroup Real Estate		506	506
Retained earnings		337,337	291,805
Subgroup Port Logistics		322,200	280,300
Subgroup Real Estate		15,137	11,505
Other comprehensive income		29,514	30,547
Subgroup Port Logistics		28,412	29,354
Subgroup Real Estate		1,102	1,193
Minority interests in equity		- 12,257	102,225
Subgroup Port Logistics		- 12,257	102,225
Subgroup Real Estate		0	0
	35.	567,002	636,985
Non-current liabilities			
Pension provisions	36.	331,134	325,141
Other non-current provisions	37.	52,565	56,092
Non-current liabilities to related parties	40.	65,747	0
Non-current financial liabilities	38.	387,612	316,363
Deferred taxes	18.	12,897	13,029
		849,955	710,625
Current liabilities			
Other current provisions	37.	21,896	18,854
Trade liabilities	39.	77,026	54,616
Current liabilities to related parties	40.	67,986	66,329
Current financial liabilities	38.	91,136	66,077
Other liabilities	41.	34,577	33,596
Income tax liabilities	42.	5,559	3,417
		298,180	242,889
		1,715,137	1,590,499

Balance sheet HHLA subgroups 31.12.2010

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes

Assets	31.12.2010 Group	31.12.2010 Port Logistics	31.12.2010 Real Estate	31.12.2010 Consolidation
Non-current assets				
Intangible assets	83,850	83,831	19	0
Property, plant and equipment	978,583	955,772	5,464	17,347
Investment property	185,568	66,715	150,276	- 31,423
Associates accounted for using the equity method	1,620	1,620	0	0
Financial assets	8,284	7,082	1,202	0
Deferred taxes	32,766	36,439	25	- 3,698
	1,290,671	1,151,459	156,986	- 17,774
Current assets				
Inventories	20,965	20,906	59	0
Trade receivables	126,516	125,831	685	0
Receivables from related parties	2,704	11,951	39	- 9,286
Other financial receivables	2,607	2,535	72	0
Other assets	15,209	15,062	147	0
Income tax receivables	20,972	24,053	240	- 3,321
Cash and cash equivalents	235,493	235,220	273	0
	424,466	435,558	1,515	- 12,607
	1,715,137	1,587,017	158,501	- 30,381

Equity and liabilities				
Equity				
Subscribed capital	72,680	69,975	2,705	0
Capital reserve	139,728	139,222	506	0
Retained earnings	337,337	322,200	25,728	- 10,591
Other comprehensive income	29,514	28,412	1,102	0
Minority interests in equity	- 12,257	- 12,257	0	0
	567,002	547,552	30,041	- 10,591
Non-current liabilities				
Pension provisions	331,134	325,386	5,748	0
Other non-current provisions	52,565	51,143	1,422	0
Non-current liabilities to related parties	65,747	65,747	0	0
Non-current financial liabilities	387,612	362,657	24,955	0
Deferred taxes	12,897	13,431	6,649	- 7,183
	849,955	818,364	38,774	- 7,183
Current liabilities				
Other current provisions	21,896	19,984	1,912	0
Trade liabilities	77,026	73,748	3,278	0
Current liabilities to related parties	67,986	2,001	75,271	- 9,286
Current financial liabilities	91,136	86,979	4,157	0
Other liabilities	34,577	34,252	325	0
Income tax liabilities	5,559	4,137	4,743	- 3,321
	298,180	221,101	89,686	- 12,607
	1,715,137	1,587,017	158,501	- 30,381

Balance sheet HHLA subgroups 31.12.2009

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes

Assets	31.12.2009 Group	31.12.2009 Port Logistics	31.12.2009 Real Estate	31.12.2009 Consolidation
Non-current assets				
Intangible assets	82,334	82,305	30	0
Property, plant and equipment	916,772	893,700	5,284	17,787
Investment property	186,471	71,032	147,609	- 32,169
Associates accounted for using the equity method	1,487	1,487	0	0
Financial assets	8,062	6,780	1,282	0
Deferred taxes	29,812	33,890	152	- 4,230
	1,224,938	1,089,194	154,357	- 18,612
Current assets				
Inventories	20,379	20,298	81	0
Trade receivables	121,731	120,878	853	0
Receivables from related parties	6,660	16,867	902	- 11,109
Other financial receivables	2,356	2,333	23	0
Other assets	12,292	12,181	110	0
Income tax receivables	23,412	25,581	0	- 2,169
Cash and cash equivalents	173,531	173,313	218	0
Non-current assets held for sale	5,200	5,200	0	0
	365,561	376,651	2,187	- 13,278
	1,590,499	1,465,845	156,544	- 31,890

Equity and liabilities				
Equity				
Subscribed capital	72,680	69,975	2,705	0
Capital reserve	139,728	139,222	506	0
Retained earnings	291,805	280,300	23,610	- 12,105
Other comprehensive income	30,547	29,354	1,193	0
Minority interests in equity	102,225	102,225	0	0
	636,985	621,076	28,014	- 12,105
Non-current liabilities				
Pension provisions	325,141	319,512	5,629	0
Other non-current provisions	56,092	54,663	1,429	0
Non-current financial liabilities	316,363	288,861	27,502	0
Deferred taxes	13,029	13,228	6,308	- 6,507
	710,625	676,264	40,868	- 6,507
Current liabilities				
Other current provisions	18,854	17,768	1,086	0
Trade liabilities	54,616	52,733	1,883	0
Current liabilities to related parties	66,329	1,723	75,715	- 11,109
Current financial liabilities	66,077	61,203	4,874	0
Other liabilities	33,596	33,273	323	0
Income tax liabilities	3,417	1,805	3,781	- 2,169
	242,889	168,505	87,662	- 13,278
	1,590,499	1,465,845	156,544	- 31,890

Cash flow statement HHLA Group

in € thousand	Note	2010	2009
1. Cash flow from operating activities			
Earnings before interest and taxes (EBIT)		192,908	160,248
Depreciation, amortization, impairment and reversals on non-financial non-current assets	11./15.	110,961	117,017
Decrease in provisions		- 28,538	- 12,160
Gains/losses arising from the disposal of non-current assets		- 82	- 1,037
Change in inventories, trade receivables and other assets not attributable to investing or financing activities		- 7,572	29,708
Decrease in trade payables and other liabilities not attributable to investing or financing activities		- 4,718	- 17,865
Interest received		5,147	5,112
Interest paid		- 20,904	- 20,288
Income tax paid		- 40,950	- 68,005
Exchange rate and other effects		697	483
Cash flow from operating activities		206,949	193,213
2. Cash flow from investing activities			
Proceeds from disposal of intangible assets and property, plant and equipment		2,855	3,702
Proceeds from disposal of non-current assets held for sale		7,200	0
Payments for investments in property, plant and equipment and investment property		- 56,823	- 151,450
Payments for investments in intangible assets	22.	- 7,625	- 7,524
Proceeds from disposal of non-current financial assets		1,995	192
Payments for investments in non-current financial assets		- 1,890	- 795
Payments for acquiring interests in consolidated companies and other business units		- 1,973	- 7,145
Proceeds from the disposal of interests in consolidated companies and other business units		0	5,703
Cash flow from investing activities		- 56,261	- 157,317
3. Cash flow from financing activities			
Dividends paid to shareholders of the parent company	21.	- 30,695	- 72,680
Dividends paid to minority shareholders		- 30,569	- 42,619
Redemption of lease liabilities	45.	- 2,590	- 3,145
Proceeds from the issuance of bank loans		0	64,193
Payments for the redemption of bank loans		- 31,314	- 34,339
Cash flow from financing activities		- 95,168	- 88,590
4. Financial funds at the end of the period			
Change in financial funds (subtotals 1.-3.)		55,520	- 52,694
Change in financial funds due to exchange rates		- 994	689
Financial funds at the beginning of the period		179,156	231,161
Financial funds at the end of the period	43.	233,682	179,156

Cash flow statement HHLA subgroups 2010

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2010 Group	2010 Port Logistics	2010 Real Estate	2010 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	192,908	179,911	12,690	307
Depreciation, amortization, impairment and reversals on non-financial non-current assets	110,961	107,151	4,117	- 307
Change in provisions	- 28,538	- 29,021	483	
Gains/losses arising from the disposal of non-current assets	- 82	- 82	0	
Change in inventories, trade receivables and other assets not attributable to investing or financing activities	- 7,572	- 7,397	1,048	- 1,223
Change in trade payables and other liabilities not attributable to investing or financing activities	- 4,718	- 6,266	325	1,223
Interest received	5,147	5,196	85	- 134
Interest paid	- 20,904	- 16,240	- 4,798	134
Income tax paid	- 40,950	- 39,156	- 1,794	
Exchange rate and other effects	697	697	0	
Cash flow from operating activities	206,949	194,793	12,156	0
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets and property, plant and equipment	2,855	2,855	0	
Proceeds from disposal of non-current assets held for sale	7,200	7,200	0	
Payments for investments in property, plant and equipment and investment property	- 56,823	- 49,870	- 6,953	
Payments for investments in intangible assets	- 7,625	- 7,624	- 1	
Proceeds from disposal of non-current financial assets	1,995	1,995	0	
Payments for investments in non-current financial assets	- 1,890	- 1,890	0	
Payments for acquiring interests in consolidated companies and other business units	- 1,973	- 1,973	0	
Cash flow from investing activities	- 56,261	- 49,307	- 6,954	0
3. Cash flow from financing activities				
Dividends paid to shareholders of the parent company	- 30,695	- 27,990	- 2,705	
Dividends paid to minority shareholders	- 30,569	- 30,569	0	
Redemption of lease liabilities	- 2,590	- 2,590	0	
Payments for the redemption of bank loans	- 31,314	- 28,872	- 2,442	
Cash flow from financing activities	- 95,168	- 90,021	- 5,147	0
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1.-3.)	55,520	55,465	55	0
Change in financial funds due to exchange rates	- 994	- 994	0	
Financial funds at the beginning of the period	179,156	183,538	- 4,382	
Financial funds at the end of the period	233,682	238,009	- 4,327	0

Cash flow statement HHLA subgroups 2009

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2009 Group	2009 Port Logistics	2009 Real Estate	2009 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	160,248	147,650	12,302	296
Depreciation, amortization, impairment and reversals on non-financial non-current assets	117,017	113,175	4,138	- 296
Decrease in provisions	- 12,160	- 10,646	- 1,514	
Gains/losses arising from the disposal of non-current assets	- 1,037	- 1,072	35	
Decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	29,708	25,659	261	3,788
Decrease in trade payables and other liabilities not attributable to investing or financing activities	- 17,865	- 16,579	- 298	- 988
Interest received	5,112	5,125	132	- 145
Interest paid	- 20,288	- 15,272	- 5,161	145
Income tax paid	- 68,005	- 65,821	- 2,184	
Exchange rate and other effects	483	483	0	
Cash flow from operating activities	193,213	182,702	7,711	2,800
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets and property, plant and equipment	3,702	3,694	8	
Payments for investments in property, plant and equipment and investment property	- 151,450	- 147,006	- 4,444	
Payments for investments in intangible assets	- 7,524	- 7,524	0	
Proceeds from disposal of non-current financial assets	192	192	0	
Payments for investments in non-current financial assets	- 795	- 772	- 23	
Payments for acquiring interests in consolidated companies and other business units	- 7,145	- 7,145	0	
Proceeds from the disposal of interests in consolidated companies and other business units	5,703	5,703	0	
Cash flow from investing activities	- 157,317	- 152,858	- 4,459	0
3. Cash flow from financing activities				
Dividends paid to shareholders of the parent company	- 72,680	- 69,975	- 2,705	
Dividends paid to minority shareholders	- 42,619	- 42,619	0	
Redemption of lease liabilities	- 3,145	- 3,145	0	
Proceeds from the issuance of bank loans	64,193	64,193	0	
Payments for the redemption of bank loans	- 34,339	- 31,897	- 2,442	
Cash flow from financing activities	- 88,590	- 83,443	- 5,147	0
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1.-3.)	- 52,694	- 53,599	- 1,895	2,800
Change in financial funds due to exchange rates	689	689	0	
Financial funds at the beginning of the period	231,161	236,448	- 2,487	- 2,800
Financial funds at the end of the period	179,156	183,538	- 4,382	0

Segment report HHLA Group

in € thousand; business segments; annex to the notes

2010	Subgroup Port Logistics Container	Intermodal	Logistics
Segment revenue			
Segment revenue from non-affiliated third parties	594,981	315,561	115,503
Inter-segment revenue	10,283	1,690	4,928
Total segment revenue	605,264	317,251	120,431
Earnings			
EBITDA	236,272	42,478	13,199
EBITDA margin	39.0 %	13.4 %	11.0 %
EBIT	155,726	24,760	6,174
EBIT from continuing activities[1]	155,726	22,585	6,174
Segment assets	901,375	245,460	110,632
Other segment information			
Investments			
Property, plant and equipment and investment property	131,863	20,135	3,625
Intangible assets	6,036	844	84
Depreciation of property, plant and equipment and investment property	77,143	14,394	6,797
of which impairment	2,160		
Amortization of intangible assets	3,402	3,324	228
of which impairment		3,000	
Non-cash items	9,173	1,224	1,033
Container throughput in thousand TEU	5,844		
Container transport[3] in thousand TEU		1,696	
2009			
Segment revenue			
Segment revenue from non-affiliated third parties	557,737	275,835	110,130
Inter-segment revenue	3,879	1,491	4,792
Total segment revenue	561,616	277,326	114,922
Earnings			
EBITDA	225,522	31,550	14,042
EBITDA margin	40.2 %	11.4 %	12.2 %
EBIT	149,619	4,401	8,230
EBIT from continuing activities[2]	149,619	21,889	8,230
Segment assets	834,096	256,724	113,271
Other segment information			
Investments			
Property, plant and equipment and investment property	89,515	35,586	19,572
Intangible assets	6,992	284	597
Depreciation of property, plant and equipment and investment property	71,727	15,084	5,582
Amortization of intangible assets	4,176	315	229
Amortization and depreciation on non-current assets held for sale		11,749	
Non-cash items	12,656	5,199	4,137
Container throughput in thousand TEU	4,913		
Container transport[3] in thousand TEU		1,500	

[1] EBIT from continuing activities does not contain the result from CTL.
[2] In order to faciliate comparison, the previous year's values have been presented without the current result from combisped and from CTL.
[3] The transport volume was fully consolidated.

	Subgroup Real Estate	Total	Consolidation and reconciliation with Group	Group
Holding/Other	Real Estate			
15,752	31,325	1,073,122	0	1,073,122
132,965	2,635	152,501	- 152,501	0
148,717	33,960	1,225,623		
- 2,346	16,807	306,410	478	306,888
- 1.6 %	49.5 %			
- 9,071	12,690	190,279	2,629	192,908
- 9,071	12,690	188,104	2,588	190,692
220,158	157,940	1,635,565	79,572	1,715,137
3,323	6,952	165,898	0	165,898
891	1	7,856	85	7,941
6,154	4,105	108,593	- 1,016	107,577
		2,160	0	2,160
571	12	7,537	- 1,133	6,404
		3,000	0	3,000
- 2,263	802	9,969	206	10,175
16,840	30,201	990,743	0	990,743
114,859	2,517	127,538	- 127,538	0
131,699	32,718	1,118,281		
- 10,360	16,440	277,194	355	277,549
- 7.9 %	50.2 %			
- 17,424	12,303	157,129	3,119	160,248
- 17,424	12,303	174,617	3,050	177,667
176,873	156,150	1,537,114	53,385	1,590,499
3,389	4,445	152,507	- 350	152,157
466	0	8,339	- 815	7,524
6,434	4,124	102,951	- 1,083	101,868
630	14	5,364	- 1,681	3,683
		11,749	0	11,749
34,372	1,342	57,706	102	57,808

Consolidated Financial Statements

Statement of changes in equity HHLA Group

in € thousand

	Parent company					
	Subscribed capital		Capital reserve		Retained consolidated earnings	Reserve for translation
	A division	S division	A division	S division		
Balance as of 31.12.2008	69,975	2,705	139,222	506	311,693	- 15,548
Dividends					- 72,680	
Total comprehensive income					53,046	- 3,076
Acquisition/disposal of minority interests in consolidated entities						
Other changes					- 254	
Balance as of 31.12.2009	69,975	2,705	139,222	506	291,805	- 18,624
Balance as of 31.12.2009	69,975	2,705	139,222	506	291,805	- 18,624
Dividends					- 30,695	
Settlement to minority shareholders[1]						
Total comprehensive income					76,227	3,578
Acquisition/disposal of minority interests in consolidated entities						
Other changes						
Balance as of 31.12.2010	69,975	2,705	139,222	506	337,337	- 15,046

[1] *For details please refer to note 35 of the notes.*

Other comprehensive income: Cash flow hedges	Other comprehensive income: Actuarial gains/losses	Other comprehensive income: Deferred taxes on changes recognized directly in equity	Other comprehensive income: Other	Parent company interests	Minority interests	Total consolidated equity
- 361	79,786	- 25,475	11,611	574,114	108,466	682,580
				- 72,680	- 42,619	- 115,299
- 508	- 23,625	7,667	75	33,579	35,903	69,482
				0	245	245
			1	- 253	230	- 23
- 869	56,161	- 17,808	11,687	534,760	102,225	636,985
- 869	56,161	- 17,808	11,687	534,760	102,225	636,985
				- 30,695	- 30,569	- 61,265
				0	- 121,543	- 121,543
- 157	- 6,461	2,110	18	75,315	37,898	113,213
				0	- 268	- 268
			- 120	- 120	0	- 120
- 1,026	49,700	- 15,698	11,585	579,260	- 12,257	567,002

Statement of changes in equity HHLA Port Logistics subgroup (A division)

in € thousand; annex to the notes

	Parent company			
	Subscribed capital	Capital reserve	Retained consolidated earnings	Reserve for translation
Balance as of 31.12.2008	69,975	139,222	303,825	- 15,548
Dividends			- 69,975	
Total comprehensive income subgroup			46,705	- 3,076
Acquisition/disposal of minority interests in consolidated entities				
Other changes			- 254	
Balance as of 31.12.2009	69,975	139,222	280,300	- 18,624
Balance as of 31.12.2009	69,975	139,222	280,300	- 18,624
Dividends			- 27,990	
Settlement to minority shareholders[1]				
Total comprehensive income subgroup			69,890	3,578
Acquisition/disposal of minority interests in consolidated entities				
Other changes				
Balance as of 31.12.2010	69,975	139,222	322,200	- 15,046

[1] *For details please refer to note 35 of the notes.*

Statement of changes in equity HHLA Real Estate subgroup (S division)

in € thousand; annex to the notes

Balance as of 31.12.2008
Dividends
Total comprehensive income subgroup
Balance as of 31.12.2009
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 31.12.2009
Balance as of 31.12.2009
Dividends
Total comprehensive income subgroup
Balance as of 31.12.2010
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 31.12.2010

Other comprehensive income				Parent company interests	Minority interests	Total subgroup consolidated equity
Cash flow hedges	Actuarial gains/losses	Deferred taxes on changes recognized directly in equity	Other			
- 361	77,706	- 24,804	11,611	561,626	108,466	670,092
				- 69,975	- 42,619	- 112,594
- 508	- 23,306	7,564	75	27,454	35,903	63,357
				0	245	245
			1	- 253	230	- 23
- 869	54,400	- 17,240	11,687	518,851	102,225	621,076
- 869	54,400	- 17,240	11,687	518,851	102,225	621,076
				- 27,990	- 30,569	- 58,560
				0	- 121,543	- 121,543
- 157	- 6,326	2,066	18	69,069	37,898	106,967
				0	- 268	- 268
			- 120	- 120	0	- 120
- 1,026	48,074	- 15,174	11,585	559,810	- 12,257	547,552

			Other comprehensive income		Total subgroup consolidated equity
Subscribed capital	Capital reserve	Retained consolidated earnings	Actuarial gains/losses	Deferred taxes on changes recognized directly in equity	
2,705	506	20,223	2,080	- 671	24,843
		- 2,705			- 2,705
		6,091	- 319	103	5,875
2,705	506	23,610	1,761	- 568	28,013
		250			250
		- 12,354			- 12,354
		- 12,105			- 12,105
2,705	506	11,505	1,761	- 568	15,909
2,705	506	23,610	1,761	- 568	28,013
		- 2,705			- 2,705
		4,822	- 135	44	4,731
2,705	506	25,728	1,626	- 524	30,041
		1,515			1,515
		- 12,105			- 12,105
		- 10,591			- 10,591
2,705	506	15,138	1,626	- 524	19,450

Notes to the Consolidated Financial Statements

General information

1. Basic information on the Group

The Group's parent company is Hamburger Hafen und Logistik Aktiengesellschaft, Bei St. Annen 1, 20457 Hamburg (in the following, HHLA), registered in the Hamburg Commercial Register under HRB 1902. The holding company above the HHLA Group is HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg.

Since the resolution of the Annual General Meeting on 28 June 2007, the HHLA Group has consisted of the subgroup Port Logistics (A division) and the subgroup Real Estate (S division) with effect from 1 January 2007. That part of the Group which deals with the property in Hamburg's Speicherstadt historical warehouse district and Fischmarkt Hamburg-Altona GmbH is allocated to the subgroup Real Estate (S division). All other parts of the company are allocated together to the subgroup Port Logistics (A division). Individual financial statements are prepared for each division to determine the shareholders' dividend entitlements; these, in line with the company's articles of association, form part of the Notes to the financial statements of the parent company.

When the shareholders' dividend entitlements are being determined, the expenses and income of HHLA which cannot be attributed directly to one subgroup are divided between the two subgroups according to their shares of revenue. All transfer pricing for services between the two subgroups takes place on an arm's length basis. Interest must be paid at market rates on liquid funds exchanged between the two subgroups. A notional taxable profit or loss is calculated for each subgroup to allocate the taxes paid. The resulting notional tax payment represents the amount of tax which would have been paid had each of the subgroups been separately liable for tax.

To illustrate the assets and earnings position of the subgroups, the annex to these Notes contains the balance sheet, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for each subgroup.

HHLA's Consolidated Financial Statements for the 2010 financial year were again prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The provisions of Directive (EC) No. 1606/2002 from the European Parliament and the European Council dating from 19 July 2002 on the application of international accounting standards, together with Section 315a (1) of the German Commercial Code (HGB) and additional commercial law regulations, have been taken into account. The IFRS requirements which apply in the European Union have been met in full and result in a true and fair view of the assets, financial and earnings position of the HHLA Group.

With regard to the effects of applying IFRS for the first time as of the transitional date of 1 January 2005, please refer to our 2006 Annual Report.

For the most part, the accounting and valuation policies, notes and disclosures about the Consolidated Financial Statements for the 2010 financial year are based on the same accounting and valuation principles used for the 2009 Consolidated Financial Statements. Exceptions are the reclassifications listed under ► Note 6 and the effects of new IFRS accounting standards stated in ► Note 5. Use of the latter became mandatory for the Group on 1 January 2010. The previous year's figures have been restated accordingly. The accounting and valuation principles applied are explained in ► Note 6.

The financial year as reported by HHLA and its consolidated subsidiaries is the calendar year. The balance sheet date used by the parent company is the reporting date for the Consolidated Financial Statements. The type-of-expenditure format has been used for the income statement. The Consolidated Financial Statements and the disclosures in the Notes have been prepared in euros. Unless otherwise stated, all amounts are in thousands of euros (€ thousand). Due to the use of rounding procedures, it is possible that some figures do not add up to the stated sums.

The Consolidated Financial Statements are prepared using the historical cost principle. This does not apply to derivative financial instruments and available-for-sale financial assets carried at fair value. These HHLA Consolidated Financial Statements for the financial year ending 31 December 2010 were approved by the Executive Board on 4 March 2011 for presentation to the Supervisory Board. It is the Supervisory Board's responsibility to examine the

Consolidated Financial Statements and to state whether or not it approves them. The Consolidated Financial Statements are due to be published on 31 March 2011.

HHLA segments

HHLA operates in the following four segments:

Container

With its high-performance container terminals, HHLA maintains the Port of Hamburg's outstanding importance as a logistics hub for general cargo traffic. Activities at HHLA's three terminals in Altenwerder, Burchardkai and Tollerort consist primarily of handling container ships and transferring containers to other carriers. Handling services are also provided at an additional container terminal in Odessa, Ukraine. This HHLA segment offers a comprehensive range of services covering all aspects of containers and ship handling.

Intermodal

HHLA's Intermodal companies provide a comprehensive transport network encompassing rail, road and sea which links the German seaports with their hinterland in Europe. The companies TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt, the METRANS Group, Czech Republic, and the Polzug Group, Hamburg and Warsaw (Poland), operate regular rail services from and to Central and Eastern Europe. They are all market leaders in hinterland container transport in their respective regions. CTD Container-Transport-Dienst GmbH, Hamburg, provides container transport on the roads immediately surrounding the greater Hamburg region, in northern Germany and to long-distance destinations.

Logistics

The Logistics segment encompasses a wide range of contract and warehousing logistics, consulting and specialist handling services. Its service portfolio comprises stand-alone logistics services, entire process chains for the international procurement and distribution of merchandise, and the processing of cruise ships. The segment also provides consulting and management services for clients in the port and transport sectors.

Real Estate

This segment's business activities encompass the development, letting and managing of properties in the Port of Hamburg. These include properties in the Speicherstadt historical warehouse district and the fish market area on the northern banks of the river Elbe. The Group is driving the process of change in Hamburg's Speicherstadt historical warehouse district from traditional warehousing to a modern mix of uses, including offices and cultural organizations.

2. Consolidation principles

The Consolidated Financial Statements include the financial statements of HHLA and its subsidiaries as of 31 December of each financial year. The assets and liabilities of the domestic and foreign companies consolidated in full or pro rata are recognized in accordance with the uniform accounting principles applied in the HHLA Group.

Capital is consolidated at the time of acquisition by setting off the acquisition costs of the investment against the pro rata fair values of the assets acquired and the liabilities and contingent liabilities assumed at the time of the acquisition. Previously unreported intangible assets which can be included in the accounts under IFRS 3 (revised) in conjunction with IAS 38 and contingent liabilities are recognized at fair value. In the course of subsequent consolidations, the previously unrecognized hidden reserves and losses realized by this procedure are retained at the same carrying amount, amortized or reversed, depending on the treatment of the equivalent assets and liabilities.

Any positive difference arising in the course of this initial consolidation is capitalized as goodwill and subjected to an annual impairment test. Following a critical assessment, any negative difference from setting off the acquisition costs against the pro rata fair value of assets, liabilities and contingent liabilities at the time of acquisition is posted to profit and loss. For a detailed explanation of the impairment testing procedure used, please refer to ► Notes 6 and 7.

Equity interests held by third parties outside the Group are shown in the balance sheet under the item minority interests in equity.

The acquisition of additional minority interests in consolidated companies is treated as an equity transaction in line with the entity concept and therefore set off directly against equity. Gains or losses from the disposal of minority interests in consolidated companies are likewise recognized directly in equity without effect on profit and loss insofar as the transaction does not lead to a loss of control. In the case of a loss of control, the remaining interests are measured at fair value.

The effects of intra-Group transactions are eliminated. Receivables and liabilities between consolidated companies are netted out (consolidation of liabilities). The values of goods and services sold within the Group are adjusted for unrealized inter-company profits (elimination of inter-company profits); these assets are therefore recognized at their historical cost to the Group. Intra-Group income is set off against the equivalent expenses (consolidation of income and expenses). Deferred taxes are recognized on temporary differences from consolidation in line with IAS 12.

3. Group of consolidated companies

All significant companies which HHLA can control directly or indirectly are included in the Consolidated Financial Statements. Control as defined by IAS 27 is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The company is consolidated from the time when control can be exercised. It is no longer consolidated when control is no longer exercised by the parent company.

The group of consolidated companies at HHLA is made up as follows:

	Domestic	Foreign	Total
HHLA AG and fully consolidated companies			
1 January 2010	33	7	40
Additions	0	1	1
Mergers	1	2	3
31 December 2010	32	6	38
Companies consolidated pro rata			
1 January 2010	6	1	7
31 December 2010	6	1	7
Companies reported using the equity method			
1 January 2010	1	0	1
31 December 2010	1	0	1
Total	39	7	46

A complete list of the Group's equity investments in accordance with Section 313 (4) of the German Commercial Code (HGB) can be found in ► Note 48.

Interests in joint ventures

The Group has interests in joint ventures in the form of jointly managed companies. A joint venture is defined as a contractual agreement between two or more parties to carry on an economic activity which is subject to joint control. HHLA recognizes its interests in joint ventures using the proportionate consolidation method. The Group combines its share of the joint ventures' assets, liabilities, income and expenses with the equivalent items in its Consolidated Financial Statements. The financial statements of the joint ventures are prepared using uniform accounting and valuation principles and for the same reporting year as the Consolidated Financial Statements.

If capital contributions are made to the joint venture or assets are sold to it, the economic substance of the transaction is taken into account when determining the reported share of the gains or losses arising from the transaction. If the Group buys assets from a joint venture, the Group recognizes its share of the joint venture's profit on the transaction only when it sells the assets on to an independent third party.

The joint venture is included in the Group's Consolidated Financial Statements using the proportionate consolidation method until such time as joint control of the entity by the Group ends.

The partnership or consortium agreements governing joint ventures contain provisions which ensure joint control.

The share of assets, liabilities, income and expenses attributable to the Group from joint ventures as of 31 December 2010 and 31 December 2009 is as follows:

Balance sheet information

in € thousand	31.12.2010	31.12.2009
Current assets	17,582	16,484
Non-current assets	19,051	19,916
Total assets	36,633	36,400
Current liabilities	4,627	4,821
Non-current liabilities	23,922	20,552
Total liabilities	28,549	25,373

Income statement information

in € thousand	2010	2009
Income	145,381	138,514
Expenses	- 140,895	- 135,548
Total	4,486	2,966

Interests in associated companies

Companies designated as associated companies are those where the shareholder has a material influence. At the same time, it is neither a subsidiary nor an interest in a joint venture. A material influence is assumed when it is possible to be involved in the associated company's financial and commercial decisions without exercising a controlling influence. This is generally the case when 20 % to 50 % of the voting rights are held, either directly or indirectly. Shares in associated companies are reported in these financial statements using the equity method. With the equity method, the shares in associated companies are first stated at acquisition cost. The shares' carrying amount then increases or decreases in line with the shareholder's interest in the associated company's results. The shareholder's interest in the associated company's results is reported in its earnings figures. Instead of being subjected to scheduled amortization, any goodwill recognized within the carrying amount of the investment when it is reported in the balance sheet for the first time undergoes an impairment test for the entire carrying amount of the investment if there are any indications of possible impairment.

As from the acquisition date, HHLA's interest in the associated company's results is recorded in the income statement, while its interest in changes in equity is recorded directly in equity. These cumulative changes affect the carrying amount of the interest in the associated company. As soon as HHLA's share in the company's losses exceeds the carrying amount of the investment, however, HHLA records no further shares in the losses unless HHLA has entered into obligations to that effect or has made payments for the associated company.

Significant results from transactions between HHLA and the associated company are eliminated in proportion to the interest in the associated company.

The following overview shows key items from the balance sheet and income statement of the company accounted for using the equity method in relation to the interest held:

Balance sheet information

in €thousand	31.12.2010	31.12.2009
Assets	3,892	2,832
Liabilities	2,384	1,434

Income statement information

in €thousand	2010	2009
Revenue	4,091	3,183
Earnings from associates for using the equity method	208	164

Company acquisitions, disposals and other changes to the group of consolidated companies

The Czech subsidiary METRANS a.s., Prague (METRANS), acquired 50 % of the shares in RAILTRANSPORT s.r.o., Prague, Czech Republic (RAILTRANSPORT), on 25 June 2009 for a price of CZK 5 million. The nominal capital amounted to CZK 1 million. The company's purpose is to provide rail transport, specialist retail and brokerage services. Following the acquisition, the shareholders' meeting resolved to increase the nominal capital. With the nominal capital increase dated 28 December 2010, METRANS grew its stake in RAILTRANSPORT to 80 %. Nominal capital now totals CZK 11,874,000 and has been fully paid in. METRANS holds CZK 9.5 million of the nominal capital. The company belongs to the Intermodal segment and was included in the group of consolidated companies for the first time as of 31 December 2010. The acquisition costs for this company amounted to €732 thousand. At the time of initial consolidation, the company had assets totalling €1,948 thousand, primarily from finance leases. Assumed liabilities amounted to €1,801 thousand and consisted largely of payables under finance leases. After allocating minority interests, this resulted in a pro rata difference of €316 thousand, which is recorded as goodwill. If the company had been acquired at the beginning of the period, revenue of €2,086 thousand and profit after tax of €-364 thousand would have been included in the Consolidated Financial Statements.

The merger agreement between CTT Besitzgesellschaft mbH, Hamburg, and HHLA Container Terminal Tollerort GmbH, Hamburg, was approved at a shareholders' meeting on 9 June 2010. It became effective when it was entered into the commercial register on 22 June 2010.

The merger of UMSP Property a.s., Prague, SDM-DEPO a.s., Prague, and METRANS Plzeň a.s., Nýřany, with METRANS was formally adopted on 21 June 2010. The relevant contracts were signed before a notary on 21 July 2010. This merger became effective when it was entered into the commercial register on 7 December 2010. To date, the interest in METRANS Plzeň has been reported at historical cost under financial assets due to its lack of materiality. Following the merger, a loss of €610 thousand was entered in the current Consolidated Financial Statements.

There were no other changes due to first-time consolidation or deconsolidation in the year under review.

4. Foreign currency translation

Monetary assets and liabilities in separate financial statements for the consolidated companies which are prepared in a foreign currency are converted to local currency at the rate applicable on the balance sheet date. The resulting currency differences are recognized in the result for the period. Exceptions are currency differences from loans in foreign currencies used to secure a net investment in a foreign business. These are recognized directly in equity until the net investment is sold and only affect the result for the period on disposal of the net investment.

Non-monetary items held at historical cost in a foreign currency are translated at the applicable rate on the transaction date. Non-monetary items held at fair value in a foreign currency are translated at the rate applicable on the date fair value was measured.

Exchange rate gains and losses recognized in the income statement on foreign currency items resulted in a loss of €897 thousand in the financial year (previous year: profit of €958 thousand).

The concept of functional currency according to IAS 21 is applied when translating all annual financial statements of foreign affiliates prepared in a foreign currency. As the subsidiaries in question are generally independent in terms of their financial, economic and organizational activities, the functional currency is the respective national currency. As of the balance sheet date, the assets and liabilities of these subsidiaries are converted to euros at the rate prevailing on the reporting date. Income and expenses are translated at the weighted average rate for the financial year. Equity components are converted at their respective historical rates. Any translation differences are recognized as a separate component of equity without effect on profit and loss. If Group companies leave the group of consolidated companies, the associated translation difference is reversed through profit and loss.

HHLA did not apply the regulations of IAS 29 because no transactions were conducted in high-inflation economies.

The main exchange rates used for currency translation are shown in the following table:

		Spot rate on = 1 euro		Average annual rate = 1 euro	
Currency	ISO Code	31.12.2010	31.12.2009	2010	2009
Czech crown	CZK	25.061	26.473	25.342	26.521
Polish zloty	PLN	3.975	4.104	4.012	4.333
Ukrainian hryvnia	UAH	10.573	11.449	10.550	10.863

5. Effects of new accounting standards

The following revised and new IASB/IFRIC standards and interpretations were mandatory for the first time in the 2010 financial year:

IFRS 1 (revised)	First-time Adoption of IFRS
IFRS 3 (revised) Amendments to IAS 27	Business Combinations Consolidated and Separate Financial Statements
Amendments to IFRS 1	Additional Exemptions for First-time Adopters (July 2009)
Amendments to IFRS 2	Group Cash-settled Share-based Payment Transactions
IAS 39	Eligible Hedged Items – Amendments to IAS 39 Financial Instruments: Recognition and Measurement
IFRIC 12	Service Concession Arrangements
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers
Various	Improvements to IFRS (April 2009)

The following amendments to standards and interpretations are voluntary for the 2010 financial year:

IAS 24 (revised)	Related party disclosures
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (November 2009)
Amendments to IAS 32	Financial Instruments: Presentation
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement

The following IASB standards and interpretations have not yet been adopted by the EU and have not been applied:

IFRS 9	Financial Instruments
Amendments to IFRS 7	Financial Instruments: Disclosures
Amendments to IAS 12	Deferred Tax on Investment Property
Various	Improvements to IFRS (May 2010)

The amendments had the following specific effects:

Mandatory standards and interpretations

IFRS 1 (revised) First-time Adoption of IFRS

IFRS 1 has been restructured to make it easier to understand. As part of this improvement, a number of outdated transitional guidelines were deleted and minor changes were made to the text. The new structure will also make it easier to take future changes into account. The revision of this standard had no impact on HHLA's Consolidated Financial Statements.

IFRS 3 (revised) Business Combinations and amendments to IAS 27 Consolidated and Separate Financial Statements

In January 2008, the IASB published the revised standards IFRS 3 *Business Combinations* (IFRS 3 [2008]) and IAS 27 *Consolidated and Separate Financial Statements under IFRS (IAS 27 [2008])*. In IFRS 3 (2008) the application of the purchase method in the reporting of mergers is given a new regulatory framework. Significant amendments concern the valuation of minority interests, the recording of gradual company acquisitions and the treatment of conditional purchase price components and incidental acquisition costs. The new regulation stipulates that non-controlling interests can be measured either at their fair value (full goodwill method) or at the fair value of the pro rata identifiable net assets. In the case of gradual company acquisitions, the new regulation provides for a revaluation through profit and loss of the shares held as of the time when control was transferred. The revaluation takes account of the fair value at the time of acquisition of the additional shares. Any adjustment of conditional purchase price components which are reported as liabilities at the time of acquisition must be recorded through profit and loss in the future. Incidental acquisition costs are recognized as expenses as of the time when they arise. Significant alterations to IAS 27 (2008) affect the balance sheet reporting of transactions in which a company retains control as well as transactions where control is ceded. Transactions that do not lead to a loss of control must be reported under equity with no effect on income. Any remaining shares must be measured at fair value as of the time when control is lost. Depending on the type and extent of current and future transactions, the new regulations under IAS 27 and IFRS 3 will have an impact on the assets, financial and earnings position of the HHLA Group.

Amendments to IFRS 1 (July 2009) Additional Exemptions for First-time Adopters

The amendments published in July 2009 concerned the retrospective application of IFRS in particular situations, and are intended to ensure that companies do not incur disproportionately high costs when switching to IFRS. These exemptions concern companies in the oil and gas industry as well as companies with existing leasing contracts which have to reclassify their leasing contracts in line with IFRIC 4. The amendments to IFRS 1 (July 2009) did not have an effect on HHLA's Consolidated Financial Statements.

Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions

In June 2009, the IASB published amendments to IFRS 2 *Share-based Payment*. IFRS 2 stipulates that a company which receives goods or services as part of a share-based payment agreement must account for these goods or services in accordance with IFRS 2. It is of no relevance which company within the group settles the liability with the supplier or employee, or whether the liability is settled by the issuance of shares or cash. The amendments to IFRS 2 render IFRIC 8 and IFRIC 11 obsolete, as IFRS 2 now incorporates guidance previously included in these interpretations. These amendments to IFRS 2 had no impact on HHLA's Consolidated Financial Statements.

IAS 39 Eligible Hedged Items – Amendments to IAS 39 Financial Instruments: Recognition and Measurement

The IASB published amendments to IAS 39 *Financial Instruments: Recognition and Measurement* in July 2008. These amendments clarify the procedure for recognizing transactions used to hedge the inflation risk of financial instruments and options used as hedging instruments. Applying these amendments had no material impact on these Consolidated Financial Statements.

IFRIC 12 Service Concession Arrangements

IFRIC 12 deals with the issue of how private companies should recognize rights and obligations arising from contracts with public infrastructure facilities. A contractual agreement can stipulate that a private company construct or improve public sector assets and operate and maintain this facility. IFRIC 12 also clarifies how to account for payment received by the operator of this facility. The application of this interpretation has no effect for the HHLA Group.

IFRIC 15 Agreements for the Construction of Real Estate

Such agreements cover the recognition of revenue by real estate developers for sales of property before construction is complete. The application of this interpretation has no effect for the HHLA Group.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 clarifies how to recognize hedges of exchange rate risk for net investments in a foreign operation. Only foreign exchange differences arising from a difference between an entity's own functional currency and that of its foreign operation can be designated as a hedged risk. The net assets of the foreign operation recognized in the Consolidated Financial Statements may be hedged. The aforementioned hedging instruments can be held by any company within the group except the company for which the exchange rate risk resulting from the net investment is being hedged. IFRIC 16 clarifies that IAS 39.102 must be applied to determine the amounts that need to be reclassified to profit or loss from the foreign currency translation reserve when the foreign operation is sold. The amount of the cumulative foreign exchange gains or losses can be determined using the direct or the step-by-step method of consolidation. The application of this interpretation has no impact on HHLA's Consolidated Financial Statements.

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC 17 clarifies how to recognize dividends distributed to owners in the form of non-cash assets rather than cash and cash equivalents. A dividend payable should be recognized when the dividend has been appropriately authorized by a management body and is no longer at the discretion of the entity. The dividend payable to owners should be measured at the fair value of the net assets to be distributed. Entities should recognize the difference between the dividend paid and the carrying amount of the dividend payable with effect on net income. IFRS 5 was amended at the same time as IFRIC 17 coming into effect. These amendments concern non-current assets held for sale intended for use in dividend distributions. This interpretation has no impact on these Consolidated Financial Statements. There is currently no reason to believe that this interpretation will have an effect on future Consolidated Financial Statements.

IFRIC 18 Transfers of Assets from Customers

IFRIC 18 is mainly relevant for the energy sector. It clarifies agreements in which a company receives from a customer an item of property, plant and equipment that the company must then use to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. IFRIC 18 also covers cases in which the company receives cash from a customer that must be used only to acquire or construct the aforementioned assets. IFRIC 18 had no impact on these Consolidated Financial Statements.

Various improvements to IFRS (April 2009)

This combined standard aims to condense the existing standards and make them easier to understand. Most of the changes are clarifications or corrections to existing IFRS or amendments arising from modifications previously made to the IFRS. Applying these improvements did not lead to any material changes in these Consolidated Financial Statements.

Voluntary standards and interpretations

IAS 24 (revised) Related Party Disclosures

The amendments published in November 2009 affect clarifications for companies controlled by governments. The previous obligations to make extensive disclosures regarding transactions with companies controlled by the same government have been simplified. Now, only transactions that are significant for the financial recipients must be disclosed. The amendment to IAS 24 also clarifies the definition of a related party. The amended standard applies for financial years that begin on or after 1 January 2011. It may be applied earlier voluntarily. In future, the amendments will lead to additional disclosures in the Notes. HHLA did not apply the standard early.

Amendments to IFRS 1 (November 2009) First-time Adoption of IFRS

This amendment will make it possible for first-time adopters (as defined by IFRS 1) to apply transitional provisions for the application of IFRS 7 *Financial Instruments: Disclosures*. This affects all disclosures resulting from the first-time adoption of the alterations to IFRS 7 published in March 2009. First-time adopters will be exempted from providing comparative disclosures for one year after adoption. This is aimed at preventing companies from incurring disproportionately high additional costs as a result of only having a short time period before first-time adoption. The amendments to IFRS 1 (November 2009) will not have an effect on HHLA's Consolidated Financial Statements.

Amendments to IAS 32 Financial Instruments: Presentation

The amendments published in October 2009 clarify how to account for certain rights issues, options and option warrants if the issued instruments are not in the functional currency of the issuer. If such instruments are offered to the current owners proportionately at a fixed amount, they should be classified as equity instruments if the currency of their rights issue is different from the functional currency of the issuer. The current practice of accounting for such cases as derivative liabilities will be abolished in the future. These amendments have no material consequences for the HHLA Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 addresses what is required if a company and a creditor renegotiate the conditions of a financial liability and the creditor accepts shares or other equity instruments belonging to the company to extinguish all or part of a financial liability. IFRIC 19 states the following:

- The company's equity instruments are to be considered part of the "consideration paid" to extinguish the financial liability.
- The equity instruments issued to the creditor should be measured at fair value. If fair value cannot be reliably determined, the equity instruments issued are measured at the fair value of the liability extinguished.
- The difference between the carrying amount of the financial liability extinguished and the measurement of the equity instruments issued is recognized in the current income statement of the company.

The amendments to IFRIC 19 had no impact on HHLA's Consolidated Financial Statements.

Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement

The amendments concern occasions where companies make voluntary prepaid contributions in order to comply with minimum funding requirements. The amendments allow affected companies to recognize the benefits resulting from these payments as assets. The application of the revised version of IFRIC 14 will be mandatory for financial years that begin after 1 January 2011. It may be applied earlier voluntarily. The amendments to IFRIC 14 are not expected to have any effect on HHLA's future Consolidated Financial Statements.

Standards and interpretations which have not yet been adopted by the EU

IFRS 9 Financial Instruments

IFRS 9 was published in November 2009 as the first part of the project to replace the existing IAS 39 *Financial Instruments: Recognition and Measurement*. The amendments issued in 2009 introduced new requirements for classifying and measuring financial assets. IFRS 9 divides all financial assets into two measurement categories (those measured at amortized cost and those measured at fair value). It also includes simplified regulations for options regarding the measurement of financial assets. The reclassification options were altered as well. In October 2010, IFRS 9 *Financial Instruments* was republished containing new rules for reporting financial liabilities. There are still two measurement categories (amortized cost and fair value). In addition to this, the rules from the existing IAS 39 for derecognizing financial assets and liabilities were incorporated. There are further plans to add rules on the impairment of financial assets measured at amortized cost along with hedge accounting guidelines to IFRS 9. This standard must be applied for financial years that begin on or after 1 January 2013. The amendments to IFRS 9 are not expected to have any material effect on HHLA's future Consolidated Financial Statements.

Amendment to IFRS 7 Financial Instruments: Disclosures

IFRS 7 *Financial Instruments: Disclosures* was published in October 2010 and contains amendments to the way in which transfers of financial assets are disclosed. These alterations offer those who read financial reports greater insight into transactions for the purpose of transferring assets (such as securitization). The amendments largely align the corresponding disclosure duties under IFRS and US-GAAP. The amendment to IFRS 7 applies to financial periods beginning on or after 1 July 2011 and is not expected to have any effect on HHLA's future Consolidated Financial Statements.

Amendment to IAS 12 Deferred Tax on Investment Property

IAS 12 *Deferred Tax on Investment Property* was published in September 2010. The amendment makes it clear that existing temporary tax differences on investment property are recovered or settled by means of disposal and no longer through use. As a result of the amendment, SIC 21 *Income Taxes – Recovery of Revalued Non-depreciable Assets* no longer applies to investment property carried at fair value. The other guidelines were integrated into IAS 12, and SIC 21 was subsequently withdrawn. The amendment to IAS 12 applies to financial periods beginning on or after 1 January 2012 and is not expected to have any material effect on HHLA's future Consolidated Financial Statements.

6. Accounting and valuation principles

The annual financial statements of the companies included in the Consolidated Financial Statements are based on uniform accounting and valuation principles. The following specific accounting and valuation principles were applied:

Intangible assets

Intangible assets are capitalized if the assets are identifiable, a future inflow of benefits can be expected and the acquisition and production costs can be ascertained reliably. Intangible assets acquired in return for payment are recognized at historical cost. Intangible assets with a finite useful life are amortized over their useful life on a straight-line basis. The Group examines its intangible assets with a finite useful life as of each balance sheet date for signs of impairment.

Intangible assets with an indefinite useful life are subjected to an impairment test at least once a year, and if necessary, adjusted to future expectations. In the reporting period there were no intangible assets with an indefinite useful life apart from derivative goodwill.

Internally generated intangible assets are recognized at the costs incurred in their development phase, between the time when technological and economic feasibility is determined and production. Costs include all directly attributable costs incurred during the development phase.

The capitalized amount of development costs is subject to an impairment test at least once per year if the asset is not yet in use or if there is evidence of impairment during the course of the year.

The following useful lives have been assumed for intangible assets:

	2010	2009
Software	3–7 years	3–7 years

Property, plant and equipment

Property, plant and equipment are recognized at historical cost less depreciation and accumulated impairment losses. The costs of ongoing maintenance are recognized immediately in profit and loss. The amount of costs is based on directly attributable unit costs plus a proportion of directly attributable material costs and production overheads including depreciation. In accordance with IAS 16, demolition obligations are included in the acquisition or production costs at the present value of the obligation as of the time when it arises and an equivalent provision is recognized at the same time. The expense is recognized by depreciating the capitalized asset and by accruing interest on the provision, which is included in interest expenses, over the asset's useful life. The HHLA Group does not use the revaluation method of accounting.

Depreciation is carried out on a straight-line basis over an asset's useful life. The following table shows the principal useful lives which are assumed:

	2010	2009
Buildings	10–70 years	10–70 years
Technical equipment and machinery	5–25 years	5–25 years
Other plant, operating and office equipment	3–15 years	3–15 years

The carrying amounts for property, plant and equipment are tested for impairment if there is evidence that the carrying amount exceeds the recoverable amount.

Borrowing costs

According to IAS 23, borrowing costs which can be directly attributed to the acquisition or production of a qualifying asset are capitalized as a component of the acquisition or production cost of the asset in question. Borrowing costs which cannot be directly attributed to a qualifying asset are recognized as an expense at the time they are incurred.

Investment property

Investment property consists of buildings held for the purpose of generating rental income or for capital gain, and not for supplying goods or services, for administrative purposes or for sale as part of normal business operations.

IAS 40 stipulates that investment property be held at acquisition or production cost less straight-line depreciation and accumulated impairment losses. Subsequent expenses are capitalized if they result in an increase in investment property's value in use. The useful lives applied are the same as those for property used by the Group.

The fair values of these investment properties are disclosed separately in ► Note 24.

The carrying amounts for investment property are tested for impairment if there is evidence that the carrying amount exceeds the recoverable amount.

Impairment of assets

As of each balance sheet date, the Group determines whether there are any indications that an asset may be impaired. If there are such indications, or if an annual impairment test is required, as in the case of goodwill, the Group estimates the recoverable amount. The recoverable amount of an asset is the higher of the fair value of the asset or the cash-generating unit, less selling costs and its value in use. The recoverable amount must be determined for each asset individually unless the asset does not generate cash inflows which are largely independent of those generated by other assets or groups of assets. In this case, the recoverable amount of the smallest cash-generating unit must be determined. If the carrying amount of an asset exceeds its recoverable amount, the asset is deemed to be impaired and is written down to its recoverable amount. The fair value less selling costs of the cash-generating unit or asset is calculated using the discounted cash flow method. This involves discounting estimated future cash flows to their present value using a discount rate after tax, which reflects current market expectations of the interest curve and the specific risks of the asset. As of 31 December 2010, the interest rate for discounting was between 7.4 % and 9.1 % p.a. (previous year: 8.4 % to 9.5 % p.a.). The cash flow forecasts in the Group's current plans for the next five years were extrapolated to determine future cash flows. If new information is available when the financial statements are produced, it is taken into account. Growth factors of 0 % to 1.5 % were applied. When forecasting cash flows the Group takes future market and sector expectations as well as past experience into account in its planning.

On each reporting date an assessment is made as to whether an impairment loss recognized in prior periods no longer exists or has decreased. If there are such indications, the recoverable amount is estimated. Previously recognized impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is raised to its recoverable amount. This higher carrying amount may not exceed the amount which would have been determined, less scheduled depreciation or amortization, if no impairment losses had been recognized in prior years. Any such reversals must be recognized immediately in profit and loss for the period. Following a reversal, the amount of depreciation or amortization must be adjusted in subsequent periods in order to write down the adjusted carrying amount of the asset, less any residual value, systematically over its remaining useful life.

Impairment losses on goodwill are not reversed.

Financial assets

Financial assets as defined by IAS 39 are classified as financial assets at fair value through profit and loss, loans and receivables, investments held to maturity or available-for-sale financial assets.

Financial assets are initially recognized at fair value. In the case of financial investments for which no fair value through profit and loss is determined, directly attributable transaction costs are also included. The Group defines the classification of its financial assets on initial recognition and reviews this classification every year insofar as this is permitted and appropriate.

Financial assets are recognized as of their settlement date, i.e. upon delivery and transfer of risk. The only exception is the recognition of derivatives, which are recognized as of the trading day.

Financial assets at fair value through profit and loss

Derivative financial instruments are classified as held for trading unless they are derivatives designated and effective as hedging instruments. Gains or losses from financial assets held for trading are recognized in profit and loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. These assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the result for the period when the loans and receivables are derecognized or impaired and within the scope of repayment.

Trade receivables and other assets

Trade receivables and other assets are recognized at amortized cost less allowances for doubtful receivables. Write-downs are made if there is substantial objective evidence that the Group will not be able to collect the receivables. Receivables are derecognized as soon as they are deemed to be irrecoverable. Examples of objective evidence are manifest shortages of liquid funds or the institution of insolvency proceedings against a customer. When assessing such situations, HHLA draws on its own data about the specific customer, external information and figures derived from experience.

Cash and cash equivalents

Cash and cash equivalents are cash in hand, cheques, bank balances on deposit and short-term bank deposits which have an original maturity of up to six months and which are recognized at their face value. Cash used as a pledge or collateral is disclosed separately.

Available-for-sale financial assets

After initial recognition, available-for-sale financial assets are carried at fair value and gains or losses are recognized in accumulated other equity. The gains or losses accumulated in equity are recognized in profit and loss as of the date when the financial instruments are derecognized or their impairment is determined.

The fair values of financial instruments traded on organized markets are determined by reference to the prices quoted on the stock exchange on the balance sheet date. The fair values of financial instruments for which there is no active market are estimated using valuation methods. If the fair values cannot be determined reliably because they are not traded on an active market, they are valued at cost. This applies in particular to non-consolidated interests in affiliated companies and other equity investments.

Impairment of financial assets

On each balance sheet date the Group determines whether a financial asset or a group of financial assets is impaired.

Assets carried at amortized cost

If there is an objective indication of impairment to loans and receivables carried at amortized cost, the loss is calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows (excepting future credit defaults), discounted by the original effective interest rate of the financial asset (i.e. the interest rate determined on initial recognition). The amount of the loss must be recognized immediately in profit and loss. If the amount of the write-down decreases in one of the following reporting periods and this decrease can be ascribed objectively to circumstances occurring after the impairment was recognized, then the earlier impairment is reversed. A subsequent write-up is recognized in profit and loss if the carrying amount of the asset at the time of the write-up does not exceed the amortized cost.

Assets recognized at cost

If there is an objective indication of impairment to a non-listed equity instrument that is not recognized at fair value because its fair value cannot be determined reliably, the amount of the write-down is the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows, discounted at the current market rate of return for a comparable financial asset.

Available-for-sale financial assets

If an available-for-sale financial asset is impaired, the difference recognized in equity between the acquisition cost (less any repayments and amortization) and the current fair value, less any impairment allowances for the financial asset, is recognized in profit and loss. Write-ups on equity instruments classified as available for sale are recognized directly in equity. Write-ups on debt instruments are recognized in profit and loss if the increase in the instrument's fair value can objectively be ascribed to an event which occurred after the impairment was recognized through profit and loss.

Inventories

Inventories include raw materials, consumables and supplies, work in progress, finished products and merchandise. They are initially recognized at acquisition or production cost. Measurement at the balance sheet date is made at the lower of cost and net realizable value. Standard sequence of consumption procedures are not used for valuation. Service work in progress is valued using the percentage of completion method if the result of the service transaction can be estimated reliably. Net realizable value corresponds to the estimated sales proceeds in the course of normal operations, less costs until completion and sale.

Liabilities

At initial recognition, financial liabilities are measured at the fair value of the equivalent goods or services received less transaction costs related to borrowing, including discounts and premiums. After initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method. This does not apply to derivatives recorded as liabilities, which are carried at fair value.

Provisions

A provision is formed if the Group has a present (legal or factual) obligation arising from past events, the settlement of which is likely to result in an outflow of resources embodying economic benefits, and if the amount required to settle the obligation can be estimated reliably. The provision is formed for the amount expected to be necessary to settle the obligation, including future increases in prices and costs. If the Group anticipates a partial reimbursement of an amount made as a provision (e.g. in the case of insurance), the reimbursement is recognized as a separate asset only if it is virtually certain. The expenses arising from making the provision are disclosed in the income statement after the reimbursement has been deducted. If the interest effect is substantial, non-current provisions are discounted before tax at an interest rate which reflects the specific risks associated with the liability. In the event of discounting, the increase in the amount of the provision over time is recognized under interest expenses.

Pensions and other retirement benefits

Pension obligations

Pensions and similar obligations include the Group's benefit obligations under defined benefit obligations. Provisions for pension obligations are calculated in accordance with IAS 19 using the projected unit credit method. Actuarial gains and losses are recognized in equity without effect on profit and loss, after accounting for deferred taxes. The option of using the corridor method has not been exercised. Service expense affecting net income is recognized in personnel expenses and the interest proportion of the addition to provisions is recognized in the financial result.

Phased early retirement obligations

The compensation to be paid in the release phase of the so-called block model is recognized as provisions for phased early retirement. It is recognized pro rata over the working period over which the entitlements accrue. The supplementary contributions to be paid over the entire phased early retirement period are recognized as provisions for phased early retirement. Actuarial opinions are commissioned annually to measure compensation obligations in the release phase of the block model and supplementary amounts. If payment obligations do not become payable until after twelve months' time, because of entitlements in the block model or supplementary amounts, they are recognized at their present value.

Leases in which the Group is lessee

The question of whether an agreement is, or contains, a lease depends on the commercial content of the agreement and requires an assessment as to whether fulfilling the agreement depends on the use of a certain asset or assets and whether the agreement grants a right to use that asset.

Finance leases

Finance leases – in which virtually all of the risks and potential rewards associated with ownership of an asset are transferred to the Group – are capitalized at the start of the lease at the lower of the leased asset's fair value or the present value of the minimum lease payments. A lease liability is recognized for the same amount. Lease payments are divided into financing expenses and repayment of the lease liability, so that interest is paid on the residual carrying amount of the lease liability at a constant rate. Financing expenses are recognized in profit and loss in the period in which they arise.

If the transfer of title to the Group at the end of the lease term is not sufficiently certain, capitalized leased assets are fully depreciated over the shorter of the lease term and the asset's useful life. Otherwise, the period of depreciation is the leased asset's useful life.

Operating leases

Lease instalments for operating leases are recognized as expenses in profit and loss on a straight-line basis over the duration of the lease.

Leases in which the Group is lessor

The HHLA Group lets properties in and around the Port of Hamburg as well as office properties, warehouses and other commercial space. The rental contracts are classified as operating leases, as the main risks and potential rewards of the properties remain with the Group. The properties are therefore held as investment properties at amortized cost. Rental income from investment properties is recognized on a straight-line basis over the term of the leases.

Recognition of income and expenses

Income is recognized when it is probable that the economic benefit will flow to the Group and the amount of income can be determined reliably. The following criteria must also be met for income to be recognized:

Sale of goods and merchandise

Income is recognized when the principal risks and potential rewards incidental to ownership of the goods and merchandise sold have been transferred to the buyer.

Provision of services

Income from services is recognized in proportion to the progress of the project in question. The extent to which the service has been provided is determined by the number of hours worked as of the balance sheet date as a percentage of the total number of hours estimated for the project. If the result of a service transaction cannot be estimated reliably, income is recognized only to the extent that the expenses incurred are eligible for reimbursement.

Staff deployment

External staff costs, which were previously recognized in the cost of materials, have been reclassified since the first quarter of 2010. These expenses were reclassified as personnel expenses for the first time as of 31 March 2010. This item includes expenses for the deployment of employees of Gesamthafenbetriebs-Gesellschaft m.b.H., Hamburg. Due to the similarity of the employee situations, reclassifying these costs as personnel expenses makes our presentation more consistent. The corresponding figures for the previous year have been restated. The following overview can be used for comparison purposes:

in €thousand	Cost of materials		Personnel expenses	
	2010	2009	2010	2009
Before reclassification	- 412,413	- 346,113	- 276,737	- 284,741
Reclassification	40,046	23,984	- 40,046	- 23,984
After reclassification	- 372,367	- 322,129	- 316,783	- 308,725

Interest

Interest income and interest expenses are recognized when they are accrued or incurred.

Dividends

Income from dividends is recognized in profit and loss when the Group has a legal right to payment. This does not apply to dividends distributed by companies accounted for using the equity method.

Income and expenses

Operating expenses are recognized when the service is rendered or when the expense is incurred. Income and expenses resulting from identical transactions or events are recognized in the same period. Rental expenses are recognized on a straight-line basis over the lease term.

Government grants

Government grants are recognized when there is sufficient certainty that they will be granted and the company fulfils the necessary conditions. Grants paid as reimbursement for expenses are recognized as income over the period necessary to offset them against the expenses for which they are intended to compensate. If grants relate to an asset they are deducted from the asset's cost of purchase and recognized in profit and loss on a straight-line basis by reducing the depreciation for the asset over its useful life.

Taxes

Current claims for tax rebates and tax liabilities

Current claims for tax rebates and tax liabilities for the financial year and prior periods are measured at the amount for which a rebate is expected from, or payment must be made to, the tax authorities. The tax rates and tax legislation in force as of the balance sheet date are used to determine the amount.

Deferred taxes

Deferred taxes are recognized by using the balance sheet liabilities method on all temporary differences between the carrying amount of an asset or liability in the balance sheet and the amount for tax purposes, as well as on tax loss carry-forwards.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences and unused tax loss carry-forwards proportionate to the probability that taxable income will be available to offset against the deductible temporary differences and the unused tax loss carry-forwards.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer likely that sufficient taxable profits will be available to use against the deferred tax asset. Unrecognized deferred tax assets are reviewed on each balance sheet date and recognized proportionate to the likelihood that future taxable profits will make it possible to use deferred tax assets.

Deferred tax assets and liabilities are measured using the tax rates expected to apply in the period in which the asset is realized or the liability is met. Tax rates (and tax regulations) are applied if they have already been enacted as of the balance sheet date.

Income taxes relating to items recognized directly in equity are recognized in equity, likewise not affecting net income.

Deferred tax assets and liabilities are netted only if the deferred taxes relate to income taxes for the same tax authority and the current taxes may also be set off against one another.

Fair value of financial instruments

The fair value of financial instruments is determined on the basis of market values or valuation methods. For cash and other current primary financial instruments, fair value is equivalent to the carrying amounts on the respective balance sheet dates.

For non-current receivables and other financial assets, as well as non-current provisions and liabilities, fair value is measured based on expected cash flows using reference rates of interest at the balance sheet date. The fair value of derivative financial instruments is determined on the basis of reference interest rates and futures prices at the balance sheet date.

Derivative financial instruments and hedging transactions

The Group uses derivative financial instruments such as interest rate swaps, interest rate caps and currency futures to hedge against interest and currency risks. These derivative financial instruments are initially recognized at fair value at the time the contracts are concluded and subsequently revalued at fair value.

Gains and losses from changes in the fair value of derivative financial instruments which do not meet the criteria for qualification as hedging transactions are recognized immediately through profit and loss.

For hedge accounting purposes, hedging instruments are classified as cash flow hedges if they serve as a hedge against the risk of fluctuations in cash flows which can be attributed to a recognized asset or liability, or a forecast transaction.

A hedge for the currency risk of a fixed obligation is treated as a cash flow hedge.

At the beginning of a hedging relationship, the Group formally designates the hedging relationship to be recognized as a hedging transaction, as well as the risk management aims and strategies relating to the hedge, and documents them. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and a description of how the company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. These hedging relationships are considered to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk. The hedges are assessed on an ongoing basis to determine whether they were actually highly effective throughout the financial reporting period for which the hedge was designated.

There were no hedging transactions to hedge fair value or net investments in a foreign operation during the reporting period. Cash flow hedges which meet the strict criteria for recognition as hedging relationships are recognized as follows:

Cash flow hedges

The effective portion of gains or losses from changes in the fair value of a hedging instrument is recognized directly in equity, taking account of the deferred taxes, while the ineffective portion is recognized in profit and loss.

The amounts recognized in equity are recorded in the income statement in the period affected by the hedged transaction, e.g. when the hedged financial income or expense affects profit and loss or when a forecast sale or purchase occurs. If the hedged transaction is the acquisition cost of a non-financial asset or a non-financial liability, the amounts recognized in equity are added to the originally recognized carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, the amounts previously recognized in equity are recognized in profit and loss for the period. If the hedging instrument expires, or is sold, terminated or exercised, or rolled over into another hedging instrument, or if the Group withdraws the designation as a hedging instrument, the amounts previously recognized in equity remain separately recognized in equity until the forecast transaction occurs.

7. Significant assumptions and estimates

Preparing the Consolidated Financial Statements in accordance with IFRS requires management to make estimates and assess individual facts and circumstances. The estimates made are based on past experience and other relevant factors; they are made on a going concern basis.

The amounts which actually arise may differ from those resulting from estimates and assumptions.

The accounting and valuation principles applied are explained in ► Note 6. Material assumptions and estimates affect the following issues:

Business Combinations

The fair value of the assets acquired and liabilities and contingent liabilities assumed as a result of business combinations must be estimated. For this purpose, HHLA makes use of opinions from independent external actuaries or calculates the fair value internally using suitable calculation models. These are normally based on discounted cash flows. Depending on the nature of the assets or the availability of information, market price, capital value and cost-oriented valuation methods are applied. Details regarding the companies acquired in the reporting year are available in ► Note 3.

Goodwill

The Group tests goodwill for impairment at least once a year. This requires an estimate of the fair value less selling costs or the value in use of the cash-generating units to which the goodwill has been allocated. To estimate the value in use, the Group must forecast the likely future cash flows from the cash-generating unit and also choose an appropriate discount rate with which to calculate the present value of these cash flows. Unforeseeable changes may mean that the assumptions used during planning are no longer appropriate, making it necessary to adjust plans. An impairment loss may be incurred as a result. The carrying amount as of 31 December 2010 came to €41,561 thousand (previous year: €44,245 thousand). For more information, please refer to ► Note 22.

Internal development activities

These activities relate to the development of software within the Group, which are capitalized as soon as the recognition requirements pursuant to IAS 38.57 are fulfilled. HHLA amortizes the software over the expected useful life of three to seven years from the point that the software comes into use. As of 31 December 2010, the carrying amount of intangible assets resulting from internal development activities came to €26,459 thousand (previous year: €24,023 thousand). For more information, please refer to ► Note 22.

Investment property

HHLA carries out its own calculations to determine the fair value of this property. Industry-standard discounted cash flow methods are applied. The calculations are based on assumptions about applicable interest rates and the amount and time frame of expected future cash flows which these assets can generate. As of 31 December 2010, the carrying amount came to €185,568 thousand (previous year: €186,471 thousand). Detailed information is available in ► Note 24.

Pension provisions

Actuarial opinions are commissioned annually to determine pension obligation costs. These calculations include assumptions about demographic changes, salary and pension increases, and interest, inflation and fluctuation rates. Because these assumptions are long-term in nature, the observations are assumed to be characterized by material uncertainties. The present value of pension obligations as of 31 December 2010 came to €329,221 thousand (previous year: €323,824 thousand). More detailed information is available in ► Note 36.

Provisions for phased early retirement

All employees who have signed, or are expected to sign, an agreement are taken into consideration when recognizing and measuring provisions for phased early retirement. The number of employees expected to sign is an estimate. The appraisal reports are also based on actuarial assumptions. The present value of obligations as of 31 December 2010 came to €11,669 thousand (previous year: €21,304 thousand). For more information, please refer to ► Note 37.

Demolition obligations

Provisions for demolition obligations result from obligations to be met at the end of the lease term under long-term lease agreements with the Free and Hanseatic City of Hamburg. All HHLA Group companies in the Port of Hamburg are obliged to return leased land free of all buildings owned by them at the end of the lease term. The calculations are based on assumptions concerning the amount of demolition work necessary, interest rates and inflation. The present value of obligations as of 31 December 2010 came to €39,107 thousand (previous year: €34,018 thousand). For more information, please refer to ► Note 37.

Other assumptions and estimates

Assumptions and estimates are also made for value adjustments on doubtful receivables, for determining the duration of amortization or depreciation for intangible assets and property, plant and equipment, respectively, for determining other provisions and for the application of deferred taxes to tax loss carry-forwards.

Information to the income statement

The income statement has been prepared using the total expenditure format.

8. Revenue

The following table shows Group revenue by segment:

in €thousand	2010	2009
Container	594,981	557,737
Intermodal	315,561	275,835
Logistics	115,503	110,130
Holding/Other	15,752	16,840
Real Estate	31,325	30,201
	1,073,122	990,743

Revenue by region:

in €thousand	2010	2009
Germany	846,704	805,054
EU	175,296	140,018
Outside EU	51,122	45,671
	1,073,122	990,743

9. Changes in the inventories

The changes in the inventories of finished and unfinished products and service work in progress are as follows:

in €thousand	2010	2009
Changes in the inventories of finished and unfinished products and service work in progress	- 1,149	360

10. Own work capitalized

in €thousand	2010	2009
Container	7,007	7,778
Intermodal	26	101
Logistics	49	0
Holding/Other	277	399
	7,359	8,278

Own work capitalized results mainly from technical work capitalized in the course of construction work and development activities.

11. Other operating income

in €thousand	2010	2009
Income from reversal of provisions	12,050	5,521
Income from other accounting periods	6,314	7,427
Compensation	4,463	2,026
Income from reversal of impairment loss	3,020	284
Reimbursements	2,426	2,863
Income from exchange rate differences	1,844	3,957
Proceeds on disposal of property, plant and equipment	895	1,687
Other operating income	6,740	5,473
	37,752	29,238

Income from the reversal of provisions is largely affected by changes in estimates concerning the amount of future payment obligations arising from phased early retirement agreements (€6,241 thousand) and demolition obligations which no longer exist (€4,233 thousand). Income from other accounting periods primarily consists of unclaimed reimbursements for customers and uninvoiced construction services totalling €4,340 thousand (previous year: €4,459 thousand). Income from reversal of impairment loss includes reversals to fair value amounting to €2,000 thousand on non-current assets held for sale which were sold during the year under review.

12. Cost of materials

In the reporting year, the cost of materials could be broken down as follows:

in €thousand	2010	2009
Raw materials, consumables and supplies	63,335	54,626
External staff*	193	1,237
Purchased services	308,839	266,266
	372,367	322,129

Reclassification, see ▶ *Note 6, Staff deployment*

13. Personnel expenses

Personnel expenses in the financial year were as follows:

in €thousand	2010	2009
Wages and salaries	228,805	233,716
Social security contributions and benefits	43,324	46,565
Staff deployment*	40,046	23,984
Current service expense	3,945	3,804
Other retirement benefit expenses	663	656
	316,783	308,725

Reclassification, see ▶ *Note 6, Staff deployment*

The direct remuneration paid to members of the Executive Board totalled €2,554 thousand for the 2010 financial year (previous year: €2,599 thousand). Of this, €1,450 thousand related to the basic salary (previous year: €1,519 thousand), €53 thousand was other benefits (previous year: €75 thousand) and performance-related remuneration made up €1,051 thousand (previous year: €1,005 thousand). In addition to this, expenses for pension entitlements came to €810 thousand (previous year: €1,511 thousand). Former members of the Executive Board and their surviving dependents received total payments of €821 thousand (previous year: €751 thousand). Total provisions of €11,692 thousand (previous year: €11,639 thousand) have been formed for pension obligations to former members of the Executive Board and their surviving dependents. For more details on the remuneration paid to the Executive Board and the Supervisory Board, please refer to the ► Remuneration Report.

Expenses for wages and salaries from the termination of employment totalled €108 thousand in the year under review (previous year: €1,806 thousand).

Current service expense includes payments from defined benefit pension commitments and similar obligations. Social security contributions include payments towards the public pension scheme amounting to €19,814 thousand (previous year: €20,701 thousand) and payments to the German pension insurance scheme. The short-time working hours implemented until 31 October of the reporting year resulted in a claim for reimbursement of employer's social security contributions from the German Federal Employment Agency. The reimbursements paid were recognized with effect on profit and loss in expenses for social security contributions according to the equity method, and amounted to €2,721 thousand (previous year: €462 thousand).

The average number of employees changed over the financial year as follows:

	2010	2009
Fully consolidated companies		
Employees receiving wages	2,396	2,451
Salaried staff	1,983	2,034
Trainees	120	137
	4,499	4,622
Proportionately consolidated companies		
Employees receiving wages	55	83
Salaried staff	144	129
Trainees	0	1
	199	213
	4,698	4,835

14. Other operating expenses

The following table shows other operating expenses:

in €thousand	2010	2009
Leasing	41,342	39,992
External maintenance services	28,405	25,823
Consultancy, services, insurance and auditing expenses	24,783	25,624
Travel expenses, advertising and promotional costs	2,768	2,962
External and internal cleaning costs	2,630	2,566
Other personnel expenses	2,175	2,276
Other taxes	2,099	1,760
Venture expenses	1,968	1,864
Expenses from exchange rate differences	1,956	3,253
Postage and telecommunications costs	1,757	1,867
Expenses from other accounting periods	1,273	1,497
Losses on the disposal of property, plant and equipment	813	650
Losses from deconsolidation	0	2,997
Other	9,077	7,085
	121,046	120,216

► See Note 45 for further details of leasing expenses.

15. Depreciation and amortization

Depreciation and amortization in the financial year was as follows:

in €thousand	2010	2009
Intangible assets	6,404	3,683
Property, plant and equipment	92,709	88,232
Assets classified as finance leases	3,823	3,260
Investment property	11,044	10,377
Non-current assets held for sale	0	11,749
	113,980	117,301

A classification of the depreciation and amortization by asset category is shown in the fixed asset movement schedule. Impairment losses totalling €5,160 thousand (previous year: €1,550 thousand) were recognized in the reporting year see ► Notes 22 and 24.

16. Financial result

The financial result in the reporting period was as follows:

in € thousand	2010	2009
Earnings from associates accounted for using the equity method	208	164
Interest income from non-affiliated companies	1,785	810
Income from exchange rate effects	1,396	908
Interest income from bank balances	1,173	2,924
Income from interest rate hedges	395	663
Interest income from non-consolidated affiliated companies	264	337
Income from lending of financial assets	2	2
Interest income	5,015	5,644
Interest portion of pension provisions	15,652	16,949
Interest expenses on bank borrowing	11,146	12,820
Interest portion of other provisions	3,052	2,398
Interest expenses from non-consolidated affiliated companies	2,983	3,008
Expenses from exchange rate differences	2,181	654
Interest expenses from non-affiliated companies	1,965	1,832
Expenses from interest rate hedges	1,491	1,322
Interest included in lease payments	1,479	950
Interest and similar expenses	39,949	39,933
Net interest	- 34,934	- 34,289
Income from other equity investments	336	423
Depreciations of financial assets and non-current financial receivables	0	348
Expenses from transfer of losses	0	194
Other financial result	336	- 119
Financial result	- 34,390	- 34,244

CuxPort GmbH, Cuxhaven, which is accounted for using the equity method, was included on the basis of the annual financial statements to 31 December 2010. By contrast, the previous year's figure is based on the interim financial statements for the period to 30 September 2009. This was because the company's annual financial statements were not available when the Consolidated Financial Statements for 2009 were being prepared.

The exchange rate differences which arose in 2010 mainly relate to SC HPC Ukraina, Odessa, Ukraine. Essentially, these were exchange rate effects arising from bank deposits.

17. Research and development costs

In the 2010 financial year, research and development costs of € 2,532 thousand (previous year: € 1,532 thousand) were recognized as an expense. These primarily related to software development.

18. Income tax

Paid or outstanding taxes on income and deferred taxes are shown under the item income taxes. Income taxes are made up of corporation tax, solidarity surcharge and trade tax. Companies domiciled in Germany pay corporation tax of 15.0 % and a solidarity surcharge of 5.5 % of the corporation tax expense. These companies and German-based subsidiaries in the form of limited partnerships are also liable for trade tax, which is imposed at different local rates. Trade tax no longer reduces the amount of a company's profits on which corporation tax is payable.

The main components of income tax expense for the 2010 and 2009 financial years are as follows:

in € thousand	2010	2009
Deferred and current income taxes		
Deferred taxes on temporary differences		
Domestic	- 2,285	- 3,265
Foreign	124	405
	- 2,161	- 2,860
Deferred taxes on losses carried forward		
Domestic	970	748
Foreign	169	0
	1,139	748
	- 1,022	- 2,112
Current income tax expense		
Domestic	36,848	30,860
Foreign	8,762	8,120
	45,610	38,980
Income tax expense recognized in the income statement	44,588	36,868

Current income tax expenses include tax income from other accounting periods amounting to € 973 thousand (previous year: € 2,406 thousand).

Consolidated Financial Statements

Deferred tax assets and liabilities result from temporary differences and tax loss carry-forwards as follows:

in € thousand	Deferred tax assets		Deferred tax liabilities	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Intangible assets	1,004	1,459	1,293	1,070
Property, plant and equipment and finance leases	5,602	4,534	15,812	13,943
Investment property	0	0	13,144	13,725
Financial assets	699	756	368	404
Inventories	0	18	82	143
Receivables and other assets	763	673	737	879
Pension and other provisions	41,372	38,966	797	1,506
Liabilities	872	1,379	99	82
Tax losses carried forward	1,889	750	0	0
	52,201	48,535	32,332	31,752
Netted amounts	- 19,435	- 18,723	- 19,435	- 18,723
Balance sheet items	32,766	29,812	12,897	13,029

The offsetting and reconciliation between the income tax expenses and hypothetical tax expenses based on the IFRS result and the Group's applicable tax rate for the 2010 and 2009 financial years are as follows:

in € thousand	2010	2009
Profit before tax	158,518	126,004
Income tax expense at hypothetical income tax rate of 32.28 % (previous year: 32.28 %)	51,170	40,674
Adjustment in current income taxes for prior years	- 973	- 3,518
Effect of tax rate changes	- 1,552	157
Tax-free income	- 78	- 137
Non-deductible expenses	312	3,119
Trade tax additions and reductions	973	1,059
Differences in tax rates	- 4,737	- 4,221
Other tax effects	- 527	- 265
	44,588	36,868

Deferred taxes are calculated on the basis of the tax rates currently in force in Germany or those expected to apply at the time of realization. A tax rate of 32.28 % was used for the calculations in both 2009 and 2010. This is made up of corporation tax at 15.0 %, solidarity surcharge of 5.5 % and the trade tax payable in Hamburg of 16.45 %. Limited partnerships are also liable for trade tax. Due to special rules, property management companies generally do not pay trade tax. Trade tax no longer reduces the amount of a company's profits on which trade tax is payable; neither does it lessen the amount on which corporation tax is paid. Due to rules on minimum taxation, tax loss carry-forwards are only partially usable in Germany. Tax losses of up to € 1 million can be set off against taxable profits without restriction, and higher tax losses up to a maximum of 60 %.

The effect of tax rate changes primarily includes the trade tax effects arising from the different application of taxation to select property management companies within the Group.

The effects of tax rates for domestic and foreign taxes that diverge from the Group parent company's tax rate are reported in the offsetting and reconciliation under differences in tax rates.

Deferred tax assets are recognized on tax loss carry-forwards and temporary differences if it is sufficiently certain that they can be realized in the near future. The Group has corporation tax loss carry-forwards of € 5,765 thousand (previous year: € 4,735 thousand) and trade tax loss carry-forwards of € 5,866 thousand (previous year: € 5 thousand) which it can use without restriction. Corresponding deferred tax assets are carried as a result. No deferred tax assets were recognized for corporation tax loss carry-forwards of € 647 thousand (previous year: € 611 thousand) and trade tax loss carry-forwards of € 852 thousand (previous year: € 804 thousand). Under current legislation, the tax losses and interest can be carried forward in Germany without restriction.

Deferred tax assets of € 512 thousand (previous year: € 403 thousand) and deferred tax liabilities of € 16,138 thousand (previous year: € 18,169 thousand) recognized directly in equity without effect on profit and loss come from actuarial gains and losses on pension provisions and cash flow hedges.

The income tax recognized in the statement of comprehensive income is made up as follows:

in €thousand		2010			2009	
	Gross	Taxes	Net	Gross	Taxes	Net
Actuarial gains/losses	- 6,493	2,087	- 4,406	- 23,640	7,636	- 16,004
Cash flow hedges	- 220	56	- 164	- 800	153	- 647
Unrealized gains/losses on available-for-sale financial assets	18	- 3	15	71	- 23	48
	- 6,695	2,140	- 4,555	- 24,369	7,766	- 16,603

19. Share of results attributable to other shareholders

Profits attributable to other shareholders amounting to €37,703 thousand (previous year: €36,090 thousand) mainly relate to minority shareholders of HHLA Container-Terminal Altenwerder GmbH, Hamburg, and METRANS a.s., Prague, Czech Republic.

The slight increase in minority interests is a result of the overall positive earnings trend.

20. Earnings per share

Basic earnings per share are calculated in accordance with IAS 33 by dividing the net profit for the Group attributable to the shareholders of the parent company by the average number of shares.

The following table illustrates the calculation for basic earnings per share:

	2010	2009
Share of consolidated net profit attributable to shareholders of the parent company in €thousand	76,227	53,046
Number of common shares in circulation (weighted average)	72,679,826	72,679,826
Basic earnings per share in €	1.05	0.73

The basic earnings per share were calculated for the subgroup Port Logistics as follows:

	2010	2009
Share of consolidated net profit attributable to shareholders of the parent company in €thousand	69,890	46,705
Number of common shares in circulation (weighted average)	69,975,326	69,975,326
Basic earnings per share in €	1.00	0.67

The basic earnings per share were calculated for the subgroup Real Estate as follows:

	2010	2009
Share of consolidated net profit attributable to shareholders of the parent company in €thousand	6,337	6,341
Number of common shares in circulation (weighted average)	2,704,500	2,704,500
Basic earnings per share in €	2.34	2.34

The diluted earnings per share are identical to the basic EPS as there were no conversion or option rights in circulation during the financial year.

21. Dividend per share

The dividend entitlement for the share classes is based on the portion of the distributable profit attributable to the relevant division. This is calculated in accordance with the German Commercial Code (HGB).

A resolution was passed at the Annual General Meeting held on 16 June 2010 to distribute a dividend of €30,695 thousand to holders of common shares for the 2009 financial year. At the time of the distribution, the number of shares entitled to dividends amounted to 72,679,826, of which 69,975,326 are to be attributed to the subgroup Port Logistics (A division) and 2,704,500 to the subgroup Real Estate (S division). The resultant dividends are €0.40 per Class A share and €1.00 per Class S share. The remaining undistributed profit was carried forward to new account.

In 2011, dividends of €38,486 thousand are due to be paid to shareholders in the subgroup Port Logistics and a payout of €3,245 thousand is to be made to the subgroup Real Estate's shareholders. This is equivalent to dividends per share of €0.55 for the subgroup Port Logistics and €1.20 for the subgroup Real Estate.

Information to the balance sheet

22. Intangible assets

The following table shows the changes in intangible assets:

in €thousand	Goodwill	Software	Internally developed software	Other intangible assets	Payments on account	Total
Carrying amount 1 January 2009	44,241	2,893	21,303	0	9,919	78,356
Cost						
1 January 2009	47,564	33,635	21,378	1,399	9,919	113,895
Additions	4	1,465	3,806		2,249	7,524
Disposals		- 105	- 5			- 110
Reclassifications		2,268			- 2,025	243
Changes in group of consolidated companies		- 20				- 20
Exchange rate effects		- 84				- 84
31 December 2009	47,568	37,159	25,179	1,399	10,143	121,448
Accumulated amortization and impairment losses						
1 January 2009	3,323	30,742	75	1,399	0	35,539
Additions		2,602	1,081			3,683
Disposals		- 43				- 43
Changes in group of consolidated companies		- 20				- 20
Exchange rate effects		- 45				- 45
31 December 2009	3,323	33,236	1,156	1,399	0	39,114
Carrying amount 31 December 2009	44,245	3,923	24,023	0	10,143	82,334
Carrying amount 1 January 2010	44,245	3,923	24,023	0	10,143	82,334
Cost						
1 January 2010	47,568	37,159	25,179	1,399	10,143	121,448
Additions	316	1,785	4,149		1,692	7,942
Disposals		- 1,430	- 48			- 1,478
Reclassifications		795			- 795	0
Exchange rate effects		119				119
31 December 2010	47,884	38,428	29,280	1,399	11,040	128,031
Accumulated amortization and impairment losses						
1 January 2010	3,323	33,236	1,156	1,399	0	39,114
Additions	3,000	1,739	1,665			6,404
Disposals		- 1,409				- 1,409
Exchange rate effects		72				72
31 December 2010	6,323	33,638	2,821	1,399	0	44,181
Carrying amount 31 December 2010	41,561	4,790	26,459	0	11,040	83,850

The carrying amounts for goodwill relate to the following HHLA segments:

in € thousand	31.12.2010	31.12.2009
Container (Rosshafen)	30,929	30,929
Container (HHCT)	6,493	6,493
Intermodal	4,137	6,821
Other	2	2
	41,561	44,245

The goodwill of € 30,929 thousand disclosed as of 31 December 2010 relates to the 100 % stake in HHLA Rosshafen Terminal GmbH, Hamburg, acquired by HHLA in 2006. The acquired company lets and manages buildings and sites in Hamburg's Rosshafen Terminal. At the same time, the company acquired various buildings and structural facilities located on the Rosshafen site in Hamburg. This goodwill is primarily derived from additional strategic options to expand the Group's handling activities at the sites let by the company.

In the Intermodal segment, the annual impairment test on goodwill for the cash-generating unit consisting of TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt/Main, led to impairment requirements amounting to € 3,000 thousand. The goodwill attributed to this company was written down by this amount and the impairment loss was recognized through profit and loss. The resulting expense item is shown under depreciation and amortization.

The impairment was necessary due to earnings forecasts being withdrawn. The value in use was calculated as the recoverable amount using a discount rate of 7.4 % (previous year: 8.4 %). The earnings forecast used for these calculations is based on the outlook for 2011 to 2015. However, the forecast result was reduced due to the current uncertainties. As of 2016, a continuation value with no growth factor is used. A rise of € 500 thousand in the earnings reduction would increase the impairment write-down by € 1,800 thousand. No impairment would be necessary if the forecast result was not reduced.

The first-time consolidation of RAILTRANSPORT s.r.o., Prague, Czech Republic, generated goodwill of € 316 thousand in the Intermodal segment.

Of the internally developed software shown, € 17,763 thousand was not yet completed as of the balance sheet date (previous year: € 15,535 thousand).

Of the payments on account, € 10,620 thousand (previous year: € 8,075 thousand) relate to the development and expansion of software for management, scheduling and migration systems belonging to HHLA Container Terminal Burchardkai GmbH, Hamburg.

In the previous year, reclassifications totalling € 243 thousand related to software being taken out of the category of property, plant and equipment see ► Note 23.

23. Property, plant and equipment

The following tables show the changes in property, plant and equipment:

in €thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Payments on account and plant under construction	Total
Carrying amount 1 January 2009	273,641	287,904	164,688	146,752	872,985
Cost					
1 January 2009	514,794	598,437	321,962	146,772	1,581,965
Additions	58,327	9,353	26,598	55,348	149,626
Disposals	- 6,565	- 9,438	- 10,501	- 484	- 26,988
Reclassifications	50,631	33,227	3,369	- 87,836	- 609
Changes in group of consolidated companies	7,762		- 1,853	- 37	5,872
Reclassification on non-current assets held for sale	- 13,445	- 9,002	- 47		- 22,494
Exchange rate effects	- 330	- 1,610	- 51	- 155	- 2,146
31 December 2009	611,174	620,967	339,477	113,608	1,685,226
Accumulated amortization and impairment losses					
1 January 2009	241,153	310,533	157,274	20	708,980
Additions	20,309	39,202	31,981		91,492
Disposals	- 4,404	- 9,189	- 10,823	- 20	- 24,436
Changes in group of consolidated companies			- 1,780		- 1,780
Reclassification on non-current assets held for sale	- 2,599	- 2,916	- 30		- 5,545
Exchange rate effects	- 23	- 203	- 31		- 257
31 December 2009	254,436	337,427	176,591	0	768,454
Carrying amount 31 December 2009	356,738	283,540	162,886	113,608	916,772
Carrying amount 1 January 2010	356,738	283,540	162,886	113,608	916,772
Cost					
1 January 2010	611,174	620,967	339,477	113,608	1,685,226
Additions	86,738	55,907	5,766	10,526	158,937
Disposals	- 6,811	- 3,797	- 9,021	- 116	- 19,745
Reclassifications	11,139	43,602	- 193	- 61,883	- 7,335
Changes in group of consolidated companies		3	1,266		1,269
Exchange rate effects	1,273	2,336	79	64	3,752
31 December 2010	703,513	719,018	337,374	62,199	1,822,104
Accumulated amortization and impairment losses					
1 January 2010	254,436	337,427	176,591	0	768,454
Additions	23,380	43,163	29,989		96,532
Disposals	- 4,685	- 3,686	- 8,670		- 17,041
Reclassifications	- 5,165	1,331	- 1,339		- 5,173
Changes in group of consolidated companies		3	197		200
Exchange rate effects	82	417	50		549
31 December 2010	268,048	378,655	196,818	0	843,521
Carrying amount 31 December 2010	435,465	340,363	140,556	62,199	978,583

The plant under construction portfolio recognized in the reporting year primarily relates to terminal expansions in the form of berth and storage area expansions and payments for container gantry cranes.

Reclassifications of carrying amounts totalling €2,162 thousand pertain to changes in reporting as per IAS 40 and involved reclassifying assets to investment property. The properties were reclassified due to the conversion of buildings see ► Note 24.

In the second quarter of 2010, METRANS a.s., Prague, Czech Republic, altered the useful lives of all the wagons in its balance sheet to a uniform 15 years, with retroactive effect as of 1 January 2010. For the 2010 financial year, this reduces depreciation and amortization by €1,958 thousand. The impairment differences balance themselves out over the remaining useful lives.

Buildings, surfacing and movable non-current assets with a carrying amount of €46,841 thousand (previous year: €80,231 thousand) were assigned by way of collateral in connection with loans taken up by the Group. The year-on-year change is the result of different loan conditions.

Furthermore, the property, plant and equipment is encumbered with land charges amounting to €8,224 thousand (previous year: €26,299 thousand). This figure is lower than in the previous year due to the effect of loan repayments.

Regarding existing restrictions on the disposal and use of buildings in connection with the letting of the associated properties by the Free and Hanseatic City of Hamburg, see the explanatory remarks on the lease agreements in ► Note 45.

As of the balance sheet date, the Group had obligations of €44,220 thousand (previous year: €47,833 thousand) from purchase commitments which were attributable to capitalization of property, plant and equipment.

In the year under review, HHLA received public subsidies worth €951 thousand (previous year: €7,208 thousand) in connection with the promotion of intermodal transport. Together with as-yet unused subsidies from prior years, this amount was offset against the cost of acquiring the relevant assets in 2010, resulting in a total of €1,436 thousand (previous year: €6,217 thousand).

Property, plant and equipment includes the following assets which are classified as finance leases as per IAS 17:

in €thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Total
Carrying amount 1 January 2009	67	3,548	20,774	24,389
Cost				
1 January 2009	245	6,499	27,503	34,247
Additions		15	1,272	1,287
Disposals		- 8	- 879	- 887
Exchange rate effects		33		33
31 December 2009	245	6,539	27,896	34,680
Accumulated amortization and impairment losses				
1 January 2009	178	2,951	6,728	9,857
Additions	24	562	2,674	3,260
Disposals		- 5	- 853	- 858
Exchange rate effects		27		27
31 December 2009	202	3,535	8,549	12,286
Carrying amount 31 December 2009	43	3,004	19,347	22,394
Carrying amount 1 January 2010	43	3,004	19,347	22,394
Cost				
1 January 2010	245	6,539	27,896	34,680
Additions	66,062	14	1,008	67,084
Disposals		- 11	- 1,105	- 1,116
Reclassifications			- 1,967	- 1,967
Changes in group of consolidated companies			1,219	1,219
Exchange rate effects		62		62
31 December 2010	66,307	6,604	27,051	99,962
Accumulated amortization and impairment losses				
1 January 2010	202	3,535	8,549	12,286
Additions	446	556	2,821	3,823
Disposals		- 9	- 1,029	- 1,038
Reclassifications			- 1,426	- 1,426
Changes in group of consolidated companies			180	180
Exchange rate effects		36		36
31 December 2010	648	4,118	9,095	13,861
Carrying amount 31 December 2010	65,659	2,486	17,956	86,101

The additions to land and buildings in the reporting year relate entirely to two newly completed mega-ship berths at the Burchardkai and Tollerort container terminals in Hamburg, which HHLA has leased from a related party, Hamburg Port Authority AöR, Hamburg (HPA). Please refer to the information provided in ► Note 45.

24. Investment property

The following table shows the changes in investment property:

in € thousand	Investment property	Payments on account and plant under construction	Total
Carrying amount 1 January 2009	193,715	0	193,715
Cost			
1 January 2009	257,675	0	257,675
Additions	2,066	464	2,530
Disposals	- 377		- 377
Reclassifications	56	310	366
31 December 2009	259,420	774	260,194
Accumulated amortization and impairment losses			
1 January 2009	63,960	0	63,960
Additions	10,377		10,377
Disposals	- 330		- 330
Reversal of impairment loss	- 284		- 284
31 December 2009	73,723	0	73,723
Carrying amount 31 December 2009	185,697	774	186,471
Carrying amount 1 January 2010	185,697	774	186,471
Cost			
1 January 2010	259,420	774	260,194
Additions	722	6,237	6,959
Disposals			0
Reclassifications	7,335		7,335
31 December 2010	267,477	7,011	274,488
Accumulated amortization and impairment losses			
1 January 2010	73,723	0	73,723
Additions	11,044		11,044
Disposals			0
Reversal of impairment loss	- 1,020		- 1,020
Reclassifications	5,173		5,173
31 December 2010	88,920	0	88,920
Carrying amount 31 December 2010	178,557	7,011	185,568

The properties held as investment property are mainly warehouses converted to office space in Hamburg's Speicherstadt historical warehouse district, as well as logistics warehouses and surfaced areas.

Rental income from investment properties at the end of the financial year was €46,459 thousand (previous year: €47,353 thousand). The direct operating expenses for the investment properties amounted to €21,868 thousand (previous year: €19,458 thousand) in the reporting year.

Changed assumptions regarding lease payment flows led to a reversal of impairment loss requirement of €1,020 thousand in 2010 (previous year: €284 thousand), which is recorded in other operating income in the Container segment, as well as an unscheduled write-down amounting to €2,160 thousand (previous year: €1,550 thousand), which was also recorded in the Container segment, under depreciation of investment property.

The fair value of the investment properties totalled €429,995 thousand (previous year: €397,863 thousand). The fair values were determined by the Group's real estate department.

Fair values are measured by applying the discounted cash flow method (DCF method) to the forecast net cash flows from managing the properties. The DCF calculation includes detailed forecasts of 10 years, or up to the end of the useful lives of properties with a remaining useful life of less than 10 years.

During the detailed forecast period, the contractually agreed rental income from each property and other specific valuation parameters are used to derive the future operating costs, management expenses and maintenance costs. The parameters used are derived from the leases and/or company forecasts.

The cash flows are discounted consistently using standard market interest rates of 5.56 % to 8.84 % p.a. Property-specific fair value is determined on the basis of property-specific measurement criteria.

Regarding existing restrictions on the disposal and use of buildings in connection with the letting of the associated properties by the Free and Hanseatic City of Hamburg, see the explanatory remarks on the lease agreements in ► Note 45.

Investment properties with a residual carrying amount of €94,454 thousand (previous year: €90,379 thousand) relate to buildings in the Speicherstadt historical warehouse district. Payments made on account and plant under construction account for €7,011 thousand of this (previous year: €774 thousand). As these buildings are designated as historical landmarks, extensive refurbishment work must comply with the relevant statutory restrictions.

25. Associates accounted for using the equity method

CuxPort GmbH, Cuxhaven, is recognized under shares in associated companies.

in € thousand	31.12.2010	31.12.2009
Shares in associated companies	1,620	1,487

26. Financial assets

The following table shows the changes in financial assets:

in € thousand	31.12.2010	31.12.2009
Securities	2,707	4,800
Shares in affiliated companies	2,264	1,634
Other equity investments	341	257
Other financial assets	2,972	1,371
	8,284	8,062

In the previous year, securities primarily related to retroactive allocations paid into the deposit facilities of the working lifetime accounts by HHLA (€1,606 thousand) and insolvency insurance for phased early retirement entitlements amounting to €2,854 thousand. In the year under review, the fair value was written down by €1 thousand (previous year: written up by €49 thousand).

The retroactive allocations for the working lifetime accounts were made in the form of payments made by HHLA into the corresponding deposit facilities of the working lifetime accounts. These payments do not constitute plan assets as defined in IAS 19 because the employees have no entitlements derived from the payments. Consequently, they are shown under securities rather than being set off at present value.

In the reporting year, the securities relating to insolvency insurance for phased early retirement entitlements were netted out against the corresponding phased early retirement obligations because they fulfil the conditions for plan assets as per IAS 19. As a result, the securities portfolio decreased by €3,983 thousand ► Note 37.

The shares in affiliated companies include shares in Group companies which are of minor importance for giving a true and fair view of the Group's net assets, financial and earnings position, and are therefore not consolidated.

Shares in affiliated companies and other equity investments are carried at amortized cost.

Other financial assets essentially comprise receivables from a graduated rent amounting to €734 thousand (previous year: €541 thousand), receivables from HPA amounting to €414 thousand (previous year: €423 thousand) and receivables from METRANS (Danubia) Kft., Győr, Hungary, worth €300 thousand.

27. Inventories

Inventories are made up as follows:

in € thousand	31.12.2010	31.12.2009
Raw materials, consumables and supplies	18,594	16,859
Work in progress	2,186	2,905
Finished products and merchandise	185	615
	20,965	20,379

Impairment losses on inventories recognized as an expense amount to €837 thousand (previous year: €870 thousand). This expense is recorded under the cost of materials ► see Note 12.

28. Trade receivables

in € thousand	31.12.2010	31.12.2009
Trade receivables	126,516	121,731

The trade receivables are owed by third parties, do not bear interest and all have a remaining term of less than one year. No receivables were assigned as collateral for financial liabilities in the year under review, while €14,944 thousand was assigned in the previous year. Collateral for trade receivables is also held to a minor extent (e.g. rental guarantees).

Details of impairment allowances for trade receivables can be found in ► Note 47.

29. Receivables from related parties

Receivables from related parties are made up as follows:

in € thousand	31.12.2010	31.12.2009
Receivables from the Free and Hanseatic City of Hamburg (FHH)	128	350
Receivables from the HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	0	4,203
Receivables from related parties and joint ventures	2,576	2,107
	2,704	6,660

In the previous year, €4,200 thousand of the receivables from HGV related to receivables from Group clearing, which pay standard market interest.

30. Other financial receivables

in € thousand	31.12.2010	31.12.2009
Current receivables from employees	281	271
Current reimbursement claims against insurers	98	163
Positive fair values of interest rate caps	12	43
Cash pool receivables	1	1,448
Other current financial receivables	2,215	431
	2,607	2,356

In the reporting year, other current financial receivables mainly include advance payments for investment plans which have not yet been carried out.

31. Other assets

in € thousand	31.12.2010	31.12.2009
Current tax credits	8,976	4,767
Payments on account	579	723
Other	5,654	6,802
	15,209	12,292

In addition to income tax receivables, the current tax credits include transaction tax claims of €3,137 thousand relating to a foreign joint venture.

The other assets shown are not subject to any significant restrictions on title or use.

32. Income tax receivables

Income tax receivables result from offsettable taxes paid on investment income and advance tax payments.

in € thousand	31.12.2010	31.12.2009
Income tax receivables	20,972	23,412

33. Cash and cash equivalents

in € thousand	31.12.2010	31.12.2009
Short-term deposits	99,114	68,232
Bank balances and cash in hand	136,379	105,299
	235,493	173,531

Cash and cash equivalents are made up of cash in hand and various bank balances in different currencies. Cash of € 21,537 thousand (previous year: € 11,785 thousand) is subject to foreign exchange outflow restrictions.

As of 31 December 2010, the Group had unused lines of credit amounting to € 26,718 thousand (previous year: € 30,535 thousand) and had met all the conditions for their use.

Bank balances bear interest at variable rates applicable to demand accounts. Short-term deposits are made for varying periods of time, ranging from one day to six months, depending on the Group's cash requirements. They attract interest at rates payable for short-term deposits. In the financial year, the interest rates were between 0.0 % and 1.6 % (previous year: 0.0 % and 5.2 %). The fair value of cash and cash equivalents is largely equivalent to their carrying amount.

34. Non-current assets held for sale

In the previous year, land plots, buildings, container gantry cranes and railway sidings owned by the HHLA Intermodal segment amounting to € 5,200 thousand were included in this item. These were sold in two tranches in the year under review. In the course of this, the assets were written up to fair value by € 2,000 thousand in 2010. Both the total gain on disposal (€ 280 thousand) and the write-up are included in other operating income see ► see Note 11.

35. Equity

Changes in the individual components of equity for the 2010 and 2009 financial years are shown in the statement of changes in equity.

Subscribed capital

As of the balance sheet date, HHLA's nominal capital consists of two different classes of share: Class A shares and Class S shares. Subscribed capital is € 72,680 thousand, divided into 69,975,326 Class A shares and 2,704,500 Class S shares; each share represents € 1.00 of nominal capital.

The nominal capital has been fully paid in.

In the course of the stock flotation on 2 November 2007, 22,000,000 Class A shares were sold on the market. This corresponds to a free float of approx. 30 % of HHLA's nominal capital.

As of the balance sheet date, the Free and Hanseatic City of Hamburg, through the company HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg, holds 69.65 % of the shares, including the 18.87 % of voting rights attributable directly to HHLA-Beteiligungsgesellschaft mbH, Hamburg.

Authorized capital I

According to the resolution passed at the General Meeting on 24 September 2007, and Section 3 (4) of the articles of association, the Executive Board is authorized, subject to the approval of the Supervisory Board, to increase the company's nominal capital by 1 September 2012, by issuing up to 33,797,750 new Class A shares for subscription in cash and/or in kind in one or more steps by up to € 33,797,750 (authorized capital I). The holders of Class A shares are to be given subscription rights; the subscription rights of holders of Class S shares are excluded. The remaining authorized capital I was reduced to € 33,742,924 as a result of the employee stock purchase plan implemented in 2008.

The Executive Board is authorized, with the approval of the Supervisory Board, to exclude the statutory subscription rights of holders of Class A shares,
(a) in the case of a capital increase for cash in which the amount of capital consisting of Class A shares does not exceed 10 % of the nominal capital (either at the point in time when this authorization comes into effect or is exercised) and the issue price of the new shares is not substantially lower than the stock exchange price of those shares of the same class and rights which are already listed at the time of the final determination of the issue price by the Executive Board; when calculating the 10 % limit, the proportionate amount of nominal capital allotted to new or reacquired Class A shares which were issued or sold subject to a simplified subscription right exclusion in accordance with Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) must be deducted, as must the proportionate amount of nominal capital which is subject to option and/or conversion rights and obligations arising from debenture bonds which have been issued since the authorized capital I came into effect, applying Section 186 (3) sentence 4 of the AktG accordingly;
(b) if it increases the nominal capital by subscription in kind for the purpose of acquiring companies, equity stakes in companies, parts of companies, intellectual property rights such as patents, trademarks or licences to use the above, or other product rights;
(c) if it is necessary to do so in order to offset fractional amounts; or
(d) in order to offer the new shares for sale to employees of the company and its subsidiaries (employee participation).

The Executive Board shall be authorized, with the consent of the Supervisory Board, to specify the further details of the implementation of the capital increases out of authorized capital I, in particular the additional rights embodied in share certificates and the other conditions of the share issue. After each share increase from authorized capital the Supervisory Board is authorized to adjust the articles of association accordingly, in particular with regard to the amount of nominal capital and the number of Class A shares in existence.

Authorized capital II

In accordance with the resolution passed at the General Meeting on 24 September 2007, and Section 3 (5) of the articles of association, the Executive Board is also authorized, subject to the approval of the Supervisory Board, to increase the company's nominal capital until 1 September 2012, by issuing up to 1,352,250 new registered Class S shares (shares with no par value each representing € 1.00 of nominal capital) for contribution in cash and/or in kind in one or more steps by up to € 1,352,250 (authorized capital II). The holders of Class S shares are to be given subscription rights; the subscription rights of holders of Class A shares are excluded.

The Executive Board shall be authorized, with the consent of the Supervisory Board, to specify the further details of the implementation of the capital increases out of authorized capital II, in particular the additional rights embodied in a share certificate and the other conditions of the share issue. Subject to the approval of the Supervisory Board the Executive Board is also authorized to exclude fractional amounts of shares from the Class S shareholders' subscription rights. After each share increase from authorized capital the Supervisory Board is authorized to adjust the articles of association accordingly, in particular with regard to the amount of nominal capital and the number of Class S shares in existence.

Other authorizations

The Annual General Meeting of HHLA held on 16 June 2010 additionally authorized the company's Executive Board to purchase Class A treasury shares up to a maximum of 10 % of the portion of the company's nominal capital accounted for by Class A shares at that time. In addition to being sold on the stock exchange or offered with subscription rights to all shareholders, the shares acquired under this authorization may – subject to the approval of the Supervisory Board – be used in the cases stipulated by the resolution excluding other shareholders' subscription rights or be cancelled either in whole or in part without the need for an additional resolution by the Annual General Meeting. This authorization expires on 15 December 2011.

HHLA does not currently hold any treasury shares. There are no plans to buy back shares.

Furthermore, the Annual General Meeting of HHLA held on 16 June 2010 resolved to authorize the Executive Board to issue on one or more occasions bearer or registered bonds with warrants or convertible bonds for a total nominal amount of up to € 400,000,000 in the period until 15 June 2013. Option and conversion rights may only be issued for Class A company shares accounting for up to € 6,900,000 of the company's total nominal capital accounted for by Class A shares.

Capital reserve

The Group's capital reserve includes premiums from share issues and the associated costs of issue, which are deducted from the capital reserve. It also comprises premiums from capital increases at subsidiaries with minorities and a reserve increase from an employee stock purchase plan. A capital increase conducted in prior years reduced the capital reserve.

As of the reporting date, the HHLA Group had a capital reserve of € 139,728 thousand, as in the previous year.

Retained earnings

Retained earnings include net profits from prior years for companies included in the Consolidated Financial Statements, as far as these were not distributed as dividends. This item also encompasses differences between HGB and IFRS as of 1 January 2006 (the transitional date).

Other comprehensive income

In accordance with IAS 19, which offers a choice of how to treat actuarial gains and losses from defined benefit pension obligations, the HHLA Group equity also includes all actuarial gains and losses from defined benefit pension obligations. This item additionally comprises changes in the fair value of hedging instruments (cash flow hedges), changes in the fair value of working lifetime accounts and the corresponding tax effects.

The reserve for translation differences enables the recognition of differences arising on the translation of financial statements for foreign subsidiaries.

Minority interests in equity

Minority interests in equity comprise outside interests in the Group companies' consolidated equity and totalled € - 12,257 thousand as of the end of 2010 financial year (previous year: € 102,225 thousand).

On 7 September 2010, profit and loss transfer agreements were signed between the subsidiaries HHLA Container Terminal Altenwerder GmbH, Hamburg, and HHLA CTA Besitzgesellschaft mbH, Hamburg, on the one hand, and HHLA Container Terminals GmbH, Hamburg (HHCT), on the other. In the profit and loss transfer agreements, HHCT pledges to pay a financial settlement to the minority shareholder of the above-mentioned companies for the duration of the agreement. This settlement is primarily based on future earnings.

As a result of the profit and loss transfer agreement, the interest held by the minority shareholder is classified as a compound financial instrument as per IAS 39.28, because it contains both debt and equity components. These components must be split and entered as either equity or borrowed capital depending on their classification. The fair value of the equity component is calculated by deducting the fair value of the debt capital component from the fair value of the whole instrument.

The fair value of the liability component in the form of these financial settlements corresponds to the contractually agreed future payments during the term of the profit and loss transfer agreement.

In accordance with IAS 32, the minority shareholder's future estimated entitlements to financial settlements are recognized as other financial liabilities for the periods from 2010 to 2014, although the agreement states that the variable entitlement to a settlement only arises once the annual financial statements are approved.

The future financial settlements have been discounted at a rate of 4.5 %.

The estimated share of profits attributable to the minority shareholder for the financial years between 2010 and 2014 (€ 121,543 thousand) was reclassified from minority interests in equity to other financial liabilities. This resulted in negative minority interests of € 12,257 thousand.

Notes on capital management

Capital management at HHLA aims to ensure the Group's long-term financial stability and flexibility in order to safeguard the Group's growth and enable its shareholders to participate in its success. Balance sheet equity is the key indicator in this regard.

The key value-oriented management factor at the HHLA Group is the return on capital employed (ROCE). The equity ratio is also monitored in order to maintain a stable capital structure. This should not fall below 30 %.

in € thousand	31.12.2010	31.12.2009
Equity	567,002	636,985
Total assets	1,715,137	1,590,499
Equity ratio	33 %	40 %

The equity ratio fell compared to the previous year. The changes shown are primarily attributable to the profit and loss transfer agreement concluded in September 2010. For further details, please refer to the section on ► Minority interests in equity.

If the financial instruments classified in accordance with IAS 32 had not been entered as liability components, but rather – as prior to the profit and loss transfer agreement – as equity components, equity of € 688,545 thousand and an equity ratio of 40 % would have been reported for the same balance sheet total.

External minimum capital requirements were fulfilled at all agreed audit points throughout the reporting year. See ► Note 38 for more information.

36. Pension provisions

Pension obligations

Provisions for pensions and similar obligations are formed for commitments arising from both vested rights to future pension payments and current payments to active and former members of HHLA Group companies and their surviving dependants who are entitled to receive such benefits. A distinction is made between defined benefit and defined contribution company pension plans.

Defined benefit pension plans

In the case of defined benefit plans, the Group is obliged to make the agreed payments to active and former employees. HHLA's pension scheme is financed by both provisions and funds.

Company retirement benefits are paid on the basis of various entitlements. As well as individual agreements, these are primarily the collective company pension agreement (BRTV) and the so-called "port pension", which is governed by a collective labour agreement for port workers in German seaports.

BRTV is a total benefit plan. HHLA guarantees the participating employees a certain amount of benefits, which is made up of the statutory pension and the company pension. The amount of total benefits is determined by a variable percentage (according to years of service) of a fictitious net payment in the final wage or salary band based on social security data for the year 1999.

The amount of the port pension depends on years of service. The amount of the company pension is determined by the collective labour agreement for German seaports.

Based on these pension plans, the Group forms provisions for pensions and similar obligations for the amount of expected future retirement and surviving dependents' pensions. External actuaries calculate the amount of the obligation using the projected unit credit method.

Shown below are the amounts recognized for benefit commitments in the reporting year and the previous four years:

in € thousand	31.12.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Present value of pension commitments	329,221	323,824	299,862	311,873	377,077
Obligations from working lifetime accounts	1,913	1,317	802	482	289
	331,134	325,141	300,664	312,355	377,366

Pension commitments

The following tables show the expense components recognized in the income statement for the defined benefit obligations and the amounts carried in the balance sheet for the individual pension plans. The present value of pension commitments is made up as follows:

in € thousand	2010	2009
Present value of pension obligations as of 01.01.	323,824	299,862
Current service expense (recognized in income statement)	3,449	3,321
Interest expenses (recognized in income statement)	15,383	16,787
Pension payments	- 19,850	- 19,758
Actuarial gains (-) and losses (+)	6,415	23,612
Present value of pension obligations as of 31.12.	329,221	323,824

The balance sheet shows the full present value of pension obligations including actuarial gains and losses.

The liabilities disclosed in the balance sheet have developed as follows:

in € thousand	2010	2009
Balance sheet amounts as of 01.01.	323,824	299,862
Expense recognized in the income statement	18,832	20,108
Pension payments	- 19,850	- 19,758
Actuarial gains (-) and losses (+)	6,415	23,612
Balance sheet amounts as of 31.12.	329,221	323,824

The gains and losses offset in equity developed as follows:

in € thousand	2010	2009
Actuarial gains as of 01.01.	56,253	79,865
Change in financial year	- 6,415	- 23,612
Actuarial gains as of 31.12.	49,838	56,253

The following actuarial assumptions are used to determine pension provisions:

in %	31.12.2010	31.12.2009
Discount rate	4.50	4.75
Projected salary increase	3.00	3.00
Projected increase in pensions (without BRTV)	2.00	2.00
Projected increase in pensions (monthly pensions under BRTV)	1.00	1.00
Fluctuation rate	2.10	1.30

The biometric data is drawn from the 2005 G actuarial tables by Prof. Dr. Klaus Heubeck.

The discount rate (4.50 %) results from the current yield for industry obligations in December 2010 less a reduction for higher credit standings.

If an alternative discount rate were applied, the present value of the pension obligations would be as follows:

in € thousand	31.12.2010	31.12.2009
Alternative discount rate in %	4.75	5.10
Present value of pension obligation	319,144	309,647

Pension payments

In the 2010 financial year, HHLA made pension payments for plans totalling € 19,850 thousand. HHLA anticipates the following payments for pension plans over the next five years:

Years	in € thousand
2011	20,226
2012	20,342
2013	20,290
2014	20,502
2015	20,647
	102,007

Obligations from working lifetime accounts

In 2006, the Group companies in Germany undertook to set up working lifetime accounts due to collective bargaining agreements. Employees have pay components invested in money market or investment funds by the Group, and then use the value of the funds saved to finance their early retirement. The amount of pay to which employees are entitled during their early retirement depends on the amount of funds saved, which in turn depends on the performance of the fund assets, plus other contractually agreed social benefits during the early retirement phase.

The portion of the obligations covered by the funds saved is reported at the funds' fair value. The additional benefits arising from collective bargaining agreements which are not covered by the funds saved are reported at the full present value of the obligation including actuarial gains and losses.

The allocation of benefit commitments changed as follows during the reporting year and the previous four years:

The present value of the obligations developed as follows:

in € thousand	2010	2009
Present value of the obligations as of 01.01.	5,029	2,635
Current service expense	2,135	1,942
Service expense for prior years	672	0
Interest expenses (recognized in income statement)	269	161
Actuarial losses	233	77
Capital payments	- 52	- 41
Other	39	255
Present value of the obligations as of 31.12.	8,325	5,029

The present value of the plan assets developed as follows:

in € thousand	2010	2009
Present value of the plan assets as of 01.01.	3,712	1,833
Expected income from the plan assets	246	157
Inpayment	1,639	1,459
Actuarial losses	155	49
Capital payments	- 51	- 41
Retroactive allocations	672	0
Other	39	255
Present value of the plan assets as of 31.12.	6,412	3,712

The plan assets consist solely of shares in money market and investment funds. The expected return on the plan assets is 4.50 % (previous year: 4.75 %). Losses of € 5 thousand were recorded on the plan assets in the financial year (previous year: gains of € 177 thousand).

The following actuarial assumptions are used to determine provisions for working lifetime accounts:

in %	31.12.2010	31.12.2009
Discount rate	4.50	4.75
Forecast increase in pay	3.00	3.00

in € thousand	31.12.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Present value of obligations	8,325	5,029	2,635	1,894	850
Present value of plan assets (fund shares)	- 6,412	- 3,712	- 1,833	- 1,412	- 561
Uncovered allocations	1,913	1,317	802	482	289

With the exception of the covered part of the service expenses for plan assets, the following amounts were recognized in the income statement:

in € thousand	2010	2009
Current service expense including salary conversion (including salary conversion)	2,135	1,942
thereof gathered at costs as uncovered part	496	483
thereof gathered at plan assets as covered part	1,639	1,459
Interest expenses	269	161
Expected income from the plan assets	- 246	- 157
Benefits paid	1	0
	2,159	1,946

The gains and losses offset in equity developed as follows:

in € thousand	2010	2009
Actuarial losses as of 01.01.	38	10
Changes in the financial year	78	28
Actuarial losses as of 31.12.	116	38

Payments for obligations from working lifetime accounts

In the 2010 financial year, HHLA made payments for plans totalling € 52 thousand. In return, the company acquired corresponding securities holdings worth € 51 thousand. The outflow of funds therefore totalled € 1 thousand in the year under review. In the next five years, HHLA expects the following payments from obligations arising from working lifetime accounts which are not hedged by securities:

Years	in € thousand
2011	22
2012	17
2013	26
2014	40
2015	47
	152

Defined contribution pension plans

In the case of defined contribution plans, the relevant companies merely make payments to dedicated funds. There are no further obligations. HHLA does not incur any financial or actuarial risks arising from these commitments.

The costs incurred in connection with pension funds which are to be regarded as defined contribution pension plans amounted to € 238 thousand in the reporting year (previous year: € 372 thousand).

HHLA paid € 19,814 thousand (previous year: € 20,701 thousand) into the state pension system as its employer's contribution.

37. Other non-current and current provisions

The following table shows significant other non-current and current provisions during the 2010 and 2009 financial years:

in € thousand	31.12.2010			31.12.2009		
	Total	Thereof current	Thereof non-current	Total	Thereof current	Thereof non-current
Demolition obligations	39,107	0	39,107	34,018	0	34,018
Phased early retirement	11,669	3,950	7,719	21,304	5,497	15,807
Bonuses and single payments	6,709	6,709	0	5,943	5,943	0
Expected increases in rents	6,634	6,634	0	2,830	2,830	0
Insurance excesses	2,594	2,594	0	1,539	1,539	0
Anniversaries	2,247	0	2,247	2,350	0	2,350
Legal fees and litigation expenses	1,070	0	1,070	1,308	0	1,308
Other	4,431	2,009	2,422	5,654	3,045	2,609
	74,461	21,896	52,565	74,946	18,854	56,092

Demolition obligations

Provisions for demolition obligations result from obligations to be met at the end of the lease term under long-term lease agreements with the Free and Hanseatic City of Hamburg. All HHLA Group companies in the Port of Hamburg are obliged to return leased land free of all buildings owned by them at the end of the lease term. To calculate the amount of the provision, it was assumed that the obligation would be carried out in full for all leased property, with the exception of buildings designated as historical landmarks. The demolition obligations relate to HHLA's Container, Real Estate and Logistics segments and are discounted at a rate of 4.5 % p.a. as in the previous year. In the reporting year, the expected price increase used to calculate the provisions shown was raised from 1.5 % to 2.0 %. This rate is derived from the German construction cost index. An addition of € 6,228 thousand was therefore made to the provisions for demolition costs and recognized in equity. This led to a corresponding increase in non-current assets and will therefore mean higher future write-downs. In addition, the adjustment to the provision will prompt additional interest expenses of € 13,332 thousand in the future.

Additional demolition obligations for areas let by the Container segment also prompted the amount of provisions to increase.

The cash outflow of these provisions is expected in the period 2025–2036.

Phased early retirement

Provisions for phased early retirement obligations consist of HHLA's obligations from the entitlements accrued during the beneficiaries' working period, plus the supplementary amounts. In addition to current phased early retirement contracts, provisions were also made for all employees who have applied for phased early retirement and for employees offered phased early retirement who will fulfil the requirements in the future. In the past, phased early retirement was based on the collective labour agreement regarding phased early retirement dated 1 July 2001, which stipulated that a maximum of 5 % of the workforce would be entitled to make use of phased early retirement. The collective labour agreement regarding phased early retirement dated 4 August 2009 repealed this 5 % limit. This agreement also rescinded the entitlement to phased early retirement for those who have not yet signed the relevant contracts.

The number of employees expected to sign contracts for the phased early retirement scheme which was used for the formation of provisions in 2009 was adjusted in 2010. Fewer employees than expected took up the offer of phased early retirement. For this reason, the reversal of provisions resulted in income of € 6,241 thousand in the reporting year. This is recorded in other operating income see ► Note 11.

The securities holdings acquired in connection with phased early retirement contracts are classified as plan assets under IAS 19. They were therefore offset against the phased early retirement obligations included in the provisions. As a result, the corresponding figure of € 3,983 thousand reduces the provisions reported. The amount of the provision was determined using an interest rate of 4.5 % p.a. (previous year: 4.75 % p.a.).

Expected increases in rents

Provisions for expected increases in rents relate to expected but as-yet uninvoiced increases in rents for leased port areas and quay walls, primarily in Hamburg. The provisions are formed based on the corresponding lease agreements.

In 2010, the lease of a newly completed quay wall at the Container Terminal Burchardkai prompted an appropriation of € 1,700 thousand. The total amount transferred also covers anticipated increases in rents for areas and quay walls which are already leased.

Insurance excesses

This takes into account risks from potential cases of damage or loss which go beyond the existing insurance cover. As of 31 December 2010, the risks thus recognized amounted to € 2,594 thousand.

Anniversaries

The provisions for anniversaries relate to Group employees' contractual entitlement to anniversary gratuities. The amount recognized is determined by an actuarial opinion. A discount rate of 4.5 % p.a. (previous year: 4.75 % p.a.) was used for the calculation.

Other provisions

Other provisions include € 1,169 thousand (previous year: € 995 thousand) of provisions for staff overtime. This denotes time off to which the relevant employees are entitled but have not made use of in a period of one to five years. Furthermore, the other provisions include € 284 thousand for guarantees (previous year: € 617 thousand), € 333 thousand (previous year: € 318 thousand) for benefits to retired and former employees, and other miscellaneous provisions of € 2,645 thousand (previous year: € 3,724 thousand).

As of the balance sheet date, there are no legal disputes which could have a substantial effect on the Group's financial position.

There was no need for HHLA to form provisions for environmental protection measures.

The following provisions schedule shows changes in other non-current and current provisions:

in €thousand	01.01.2010	Additions	Accrued interest	Used	Reversed	31.12.2010
Demolition obligations	34,018	7,434	1,954	66	4,233	**39,107**
Phased early retirement	21,304	3,225	992	7,611	6,241	**11,669**
Bonuses and single payments	5,943	6,709	0	5,472	471	**6,709**
Expected increases in rents	2,830	4,296	0	132	360	**6,634**
Insurance excesses	1,539	1,900	0	678	167	**2,594**
Anniversaries	2,350	26	106	228	7	**2,247**
Legal fees and litigation expenses	1,308	4	0	234	8	**1,070**
Other	5,654	4,107	0	4,767	563	**4,431**
	74,946	27,701	3,052	19,188	12,050	74,461

38. Non-current and current financial liabilities

The following table gives the details of non-current and current financial liabilities:

in €thousand	31.12.2010			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities from bank loans	**298,903**	30,641	173,885	94,377
Finance lease liabilities	**15,280**	3,859	10,981	440
Liabilities towards employees	**11,893**	11,893	0	0
Negative fair values of exchange and interest rate hedges	**2,743**	1,668	0	1,075
Other loans	**1,915**	811	1,104	0
Other financial liabilities	**148,014**	42,264	104,943	807
of which settlement to minority shareholders	**121,543**	23,969	97,574	0
	478,748	91,136	290,913	96,699

in €thousand	31.12.2009			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities from bank loans	**329,985**	33,055	146,680	150,250
Finance lease liabilities	**17,365**	3,755	12,671	939
Liabilities towards employees	**9,897**	9,897	0	0
Negative fair values of exchange and interest rate hedges	**3,064**	1,535	1,529	0
Other loans	**1,341**	0	1,341	0
Other financial liabilities	**20,788**	17,835	1,934	1,019
	382,440	66,077	164,155	152,208

Bank loans include interest of € 3,343 thousand (previous year: € 3,697 thousand) accrued up to the balance sheet date, bank overdraft facilities totalling € 401 thousand (previous year: € 23 thousand) and other fees of € 10 thousand (previous year: € 0 thousand).

The liabilities from finance leases amounting to € 15,280 thousand (previous year: € 17,365 thousand) represent the discounted value of future payments relating to finance leases. These liabilities pertain to finance leases for movable non-current assets.

Buildings, surfacing and movable items of non-current assets carried at € 46,841 thousand (previous year: € 80,231 thousand) have been pledged as collateral for interest-bearing loans. The collateral agreements provide that the assets are transferred to the banks until the loans and interest have been repaid in full, and that they have a right to dispose of the assets if the borrower is in arrears with payments of interest and principal. The year-on-year change is the result of different loan conditions.

The liabilities towards employees consist primarily of wages, salaries and holiday entitlement.

The other financial liabilities include, in particular, reimbursements for customers and liabilities to shareholders outside the Group. In the year under review, profit and loss transfer agreements were signed between the subsidiaries CTA and CTA Besitz, on the one hand, and HHCT on the other. In the profit and loss transfer agreements, HHCT pledges to pay a financial settlement to the above-mentioned companies' minority shareholder for the duration of the agreement. This financial settlement amounts to € 23,969 thousand for the relevant share of profits in the reporting year and € 97,574 thousand for estimated shares of profits in future financial years. This obligation is recognized under other financial liabilities. Please refer to ► Note 35 for more information on minority interests in equity.

The following table shows the terms of the liabilities from bank loans:

Carrying amount as of 31.12.2010 in € thousand	Nominal value	Currency	Remaining fixed interest period	Interest rate	Interest condition
13,498	16,873	€	2020	2.76 %	fixed
20,000	20,000	€	2019	3.66 %	fixed
3,446	7,811	€	2018	3.79 – 3.84 %	fixed
1,253	3,579	€	2017	5.67 %	fixed
18,000	30,000	€	2016	5.61 %	fixed
30,675	32,669	€	2015	2.88 – 4.23 %	fixed
47,776	78,000	€	2012	5.15 – 5.47 %	fixed
27,971	49,257	€	2011	4.60 – 5.03 %	fixed
128,753	139,644	€	2011	floating + margin	floating
3,777	113,900	CZK	2011	floating + margin	floating
295,149					

The floating interest rates are EURIBOR or PRIBOR rates with maturities of one to six months.

The financial liabilities for which fair value is not equivalent to the carrying amount are as follows:

in € thousand	31.12.2010		31.12.2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Fixed interest-bearing loans	162,619	163,738	178,654	182,202

Interest rates of 2.4 % to 4.0 % p.a. (previous year: 2.3 % to 4.6 % p.a.) were used to measure the fair value of fixed interest-bearing loans. The interest rates are derived from the risk-free rate depending on maturity plus a premium according to the credit rating. They therefore constitute market rates. The average interest rate for the reported liabilities from bank loans was 3.2 % in the reporting year.

The variable interest rates are partly hedged by interest rate hedges. Please refer to the comments on derivative financial instruments.

As a result of borrowing, individual affiliates have covenants linked to key balance sheet figures. Violating these covenants would authorize the lender to demand additional collateral, a change to the conditions or the repayment of the loan. In order to prevent such steps, HHLA constantly monitors compliance with the covenants and, where required, implements measures to ensure that all conditions of the loan are met. As of the balance sheet date, the corresponding borrowings totalled € 81,076 thousand (previous year: € 94,566 thousand). The covenants were met at all agreed audit points throughout the reporting year.

The bank loans become due throughout the next 5 years and beyond as follows:

in €thousand	
Up to 1 year	26,887
1 year to 2 years	26,127
2 years to 3 years	71,961
3 years to 4 years	26,258
4 years to 5 years	49,539
Over 5 years	94,377
	295,149

39. Trade liabilities

Trade liabilities from the financial year are only owed to third parties. As in the previous year the total amount is due within one year.

in €thousand	31.12.2010	31.12.2009
Trade liabilities	77,026	54,616

40. Non-current and current liabilities to related parties

Liabilities to related parties are made up as follows:

in €thousand	31.12.2010			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities to HGV	65,855	65,855	0	0
Liabilities to HPA (finance leases)	65,799	52	353	65,394
Other liabilities to related parties	2,079	2,079	0	0
	133,733	67,986	353	65,394

in €thousand	31.12.2009			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities to HGV	65,476	65,476	0	0
Other liabilities to related parties	853	853	0	0
	66,329	66,329	0	0

Liabilities to HGV of €65,855 thousand (previous year: €65,476 thousand) relate to a loan which attracts standard market interest along with the corresponding interest portion pertaining to the Real Estate subgroup.

The liabilities to HPA involve leased mega-ship berths at both Container Terminal Burchardkai and Container Terminal Tollerort in Hamburg. The amount recognized in the balance sheet is equivalent to the present value of the liabilities and is based on a lease term up to and including 2059 and 2060.

41. Other liabilities

Other liabilities are made up as follows:

in € thousand	31.12.2010	31.12.2009
Government grants	10,588	11,216
Tax liabilities	8,209	6,119
Employer's accident liability insurance	3,689	3,105
Custom duties	3,553	4,718
Port funds	1,857	1,039
Social security liabilities	1,458	433
Payments received on account	1,321	2,414
Other debts	3,902	4,552
	34,577	33,596

All other liabilities have a remaining term of up to one year.

The public subsidies related to preliminary funding in connection with the promotion of intermodal transport. This will be deducted from the acquisition cost capitalized for the subsidized investments following an audit to confirm that all the requirements have been met.

There is sufficient certainty that all the conditions have been or will be fulfilled for the public subsidies to promote intermodal transport totalling € 27,317 thousand which were paid to HHLA in the period between 2001 and 2010. These subsidies have therefore already been deducted from the cost of purchasing the subsidized investments. The conditions for the subsidies include obligations to operate the subsidized equipment for a retention period of 5 to 20 years, observe certain operating criteria and provide the subsidizing body with evidence for the use of the funds.

The HHLA Group received public subsidies totalling € 1,051 thousand (previous year: € 7,353 thousand) in the reporting year.

42. Income tax liabilities

Income tax liabilities, to the extent that they exist, result from expected additional payments for corporation tax, solidarity surcharge and trade tax.

When preparing the financial statements, provisions are made for the corresponding amounts of corporation tax, solidarity surcharge and trade tax on the basis of the tax and legal situation known at the time of preparation.

in € thousand	31.12.2010	31.12.2009
Income tax liabilities	5,559	3,417

Information to the cash flow statement

43. Information to the cash flow statement

The cash flow statement is produced in line with IAS 7 *Statement of Cash Flows*. It shows changes in cash resources at the HHLA Group during the financial year. The statement distinguishes between cash flows from operating, investing and financing activities. Financial funds include cash in hand, cheques and bank balances with a remaining term of up to six months, receivables and/or liabilities due from HGV and receivables and/or liabilities from cash pooling. They are recognized at nominal value. Currency translation effects and changes in the group of consolidated companies are taken into account when calculating the figures.

Cash flow from operating activities

The cash flow from operating activities is calculated using the indirect method. This involves adjusting the earnings before interest and taxes (EBIT) for changes to provisions, changes in current assets and liabilities, and non-cash items. Cash items such as interest and income taxes are also taken into account. At € 206,949 thousand, the cash inflow from operating activities was higher than the previous year's € 193,213 thousand. This was primarily due to an increase in EBIT, which came in at € 192,908 thousand compared to € 160,248 thousand in the previous year.

Cash flow from investing activities
The outflow of resources due to investing activities is calculated on a cash basis. It largely consists of the cash outflow from investments in non-current assets. Cash inflows from the disposal of non-current assets are also taken into account. In the reporting year, the cash outflow from investing activities amounted to €56,261 thousand (previous year: €157,317 thousand). The lower cash outflow from investing activities than in the previous year was primarily due to projects being extended over longer periods of time and thus being pursued less intensively in the Container and Intermodal segments, as well as non-cash investments being carried out.

Non-cash investments totalling €109,075 thousand (previous year: €707 thousand) mainly relate to newly leased quay walls from finance leases and container gantry cranes which recently became operational at the Burchardkai and Tollerort container terminals. In the previous year, the non-cash investments pertained to capitalized borrowing costs for a refrigerated warehouse that was completed in 2009.

Free cash flow
The balance of the cash inflow from operating activities and the cash outflow from investing activities makes up the free cash flow. This indicates what cash resources are available for dividend payments or the redemption of existing loans. The free cash flow developed positively year on year as the cash flow from operating activities rose and the cash flow from investing activities fell. It improved from €35,896 thousand to €150,688 thousand.

Cash flow from financing activities
Like the cash outflow from investing activities, the cash outflow from financing activities is calculated on a cash basis. In the year under review, resources totalling €61,264 thousand were used for dividend payments to shareholders and minority shareholders. This was €54,035 thousand less than in the previous year, when a total of €115,299 thousand was paid out. Funds were also used to repay (lease) liabilities. Unlike in the previous year, there was no cash inflow from the uptake of bank loans in 2010. The Group borrowed cash resources of €64,193 thousand in 2009. This resulted in a cash outflow from financing activities of €88,590 thousand in the previous year, while the cash outflow totalled €95,168 thousand in the reporting year.

Financial funds
In addition to the cash and cash equivalents entered in the balance sheet, financial funds are made up as shown below as of the balance sheet date for the purposes of the cash flow statement. In the previous year, the receivables from HGV related to overnight deposits available on demand. HHLA posted a liability for the year under review.

in €thousand	31.12.2010	31.12.2009
Short-term deposits	99,114	68,232
Cash in hand and bank balances	136,379	105,299
Cash and cash equivalents	235,493	173,531
Receivables HGV	0	4,200
Liabilities HGV	- 600	0
Receivables cash pool	1	1,448
Liabilities cash pool	- 811	0
Bank overdraft facilities	- 401	- 23
Financial funds at the end of the period	233,682	179,156

Information to the segment report

44. Information to the segment report

Since 1 January 2009, the HHLA Group's segment report has been prepared in accordance with the provisions of IFRS 8 *Operating Segments* and requires reporting on the basis of the internal reports to the Executive Board for the purpose of controlling the commercial activities. The segment performance indicator used is the internationally customary key figure EBIT (earnings before interest and taxes), which serves to measure the success in each segment and therefore aids the internal control function. In the second quarter of 2009, internal reporting was extended to include EBIT from continuing activities. This excludes the result of non-current assets held for sale. In 2010, this concerns the result of CTL Container Terminal Lübeck GmbH, Lübeck (CTL). In the previous year, it included the results of combisped Hanseatische Spedition GmbH, Lübeck (combisped), and CTL, the impairment charges included therein and the result of deconsolidating combisped.

The accounting and valuation principles applied for internal reporting comply with the principles applied by the HHLA Group described in ► Note 6 in this Annual Report.

The segment information is reported on the basis of the internal control function, which is consistent with external reporting and continues to be classified in accordance with the distinct activities of the HHLA Group's business segments. These are organized and managed autonomously in accordance with the type of services being offered.

The HHLA Group operates in the following four segments:

Container
This segment encompasses services relating to containers and ship handling. With its high-performance container terminals, HHLA maintains the Port of Hamburg's outstanding importance as a logistics hub for general cargo traffic.

Intermodal
The companies allocated to HHLA's Intermodal segment provide a comprehensive transport network encompassing rail, road and sea which links the German seaports with their hinterland in Europe.

Logistics
This segment combines a wide range of services – including special handling, contract logistics and advisory services – which go to make up Hamburg's diversity as an all-purpose port.

Real Estate
HHLA's Real Estate segment owns properties in and around the Port of Hamburg which are not used specifically for port handling. These include properties in the Speicherstadt historical warehouse district and the fish market area on the northern banks of the river Elbe.

The Holding/Other division used for segment reporting does not represent an independent business segment as defined by the IFRS standards. However, it has been allocated to the segments within the subgroup Port Logistics in order to provide a complete and clear picture.

Due to the structure of the HHLA Group, it is necessary to issue a large number of invoices for inter-segmental services. These predominantly relate to the use of real estate, the maintenance of handling equipment, IT services, administrative services and staff provided by the holding company. Wherever possible, these services are valued at market prices. If it is impossible to make a direct comparison with market prices, benchmarks are used to ensure market conformity. The charges for staff provided by the holding company are usually based on the actual cost.

The following table gives the details of the reconciliation of the segment variables with the corresponding Group variables:

Earnings
The reconciliation of the segment variable EBIT from continuing activities with consolidated earnings before taxes (EBT) incorporates the result of CTL (€2,175 thousand). It also incorporates transactions between the segments and the subgroups for which consolidation is mandatory, as well as the proportion of companies accounted for using the equity method, net interest income and other financial result.

Reconciliation of the segment variable EBIT from continuing activities with consolidated earnings before taxes (EBT)

in €thousand	2010	2009
Total segment earnings (EBIT from continuing activities)	188,104	174,617
EBIT incl. impairment and deconsolidation loss of non-current assets held for sale	2,175	- 17,488
Total segment earnings (EBIT)	190,279	157,129
Elimination of business relations between segments and subgroups	2,629	3,119
Group	192,908	160,248
Earnings from associates accounted for using the equity method	208	164
Net interest	- 34,934	- 34,289
Other financial result	336	- 119
Earnings before tax (EBT)	158,518	126,004

Segment assets
The reconciliation of segment assets with Group assets incorporates not only items and financial investments for which consolidation is mandatory, but also claims arising from current and deferred income taxes and financial funds which are not to be assigned to segment assets.

Reconciliation of segment assets with Group assets

in €thousand	31.12.2010	31.12.2009
Total segment assets	1,635,565	1,537,114
Elimination of business relations between segments and subgroups	- 631,782	- 572,076
Current assets before consolidation	417,481	394,982
Financial assets	4,642	3,724
Deferred tax	32,766	29,812
Income tax receivables	20,972	23,412
Cash and cash equivalents	235,493	173,531
Group assets	1,715,137	1,590,499

Other segment information

The reconciliation with Group investments totalling €85 thousand (previous year: € - 1,165 thousand) contains the elimination of internal invoices for inter-segmental services relating to the generation of intangible assets and property, plant and equipment.

In relation to the reconciliation of amortization and depreciation amounting to € - 2,149 thousand (previous year: € - 2,764 thousand), the entire amount is attributable to the elimination of inter-company profits between the segments and the subgroups.

The reconciliation of non-cash items amounting to €206 thousand (previous year: €102 thousand) contains items for which consolidation is mandatory between the segments and the subgroups

Information about geographical regions

	Germany		EU		Outside EU		**Total**		Consolidation		**Group**	
in €thousand	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Segment revenues	846,704	805,054	175,296	140,018	51,122	45,671	1,073,122	990,743	0	0	1,073,122	990,743
Non-current segment assets	1,039,859	985,314	182,615	176,004	31,089	30,255	1,253,563	1,191,573	461,574	398,926	1,715,137	1,590,499
Investment in non-current segment assets	152,017	119,448	20,116	35,560	1,706	4,672	173,839	159,680	0	0	173,839	159,680

For the information by region, the revenue and disclosures on segment assets are segmented in accordance with the affiliates' respective locations. Due to the disproportionately high costs involved, the required segmentation of revenue broken down by the place where clients have their registered office is not possible. In addition to items between the segments for which consolidation is mandatory, the reconciliation to Group assets primarily contains current assets, financial investments and claims arising from current and deferred income taxes.

Information about key clients

In the HHLA Group there is no customer with which more than 10% of the entire consolidated revenue was generated.

Other information

45. Lease liabilities

Obligations under finance leases

The Group has concluded various finance lease and hire-purchase agreements for a number of properties, technical equipment, and operating and office equipment. These agreements relate to, among other things, quay walls, lifting and ground handling vehicles, container-carrying vehicles and chassis, a light warehouse and IT hardware. For the most part, the contracts include renewal options and, in some cases, a right to offer the item for sale. The renewal options are always for the lessee; the right to sell the item may, in some cases, be exercised by the respective lessor. A purchase option exists for the light warehouse. No provisions have been made for adjusting the lease payments.

In 2010, HHLA signed a lease for two newly completed quay walls with a related party, HPA. The company plans to lease these assets until the end of 2036. Once the planned term has come to an end, HHLA has the option of renewing the agreement until 2059 or 2060. Based on its business model, HHLA will make use of this option. There is no purchase option. As the leases are classified as finance lease obligations according to IAS 17, minimum lease payments, including anticipated increases in rent payment rates, totalling € 168,441 thousand must be taken into account.

The following table shows the reconciliation between future minimum lease payments from finance leases and hire-purchase agreements and their present value:

in € thousand	31.12.2010	31.12.2009
Within one year	7,523	4,566
Between one and five years	22,061	13,759
Over five years	155,600	922
Total minimum lease payments	185,184	19,247
Within one year	3,911	3,755
Between one and five years	11,334	12,671
Over five years	65,834	939
Present value of minimum lease payments	81,079	17,365
Interest expenses from discounting	104,105	1,882

Liabilities from leases where the Group is lessee

Contracts exist between the Free and Hanseatic City of Hamburg and/or the HPA and the HHLA Group for the lease of land and quay walls in the Port of Hamburg and in the Speicherstadt historical warehouse district by companies in the HHLA Group. The main contracts run until 2025–2037. Under the terms of the contracts the lease payments are generally reviewed every five years on the basis of price developments in relevant competing ports or based on appropriate rental indices. Provisions are made for the anticipated increases in lease payments. Leasing expenses for the space in the Speicherstadt historical warehouse district are partly linked to the development of Group income from subletting these buildings.

Without the prior approval of the lessor, the leased areas and the buildings on them belonging to HHLA may not be sold or let. Major changes to the terms of subletting agreements also require the approval of the lessor.

The Group also has leasing agreements for various motor vehicles and items of technical equipment. These leases have an average duration of one to seven years, and generally do not include renewal options. The lessee takes on no obligations when signing these leases.

At the balance sheet date the following minimum lease payment obligations exist under uncancellable operating leases:

in € thousand	31.12.2010	31.12.2009
Within one year	37,373	28,982
Between one and five years	127,883	104,519
Over five years	901,010	728,422
	1,066,266	861,923

In the financial year, expenses of € 41,342 thousand (previous year: € 39,992 thousand) were incurred for leases, of which € 1,622 thousand (previous year: € 1,376 thousand) relates to conditional rental payments.

Operating leases where the Group is lessor

The Group has signed leasing agreements for letting its investment properties on a commercial basis. The investment properties consist of office space and facilities not used by the Group. These leases have remaining uncancellable lease terms of between one and 17 years. After the end of the uncancellable lease period some contracts give tenants the option of extending the lease for a period of between two and up to a maximum of three times five years. Some leases contain a clause under which the rent can be increased in line with market conditions.

The following table shows the minimum lease payments anticipated for the years ahead on the basis of uncancellable operating leases at the balance sheet date:

in € thousand	31.12.2010	31.12.2009
Within one year	25,398	31,321
Between one and five years	67,045	64,575
Over five years	44,591	32,406
	137,034	128,302

In the financial year, income of € 49,842 thousand (previous year: € 51,007 thousand) was earned from letting property, plant and equipment and investment property.

46. Contingent liabilities and other financial obligations

No provisions were formed for the following contingent liabilities because it was deemed highly unlikely that they would be utilized:

Contingent liabilities

in € thousand	31.12.2010	31.12.2009
Guarantees	3,599	3,715
Comfort letters	1,850	1,850
	5,449	5,565

Of these guarantees, proportionately consolidated joint ventures account for € 365 thousand (previous year: € 401 thousand) while € 412 thousand (previous year: € 492 thousand) is attributable to associates accounted for using the equity method.

Other financial obligations

The nominal values of other financial obligations are made up as follows as of the balance sheet date:

in € thousand	31.12.2010	31.12.2009
Outstanding purchase commitments	51,112	50,762
Obligations arising from bills of exchange	6,968	8,777
Miscellaneous other obligations	1,087,004	1,343,122
	1,145,084	1,402,661

Of the obligations from outstanding purchase commitments, € 44,220 thousand (previous year: € 47,833 thousand) is attributable to capitalization of property, plant and equipment.

Of miscellaneous other obligations, proportionately consolidated joint ventures account for € 65,854 thousand (previous year: € 3,066 thousand). Please refer to ► Note 45 for details of the obligations from operating leases included here and listed separately.

47. Management of financial risks

To finance its business activities, the Group uses short, medium and long-term bank loans, finance leases and hire-purchase agreements, as well as cash and short-term deposits. The Group has access to various other financial assets and liabilities, such as trade payables and receivables which arise directly from its business.

The Group also enters into derivative transactions. The derivative financial instruments include interest rate hedging instruments, such as interest rate swaps and interest rate caps and, to a minor extent, currency futures. The purpose of these derivative financial instruments is to manage interest rate, currency and commodity price risks which result from the Group's business activities and its sources of financing.

Derivative financial instruments are used to hedge existing transactions and planned transactions which are sufficiently likely to take place. Hedging transactions are only concluded with counterparties with first-class credit ratings. HHLA also makes use of external ratings to assess its counterparties' creditworthiness. The Group does not hold derivative financial instruments for speculative purposes.

Interest rate and market price risk

As a result of its borrowing, the Group is exposed to an interest rate risk, which principally stems from medium to long-term borrowing at floating rates of interest.

Managing the Group's interest expenses involves a combination of fixed and floating-rate debt, depending on the market. It is Group policy to arrange the majority of interest-bearing debt at fixed rates of interest, either by agreeing fixed rates with the lenders or by taking out interest rate swaps. The Group also partly limits its interest rate risk for the residual floating-rate debt by the use of interest rate caps.

At the balance sheet date approx. 75 % (previous year: 77 %) of the Group's borrowing was at fixed interest rates, including an amount of € 59,192 thousand (previous year: € 71,933 thousand) covered by interest rate swaps. Interest rate caps were also in place for a further € 8,236 thousand (previous year: € 9,648 thousand).

HHLA's interest-bearing receivables and liabilities are mainly at fixed interest rates. These financial instruments are not held at fair value and are therefore not subject to market price risks on the balance sheet.

Market price risks can, however, affect securities and equity investments in particular. Due to the minor scope of these instruments, the risk is deemed insignificant.

A change in the variable interest rate affects the interest expenses arising from floating-rate loans, the interest income from overnight deposits and time deposit investments, and the income from interest rate hedges and their fair value.

If the variable interest rate had been 0.5 percentage points higher as of 31 December 2010, interest expenses arising from floating-rate loans would have been € 663 thousand p.a. higher, interest income from overnight deposits and time deposit investments would have been € 1,177 thousand p.a. higher, and income from interest rate hedges would have been € 296 thousand p.a. higher. The fair value of the interest rate hedges would rise by € 784 thousand. Of this, € 523 thousand would be recorded directly in equity and € 261 thousand would be recognized in the income statement, whose result would increase by a total of € 1,071 thousand before tax.

Exchange rate risk

Due to its investments in countries outside the eurozone, changes in exchange rates can affect the balance sheet.

Foreign currency risks on individual transactions, such as the sale of a shareholding for example, are hedged by currency futures or currency options if a market analysis requires it. The hedging transactions are in the same currency as the hedged item. The Group only concludes currency futures contracts when specific claims or obligations exist.

The Group did not hold any currency futures contracts, either on the balance sheet date or as of 31 December 2009.

Revenue in the HHLA Group is predominantly invoiced in euros or in the national currencies of the European Group companies. Investments in these countries are largely transacted in euros. There is currently no significant foreign currency risk from the functional currency.

HPC Ukraina's revenue is denominated in Ukrainian hryvnia (UAH) and US dollars.

Commodity price risk

The Group is primarily exposed to a commodity price risk when purchasing fuel. Depending on the market situation the Group can arrange price hedges for part of its fuel requirements. This was not the case at the balance sheet date in the year under review or on 31 December 2009.

In addition to the market risks mentioned, there are also financial risks in the form of credit and liquidity risks.

Credit risk

The Group only maintains customer relationships on a credit basis with recognized, creditworthy third parties. Clients who wish to complete transactions with the Group on a credit basis are subject to a credit-scoring procedure. Receivables are also monitored on an ongoing basis and impairment allowances are made if risks are identified, such that the Group is not exposed to any additional significant default risks on receivables. The maximum default risk for the trade receivables and other financial receivables is theoretically the carrying amount for the individual receivable. HHLA has also had loan loss insurance since 2011 to minimize default risks. This covers key outstanding receivables as of the balance sheet date.

The term structure of trade receivables is as follows:

in € thousand	31.12.2010	31.12.2009
Receivables not due for payment and not written down	90,617	90,919
Overdue receivables not written down	35,899	30,812
thereof up to 30 days	29,932	23,749
thereof 31 to 90 days	5,285	5,186
thereof 91 days to 1 year	566	1,427
thereof over 1 year	116	450
	126,516	121,731

Value adjustments on trade receivables developed as follows:

in € thousand	2010	2009
Impairment as of 01.01.	1,755	1,566
Additions (impairment expenses)	2,202	975
Used	- 984	- 490
Reversals	- 241	- 296
Impairment as of 31.12.	2,732	1,755

The default risk in the case of derivative financial instruments and cash and cash equivalents is, in theory, that of counterparty default and is therefore equivalent to the carrying amounts of the individual financial instruments.

The risk of default can be considered to be minimal, as the Group as a rule only conducts derivative financial transactions and liquid investments with counterparties with first-class credit ratings.

In the previous year the receivables from related parties mainly related to HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH. As a result, the default risk which theoretically corresponds to the carrying amount is considered minimal.

In addition, credit risks may arise from an availment from the contingencies listed in ▸ Note 46.

Liquidity risk

The Group guarantees sufficient liquidity at all times with the help of medium-term liquidity planning, by diversifying the maturities of loans and finance leases, and by means of existing lines of credit and funding commitments. If covenants have been agreed for individual loans, they are monitored on an on-going basis to make sure they are being complied with. HHLA will introduce measures it deems necessary to ensure that the covenants are met.

For details on the repayment of the HHLA Group's loans, the liabilities towards employees, the finance lease liabilities and other financial liabilities, please refer to the table of residual maturities for financial liabilities in ▸ Note 38.

The following outflows of liquidity are expected for future interest payments:

		31.12.2010		
in € thousand	Total	Up to 1 year	1 to 5 years	Over 5 years
Outflow of liquidity for future interest payments on fixed-interest loans	46,977	7,140	21,943	17,894
Outflow of liquidity for future interest payments on floating-rate loans	8,296	2,519	5,136	641
	55,273	9,659	27,079	18,535

		31.12.2009		
in € thousand	Total	Up to 1 year	1 to 5 years	Over 5 years
Outflow of liquidity for future interest payments on fixed-interest loans	60,125	8,410	26,773	24,942
Outflow of liquidity for future interest payments on floating-rate loans	11,553	2,816	7,435	1,302
	71,678	11,226	34,208	26,244

The interest rate swaps as of 31 December 2010 are expected to result in interest outflows totalling € 1,149 thousand within one year, and interest outflows of € 2,841 thousand within a period of one to five years. Interest outflows of € 450 thousand are expected within a period exceeding five years. An interest outflow is considered to be the difference between the amount to be paid and the amount to be received. The interest rate caps did not result in interest outflows.

Financial instruments

Fair value

With the exception of the non-current financial liabilities described in ▸ Note 38, there are no significant differences between the carrying amounts and fair values of financial instruments.

The following tables show the carrying amounts for the financial assets and liabilities according to the categories defined by IAS 39 and other standards for the 2010 and 2009 financial years:

Financial assets as of 31.12.2010

in €thousand	Valuation using IAS 39				Balance sheet
	Loans and receivables	Held for trading	Available-for-sale financial assets		
	Amortized cost	Fair value		Amortized cost	
Financial assets	2,972		2,707	2,605	8,284
Trade receivables	126,516				126,516
Receivables from related parties	2,704				2,704
Other financial receivables	2,595	12			2,607
Cash and cash equivalents	235,493				235,493
	370,280	12	2,707	2,605	

Financial liabilities as of 31.12.2010

in €thousand	Valuation using IAS 39			Valuation using other IAS	Valuation using IAS 32	Balance sheet
	Held for trading	Held as effective hedging instruments	Other financial liabilities			
	Fair value	Fair value	Amortized cost	Amortized cost	Present value	
Non-current and current financial liabilities	1,237	1,506	339,182	15,280	121,543	478,748
Accounts payable			77,026			77,026
Liabilities towards related parties				133,733		133,733
	1,237	1,506	416,208	149,013	121,543	

Financial assets as of 31.12.2009

in € thousand	Valuation using IAS 39				Balance sheet
	Loans and receivables	Held for trading	Available-for-sale financial assets		
	Amortized cost	Fair value		Amortized cost	
Financial assets	1,371		4,800	1,891	**8,062**
Trade receivables	121,731				**121,731**
Receivables from related parties	6,660				**6,660**
Other financial receivables	2,313	43			**2,356**
Cash and cash equivalents	173,531				**173,531**
	305,606	43	4,800	1,891	

Financial liabilities as of 31.12.2009

in € thousand	Valuation using IAS 39			Valuation using other IAS	Balance sheet
	Held for trading	Held as effective hedging instruments	Other financial liabilities		
	Fair value	Fair value	Amortized cost	Amortized cost	
Non-current and current financial liabilities	1,779	1,285	362,011	17,365	**382,440**
Accounts payable			54,616		**54,616**
Liabilities towards related parties			66,329		**66,329**
	1,779	1,285	482,956	17,365	

The fair value of available-for-sale financial assets is determined on the basis of market prices. These assets are therefore assigned to level 1 according to IFRS 7.27 (a). Write-downs of € 1 thousand (previous year: write-ups of € 49 thousand) were recorded in the reporting year.

Financial assets at fair value held for trading, financial liabilities held for trading and financial liabilities held as effective hedging instruments are derivative financial instruments, for which no market price is available. These are measured using standard market methods (valuation methods) on the basis of instrument-specific market parameters. They are therefore assigned to level 2 in accordance with IFRS 7.27 (a). The market values are calculated with present value and option pricing models to determine the fair value. These models use the relevant market prices and interest rates observed at the balance sheet date, obtained from recognized sources, as input parameters.

In the reporting year, gains of € 511 thousand (previous year: € 130 thousand) were recognized in the income statement on financial assets and/or liabilities held at fair value through profit and loss. These primarily relate to interest rate hedges with no effective hedging relationship as per IAS 39.

In the reporting year, changes of € - 220 thousand (previous year: € - 800 thousand) in the fair value of financial instruments designated as hedging instruments (interest rate swaps) were recognized directly in equity.

Please refer to the table on the financial result in ► Note 16 for interest income and interest expenses.

The financial liabilities held at fair value as per IAS 32 are liabilities to shareholders outside the Group see ► Note 35. This financial instrument is allocated to level 3 according to IFRS 7.27 (a). The liability entered is the present value of the Group's anticipated payment obligations for the period from 2010 to 2014. This is calculated based on the assumptions used for the Group's plans, which in turn draw on assumptions regarding capacity utilization, volumes, income and costs at the relevant affiliates. The discount rate is 4.5 %, and the effect of discounting came to € 12,268 thousand.

A 0.5 percentage point reduction in the discount rate would increase the present value of the anticipated payment obligations by € 1,256 thousand. A 10 % change in the forecast result at the relevant subsidiaries would lead to a € 9,757 thousand change in the fair value. The liability was reclassified from equity and therefore had no effect on profit and loss as of 31 December 2010.

Derivative financial instruments

Derivative financial instruments are used in the HHLA Group to reduce interest rate risks and, to a minor extent, to reduce currency and commodity price risks. The financial derivatives held in the Consolidated Financial Statements are carried at fair value. Resulting gains and losses are recognized through profit and loss in the financial result unless the derivative financial instrument is part of a designated cash flow hedging relationship. The effective portion of unrealized gains and losses on cash flow hedges is recognized in equity without effect on profit and loss.

The following table shows the terms and maturities of the interest rate derivatives held on the balance sheet date:

The remaining maturity of the interest rate derivatives is between two months and eight years.

The fair values of derivatives are determined by reference to the market prices posted by counterparties.

The expenses and income from the hedged items included in the financial result and the underlying derivatives are shown separately. Expenses and income are not set off against one another.

Of the interest rates swaps disclosed, as of the balance sheet date financial instruments covering an amount of € 24,940 thousand (previous year: € 27,843 thousand) with a market value of € - 1,506 thousand (previous year: € - 1,285 thousand) are held as part of cash flow hedging relationships to hedge future cash flows from interest-bearing liabilities. The hedged cash flows are expected to occur within the next eight years. The amount covered by interest rate swaps is adjusted in line with the anticipated repayment of the loan over the term of the derivative.

In the 2010 financial year, losses of € 220 thousand (previous year: € 800 thousand) on financial instruments used to hedge cash flows were recognized directly in equity.

in € thousand	Fixed interest rate	Floating rate	Amount covered	Market values 31.12.2010		Market values 31.12.2009	
				positive	negative	positive	negative
Interest rate swaps	2.44 % to 4.33 %	1M to 6M EURIBOR	59,192	0	- 2,743	0	- 3,064
Interest rate caps	3.50 % to 4.25 %	6M EURIBOR	8,236	12	0	43	0
			67,428	12	- 2,743	43	- 3,064

48. Related party disclosures

HHLA is the parent company of the HHLA Group.

IAS 24 defines related parties as companies and individuals which directly or indirectly control or exert significant influence over the HHLA Group or over which the HHLA Group has control, joint control or significant influence.

The shareholders HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV), and HHLA Beteiligungsgesellschaft mbH, Hamburg, as well as their shareholder, the Free and Hanseatic City of Hamburg (FHH), companies over which the Free and Hanseatic City of Hamburg has control or significant influence, the members of HHLA's Executive and Supervisory Boards, and the subsidiaries, associates and joint ventures in the HHLA Group are therefore defined as related parties. HGV is the final parent company of HHLA which publishes Consolidated Financial Statements.

In addition to the business relationships with subsidiaries fully consolidated in the Consolidated Financial Statements, the following transactions took place with related parties in the respective financial year:

	Income		Expenses		Receivables		Liabilities	
in € thousand	2010	2009	2010	2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Companies with control over the Group	7,645	5,954	4,413	5,730	0	5,830	65,855	65,506
Non-consolidated subsidiaries	19	0	0	0	259	132	660	175
Joint ventures	7,763	4,176	4,088	3,173	363	668	96	603
Associated companies	284	176	0	0	401	0	479	0
Other transactions with related parties	1,337	1,075	27,298	27,322	1,681	30	66,643	45
	17,048	11,381	35,799	36,225	2,704	6,660	133,733	66,329

Liabilities towards related parties include a loan of € 65,000 thousand (previous year: € 65,000 thousand) to the subgroup Real Estate, which is granted by HGV for an indefinite period and attracts interest at a rate of 4.50 % p. a. (previous year: 4.50 % p. a.) as of the balance sheet date. The loan can be cancelled with three months' notice. In addition, HHLA has liabilities from cash clearing with HGV totalling € 600 thousand (previous year: receivables totalling € 4,200 thousand). HHLA's receivables accrued interest at a rate of between 0.38 % and 0.93 % p. a. (previous year: between 0.27 % and 2.12 % p. a.) in the reporting year. The interest rates for HHLA's liabilities were between 0.48 % and 1.03 % p. a. (previous year: between 0.37 % and 2.22 % p. a.).

Obligations from finance leases amounting to € 65,799 thousand for the lease of two mega-ship berths from HPA are included in other transactions with related parties.

Expenses with related parties mostly include rent for land and quay walls in the port and the Speicherstadt historical warehouse district. Income from related parties is composed of rental and service income as well as interest income.

Furthermore, HGV and the Free and Hanseatic City of Hamburg, as parties related to HHLA, have provided comfort letters and guarantees for loans granted to companies in the HHLA Group to Kreditanstalt für Wiederaufbau, Frankfurt/Main, and the European Investment Bank, Luxembourg. The nominal amount of the bank loans is about € 188.0 million (previous year: € 188.0 million), of which around € 150.0 million plus interest was still outstanding on 31 December 2010 (previous year: € 158.3 million).

With effect from 18 October 2007, a partial loss compensation agreement was concluded between HHLA and HGV. HGV hereby undertakes to assume each annual deficit posted by the HHLA subgroup Real Estate as per commercial law during the term of the agreement. This applies insofar as the deficit is not compensated for by transferring amounts from retained earnings, other revenue reserves or the capital reserve which were carried forward as profit or transferred to these reserves during the term of the contract in accordance with Section 272 (2) (4) of the German Commercial Code (HGB).

Expenses and income from related parties are on standard market terms. The amounts outstanding at year-end are not secured and – with the exception of overnight funds in clearing and the loan liability to HGV – do not attract interest.

No loans or comparable benefits were granted to the members of the Executive and Supervisory Boards in the reporting year or in the previous year.

The following table lists subsidiaries, associated companies and joint ventures, plus HHLA's other participating interests:

Breakdown of HHLA's equity investments into segments as of 31 December 2010

Company name and headquarters	Share of capital		Equity	Annual profit	
	direct	indirect			
	%	%	€ thousand	year	€ thousand
Port Logistics					
Segment Container					
HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg [1, 2, 3]	100.0		111,424	2010	0
HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg [1, 2, 3]		100.0	1,942	2010	0
LZU Leercontainer Zentrum Unikai GmbH, Hamburg [1]		65.0	1,869	2010	1,569
HHLA Container Terminal Tollerort GmbH, Hamburg [1, 2, 3]		100.0	34,741	2010	0
HHLA Rosshafen Terminal GmbH, Hamburg [1]		100.0	17,843	2010	414
UNIKAI Hafenbetrieb GmbH, Hamburg [1, 2, 3]		100.0	3,640	2010	0
HHLA Container-Terminal Altenwerder GmbH, Hamburg [1, 2, 3]		74.9	74,072	2010	0
SCA Service Center Altenwerder GmbH, Hamburg [1, 2, 3]		74.9	601	2010	0
Kombi-Transeuropa Terminal Hamburg GmbH, Hamburg [4]		37.5	163	2010	53
HHLA CTA Besitzgesellschaft mbH, Hamburg [1, 2, 3]		74.9	6,360	2010	0
CuxPort GmbH, Cuxhaven [6]		25.1	6,007	2010	849
FLZ Hamburger Feeder Logistik Zentrale GmbH, Hamburg [4]		66.0	25	2010	0
HHLA Container Terminal Burchardkai GmbH, Hamburg [1, 2, 3]	100.0		76,961	2010	0
Service Center Burchardkai GmbH, Hamburg [1, 2, 3]		100.0	26	2010	0
Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven [5]	50.0		- 8	2010	6
Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven [5]	50.0		17	2010	- 1
DHU Gesellschaft Datenverarbeitung Hamburger Umschlagsbetriebe mbH, Hamburg [5]	23.0	17.4	1,516	2010	671
SC HPC Ukraina, Odessa/Ukraine [1]		100.0	53,227	2010	12,388
Segment Intermodal					
HHLA Intermodal GmbH, Hamburg [1, 2, 3]	100.0		29,043	2010	0
CTD Container-Transport-Dienst GmbH, Hamburg [1, 2, 3]		100.0	256	2010	0
CIT Container Inland Trucking GmbH, Hamburg [5]		50.0	25	2010	- 4
CTL Container Terminal Lübeck GmbH, Lübeck [1, 2, 3]		100.0	30	2010	0
HHLA Intermodal Polska Sp. z o.o., Warsaw/Poland [1]		100.0	16,497	2010	- 2,722
HHLA Intermodal Polska Terminals Sp. z o.o., Warsaw/Poland [1, 5]		100.0	3	2010	- 6
METRANS a.s., Prague/Czech Republic [1]		51.5	110,102	2010	20,315
AREHOR s.r.o., Šenov/Czech Republic [1, 5]		51.5	1,022	2010	- 97
METRANS (Deutschland) GmbH, Hamburg [1, 5]		51.5	146	2010	29
METRANS (Danubia) a.s., Dunajská Streda/Slovakia [1]		51.5	15,952	2010	2,154
METRANS (Danubia) Kft., Győr/Hungary [1, 5]		51.5	- 123	2010	- 300
METRANS Adria D.O.O., Koper/Slovenia [1, 5]		51.5	392	2010	340
IBZ Pankrác a.s., Nýřany/Czech Republic [1, 5]		48.1	209	2010	- 1
DYKO, spol. s r.o., Kolín/Czech Republic [1]		51.5	2,769	2010	433
RAILTRANSPORT s.r.o., Prague/Czech Republic [1, 7]		41.2	86	2010	- 399
Transport-Schienen-Dienst GmbH, Kirnitzschtal [1, 5]		41.2	32	2010	32
TFG Verwaltungs GmbH, Frankfurt/Main [5]		50.0	127	2010	0

Breakdown of HHLA's equity investments into segments as of 31 December 2010

Company name and headquarters	Share of capital		Equity	Annual profit	
	direct	indirect			
	%	%	€ thousand	year	€ thousand
TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt/Main [4]		50.0	- 742	2010	- 4,525
POLZUG Intermodal GmbH, Hamburg [4]		33.3	6,728	2010	45
POLZUG Intermodal Polska sp. z o.o., Warsaw/Poland [4]		33.3	4,633	2010	- 963
POLZUG INTERMODAL LLC, Poti/Georgia (formerly: Silk Road Express Georgia LLC, Poti/Georgia) [5]		24.9	114	2009	133
IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg [5]		50.0	23	2010	- 2
IPN Inland Port Network GmbH & Co. KG, Hamburg [5]		50.0	86	2010	- 39
Segment Logistics					
HPC Hamburg Port Consulting GmbH, Hamburg [1, 2, 3]	100.0		1,367	2010	0
HPTI Hamburg Port Training Institute GmbH, Hamburg [1, 2, 3]		100.0	102	2010	0
Uniconsult Universal Transport Consulting Gesellschaft mit beschränkter Haftung, Hamburg [1, 2, 3]		100.0	100	2010	0
UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg [1]	51.0		4,460	2010	1,412
ARS-UNIKAI GmbH, Hamburg [4]		25.5	306	2010	17
HCC Hanseatic Cruise Centers GmbH, Hamburg [1]		51.0	1,045	2010	374
HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg [1]	51.0		13,438	2010	- 1,376
Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg [1]	51.0		501	2010	345
HHLA Logistics GmbH, Hamburg [1, 2]	100.0		- 1,237	2010	0
HHLA Logistics Altenwerder GmbH & Co. KG, Hamburg [1]	100.0		227	2010	- 1,089
HHLA Logistics Altenwerder Verwaltungsgesellschaft mbH, Hamburg [1, 5]	100.0		48	2010	- 1
Hansaport Hafenbetriebsgesellschaft mit beschränkter Haftung, Hamburg [3, 4]	49.0		n.a.	2010	n.a.
Holding/Other					
GHL Erste Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg [1, 2, 3]	100.0		2,735	2010	0
GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg [1, 2, 3]	100.0		874	2010	0
HHLA-Personal-Service-Gesellschaft mit beschränkter Haftung, Hamburg [1, 2, 3]	100.0		45	2010	0
HHLA Energiehandelsgesellschaft mbH, Hamburg [1, 2]	100.0		25	2010	8
HCCR Erste Beteiligungsgesellschaft mbH, Hamburg [1, 5]		100.0	34	2010	0
Real Estate					
Segment Real Estate					
Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg [1, 2, 3]	100.0		4,518	2010	0
GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg [1, 2, 3]	100.0		8,184	2010	0
GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg [1]	100.0		9,243	2010	387
GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block T mbH, Hamburg [1, 2, 3]	100.0		1,327	2010	0

[1] *Controlled companies*
[2] *Profit and loss transfer agreements existed with these companies in 2010*
[3] *The disclosure relief as per Section 264 (3) of the German Commercial Code (HGB) will be utilized for these companies*
[4] *Proportionately consolidated companies*
[5] *Due to their overall immaterial significance, these companies are not included in the Consolidated Financial Statement or, as associated companies, they are not measured using the equity method, but instead are shown as participations*
[6] *Associates accounted for using the equity method*
[7] *Consolidation for the first time in 2010*

Compensation for key management personnel

The relevant group of people includes the current and former members of the Executive Board and their surviving dependants. Related parties also include other key management personnel, such as members of management and supervisory bodies at affiliates, and their immediate families.

Executive Board remuneration

In accordance with Section 11 (2) of HHLA's articles of association, the Supervisory Board is responsible for signing and terminating service contracts with members of the Executive Board. The Supervisory Board also establishes and regularly reviews the remuneration system for the Executive Board – including the core contractual components – based on recommendations by the Personnel Committee. When conducting such reviews, the Personnel Committee considers HHLA's size and area of operations, its financial position and the amount and structure of Executive Board remuneration in comparable companies.

The remuneration of Executive Board members is made up of a non-performance-related basic annual salary, a performance-related bonus and other benefits. The amount of the bonus depends on the consolidated earnings before taxes and minority interests, adjusted for additions to pension provisions and any extraordinary income from the disposal of companies and land.

The current remuneration structure does not include any long-term incentive components.

In addition to this, there is a pension commitment for each Executive Board member. Pensions are paid to former Executive Board members either after 5 or 8 years' service on the Executive Board, if they leave the Board for reasons unrelated to the Board member, or as a result of incapacity or due to reaching retirement age. Pensions consist of a percentage of the entitlement salary, which is based on the annual basic salary. The percentage is between 35 % and 50 %. Surviving spouses of Executive Board members receive a widow(er)'s pension of 60 % of the pension entitlement.

Should the pension entitlement be suspended or no longer exist upon leaving the Executive Board, transitional pay will apply for a limited period based on the annual basic salary. This clause is not included in all Executive Board members' service contracts.

The service contracts valid during the year under review include a change of control clause. This stipulates that Executive Board members will receive their financial entitlement for the remaining duration of their contract, discounted by 2 % p. a. and discharged in a one-off payment. This does not affect their pension entitlements.

The regulations described above were agreed with the members of the Executive Board before the German Act on the Appropriateness of Management Board Remuneration (VorstAG) came into effect. In 2010, the Supervisory Board approved a new remuneration system adjusted to the requirements of the Act. The alterations thus agreed will primarily apply when contracts are amended or extended and when new contracts are concluded.

Please see the ► Remuneration Report for details of the remuneration paid to individual Board members.

The following remuneration was paid to the members of the Executive Board:

in € thousand	2010	2009
Non-performance-related remuneration		
Basic salary	1,450	1,519
Other benefits	53	75
Performance-related remuneration	1,051	1,005
	2,554	2,599

The other benefits are made up of benefits in kind, which principally consist of the use of a company car.

Benefits totalling € 821 thousand (previous year: € 751 thousand) were paid to former members of the Executive Board and their surviving dependents. Provisions of € 4,435 thousand (previous year: € 3,625 thousand) have been made for pension commitments to active Executive Board members and provisions of € 11,692 thousand (previous year: € 11,639 thousand) have been made for pension commitments to former Executive Board members and their surviving dependents.

Supervisory Board remuneration

In accordance with Section 16 of HHLA's articles of association, Supervisory Board members are remunerated as resolved by the Annual General Meeting. This remuneration is based on the scope of the Supervisory Board members' activities, the company's financial position and its performance. This remuneration was revised with effect as of 2 November 2007.

The members of the Supervisory Board receive fixed remuneration of € 10,000 per financial year. The Chairman receives three times this amount and the Vice Chairman is paid one and a half times the basic figure. This remuneration increases by 35 % if dividends are paid out to the holders of Class A shares for the financial year in question. Supervisory Board members who belong to a committee receive an additional € 2,500 per committee per financial year while the Chairman of the committee receives € 5,000. However, the total may not exceed € 10,000. Furthermore, Supervisory Board members receive a meeting attendance fee of € 250 for each meeting of the Supervisory Board or one of its committees. Supervisory Board members who have belonged to the Supervisory Board or a committee for less than a whole financial year receive a respective pro rata payment.

Remuneration to the Supervisory Board totalled € 324 thousand in 2010 (previous year: € 287 thousand).

49. Members of company boards

The members of the Board and their mandates are listed beginning on page 48 et seqq.

50. German Corporate Governance Code

HHLA has based its corporate governance on the recommendations and suggestions of the German Corporate Governance Code (the Code) as published on 18 June 2009, and the subsequent version dated 26 May 2010 and published on 2 July 2010. It will continue to observe the Code in future as well. Information on corporate governance at HHLA and a detailed report on the amount and structure of the remuneration paid to the Supervisory Board and Executive Board can be found in the Group Management Report and ► Note 48 of this report. The Executive Board and Supervisory Board discussed matters of corporate governance in 2010 and on 15 December 2010 issued the declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG), which is permanently available to shareholders on the company's website (www.hhla.de).

51. Auditing fees

The following fees have been recognized as expenses for services provided by the auditors of the Consolidated Financial Statements, KPMG AG Wirtschaftsprüfungsgesellschaft:

in € thousand	2010	2009
Audit of financial statements	781	761
Other certification services	268	315
Tax advisory services	48	15
Other services	10	226
	1,107	1,317

Fees for auditing financial statements primarily consist of the fees for the audit of the Consolidated Financial Statements and for the audits of the financial statements of Hamburger Hafen und Logistik Aktiengesellschaft and its domestic subsidiaries. In 2010 and the previous year, fees for other certification services related predominantly to the qualified review of interim financial statements.

52. Events after the balance sheet date

The HHLA Group took out a long-term bank loan for € 60 million in January 2011, to finance its expansion projects in the Container segment. There were no other transactions of special significance after the balance sheet date 31 December 2010.

Hamburg, 4 March 2011

HAMBURGER HAFEN UND LOGISTIK AKTIENGESELLSCHAFT

Klaus-Dieter Peters   Dr. Stefan Behn   Heinz Brandt

Dr. Sebastian Jürgens   Dr. Roland Lappin

Annual Financial Statements of the Parent Company

Income statement

for the period 1 January to 31 December 2010

in €		2010	2010	2009	2009
1.	Revenue		138,025,310.71		137,690,767.29
2.	Decrease in work in progress		- 748,536.02		- 1,059,795.50
3.	Own work capitalized		266,579.78		333,173.31
4.	Other operating income		7,167,690.75		7,971,695.61
5.	Cost of materials and services				
	a) Expenses for raw materials, consumables, supplies and purchased merchandise	4,013,009.52		3,779,732.12	
	b) Expenses for purchased services	1,523,871.38	5,536,880.90	1,485,676.80	5,265,408.92
6.	Personnel expenses				
	a) Wages and salaries	87,935,436.36		92,119,762.00	
	b) Social security contributions and expenses for pension and similar benefits of which for pensions €1,273,075.64 (previous year: €17,367,821.19)	17,618,134.94	105,553,571.30	33,131,328.16	125,251,090.16
7.	Depreciation and amortization on intangible fixed assets and property, plant and equipment		5,902,441.99		6,261,184.27
8.	Other operating expenses		28,799,507.73		29,153,293.92
9.	Income from profit transfer agreements		138,841,496.57		96,570,147.61
10.	Income from equity participations of which from affiliated companies €1,012,602.10 (previous year: €1,378,304.69)		4,673,925.10		4,045,729.69
11.	Other interest and similar income of which from affiliated companies €4,941,272.54 (previous year: €4,452,784.96)		6,729,175.32		7,476,552.31
12.	Amortization and impairment losses in financial statements		1,100,000.00		5,737,030.00
13.	Expenses from assumed losses		7,159,203.03		23,979,670.07
14.	Interest and similar expenses of which to affiliated companies €3,770,617.38 (previous year: €3,973,088.75) of which from accrued interest €19,097,398.80 (previous year: €0,00)		23,275,607.77		4,184,641.43
15.	Result from ordinary income		117,628,429.49		53,195,951.55
16.	Extraordinary income		110,327.37		0.00
17.	Extraordinary expenses		155,338.00		0.00
18.	Net extraordinary loss		- 45,010.63		0.00
19.	Taxes on income of which deferred €1,542,944.00 (previous year: €0.00)		30,597,410.94		1,555,989.78
20.	Other taxes		487,746.90		494,705.59
21.	Net profit for the year		86,498,261.02		51,145,256.18
22.	Profit carried forward from the previous year		79,205,284.70		58,754,658.92
23.	Unappropriated profit		165,703,545.72		109,899,915.10

The annual financial statement and report of Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, for the 2010 financial year have been prepared according to the provisions of German commercial law and have been endorsed with an unrestricted auditor's certificate by the auditors of KPMG AG Wirtschaftsprüfungsgesellschaft.The statement of income for the period 1 January to 31 December 2010, and the balance sheet as of 31 December 2010, are presented on this and the following pages.

Balance sheet

as of 31 December 2010

in €		31.12.2010	31.12.2010	31.12.2009	31.12.2009
Assets					
A.	Non-current assets				
I.	Intangible assets				
1.	Software	1,262,295.53		940,104.38	
2.	Payments made on account	53,069.00	1,315,364.53	55,000.00	995,104.38
II.	Property, plant and equipment				
1.	Land, equivalent land rights and buildings, including buildings on leased land	70,925,412.79		74,679,949.81	
2.	Technical equipment and machinery	2,694,887.52		2,854,913.64	
3.	Other plant, operating and office equipment	3,547,102.56		3,705,941.03	
4.	Payments made on account and plant under construction	7,470,892.17	84,638,295.04	1,147,492.55	82,388,297.03
III.	Financial assets				
1.	Interests in affiliated companies	225,037,545.57		225,037,545.57	
2.	Equity investments	2,618,861.54		2,618,861.54	
3.	Non-current securities	564,561.61	228,220,968.72	1,600,092.39	229,256,499.50
			314,174,628.29		312,639,900.91
B.	Current assets				
I.	Inventories				
1.	Raw materials, consumables and supplies	203,796.04		149,955.05	
2.	Work in progress	4,014,222.29	4,218,018.33	4,762,758.31	4,912,713.36
II.	Receivables and other assets				
1.	Trade receivables	815,277.87		1,253,508.43	
2.	Receivables from the Free and Hanseatic City of Hamburg of which with a residual term of more than one year €414,346.11 (previous year: €422,612.82)	423,711.83		448,367.41	
3.	Receivables from affiliated companies	412,623,758.30		354,044,080.39	
4.	Receivables from investee companies	11,809.91		229,574.66	
5.	Other assets of which with a residual term of more than one year €1,303,477.82 (preview year: €253,026.66)	25,122,028.93	438,996,586.84	28,009,951.00	383,985,481.89
III.	Cash and cash equivalents		198,016,356.63		148,558,240.09
			641,230,961.80		537,456,435.34
C.	Accruals and deferrals		389,403.94		446,867.37
D.	Deferred tax assets		31,363,786.00		0.00
			987,158,780.03		850,543,203.62

Balance sheet

as of 31 December 2010

in €		31.12.2010	31.12.2010	31.12.2009	31.12.2009
Equity and liabilities					
A.	Equity				
I.	Subscribed capital				
1.	Port Logistics	69,975,326.00		69,975,326.00	
2.	Real Estate	2,704,500.00	72,679,826.00	2,704,500.00	72,679,826.00
II.	Capital reserve				
1.	Port Logistics	134,915,393.63		134,915,393.63	
2.	Real Estate	506,206.26	135,421,599.89	506,206.26	135,421,599.89
III.	Revenue reserves				
1.	Statutory reserve				
	a) Port Logistics	5,125,000.00		5,125,000.00	
	b) Real Estate	205,000.00	5,330,000.00	205,000.00	5,330,000.00
2.	Other earnings reserves				
	a) Port Logistics	56,105,325.36		15,676,571.45	
	b) Real Estate	1,322,353.86	57,427,679.22	627,062.86	16,303,634.31
			62,757,679.22		21,633,634.31
IV.	Profit carried forward				
1.	Port Logistics	71,616,066.80		53,900,570.01	
2.	Real Estate	7,589,217.90	79,205,284.70	4,854,088.91	58,754,658.92
V.	Net profit for the year				
1.	Port Logistics	81,846,180.94		45,705,627.19	
2.	Real Estate	4,652,080.08	86,498,261.02	5,439,628.99	51,145,256.18
			436,562,650.83		339,634,975.30
B.	Provisions				
1.	Provisions for pensions and similar obligations		288,744,562.97		297,070,034.69
2.	Tax provisions		3,545,891.66		1,579,580.15
3.	Other provisions		32,729,640.67		36,467,818.07
			325,020,095.30		335,117,432.91
C.	Liabilities				
1.	Payments on account		4,183,081.69		5,004,218.31
2.	Accounts payable		1,799,849.61		1,587,804.09
3.	Liabilities towards the Free and Hanseatic City of Hamburg		5,221.97		2,210.02
4.	Liabilities towards HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH		65,855,243.21		61,273,639.86
5.	Liabilities towards affiliated companies		140,169,179.47		97,994,019.84
6.	Liabilities towards investee companies		938,624.98		214,244.14
7.	Other liabilities of which from taxes €2,715,835.83 (previous year: €2,732,875.08) of which for social security €3,113,242.55 (previous year: €2,804,657.21)		10,227,672.98		9,002,571.16
			223,178,873.91		175,078,707.42
D.	Accruals and deferrals		793,953.99		712,087.99
E.	Deferred tax liabilities		1,603,206.00		0.00
			987,158,780.03		850,543,203.62

Auditor's Report

"We have audited the consolidated financial statements prepared by the Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, comprising Group balance sheet, Group income statement, Group statement of comprehensive income, Group statement of changes in equity, Group cash flow statement and notes of the group, together with the Group Management Report for the business year from January 1, 2010 to December 31, 2010. The preparation of the consolidated financial statements and the Group Management Report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] and supplementary provisions of the articles of incorporation are the responsibility of the parent company's management. Our responsibility is to express an opinion on the Consolidated Financial Statements and on the Group Management Report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit 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 audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group Management Report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group Management Report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group Management Report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Hamburg, 4 March 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft

Ditting	Retzlaff
Wirtschaftsprüfer	Wirtschaftsprüferin

Assurance of the legal representatives

We hereby give our assurance that – to the best of our knowledge – the consolidated financial statements convey a true and fair view of the assets, financial position and profit situation of the Group in accordance with the applicable accounting principles. Furthermore, we hereby certify that the Group Management Report conveys a true and fair view of the course of business, including the business earnings and the Group's situation, and that the principal opportunities and risks entailed in the Group's probable development in the coming financial year are described.

Hamburg, 4 March 2011

Hamburger Hafen und Logistik AG
The Executive Board

Klaus-Dieter Peters   Dr. Stefan Behn   Heinz Brandt

Dr. Sebastian Jürgens   Dr. Roland Lappin

Specialist terminology

Automated Guided Vehicle (AGV)
Fully automated unmanned transport vehicles used to move containers between quayside container gantry cranes on the waterside and storage blocks. Deployed by HHLA at Container Terminal Altenwerder.

Block storage
Automated storage blocks used by HHLA at Container Terminal Altenwerder – and also at Container Terminal Burchardkai – for compact stacking of boxes ► RMG.

Container gantry crane
Crane unit used for loading and discharging containerships. A distinction is made between panamax-, post-panamax- and super-post-panamax container gantry cranes for handling ships of the corresponding sizes.

Tandem (Twin-Forty) gantry cranes
New type of container gantry crane that in one single move can carry two 40-ft. or four 20-ft. containers simultaneously.

Contract logistics
Business model based on long-term cooperation and division of labour between a manufacturer of goods and a provider of logistics services, and regulated by a service contract. Providers of contract logistics services provide logistics and logistics-related services along the transport chain.

Feeder, feedership
Regional containerships that distribute smaller quantities of containers onwards to ports not served directly by large containerships. The Baltic region, for example, is served from Hamburg by feeders.

Hinterland
Describes a port's catchment area.

Intermodal or intermodal systems
Transport utilizing several carriers (rail, water, road) and combining the specific advantages of each.

North Range
Overseas ports in Northern Europe, in a wider sense signifying all the large continental ports in Northern Europe from Le Havre as far as Hamburg and Gothenburg. In a geographically narrower sense, the term often used is Hamburg-Antwerp Range.

Rail gantry crane
see ► RMG

Reach stacker
Transport vehicle using a diagonal telescopic arm that can simultaneously accept two standard containers and lift these across other containers.

RMG – Rail-Mounted Gantry crane
Crane units spanning their working area like a gantry, often operating on rails, hence the abbreviation RMG. If used in ► block storage, they are also called ► storage gantry cranes, and in rail cargo handling, see ► rail gantry cranes.

RoRo
The abbreviation stands for "roll on, roll off" and is used to describe a loading/unloading process for cargoes (e.g. cars) that can be rolled, or driven, on to a ship.

Standard container
see ► TEU

Storage gantry crane
see ► RMG

Straddle carrier (also van-carrier)
A vehicle used for moving containers around terminals. The van-carrier driver is seated at the controls above the container, lifting and stacking it on one of up to four layers.

Terminal
In maritime logistics this means a transhipment point for cargo, usually a container terminal.

TEU (Twenty-foot equivalent unit)
Term denoting a normed standard container, in worldwide use as a unit of measure for uniform counting of container quantities. A 20-ft. container is normally 20 ft. / 6.06 m long and 8 ft. / 2.44 m wide, and just as high.

Financial terms

Added value
Added value is calculated on the basis of the value of production less input (costs of materials, depreciation, other costs). Added value is distributed to different interest groups in HHLA , such as employees, shareholders, partners or the state.

Average operating assets
Average net non-current assets (intangible assets, property, plant and equipment, investment properties, associates accounted for using the equity method and financial assets) + average net current assets (inventories + trade receivables less accounts payable) Assets held for sale are not part of the average operating assets.

Cost of capital
Expenses that must be incurred to utilize financial resources as equity or borrowed capital.

DBO (defined benefit obligation)
Performance-oriented pension obligations arising from the accrued and estimated pension rights of active and former members of staff as at settlement day, allowing for probable future changes in pensions and emoluments.

Derivative financial instruments
Financial instruments that are traditionally used to protect existing investments or obligations.

EBIT
Earnings before interest and taxes

EBIT from continuing activities
EBIT without one-off restructuring expense and the operating result of affiliated companies, which have been classified as discontinued.

EBITDA
Earnings before interest, taxes, depreciation and Amortization

EBT
Earnings before tax

Economies of scale
Law of economics according to which increases in production are accompanied by reductions in unit costs.

Equity ratio
Equity / total assets

Financial result
Interest income – interest expenses +/– result from participations – write-downs and losses on the disposal of financial investments and of current securities – expense from loss adoption

Gearing ratio
Commercial debts / equity

IAS
International Accounting Standards

IFRS
International Financial Reporting Standards

Impairment test
Impairment test as defined under IFRS

Investments
Payments for investments in tangible assets and investment property and for investments in intangible assets.

Operating cash flow: (as defined in literature on IFRS indicators)
EBIT – taxes + amortization and depreciation – writebacks +/– change of non-current provisions (excl. interest portion) +/– gains / losses on the disposal of property, plant and equipment + change of working capital

ROCE (return on capital employed)
EBIT / average operating assets; ROCE of the year 2009 is calculated by using EBIT from continuing activities. Assets held for sale are not part of the operating assets.

Revenue
Sales derived from selling, letting or leasing and from services provided by the Group, less sales deductions and turnover tax.

Financial calendar

31 March 2011
Annual Report 2010

13 May 2011
Interim Report January – March 2011

16 June 2011
Annual General Meeting

12 August 2011
Interim Report January – June 2011

11 November 2011
Interim Report January – September 2011

Imprint

Published by
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Concept und design
Kirchhoff Consult AG

Printed by
Druckerei Kriechbaumer

The Hamburger Hafen und Logistik Aktiengesellschaft Annual Report 2010 is a translation of the original German Hamburger Hafen und Logistik Aktiengesellschaft Geschäftsbericht 2010. Please note that only the German version is legally binding.

HHLA Multi-year overview

in € million	2006	2007	2008	2009	2010
Revenue					
Port Logistics subgroup [1]	–	1,152.4	1,299.2	962.9	1,044.1
Real Estate subgroup [1]	–	30.8	32.6	32.7	34.0
Consolidation	–	- 3.2	- 5.0	- 4.9	- 5.0
HHLA Group	1,017.4	1,180.0	1,326.8	990.7	1,073.1
EBITDA					
Port Logistics subgroup [1]	–	364.6	439.4	261.1	290.1
Real Estate subgroup [1]	–	14.1	17.6	16.4	16.8
Consolidation	–	0	- 0.2	0	0
HHLA Group	296.4	378.7	456.8	277.5	306.9
EBITDA margin in %	29.1	32.1	34.4	28.0	28.6
EBIT					
Port Logistics subgroup [1]	–	277.0	341.3	147.7	179.9
Real Estate subgroup [1]	–	10.3	13.7	12.3	12.7
Consolidation	–	0.3	0.1	0.2	0.3
HHLA Group	218.1	287.6	355.1 [2]	160.2 [2]	192.9 [2]
EBIT margin in %	21.4	24.4	26.8	16.2	18.0
Profit after tax	116.9	152.0	217.5	89.1	113.9
Profit after tax and minority interests	97.1	111.3	160.4	53.0	76.2
Cash flow/investments/ depreciation and amortization					
Cash flow from operating activities	199.7	246.7	341.9	193.2	206.9
Cash flow from investing activities	- 248.9	- 174.7	- 265.6	- 157.3	- 56.3
Cash flow from financing activities	- 19.7	131.9	- 88.5	- 88.6	- 95.2
Investments	205.2	194.8	259.4	159.7	173.8
Depreciation and amortization	78.3	91.0	101.8	117.3	- 114.0
Assets and liabilities					
Non-current assets	977.7	1.042.9	1.174.2	1.224.9	1.290.6
Current assets	221.9	440.9	438.3	365.6	424.5
Equity	258.7	569.5	682.6	637.0	567.0
Equity ratio [3] in %	21.6	38.4	42.3	40.0	33.1
Pension provisions	377.4	312.4	300.7	325.1	331.1
Other non-current assets	359.0	342.4	350.3	385.5	518.8
Current liabilities	204.5	259.5	278.9	242.9	298.2
Gearing ratio	2.5	0.8	0.6	0.8	1.1
Total assets	1,199.6	1,483.8	1,612.5	1,590.5	1,715.1
Employees					
Employees as of 31.12.	4,215	4,565	5,001	4,760	4,679
Performance data					
Container throughput in million TEU	6.5	7.2	7.3	4.9	5.8
Container transport [4] in million TEU	1.5	1.7	1.8	1.5	1.7

[1] Reorganization into Port Logistics subgroup and Real Estate subgroup in 2007
[2] EBIT from continuing activities € 190.7 million in 2009, € 357.8 million in 2008 and € 177.7 million in 2009
[3] Equity ratio in 2010 after a reclassification from minority interests to financial liabilities
[4] Transport volume was fully consolidated

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