HAMBURGER HAFEN UND LOGISTIK AKTIENGESELLSCHAFT
Annual Report 2012

Key Figures

in € million	HHLA Group 2012	2011	Change
Revenue and Earnings			
Revenue	1,128.5	1,217.3	- 7.3 %
Pro forma revenue[1]	*1,103.6*	*1,119.2*	*- 1.4 %*
EBITDA	307.5	333.4	- 7.8 %
EBITDA margin in %	27.2	27.4	- 0.2 pp
Pro forma EBITDA[1]	*288.2*	*337.2*	*- 14.5 %*
EBIT	186.3	207.0	- 10.0 %
EBIT margin in %	16.5	17.0	- 0.5 pp
Pro forma EBIT[1]	*166.8*	*212.7*	*- 21.6 %*
Profit after tax	111.8	118.8	- 5.8 %
Profit after tax and minority interests	72.4	89.3	- 18.9 %
Cash Flow and Investments			
Cash flow from operating activities	210.5	266.1	- 20.9 %
Investments	196.5	128.7	52.6 %
Performance Data			
Container throughput in thousand TEU	7,183	7,087	1.4 %
Container transport[2] in thousand TEU	1,213	1,887	- 35.7 %
Pro forma container transport[1] in thousand TEU	*993*	*992*	*0.1 %*

in € million	31.12.2012	31.12.2011	Change
Balance Sheet			
Total assets	1,768.5	1,811.5	- 2.4 %
Equity	562.0	644.7	- 12.8 %
Equity ratio in %	31.8	35.6	- 3.8 pp
Employees			
Number of employees as of 31.12.	4,915	4,797	2.4 %

	Port Logistics Subgroup[3,4]			Real Estate Subgroup[3,5]		
in € million	2012	2011	Change	2012	2011	Change
Revenue	1,101.2	1,190.6	- 7.5 %	32.4	31.7	2.3 %
Pro forma revenue[1]	*1,076.3*	*1,092.6*	*- 1.5 %*			
EBITDA	290.4	317.3	- 8.5 %	17.1	16.2	5.6 %
EBITDA margin in %	26.4	26.6	- 0.2 pp	52.7	51.1	1.6 pp
Pro forma EBITDA[1]	*271.1*	*321.0*	*- 15.5 %*			
EBIT	173.1	194.8	- 11.1 %	12.8	11.9	7.7 %
EBIT margin in %	15.7	16.4	- 0.7 pp	39.6	37.6	2.0 pp
Pro forma EBIT[1]	*153.6*	*200.5*	*- 23.4 %*			
Profit after tax and minority interests	66.6	84.0	- 20.8 %	5.9	5.3	11.5 %
Earnings per share in €[6]	0.95	1.20	- 20.8 %	2.17	1.95	11.5 %
Dividend per share in €[7]	0.65	0.65	0.0 %	1.20	1.00	20.0 %

[1] Pro forma: applying the new ownership structure in the Intermodal segment
[2] The transport volume was fully consolidated
[3] Before consolidation between subgroups
[4] Listed Class A shares
[5] Non-listed Class S shares
[6] Basic and diluted
[7] 2012: Dividend proposal

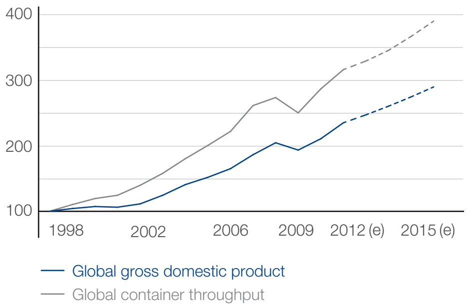
Title photo: Processing a mega-ship at the HHLA Container Terminal Burchardkai (CTB)

A Hub For World Trade

As a point of intersection for global sea freight traffic, Hamburg offers unique strengths in connecting Central and Eastern Europe to all important regions of the global economy.

Globalisation trends and key factors in the business

Economic growth and container throughput, 1998–2012
index-based, in %



Source: Drewry, IMF

- Internationalisation of procurement, production and sales
- Economic development in key markets
- Transport and ship operating costs
- Customs and trade barriers
- Liner services and scheduling of shipping companies
- Transport geography and nautical access

Container throughput in Northern Europe

Largest ports in the North Range in 2012
in million TEU

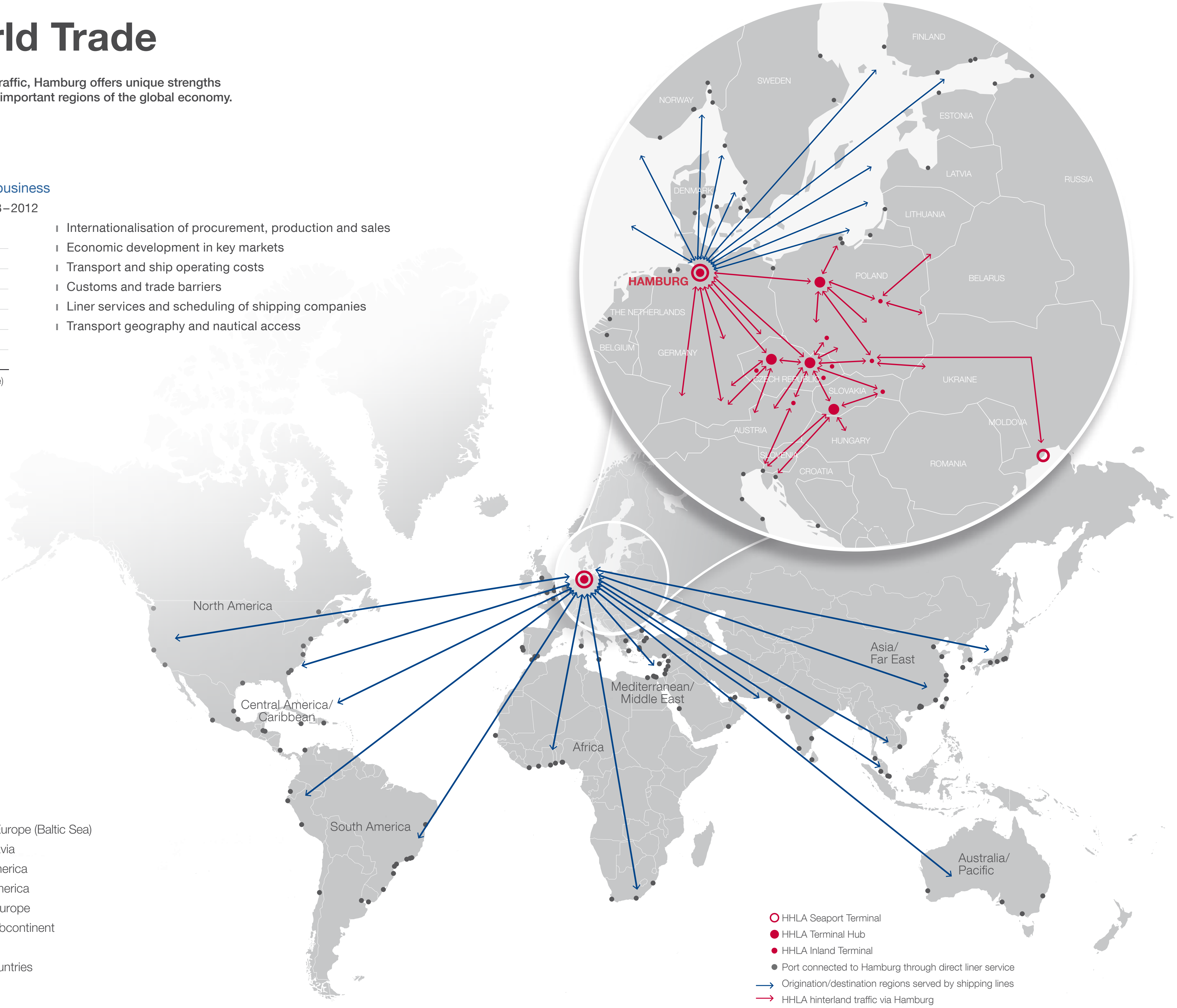
Port	million TEU
Rotterdam	11.9
Hamburg	8.9
HHLA[1]	7.0
Antwerp	8.6
Bremen ports	6.1

[1] *Excluding throughput in Odessa, Ukraine*

Container throughput by shipping region

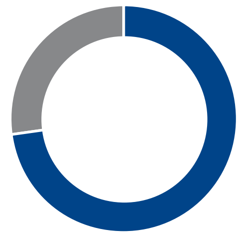
Seaborne handling by HHLA 2012

- 43 % Far East
- 15 % Eastern Europe (Baltic Sea)
- 11 % Scandinavia
- 8 % North America
- 6 % South America
- 4 % Rest of Europe
- 4 % Indian subcontinent
- 2 % Africa
- 7 % Other countries



Container throughput by type of vessel

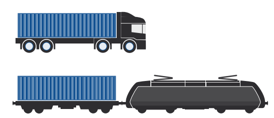
Proportion of freight volume handled by HHLA 2012



- 73 % Large container ships
- 27 % Feeder ships

Hinterland transport by type of carrier

Proportion of freight volume transported by HHLA 2012

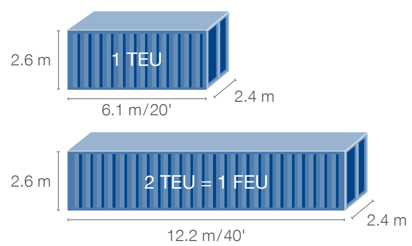


Handling services by HHLA 2012

- 28 weekly overseas services
- 1,438 port calls of container mega-ships
- 57 weekly feeder services
- 6,983 port calls of feeder ships
- 427 trains on average per week
- Up to 8,000 trucks per day

ISO standard container

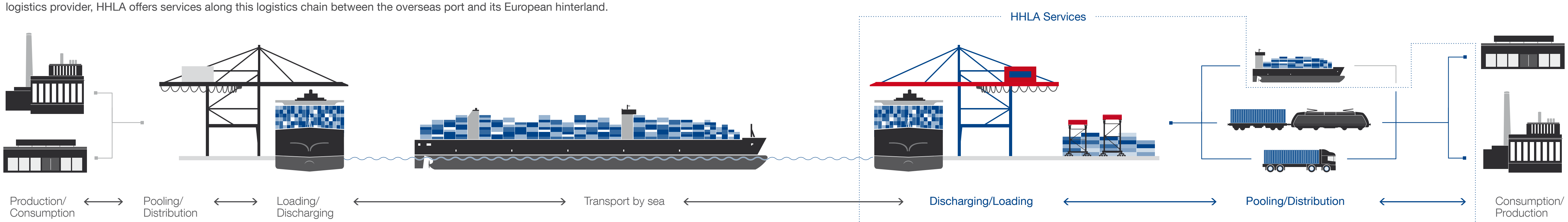
Twenty-foot Equivalent Unit (TEU)
Forty-foot Equivalent Unit (FEU)



	1 TEU	1 FEU
Volume	33 m³	67 m³
Empty weight	2.3 t	3.8 t
Max. weight	24.0 t	30.5 t

Transport chain

Logistics chains are the prerequisite for the development of the global economy. As an integrated handling, transport and logistics provider, HHLA offers services along this logistics chain between the overseas port and its European hinterland.



Who we are

We are one of Europe's leading port logistics groups. At our seaport and hinterland hubs, we link three different carriers – ships, trains and trucks – to create powerful logistics chains which set both economic and ecological standards. With our pioneering, integrated services, we organise top-quality and reliable transport between the seaport and the European hinterland. To achieve this, we continuously develop our efficient container terminals, high-performance transport systems and diverse range of logistics services.

What sets us apart

- Advantageous location of seaport and hinterland hubs
- Uniquely integrated business model
- Efficiency and productivity through technological leadership
- Interface for emerging economies
- Climate-friendly link between ship and rail carriers
- Solid balance sheet structure
- Attractive dividend policy
- Experienced management

Mega-ship at HHLA container terminal in Hamburg

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Segments at a Glance

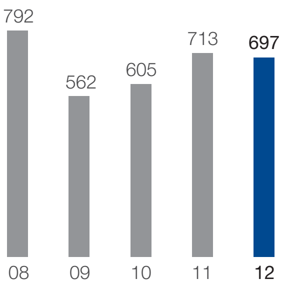
HHLA Container Segment
Port Logistics Subgroup

A Hub for World Trade

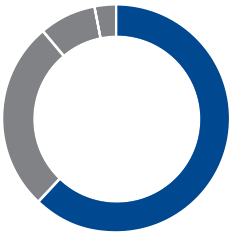
HHLA's container terminals link ships and rail networks to create efficient, eco-friendly transport chains. The company's three high-performance terminals – Altenwerder, Burchardkai and Tollerort – make the Port of Hamburg the most important container hub between Asia and Central/Eastern Europe. Technical innovations and automated work processes enable a level of productivity which sets both national and international benchmarks. With its Container Terminal Odessa in 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.

in € million	2012	2011	Change
Revenue	697.5	712.9	- 2.2 %
EBIT	146.2	195.5	- 25.2 %
EBIT margin in %	21.0	27.4	- 6.4 pp
Employees as of 31.12.	2,935	2,898	1.3 %
Container throughput in thousand TEU	7,183	7,087	1.4 %

Revenue
in € million



Container Share of Revenue
61.8 %



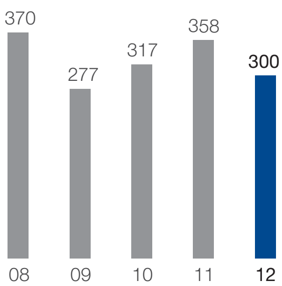
HHLA Intermodal Segment
Port Logistics Subgroup

A Network for Europe

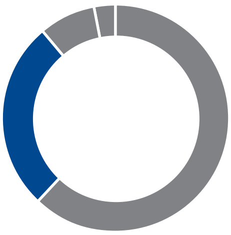
HHLA's Intermodal segment offers a comprehensive transport and terminal network for containers by road and rail. While the Intermodal companies create high-performance rail links between ports in Northern Europe and their hinterland, a growing number of inland terminals also provide the high quality of service demanded by maritime logistics in inland regions. The market leader Metrans links the Czech Republic, Slovakia, Hungary, Slovenia, Austria and parts of Germany with the German seaports. Polzug Intermodal focuses on Poland and the CIS countries. The container forwarder CTD operates truck services in the metropolitan areas of major German cities and is the market-leading provider of transport services within the Port of Hamburg.

in € million	2012	2011	Change
Revenue	299.7	357.6	- 16.2 %
EBIT	41.3	24.6	68.0 %
EBIT margin in %	13.8	6.9	6.9 pp
Employees as of 31.12.	1,010	902	12.0 %
Container throughput in thousand TEU	1,213	1,887	- 35.7 %

Revenue
in € million



Intermodal Share of Revenue
26.6 %

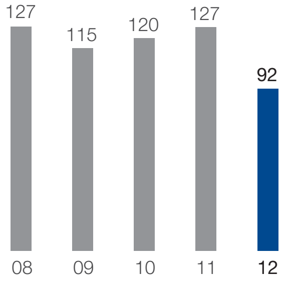


HHLA Logistics Segment
Port Logistics Subgroup

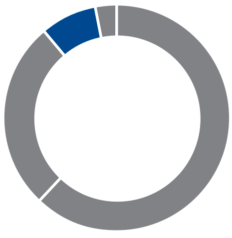
A Range of Services for an All-Purpose Port
A wide range of services are pooled in the Logistics segment – from consultancy and specialist handling services to storage and contract logistics. Unikai Lagerei und Spedition is the competence centre for vehicle logistics in the Port of Hamburg. The Frucht- und Kühlzentrum is the German market leader for fruit handling and Ulrich Stein GmbH offers essential services for the fruit import sector. Through 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 around the world.

in € million	2012	2011	Change
Revenue	91.9	126.7	- 27.4 %
EBIT	4.4	- 1.0	–
EBIT margin in %	4.8	- 0.8	–
Employees as of 31.12.	311	422	- 26.3 %

Revenue
in € million



Logistics Share of Revenue
8.1 %

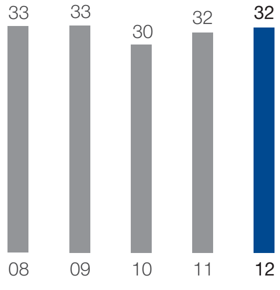


HHLA Real Estate Segment
Real Estate Subgroup

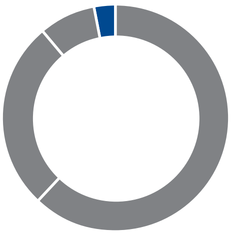
Careful Redevelopment
HHLA Real Estate boasts a broad portfolio of services, from project and property development to modern district management and active urban redevelopment. At the heart of its activities is the careful, sustainable renovation of Hamburg's Speicherstadt historical warehouse district. HHLA aims to make this an exemplary redevelopment project. The unique atmosphere of this landmarked warehouse complex attracts tenants from the media, advertising, 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.

in € million	2012	2011	Change
Revenue	32.4	31.7	2.3 %
EBIT	12.8	11.9	7.7 %
EBIT margin in %	39.6	37.6	2.0 pp
Employees as of 31.12.	37	38	- 2.6 %

Revenue
in € million



Real Estate Share of Revenue
2.9 %



Ladies and Gentlemen,

Klaus-Dieter Peters
Chairman of the Executive Board

Despite the challenging economic conditions, Hamburger Hafen und Logistik AG (HHLA) stood its ground well in the 2012 financial year. In a stagnating market environment, we consolidated our position in container handling and laid the foundation for future growth by realigning our rail companies and implementing a range of modernisation measures at our container terminals.

Global economic growth slowed in the course of 2012. For HHLA, this was primarily reflected in a significant decline in imports from China to Europe. At the same time, the earnings situation remained tense for our most important customer group, container shipping companies. Rival ports in Europe continued to build up overcapacity at their terminals. Moreover, the long overdue work to deepen the navigation channel of the river Elbe – the most important infrastructure project for the port of Hamburg – was delayed yet again, resulting in narrow time slots for the handling of mega-ships and thereby generating additional costs for us.

Against such a backdrop, we have been able to record volume growth slightly above the market average in our Container and Intermodal segments, which together account for around 90 percent of revenue. In the case of container throughput, we were able to more than compensate for the decline in Far East traffic – due mainly to strong growth in European feeder traffic and the rise in trade with North America. Our container transport companies were also able to hold their ground well. They successfully expanded their range of services, enabling them to keep transport volumes stable in a slightly shrinking market.

As a result, we were able to fulfill our forecast from summer 2012 with revenue of € 1.13 billion and an operating result of € 186 million. The operating margin narrowed slightly from 17.0 percent to 16.5 percent in a year-on-year comparison, but it remains high. Together with our excellent liquidity position and sound balance sheet structure, it therefore enables us to finance capital expenditure almost entirely from our own funds.

This earnings power is also reflected in our dividend proposal. As in the previous year, the Executive and Supervisory Boards of Hamburger Hafen und Logistik AG (HHLA) will propose a dividend of € 0.65 per entitled share for the 2012 financial year for the publicly listed shares of the Port Logistics subgroup at the Annual General Meeting on 13 June 2013.

We adjusted our original forecast in line with current developments on two occasions during the year. The first time was on 15 May 2012, as the successful realignment of our Intermodal segment led to changes in the ownership structure and thus to changes in revenue and earnings due to consolidation. On top of this came additional expenses caused by high start-up costs from reorganising operational and work processes as part of the modernisation of our Container Terminal Burchardkai.

The second adjustment was made on 25 July 2012, when a sluggish economic environment began to take its toll on our handling volumes – after the industry and experts alike had predicted an increase in container traffic at the Northern European ports at the beginning of the year. The flexibility and scalability of our expansion projects enabled us to reduce the volume of investment in line with actual demand trends. In particular, we postponed investments aimed at increasing container handling capacity in Hamburg and Odessa, enabling us to reduce our original capital expenditure planning for the 2012 financial year from € 280 million to around € 200 million.

In 2012, we further developed our business model of combining excellence at seaport terminals with top-quality, reliable transport chains for the European hinterland. The new, semi-automated, integrated system at the Container Terminal Burchardkai, the scene of our largest investment project, was launched at the end of 2012. Together with additional process innovations at our other facilities, this has improved our long-term ability to handle the latest generation of container ships.

Attracting and retaining cargo for our seaport terminals is a key part of our strategy and we have made considerable headway in this field with the realignment of our rail companies. After unbundling our shareholdings, we now have majority control of Metrans and Polzug. This enables us to align our entire transport network firmly with the requirements of maritime logistics. In doing so, we are making increased use of our own production facilities, such as inland terminals, specialised container-carrying rail wagons and locomotives. We are also expanding our network of high-performance shuttle transport systems. This has helped us to boost the proportion of environmentally friendly rail traffic used to transport goods from our terminals to the hinterland.

In the past year, we also made a further step towards achieving our sustainability targets. We reduced specific CO_2 emissions – the amount of CO_2 produced per container handled – at our terminals by 4.7 percent in 2012, bringing the total reduction to 24.5 percent since 2008. This means that our goal of reducing specific CO_2 emissions by at least 30 percent between 2008 and 2020 is already within reach.

We became the first maritime company to issue a declaration of compliance with the German Sustainability Code (GSC) in the reporting year. By publishing this, we have made a special commitment to our sustainable business model. In addition, we have applied the GRI (Global Reporting Initiative) guidelines for the first time in this annual report. These constitute the most widely used sustainability reporting standard in the world at present.

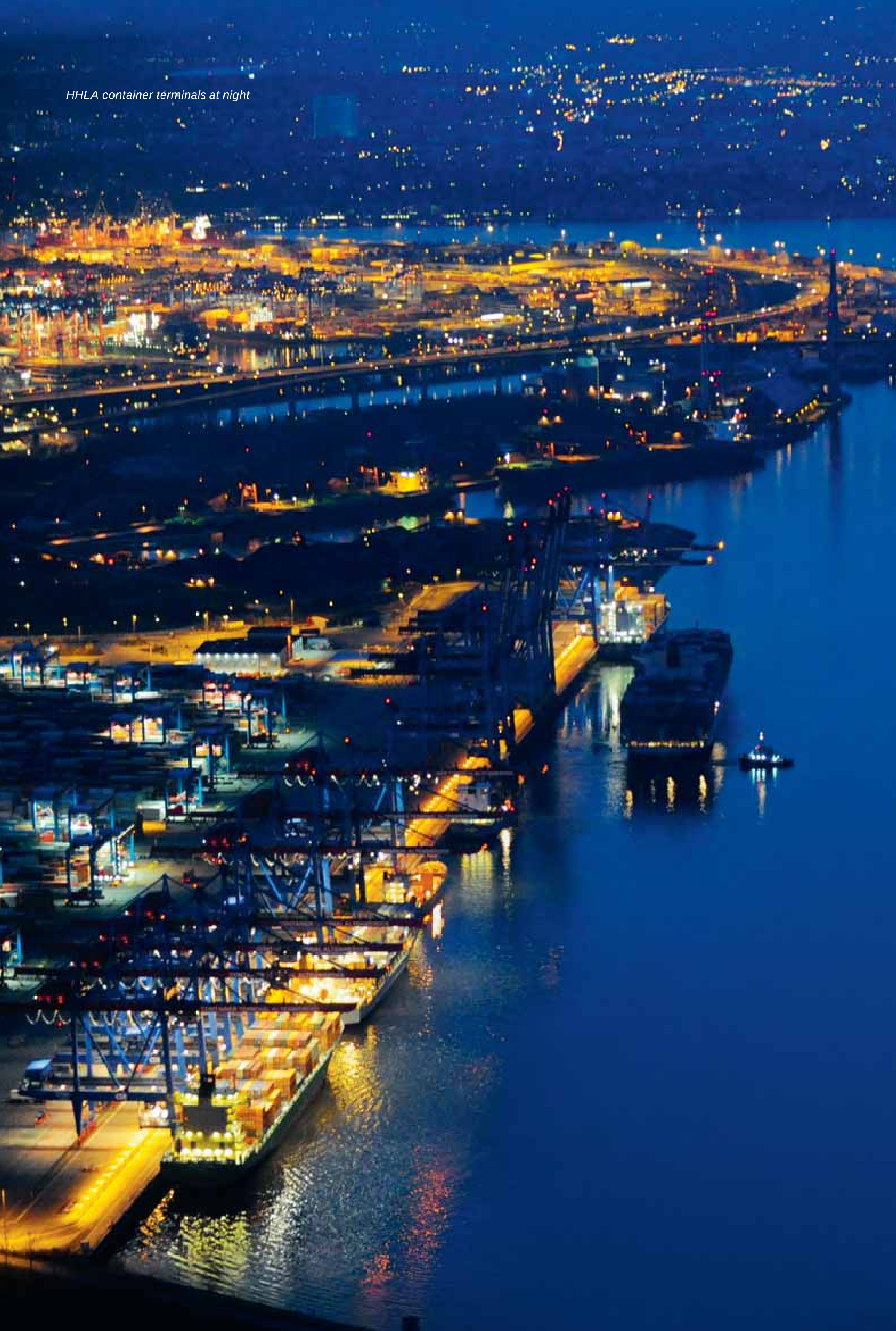
What can we expect from the 2013 financial year? Although the mood brightened somewhat at the beginning of the year, we are still facing significant macroeconomic risks. The earnings situation in the container liner shipping sector is likely to remain tense as many new mega-ships join the fleet. Similarly, our rival ports will continue to build up terminal overcapacities. Current forecasts indicate that growth in container throughput at the ports in Northern Europe will come to a virtual standstill.

With this in mind and in view of the delay in dredging the river Elbe, we currently expect container throughput to remain unchanged compared with 2012. Following the realignment of our container transport business, we expect our companies to enjoy strong growth from network expansion in fiscal 2013. Under these conditions, we aim to achieve a slight year-on-year increase in revenue. General cost increases despite stagnant container throughput will have a negative impact on earnings and may outweigh any gains in revenue. The increased earnings potential of our rail companies will only have a limited effect on the result in 2013 due to the additional costs incurred to penetrate new markets and thus fail to compensate for the one-off gain of € 17 million in 2012 from the realignment of the Intermodal segment. Based on these revenue and cost expectations, we aim to generate an operating result (EBIT) in a range between € 155 and € 175 million in the 2013 financial year.

We believe that we are well prepared for the coming challenges in a persistently adverse market environment. We will stand firmly by the measures introduced and upheld in 2012 to strengthen our medium and long-term growth potential while endeavouring to stabilise our high level of operating income. This will give us greater flexibility to confront risks and enable us to take full advantage of the opportunities offered by our European logistics markets in a growing global economy based on an increasing division of labour.

Yours,

Klaus-Dieter Peters
Chairman of the Executive Board



HHLA container terminals at night

"Our terminals in Hamburg are an ideal hub for the global transport chains between the growth regions of Asia and those of Central/Eastern Europe."

KLAUS-DIETER PETERS, CHAIRMAN OF THE EXECUTIVE BOARD

Course Set for Growth

AN INTERVIEW WITH KLAUS-DIETER PETERS

With the realignment of its intermodal systems and the continuation of its terminal modernisation programme, HHLA took a number of important steps in the 2012 financial year to pave the way for future growth.

Klaus-Dieter Peters
Chairman of the Executive Board
First appointed on 1 January 2003

Responsibility

- Executive Board Coordination
- Corporate Communications
- Corporate Development
- Sustainability
- Intermodal Segment
- Logistics Segment

Mr. Peters, the economic environment became considerably gloomier in 2012. This comes on top of the crisis in the shipping industry and growing overcapacities for container handling. Should HHLA expect less favourable economic conditions on a permanent basis?
Klaus-Dieter Peters In contrast to the years leading up to 2008, there is indeed no indication at present that we will return to strong, double-digit growth rates in freight volume in the short term and thus to a situation in which the terminals dotted along the coast of Northern Europe are at full capacity. At the same time, shipping companies are in poor financial health, having invested heavily in much larger container ships. We have to deal with this situation, just like our competitors. HHLA is responding by making timely preparations for the development in ship sizes with corresponding investments in stronger quay walls, larger container gantry cranes and modernising terminal operations. However, this decision to strengthen our market position costs money – especially in an industry as capital-intensive as port logistics – and does not immediately translate into increased earnings during the usual start-up phase for such complex changes. Nevertheless, we strongly believe in laying such groundwork for future earnings power as we continue to operate in a largely stable growth market. Container traffic is growing both as a result of and as a driving force behind the increasing international division of labour. With this in mind, Hamburg is an ideal hub for the global transport and logistics chains between the growth regions of Asia and America on the one hand, and the growth markets of Central and Eastern Europe on the other. This is also reflected in the positive throughput figures we posted in the difficult year of 2012, with which we strengthened our market position.

How badly has the Port of Hamburg been affected by the temporary halt to the deepening of the river Elbe's navigation channel ordered by the Federal Administrative Court in Leipzig on 17 October 2012?
Despite the delay to the project to dredge the river Elbe, the Port of Hamburg

HHLA

“We are creating the optimum conditions for top-quality, reliable transport chains between the seaport and the European hinterland.”

remains especially attractive to large vessels due to its handling capabilities and location. This is demonstrated by the fact that the largest container ships currently afloat – which can carry more than 16,000 standard containers – are berthing at our high-performance terminals, along with an ever-increasing number of large ships. Hamburg is located well inland, bringing freight closer to customers at a low price and in an environmentally friendly way. At the same time, the Hamburg metropolitan region naturally attracts cargo from around the world due to consumption and production levels, as well as integrated logistics. Last but not least, we have better railway links than any other European port. However, the delay to the deepening of the navigation channel prevents Hamburg from realising its full potential. Ships are often unable to leave with a full payload and handling processes need to be organised in small time windows determined by high tide. This is currently increasing our costs.

What do you expect from a deeper navigation channel?
There are many advantages to be had by every party along the transport chain: costs and negative environmental effects are reduced because ships can be optimally loaded and the timetable for terminal operating processes is more relaxed. We expect additional volumes and a lasting improvement to our competitive position. The last time the river Elbe was dredged in 1999, it resulted in an above-average rise in volumes handled by our facilities.

What can your company do for its customers until this work has been completed?
We are continuing with measures to boost the performance of our terminals, which means investing in the modernisation and automation of our facilities. Particular focus is also being placed on overcoming peak loads, which continue to inflate our operating expenses. Intelligent transport management across all modes of transport is one of our company’s traditional strengths. We are currently increasing our contribution to ship management at the Port of Hamburg. Hamburg’s position is also strengthened by the realignment of our Intermodal segment, and in particular the restructuring of our hinterland rail services with which we tie cargo volumes to the Port of Hamburg. All of these measures translate into more added value for our customers.

What are you specifically trying to achieve by the realignment of the hinterland transportation?
The core focus was on creating the optimum conditions to offer our customers a top-quality, reliable logistics chain for the transport of containers by rail between the European hinterland and the seaport terminal. This principle works particularly well if the individual parts of this transport chain interlock perfectly. To achieve this, we are increasingly relying on our own

inland terminals, carriages and even locomotives. In order to develop our transport companies further, we have unbundled the stakes in our rail companies and are now able to consistently implement our intermodal strategy with high value added through Metrans and Polzug. In the medium term, we see major potential to develop the earnings power of this segment by making efficient use of our own resources.

Were the effects of this realignment already being felt during the 2012 financial year?

The real impact of this will unfold in the coming years. With our realignment and substantial investments in 2012, we laid the foundation for a strong increase in our quality transport services in growth markets. Southern and Eastern Germany, Austria and the surrounding Central and Eastern European countries have the greatest potential in this regard. As part of this programme, we enlarged our network considerably during the second half of the year – for example, by acquiring our first terminal in Austria, the container rail terminal in the port of Krems on the river Danube. We also serve a whole host of other terminals in Austria, and now call at destinations in Germany – such as Munich, Nuremberg and Leipzig – with direct trains through our rail subsidiary Metrans. We built a large new container hub in Ceska Trebova (Eastern Bohemia/Czech Republic) in 2012, through which we have also been serving Austria since the beginning of 2013. Furthermore, we added an improved lightweight carrying wagon to our existing fleet of carriages and purchased more locomotives. The restructuring of our railway subsidiary Polzug focused on strengthening our Polish hub in Poznan. For instance, we were able to cut journey times between the German seaports and Poznan by around a third. These measures also serve to consolidate the competitive position of the Port of Hamburg. The expansion measures for the container terminals and our increased focus on hinterland transport constitute a real win-win situation: high-performance seaport terminals help boost volumes transported to the hinterland, while exemplary transport systems raise the number of containers handled by the port.

What role does the Logistics segment have in HHLA's portfolio with particular regard to strategic aspects?

The majority of our companies in this segment reinforce Hamburg's reputation as an all-purpose port. Its expertise in all kinds of goods is central to the Port of Hamburg's appeal. In many cases, our logistics companies also serve to complement our range of services. The vehicle logistics team at our multi-function terminal O'Swaldkai, for example, not only operates a handling facility for large RoRo ships but also packs German export vehicles into containers and distributes them among Hamburg's container terminals. The segment's consulting activities also have a direct link to other Group areas. With over 100 employees, our consulting group not only markets our expertise around the world but also uses this know-how to successfully develop our own company.

What general trends can you see in port logistics?

There are a number of stable trends which often complement and feed each other in many ways. In particular, there is potential for above-average growth in trading with emerging markets and in transportation between emerging markets. This is demonstrated by the strong growth we have seen in traffic to the Baltic states, for example. The growth in ship sizes on the most attractive global trading routes is another long-term trend. As a result, shipping companies are increasingly interested in pooling port calls by using high-performance hubs connected to the largest-possible, high-volume hinterland by an excellent network. The trend towards automation has also become much more important, along with the closer dovetailing of all processes along the transport and logistics chains. The emphasis here is increasingly on the availability of intelligent pre- and off-carriage systems. With this in mind, the reliability and performance of the respective transport chain's entire system are becoming key factors. Information chains associated with transport are also playing an ever-growing role. Finally, sustainability issues – and in particular climate protection – are having a greater impact on determining the routes

A textbook example of an environmentally friendly transport chain: the HHLA terminals in Hamburg link mega-ships and trains.

taken by goods flows. As a result, we believe that there is considerable growth potential for rail traffic when it comes to overland transport.

What opportunities does this present?
We are superbly placed to benefit from these trends, not least because we have been anticipating them for years and actively shaping and promoting them, for example, by automating our terminals and expanding our intermodal system for railway transport. Our business model of vertical integration along the transport chain is also proving successful, as we optimise and create intelligent links between individual elements. A further aspect of this approach is the automation and performance leadership of our container terminals, which we combine with a demand-oriented growth strategy by basing capacity expansion on actual demand trends. As a central interface between Asia and Central/Eastern Europe, Hamburg is ideally positioned to enjoy above-average growth. We use our intermodal strategy to make the most of this opportunity by opening up Central and Eastern European markets with high-performance, commercially viable and environmentally friendly railway transport systems.

What are the prospects for your shareholders?
They own a stake in a company with a successful, forward-looking business model which is well positioned in long-term growth markets and constantly enhancing its value. In the medium term, the modernisation of HHLA's largest container terminal and the realignment of rail traffic will also pay off in the form of improved earnings and higher dividends. The deepening of the river Elbe's navigation channel would, of course, give this an additional boost.

What contribution does your company make to society and the environment?
We make a significant contribution to the quality and competitiveness of logistics

“We set up transport chains that protect the environment and conserve resources, demonstrating how environmental and economic targets can be reconciled.”

in Europe. Furthermore, we bolster the regional development of communities and economies around our sites on a sustainable basis with our high level of value added and commitment to society. We ensure that freight is transported in a way that conserves resources and protects the environment with the implementation of our ambitious climate protection targets at our facilities and our exemplary, eco-friendly transport chains, which demonstrate how environmental and economic targets can be reconciled.

Where do you see HHLA in 2020?
We will have grasped the opportunities to boost earnings power and sustainably increased our company’s value. We will have consolidated and built on our leading position in terms of performance and sustainability at our German and international container terminals, enabling us to fully exploit growth potential at our sites. We will have significantly expanded our network for European hinterland transport by rail, serving most of Central and Eastern Europe with our own trains and inland terminals. We will have exceeded our climate protection target to cut specific CO_2 emissions per container handled by 30 percent compared with 2008. We will occupy a leading position in the environmentally friendly and resource-efficient operation of terminals.

What we achieved in 2012

- We consolidated and strengthened our market position in container handling.
- We boosted the handling capacities of our terminals.
- We realigned our rail companies and increased the range of transport services offered in growth markets.

What we aim to achieve in 2013

- We will extend our performance leadership in terms of container throughput.
- We will enlarge our hinterland network and increase our market share in the transport of containers by rail from German seaports to the hinterland.
- We will take a further major step towards meeting our climate protection targets.

The night shift at Burchardkai

“In a turbulent environment,
we have created value again.”

DR. ROLAND LAPPIN, EXECUTIVE BOARD MEMBER

Earnings Strength and Robust Balance Sheet even in Challenging Times

AN INTERVIEW WITH DR. ROLAND LAPPIN

Financial management ensures that the company has sufficient scope to invest in its future development. At the same time, shareholders participate in the Group's earnings by means of a comparatively high dividend ratio.

Dr. Roland Lappin
First appointed on 1 May 2003

Responsibility

- Finance and Controlling
- Investor Relations
- Internal Audit
- Real Estate Segment

Dr. Lappin, 2012 was not an easy financial year for HHLA. After all, the capital markets focus primarily on figures. How would you assess the company's performance from a purely financial standpoint?

Dr. Roland Lappin First of all, it should be noted that our EBIT margin was well into double figures in 2012 – as it has been every year since our going public in 2007, including crisis-hit 2009. We earned a premium on our costs of capital and were able to raise the company's value once again. At the same time, cash flow from operating activities was well above capital expenditure again in 2012. We also have a very sound balance sheet structure with a low gearing ratio. Since our going public, we have always distributed a dividend with a high payout ratio. We will once again make a corresponding proposal to the Annual General Meeting 2013. All of this demonstrates our financial stability and a robust business model. On the other hand, we also saw a fall in earnings in 2012. The main reasons for this were the additional expenses incurred by the delay in deepening the river Elbe's navigation channel and the cost of terminal reorganisation work in the Container segment. Initial expenses incurred as a result of the strategic realignment of the shareholder structure in the Intermodal segment as well as restructuring measures in the Logistics segment also played a role. Naturally, we are not satisfied with this decline.

What targets has HHLA set in this regard?

We aim to enhance our earnings power at greater capacity utilisation – which we need achieve do anyway over the long term in order to meet the investment needs of such a capital-intensive business as port logistics. Ultimately, the aim is to keep cost inflation below the development of volumes and revenue so as to retain financial stability at least and boost it further if possible. However, in view of the weak economic environment – fraught with risk and promising sluggish growth at best – as well as higher costs across the board and the difficult financial situation of our shipping clients, it will not be possible to achieve this consistently in every short-term reporting period.

Why has the share price performance been so disappointing recently?

Like us, the capital markets were very disappointed by the court decision to stop the public infrastructure project to deepen the river Elbe's navigation channel for the time being, following a

protracted plan approval process. This triggered renewed concerns over the length of the procedure, which has understandably a strong impact on investors' future expectations. In addition to this, a mixture of economic concerns and the lingering crisis in the shipping industry served to dampen the general sentiments further. In such an environment, the reorganisation of our intermodal traffic and the further automation of our terminal operations also have a short-term negative effect as they both need time and initially incur additional expense before they bear fruit.

Does the capital market perhaps need a different kind of earnings orientation?
Generally speaking, there is a discrepancy between the best possible short-term return and sustainable earnings in the long term – particularly if your business depends on facilities with a useful life of 20 years or more. With regard to the extent of our investment activities, it is essential that we keep a watchful eye on trends in the transport chain. As Dr. Behn explains, we would not be able to keep pace with the development in ship sizes today had we not invested in berths. Furthermore, planning and realisation windows in our infrastructure-linked business are considerably longer than in other industries and it is not generally possible to quickly make up for postponed strategic investments. In this respect, we believe it to be negligent to forsake long-term opportunities in favour of maximising short-term profits. It goes without saying that we are working to return gradually to margin levels reached in previous years. In view of the opportunities already mentioned by Mr. Peters, we are generally confident of achieving this. However, we cannot avoid phases in which the company has to undergo structural change in order to adapt to new market conditions.

"It would be negligent to forsake long-term opportunities in favour of maximising short-term quarterly profits."

What can you do to improve the share price given these circumstances?
The most important thing for our capital market communications is to clearly explain why and how we are investing in future earnings, and how we are dealing with the current macroeconomic environment. However, that is not easy when you consider that automating our largest handling facility initially incurs additional costs during the start-up phase needed for such complex projects, and the cost mix changes before the effect on earnings takes hold further down the line. Nevertheless, we have been able to maintain a level of earnings which exceeds capital costs even in such an environment. This is demonstrated by an ROCE of 13.7 %. Furthermore, we have upheld a dividend policy which stipulates that at least 50 % of annual net profit should be distributed to shareholders.

What are the HHLA finance department's priorities for the development of the Group?
We will maintain our very stable balance sheet structure and make sure that our gearing ratio stays low. This will enable

us to take development steps value enhancing or even to acquire companies under the right circumstances. We want to keep this powder dry for activities with long-term potential. This also means having the discipline to wait patiently for the right opportunity.

What are the decisive factors for the development of HHLA's earnings in your opinion?
The company's operational and strategic alignment forms the basis for our earnings strength, which has also proved itself under adverse conditions. We constantly work to strengthen this foundation. However, the current earnings situation is considerably affected by the parameters which apply at present. We are currently under pressure from additional costs arising from the delay in deepening the river Elbe's navigation channel, coupled with growing surplus terminal capacities at rival ports and lower volumes in Far East traffic as a result of economic developments. By contrast, the record margins seen in 2007 and 2008 were due to the full utilisation of almost every port in Northern Europe with strong double-digit growth rates in freight volumes, as well as highly profitable shipping lines.

> "We believe we can achieve significantly higher earnings in the medium term, as we have done in the past."

How far do you believe HHLA's earnings strength can go in 2020?
We believe we can achieve significantly higher earnings in the medium term, as we have done in the past. We are therefore continuing to optimise and modernise our facilities and processes. However, when and to what extent these measures will translate into margin growth also depends strongly on the development of our environment. The realisation of the project to deepen the navigation channel would really take pressure off our terminal's operational processes. Increased capacity utilisation coupled with a sustainable economic recovery and the return of shipping lines to stable financial health would be just as important as to improve economies of scale and earnings quality.

What we achieved in 2012

- We increased the company's value further.
- We financed capital expenditure from our own funds while maintaining a comfortable level of liquidity reserves.
- We continued our ongoing dividend policy with a high payout ratio.

What we aim to achieve in 2013

- We will earn a premium on our costs of capital once again and raise the company's value continuously.
- We will bring our investment programme in line with economic conditions.
- We will achieve consistently high cash inflows.

Container ships off Altenwerder

"Large vessels are a welcome challenge for all of our terminals."

DR. STEFAN BEHN, EXECUTIVE BOARD MEMBER

Large Vessels Are Very Welcome

AN INTERVIEW WITH DR. STEFAN BEHN

HHLA is currently upgrading its handling facilities for large and very large container ships at significant expense. The key to success here is intelligent automation and the continuous improvement of all terminal processes.

Dr. Stefan Behn
First appointed on 1 May 1996

Responsibility

- Container Segment
- Information Systems

On 12 December 2012, the world's largest container ship CMA CGM *Marco Polo* – which has capacity for more than 16,000 standard containers – moored in Hamburg at the HHLA Container Terminal Burchardkai. Did that present any special challenges?
Dr. Stefan Behn Large vessels are a welcome challenge for all of our terminals. We have been actively accompanying the development in ship sizes with foresight for many years now, not only pursuing an extensive programme of modernisation and expansion but also developing a range of innovative processes. The results speak for themselves: we are regularly honoured for our outstanding handling performance. Because of this, the CMA CGM Marco Polo was less of a new challenge for the terminal than it was for the nautical staff, the pilots and the entire port management. This particular challenge, given the delayed deepening of the navigation channel, was successfully accomplished by the well-oiled cooperation of all involved. As a result, our feeder logistics centre (FLZ), which we operate together with another terminal company, will not only handle European feeder ships in future, but also coordinate the handling of large vessels in the Port of Hamburg.

Your largest expansion project, Burchardkai, ran up considerable operating expenses in 2012. Why?
We have been gradually implementing our expansion programme since 2005. It is all about getting the maximum capacity and performance out of the available space, which also makes sense from an environmental perspective – considering such aspects as the use of space and infrastructure. 2012 was a special year for this project. We brought the new system online with all its components and automation elements. There is a longer start-up curve for such complex systems, which is common for such projects. Additional costs are incurred by operating the existing system at the same time. This will also make itself felt during 2013.

Why are you doing this reorganisation while normal operations continue? Would it not have been better to shut down the facility during the expansion work?
Naturally, we asked ourselves this very question back in 2004 before launching the programme. We now know that we made the right decision – it would not otherwise have been possible to achieve the increases in volume and earnings. This concept also proved its worth during


DIE WELT WÄCHST ZUSAMMEN

“Today, we can see that we already correctly identified the trends in terminal technology 15 years ago.”

the economic crisis in 2008/2009. It enables us to achieve a scalable expansion speed, in which capacity growth can be adjusted in line with actual demand trends. All in all, HHLA benefits significantly from this expansion strategy, in spite of the extra costs currently being incurred. This contrasts sharply with our competitors, who are currently having to cope with expensive surplus capacities for which there is no demand.

Some key components of the technologies developed for the HHLA Container Terminal Altenwerder (CTA) are being used in the modernisation of Burchardkai. Has that made this project faster to implement?
Following a start-up phase lasting several years, the CTA is now our most cost-efficient facility. It has also set new standards in the handling of large vessels. We would certainly not have decided to carry out alterations while maintaining normal operations had we not had these positive experiences in Altenwerder. Our experience of automation and linking all the terminal processes to create a comprehensive control system has helped us enormously. Nevertheless, Altenwerder’s system cannot be transferred to Burchardkai on a like-for-like basis. Rebuilding an established facility with a different layout, having to run two systems alongside one another and carrying out alterations without interrupting normal operations makes this a significantly more complex project than the one in Altenwerder.

How far are you with the expansion work? When will the modernisation of Burchardkai be completed?
We already have eight of the modern automated storage blocks in operation. This has increased capacity from 2.5 to 4 million standard containers per year. In 2013, five more large gantry cranes will be built for quayside handling. These will go into service later in the year. This will mark the completion of the quay wall with our new mega-ship berths at the port in Waltershof. The work will take our handling quality and capacity to a new level for our shipping clients. It will then be possible to handle vessels with capacities of 18,000 TEU here. The primary focus of future expansion phases is on expanding capacity. We will monitor demand trends and gradually increase our annual capacity from four to over five million standard containers.

Where are the trends in terminal technology?
We remain the trendsetter when it comes to automation. Today, we can see that we already correctly identified the trends in terminal technology some 15 years ago. Our Altenwerder concept serves as a blueprint for large terminal projects in cities such as Los Angeles/Long Beach, Rotterdam and London. We are currently applying this know-how to our other terminals while pushing forward with further developments. We are constantly enhancing performance and improving

productivity at all of our terminals with a range of innovations. One example of this in 2012 was the simultaneous “twin transport” of two 20-foot containers at the Tollerort terminal using conventional straddle carriers, which are responsible for transporting boxes between the container gantry crane and the container yard. We achieved a substantial increase in productivity in a completely different area at the Altenwerder terminal: the Dual Cycle project combines loading and discharging using the automated gantry crane during ship handling, which makes for considerably shorter transport distances and fewer gantry crane movements. Technology is not an end in itself – it makes it possible to intelligently combine all the processes at the terminal and to dovetail them with transportation to the hinterland. We look after every link in the chain and are confident that this will enable us to maintain our leading position when it comes to performance and reliability.

Where do you see the HHLA container terminals in 2020?
Our facilities have extended their environmental lead by consistently automating and electrifying as many terminal processes as possible and by making the best possible use of space. By the same token, the overall environmental impact of the transport chains linked at our terminals has improved sustainably. It is possible that liquefied natural gas will be in widespread use as a fuel for large container ships as well by 2020. Moreover, the proportion of goods transported to the hinterland by rail will have grown considerably. We will have achieved new highs in terminal productivity. There will also have been substantial advances in the optimisation of the entire process chain from shipping traffic on the river Elbe to the “last mile” in the European hinterland. Considerable improvements in data quality among all those involved in the logistics chain will have contributed to this.

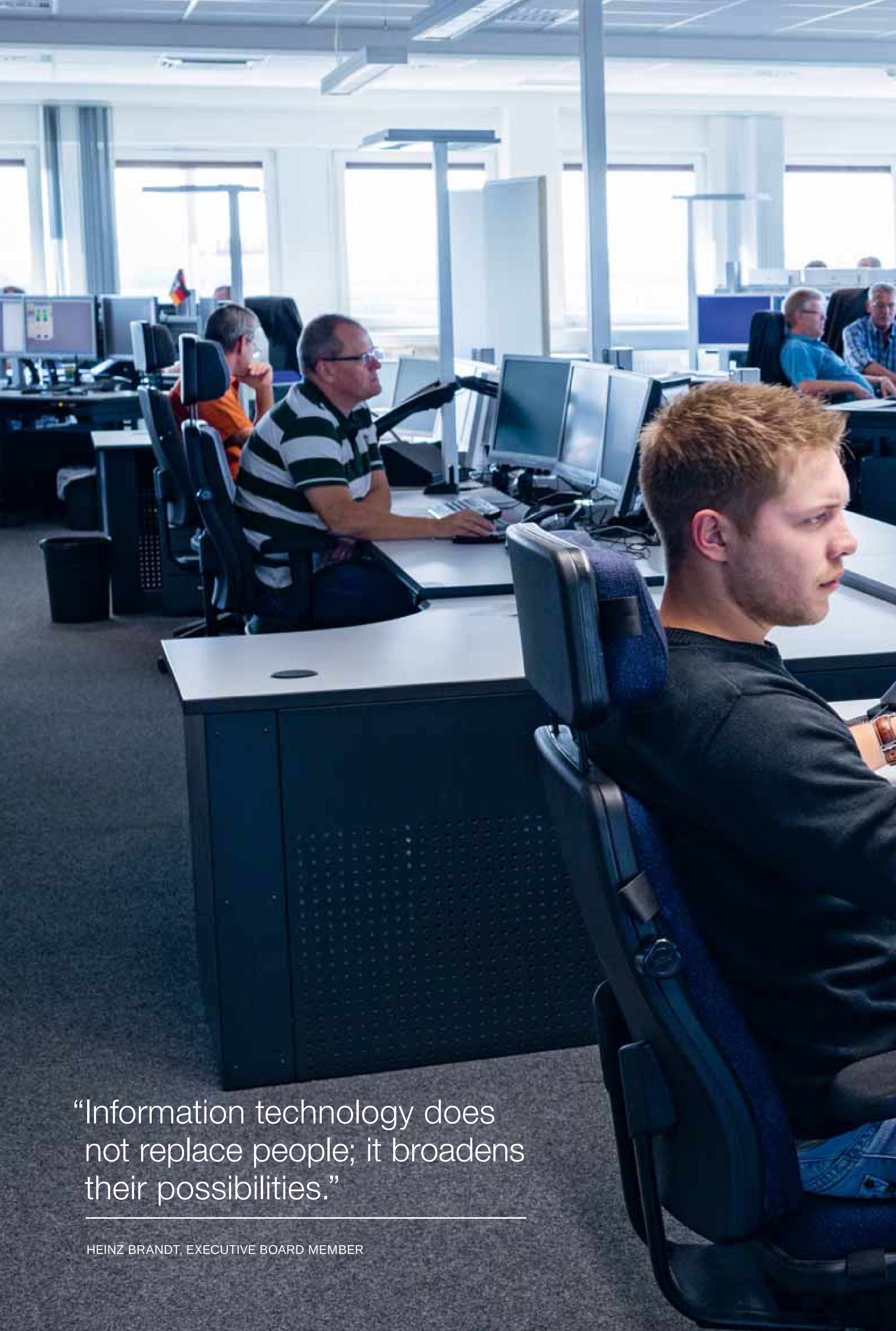
“Technology is not an end in itself – it makes it possible to intelligently combine all the processes at the terminal and to dovetail them with transportation to the hinterland.”

What we achieved in 2012

- The new system with a single control centre, remote controllers and an integrated terminal control system came online at the Container Terminal Burchardkai.
- We implemented a range of process innovations such as Dual Cycle and “twin transport”.

What we aim to achieve in 2013

- We will implement the mega-ship management system at the Port of Hamburg through our feeder logistics centre.
- We will achieve a new dimension in handling quality for large vessels at Burchardkai.



"Information technology does not replace people; it broadens their possibilities."

HEINZ BRANDT, EXECUTIVE BOARD MEMBER

Control centre in action

Automation Creates Attractive Jobs

AN INTERVIEW WITH HEINZ BRANDT

The demands being placed on interfaces in the global transport chains are increasing. HHLA's forward-looking personnel management policy is responding to this process with a comprehensive programme to advance the work organisation and to increase the level of qualification among its employees.

Heinz Brandt
First appointed on 1 January 2009

Responsibility

- Human Resources
- Purchasing & Supplies/Materials
- Legal and Insurance
- Health and Safety in the Workplace

HHLA modernises its terminals on an ongoing basis. A new automation system is being introduced at the Container Terminal Burchardkai, where you have made fundamental changes to the work organisation. How will work change?

Heinz Brandt Work will become more sophisticated and varied – meaning a greater need for employees with advanced skills, such as IT specialists or technicians for repair and maintenance work. At the same time, greater throughput volumes per ship will result in higher peak loads, which require better dovetailing between each and every process at our terminals. However, this will also make the work more interesting, as each person will have a greater understanding of how everything fits together. This development will be accompanied by a variety of education and training courses. For example, in recent years we have been training 150 of our blue-collar workers to become specialists in port logistics. This is a skilled vocational qualification offering comprehensive training across the whole spectrum of tasks and challenges involved in modern port work. Workers who have completed this specialist training have stated that they have a much better understanding of how the port operates as a whole thanks to this qualification.

Does automation result in job losses?

The instruments of information technology are modern tools. They do not replace people; they broaden their possibilities. Moreover, we customise most of our IT programs ourselves. Terminals are "learning facilities" that improve

continuously over the years, particularly with the help of IT. Many new, high-quality jobs have been created in our Information Systems unit and the development departments of our terminals over the past few years. Our expertise in technological automation is an integral part of our competitive advantage – it consolidates our position in a market offering long-term growth. Consequently, it contributes significantly to safeguarding jobs.

Are you able to meet this demand despite demographic changes?
Yes, and we are doing a lot in this respect. We have a long-term and forward-looking personnel development system, focusing in particular on unlocking the potential of our existing employees. By way of example, we used the 2008/2009 economic crisis as an opportunity to run customised qualification programmes in which we offered targeted training for a large number of professions. One example of this is that mechatronics engineers in our workshops were given additional training in IT in order to improve their cooperation with our IT specialists. At the same time, we have always endeavoured to be a better-than-average employer. And we aim to remain that way. We know that not only the demands being made of our services are rising, but also those of our employees with regard to their workplace – especially when it comes to striking a balance between work and family life. For this reason, we concluded a collective labour agreement called “Demographic Change” several years ago, which we are now gradually bringing to life.

“Work will become more sophisticated – meaning a greater need for employees with advanced skills.”

As a logistics company with a large number of technical jobs, HHLA has traditionally had a very low percentage of female employees. Do you intend to increase this ratio?
This is a high priority for us. We have increased the proportion of female employees over the past few years from just under 10 % to over 14 %. However, we do not intend to stop there. We aim to boost the number of women working in every area and at every level of HHLA. In terms of managerial positions, our target is for female workers to account for 20 % of staff.

How do you plan to achieve this?
With a variety of measures at every level, focusing mainly on increasing the percentage of women among our young professionals and involved in qualification programmes. Our need for junior managers, for example, is being met in part by sandwich course graduates where the proportion of female students has already reached 29 %. We place

> “We will remain a very attractive employer, with a much larger proportion of women in managerial positions.”

particular emphasis on training women to assume senior skilled positions and take on managerial tasks. We have developed a new programme to train certified ship planners – a very challenging technical job – in order to meet the need for such specialists at HHLA’s container terminals from within the company. 30 % of the participants in this programme were female, all of whom were hired following the course. In total, women make up almost 20 % of participants across all our qualification programmes.

Where do you see the employment situation at HHLA in 2020?
We will remain a very attractive employer, with a much larger proportion of women in managerial positions, as well as in the technical, IT and industrial areas of the business. We will have successfully overcome the challenges presented by demographic change by adopting a variety of qualification programmes and by offering a better work-life balance. The training offered to our employees will continue to set standards in our industry. Our strong market position will have protected the jobs we have today and there is every indication that the expansion of business activities in container handling and container transport will have enabled us to create new and attractive jobs.

What we achieved in 2012

- We reorganised working practices at our largest container terminal.
- We agreed on more performance-based remuneration rules for our employees.
- We modernised our payroll systems.

What we aim to achieve in 2013

- We will improve the range of working hours on offer while aligning them more closely with market demands and the needs of our employees.
- We will expand our system of Group-wide professional development.
- We will increase the percentage of women in managerial positions.

Venturing into a New Dimension

CONTAINER TERMINAL BURCHARDKAI

The largest investment project in HHLA's history reached an important milestone in 2012: with the launch of its new, semi-automated system, the Container Terminal Burchardkai (CTB) is venturing into a new dimension of performance. It was therefore no coincidence that the CMA CGM Marco Polo – currently the largest container ship in the world with a capacity of more than 16,000 standard containers (TEU) – moored here on 12 December 2012 during its maiden voyage.

International hub: the world's largest container ship was handled at Burchardkai by seven gantry cranes simultaneously.

The hull of the CMA CGM Marco Polo extends for an almost never-ending 396 metres in front of berth 2 at Burchardkai. Its impressive side hides a big part of the 1.4-kilometre-long quay wall at the port of Waltershof, which was only recently improved to cater for large ships. The mega-ship has space for exactly 16,020 standard containers – this equates to 200 fully laden goods trains with a length of 700 metres each, or approximately 12,000 lorries. The sheer scale of the vessel made it possible that, when it docked at the port for the first time on 12 and 13 December 2012, as many as eight container gantry cranes worked on the Marco Polo simultaneously – four to six such gantry cranes are normally used to handle large ships.

Ships like the Marco Polo allow Burchardkai to show off its new capabilities to particular effect. This does not just apply to the modern tandem gantry cranes on the quayside, which can load or discharge four 20-foot or two 40-foot containers with a single movement. At the new control centre, a team of 20 to 40 employees work around the clock organising the processes involved in transporting goods between the ship and the block storage facility and forwarding them to the hinterland, i.e. handling lorries and container trains. A key tool here is the integrated terminal management system known as ITS, which coordinates each individual part of the computer system. HHLA has invested € 400 million in modernising CTB since 2005. This has resulted in the commissioning of a large container rail terminal and modern mega-ship berths, as well as the first few sections of the new, automated block storage system modelled on the HHLA Container Terminal Altenwerder. These elements have been working for the first time in conjunction with the control centre and the ITS system since autumn 2012. Working practices at the terminal were also reorganised to harmonise all the processes. The launch of this integrated system represented an

Innovative duo: tandem gantry cranes discharge four 20-foot containers in a single movement.

important milestone in Burchardkai's expansion programme. The new system is currently in its start-up and optimisation phase.

Once five additional tandem gantry cranes have been installed at berths 3 and 4, starting in summer 2013, CTB will have the most modern and high-performance mega-ship berths in Hamburg. Not only do the new tandem gantry cranes have longer jibs, capable of handling the future generation of 18,000 TEU ships with 23 rows of containers, but their standard equipment also includes the many improvements and modifications made to previous CTB tandem gantry cranes since 2010. With a total of 15 state-of-the-art gantry cranes, the CTB quay at the port of Waltershof will then be ideally equipped to meet the challenges of container handling.

Sights Set on Higher Efficiency

When Hamburger Hafen und Logistik AG took the brave decision in 2004 to expand and modernise its oldest and largest facility, Burchardkai, without interrupting normal operations, ships of this size were nowhere on the horizon. However, it was already becoming clear that the demands placed on the performance of a modern container terminal would increase considerably in the years to come. More throughput is required per hour of ship's lay time – a demand which challenges the entire terminal. Greater quayside productivity also makes it

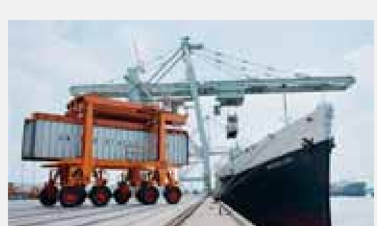
Innovations for Container Handling

Burchardkai: Pioneer Since 1968

The first fully containerised ship, the advent of the container train and the development of the straddle carrier: the Container Terminal Burchardkai (CTB) has a long tradition of technical innovations. Many of the processes and devices that are now an indispensable part of a modern port terminal were developed at or for Burchardkai. Here are some of the highlights of the terminal's 50 years of innovation history.

The "American Lancer" was the first fully containerised ship to call at the Port of Hamburg and was handled at Burchardkai on 31 May 1968 – with newly built container gantry cranes.

The container train "Delphin" laid the foundations for Hamburg's good reputation as a rail port. It was the first direct train to call at a terminal – Burchardkai – in May 1968.



The straddle carrier also became popular around the world after first being used at Burchardkai in the early 1970s.

Since 1984, the straddle carrier fleet has been integrated into the CTB's IT system via mobile data communication. Every container has been located using a satellite-based system since 1995.

necessary that space is used more efficiently and handling capacities for trains and trucks are increased. In short, the efficiency of the facility needs to be improved considerably in every area.

HHLA demonstrated back in 2004 how this goal can be achieved with the success of the neighbouring high-tech terminal Altenwerder. As the world's most modern facility when it opened in 2002, the terminal reached optimum performance levels in 2004 after a start-up phase marked by highs and lows. Altenwerder showed how an optimised terminal layout with short distances between the ship, yard, truck and train, coupled with a high degree of automation at the facility, enables new performance records to be set. The control centre was a key success factor here, steering the entire facility and continuously optimising working processes with immense flexibility.

The decision to transfer much of the technology used successfully in Altenwerder to an existing, long-established large terminal was not exactly risk-free. In contrast to the Container Terminal Altenwerder (CTA), which could be completely built on a greenfield site, the work to expand CTB was completed while the terminal was operating at full capacity – something never tried before for a project of this scale. Using innovative construction methods and a "roaming construction site" concept, it was possible to make optimum use of the terminal space during the various phases of construction and to secure the space needed for normal operations. Despite the extra operating expenses this entailed, this form of project management and implementation proved very effective. It was the only way HHLA could provide its customers with the required handling capacity.

Excellently Placed

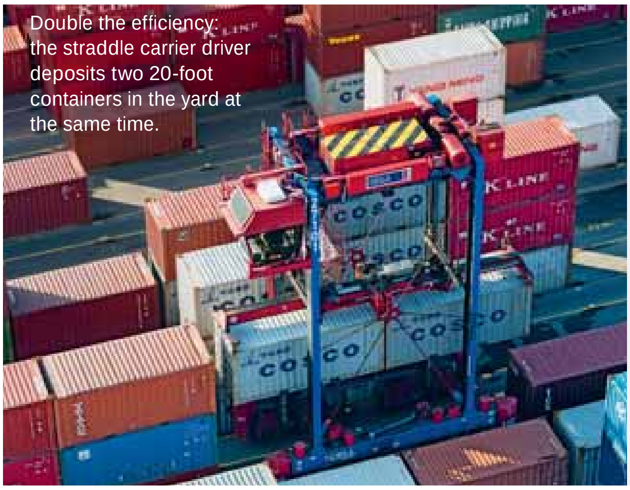
With the launch of the first eight blocks of the automated storage crane system, CTB has increased its total annual capacity from 2.6 million TEU in 2005 to around 4 million TEU today. In the final phase of expansion, annual throughput can be boosted to over 5 million TEU with 29 storage blocks. As a result of the innovative and flexible construction concept, the exact extent of the increase in capacity will be based on actual demand trends. "With the modernisation work we have carried out so far and our expansion strategy for the future, Burchardkai is excellently placed to come out on top against increasingly tough international competition," said CTB managing directors Thorsten Gloe and Jens Hansen. "Now we have to seize the opportunity and exploit the new potential to the full."

Combining loading and discharging processes avoids unnecessary empty runs.

HHLA Container Terminal Altenwerder

No Wasted Trips

No unnecessary empty runs: that is the Dual Cycle principle. Whereas traditional handling practices result in many empty runs because ships are mostly discharged first before being loaded again, Container Terminal Altenwerder (CTA) combines the loading and discharging processes. This eliminates unnecessary empty trips. CTA launched the innovative handling process Dual Cycle in 2012 – the first terminal in the world to also use it for on-site transportation. Transport vehicles deposit containers at the gantry crane and pick up new ones to be taken to the yard. This reduces the number of trips and conserves resources. "Combining loading and discharging processes enables us to further accelerate the handling process and thereby boost ship-handling productivity," explains Dr. Stefan Behn, HHLA's Executive Board member responsible for the Container segment. "As a result of Dual Cycle, we are able to substantially increase throughput in the same amount of time."

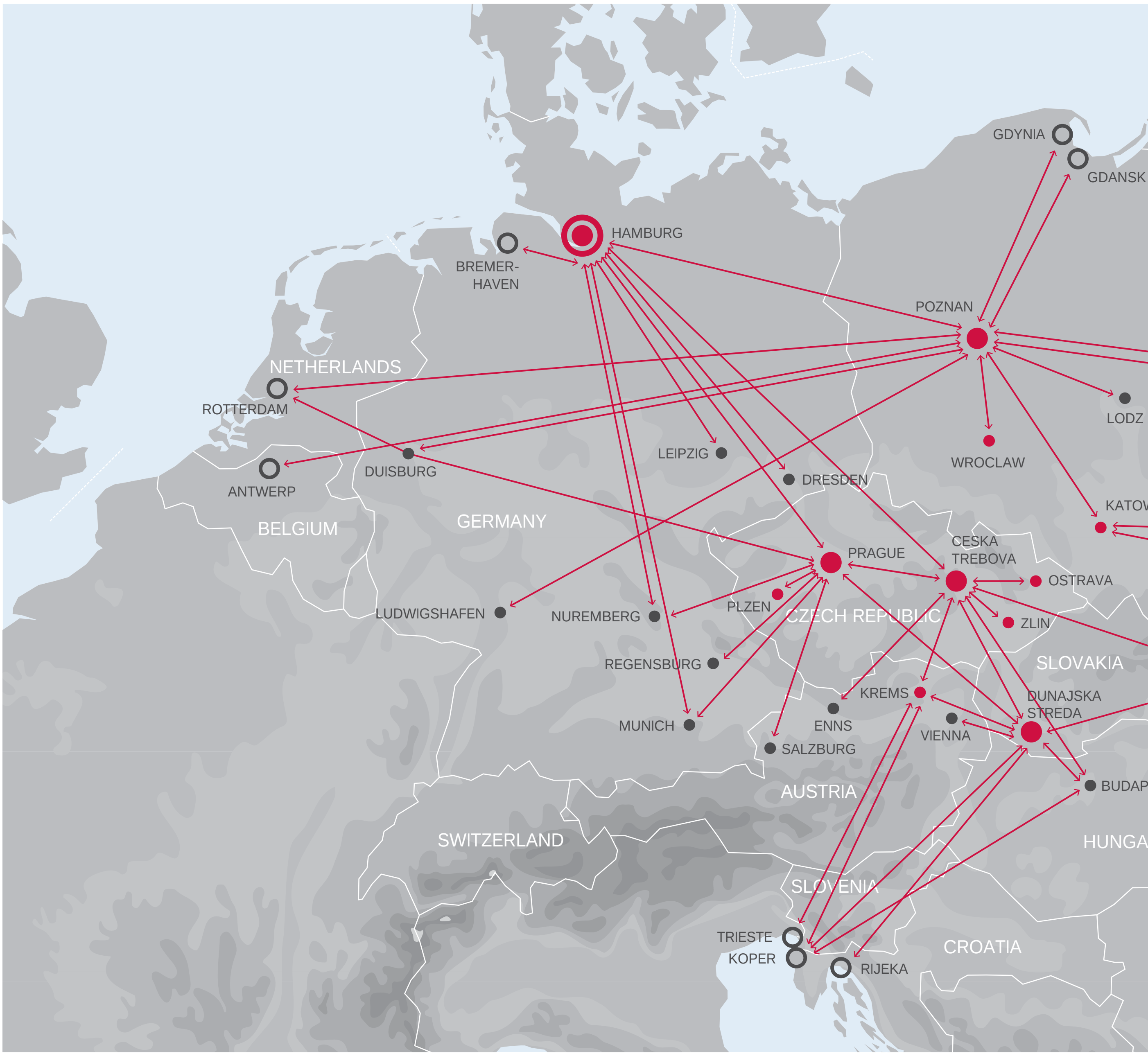


Double the efficiency: the straddle carrier driver deposits two 20-foot containers in the yard at the same time.

HHLA Container Terminal Tollerort

Room for Two

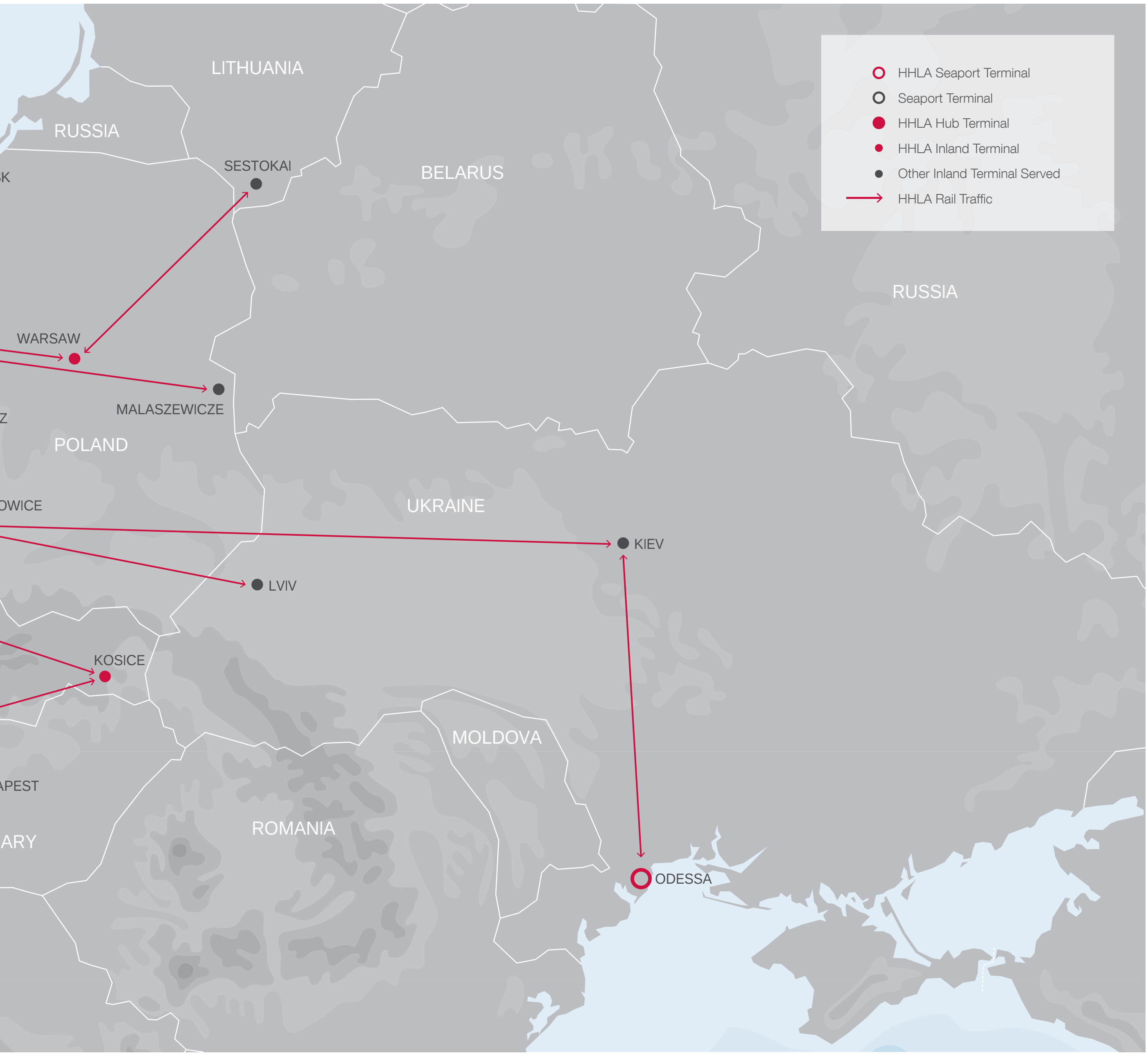
The Container Terminal Tollerort (CTT) can now move many more containers with the same number of straddle carrier trips by transporting two 20-foot containers at the same time. This is known as twin mode. Although many terminals have gantry cranes which work efficiently in twin mode, containers are generally transported around the site individually by straddle carriers. Only a handful of terminals around the world have straddle carriers that operate in twin mode – CTT is one of them. Right from the outset at the end of May 2012, operating the straddle carriers at Tollerort in twin mode has been a resounding success. As the terminal's container gantry cranes also work in twin mode, and are now supplied with containers more quickly and smoothly, the performance of individual gantry cranes has also improved noticeably.



The Network Is Growing

HHLA INTERMODAL

With new links to Austria, Germany and the Polish seaports, the rail subsidiaries of Hamburger Hafen und Logistik AG (HHLA) – Metrans and Polzug – have extended their transport network considerably. Shuttles and direct trains, as well as their own container hubs bring the performance and quality of maritime logistics to the European hinterland.



The Port of Hamburg continued to expand its position as the leading rail port for the growth markets of Central and Eastern Europe in 2012. The HHLA rail subsidiaries Metrans and Polzug played a major role in this expansion, having significantly increased their services in these markets and thereby laying the foundations for considerable growth in handling volumes over the coming years.

In October 2012, Metrans acquired the container rail terminal at the Danube port of Krems, conveniently located in the heart of Lower Austria. It is the first terminal Metrans has owned and operated in Austria. Metrans is strengthening Hamburg's position as the most important export port for the Alpine republic with services to and from Vienna, Krems, Enns and Salzburg. In addition, the new hub terminal in Ceska Trebova was completed in 2012. A substantial proportion of Austrian traffic has been routed through this Czech facility since the beginning of 2013 ▸ see also "A Hub with Drive", page 41. Metrans also successfully entered the German market. The number of direct trains between Hamburg and Munich was already increased at the beginning of 2013 from three to five pairs of trains per week. Links to Nuremberg, Leipzig and Dresden are due to be added in 2013.

In 2012, the HHLA subsidiary Polzug also improved and extended the range of services it provides via the hub terminal in Poznan opened in 2011. The Polish seaports of Gdynia and Gdansk were connected to the Poznan hub by shuttle trains. It takes the daily pair of shuttle trains between Hamburg and the centrally located Poznan just 12 hours to complete the trip – instead of 18 in the past.

A Quality Network for Europe

The realignment of HHLA's rail subsidiaries paved the way for this expansion. HHLA acquired majority control of Polzug (100 % compared to 33.3 % previously) and Metrans (86.5 % compared to

A hub for Europe: direct trains and shuttles start and end at the seaport terminal railway stations.

51.5 % previously) in the first half of 2012. This was preceded by the unbundling of HHLA's and Deutsche Bahn's stakes in their joint investment companies in the rail sector ▸ please see page 99 et seq.

The result is that HHLA can now consistently refine its quality concept for maritime transport and logistics chains in Europe. The basis for this intermodal strategy is the comprehensive optimisation of all parts of the transport chain from seaports to customers in the hinterland. Core elements of this strategy include:

- Direct and shuttle trains from railway stations at the seaport terminals. This saves shunting and significantly improves the reliability of rail transport. Regular shuttle trains also increase planning security in global transport chains because delayed containers for certain destination regions can take the next train without a long delay – for instance, a Metrans shuttle currently travels from Hamburg to Prague every six hours.

- Proprietary hub terminals located in geographical areas convenient for transport such as in Prague, Ceska Trebova (Czech Republic), Dunajska Streda (Slovakia) and Poznan (Poland). These container hubs make up direct trains for an entire network of destinations by transferring containers from one train to another quickly and efficiently. Furthermore, they offer extensive container-related services –

Metrans Carriages

Lightweight Carriages with a Kick

Metrans has its close cooperation with a major Czech carriage builder to thank for a substantial competitive advantage: the carriages developed jointly for container transportation are 30 percent lighter than the conventional ones used by Europe's national railway companies. While the first generation of Metrans carriages (25 tonnes) was already more than ten percent lighter than the 28 or 29-tonne conventional container carriages, a further huge reduction has been achieved with the latest model, which weighs just 21.5 tonnes. This means a saving of around 180 tonnes of unladen weight for a block train with 26 carriages used in Germany – a major economic and environmental benefit. Another advantage is the extra space offered by the compact design of the carriages. As a result, Metrans trains are already capable of transporting 92 standard containers on 23 carriages with the usual maximum length in Eastern Europe of 610 metres. In Western Europe, as many as 26 Metrans carriages can be pulled by the locomotive, this means that up to 108 containers can be transported as trains are allowed to have a length of 720 metres due to longer sidings. By way of comparison, competitors can transport a maximum of 88 standard containers using conventional carriages – with the same train length of 720 metres. This means that Metrans trains can carry around 20 percent more containers per train than the company's competitors. The Metrans fleet of vehicles now consists of 1,300 owned carriages. Metrans also has its own carriage servicing facility to keep the carriages in tip-top condition.

Space saver: the lightweight and compact Metrans carriages mean that many more containers fit on the train.

from storage and onward transportation by road to customs formalities. With their depots and empty container yards, they are an important buffer for global transport chains.

- On top of this, the rail subsidiaries have their own carriages and locomotives, which improves planning capabilities and substantially reduces costs (see “Lightweight Carriages with a Kick”, page 40). For instance, modern lightweight container carriages are available in Hamburg for the new German routes operated by Metrans. Similarly, servicing locomotives and carriages at the company’s own facilities in the Czech Republic helps improve production security and lower costs.

- A continuous process chain with the subsidiary’s own vehicles using its own facilities is required to ensure a high-quality flow of information concerning the containers. This enables improved reliability, planning and quality throughout the entire transport chain in close cooperation with customers.

- The network is supplemented by services provided by the HHLA container forwarding subsidiary, CTD Container-Transport-Dienst. As well as providing short-distance and port transportation services in Hamburg, it carries goods by road on the “last mile” at selected locations.

Due to their various benefits, HHLA’s rail transport systems are excellently placed to capture market share from road transport. This was apparent during the project “Hamburger Hafen 62+”, in which the Ministries of Trade and Industry for Hamburg and Bavaria are active together with other parties including HHLA. Its aim is to substantially increase the share of container traffic transported by rail between Bavaria and the Port of Hamburg from its current level of 62 percent. By way of comparison, over 90 percent of Austrian traffic and over 80 percent of Czech traffic is already handled by train.

Replacing Road with Rail

In autumn 2012, the HHLA subsidiary Metrans set up new direct pairs of trains between Hamburg and Munich. Together with a “Hamburger Hafen 62+” project partner, the bayernhafen Group, Metrans also integrated the container terminal in Nuremberg into this service in early 2013. This further boosted the utilisation of trains between Bavaria and Hamburg and transferred more traffic from road to rail. This subproject illustrates how intelligent concepts can help achieve environmental, transport policy and commercial objectives in harmony with each together.

Passing through: the new Metrans terminal renders shunting and rehitching. unnecessary

Terminal Ceska Trebova

A Hub with Drive

The 600-metre-long steel earthworm pulls into the new Czech container hub Ceska Trebova at little more than walking speed. Gently, the ES64F4 multi-system locomotive lowers its pantograph and rolls under the huge gantry cranes until the driver brings the train with 92 standard containers (TEU) from Hamburg-Altenwerder to a standstill precisely on the markings. The pantographs are then extended again as the Eurosprinter will need all of its 6,400 kW of power again in just a few hours.

Metrans Managing Director Jiri Samek proudly calls the terminal, newly built in 2012 in the historic east Bohemian rail hub of Ceska Trebova, “our model facility”. The particular highlight is that no shunting engines are needed here. Mainline locomotives can move on directly after loading or discharging without rehitching. It only takes a few hours to handle a block train due to the three gantry cranes. Not only does this cut costs associated with shunting and using a further engine, but most importantly it saves a considerable amount of time in the transport chain. In this way, the train can distribute its consignment from Hamburg more quickly among trains for different destinations and itself takes on board containers for its final stop in Krems, Austria. This represents a time saving of between five and eight hours over conventional container rail terminals.

The rail hub located 180 kilometres east of Prague has a long history. As early as the middle of the 19th century, railway engineers built a main artery for the Austro-Hungarian dual monarchy, linking Vienna with the Bohemian industrial belt and Prague, as well as creating a connection to the North and Baltic Seas via Saxony and Prussia. During the cold war, the rail hub became one of the largest marshalling yards for the Eastern European trade block Comecon. Railway worker apprenticeships also enjoy a long tradition in the small, medieval city, to which the railway brought a new economic boom during the 19th century. After the fall of the Berlin wall, the shunting yards initially went into decline. So it is hardly surprising that the opening of the Metrans terminal is being very warmly received.

Today, the terminal in Ceska Trebova enjoys a central location in the pan-European traffic corridor IV and is on route 22 of the Trans-European Network (TEN) running from Nuremberg/Dresden to Prague, Vienna, Budapest and Sofia. Only a few days after it went into service in January 2013, 16 trains were calling at the hub terminal every day. From this starting point, Metrans reaches out to the whole south-east of the Czech Republic, as well as to Slovakia, Hungary and Austria, and provides a link to the German seaports of Hamburg and Bremerhaven.

Highlights 2012

Burchardkai

World's Largest Container Ship Handled in Hamburg for the First Time

In December, Hamburg was the first continental European port of call on the maiden voyage of the CMA CGM Marco Polo. The ship, with a capacity of 16,020 standard containers, was handled at the HHLA Container Terminal Burchardkai (CTB). The vessel sails the FAL1 service between the Far East and Northern Europe: the most important international trade route. In order to further improve CTB's handling capabilities – particularly for mega-ships – and to expand its capacity in line with demand, HHLA has invested around € 400 million in its largest terminal over the past few years. "We have specifically prepared Burchardkai for handling the latest generation of container mega-ships. Continuous innovation and the tremendous dedication of our staff help keep our terminals at the top of the European rankings," says Dr. Stefan Behn, HHLA's Executive Board member responsible for the Container segment.

Speicherstadt

Ideas for Living

Attractive concepts for modern apartments that reflect the character of the landmarked warehouse buildings were the result of the ideas competition "At home in the Speicherstadt" presented at the end of May. Organised by the Hamburg Ministry for Urban Development and Environment and HHLA, the competition shows how housing can be a lively element of the overall use concept for the Speicherstadt historical warehouse district.

Blue Port

Fascinating Shades of Blue

The Port of Hamburg provided the backdrop for the Blue Port project performed by lighting artist Michael Batz in mid-August. For an entire week, the gantry cranes of the three HHLA container terminals, the railing of the O'Swaldkai multi-function terminal and the 76-metre-high floating crane HHLA III were illuminated in bright blue by a total of 6,000 fluorescent tubes. The farewell parade drew some 250,000 visitors.

Polzug

Port Connection

As of August, Polzug has been connecting the Polish ports of Gdansk and Gdynia more closely to the hinterland with its three round trips a week. The block trains shuttle to the Poznan hub terminal, where domestic and international traffic meet.

Metrans

First Metrans Terminal in Austria

In October, the HHLA rail subsidiary Metrans acquired the company which operates the trimodal container terminal at the Austrian port of Krems on the river Danube. “The new site allows us to expand our network with a terminal that is strategically well-placed in the centre of Lower Austria. It offers excellent conditions for extending Austrian traffic to and from the European seaports we serve,” explained Jiri Samek, Managing Director of Metrans. The trimodal terminal is connected to the Danube, road and rail, and has four 680-metre-long tracks, each capable of serving an entire block train.

CTD

Eco-Friendly Wet Transfer

When containers are moved from one terminal to another within the Port of Hamburg, the transshipment process is usually organised by market leader Container-Transport-Dienst (CTD). In order to give its clients an environmentally friendly alternative to trucks and reduce the amount of traffic on port roads, CTD has been offering more and more transportation via inland waterways since autumn. When optimally loaded, a fleet of pushed barges carrying a maximum of 210 standard containers replaces as many as 100 truck journeys and thus reduces both CO_2 and noise emissions.

End of the Free Port

Customs Switch

HHLA switched to seaport customs procedures on 1 December 2012 – one month before the official end of the free port. This made it possible to complete the transition fully by the end of December. This process and the thorough preparations made in advance ensured that the end of the free port on 1 January 2013 went smoothly at the HHLA terminals. Two thirds of all containers now clear customs electronically before being collected.

Jasper Tours

Visitors Flock to Port

Over 30,000 visitors took part in the Jasper port tours in 2012, exploring the HHLA Container Terminals Altenwerder and Burchardkai by bus. The tour “Face to Face with the Giants”, which allows visitors to experience at first hand how modern port handling works, celebrated its successful tenth anniversary last year. The number of visitors has increased substantially since the cooperation between HHLA and Jasper began. The guides are given ongoing training by HHLA to ensure they remain just as up-to-date as the HHLA terminals themselves.

Electric Mobility

Tollerort Has Largest E-Vehicle Fleet of North Range Ports

The HHLA Container Terminal Tollerort (CTT) has been using 24 Kangoo Maxi Z.E. (zero emissions) Crew Vans since December as a means of carbon-free transport. They are powered by electricity from renewable sources. Every Kangoo has its own parking space and charging station to ensure the vehicles are always ready for action in the terminal’s 24/7 operations. “CTT has made a conscious decision to prioritise electric vehicles. In view of our sustainability strategy, this represents a further logical step towards replacing ever more diesel with electricity from renewable sources in order to significantly reduce CO_2 and noise emissions at our port terminals,” explains Klaus-Dieter Peters, Chairman of the HHLA Executive Board.

The Share

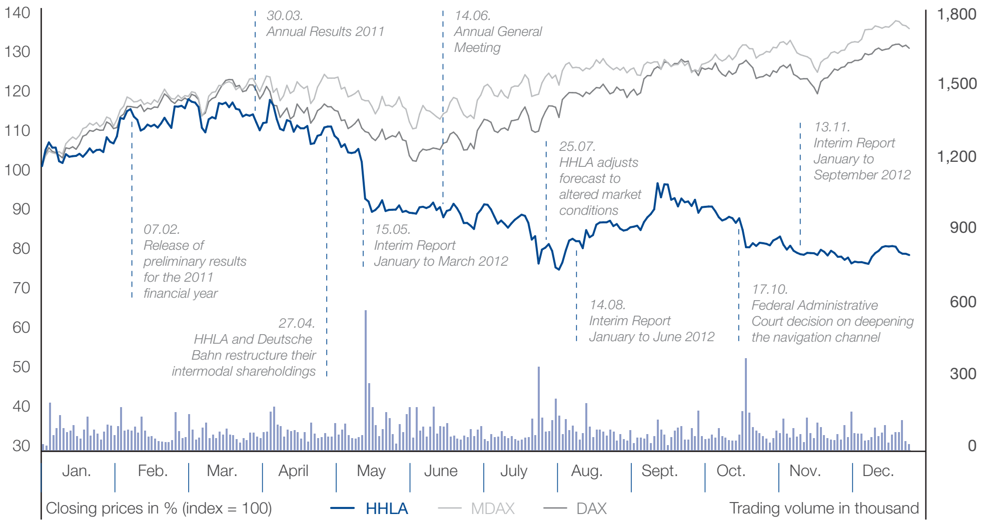
Upward Trend on Stock Markets

Despite experiencing volatility at times, the German stock market made clearly positive progress over the course of 2012. The leading share indices were buoyed at the start of the year by optimistic economic prospects and compelling company results. Although expectations were dampened at times by concerns about China's ability to sustain economic growth, even the subsequent correction phase failed to have any long-term impact on stock market prices. As a result, all German share indices had recorded substantial gains by the end of the first quarter. This positive trend was only interrupted by recurring uncertainties about future economic growth, the protracted debt crisis in the eurozone and the volatile state of the financial markets. Significant share price losses were the result. After a brief rally following the outcome of the second parliamentary elections in Greece towards the end of the second quarter, the overall market performance only returned to stability once the results of the EU summit and brighter economic data from the US had been announced. The market received a further boost from the highly expansionary monetary policy of key central banks, whose provision of liquidity led to increased investment pressure. The decision of the German Federal Constitutional Court to ratify the European Stability Mechanism (ESM) gave the market added security. Restrained economic signals from the USA and a marked decline in the ifo business confidence index put downward pressure on share prices again towards the end of the third quarter before more optimistic expectations began to outweigh and subsequently drove shares to their highest levels for the year by the end of 2012. The DAX grew in total by 29.1 % to 7,612 points. The MDAX outperformed the blue-chip index with growth of 34.7 % to close the year at 12,103 points.

Exceptional Burden on the HHLA Share

The HHLA share faced a challenging environment in 2012: its price was burdened by continued uncertainty surrounding the delayed dredging of the river Elbe, the resulting additional expenses for handling container mega-ships, surplus capacities among terminal operators in Northern Europe and weak trading with Asia. At the beginning of the year, the share initially benefited from the momentum generated by the positive statement of the European Commission in the final quarter of 2011 regarding the environmental compatibility of the deepening of the navigation channel. Further encouragement for the capital markets was provided by the preliminary results for the 2011 financial

Share Price Development 2012



Source: Datastream

year, which HHLA announced at the beginning of February. As a result, the share price already reached its year-high of € 26.56 on 29 February. The pending vote of Lower Saxony on the dredging of the Elbe subsequently led to concerns regarding the chances of a swift implementation for this public investment project. At the same time, newly created alliances among shipping companies with yet unknown consequences for the market position of terminal operators sparked a noticeable uncertainty. Despite the submission in spring of the plan approval to improve the nautical accessibility of the Port of Hamburg, and its approval by all federal states involved, and HHLA's forward-looking realignment of the Intermodal segment, the share price fell strongly on the release of the interim report for the first quarter of 2012. One of the main burdening factors was the temporary additional expense incurred by the modernisation of the HHLA Group's largest container terminal. Following a cut of short-term earnings expectations, the HHLA share traded at significantly lower levels – a trend exacerbated by legal objections filed by interest groups at the Federal Administrative Court against the dredging of the Elbe. Although rival ports along the Northern European coastline were already reporting volume declines by the middle of the year, the downgrading of growth expectations for the 2012 financial year as a result of general economic trends led to further share price falls at the end of July, despite continued expectations of stable throughput volume. Against the backdrop of a general decline in traffic volumes between Asia and Europe, the share fell to its lowest point of the year on 2 August at € 17.00. The share price subsequently rallied until the interim report for the first half of 2012 and gained an additional 5 % on publication. The results, which illustrated the improvements achieved as part of the modernisation of the HHLA Container Terminal Burchardkai (CTB), were well received by the capital markets and taken as evidence of scheduled progress. When a range of economic data confirmed HHLA's revised estimates at the end of July, the HHLA share initially trended in line with the MDAX and partially made up lost ground. However, it was once again confronted by negative economic data from China, the US and the eurozone at the end of the third quarter. The decision of the Federal Administrative Court in Leipzig to temporarily suspend the dredging of the Elbe and to postpone a further decision to a principal proceeding sent a wave of disappointment through the capital market in October. In particular, the lack of clarity surrounding the additional delay led to increased uncertainty and, correspondingly, strong pressure to sell. The HHLA share therefore closed the year at € 17.82, or 21.9 % down on the previous year. At the end of the year, the market capitalisation of the listed Port Logistics subgroup amounted to € 1.2 billion.

Key Figures HHLA Share

in €	2012	2011
Closing price at year-end [1]	17.82	22.83
Highest share price [1]	26.59	35.81
Lowest share price [1]	17.00	19.65
Performance in %	- 21.9	- 33.9
Average daily trading volume [1]	88,585	106,157
Number of shares	72,753,334	72,679,826
Listed shares (Class A shares)	70,048,834	69,975,326
Non-listed shares (Class S shares)	2,704,500	2,704,500
Dividend per Class A share	0.65 [2]	0.65
Dividend yield in %	3.6	2.8
Market capitalisation as of 31.12. (Class A shares) in € million	1,248.3	1,597.2
Price-earnings ratio as of 31.12.	16.7	19.6
Earnings per share	0.95	1.20

[1] XETRA
[2] Dividend proposal for 2012 financial year

Strong Capital Market Interest

Regional Coverage of IR Activities

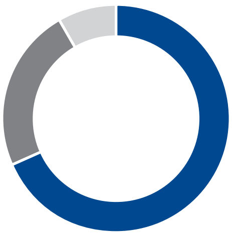
- 26 % UK
- 17 % Germany
- 13 % Switzerland
- 12 % USA
- 8 % France
- 7 % Scandinavia
- 5 % Italy
- 4 % Austria
- 4 % Ireland
- 2 % Australia
- 1 % Other countries

Source: Contacts during Investment Conferences and Roadshows 2012

In view of the particular circumstances surrounding the HHLA share – characterised by the exceptional importance of public infrastructure measures, volatile economic and industrial data as well as far-reaching measures to enhance the performance of the Group – the prompt and comprehensive disclosure of information as well as an open dialogue with investors and financial analysts once again proved essential. As a result, HHLA's IR activities were expanded during the reporting year with the aim of increasing the transparency of all aspects of the business model relevant to value creation by effective financial communication. In order to cover the information needs of retail investors, HHLA attended various investor forums in Germany and participated in a trade fair especially for private investors. The company held meetings with institutional investors during conferences and road shows at the key financial centres of Frankfurt, London and New York. These measures were complemented by numerous discussions with investors in other financial centres of Europe, the UK and the USA, as well as at HHLA's head quarters in Hamburg. The opportunities to get information and hold discussions generated great interest and were entirely used at every opportunity. Furthermore, the Executive Board provided details on business developments during quarterly conference calls.

Shareholder Structure

as of 31.12.2012



- 68.4 % Free and Hanseatic City Hamburg
- 23.1 % Institutional Investors
- 8.5 % Retail investors

Source: Share register

Interested parties were once again given access to a wide range of information in 2012: in addition to financial reports, tables of key performance figures and share price information were made available for download on HHLA's website, along with up-to-date presentations and footage of terminal operations. Furthermore, the company made use of the communication channel Twitter to draw attention to current and future company announcements. The opportunity to contact the IR team via email and telephone was also highly popular in 2012. HHLA investors were not only interested in how the company dealt with peak loads as a result of the development in ship sizes and the modernisation of the Container Terminal Burchardkai but also especially in the progress of the planned dredging of the Elbe and the future development of competition. Moreover, the current business performance, the economic environment and the company's strategic growth prospects were discussed in detail during numerous conversations. Despite the disappointing share performance, HHLA's communications activities were again well received by the capital markets: in a survey conducted by the US magazine Institutional Investor among more than 2,000 capital market participants, HHLA took second place in the category "Europe's Best Investor Relations Professional" in the transport sector. Furthermore, HHLA's main medium – its annual report – moved up three positions to seventh in the top ten MDAX reports of the highly respected rankings published by the University of Münster and "manager magazin".

Broad Shareholder Base

HHLA's shareholder base remained largely stable in 2012. The Free and Hanseatic City of Hamburg remained the company's largest shareholder with an unchanged stake of 68.4 %. The free float amounted to 31.6 %. According to the voting rights notifications received by HHLA until year-end of 2012, the US investor First Eagle Investment Management LLC was the only free float shareholder to exceed notification thresholds with a stake of 3.02 %. Among the daily traded shares, ownership shifted slightly towards retail investors, who held 8.5 % (previous year: 8.2 %) of nominal capital at the end of the year. This development was partly due to HHLA's third employee partcipation scheme which was used in April 2012 by around 77 % of those staff members entitled to join. However, it had only a limited impact on nominal capital, with an increase of about 0.1 %. By contrast, institutional investors continued to hold the majority of free floating shares, with 23.1 % of all shares (previous year: 23.3 %). Overall, HHLA's nominal capital remained widely distributed among approximately 35,000 registered shareholders. In regional terms, the largest free float shareholders are based primarily in Germany, the USA, the UK and other countries, especially in continental Europe.

Analysts Recognise Potential

At the end of 2012, the HHLA share was tracked and assessed by 25 analysts. A further study recommending investors to buy the share was gained in the reporting year. As a result, the HHLA share was able to retain its unusually broad coverage compared with other shares on the MDAX. Around two-thirds of the analysts recommended buying or holding HHLA shares. They emphasised the potential in the expected growth of core markets, in the planned dredging of the Elbe and in further efficiency improvements. Analysts with a sell recommendation primarily drew attention to the rising intensity of competition among the North Range ports and the risks associated with the continued delay to dredging and the volatile economic environment.

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 remains in close contact with all financial analysts and constantly strives to expand the number of independent studies on its business development.

Stable Dividend Proposal

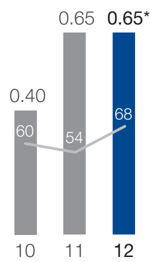
The fifth Annual General Meeting since HHLA's initial public offering in 2007 was held in Hamburg on 14 June 2012. Approximately 1,000 shareholders attended, representing 83 % of nominal capital (previous year: 82 %). The resolutions proposed by the Supervisory Board and the Executive Board were all adopted with large majorities by the shareholders present. These included a motion to increase the dividend by 18.2 % to €0.65 per dividend-bearing share in the listed Port Logistics subgroup (Class A share). HHLA distributed dividends totalling €45.5 million (previous year: €38.5 million). This corresponded to a payout ratio of 54 % of the Port Logistics subgroup's net income for the year after minority interests. The dividends were paid out to the shareholders on 15 June. In relation to the share price, the HHLA share achieved a dividend yield of around 3.6 %, placing it in the top third of MDAX shares as regards the profitability of its payout. Despite lower earnings in 2012, the Executive Board and Supervisory Board will propose a stable dividend of €0.65 per Class A share at the 2013 Annual General Meeting. The total amount paid out would remain unchanged compared with the previous year at €45.5 million. The payout ratio would rise to a comparatively high level of 68.4 %. HHLA would therefore go significantly beyond the minimum requirements of its dividend policy of distributing at least 50 % of the Port Logistics subgroup relevant net profit for the year to its shareholders.

Recommodation by Financial Analysts
as of 31.12.2012

- 32 % Buy/overweight
- 40 % Hold/neutral
- 28 % Sell/underweight

You can find an overview of financial analysts who cover HHLA on ► www.hhla.de

Development of Dividend
per Class A share



**Dividend proposal*
— Payout ratio refering to earnings per share of Port Logistics subgroup in %

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/Main, Hamburg Open market: Berlin, Düsseldorf, Hanover, Munich, Stuttgart
Stock exchange segment	Prime Standard
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

HHLA_IR

You can find current and future company announcements also on the Twitter channel HHLA_IR.

Use the QR code:

Report of the Supervisory Board

Prof. Dr. Peer Witten
Chairman of the
Supervisory Board

Working Relationship between the Supervisory Board and the Executive Board

In the 2012 financial year, the Supervisory Board fulfilled the responsibilities entrusted to it by law, the company 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 were 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 2012 financial year, the Supervisory Board held four routine meetings, one constituent meeting and one special meeting. It also adopted two resolutions by means of document circulation. With the exception of members who left office as planned during the reporting year, none of the Supervisory Board members took part in fewer than half of the Supervisory Board meetings held in the period under review.

At each ordinary meeting, the Supervisory Board dealt with the current development of business and the HHLA Group's position in detail. On each occasion, the Executive Board gave a detailed report, focusing in particular on 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. Furthermore, individual meetings concentrated especially on the following items:

The financial statements meeting held on 28 March 2012 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 2011 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. 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 2012 financial year. In addition, the Supervisory Board discussed matters including the agenda for the 2012 Annual General Meeting – notably the election proposals for the Supervisory Board – the Supervisory Board's report to the Annual General Meeting, the corporate governance report, the granting of comfort letters, an employee participation scheme and the associated use of Authorised Capital I, as well as the restructuring of key intermodal activities.

At its special meeting on 27 April 2012, the Supervisory Board dealt with the realignment of the Intermodal segment and voted to divest HHLA and Deutsche Bahn holdings in one another's companies. Furthermore, the Supervisory Board used a written circulation procedure in April to handle the employee participation scheme and the associated partial use of Authorised Capital I.

At its meeting on 6 June 2012, the Supervisory Board addressed the situation of the HHLA Group, the preparations for the Annual General Meeting and amendments to the articles of association editorial, among other items.

Following the election of new shareholder representatives at the Annual General Meeting on 14 June 2012 and the preceding election of new employee representatives, a constituent meeting for the newly elected Supervisory Board was held on 25 June 2012. At this meeting, Prof. Dr. Witten was elected Chairman and Mr. Wolfgang Rose Vice Chairman of the Supervisory Board. The Arbitration Committee and the other five Supervisory Board committees currently in place were also constituted. Please refer to the ▸ Corporate Governance Report, page 53 et seq. for an overview of the committees and their members.

At the meeting in September, the main focus was on HHLA's strategy and business model, the acquisition of company shares in Polzug Intermodal GmbH held by PKP Cargo S.A. and equity measures in favour of the former, changes to the German Corporate Governance Code and a corresponding amendment to the rules of procedure. This was followed by a written circulation procedure in September, in which the Supervisory Board approved the acquisition of company shares held by PKP Cargo in Polzug Intermodal GmbH by HHLA Intermodal GmbH.

The last meeting in the reporting period was held on 7 December, when the Supervisory Board mainly considered the budget for 2013 – which it duly approved – and the medium-term corporate planning for 2014 to 2017. Another focus of the Supervisory Board meeting was HHLA's risk management system and, in particular, the results of the risk inventory. 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. In addition, the Supervisory Board discussed the sale of the Altenwerder logistics centre and gave its approval.

The members of the Executive Board participated in all Supervisory Board meetings except for the constituent meeting.

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 Board Members and Mandates, page 62 et seq.

The **Finance Committee** met a total of four times in the reporting period: in March, May, August and November 2012. In addition to monitoring the Group's financial results and the Group's general financial position, the main focal points of its work included deliberations concerning comfort letters as part of real estate project financing in the S division and in favour of Polzug Intermodal GmbH (March meeting). Equity measures for Polzug Intermodal GmbH were one of the main issues discussed at the meeting in August. The Finance Committee's December meeting was mainly devoted to its comprehensive preliminary review of the budget for 2013 and the medium-term planning for 2014 to 2017, as well as the sale of the Altenwerder logistics centre.

The **Audit Committee** convened four times in the past financial year. The March meeting focused on an in-depth discussion and examination of HHLA's annual financial statements, consolidated financial statements and management reports for the 2011 financial year. The committee also recommended that the Supervisory Board should submit a proposal to the Annual General Meeting regarding the choice of auditor for the 2012 financial year, as well as the for the auditor's review of the abridged financial statements and interim management report for the first half of the 2012 financial year. Representatives of the auditors were present when the annual financial statements were discussed. They reported on the results of the audit and were available to answer questions. According to the auditor's representatives, there were no circumstances demonstrating any bias of the auditor. The Interim Report for the first quarter of 2012 and the report on the work done by Internal Audit were the main items discussed at the May meeting. The Head of Internal Audit attended this meeting in a reporting capacity and provided comprehensive information. At its third meeting, in August, the Audit Committee was primarily concerned with the Interim Report for the first half of 2012, as well as with changes to the German Corporate Governance Code in the reporting period and a corresponding amendment to the Supervisory Board's rules of procedure. The meeting in November focused on the Interim Report for the third quarter of 2012, a discussion of focal points for the audit and the contract to audit the 2012 annual and Consolidated Financial Statements, as well as a discussion of the findings of the 2012 risk inventory. At this meeting, the Audit Committee also discussed in detail the internal control system, the risk management system, Internal Audit and the compliance management system. It also focused on preparations for the declaration of compliance with the German Corporate Governance Code. HHLA's Compliance Officer made his annual report at this meeting; he was also present at the Audit Committee's other meetings, where he spoke about his role, kept the committee abreast of current developments, and was available to answer questions. 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 2012 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 for the 2011 financial year (March meeting) as well as the budget for 2013 and the medium-term planning for 2014 to 2017 (November meeting), each in relation to the Real Estate subgroup (S division).

The **Nomination Committee** convened three times in the 2012 financial year. Its meetings in March dealt with the selection of candidates and the submission of proposals to the Supervisory Board for its own election proposals for the Annual General Meeting. This resulted in two female candidates, Ms. Bödeker-Schoemann and Dr. Roggencamp, being put forward for the Supervisory Board to propose for election by the Annual General Meeting in line with its diversity objectives. The focus of the December meeting was on preparations for updates to the Supervisory Board's diversity targets.

Neither the **Personnel Committee** nor the **Arbitration Committee** convened in the reporting period.

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 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 26 November 2012. 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 7 December 2012. 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.

No 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.

Details of the declaration of compliance and corporate governance at HHLA have been provided by the Executive Board and Supervisory Board in the corporate governance report for 2012. ► See also Corporate Governance Report, page 53 et seq.

Audit of Financial Statements

Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Hamburg, were elected as auditors for the financial statements and for the auditor's review of the abridged financial statements and the interim management report for the first half of the financial year 2012 at the Annual General Meeting on 14 June 2012 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. They 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 2012 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. the measures detailed in the report give us no grounds to reach a substantially different opinion to 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 2012 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 company for the transactions mentioned was not inappropriately high."

Any expenses and income 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 18 March 2013. In the financial statements meeting of the Supervisory Board on 25 March 2013, 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 the main results of their audit and were available to answer questions. According to the auditor's representatives, there were no circumstances demonstrating any bias of the auditor. In addition to the audit of the annual financial statements, the auditors completed a review of the interim financial statements. 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 auditors' 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 2013, 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. HHLA's annual financial statements for the 2012 financial year have therefore been adopted. 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.

Personnel Changes

Supervisory Board

In the shareholder representative elections held at the Annual General Meeting on 14 June 2012, the following people were elected to the Supervisory Board for the new period of office: Prof. Dr. Peer Witten, Petra Bödeker-Schoemann, Dr. Bernd Egert, Dr. Norbert Kloppenburg, Michael Pirschel and Dr. Sibylle Roggencamp.

At the employee representative elections held beforehand in June 2012, the following people were elected to the Supervisory Board: Wolfgang Rose, Torsten Ballhause, Holger Heinzel, Frank Ladwig, Arno Münster and Norbert Paulsen.

For further information about Supervisory Board members, ▸ please see Board Members and Mandates, page 62 et seq.

The election was for the period of office running until the end of the Annual General Meeting which passes a resolution discharging the Board for the financial year 2016. The Supervisory Board was constituted at its meeting on 25 June 2012. At this meeting, Prof. Dr. Witten was elected Chairman and Mr. Wolfgang Rose Vice Chairman of the Supervisory Board.

Mr. Klauke, Dr. Klemmt-Nissen, Mr. Mendrzik, Mr. Stork and Mr. Wohlers left the Supervisory Board at the end of their term in summer 2012. The Supervisory Board would like to thank them for their good work and dedication.

Executive Board

There were no changes to the Executive Board in the reporting period.

Hamburg, 25 March 2013

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 characterised 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 required to give notification of any conflicts of interest which arise and how they are being handled in its report to the Annual General Meeting.

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 auditor 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 auditor and, after these 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, Dr. Norbert Kloppenburg, has expertise and experience in the areas of accounting, the audit of financial statements and the 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 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 the German Stock Corporation Act (AktG) 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 ▸ please see Board Members and Mandates, page 62 et seq.

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 organisation. 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.

HHLA's Executive Board currently consists of four members. For its composition ▸ see Board Members and Mandates, page 62 et seq. 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 code of practice 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 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 by the Executive Board require the approval of the Supervisory Board in accordance with the Executive Board's code of practice. 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.

Declaration of Compliance

The Executive Board and Supervisory Board of Hamburger Hafen und Logistik AG herewith state after due examination that in the period starting 8 December 2011 (the date on which the previous declaration of compliance was issued), HHLA complied with the recommendations of the German Corporate Governance Code ("the Code" or "GCGC") in the version dated 26 May 2010 and – subsequent to its taking effect – the version dated 15 May 2012 with the following exceptions. Furthermore, HHLA shall comply with the Code in the future with the following exceptions. This shall apply subject to the changes stated below:

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 termination of contract without serious 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 year and, where applicable, on the probable total compensation for the current financial year. According to the compensation provision in the current contracts of employment, any Executive Board member whose contract is terminated early without good cause, or who loses their Executive Board seat due to a change of control or similar circumstances, does not receive compensation exceeding the remaining term of their contract. This arrangement only partially complies with the GCGC's requirements. In our view, an additional inclusion of severance payment caps would not be practicable since contracts of Executive Board members are regularly concluded for the duration of the term for which they are appointed and a regular termination of these contracts is in principle impossible.

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 class of shares. 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 in 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.

c) According to Section 5.4.6 (2) of the current version of the Code, if a commitment is given to pay performance-related remuneration to members of the Supervisory Board, it should be dependent on sustainable corporate development. The variable remuneration currently applicable to the members of the Supervisory Board was adopted by the Annual General Meeting in 2007 and is linked to a dividend payment to shareholders. It does not currently correspond to this sustainability criterion. The Supervisory Board will examine whether to adapt the remuneration policy in compliance with the Code and will put forward any proposed amendments for resolution at the next Annual General Meeting.

Hamburg, 7 December 2012

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 "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, discrimination and conflicts of interest, and how to deal with sensitive corporate information, especially insider information. ► Please also see 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 synchronises his or her activities closely with those of the Internal Audit and Risk Management departments. In 2012, further extensive steps were taken to enhance HHLA's compliance management system. These included stepping up preventive work, e.g. by producing and updating Group guidelines and conduct guidance, systematically analysing compliance risks, and training staff at HHLA companies in Germany and abroad on the code of conduct and special issues, such as preventing corruption or observing insider trading rules. 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 characterised by responsibility towards its employees, the environment and society as a whole and by taking responsibility for its business activities. To reinforce this, HHLA was the first maritime company to issue a declaration of compliance with the German Sustainability Code (GSC). In addition, HHLA applied the GRI (Global Reporting Initiative) guidelines on sustainability reporting – the most commonly used standard of its kind in the world – for the first time in this annual report. ► See also Sustainability, page 90 et seq.

Further Information about Corporate Governance at HHLA

Diversity Objectives for the Supervisory Board and Progress to Date

At its meeting on 7 December 2012, the Supervisory Board of Hamburger Hafen und Logistik Aktiengesellschaft adopted an update to the statement of intent for its future composition, which was first adopted on 15 December 2010, as per Section 5.4.1 of the German Corporate Governance Code ("the Code"):

The HHLA Supervisory Board must always be composed in such a way that its members have the necessary knowledge, skills and industry expertise to fulfil their responsibilities properly.

In addition, the GCGC calls in Section 5.4.1 for concrete objectives to be defined regarding the Supervisory Board's composition. Against the backdrop of an organisation's specific situation, these should take into account the company's international operations, potential conflicts of interest, the number of independent Supervisory Board members as defined by Section 5.4.2, 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 (Section 7 [4*]). 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).

With regard to the appropriate inclusion of women on the Supervisory Board, the company is pursuing the medium-term goal of increasing the proportion of female shareholder representatives to at least 40 percent. Due to the existing provisions of the German Co-Determination Act, the company has no influence over which employee representatives are selected. 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 a number of concrete measures at its meeting back on 15 December 2010, which are designed to give qualified women a better chance of gaining a seat on the Supervisory Board:

- When searching for and selecting candidates, 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 more female candidates in the future.

International Orientation

International orientation also plays a role when appointing members to the Supervisory Board. Due to HHLA's business model, the company's operations have a predominantly regional and local focus, which means that it is currently not of paramount importance that members have extensive relevant experience of managing international companies. However, some of the members of the company's Supervisory Board are in possession of such experience.

Age Limit for Supervisory Board Members

The rules of procedure of HHLA's Supervisory Board (Section 7 [1] sentence 3*) 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 interest, the rules of procedure of HHLA's Supervisory Board (Section 7 [3*]) 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 third parties. 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 required to give notification of any conflicts of interest which arise and how they are being handled in its report to the Annual General Meeting.

Independent Supervisory Board Members

The company keeps working towards recruiting at least two independent Supervisory Board members from amongst its shareholders. In the view of the Supervisory Board, this currently corresponds to the structure of equity investments, business sectors and, by extension, HHLA's specific situation. However, it is the opinion of the Supervisory Board that employee representatives should not automatically be considered dependent. It is important to consider the specific circumstances in each case. The Supervisory Board must have at least one member who is independent as defined by Section 100 (5) of the German Stock Corporation Act (AktG) and who has expertise in the fields of accounting or the auditing of financial statements.

Progress to Date

The Supervisory Board's diversity objectives as stipulated in the statement of intent issued on 15 December 2010 were taken into account when the Nomination Committee and the Supervisory Board proposed candidates to the Annual General Meeting for the Supervisory Board elections in June 2012. The proposed candidates were duly elected at the Annual General Meeting on 14 June 2012. The target of achieving a fair representation of women (at least one woman) was exceeded following the appointment of two female Supervisory Board members.

In consideration of the updated target dated 7 December 2012 to increase the share of female shareholder representatives to at least 40 % in the medium term, a ratio of 33.33 % was therefore already achieved in 2012. The targets regarding the number of independent members specified in the updated statement of intent and the existing requirements concerning international orientation, age limit and conflicts of interest were already met in 2012. They will continue to be taken into account when selecting candidates and making election proposals.

Directors' Dealings

In the 2012 financial year, the company did not receive any notifications regarding directors' dealings with HHLA shares.

As of 31 December 2012, the Executive Board and Supervisory Board overall did not possess more than 1 % 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 contained in the management report. ► See page 113 et seq.

In accordance with the statutory provisions, it is designed to identify significant risks in advance so that they can be minimised, 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 authorise 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 company offered postal voting for the first time in 2012. 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. The 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 2012 financial year – Ernst & Young GmbH, 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

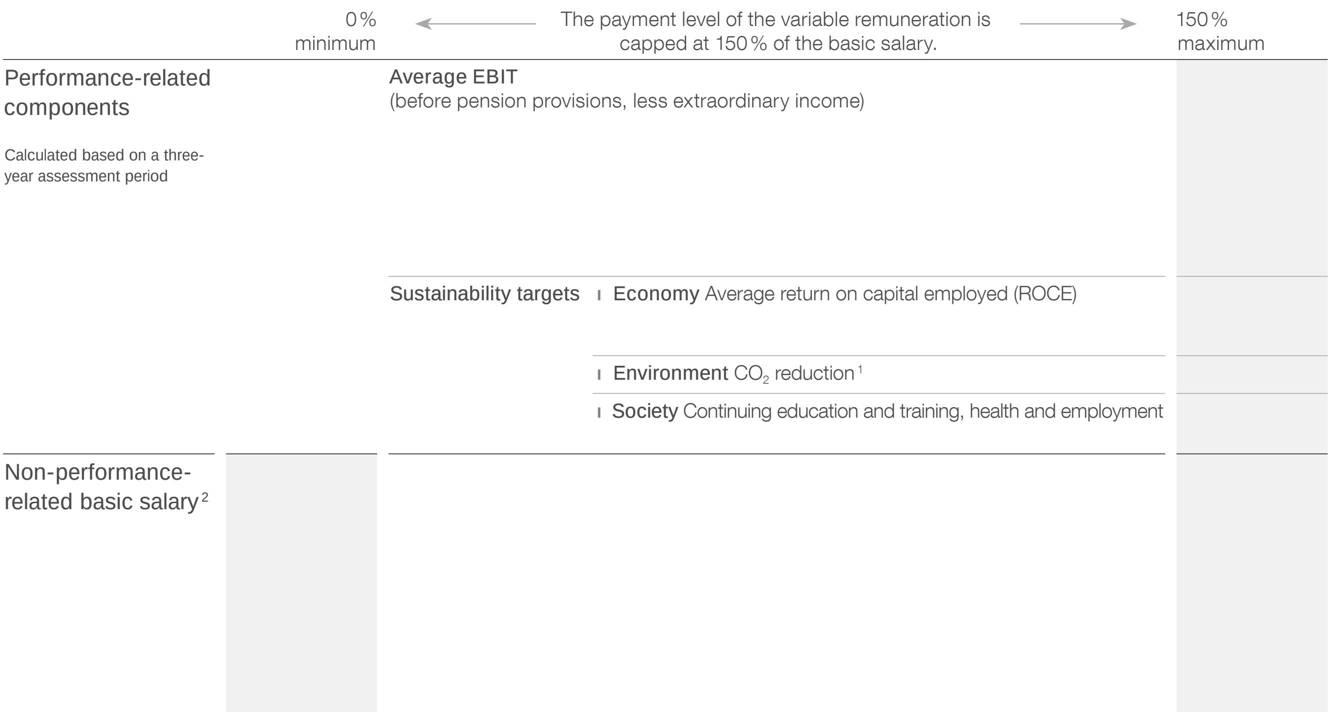
Following preparatory work by its Personnel Committee, the Supervisory Board in its entirety is responsible for setting remuneration for individual Executive Board members in accordance with Section 87 (1) of the German Stock Corporation Act (AktG) and a corresponding provision in the Supervisory Board's 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.

In the period under review, the remuneration of Executive Board members was made up of a non-performance-related annual salary, a performance-related bonus and other benefits.

Executive Board members receive their fixed annual salary as twelve monthly payments. This fixed salary includes benefits in the form of non-monetary compensation. These consist of the right to use an appropriate company car (for business and private purposes) and the payment of insurance premiums by the company. The members of the Executive Board pay tax on these benefits as components of their remuneration.

The performance-related bonus is usually set using a three-year assessment period as a basis. The calculation is based on the average earnings before interest and taxes (EBIT) for the last three years (before additions to pension provisions and reduced by any extraordinary income from the disposal of real estate and companies), the average return on capital employed (ROCE) and

Annual Level of Remuneration of Executive Board Members Based on Different Scenarios



[1] per container handled and transported
[2] plus supplementary payments

the achievement of targets relating to environmental issues (reduction of the carbon footprint of each container handled and transported) and social issues (split between into training and continuing professional development, health and employment) in the same period. Target ranges were set for each of the components used in the calculation for the period from 2011 to 2013. Achieving these targets triggers the payment of the relevant bonus. When making these calculations, roughly equal weight is given to EBIT on the one hand and the above-mentioned sustainability components on the other. The variable remuneration is capped at 150 % of the basic salary. It is paid out once the annual financial statements have been approved.

In addition to this, there is a pension commitment for each Executive Board member. Pensions are paid to former Executive Board members after a minimum of five or eight 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 in turn is based on the annual basic salary. This percentage is between 35 and 50 %. Several different forms of income are taken into account for this, such as earnings from self-employment or employment and, in some cases, income from statutory pensions and related benefits from public funds.

Surviving spouses of Executive Board members receive a widow(er)'s pension of 55 to 60 % of the pension entitlement and children receive an orphan's allowance of 12 to 20 % of the pension. Should the pension entitlement have been suspended or no longer apply, transitional or interim pay will apply for a limited period on the basis of the annual basic salary.

After leaving the Executive Board on 31 December 2011, Dr. Jürgens will receive his contractually agreed basic salary until 31 December 2013 at the latest. The sum of € 325,000 has been stipulated as the basis for calculating his performance-related pay. If the employment relationship ends before 31 December 2013, Dr. Jürgens will receive compensation equivalent to 42 % of the remaining remuneration payable until 31 December 2013. With the departure of Dr. Jürgens, the Executive Board has decreased in size to four members. A replacement for this Executive Board position is not envisaged for the time being.

The service contracts valid in the reporting period include a compensation provision relating to change of control or comparable circumstances. This entitles Executive Board members to receive their remuneration entitlements as a lump sum for the remaining duration of their respective contracts, discounted by 2 % per annum, should their service contracts be terminated prematurely in such circumstances. This does not affect their pension entitlements. Should the service contracts be terminated prematurely for another reason without good cause, the payment of compensation by the company shall be limited to the remaining term of the contract.

The members of the Executive Board were not granted any loans or similar payments. The members of the Executive Board received total remuneration of approximately € 3.1 million for their services in the 2012 financial year (previous year: € 4.1 million); this is down on the amount in the 2011 financial year. Former members of the Executive Board and their surviving dependants received a total of € 1,384,630 (previous year: € 781,666), including the severance payments made to Dr. Jürgens in 2012. Total provisions of € 11,416,961 (previous year: € 10,339,784) were formed for pension obligations to former members of the Executive Board and their surviving dependants.

Individual Remuneration of Executive Board Members
in €

	Performance-unrelated payments									
	Basic salary		Supplementary payments		Performance-related components		Total remuneration		Appropriation to pension provisions [1]	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Klaus-Dieter Peters	465,000	465,000	13,066	13,451	529,547	543,586	1,007,613	1,022,036	250,423	258,532
Dr. Stefan Behn	325,000	325,000	12,484	12,188	370,315	380,132	707,799	717,321	153,644	157,582
Heinz Brandt	325,000	325,000	11,710	13,594	370,315	380,132	707,025	718,726	177,120	185,272
Dr. Sebastian Jürgens	0	325,000	0	231,902	0	325,000	0	881,902	0	90,772
Dr. Roland Lappin	325,000	325,000	9,142	7,665	370,315	380,132	704,457	712,798	94,455	99,001
Total	1,440,000	1,765,000	46,403	278,800	1,640,491	2,008,983	3,126,894	4,052,783	675,642	791,159

[1] Additions to pension provisions only include the service and interest expenses attributable to the reporting year.
The figure for the previous year has been restated accordingly for ease of comparison.

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 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 % 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 respective committee receives € 5,000, but altogether no more than € 10,000. Supervisory Board members who have belonged to the Supervisory Board or a committee for less than a whole financial year receive a corresponding pro rata payment. Furthermore, Supervisory Board members receive a meeting attendance fee of € 250 for each meeting of the Supervisory Board or one of its committees.

The remuneration system for the Supervisory Board is currently being examined with a view to adjusting it to comply with the German Corporate Governance Code in the version dated 15 May 2012. If applicable, an adjusted system will then be presented to the Annual General Meeting as a resolution to be passed.

No loans or similar payments were granted to members of the Supervisory Board. Other than the remuneration payable to the employee representatives under their contracts of employment, the members of the Supervisory Board did not receive any other payment for additional services rendered. The total remuneration paid to members of the Supervisory Board amounted to € 282,143 (previous year: € 291,148).

Individual Remuneration of Supervisory Board Members
in €

	Fixed remuneration		Variable remuneration		Remuneration for committee work		Meeting fee		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Prof. Dr. Peer Witten	30,000	30,000	10,500	10,500	5,000	5,000	1,750	2,750	47,250	48,250
Wolfgang Rose	15,000	15,000	5,250	5,250	0	2,500	1,500	2,500	21,750	25,250
Torsten Ballhause	10,000	3,890	3,500	1,362	5,000	1,616	3,250	1,000	21,750	7,868
Petra Bödeker-Schoemann	5,492	0	1,922	0	2,842	0	1,250	0	11,505	0
Dr. Bernd Egert	10,000	10,000	3,500	3,500	2,500	7,753	1,000	2,500	17,000	23,753
Holger Heinzel	10,000	10,000	3,500	3,500	1,298	0	1,500	1,500	16,298	15,000
Jörg Klauke	4,536	10,000	1,587	3,500	2,268	5,000	1,000	3,500	9,391	22,000
Dr. Rainer Klemmt-Nissen	4,536	10,000	1,587	3,500	5,669	10,000	1,250	4,000	13,042	27,500
Dr. Norbert Kloppenburg	5,492	0	1,922	0	3,511	0	1,750	0	12,675	0
Frank Ladwig	5,492	0	1,922	0	1,298	0	1,000	0	9,712	0
Thomas Mendrzik	4,536	10,000	1,587	3,500	1,134	3,308	1,000	2,500	8,257	19,308
Arno Münster	10,000	10,000	3,500	3,500	7,500	10,000	4,000	5,250	25,000	28,750
Norbert Paulsen	5,492	0	1,922	0	2,596	0	1,500	0	11,510	0
Michael Pirschel	10,000	5,452	3,500	1,908	7,500	1,616	3,250	1,000	24,250	9,977
Dr. Sybille Roggencamp	5,492	0	1,922	0	4,809	0	1,500	0	13,723	0
Uwe Schröder	0	4,959	0	1,736	0	3,719	0	2,750	0	13,164
Walter Stork	4,536	10,000	1,587	3,500	2,268	5,000	1,250	3,250	9,641	21,750
Peter Wenzel	0	4,575	0	1,601	0	651	0	1,000	0	7,827
Jörg Wohlers	4,536	10,000	1,587	3,500	2,268	5,000	1,000	2,250	9,391	20,750
Total	145,137	143,877	50,798	50,357	57,459	61,164	28,750	35,750	282,143	291,148

All figures exclude VAT.

Board Members and Mandates

The Supervisory Board Members and Their Mandates*

Prof. Dr. Peer Witten

Chairman
Fully qualified business administration manager, Hamburg
Former member of the Otto Group Executive Board
Other mandates

- KWG Kommunale Wohnen AG, Hamburg (Chairman)
- Lufthansa Cargo AG, Frankfurt am Main
- Verwaltungsgesellschaft Otto mbH, Hamburg
- Otto AG für Beteiligungen, Hamburg
- Forum Grundstücksgesellschaft GmbH & Co. KG, Hamburg
- Röhlig & Co. Holding GmbH & Co. KG, Bremen

Wolfgang Rose

Vice Chairman
Banker, Hamburg
Social education worker, Hamburg
Former executive at ver.di (trade union) in Hamburg (until 15 June 2012)
Other mandates

- Hapag-Lloyd AG, Hamburg
- Asklepios Kliniken Hamburg GmbH, Hamburg
- Ernst-Deutsch-Theater, Hamburg (since 1 April 2012)
- AOK Rheinland/Hamburg Administrative Board

Torsten Ballhause

Fully qualified business and employment lawyer (HWP), Hamburg
Trade union secretary for Harbours work group, ver.di Hamburg (until 30 June 2012)
Local manager of the Transport division, ver.di Hamburg (since 1 July 2012)
Other mandates

- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg

Petra Bödeker-Schoemann (since 14 June 2012)

Fully qualified business administration manager, Hamburg
Managing Director of HGV, Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH
Other mandates

- HHLA Container Terminals Gesellschaft mit beschränkter Haftung (since 14 June 2012)
- Hamburger Wasserwerke GmbH, Hamburg
- P+R-Betriebsgesellschaft mbH, Hamburg
- Gesellschaft zur Beseitigung von Sonderabfällen mbH, Kiel
- SGG Städtische Gebäudereinigung GmbH, Hamburg
- IMPF Hamburgische Immobilien Management Gesellschaft mbH (since 20 March 2012)
- SAGA Siedlungs-Aktiengesellschaft Hamburg (since 14 June 2012)
- Vattenfall Stromnetz Hamburg GmbH (since 4 June 2012)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg (since 25 June 2012, Chairwoman since 26 November 2012)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg (since 25 June 2012, Chairwoman since 26 November 2012)

Dr. Bernd Egert

Physicist, Winsen a. d. Luhe
State Secretary at the Hamburg Ministry for the Economy, Transport and Innovation
Other mandates

- Flughafen Hamburg GmbH, Hamburg
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg
- HWF Hamburgische Gesellschaft für Wirtschaftsförderung mbH, Hamburg (Chairman)
- Erneuerbare Energien Hamburg Clusteragentur GmbH, Hamburg (Chairman)
- Zentrum für angewandte Luftfahrtforschung GmbH, Hamburg (Chairman)
- LZN Laser Zentrum Nord GmbH, Hamburg (Chairman) (until 21 June 2012)
- hySOLUTIONS GmbH, Hamburg (Chairman)
- DEDALUS GmbH & Co. KGaA, Stuttgart (since 26 April 2012)
- WTSH Wirtschaftsförderung und Technologietransfer Schleswig-Holstein GmbH (since 27 November 2012)

Holger Heinzel

Fully qualified business administration manager, Hittfeld
Director of Finance and Controlling at HHLA
Other mandates

- Member of the representative committee Hafen Hamburg Marketing e.V., Hamburg
- Member of the management committee of Hafenfonds der Gesamthafen-Betriebsgesellschaft mbH, Hamburg
- POLZUG Intermodal GmbH, Hamburg (from 27 June to 25 November 2012)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg (since 25 June 2012)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg (since 25 June 2012)

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

Jörg Klauke (until 14 June 2012)
Port technician, Hamburg
Vice Chairman of the HHLA works council
Other mandates
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (since 20 March 2012)

Dr. Rainer Klemmt-Nissen (until 14 June 2012)
Administrative lawyer, Hamburg
Managing Director of HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg
Other mandates
- Hamburger Hochbahn AG, Hamburg
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- HSH Nordbank AG, Hamburg
- Hapag-Lloyd AG, Hamburg
- Hapag-Lloyd Holding AG, Hamburg
- HMC Hamburg Messe und Congress GmbH, Hamburg
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg (Chairman, since 14 June 2012)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg (Chairman, until 14 June 2012)

Dr. Norbert Kloppenburg (since 14 June 2012)
Member of the Executive Board of KfW Bankengruppe, Frankfurt am Main
Other mandates
- DFS Deutsche Flugsicherung GmbH, Langen
- KfW IPEX-Bank GmbH, Frankfurt am Main (Chairman)
- Deutsche-Energie-Agentur GmbH, Berlin
- DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne (First Vice Chairman)

Frank Ladwig (since 14 June 2012)
Port technician, Hamburg
Chairman of the works council of HHLA Container Terminal Tollerort GmbH
Other mandates
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg

Thomas Mendrzik (until 14 June 2012)
Electrical technician, Hamburg
Vice Chairman of the HHLA Container Terminal Altenwerder GmbH, Hamburg
Other mandates
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Container-Terminal Altenwerder GmbH, Hamburg
- HHLA CTA Besitzgesellschaft mbH, Hamburg
- SCA Service Center Altenwerder GmbH, Hamburg
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg (Vice Chairman, until 14 June 2012)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg (Vice Chairman, until 14 June 2012)

Arno Münster
Port technician, Hamburg
Chairman of the works council at HHLA and the Group works council
Other mandates
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (until 20 March 2012)
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Personal-Service-GmbH, Hamburg
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg

Norbert Paulsen (since 14 June 2012)
Fully qualified engineer, Hamburg
HHLA flood protection officer
Other mandates
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg (since 25 June 2012, Vice Chairman since 26 November 2012)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg (since 25 June 2012, Vice Chairman since 26 November 2012)

Michael Pirschel
Fully qualified economist, Bispingen
Departmental head at the Hamburg Ministry for the Economy, Transport and Innovation in the Free and Hanseatic City of Hamburg
Other mandates
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Rosshafen Terminal GmbH, Hamburg (until 11 October 2012)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg

Dr. Sibylle Roggencamp (since 14 June 2012)
Fully qualified economist, Molfsee
Head of the Office for Asset and Investment Management at the Hamburg Ministry of Finance
Other mandates
- Flughafen Hamburg GmbH, Hamburg
- Hamburger Hochbahn AG, Hamburg
- SpriAG – Sprinkenhof AG, Hamburg (Chairwoman)
- Hamburgischer Versorgungsfonds AöR, Hamburg
- Universitätsklinikum Hamburg KöR, Hamburg
- Vattenfall Wärme Hamburg GmbH (since 15 November 2012)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg (since 25 June 2012)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg (since 25 June 2012)

Walter Stork (until 14 June 2012)
Forwarding agent, Hamburg
Former Chairman of the Executive Board of NAVIS Schiffahrts- und Speditionsgesellschaft AG, Hamburg
Other mandates
- DAKOSY Datenkommunikationssystem AG, Hamburg
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- NAVIS Schiffahrts- und Speditionsgesellschaft AG, Hamburg (Chairman)
- DIHS-DAKOSY Interessengemeinschaft Hamburger Spediteure GmbH, Hamburg

Jörg Wohlers (until 14 June 2012)
Fully qualified senior savings bank manager, Hamburg
Haspa Finanzholding, member of the Executive Board (Vice Chairman) (until 31 March 2012)
Hamburger Sparkasse AG, Hamburg
(Member of the Executive Board) (until 31 March 2012)
Other mandates
- Haspa Beteiligungsgesellschaft für den Mittelstand mbH, Hamburg (Vice Chairman) (until 21 May 2012)
- S Broker AG & Co. KG, Wiesbaden (Vice Chairman) (until 16 April 2012)
- DAL Deutsche Anlagen-Leasing GmbH & Co. KG, Wiesbaden
- DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co. KG, Bremen (until 7 May 2012)
- Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe (Deputy Chairman)
- Deutsche Sparkassen Leasing Verwaltungs-Aktiengesellschaft, Bad Homburg v. d. Höhe
- Deutsche Leasing AG, Bad Homburg v. d. Höhe
- NRS Norddeutsche Retail-Service AG, Hamburg/Bremen (until 30 June 2012)
- S Broker Management AG, Wiesbaden (until 16 April 2012)
- S Rating und Risikosysteme GmbH, Bonn (until 31 March 2012)
- Sparkasse zu Lübeck Aktiengesellschaft, Lübeck (until 6 September 2012)
- Cenito Service GmbH, Hamburg (Chairman) (until 16 March 2012)

Supervisory Board Committees

Finance Committee
Dr. Rainer Klemmt-Nissen (until 14 June 2012, Chairman)
Dr. Sibylle Roggencamp (since 25 June 2012,
Chairwoman since 20 August 2012)
Arno Münster (Vice Chairman until 14 June 2012)
Frank Ladwig (since 25 June 2012,
Vice Chairman since 20 August 2012)
Torsten Ballhause
Jörg Klauke (until 14 June 2012)
Dr. Norbert Kloppenburg (since 25 June 2012)
Michael Pirschel
Walter Stork (until 14 June 2012)

Audit Committee
Jörg Wohlers (until 14 June 2012, Chairman)
Dr. Norbert Kloppenburg (since 14 June 2012,
Chairman since 20 August 2012)
Arno Münster (Vice Chairman)
Torsten Ballhause
Petra Bödeker-Schoemann (since 14 June 2012)
Jörg Klauke (until 14 June 2012)
Dr. Rainer Klemmt-Nissen (until 14 June 2012)
Norbert Paulsen (since 14 June 2012)
Michael Pirschel

Real Estate Committee
Dr. Rainer Klemmt-Nissen (until 14 June 2012, Chairman)
Petra Bödeker-Schoemann (since 25 June 2012,
Chairwoman since 26 November 2012)
Thomas Mendrzik (until 14 June 2012, Vice Chairman)
Norbert Paulsen (since 25 June 2012,
Vice Chairman since 26 November 2012)
Holger Heinzel (since 25 June 2012)
Arno Münster
Michael Pirschel
Dr. Sibylle Roggencamp (since 25 June 2012)

Personnel Committee
Prof. Dr. Peer Witten (Chairman until 14 June 2012)
Arno Münster (Vice Chairman until 14 June 2012)
Dr. Bernd Egert
Frank Ladwig (since 25 June 2012)
Thomas Mendrzik (until 14 June 2012)
Dr. Sibylle Roggencamp (since 25 June 2012)
Wolfgang Rose
Walter Stork (until 14 June 2012)

Nomination Committee
Prof. Dr. Peer Witten (Chairman)
Dr. Bernd Egert (Vice Chairman)
Dr. Sibylle Roggencamp (since 25 June 2012)
Walter Stork (until 14 June 2012)

Arbitration Committee
Prof. Dr. Peer Witten
Dr. Bernd Egert
Frank Ladwig (since 25 June 2012)
Arno Münster (until 14 June 2012)
Wolfgang Rose

The Executive Board Members and Their Mandates*

Klaus-Dieter Peters

Chairman
Forwarding agent, Hamburg
First appointed: 2003

Areas of responsibility
- Executive Board coordination
- Corporate communications
- Corporate development
- Sustainability
- Intermodal segment
- Logistics segment

Supervisory Board mandates
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, 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
- HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Intermodal GmbH, Hamburg
- CTD Container-Transport-Dienst GmbH, Hamburg
- POLZUG Intermodal GmbH, Hamburg
- METRANS a.s., Prague, Czech Republic
- Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Logistics GmbH, Hamburg
- HHLA Logistics Altenwerder GmbH & Co. KG, Hamburg
- HHLA Logistics Altenwerder Verwaltungsgesellschaft mbH, Hamburg
- HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg

Dr. Stefan Behn

Fully qualified business administration manager, Hamburg
First 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
- Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven
- Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven
- HHLA Rosshafen Terminal GmbH, Hamburg
- HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, Hamburg
- DAKOSY Datenkommunikationssystem AG, Hamburg

Advisory Board mandates
- LZU Leercontainer Zentrum Unikai GmbH, Hamburg (until 22 August 2012)
- CuxPort GmbH, Cuxhaven
- HCC Hanseatic Cruise Centers GmbH, Hamburg
- UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg
- UNIKAI Hafenbetrieb GmbH, Hamburg (until 22 August 2012)
- SC HPC Ukraina, Odessa, Ukraine

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

Heinz Brandt

Legal assessor, Bremen
First appointed: 2009

Areas of responsibility

- Human resources
- Purchasing and materials management
- 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
- HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, Hamburg (since 10 June 2012)
- GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg
- Gesamthafenbetriebs-Gesellschaft mbH, Hamburg

Advisory Board mandates

- HHLA-Personal-Service-GmbH, Hamburg
- Member of the management committee of Hafenfonds der Gesamthafen-Betriebsgesellschaft mbH, Hamburg

Dr. Roland Lappin

Fully qualified industrial engineer, Hamburg
First appointed: 2003

Areas of responsibility

- Finance and controlling
- Organisation
- Internal audit
- Investor relations
- Real Estate segment

Supervisory Board mandates

- HHLA Rosshafen Terminal GmbH, Hamburg
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, 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 (until 11 July 2012)
- Hansaport Hafenbetriebsgesellschaft mbH, Hamburg
- GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg
- Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg
- Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Intermodal GmbH, Hamburg
- HHLA Intermodal Polska Sp. z o.o., Warsaw, Poland
- CTD Container-Transport-Dienst GmbH, Hamburg (until 8 October 2012)
- METRANS a.s., Prague, Czech Republic
- POLZUG Intermodal GmbH, Hamburg
- IPN Inland Port Network GmbH & Co. KG, Hamburg
- IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg

Advisory Board mandates

- SC HPC Ukraina, Odessa, Ukraine

Business Development at a Glance

Robust volume development in weak market environment

- Market position compared with other European ports strengthened further
- Compensation of declining Far East traffic by strong North America and Baltic Sea volumes
- Deconsolidation of transport volume following realignment of the Intermodal segment

Group revenue reaches €1,128.5 million

- Year-on-year decrease due to consolidation changes
- Disposal and switch to equity method for certain Group affiliates
- Without one-time effects: stable development

Operating result (EBIT) of €186.3 million generated

- Clear double-digit profit margin again
- Extra expenses incurred caused by ship size development and terminal reorganisation
- Initial expenses due to realignment of the Intermodal segment

Free cash flow once again positive at €49.6 million

- Surplus cash flow from operating activities despite considerable capital expenditure
- Funds used to pay out higher dividends and purchase minority shares
- Increase in short-term deposits

Balance sheet total amounts to €1,768.5 million

- One-time effects from structural changes in the Intermodal segment
- Presentation of sufficient liquidity reserves
- Adjusted pension provisions to lower imputed interest rate

Outlook for the 2013 financial year

- Container throughput in the region of 7.2 million TEU
- Container transport in the region of 1.1 million TEU
- Group revenue in a range of €1.1 billion € to €1.2 billion
- Group-EBIT in a range of €155 million to €175 million

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Group Structure

Group

HHLA

Holding/Other

- Strategic corporate development
- Management of resources and processes
- Provision of shared services

- Floating crane operations
- Development and letting of port-related real estate

Subgroups

Port Logistics
Listed
Class A shares

Real Estate
Non-listed
Class S shares

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)	Container transport in the ports' hinterland Loading and unloading of carriers Operation of inland terminals	Special handling of bulk cargo, general cargo, vehicles, etc. Handling cruise ships Warehousing and contract logistics Consulting and training	Management of real estate in Hamburg's Speicherstadt historical warehouse district and of Fischmarkt Hamburg-Altona GmbH Development Tenancy 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 86.5 % Polzug Group 100.0 % CTD Container-Transport-Dienst 100.0 %	HHLA Logistics 100.0 % HPC Hamburg Port Consulting 100.0 % Unikai Lagerei- und Speditionsgesellschaft 51.0 % Hansaport 49.0 %	Speicherstadtimmobilien der Hamburger Hafen und Logistik AG 100.0 % Fischmarkt Hamburg-Altona GmbH 100.0 %

► Please see page 198 et seq. for a full list of HHLA's shareholdings, listed by business sector.

Group Management Report

Group Overview

Hamburger Hafen und Logistik AG (HHLA) is a leading company in the European seaport transportation industry. As an integrated handling, transport and logistics provider, the HHLA Group offers services along the logistics chain between overseas ports and their European hinterland. Since its foundation, HHLA's activities have also included the development and letting of properties in Hamburg. HHLA runs the Group as a strategic management holding company. Its operations are carried out by the 32 domestic and eight foreign subsidiaries which make up the consolidated group.

In the financial year 2012, the following changes were made to the company's structure. In the course of separating ownership structures in the Intermodal segment, one company and its subsidiaries which were consolidated proportionately before were fully included in the scope of consolidation, while another company was deconsolidated following its disposal. At the beginning of the year, the consolidation method used until 2011 for two fully consolidated fruit companies in the Logistics segment was switched to accounting using the equity method. As a result, these firms were no longer part of the scope of consolidation. ► See also Notes on the Reporting, page 95, and Note 3 in the Notes to the Consolidated Financial Statements, page 147. No other significant legal or organisational changes were made.

The HHLA Group is divided into two subgroups, Port Logistics and Real Estate. The subgroup Port Logistics encompasses the Container, Intermodal and Logistics segments. The Holding/Other division is likewise part of the Port Logistics subgroup, although according to International Financial Reporting Standards (IFRS) it does not constitute a separate segment. The Holding division 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. The Class A shares, which are listed on the stock exchange, relate to the subgroup Port Logistics and entitle shareholders merely to participate in the result and net assets of these commercial 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 in Germany and Le Havre in France. The geographical focus of its commercial activities is on the Port of Hamburg and its hinterland. The Port of Hamburg is a 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 at the fish market Hamburg-Altona. 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). In the unlikely and unprecedented event of the subgroup Real Estate reporting a loss, this would be indirectly transferred to the Free and Hanseatic City of Hamburg in line with a separate agreement to assume losses.

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.

Organisational Structure

	Supervisory Board			
	Executive Board			
Executive Board Members	Klaus-Dieter Peters	Dr. Stefan Behn	Heinz Brandt	Dr. Roland Lappin
Fields of Responsibility	Coordination Executive Board Intermodal Segment Logistics Segment Corporate Communications Corporate Development Sustainability	Container Segment Information Systems	Human Resources Purchasing and Supplies/Materials Legal and Insurance Health and Safety in the Workplace	Finance and Controlling Investor Relations Internal Audit Real Estate Segment

In 2012, the Executive Board of HHLA comprised four members, whose areas of responsibility are defined by their specific tasks and operating segments.

The Supervisory Board has twelve members in all, with six representing the shareholders and six representing the employees. ► See also Board Members and Mandates, page 62 et seq.

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 amortisation
- Maintenance and repair
- External services
- Financing costs

Group Segments

Container Segment

The 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 (rail, truck, feeder ship or barge). HHLA operates three high-performance container terminals in Hamburg: Altenwerder (CTA), Burchardkai (CTB) and Tollerort (CTT). In addition, HHLA also performs handling services at another container terminal in Odessa (CTO), Ukraine. 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 further key 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. HHLA runs two rail operators, Metrans and Polzug, who ensure regular train connections to and from Central and Eastern Europe and within Germany, the Czech Republic and Poland. The trucking company CTD transports containers in the Hamburg, Berlin, Munich and Stuttgart metropolitan areas, as well as over long distances within Europe. The segment's service portfolio includes loading and discharging 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, motor vehicles and fruit, as well as the handling of cruise ships. In this segment, HHLA also provides consulting and management services for clients in the port and transport industry. Some 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 encompass the development, letting and management of properties in the Port of Hamburg's peripheral area. These include the historical warehouse district (Speicherstadt), the largest complex of traditional warehouses in the world. In this central location, HHLA offers some 320,000 m^2 of commercial space. Other prime properties totalling around 65,000 m^2 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 engineering.

Market Position

With its 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- and onward-carriage systems.

Sea freight shipping as a whole is regarded as a growth market since falling transport costs in relation to merchandise value 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 standardised transport box, the increasing integration of the emerging economies of Central and Eastern Europe and Asia in particular have led to rising freight volumes. 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 the industrialised nations.

The market for port services along the North European coast (the North Range) relevant for HHLA is characterised 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.

Other handling sites – such as Le Havre and Zeebrügge – are considerably smaller in terms of their local freight volume and the size of their catchment areas. At present, the Baltic Sea ports are primarily served by feeder traffic operating via central distribution points in the North Range (hub-and-spoke system). Overseas services docking directly at ports, such as Gdansk in Poland, compete with this network system.

Largest North Range Ports
by container throughput, 2012

Source: Port Authorities

Seaborne Container Throughput
by shipping region in the port of Hamburg, 2012

- 53 % Asia
- 13 % East Europe (Baltic Sea)
- 10 % Scandinavia
- 7 % Rest of Europe
- 6 % North America
- 6 % South America
- 3 % Africa
- 2 % Other

Source: Hamburg Hafen Marketing e.V.

Following the opening of a new container terminal in Wilhelmshaven (JadeWeserPort) in autumn 2012, port extension projects in Rotterdam (Massvlakte 2) and the greater London area (London Gateway) will add an extra 10 % to 15 % to existing handling capacities over the next few years. Depending on economic trends and the development in demand, this may lead to more intense competition, especially for freight volume with greater geographical flexibility, such as seaborne feeder traffic. In contrast to this, the market position for handling volumes which are tied to the natural catchment area inland is normally very sustainable – given that it is vital to take the shortest route for the disproportionately more expensive land-based transportation. The high capital intensity of running a terminal, long development lead times and start-up phases for facilities which often span several years also place high demands on the size and financial strength of new competitors.

Top 20 Ports

by container throughput, 2012

in million TEU

1. Shanghai, China	32.5
2. Singapore	31.6
3. Hong Kong, China	23.1
4. Shenzhen, China	22.9
5. Busan, South Korea	17.0
6. Ningbo, China	16.8
7. Guangzhou, China	14.7
8. Qingdao, China	14.5
9. Los Angeles/Long Beach, USA	14.1
10. Dubai, United Arab Emirates	13.3
11. Tianjin, China	12.3
12. Rotterdam, The Netherlands	11.9
13. Port Kelang, Malaysia	10.0
14. Kaohsiung, Taiwan	9.8
15. Hamburg, Germany	8.9
16. Antwerp, Belgium	8.6
17. Dalian, China	8.1
18. Tanjung Pelepas, Malaysia	7.7
19. Xiamen, China	7.2
20. Jakarta, Indonesia	6.2

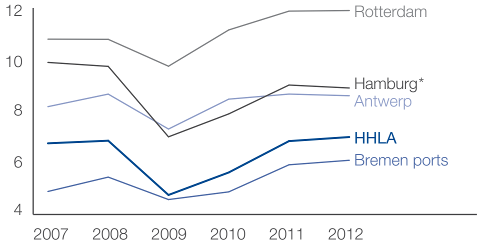
The **Container Segment** benefits from the Port of Hamburg's position as the most easterly North Sea port, which makes it the ideal hub for the entire Baltic region and for hinterland traffic to Central and Eastern Europe. Furthermore, the long-standing trading relationships between the Port of Hamburg and the Asian markets are advancing Hamburg's role as an important European container hub.

With a throughput of 8.9 million standard containers (TEU), Hamburg was once again Europe's second-largest container port behind Rotterdam in 2012. After Chinese ports, in particular, have risen to occupy leading places on account of their massive growth in recent years, Hamburg ranks 15th in the list of the world's leading international ports. Consignments to and from Hamburg often originate from, or are destined for, China.

In the Container segment, HHLA competes directly with other terminal operators in Hamburg and the rest of Northern Europe. Primary competitive factors – apart from pricing – are the 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 port's geographical position, its hinterland links and its accessibility from the sea.

In Hamburg, HHLA maintained its position as the largest container handling firm with a total throughput volume in all segments of 7.0 million TEU in 2012. A good 78 % of container traffic (previous year: 75 %) at the Port of Hamburg was handled by HHLA. Among the major North Range ports, its market share rose to 19.6 % (previous year: 19.3 %) which, in addition to a robust increase in Baltic Sea traffic, was due largely to strong growth in the North America shipping region. HHLA benefited from further improvement to its range of services for handling mega-ships and coordinating feeders, while persistently high ship operating costs helped to highlight the port's geographical advantage.
► See also Container Segment, page 98 et seq.

Change in Container Throughput at the North Range Ports, 2007–2012
in million TEU



Source: Port Authorities
** incl. HHLA, without Container Terminal Odessa (CTO)*

The **Intermodal Segment** strengthens HHLA's market position by offering a complementary range of seaport–hinterland traffic services. In particular, HHLA utilises the advantages of the Port of Hamburg's rail infrastructure – Europe's most important rail traffic hub. The affiliates which transport containers by train compete with other rail and intermodal transport operators, but also with other carriers such as trucks and, in some cases, feeder ships. As the rail infrastructure is for the most part publicly owned, various authorities guard against discrimination in both access and usage fees. These include the Federal Network Agency and the Federal Railway Authority in Germany and corresponding bodies abroad and at EU level. Against this backdrop, key competitive factors include the density of the available network, the frequency of departures, opportunities for freight pooling and storage in the hinterland, the geographical distance to destinations, on-schedule operation and infrastructural capacity.

The Metrans Group – part of the HHLA rail network – has steadily expanded its market position as a leading rail operator for intermodal transportation from Hamburg, Bremen/Bremerhaven, Koper and Rotterdam to the Czech and Slovak Republics and Hungary. Polzug is an established provider of rail-bound transport services from Hamburg, Bremerhaven and Rotterdam, as well as the Polish ports of Gdynia and Gdansk, operating container trains to the Central and Eastern European hinterland (primarily Poland and the CIS) and ultimately Central Asia. Proprietary inland terminals play a major role in HHLA's service offering in Central and Eastern Europe and give the company a significant competitive edge. They enable the use of more productive direct trains (shuttles) with shorter transit times and allow the efficient pooling of rail freight to and from the port. This is distributed and collected using a hub-and-spoke model centring on facilities such as those in Prague and Poznan. In the German-speaking region, Metrans operates and develops train links within Germany, and to and from Austria, where a company-owned inland terminal is also used at the port of Krems on the river Danube. In the delivery and collection of containers by truck, the Group's affiliate Container-Transport-Dienst (CTD) has a sound market position in the greater Hamburg region and also offers services throughout Germany by means of a joint venture with the major trucking company EKB Container Logistik. ► See also Intermodal Segment, page 99 et seq.

The **Logistics Segment** serves various market sectors, some of them highly specialised. Via Hansaport, for example, HHLA has a stake in Germany's largest seaport terminal for handling iron ore and coal. HHLA's complementary range of warehouse and contract logistics services supports the Group's market positions in the handling and transportation sectors. In the field of port consultancy, the Group's affiliates Hamburg Port Consulting (HPC) and Uniconsult work on pioneering development projects around the world. ► See also Logistics Segment, page 101 et seq.

With its population of around 1.8 million and its significance as an economic centre, Hamburg is one of the largest and most interesting property markets in Germany for the **Real Estate Segment**. The HHLA Real Estate segment owes its outstanding market position to the special attractiveness of the properties it manages in Hamburg's historical warehouse district (Speicherstadt) and on the Northern bank of the Elbe, as well as their customer-specific and sustainable enhancement. The segment competes with German and international investors marketing high-quality properties in comparable locations. ► See also Real Estate Segment, page 102.

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, ranging from steel companies and power stations (in the field of bulk cargo handling) to international operators of ports and other logistics centres (in the field of port consulting). The Real Estate segment lets its office space and commercial premises to German and international corporate customers from a variety of sectors, ranging from logistics 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. In ship handling, HHLA's container terminals work on a neutral basis with many shipping companies (multi-user principle) and are therefore geared to offering a wide range of high-quality services. In the 2012 financial year, HHLA's customer base included 19 of the 20 largest container shipping companies. HHLA therefore believes that it is able to respond flexibly to changes in the consortia and collaborations formed by its clients in the shipping sector. Many shipping companies are currently following the trend towards optimising their service portfolios by forming new partnerships or pooling capacity and thereby strengthening their competitive position. HHLA is accompanying this development closely based on its long-standing contacts. In the 2012 financial year, HHLA's five most important customers accounted for approximately 50 %, its ten most important for 74 % and its 15 most important for 87 % of revenue generated by the HHLA container terminals in Hamburg. HHLA has maintained commercial relationships with the vast majority of its most important customers for more than two decades.

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 goods, but the freight volumes and transport routes are determined by the producers or purchasers of the goods. Volumes in the Container segment therefore do not constitute an order backlog in the traditional sense. Sales activities are organised 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 optimising processes and thereby helping to increase added value 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 **Intermodal and Logistics segments** are aligned locally with the specific needs of their 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 their own sales departments at their headquarters in Hamburg, Prague and Warsaw. They also use regional offices at the seaports, in the target markets and central locations overseas to provide local support for their shipping and forwarding customers and to acquire new business.

Top 20 Shipping Companies
by transportation capacity, 2012

in thousand TEU		
1.	APM-Mærsk	2,584
2.	MSC	2,233
3.	CMA CGM	1,386
4.	Evergreen Line	723
5.	COSCO	716
6.	Hapag-Lloyd	632
7.	APL	576
8.	Hanjin	573
9.	CSCL	549
10.	MOL	506
11.	OOCL	450
12.	Hamburg Süd	421
13.	NYK	401
14.	Yang Ming Line	358
15.	K Line	353
16.	Hyundai M.M.	347
17.	Zim	318
18.	PIL (Pacific Intl. Line)	300
19.	UASC	271
20.	CSAV	259

Source: AXS Alphaliner

Revenue Distribution
split by customers in the Container segment at the main location Hamburg, 2012

- 50 % Top 1–5
- 24 % Top 6–10
- 13 % Top 11–15
- 13 % Other

In the **Real Estate segment**, sales activities are organised according to the two main locations, Hamburg's Speicherstadt historical warehouse district and the northern banks of the Elbe, as well as logistics properties in and around the port. Real estate staff specialising in the respective properties can therefore advise potential customers and tenants across the whole spectrum of services and offer customised solutions based on their location expertise. Construction and consulting services are also provided.

Corporate Strategy

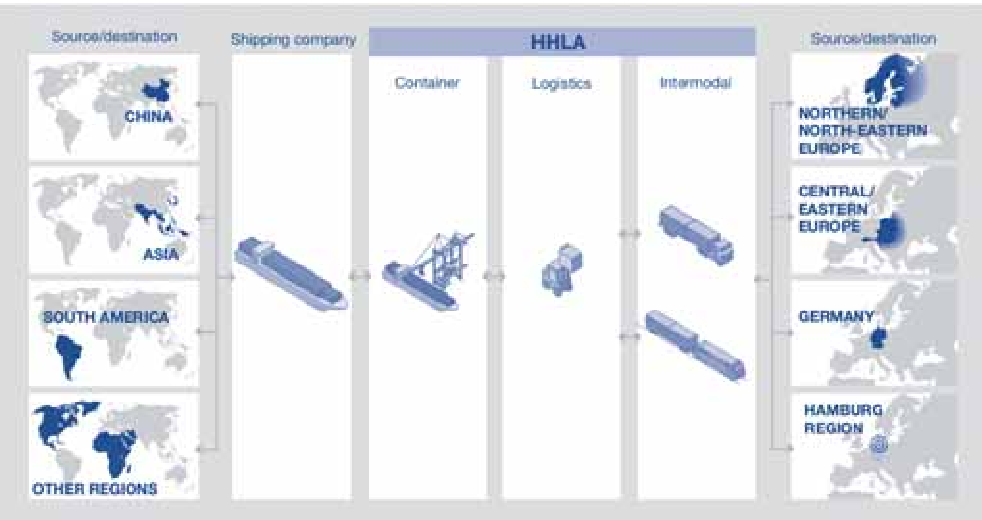
HHLA's strategy is aimed at attaining a leading position as a port logistics provider and thus achieving sustainable growth in its enterprise value. This long-term approach to corporate development considers the company's economic, ecological and social responsibilities in equal measure with the goal of strengthening the Group's competitiveness. With its business model of vertical integration along the transport chain between the international seaport and its European hinterland, HHLA believes it 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 2012 financial year. In order to consolidate and expand the Group's market position, HHLA pursues the following strategic guidelines:

Enhancing Quality and Efficiency Leadership

HHLA plans to constantly improve its competitiveness by further enhancing its service quality and technological capabilities. It concentrates both on retaining its broad customer base and attracting new clients. Its ship handling activities focus primarily on improving the efficiency of its handling services and responding to the requirements of container mega-ships which are increasingly prompting peak workloads. This involves systematically gearing the design and operation of facilities towards maximising the productivity of land usage, manpower and capital. In order to strengthen its leading position in handling technology, HHLA works particularly on innovating its systems and optimising processes. To this end, HHLA continuously improves its IT basis. To ensure that it is largely independent from external 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 Research and Development, page 86 et seq.

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. providing a neutral service to as many shipping companies as possible in the handling of ships 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- and onward-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 paves 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 its value added. This approach is geared primarily towards making effective use of the Port of Hamburg's advantageous geographical position in terms of transport links by utilising 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.

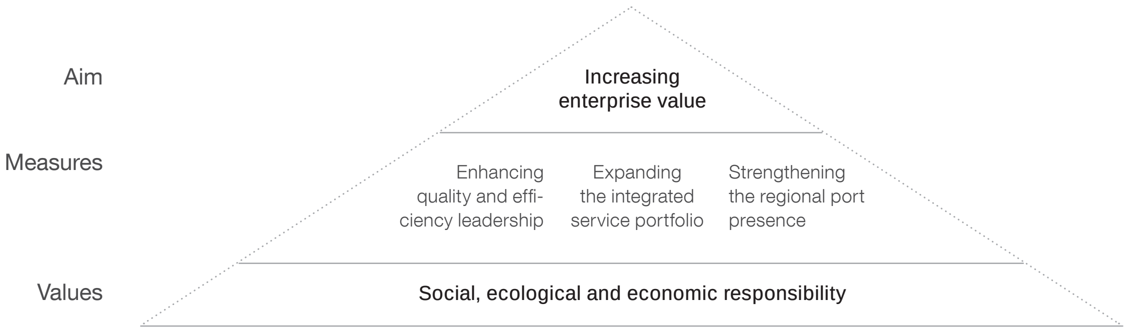
In the rail sector, HHLA will continue to strengthen the market position of its Intermodal subsidiaries with the main geographical focus on the growth markets of Central and Eastern Europe. Investments will concentrate on inland terminals and their connection via highly efficient shuttle systems, i.e. direct links to distribution centres. To this end, the company is also gradually increasing its own rolling stock (locomotives and carriages) so that it can operate as independently as possible on the market. HHLA will accompany these measures by expanding its truck companies, which focus on offering a comprehensive network for delivering and collecting sea containers over the "last mile" inland.

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 and shareholdings in attractive growth markets. Based on the economies of scope offered by the existing network and the opportunities it presents to tap additional potential, HHLA's primary interest from the North Sea coast is in the catchment area between the Baltic region, the northern Adriatic and the Black Sea. However, it does not categorically rule out potential

Corporate Strategy

Sustainably increasing enterprise value at HHLA



projects and shareholdings in other high-growth regions. HHLA pursues a selective 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 long-term and value-oriented approach to enhancing the activities pooled in this segment. This includes in particular the 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. This ensures that HHLA can seize opportunities for value-enhancing corporate development and actively shape consolidation processes in the port logistics sector at any time. ► See also Financial Position, page 103 et seq.

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 development, as well as customer satisfaction, handling speed, geographical reach and many other 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 Corporate and Value Management, page 80 et seq.

The most important strategic initiatives at present include the work to modernise the largest container terminal at the Port of Hamburg, which reached an important milestone in 2012 with the launch of a new integrated system with control centre, block storage facilities and a new IT system. It is now possible to align further expansion phases with anticipated demand. These options are expected to offer sufficient development opportunities for more than five years. Other key projects expected to make considerable progress – particularly over the next two years – include the expansion of the HHLA Container Terminal Odessa (CTO) and of rail traffic in the German-speaking region, as well as the restructuring of the now wholly owned Polzug Group in Poland.

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 this end, the Port of Hamburg currently employs a "landlord model", by which the Hamburg Port Authority 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 authorisations under public law, especially official authorisations 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 authorisations by the respective authorities, irrespective of the planning approval procedure for the expansion of the handling 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 standardised 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 dissolution of Hamburg's free port and introduction of the customs seaport as of 31 December 2012 resulted in significant changes to the relevant customs regulations and processes for a number of HHLA subsidiaries. The transition to customs seaport processes was fully completed at the HHLA container terminals by the end of year.

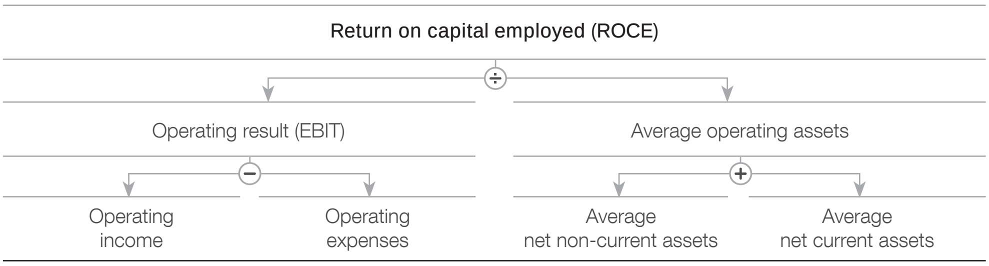
The legal framework for HHLA is subject to constant change at national and international level, particularly by the European Community, in order to keep pace with technical progress and increasing public sensitivity with regard to safety and environmental issues. In specific terms, the European Commission is currently working on guidelines for the issuing of licences and/or construction, service or supply agreements in the transport sector. Depending on which form these guidelines take, they may affect HHLA in the future. The same applies to the German Regulation on Installations for the Handling of Substances Hazardous to Water, which is currently under development at national level. In the 2012 financial year, however, there were no amendments to the legal framework with a significant impact on the Group's financial position, its earnings or its operating activities.

Corporate and Value Management

HHLA's primary objectives include the long-term, 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 Sustainability, page 88 et seq., and Corporate Strategy, page 77 et seq.

Value Management

ROCE – defining parameters and influential factors



HHLA uses a Group-wide value management system for the planning, management and monitoring of its commercial activities. No changes were made to this system in the 2012 financial year. The key performance indicator for financial management is the figure 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.

The HHLA Group calculates ROCE as a ratio of the operating result (EBIT) and the average operating assets used.

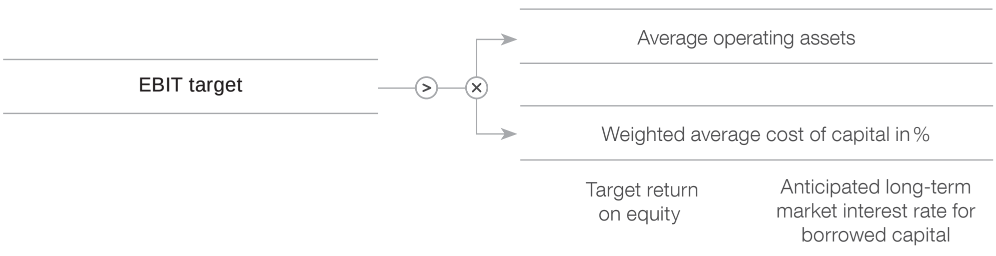
The reported unadjusted EBIT figure was used to calculate ROCE for the 2012 financial year. The earnings indicator ROCE principally represents the average return on that capital which is employed to generate the operating performance. ► See also Note on the Reporting, page 95.

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. The focus on this target has been additionally emphasised for three years now, ever since a multi-year assessment time-frame was introduced for calculating performance-related remuneration components for executives.

Value-oriented management via the key performance indicator ROCE therefore serves to align all operating activities with the aim of promoting sustainable economic growth and raising enterprise value. Commercial activities are generally regarded as value-generating if the return on capital employed exceeds the cost of capital and they therefore make a positive value contribution. Such capital costs correspond to the weighted average of equity costs and the cost of borrowed capital. As in the previous year, HHLA used a weighted average cost of capital of 10.5 % before tax to

Value Management

EBIT – target indicator



calculate its value growth at Group level in the 2012 financial year. This cost of capital is based on the Executive Board'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 temporary 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 dialogue with customers – wherever allowed by the highly capital-intensive nature of the industry and investment projects that often take several years to be realised. 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 EBIT dropped while tied-up capital increased slightly, ROCE fell by 1.7 percentage points year-on-year to 13.7 % in 2012, but remained well above the weighted average cost of capital of 10.5 %. This means that a positive contribution to value of € 43.1 million was achieved again in 2012, although this was down € 22.7 million or 34.5 % on the previous year. A positive contribution to value was still achieved after adjustment for the one-off gain of € 17.6 million reported in the financial year from the realignment of Intermodal activities.

Key Performance Indicators

in € million	2012	2011	Change
Operating income	1,187.6	1,268.8	- 6.4 %
Operating expenses	- 1,001.3	- 1,061.8	- 5.7 %
EBIT	186.3	207.0	- 10.0 %
Ø Net non-current assets	1,269.8	1,257.9	0.9 %
Ø Net current assets	93.4	86.7	7.8 %
Ø Operating assets	**1,363.2**	**1,344.5**	**1.4 %**
ROCE in %	13.7	15.4	- 1.7 pp
Cost of capital before tax[1] in %	10.5	10.5	0.0 pp
Cost of capital before tax[1]	143.1	141.2	1.4 %
Value added in %	3.2	4.9	- 1.7 pp
Value added	43.1	65.8	- 34.5 %

[1] Of which 7.5 % for the Real Estate subgroup

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 optimisation of specific operational processes, although they also serve the overriding objective of value-generating management. ► See also Sustainability, page 88 et seq.

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

Staffing Situation

HHLA had a total of 4,915 employees at the end of 2012. Compared with the previous year's total, there were 117 employees more, or an increase of 2.4 %. In geographical terms, the workforce was concentrated mainly in Germany, with 3,526 staff members. This corresponds to a share of 71.7 %, of whom the majority worked in Hamburg. The 1,389 jobs at foreign sites consisted mainly of 773 workers (15.7 %) at the Intermodal companies in the Czech Republic and Slovakia and 471 employees (9.6 %) in Ukraine. The remaining 155 employees were spread across subsidiaries in Poland and Georgia.

Employees
by segment as of 31.12.

	2012	2011	Change
Container	2,935	2,898	1.3 %
Intermodal	1,010	902	12.0 %
Logistics	311	422	- 26.3 %
Real Estate	37	38	- 2.6 %
Holding/Other	622	538	15.6 %
Total	4,915	4,797	2.4 %

Headcount in the Container segment – which accounts for 59.7 % of all jobs at HHLA – increased by 1.3 % to 2,935. Staffing levels in the Intermodal segment rose at a much faster rate by a total of 12.0 % to 1,010, thus accounting for 20.5 % of the total workforce. The number of employees in the Logistics segment fell by 26.3 % to 311 and therefore accounted for 6.3 % of the total HHLA headcount. Changes in both segments are largely due to the change in consolidation methods. The number of jobs in the Real Estate segment remained virtually unchanged at 37 or 0.8 % of the HHLA workforce. Meanwhile, the number of staff in the strategic management holding company and associated areas rose by 15.6 % to 622 on the back of consolidation changes, subsequently making up 12.7 % of the Group's total employees.

Collective labour agreements govern pay and working conditions for 92 % of staff in Hamburg. The fluctuation rate in Hamburg (excluding reassignments within the Group) remained unchanged at 4.3 % in 2012. Compared to 2011, the average employee age increased slightly by one year to 43 (men: 44, women: 38).

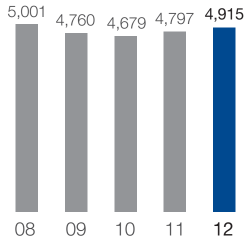
Occupational Health and Safety

The number of accidents at the companies in the Port of Hamburg fell again to reach 73 (previous year: 88), excluding accidents while commuting. Based on throughput, the ratio improved even more to one accident per 100,000 loaded and discharged containers. The fall in the number of accidents – which shall be reduced even further – is the result of continuous improvements to occupational health and safety measures and efforts to raise awareness of these issues among HHLA's workforce.

The company's occupational safety and health programme includes company doctors, help with addictions and social problems, an integration management programme for employees following a lengthy period of illness, representatives for the severely disabled and staff sporting activities. The works council and HR management also play a part in running the various schemes. Targeted measures are in place to prevent accidents and also to avoid classic occupational illnesses such as those caused by excessive noise. HHLA companies run regular campaigns and incentives to improve health, safety and environmental protection. For instance, one-day campaigns developed in previous years continued to be held; in 2012 they concentrated on healthy eating. Exercise rooms were provided at the container terminals to promote physical fitness. Regular health circles were held and psychological stress was monitored during hazard assessments to systematically record the need for preventative measures. Individually designed stress management activities were provided for teams under particular strain. Furthermore, staff members had access to internal advice centres for information on the issue of prevention. The tried-and-tested system of in-house counsellors was extended and made more professional by means of thorough training. These counsellors are the first point of contact within the company for staff seeking advice on social and addiction issues.

The issues of all employees in Hamburg are discussed by occupational safety committees. Key

Employees
HHLA Group
as of 31.12.



Group Management Report

measures are evaluated at the statutory meetings of these occupational safety committees, which are held four times a year. The occupational safety management team actively helps to develop initiatives and delivers information internally by means of in-house tuition, training and practical exercises focusing on emergency precautions, such as preventing fires and water pollution, advisory services, prevention and risk management programmes.

Strategic HR Management

The Group attaches great importance to HR management and has thus established it as a central division at Executive Board level.

Vocational Training and Studying

HHLA strengthened its commitment to training in the reporting year by providing apprenticeships for a total of 159 new staff (previous year: 130). The ratio of female trainees was increased: 26 % of apprenticeships offered were taken up by women (previous year: 22 %).

In order to cover the predicted need for highly qualified employees, the number of trainees in parallel career and degree programmes was doubled in the reporting year. The percentage of women taking such courses amounted to 31 % across all years of study. No less than 40 % of the 2012 intake of trainees were women.

Staff Development and Training

Staff development schemes for all employee categories and hierarchy levels in Hamburg are managed by the Central HR Management division. In some cases, special courses are developed for the Group's affiliates. Controlling such personnel management measures centrally makes it possible to create and support continuous learning processes and long-term development paths uniformly across the Group. Binding agreements have been made with the Group's works council regarding access to the programmes, the amount of funding provided by HHLA, and the quality control and evaluation of the various measures.

Training programmes are offered for young professionals and prospective managers to prepare them for future tasks. Experienced professionals and managers are supported with targeted measures such as seminars or needs-based coaching on the basis of individual consultations with the HR division. In 2012, the main focus was on training skilled workers to prepare for managerial roles and assisting managers in container handling. The aim was to prepare current and prospective managers for future changes in workflows and organisational processes or to provide them with advice during change processes. The comprehensive training programme was developed by the HR department as part of a strategically integrated knowledge management policy. It is designed and implemented as a modular programme. The training programme is set to be continued in 2013.

The certified ship planner course endorsed by Germanischer Lloyd was also successfully completed in 2012. Ship planners coordinate loading and discharging procedures, making them a key link to our customers. With the introduction of this course, yet another structured career path in a skilled profession was established at HHLA.

In total, HHLA invested €5.2 million (excluding travel costs) in the training and development of its staff in 2012. Training provided for technical employees accounted for around half of this amount. This corresponds to average expenditure of around €400 per technical employee.

Evaluating Potential through Assessment Centres

For three years now, HHLA has being using structured selection procedures known as assessment centres as a staff development tool. In 2012, this selection procedure was further developed and used to systematically determine employees' potential and to decide on suitable staff development measures. The Group-wide principle of diversity was also anchored in this instrument. Assessment centres are not only used to fill positions but also to identify existing employees' potential.

In order to be included in the structured staff development programmes, employees must successfully complete the assessment centre process. Candidates are selected by external consultants in an individual or group setting. Furthermore, there are always four company observers – including a member of the Group's works council – who have been specially trained for the task. If there is a woman among the candidates, then there is also at least one woman on the company's team of observers.

Promoting Women in and for Management Positions

The majority of jobs at HHLA are in a segment of the labour market in which men are traditionally employed and women are proportionately less represented. Women therefore accounted for only 13.9 % of HHLA's workforce in Hamburg during the reporting period (previous year: 13.3 %). In order to fully utilise the change in working conditions at the port, HHLA offers development opportunities specifically for women in all areas and at all levels.

In the reporting year, for example, more female trainees were recruited for traditionally male-dominated professions such as port logistics and mechatronics engineering. The first female instructors for training on technical equipment used by skilled workers received their qualifications and started work in 2012.

In the programme for prospective managers, the share of female participants was around 30 %. It therefore exceeded the target set by the Executive Board in 2010, which stipulated that women should fill 20 % of managerial positions.

Moreover, 30 % of trainees on the certified ship planner course were women.

In order to further increase the proportion of women across all groups of employees, female workers are profiled in information material and in the company's external publications to specifically attract women.

Work-Life Balance

The number of part-time positions available has been increased to help employees reconcile their family commitments and work. HHLA also actively keeps in contact with staff on maternity or paternity leave, who receive advice and support from the Central HR Management division. Employees on maternity or paternity leave can still participate in seminars as part of the programme for prospective managers. They are invited to regular parents' get-togethers at the Group's head office along with their children. At these events, the HR department informs them about the company's development, current vacancies and training opportunities. Staff also have the chance to share their experiences with one another. These events are designed to keep employees involved in the company during maternity or paternity leave.

The aim is to consider aspects such as diversity and a healthy balance between professional and family commitments.

Purchasing and Materials Management

Organisation

Purchasing is a shared service largely provided by the HHLA Group's management holding company in Hamburg. The process of centralisation made further progress in 2012. In addition to pooling purchasing processes and meeting the requirements of internal customers in terms of service and performance as fully as possible, other important objectives include transparency and harmonisation. The purchasing team ensures that capital goods, raw materials, consumables, supplies, services and other products are delivered reliably and on time, taking aspects such as cost, quality and sustainability into consideration. The department also safeguards process reliability and data security and is committed to standardising the supplier base. Purchasing constantly strives to improve supply chains and optimise supply processes. All staff engaged in this field are obliged to uphold HHLA's code of conduct. ► See also Compliance, page 55 et seq.

The timely procurement of operating supplies and spare parts continues to play a fundamental role in ensuring the operational readiness of handling facilities and equipment. There were no supply shortages during the reporting year. Moreover, the degree of automation in procurement processes was successfully increased while at the same time retaining the required flexibility.

Purchasing is divided into four classes of goods, thus offering internal customers a high degree of transparency, service and quality. In the reporting

Procurement Volume
by class of goods, 2012

- 37 % Equipment/energy
- 28 % MRO
- 18 % Construction
- 17 % IT

year, the construction class accounted for approximately 37 % for equipment and energy, 28 % of total Group-wide procurement volumes, while the MRO class (maintenance, repairs and operations) accounted for 18 % and IT for 17 %. All in all, procurement volumes were below the previous year's level. Efforts to streamline the supplier base and pool purchasing activities once again enabled the Group to benefit from more favourable conditions.

Spending on the various classes of goods was more evenly distributed than in the previous year. Equipment and energy accounted for the largest share of purchasing expenditure. This category includes the maintenance of large plants as well as new acquisitions and replacement investments. The procurement of ground-handling vehicles (straddle carriers) was a major factor here. Purchases in the construction class were on a par with the previous year. Purchases in the MRO category primarily consist of consumables and replacement parts. The purchasing and standardisation of spare parts is becoming increasingly important due to the procurement of ever more expensive equipment. As in the previous year, the IT product group continued to make stable progress in terms of volume.

The Group is deliberately diversifying its procurement activities and streamlining its supplier base. As a result, there were no significant dependencies on individual suppliers in the 2012 financial year, as in the previous year, neither at Group nor at segment level. There was a further increase in the strategic integration of suppliers into the development and optimisation of products, facilities and processes by means of partnerships. At the same time, the Group continued to focus on analysing and evaluating every aspect of its relationships with suppliers, such as reliability, quality, innovative strength, cost structures and economic stability.

Environmental and social compliance is also becoming increasingly important at local and global level for the products, services and business policies of the company's suppliers. HHLA has therefore issued a binding specification stipulating the Group's requirements and guidelines with regard to sustainability and compliance.

Process Optimisation

As part of the drive to optimise procurement processes, the introduction of digital contract documentation was largely completed in 2012. The process of rolling out e-procurement (SAP-SRM) was also successfully continued in 2012; this application can now be used throughout the Group.

In order to achieve the Group's CO_2 emissions targets, green power was again used in the year under review for the annual consumption of the HHLA Group's non-handling electricity consumers and the Container Terminal Altenwerder, rendering them carbon-neutral. Green electricity is also purchased for the amount of energy consumed by the fleet of e-vehicles introduced in October 2012 at the HHLA Container Terminal Tollerort (CTT), rendering them carbon-neutral as well.

With the aid of energy trading controlled by the operative holding, additional efforts are being made to build on the positive effects in energy management, including the ongoing optimisation of equipment and buyers. The established tranche model used for energy procurement (electricity) made it possible for the Group to keep benefiting from low purchasing prices.

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. HHLA's project portfolio comprises a range of overarching pilot schemes. A good example is the HHLA Container Terminal Altenwerder (CTA), 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 discharging is conducted efficiently. Especially in the case of container mega-ships, this leads to shorter lay times, giving the terminal a significant competitive advantage.

Development activities are largely carried out in a decentralised manner at HHLA's respective operating sites. The specialist departments assemble teams of employees with a wide range of qualifications for the various development projects based on the specific requirements. In some cases, these teams include staff from different departments and even different Group companies. Due to close collaboration with technical universities, institutes, industry partners and the German Federal Ministry of Economics and Technology, joint projects can be planned, managed and developed by specially assembled task forces. As a result of the collaboration with numerous partners, the technological innovations are generally not registered as HHLA-exclusive patents. A unique feature, however, is the largely proprietary software for terminal operations at the port.

In the 2012 financial year, HHLA channelled considerable resources into implementing new and fully developed technological components at the Group's largest handling facility. Furthermore, available capacity was largely focussed on pursuing the pilot projects outlined below.

Innovative Seaport Technologies II

As part of the largely completed support initiative Innovative Seaport Technologies II (ISETEC II), new technologies for German seaports and their hinterland links have been examined and developed. The aim is to enable them to cater for fast-growing transport volumes, which remain a long-term trend. The project is funded by the German Federal Ministry of Economics and Technology. Several HHLA companies were involved in various development projects again in the 2012 financial year. The projects focused mainly on enhancing and optimising operating processes at HHLA's container terminals and throughout the transport chain.

The ongoing research project VESUHV is dedicated to networking seaports and railbound hinterland transportation. It focuses on developing a standardised system which will enable the German seaports and hinterland rail service operators to exchange data (e.g. on container availability) reliably at an early stage. The project's aim is to boost the transport chain's performance by improving reliability at the operational planning stage. Together with its network partners, HHLA subsidiaries from the Container and Intermodal segments developed a concept to implement an improved flow of information.

The project dedicated to improving maintenance has now been successfully completed. New research findings helped the team find solutions to optimise the organisation of processes associated with automated handling equipment. Handling technology and cranes were also improved and integrated into everyday terminal processes. The primary focus of the project was placed on developing and establishing an automated system to record wear and tear with a view to avoiding unnecessary maintenance work. Needs-based maintenance – enabled by tools such as fibre-optic sensors integrated into crane cables – reduces downtime and costs incurred by maintenance and repair work.

The joint project Lean Port Management (LPM) strived to minimise port throughput times in order to make more efficient use of existing resources and improve capacity utilisation during the container import process. The less time containers spend at the port, the more efficiently existing resources can be used. Key challenges included designing and integrating new customs requirements into the workflow with the assistance of the relevant customs authorities, as well as creating an intelligent, centralised information platform covering the entire import process from the ship's arrival at the port to despatching the goods to customers in the hinterland.

Furthermore, the Container ID and Business Integration Truck (BIT) projects were successfully completed in the 2012 financial year. Container ID was aimed at establishing a system which automatically records and identifies containers in the handling process and is integrated into the information chain. The BIT project involved the terminal and port-wide standardisation of workflows, information flows and interfaces, incorporating not just terminals but also container depots, packing companies, customs and clients. By acting on project findings, the company was able to stabilise and improve processes along the entire transport chain, improve its handling quality and performance, and reduce handling times. It is possible to ramp up these systems and make more widespread use of the technologies in question, both of which may enhance productivity even further.

Performance Certified

In order to document its performance, the HHLA Container Terminal Altenwerder (CTA) 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- and onward-carriage systems. With its successful certification, CTA proved once again that it is one of the most productive container terminals in the world.

Battery-Powered Container Vehicles

At HHLA, researching and developing eco-friendly drive systems is a key aspect of our efforts for sustainable technological innovations. Together with Gottwald Port Technology and several research bodies, HHLA continues to pursue its Zero Emissions pilot project launched in the previous year – which involves operating driverless, battery-powered container vehicles – at the HHLA Container Terminal Altenwerder (CTA). Known as automated guided vehicles (AGV), they transport containers between the ocean-going vessel and the block storage yard at the terminal 24 hours a day using fully automated navigation technology. The use of battery-powered AGVs has since reached the next step towards large-scale production, and is due to be further improved in the coming years. For instance, batteries for heavy goods vehicles are to be charged at exactly those times when there is a surplus of renewable power in the grid.

New Carrying Wagons at Metrans

In cooperation with a Czech carriage manufacturer, the HHLA rail subsidiary Metrans has developed a new type of carrying wagon which has been optimised for intermodal container transport and can be used universally for Continental (intra-European) consignments. The standardised, 80-foot-long carriages provide consistent train capacities and weigh up to 30 % less than the carriages previously used by state railways. This means that a 720-metre-long block train used in Germany weighs around 180 tonnes less unladen. Furthermore, all carriages are fitted with special, noise-reducing braking systems. Aside from the environmental benefits, the newly built carrying wagons offer major space-saving advantages due to their compact design. Around 20 % more containers can be transported per train in comparison with conventional carriages. Now it is possible to transport as many as 108 standard containers back to back instead of 88 on trains with a maximum length of 720 metres and 26 carriages. On journeys to Eastern Europe using trains with a standard length of 610 metres, 92 standard containers can be transported on 23 carriages. The new container carriages also offer additional security. All of the carriages are fitted with anti-theft protection to prevent the containers from being opened. Metrans now has its own fleet of more than 1,300 carriages optimised for length and payload. The newly built, lightweight wagons account for around a quarter of the total fleet of carriages. Maintenance work is carried out in the company's own repair facility, ensuring a high degree of availability.

Sustainability

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. 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. Ever since it was established, the Group has therefore attached the utmost importance to sustainable business practices.

HHLA's business model aims to provide an ecologically sound link between global goods flows at port terminals on the one hand and 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 paving the way 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 and resources. They are constantly developed with an eye on the future.

For four years now, HHLA has had a Sustainability Council headed by the Chairman of the Executive Board. Its members meet regularly with HHLA's stakeholder groups – especially customers, staff, investors, suppliers and the general public – to discuss key sustainability issues of relevance to HHLA. Since the council was established, the Group has also had a specialist team dedicated to sustainability which reports directly to the Chairman of the Executive Board.

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

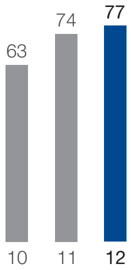
The fields of activity focus on environmentally friendly transport chains, climate protection and efficient land use. As early as 2008, HHLA also began to regularly publish its carbon footprint as part of the international Carbon Disclosure Project (CDP). The CDP is a non-profit initiative which now manages one of the world's largest databases of corporate greenhouse gas emissions on behalf of institutional investors and makes this information widely available. HHLA calculates its CO_2 emissions on the basis on the Greenhouse Gas Protocol, a global standard for recording greenhouse gas emissions.

The measures implemented to minimise the impact of transport on the environment are rounded out by environmental and resource conservation measures. HHLA strives to conserve resources at its terminals, e.g. by using a total of 61,300 tonnes of recycled building materials to extend and maintain its terminal space during 2012. Of this 61,300 tonnes, the largest share was a mixture of concrete and minerals – 42,000 tonnes to be exact – which came from concrete waste and now serves as a loose sub-base. Furthermore, optimising the storage positions of containers minimises the distance travelled by transport equipment, thereby reducing energy consumption. Using retreaded tyres for straddle carriers also helps to protect the environment.

Sustainability Initiative

	Fields of activity	Guidelines
Environment	Ecological transport chains	Actively networking with other logistics operators and creating sustainable, environmentally friendly transport chains
	Space conservation	Increase the efficient use of port and logistics areas
	Nature conservation	Minimise the impact on nature and actively protect natural habitats
	Climate protection	Utilise technically and economically viable means of reducing CO_2 emissions
Society	Occupational safety/ health protection	Ensure safety, provide appropriate working conditions and promote health-conscious behaviour
	Staff development	Offer vocational and ongoing specialist training and 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 value added and consequently raise prosperity at all locations
	Business partners	Offer tailor-made customer solutions and reliable cooperation with suppliers
	Shareholders	Safeguard a long-term increase in company value and transparency for investors

Direct CO_2 Emissions
in thousand tonnes

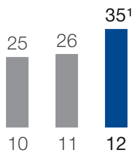


Direct and Indirect Energy Consumption

	Diesel in millions of litres	Heating oil in millions of litres	Petrol in millions of litres	Natural gas in millions of m³	Electricity in millions of kWh	District heating in millions of kWh
2010	21.3	0.1	0.1	2.4	135 [2]	5.6
2011	26.0	0.1	0.1	2.0	145 [3]	5.2
2012	**26.5**	**0.1**	**0.1**	**2.1** [1]	**157** [4,5]	**4.6** [1]

[1] Consumption of natural gas and district heating in 2012 is based on measured and estimated figures.
[2] Of which 65 million kWh from renewable energies
[3] Of which 72 million kWh from renewable energies
[4] Of which 70.2 million kWh from renewable energies
[5] From 2012 including traction current for the use of electric locomotives in Germany, the Czech Republic and Slovakia

Indirect CO_2 Emissions
in thousand tonnes



[1] Including Metrans traction current as of 2012

HHLA's commitment to sustainability is binding, transparent, measurable and comparable. In the reporting year, it became the first maritime company to issue a declaration of compliance with the German Sustainability Code (GSC). By publishing this declaration, HHLA has made a firm commitment to its sustainable business model. The GSC describes environmental, social and corporate governance aspects based on 20 different criteria, each with up to two performance indicators, in which issues such as the usage of resources, compliance, equal opportunities and health protection for employees play an important role. Clear sustainability targets are also requested. In addition, HHLA applied the GRI (Global Reporting Initiative) guidelines on sustainability reporting – the most commonly used standard of its kind in the world – for the first time in this annual report. In doing so, HHLA also enables comparison at an international level.

CO_2 Emissions
by equipment type, 2012

- 52 % Straddle carriers
- 18 % AGVs
- 11 % Container and rail gantry cranes
- 11 % Lighting for buildings and open areas, etc.
- 5 % Reefer containers
- 3 % Storage cranes

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

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. HHLA's carbon footprint meets the requirements of the most widely used standard for reporting greenhouse gases, the Greenhouse Gas Protocol. In line with the Greenhouse Gas Protocol, electricity from renewable sources was classified as carbon-neutral. The power needed by a terminal depends largely on the number of seaborne containers it handles and the number of containers transported onwards by land. HHLA uses seaborne and overland throughput as an effective indicator to determine specific CO_2 emissions in line with the recommendations of the European Economics Environment Group (EEEG). HHLA's climate protection target was set in 2011: by 2020, the Group intends to reduce CO_2 emissions by a minimum of 30 % for each container it handles. 2008 figures serve as the basis here. In the period from 2008 to 2012, the company already succeeded in reducing CO_2 emissions by 24.5 % per container handled and transported.

Absolute CO_2 emissions rose year-on-year by 11,038 tonnes or 11.0 % to 111,479 tonnes in the reporting period. 9,813 tonnes of this stem from the first-time inclusion of traction current used by electric locomotives in Germany, the Czech Republic and Slovakia. The increasing use by Metrans of its own diesel-electric locomotives has led to CO_2 emissions totalling around 4,700 tonnes being included in the company's carbon footprint. A long-term increase in the percentage of electricity used within the Group's energy mix will enable the company to utilise 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 at the terminals to electricity. Such equipment and machinery produces fewer emissions and less noise and is also easier to service. HHLA has been making greater use of power from renewable sources since 2009. As of this date, the electricity required by all office buildings and workshops in Hamburg occupied by HHLA has come from renewable energies. The Container Terminal Altenwerder (CTA) has been making exclusive use of green electricity since 2010. This reduced HHLA's CO_2 emissions by 22,255 tonnes in the reporting year (previous year: 22,800 tonnes). Compared to the previous year, specific CO_2 emissions at three of HHLA's four container terminals fell by between 0.1 % and 11.7 %, while one terminal recorded an increase of 2.8 %. Overall, this meant that specific CO_2 emissions fell by 4.7 %. In addition to power from renewable energies, HHLA continued with a number of emission-reduction projects at the Group's various affiliates to improve its carbon footprint. For example, a total of seven new low-consumption, low-emission straddle carriers went into service in 2012. These vehicles use as much as 25 % less diesel per operating hour than earlier models and have replaced older carriers in some cases. The Dual Cycle initiative at the Container Terminal Altenwerder (CTA) is expected to reduce diesel consumption by several hundred thousand litres by slashing the number of empty trips. The Dual Cycle process makes it possible to discharge and load a ship simultaneously, minimising the container gantry crane's empty runs and thereby reducing the specific power consumption and the number of empty trips by automated guided vehicles (AGV).

The Twin Operations project was launched at the Container Terminal Tollerort (CTT) in the reporting year. Straddle carriers are now able to transport two 20-foot containers simultaneously instead of carrying just one 20-foot or 40-foot container per trip. This is thanks to a process change and an increase in the spreaders' functionality. In this way, the number of trips required to load and discharge a ship have been reduced further, thereby saving diesel.

Following the successful testing of electric-only crew vehicles at the terminals in 2011, 24 electrically powered terminal vehicles have been in use at the Container Terminal Tollerort (CTT), which is located close to the city, since 2012. These vehicles are powered by renewable electricity and are therefore a quiet, low-maintenance and emission-free solution for local transportation. This means that more than 60 % of the cars and vans used at the terminal are equipped with environmentally friendly electric motors. Around 80 tonnes of CO_2 are saved every year.

With the introduction of additional storage blocks at the HHLA Container Terminal Burchardkai (CTB), energy-saving LED technology was used for the first time to provide lighting for reefer platforms. Other pilot projects to use LED technology were also launched.

As well as choosing highly energy-efficient machinery and equipment, HHLA is actively stepping up its use of renewable energy. In summer 2011, photovoltaic arrays were installed on the roofs of the logistics centre in Altenwerder and the Container Terminal Tollerort (CTT). Set up and operated by the energy supplier Hamburg Energie Solar, the systems produced 554,750 kWh of zero-carbon electricity in 2012, their first full year of operation.

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 Germany, Ukraine and Poland increased by 4,239 m^3 or 4.8 % to 92,416 m^3 in 2012. HHLA's facilities in Hamburg draw water from the public supply network.

HHLA separates rubbish for recycling wherever possible so that reusable waste can be fed back into the resource cycle. Excluding soil and building rubble, the amount of waste produced at the sites in Germany fell in 2012 by 12.7 % compared with the previous year, taking it to 9,376 tonnes. Waste classified as hazardous also decreased further in the same period by 7 % to 3,245 tonnes. This is equivalent to a share of 34.6 %. Of the total waste volume, 2,201 tonnes or 23.5 % was made up of overripe bananas and other foodstuffs unsuitable for processing or consumption. More than 30 % of this food waste was recycled to generate biogas. In this way, some 150,000 kWh of zero-carbon electricity was produced in the reporting year. 2,258 tonnes or 24 % of the annual waste total was attributable to sludge from oil/water separators collected at the washing, fuelling and parking spaces for straddle carriers and AGVs. This mixture of sludge, oil and water undergoes treatment at a chemical water treatment plant operated by a specialist waste disposal company. Once it has been separated from the oil, the water passes through a biological wastewater treatment plant.

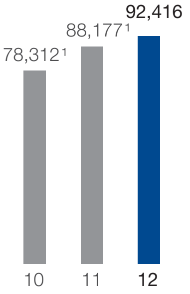
Commercial waste accounted for 11.1 % of total waste, while scrap metal made up 10.0 % and 7.5 % was paper-based waste. Waste wood and structural timber made up 6.8 % of the total. Other waste accounted for the remaining 17.1 %.

Society

Well-trained and motivated employees are the foundation for all of the company's activities. In combination with exemplary occupational safety standards, they guarantee the company's high level of quality. Relations with staff are dominated by the Group's sense of responsibility for its em-

Water Consumption

at HHLA's sites in Germany, Poland, the Czech Republic, Slovakia and Ukraine in m^3



[1] 2010 and 2011 excluding Poland, the Czech Republic and Slovakia

Commercial Waste

by type

- 24 % Sludge from oil/water separators
- 23 % Food unsuitable for processing/consumption[1]
- 11 % Commercial waste
- 10 % Scrap metal
- 8 % Paper waste
- 7 % Waste wood and lumber
- 17 % Other waste

[1] Over 30 % was recycled to generate biogas.

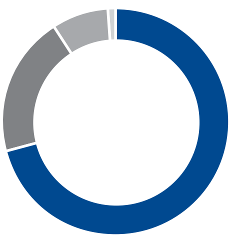
Source of Added Value

Production value
€1,179 million = 100 %

- 47 % Added value
- 31 % Cost of materials
- 12 % Other expenses
- 10 % Depreciation/amortisation

Application of Added Value

Added value
€ 551 million = 100 %



- 71 % Employees
- 20 % Shareholders
- 8 % Public authorities
- 1 % Lenders

ployees. The foundation for a successful working relationship is a close, responsible and active involvement of staff representatives in the Group.

Compliance with legal requirements and internal company guidelines is a key part of HHLA's corporate governance policy. HHLA's compliance system centres on a code of conduct which formulates overriding principles on topics of 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. ► See also Compliance, page 55 et seq.

Our sustainability guidelines place a clear emphasis on occupational health and safety. The company therefore strives to continually improve health and safety standards in the workplace. There are numerous preventive measures and guidelines in place to ensure that staff from both HHLA and external companies, customers, suppliers and visitors do not come to any bodily harm. For the second year in succession, the Hamburg Office for Occupational Safety presented the Container Terminal Tollerort (CTT) with an award for the exemplary systems in place at its facilities in the year under review. Measures introduced in previous years include making the heavy good vehicle handling area much safer by separating internal and external traffic, improving access to straddle carriers, and developing highly ergonomic and functional cabs for the new straddle carriers and container gantry cranes in conjunction with staff members. Protecting and promoting good health is important as it has a great bearing on staff performance levels. The company's health promotion programmes are geared towards specific needs at the sites. At the Container Terminal Altenwerder (CTA), for example, an exercise room was introduced during the reporting year.

Approximately one in eight jobs in Hamburg is connected with cargo handling at the Port of Hamburg. This means that the port and the industries linked to it are major employers in the greater Hamburg metropolitan region. HHLA processes around 78 % of Hamburg's container throughput (in TEU), or 53.6 % of the total throughput in tonnes. The company therefore sees itself as an integral part of economic developments in the greater Hamburg metropolitan area. It is well aware of its responsibility towards society both here and at all its other sites.

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. This project was singled out in November 2012 as a "Landmark in the Land of Ideas" as part of a nationwide initiative. It 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 the reporting year, around 250 schoolchildren visited HHLA facilities as part of this education project. Since the project was launched in 2009, another 5,775 children have been taught about the importance of water and ports at school.

Economy

Net added value fell by €9.0 million to €551.0 million in 2012, primarily as a result of expenses. In contrast, the added value ratio was slightly above the previous year's level at 46.8 %, as a company with low added value was sold and deconsolidated in the course of realigning the Intermodal segment. 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 amortisation. Added value is shared between employees, lenders, the state (taxes) and shareholders. The largest proportion, 70.7 % or €389.3 million, went to employees. Shareholders accounted for the second-largest share of €111.8 million (20.3 %), followed by the public authorities with €41.6 million (7.5 %) and payments to lenders amounting to €8.3 million (1.5 %).

Added Value in the HHLA Group

in € million	2012	2011	Change
Employees	389.3	374.3	4.0 %
Shareholders	111.8	118.8	- 5.8 %
Public authorities	41.6	56.1	- 25.8 %
Lenders	8.3	10.8	- 23.1 %
Total	551.0	560.0	- 1.6 %

Economic Environment

Macroeconomic Development

The pace of global economic growth slowed considerably in 2012 in a year-on-year comparison. While global gross domestic product increased by 3.2 % in 2012 according to the International Monetary Fund (IMF), growth had reached 3.9 % in 2011. The negative effects of the euro crisis and slower growth in emerging markets led to a general rise in economic uncertainty. This once again weighed heavily on global trade, which had already seen its growth rate cut in half to just 5.9 % in 2011. In 2012, the volume of world trade grew by just 2.8 %, thereby falling short of the increase in global gross domestic product for the first time in years.

The economic cool-off affected every economic region. Although the emerging markets strengthened their role as the engine of the global economy, their growth slowed from 6.3 % (2011) to 5.1 % as a result of weaker demand abroad and a host of structural problems. However, they continued to drive global economic growth – especially in the case of the People's Republic of China. China's GDP grew only modestly to begin with in 2012, before picking up pace in the fourth quarter and recording growth of 7.8 % for the year as a whole.

Growth in Gross Domestic Product (GDP)

in %	2012	2011
World	3.2	3.9
Industrialised countries	1.3	1.6
USA	2.3	1.8
Emerging markets	5.1	6.3
China	7.8	9.3
Russia	3.6	4.3
Central and Eastern Europe	1.8	5.3
EU 27	- 0.2	1.6
Eurozone	- 0.4	1.4
Germany	0.9	3.1
World trade	2.8	5.9

Source: IMF

Growth in the industrialised countries was much weaker, with GDP increasing only slightly by 1.3 % last year. The US economy was able to escape this trend and grow by 2.3 %. In contrast, Europe's economy edged into recession. The 27 countries of the European Union (EU 27) saw their economic output decline by 0.2 %, while the eurozone countries shrank by 0.4 %.

Within this general trend, the economic performance of countries in the currency union varied considerably. While economic productivity in some crisis-stricken Southern European countries decreased significantly, most economies of the remaining eurozone countries recorded slight growth. Germany's economic output grew by 0.9 %, driven in no small part by its growth in exports (+ 4.0 %). This contrasted starkly with the economic performance of heavily indebted countries, which were adversely affected by drastic consolidation measures. At the same time, the economies of Central and Eastern Europe became increasingly embroiled in the crisis within the eurozone. Although production continued to rise, the pace of economic growth slowed dramatically to 1.8 % in the reporting year compared with 5.3 % in 2011.

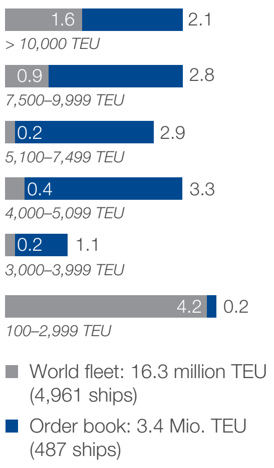
Sector Development

Following the collapse seen during 2008/2009, container traffic made a swift recovery starting in 2010. However, the pace of growth has gradually slowed over the past two years. According to data currently available, the increase in global container throughput of 5.0 % reported in the first quarter slowed to 3.2 % in the third quarter of 2012. The boost usually provided by seasonal demand failed to materialise. On this basis, the market research institute Drewry believes that global container traffic grew by a total of 3.9 % in 2012 as a whole.

With the arrival of new ships – especially new container mega-ships – the international container fleet's carrying capacity increased by 6 % to a total of 16.3 million standard containers (TEU) last year, considerably outstripping the growth in seaborne cargo volumes. In order to limit the oversupply of capacity, an increasing number of ships were laid up and services suspended. By the end of 2012, the percentage of global container fleet capacity which was idle had risen to 5 %. Efforts by the shipping companies to counter the persistently unsatisfactory economic situation in the container liner shipping sector by

Current World Fleet and Order Book until 2016

by vessel size categories
in TEU million



Source: Hafen Hamburg Marketing e. V.

raising freight rates met with only limited success. The development of freight rates was highly volatile over the course of the year.

The economic downturn was also felt in the development of container throughput at the large Northern European ports of Rotterdam, Hamburg, Antwerp, Bremen/Bremerhaven and Zeebrugge in 2012. Container traffic fell by 0.5 % year-on-year to a total of 37.6 million TEU. The new container port JadeWeserPort in Wilhelmshaven, which entered service in September 2012, did not have a statistically relevant share in 2012.

At the port of Hamburg, the gloomier economic outlook was reflected above all by a decline in traffic to China of more than 12 %. In contrast, trade increased considerably with the USA (+ 28 %), Russia (+ 13 %), Poland (+ 11 %) and India (+ 7 %). The clear rise in exports of 4.4 % coupled with a simultaneous fall in imports of 3.6 % led to an even more balanced import/export container traffic mix at the port of Hamburg. The trend towards ever-larger ships continued in 2012, despite the delay in dredging the river Elbe. There was an 18 % increase year-on-year in the number of vessels calling at the port which fell into the largest category of container ships (carrying capacity > 10,000 TEU), taking the number to 349.

In Germany, the goods traffic market cooled noticeably on the back of the euro crisis in 2012, declining for the first time after two successive years of growth. According to preliminary data from the German Federal Statistical Office, transport volumes fell by 2.2 % to 4.3 billion tonnes. At the same time, transport figures declined by 1.8 % to 638 billion tonne-kilometres. Road freight traffic recorded the greatest losses with a fall in tonnage of 2.7 % to 3.3 billion tonnes. Following a record year in 2011, the falling demand for transport was noticeable in rail traffic too. Goods with a total weight of 365 million tonnes were transported on the German rail network in 2012. Compared with the previous year, this represented a decline in volume of 2.7 %. Transport figures fell by 3.1 % to 110 billion tonne-kilometres.

Course of Business and Economic Situation

Group Performance

Key Figures

in € million	2012	2011	Change
Revenue	**1,128.5**	1,217.3	- 7.3 %
Pro forma revenue[1]	***1,103.6***	*1,119.2*	*- 1.4 %*
EBITDA	**307.5**	333.4	- 7.8 %
EBITDA margin in %	**27.2**	27.4	- 0.2 pp
Pro forma EBITDA[1]	***288.2***	*337.2*	*- 14.5 %*
EBIT	**186.3**	207.0	- 10.0 %
EBIT margin in %	**16.5**	17.0	- 0.5 pp
Pro forma EBIT[1]	***166.8***	*212.7*	*- 21.6 %*
Profit after tax and minority interest	**72.4**	89.3	- 18.9 %
ROCE in %	**13.7**	15.4	- 1.7 pp

[1] The pro forma presentation applies the new ownership structure in place in the Intermodal segment since the second quarter of 2012 to the entire reporting period and to the comparable period of 2011.

Earnings Position

Overall View. In the opinion of the management team, HHLA held its ground in a challenging market environment in 2012. With its return on capital employed (ROCE), the Group once again succeeded in earning a premium on its capital costs and thereby creating additional value. While the market along the Northern European coast largely stagnated, it was still possible to achieve a slight increase in container throughput compared with the previous year – despite a significant economic cool-down and protracted delays to public infrastructure projects. Based

Forecast and Actual Figures

	Forecast 30.03.2012	Forecast 15.05.2012	Forecast 14.08.2012	Forecast 13.11.2012	Actual 31.12.2012
Revenue	Increase in the region of 5 %	In the region of € 1.1 billion	In the region of € 1.1 billion	In the region of € 1.1 billion	€ 1,128.5 million
EBIT	Margin comparable to the previous year (17.0 %)	At least € 200 million	In the region of € 170 to € 190 million	In the region of € 170 to € 190 million	€ 186.3 million, 16.5 % margin

on this strenghtened market position, earnings were primarily shaped by the realignment of the Intermodal segment, including the deconsolidation of a loss making rail operator, and extensive measures to boost performance in the Container segment.

Far-reaching structural changes resulted from the reorganisation of HHLA's largest container terminal, enabling it to handle container megaships more efficiently, and the realignment of the ownership structure in the Intermodal segment in order to tailor rail-bound transport services to the hinterland. The effects of these key strategic measures and their initial expenditure meant that the business forecast had to be revised during the second quarter. The weak macroeconomic environment was increasingly reflected in volume data during the second half of the year and consequently the forecast had to be adjusted again. At the end of year, earnings were in the upper part of the downgraded earnings range.

As a result of the weak economic environment, HHLA made use of the flexibility of its investment programme and gradually reduced its capital expenditure to a much lower level than originally planned so as to retain comfortable liquidity reserves.

Notes 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 as they do in other industries.

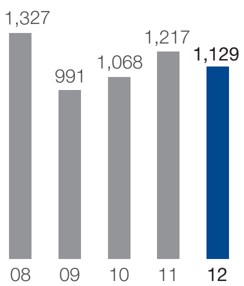
Since the second quarter of 2012, HHLA's consolidated financial statements have included the effects of realigning the shareholdings of HHLA, Deutsche Bahn and PKP Cargo in the rail operating companies of the Intermodal segment. ► See also Notes to the Consolidated Financial Statements, page 149.

The realignment led to the deconsolidation of TFG Transfracht (previously consolidated pro rata at 50.0 %) and to the full consolidation of the Polzug Group (previously consolidated pro rata at 33.3 %). The acquisition of the remaining shares in the Polzug Group from a minority shareholder in the fourth quarter did not affect the operating earnings of the HHLA Group. ► See Notes to the Consolidated Financial Statements, page 149. There were no changes to the preceding full consolidation of the Metrans Group. However, the increased shareholding in Polzug and Metrans meant that a greater share of nez results went to the parent company's shareholders. In order to separate the operating performance of continuing operations from the effects of consolidation and transactions, additional pro forma figures are stated for transport volumes, revenue, EBITDA and EBIT, which assume that the continued activities were carried out on the same basis in the previous year and in the reporting period. The pro forma figures are only used in the Management Report.

At the beginning of the year, the consolidation method used until 2011 for two fully consolidated fruit companies in the Logistics segment was switched to consolidation using the equity method. This change is based on the contractually agreed transfer of control to the other shareholder. This reduced revenue by around € 14 million in the reporting period. The slight pro rata loss attributable to HHLA for the two companies was therefore disclosed net in the financial result. The figures for the previous year have not been restated. ► See also Notes to the Consolidated Financial Statements, page 149.

In August 2012, UNIKAI Hafenbetrieb GmbH was retroactively merged with HHLA Container Terminals GmbH as of 1 January 2012. This has not resulted in any effect on the Group's revenue and earnings performance. ► See also the Notes to the Consolidated Financial Statements, page 161.

Revenue[1]
in € million



[1] *Incidental rental expenses charged on to tenants are no longer shown as revenue but as other operating income. The revenue posted for 2008 to 2009 was not restated.*

Currency effects likewise had no material impact on the earnings position of the Group. The 2012 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. As expected, the economic cooling prevented HHLA from matching its dynamic performance of 2010 and 2011 in 2012 as a whole, despite a robust development in volumes. Throughput in the Container segment was held stable throughout the year with an increase of 1.4 % to 7.2 million TEU (previous year: 7.1 million TEU). Traffic figures to the hinterland were significantly affected by the deconsolidation of a rail operator. 1.2 million TEU were transported (previous year: 1.9 million TEU). Based on pro forma figures, however, it was possible to match the previous year's volume of 992 TEU with 993 TEU (+0.1 %).

The HHLA Group posted revenue of € 1,128.5 million, which fell 7.3 % short of the previous year's level (€ 1,217.3 million) as a result of the aforementioned deconsolidation. There was a decline in pro forma revenue of 1.4 % to € 1,103.6 million (previous year: € 1,119.2 million). Adjusted for revenue from the deconsolidated fruit companies, the Group achieved revenue almost on previous year's level – despite its inability to push through rate increases and historically low average container dwell times. With its Container, Intermodal and Logistics segments, the listed Port Logistics subgroup generated revenue of € 1,101.2 million, representing a year-on-year decline of 7.5 % (previous year: € 1,190.6 million). The subgroup's pro forma revenue fell by 1.5 % to € 1,076.3 million (previous year: € 1,092.6 million) almost in line with the Group as a whole. The non-listed Real Estate subgroup improved revenue by 2.3 %, taking it to € 32.4 million (previous year: € 31.7 million). The Real Estate subgroup's share of total external revenue increased to 2.6 % (previous year: 2.4 %), largely as a result of changes in the scope of consolidation of the Port Logistics subgroup.

Changes in inventories at Group level were slightly higher at € 1.7 million (previous year: € 0.6 million), as was own work capitalised at € 9.0 million (previous year: € 7.2 million). Including one-off gains from the realignment of Intermodal activities in the amount of € 17.6 million, other operating income reached a total of € 48.3 million (previous year: € 43.7 million including compensation received for the early termination of a lease amounting to € 15 million). Without taking these two one-off gains into account, revenue still increased slightly year-on-year.

Expenses. In the 2012 financial year, **operating expenses** fell by 5.7 % to € 1,001.3 million (previous year: € 1,061.8 million) due to changes in the Group's structure. This translated into a pro forma increase of 2.1 %, which was just above the increase in performance data.

Compared to the previous year, **the cost of materials** decreased by 15.4 % to € 366.3 million

Development of Revenue and Operating Expenses

	in € million	Change	
Revenue	1,128.5	- 7.3 %	Decline due to changes in consolidation Disposal and switch to equity method for affiliates Without one-time effects: stable development
Cost of materials	366.3	- 15.4 %	Significant decline due to changes in consolidation Mainly variable expense item Without one-time effects: slight volume related increase
Personnel expenses	373.7	4.0 %	Collective wage increase with almost unchanged headcount Comparatively low consolidation effects Extra work input needed due to reorganisation
Other operating expenses	140.0	- 2.0 %	Largely unchanged lease expenses Considerably lower external maintenance expenses Higher consultancy fees for development projects
Depreciation and amortisation	121.2	- 4.1 %	Absence of previous year's impairments Increase due to modernisation investments Virtually unchanged maintanance investments

(previous year: €432.9 million). The ratio of expenses to revenue dropped by 3.1 percentage points to 32.5% (previous year: 35.6%). A pro forma increase of 2.1% represented a largely proportionate growth in total expenditure. The trend was largely determined by purchased rail services in intermodal traffic (primarily the use of locomotives and tracks) as well as the cost of procuring fuel, energy and spare parts.

Personnel expenses rose by 4.0% to €373.7 million (previous year: €359.5 million). The ratio of expenses to revenue increased correspondingly to 33.1% (previous year: 29.5%). In addition to collective wage increases, this was largely due to the extra work entailed in switching to new working practices at HHLA's largest container terminal in Hamburg as part of restructuring. In contrast, the number of permanent employees remained virtually unchanged.

Other operating expenses declined by 2.0% to €140.0 million (previous year: €142.9 million) in the reporting period. While consultancy fees for development projects in Eastern Europe increased, external maintenance expenses were lower than in the previous year, in which postponed maintenance work was carried out and weather-related surface damage was repaired. As a result of the changed cost structures brought on by the realignment of Intermodal activities, the ratio of expenses to revenue rose slightly to 12.4% (previous year: 11.7%).

Compared to the previous year, **depreciation and amortisation** fell by 4.1% to €121.2 million (previous year: €126.4 million). The ratio of depreciation and amortisation to revenue was 10.7% (previous year: 10.4%). Despite increased depreciation caused by investment, there was a year-on-year decline in total depreciation and amortisation due to impairment costs of €6.7 million recorded in the previous year.

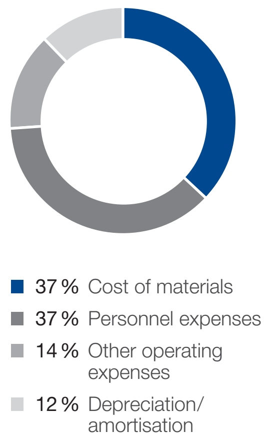
Earnings. Against the background of these developments, the operating result before depreciation and amortisation (EBITDA) fell by 7.8% to €307.5 million (previous year: €333.4 million). The EBITDA margin decreased slightly by 0.2 percentage points to 27.2% (previous year: 27.4%). Pro forma EBITDA declined by 14.5% to €288.2 million (previous year: €337.2 million) without the one-off gain from realigning the Intermodal business.

After depreciation and amortisation, the operating result (EBIT) fell by 10.0% to €186.3 million (previous year: €207.0 million). The EBIT margin stood at 16.5% in the reporting year (previous year: 17.0%). The downward trend in the operating result was also attributable to the Port Logistics subgroup, which recorded a fall in EBIT of 11.1% to €173.1 million (previous year: €194.8 million) and therefore generated 92.9% (previous year: 94.1%) of the Group's operating result in the reporting year. EBIT of the Real Estate subgroup increased by 7.7% to €12.8 million (previous year: €11.9 million) and contributed 7.1% (previous year: 5.9%) towards the consolidated operating result. In pro forma terms, the operating result declined by 21.6% to €166.8 million (previous year: €212.7 million). However, the previous year's result contained a non-adjusted one-off gain, meaning that the drop in the actual operating result was 15.6%.

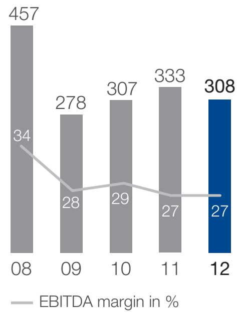
The financial result includes marginally improved interest income of €9.9 million (previous year: €9.6 million) despite lower average liquidity and lower interest rates. This was primarily due to the revaluation of an equalisation liability payable to a minority shareholder in conjunction with a profit and loss transfer agreement for a subsidiary. In contrast, interest expenses fell to €39.3 million, compared with €42.3 million in the previous year, largely as a result of reduced non-current financial liabilities. The financial result also included impairments to the value of investments in fruit logistics in the amount of €3.5 million. At 27.1%, the effective tax rate was lower in the reporting period than in the previous year (32.1%). This was due to above-average earnings contributions made by affiliated companies with lower tax rates. Furthermore, the one-off gain from the realignment of the Intermodal segment was not fully taxable.

Consolidated profit after tax and minority interests was down on the previous year, falling 18.9% to €72.4 million (previous year: €89.3 million). After one minority shareholder was only entitled to a lower profit share in 2011 due to a change in service structures, his profit share returned to the higher level seen in earlier years in the reporting period. Furthermore, the parent company's shareholders were encumbered by the aforementioned reorganisation of a container terminal wholly owned by HHLA, but also profited from the one-off gain from the realignment

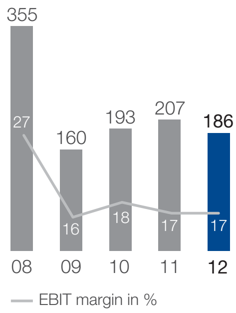
Cost Structure, 2012



EBITDA
in € million



EBIT
in € million



of business activities in the Intermodal segment. Earnings per share declined correspondingly by 18.7 % to € 1.00 (previous year: € 1.23). The listed Port Logistics subgroup posted a 20.8 % decline in earnings per share to € 0.95 (previous year: € 1.20). Earnings per share for the non-listed Real Estate subgroup were above the previous year's level at € 2.17 (previous year: € 1.95). As in the previous year, there was no difference between basic and diluted earnings per share in 2012.

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 € 64.3 million, according to the German Commercial Code (HGB), for the 2012 financial year. Of this sum, € 60.0 million is accounted for by the A division (Port Logistics subgroup) and € 4.3 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 13 June 2013 that a dividend of € 0.65 per Class A share and € 1.20 per Class S share be distributed. Based on the number of shares outstanding as at 31 December 2012, the sum distributed for listed Class A shares would remain unchanged compared with the previous year at € 45.5 million while the amount for non-listed Class S shares would increase by 20.0 % to € 3.2 million. In relation to the consolidated profit and the earnings per share, the dividend payout ratio would increase substantially to 68.4 % for the Port Logistics subgroup and rise slightly to 55.3 % for the Real Estate subgroup.

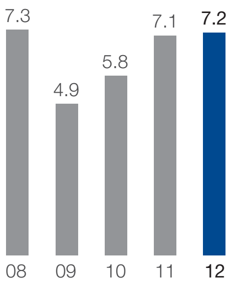
Container Segment

Key Figures

in € million	2012	2011	Change
Revenue	697.5	712.9	- 2.2 %
EBITDA	234.9	282.7	- 16.9 %
EBITDA margin in %	33.7	39.7	- 6.0 pp
EBIT	146.2	195.5	- 25.2 %
EBIT margin in %	21.0	27.4	- 6.4 pp
Container throughput in thousand TEU	7,183	7,087	1.4 %

Container Throughput

in TEU million



In the 2012 financial year, the HHLA container terminals in Hamburg and Odessa increased throughput volumes by 1.4 % to 7,183 thousand standard containers (TEU). Of this total 6,854 thousand TEU (previous year: 6,769 thousand TEU) were handled in Hamburg and 329 thousand TEU (previous year: 318 thousand TEU) in Odessa. In view of the stagnating traffic trend at competing ports in Europe, HHLA's terminals in Hamburg were able to consolidate their market position. This is all the more remarkable as Hamburg was also affected by the further delay in dredging the river Elbe. In October 2012, the Federal Administrative Court in Leipzig upheld a suit against the immediate completion of the work. The court's pending verdict in the main proceedings will determine how the infrastructure project is to continue.

Volumes at the HHLA terminals in Hamburg were primarily affected by an 8.3 % decline in Far Eastern traffic as a result of the economic slowdown. Nevertheless, this remained by far the most important shipping region for HHLA's throughput in Hamburg, accounting for 2,967 thousand TEU and a share of 43.3 % – albeit down from its 47.8 % share in 2011. This decline was mainly compensated for by strong growth in:

- North American traffic, which rose by 19.4 % to 535 thousand TEU, accounting for 7.8 % (previous year: 6.7 %) of HHLA's container throughput in Hamburg, and
- feeder traffic via the Baltic Sea to neighbouring Central and Eastern European countries, which improved by 15.7 % to 1,054 thousand TEU and thus represented a share of 13.5 % (previous year: 11.8 %).

These figures show that HHLA has been able to achieve considerable growth in the highly competitive market of European feeder traffic. The proportion of feeder traffic rose correspondingly from 24.7 % to 26.7 %.

Revenue was not quite able to match this positive volume trend. Segment revenue decreased by 2.2 % in 2012 to € 697.5 million (previous year: € 712.9 million). The primary reasons for this were:

- the higher percentage of feeder containers subject to considerably lower handling fees, and
- the significant drop in storage fees due to shorter container dwell times brought about by improved logistics.

The decrease in segment EBIT of 25.2 % to € 146.2 million (previous year: € 195.5 million) includes a one-off gain from the previous year, when a compensation payment of € 15 million was received for the return of space previously used by an empty container centre. Adjusted for this item, revenue declined by 19.0 % in comparison with 2011. EBIT was also burdened by:

- the additional expenses required to cope with the peak load conditions made of ship handling as a result of further delays to the dredging of the river Elbe,
- ramp-up costs associated with switching to a new system of terminal management and organisation at the Container Terminal Burchardkai (CTB), and
- cost increases due to higher prices for materials and collective wage rises.

The HHLA container terminals improved their performance in the 2012 financial year by implementing a host of measures. The main aim was to speed up the handling of mega-ships – a key competitive factor given the ever-increasing size of new vessels. In addition to a range of process enhancements at every HHLA container terminal, the focus was on expanding the Container Terminal Burchardkai (CTB) and the Container Terminal Odessa (CTO), which accounted for around 80 % of the segment's capital expenditure. Due to the scalability of its expansion projects, it was possible to reduce the segment's level of investment by around 30 % compared with the original plan as the economic prospects grew increasingly gloomy during the year.

Intermodal Segment

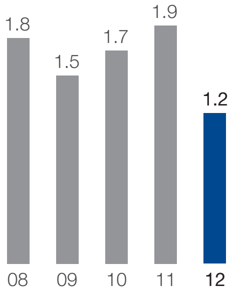
Key Figures

in € million	2012	2011	Change
Revenue	299.7	357.6	- 16.2 %
Pro forma revenue [1]	*274.8*	*259.6*	*5.9 %*
EBITDA	59.5	43.1	38.0 %
EBITDA margin in %	19.8	12.1	7.7 pp
Pro forma EBITDA [1]	*40.8*	*46.2*	*- 11.7 %*
EBIT	41.3	24.6	68.0 %
EBIT margin in %	13.8	6.9	6.9 pp
Pro forma EBIT [1]	*22.4*	*29.7*	*- 24.6 %*
Container transport [2] in thousand TEU	1,213	1,887	- 35.7 %
Pro forma container transport [1] in thousand TEU	*993.0*	*992.0*	*0.1 %*

[1] The pro forma presentation applies the new ownership structure in place in the Intermodal segment since the second quarter of 2012 to the entire reporting period and to the comparable period of 2011.
[2] Transport volume was fully consolidated.

HHLA realigned its Intermodal segment in 2012. The realignment focused on unbundling the shareholdings of HHLA and Deutsche Bahn in the Intermodal companies Metrans, Polzug and TFG Transfracht, as well as HHLA's acquisition of shares in the Polzug Group from PKP Cargo. Following these transactions, HHLA now owns 100 % of the shares in Polzug and 86.5 % of the

Container Transport
in TEU million



shares in Metrans. HHLA's former 50% stake in TFG Transfracht was taken over by Deutsche Bahn.

With this new structure in place, HHLA is now in a position to align all the companies in the segment systematically with the requirements of maritime logistics. This conforms to HHLA's business model of integrating the production processes along the transport and logistics chain from the seaport through to customers in the European hinterland. In the process, HHLA is increasingly using its own production resources, such as modern inland terminals, specialised container carriages and locomotives, as well as its own equipment for container transport by road.

The companies now managed solely by HHLA were able to maintain container traffic at the previous year's level in a challenging market environment. At 993 thousand TEU, transport volumes were virtually unchanged year-on-year (2011: 992 thousand TEU pro forma). To maintain this level, the companies had to offset falling volumes on established hinterland routes caused by the economic slowdown by generating new business via new and successful connections. These primarily include services to Austria and Germany operated by Metrans, as well as shuttle connections between the Polzug hub in Poznan and the Polish seaports of Gdansk and Gdynia.

In order to separate income derived from ongoing operations from the consolidation and transaction effects of the reorganisation, pro forma figures are also stated for transport volumes, revenue, EBITDA and EBIT in the key figures table above. They apply the new ownership structure which has been in place in the Intermodal segment since the second quarter of 2012 to the entire 2012 financial year and to the previous year. This shows that the decline in transport volumes by 35.7 % year-on-year was largely due to the volumes of TFG Transfracht no longer consolidated as of the second quarter of 2012.

A similar trend was seen in revenue. Although segment revenue fell as a result of the restructuring by 16.2% to €299.7 million (previous year: €357.6 million), pro forma revenue increased by 5.9% to €274.8 million due to improved earnings quality and the setting up of new connections.

The strong rise of 68.0% in EBIT to €41.3 million (previous year: €24.6 million) stems principally from the deconsolidation of losses at TFG Transfracht and a non-recurring accounting gain resulting from the realignment. ► See also Notes to the Consolidated Financial Statements, page 149. However, the 24.6% drop in pro forma EBIT to €22.4 million was largely due to Polzug's fully consolidated loss, and does not reflect the earnings improvement caused by the disposal of the unprofitable Transfracht business. The realignment of Polzug's activities has paved the way for a turnaround. An initial positive trend with rising volumes established itself in the second half of 2012, laying the foundations for further growth in volumes at the Poznan hub in 2013.

Metrans expanded its terminal network and transport services in Austria and Germany in particular during the reporting year. The company now connects Munich, Nuremberg and Leipzig to the German seaports with direct trains. In early October 2012, the company acquired the company which operates the container terminal in Krems, a port on the river Danube in Austria. This move has improved transport services in maritime container logistics for the economic region of Lower Austria. Furthermore, a modern new hub terminal was built in the conveniently located Czech town of Ceska Trebova (Eastern Bohemia) during the year. This has also been serving Krems since 2013. Metrans has also added considerably to its own fleet of wagons and increased its stock of owned and leased locomotives.

Logistics Segment

Key Figures

in € million	2012	2011	Change
Revenue	91.9	126.7	- 27.4 %
EBITDA	8.1	12.0	- 32.3 %
EBITDA margin in %	8.8	9.5	- 0.7 pp
EBIT	4.4	- 1.0	–
EBIT margin in %	4.8	- 0.8	–

Companies in the Logistics segment make a key contribution to strengthening Hamburg's position as an all-purpose port with their activities in the areas of vehicle logistics, bulk cargo, project and contract logistics, fruit logistics, cruises and consultancy. In addition, they complement and add to the range of services offered by HHLA's Container and Intermodal segments, for example by providing container packing or the global marketing of terminal expertise.

The 2012 financial year presented highly divergent conditions for the respective business areas. At segment level, earnings netted out to an operating result (EBIT) of € 4.4 million (previous year: € - 1.0 million). When comparing with the previous year, however, it must be noted that there was an impairment charge of € 5.8 million relating to fruit logistics in the fourth quarter of 2011.

A comparison of earnings and revenue from 2012 and 2011 is also hindered by changes in the consolidation of the fruit logistics companies. As of 1 January 2012, they are now carried according to the equity method and thus stated net in the financial result of the HHLA Group instead of at segment level. In addition, revenue for the 2011 financial year includes intra-Group invoicing of a large IT contract amounting to around € 10 million. These two effects also explain the fall in revenue of 27.4 % to € 91.9 million (previous year: € 126.7 million). Adjusted segment revenue would have amounted to approximately € 91 million in 2011.

A summary of the performance of individual business divisions is given below:

Vehicle logistics at the multi-function terminal O'Swaldkai performed extremely well. Based on strong volume growth in tonnage handled – including container packing – of 22.9 % to 1,684 thousand tonnes (previous year: 1,370 thousand tonnes) and an increase in vehicle throughput of 10.6 % to 208 thousand vehicles (previous year: 188 thousand), both revenue and earnings improved substantially.

Bulk cargo logistics for ore and coal fell short of the previous year's revenue and earnings. The primary reason for this was the temporary shutdown of two coal-fired power plants as a result of maintanance work in 2012, which led to a negative development of 14.2 % in coal handling. Ore handling was up 6.4 % on the previous year's level. Overall, seaborne handling declined slightly by 2.4 % to 13.6 million tonnes (previous year: 13.9 million tonnes). This represents 10.4 % of the total amount of seaborne freight handled at the port of Hamburg.

Revenue and earnings in **project and contract logistics** were lower than in the previous year, which was partly due to one-off gains from restructuring.

Cruise logistics benefited from the ongoing boom in cruise tourism in Hamburg with an increase in the volume of passengers processed. The number of ships calling at the port rose by more than a third (to 156), as did the number of passengers (to 429 thousand).

The HHLA companies which provide **consultancy services** in the port and transport sector around the world continued to improve their earnings in the reporting year and were able to expand their business successfully with a host of new contracts. These include advising the Greek government on its plans to privatise ports, as well as projects to improve rail links from North American container terminals to the hinterland.

Volume Developments

in the Logistics segment

	2012	2011
General cargo in thousand tonnes	1,684	1,370
Vehicles in thousands	208	188
Bulk cargo handling in million tonnes	13.6	13.9
Cruise ship calls	156	116

Real Estate Segment

Key Figures

in € million	2012	2011	Change
Revenue	32.4	31.7	2.3 %
EBITDA	17.1	16.2	5.6 %
EBITDA margin in %	52.7	51.1	1.6 pp
EBIT	12.8	11.9	7.7 %
EBIT margin in %	39.6	37.6	2.0 pp

According to the latest market overview by Jones Lang LaSalle, the market for office space in Hamburg saw a disproportionate fall in new lets compared with other locations in Germany in the 2012 financial year. New leases were signed for 435,500 m^2, a decline of 19.4 %. Despite a high volume of new building – 208,800 m^2 (previous year: 187,400 m^2) – the vacancy rate fell slightly from 8.5 % in 2011 to 8.2 % at the end of 2012. Demand for space in the premium segment remained high. At the same time, average rent fell slightly.

Against this market background, the Real Estate subgroup continued to pursue its long-term growth strategy which focuses on enhancing the value of property in the historical warehouse district (Speicherstadt) and around the Fischmarkt area on the northern banks of the river Elbe. As a result, revenue rose by 2.3 % to €32.4 million (previous year: €31.7 million). Bolstered by high occupancy rates in both areas, the segment's operating result (EBIT) climbed by 7.7 % to €12.8 million (previous year: €11.9 million). This trend was given an extra boost by the successful placement of new projects back in the course of 2011. This included the letting of the fully refurbished Block Q, which offers an attractive mixture of showrooms and offices, as well as the tea emporium “Wasserschloss Speicherstadt” which opened at the end of 2011.

Development opportunities in the Speicherstadt historical warehouse district improved further last year because the city of Hamburg released it from the constraints imposed by the Port Development Act on 12 September 2012. In terms of planning regulations, the Speicherstadt historical warehouse district is now part of Hamburg city centre. Until now, the careful redevelopment of the former logistics centre as a lively, inner-city district was only possible by means of special exemptions in individual cases, as the Port Development Act defined a port-related use of the site as the standard. The new legal basis expands the scope of possible projects. One example is the landmark building on Sandtorkai, designed by architect Werner Kallmorgen, which is currently being converted to create the Speicherstadt's first hotel.

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, optimises 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

HHLA is in a stable financial position at the time of preparing the 2012 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 36.1 % (previous year: 40.9 %) before financial settlements to minority shareholders. As a result of a profit and loss transfer contract concluded within the Container segment during the 2010 financial year, there is a payment commitment which is classified as debt in accordance with IAS 32 (Financial Instruments). To compensate for the contractually agreed profit and loss pooling, an annual payment must be made to a minority shareholder for a remaining period of three years. This payment is based primarily on future financial results. The total anticipated financial settlement led to a balance-sheet reclassification from minority interests to other financial liabilities. Taking this balance sheet representation into account, the regular equity ratio now comes to 31.8 %.

As a result of the company's liquidity base as of the balance sheet date, it has no significant refinancing requirements.

Inflation and exchange rates have no material effect on the HHLA Group's financial position.

When recognising assets and liabilities, estimates were based on past experience and other relevant factors and made on a going concern basis. ► See also Accounting and Valuation Principles, page 153, and Significant Assumptions and Estimates, page 159, in the Notes to the Consolidated Financial Statements.

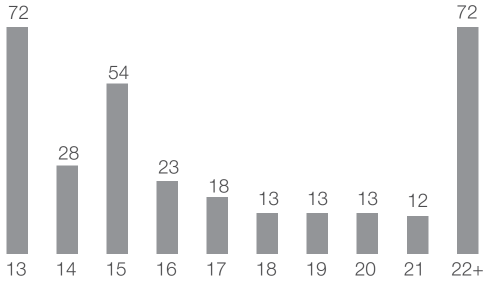
Financing Analysis

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

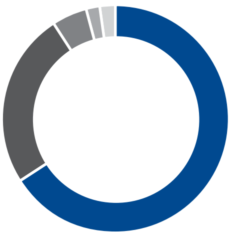
At €319.8 million, its liabilities from bank loans were below their previous year's level (€331.6 million) in financial year 2012. The Group drew on additional external financing totalling €28.6 million (previous year: €65.7 million) in the reporting year. New financing was offset by lower loan repayments. This was countered by separations due to the change in consolidation method used in fruit logistics. 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 no other significant refinancing requirements.

The majority of the liabilities from loans are denominated predominant in euros. In terms of conditions, approx. 70 % have fixed interest rates and some 30 % have floating interest rates. As a result of borrowing, certain affiliates have covenants linked to key balance sheet figures, which mostly require a minimum equity ratio to be met. Covenants were in place for around 17 %

Maturities of Bank Loans
by year in € million

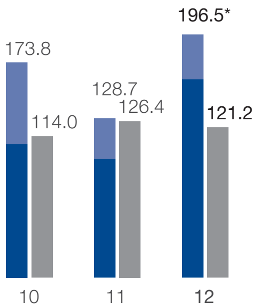


Investments
by segments, 2012



- 66 % Container
- 25 % Intermodal
- 5 % Real Estate
- 2 % Logistics
- 2 % Holding/Other

Investments, Depreciation and Amortisation
in € million



- Investments
- Finance lease thereof
- Depreciation

Of which finance leases totalling €36.6 million (2012), €32.8 million (2011), €66.1 million (2010)

of the bank loans. The covenants were met at all agreed audit points throughout the reporting year. As of the balance sheet date, HHLA posted non-current liabilities to related parties totalling € 114.1 million (previous year: € 93.6 million). These resulted from the recognition of the leasing liability to the Hamburg Port Authority (HPA) in connection with the mega-ship berths at the HHLA Container Terminal Burchardkai (CTB) and the HHLA Container Terminal Tollerort (CTT). With the exception of operating leases, there are no significant off-balance-sheet financial instruments. ► See also Notes to the Consolidated Financial Statements, page 189 et seq. These operating leases relate primarily to long-term agreements between the HHLA Group and either the Free and Hanseatic City of Hamburg or 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 therefore available for long-term financing.

Cash and cash equivalents, the bulk of which is held centrally by the holding company, totalled € 230.1 million (previous year: € 330.0 million) as of the reporting date. These funds are invested at German financial institutions with verified high credit ratings as demand deposits, call money and short-term deposits. Current credit lines play a subordinate role due to HHLA having sufficient liquid funds. As a result, HHLA scaled back its existing credit lines substantially in the reporting period. As of the balance sheet date, the Group thus had unused credit facilities amounting to some € 1.0 million (previous year: € 27.0 million). The credit line utilisation rate was 88.6 % in the period under review (previous year: 17.1 %). In HHLA's view, the Group's solid balance sheet structure would again 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, € 15.1 million (previous year: € 30.3 million) was subject to restrictions in 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.

Public subsidies awarded for individual development projects which are subject to specific conditions are of minor importance in terms of their volume at Group level.

Investment Analysis

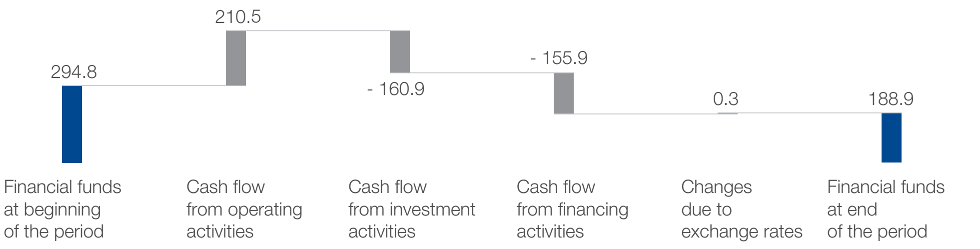
In view of the economic prospects, HHLA has reduced the investment volume originally planned for the 2012 financial year from up to € 280 million to around € 200 million. The postponed investments relate mainly to capacity increases for container throughput, affecting a programme to modernise the Port of Hamburg's largest handling terminal and a large-scale project to expand handling operations in Odessa. Capital expenditure in the past financial year totalled € 196.5 million (previous year: € 128.7 million). This figure includes additions of € 30.5 million from finance leases for a mega-ship berth not recognised as a direct cash expense. The focus of capital expenditure in 2012 continued to be on upgrading the handling facilities in Hamburg. Investment projects were largely funded by the operating cash flow generated in the financial year.

Property, plant and equipment accounted for € 176.3 million (previous year: € 117.2 million) of capital expenditure, while intangible assets accounted for € 10.0 million (previous year: € 7.4 million) and investment property for € 10.2 million (previous year: € 4.1 million).

As in the previous year, expansion investments accounted for the bulk of capital expenditure. They were primarily invested in extending and modernising the container terminals in Hamburg. Replacement investments were primarily for the procurement of ground-handling vehicles.

Change in Financial Funds

in € million



A large number of investments also went towards protecting the environment. For instance, straddle carriers were equipped with new energy-saving tyres and investments were made in electric vehicles to transport people at the terminal. Furthermore, environmentally friendly and recycled building materials were used to extend and maintain terminal space.

The largest share of the Group's aggregate investment was accounted for by the **Container segment** with € 132.4 million (previous year: € 87.8 million). The company primarily invested in purchasing handling equipment, increasing storage capacities at the handling facilities in Hamburg and extending the HHLA Container Terminal Odessa (CTO) in Ukraine.

Total investment in the **Intermodal segment** amounted to € 46.9 million, up on its previous year's level of € 32.2 million. The Metrans Group in particular made further investments in hinterland terminals and the procurement of locomotives and container carriages.

Total investments in the **Logistics segment** came to € 3.3 million (previous year: € 3.9 million). Investments in multifunctional devices for handling dry bulk and purchases of ground-handling vehicles accounted for the largest share.

Total capital expenditure in the **Real Estate subgroup** amounted to € 10.3 million (previous year: € 4.4 million). Major projects to modernise buildings in the Speicherstadt historical warehouse district accounted for the majority of this amount.

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 optimisation of its logistics activities in line with market requirements.

As of year-end, there were financial liabilities for outstanding purchase commitments totalling € 108.4 million (previous year: € 93.0 million). This figure includes € 91.8 million (previous year: € 81.4 million) for the capitalisation of property, plant and equipment.

Liquidity Analysis

in € million	2012	2011
Financial funds as of 01.01.	294.8	213.7
Cash flow from operating activities	210.5	266.1
Cash flow from investing activities	- 160.9	- 138.0
Free cash flow	49.6	128.1
Cash flow from financing activities	- 155.9	- 45.9
Change in financial funds	- 106.3	82.2
Change in financial funds due to exchange rates	0.3	- 1.1
Financial funds as of 31.12.	188.9	294.8

Cash flow from operating activities declined year-on-year from € 266.1 million to € 210.5 million. This was due in part to lower earnings before interest and taxes (EBIT), the non-cash impact on earnings of separating the Intermodal activities, as well as higher tax payments stemming from the previous year's result and the subsequent higher advance tax payments for the reporting year. On the other hand, more revenue was converted into cash flow. In the same period last year, trade receivables went up sharply but were not reflected in cash balances.

Intensity of Investments

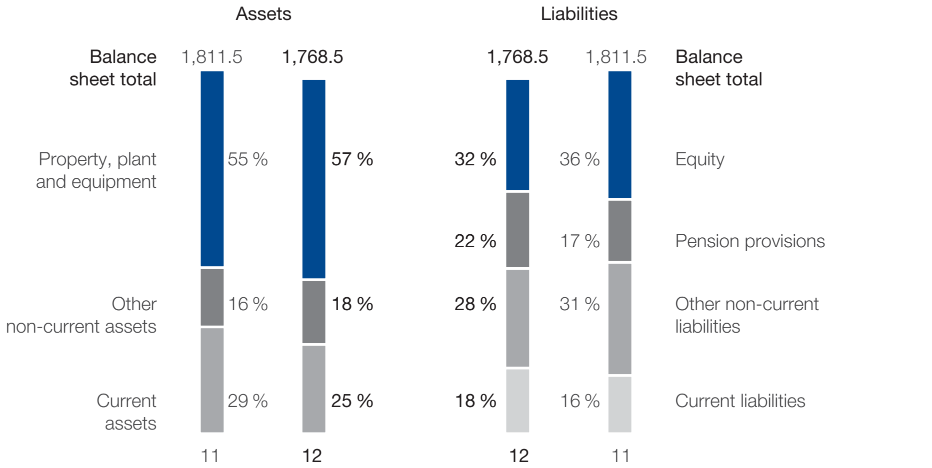
in %

Equity Assets Ratio

in %

HHLA Balance Sheet Structure

as of 31.12. in € million / in %

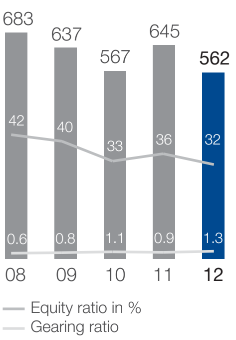


Cash flow from investing activities (outflow) totalled € 160.9 million and was therefore higher than the previous year's € 138.0 million. This was mainly attributable to payments made for investments in property, plant and equipment, investment property and intangible assets amounting to € 153.4 million (previous year: € 132.2 million). Similarly, the € 20.0 million increase in short-term deposits led to higher cash outflow for investing activities (previous year: increase in short-term deposits of € 10.0 million). This was offset by effects from the realignment of the Intermodal segment, which primarily arose from the sale of interests in consolidated companies.

Free cash flow – the total cash flow from operating and investing activities – decreased to € 49.6 million from its previous year's level of € 128.1 million.

Group Equity

in € million



Cash flow from financing activities (cash outflow) amounted to € 155.9 million in the reporting period (previous year: € 45.9 million) and was impacted particularly by payments for acquiring interests in consolidated companies totalling € 91.0 million (previous year: € 0.0 million) and the fact that in the previous year cash inflow amounting to € 65.7 million (2012 financial year: € 28.6 million) was received from an investment loan. The total dividend of € 66.3 million paid to shareholders in the reporting period was down on the previous year (€ 78.2 million).

With regard to its overall financial position, the HHLA Group has sufficient liquidity as of year-end 2012. There were no liquidity bottlenecks in the course of the financial year. Financial funds are made up of cash and cash equivalents (€ 230.1 million) less short-term deposits at banks (€ 50.0 million) plus receivables from current assets at HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (€ 8.8 million). The figure amounted to € 188.9 million as of 31 December 2012 and was therefore considerably lower than at the beginning of the year (€ 294.8 million).

Acquisitions and Disposals of Companies

HHLA realigned its ownership structure in the Intermodal segment in the 2012 financial year. Additional shares in two already consolidated companies were purchased and shares in another company were sold. ► See also Notes to the Consolidated Financial Statements, page 149.

With the realignment of the Intermodal segment, HHLA pursued the objective of aligning all the companies in this segment systematically with the requirements of maritime logistics chains. ► See also Intermodal Segment, page 99 et seq.

Analysis of the Balance Sheet Structure

Compared with the previous year, the HHLA Group's balance sheet total decreased as of 31 December 2012 by a total of € 43.0 million to € 1,768.5 million.

On the assets side, non-current assets increased by € 44.5 million. This rise was largely attributable to the € 20.6 million increase in deferred tax assets and the € 17.0 million growth in property, plant and equipment as a result of opening a new berth at the HHLA Container Terminal Burchardkai (CTB).

Current assets fell by € 87.6 million to € 443.9 million (previous year: € 531.5 million), due mainly to the decline in trade receivables of € 23.7 million following the deconsolidation of the rail operator TFG Transfracht as part of the realignment of the Intermodal segment. Cash and cash equivalents fell by € 99.9 million, due in part to dividend payments made in the second quarter of 2012 and the acquisition of additional shares in Metrans. There was an opposing trend in receivables from related parties, which rose by € 21.2 million to € 24.9 million. Furthermore, non-current assets held for sale drove up current assets by € 12.4 million as a result of the sale of property owned by a HHLA subsidiary in the coming financial year.

On the liabilities side, equity decreased by € 82.7 million to € 562.0 million (previous year: € 644.7 million) compared with year-end 2011. The sharp decline, despite the positive profit after taxes posted for the reporting period, is due to the acquisition of further shares in Metrans and its subsequent recognition using the entity concept, the dividend payment made in the second quarter (€ 51.9 million) and the reduction of actuarial gains by € 71.9 million attributable to the lower interest rate used to calculate pension provisions and taken directly to equity. Overall, the equity ratio decreased to 31.8 % (previous year: 35.6 %).

Non-current liabilities climbed by € 2.4 million to € 880.0 million (previous year: € 877.6 million) as of the balance sheet date. Pension provisions rose by € 70.5 million after the interest rate was adjusted to 3.25 % (31 December 2011: 5.0 %) and liabilities to related parties mainly went up by € 20.5 million following the leasing of a new berth from the Hamburg Port Authority (HPA) in conjunction with a finance lease. This was offset by a decline of € 89.2 million in non-current financial liabilities following consolidation changes in the Intermodal and Logistics segments and reclassification as current liabilities.

Current liabilities climbed by € 37.3 million to € 326.6 million (previous year: € 289.3 million). This rise resulted in particular from an increase in current financial liabilities of € 50.0 million to € 138.3 million (previous year: € 88.3 million) caused by reclassifications from non-current liabilities. This contrasted with various other developments, including a € 6.2 million fall in trade liabilities to € 65.9 million.

The gearing ratio – i.e. the ratio of net financial liabilities and pension provisions to Group equity – was 1.3 (previous year: 0.9) as of the balance sheet date of 31 December 2012. The increase resulted mainly from a decrease in cash and cash equivalents as well as a fall in equity.

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 is now € 72,753,334.00. It is divided into 72,753,334 no-par-value shares, including 70,048,834 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. To the Executive Board's knowledge there are no restrictions on voting rights or the transfer of shares, including those arising from agreements between shareholders.

3. For details on direct or indirect capital shareholdings which entitle the holder to more than 10 % of the voting rights, ► aee also the Notes to the Consolidated Financial Statements, Note 3, page 148, and Note 35, page 174.

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 Article 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 Article 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 Article 11 (4) of the articles of association, the Supervisory Board is authorised to carry out amendments to the articles of association which relate only to the wording. 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 steps taken in accordance with the German Reorganisation 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 authorised under Article 3 (4) of the articles of association to increase the company's nominal capital until 13 June 2017 by up to €35,024,417.00, by issuing up to 35,024,417 new registered Class A shares for subscription in cash and/or kind in one or more stages (Authorised Capital I). The statutory subscription right of the holders of Class S shares shall be excluded. The new shares may also be purchased by one or more banks chosen by the Executive Board together with the obligation to offer them for sale to Class A shareholders (indirect subscription right). The Executive Board was further authorised – with the approval of the Supervisory Board – to exclude the statutory subscription rights of holders of Class A shares,

7.1.1 as necessary for equalising fractional amounts or;

7.1.2 if the Class A shares are issued in return for a contribution in kind, especially in connection with the acquisition of companies, parts of companies or equity stakes in companies, as part of company mergers and/or for the purpose of acquiring other assets, including rights and receivables; subscription rights may only be excluded on Class A shares accounting for up to 20 % of the nominal capital attributable to Class A shares in conjunction with this authorisation (i.e. up to the amount of € 14,009,766.00);

7.1.3 if the company's Class A shares are issued in return for cash and the issue price per share is not significantly lower than the price of similar Class A shares in the company already listed on the stock exchange at the time of the share issue. However, subscription rights can only be excluded in this case if the number of shares thus issued together with the number of treasury shares sold during the term of this authorisation for which subscription rights were excluded as per Section 186 (3) sentence 4 AktG and the number of Class A shares which can be created by exercising warrants and/or conversion rights or fulfilling conversion obligations arising from warrants, convertible bonds and/or participation rights issued during the term of this authorisation for which subscription rights were excluded as per Section 186 (3) sentence 4 AktG does not exceed a total of 10 % of the company's nominal capital at the time this authorisation comes into effect or – if the total is lower – at the time the authorisation is exercised;

7.1.4 if the Class A shares are offered to persons employed by the company or one of its associates as defined in Section 15 AktG or are transferred to them;

7.1.5 to the extent necessary to grant the bearers of warrants, convertible bonds and/or conversion obligations those subscription rights to new Class A shares to which they would be entitled as shareholders after exercising the warrant or conversion right or fulfilling their conversion obligation.

7.2 Subject to the approval of the Supervisory Board, the Executive Board is additionally authorised under Article 3 (5) of the articles of association to increase the company's nominal capital until 13 June 2017 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 (Authorised Capital II). The statutory subscription right of the holders of Class A shares shall be excluded. The Executive Board was further authorised, with the approval of the Supervisory Board, to exclude the statutory subscription rights of holders of Class S shares as is necessary to equalise fractional amounts.

7.3 The company's nominal capital is increased contingently as per Article 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 2011 authorised the company until 15 June 2016 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 authorisation may not be used for the purpose of trading in treasury shares. The authorisation 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 authorised, subject to the approval of the Supervisory Board, to use Class A shares purchased under the authorisation 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 authorisation 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 authorisation 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 (AktG). The authorisation 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 (AktG), the Executive Board is authorised 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 authorisations in 7.4.2 items 1 to 4.

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

7.4.5 The authorisations in 7.4.2 can be exercised on a one-off or repeated basis, in whole or in part, and separately or jointly. The authorisations of 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 authorised 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 authorisation 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 authorised, 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 recognised mathematical methods. However, this authorisation 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 authorisation takes effect or when it is exercised. The exclusion of subscription rights under other authorisations 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 of the German Stock Corporation Act (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 bonds or (ii) on the five trading days immediately before an offer to subscribe for the 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 bonds are traded at the Frankfurt Stock Exchange, with the exception of the last two trading days for those rights.

7.6 Under Article 6 of the articles of association and Section 237 (1) of the German Stock Corporation Act (AktG), the company is authorised 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 them losing their Executive Board seats 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 % p.a. 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 or 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 takeovers.

Risk and Opportunity Report

Risk Management

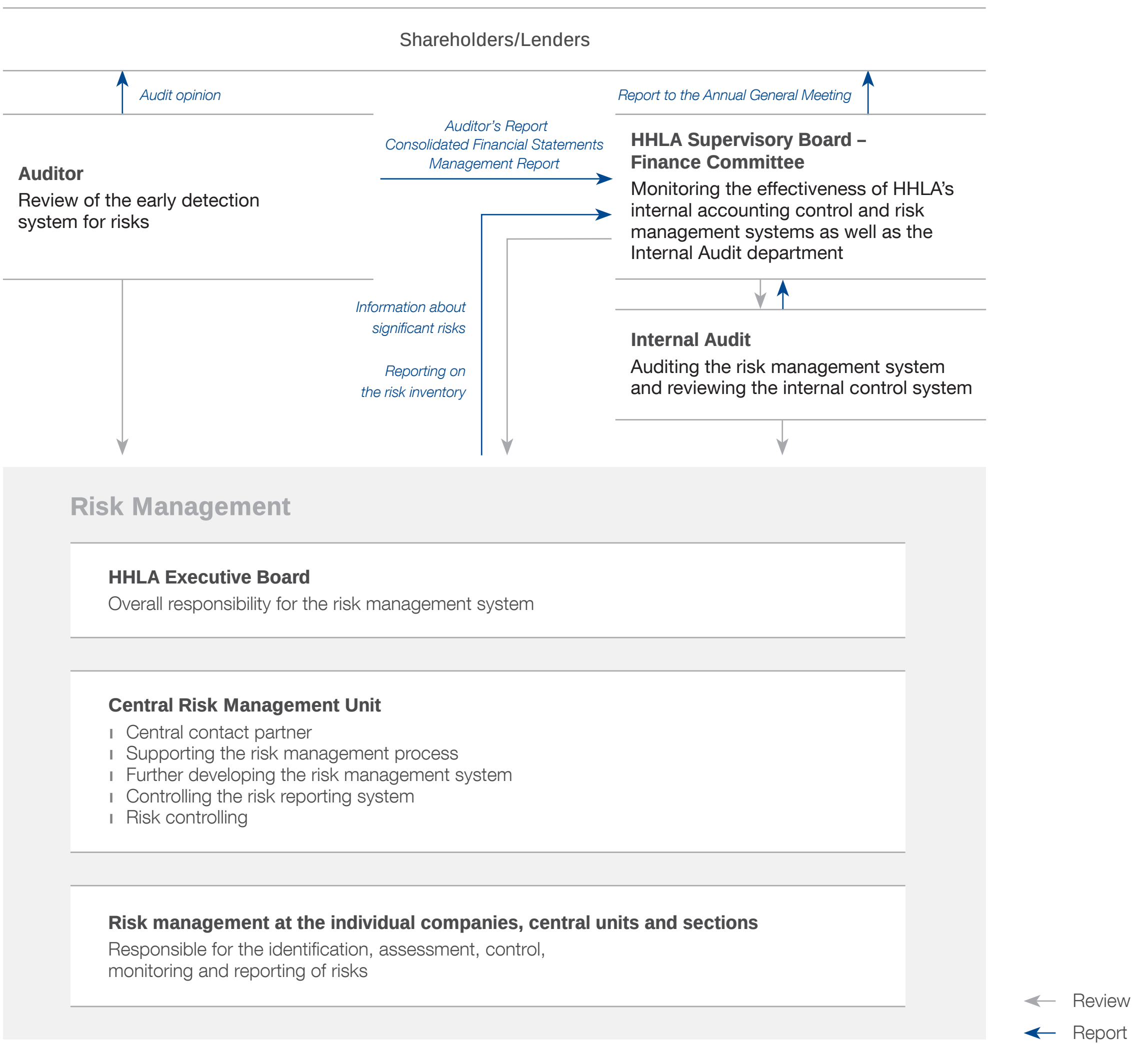
HHLA's risk management system fosters a keen awareness of dealing with corporate risks. It aims to identify risks in good time and take steps to manage or avert them, thereby preventing situations which could jeopardise the continued existence of the HHLA Group. An important element of the system is the promotion of 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 enable proactive steps to be taken to deal with the risks and potential rewards inherent in all commercial activity, the risk management system comprises the necessary organisational rules and procedures for identifying risks at an early stage. To this end, HHLA has created a system based on risk policies covering economic and ecological activities and its business operations. 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 Controlling, and establish clear lines of responsibility for the identification, assessment, control, monitoring and reporting of risks. The Executive Board of HHLA bears overall responsibility for the risk management system of the HHLA Group.

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.

Organisation of Risk Management



Risks are categorised 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 and management measures) and the net risk (including reduction and management measures). The actual circumstances or a realistic projection are taken into account when assessing risks. 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 portrayed uniformly, staff work together at Group level 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 are 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 system and risk reporting 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 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. This process ensures the necessary 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 existence, completeness, 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 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 recognising 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 included in the company's financial reporting quickly and correctly. 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 are documented and described along with the respective lines of responsibility and reporting structures. A risk control matrix is used to document risks and controls. Processes, risks and controls are updated on an ongoing basis.

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 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 authorisation functions and giving these responsibilities to different members of staff reduces the risk of fraud. Multi-stage approval and authorisation thresholds for ordering, payment transactions and accounting are employed across the Group. These include using the double-checking 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. Like 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, affiliates add more information to their separate financial statements to form standardised report packages, which are then fed into the SAP EC-CS consolidation module for all affiliated companies.

Measures are in place to protect the IT systems from unauthorised 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 authorisations are defined in a set of SAP authorisation 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 standardised 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 analyses 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.

As the number of new mega-ships rises, it is becoming increasingly important to HHLA that the River Elbe is dredged. On 16 October 2012, the German Federal Administrative Court granted an urgent stay of execution against the plan approval granted by the Waterways and Shipping Directorate North. This means that the plan approval cannot be put into effect until a final ruling is given in the case itself. Construction work is now unlikely to begin in the near future.

For HHLA, the deepening of the navigation channel 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, which over time could mean that developments in freight traffic might bypass the Port of Hamburg. This trend could be supported by the expansion of handling capacity in the North Range. Faster ship handling and smooth management of high peak loads – with the associated additional expenses – increasingly have to offset the disadvantages caused by the delayed dredging of the river Elbe's navigation channel.

As well as dredging the shipping channel, the regional road and rail infrastructure must be modernised and expanded if the Port of Hamburg wants to remain competitive and optimise 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 (A252), modernising the existing locks, building a fifth lock in Brunsbüttel 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. The European sovereign debt crisis and slower growth in emerging markets in 2012 are currently depressing the global economy. Expectations for further global growth and therefore for handling and transport demand are fraught with considerable uncertainty.

Due to the volatile macroeconomic environment, considerable risks remain. One such risk factor is the ongoing sovereign debt crisis, which is jeopardising general economic developments both in Europe and elsewhere. The adverse economic situation has led to increased pressure on the budgets and national banking systems of many countries. The sovereign debt crisis is not only adversely affecting the economies of crisis-hit countries, but also the global economy via the financial markets. The tensions in global financial markets are currently leading to high risk premiums, which not only represent a burden for public borrowing but also for companies in many countries. Necessary consolidation measures and falling investment also threaten to hinder further economic development.

Government intervention by means of monetary policy or the introduction of trade restrictions – such as compensatory tariffs designed to boost a country's own competitiveness – could prompt a wave of protectionist moves, which would hamper world trade.

Prices for commodities such as oil, copper and rare earths may hinder economic developments. If prices do not fall during a phase of contraction, this could also damage the global economy.

Should container throughput, transport volumes or logistics services fail to develop as expected because of persistent economic uncertainty, planned volumes may not be achieved. This may lead to an underutilisation of handling capacity and train systems. Underutilisation generally entails the risk that it might not be possible to compensate fully for negative divergences in earnings in the short term due to the high level of fixed costs.

Should global economic prospects worsen further, cost pressure will intensify. High overcapacities and further price cuts at rival ports may result, for example, in feeder traffic shifting to other ports.

It also remains to be seen what effects the introduction of additional handling capacity in Europe will have on the revenue structure. Ports in the North Range are pressing ahead with the creation of additional handling capacities. The supply of container handling capacity will also outstrip demand in the medium term. A surplus of this kind will lead to even greater competition.

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. A wave of consolidation cannot be ruled out in light of the current earnings situation at shipping companies. Mergers and alliances between terminal operators or shipping companies, as well as between terminal operators and shipping companies, may result in a change in the volume and pricing structure currently in place.

The Intermodal companies are exposed to intense competition from competing rail operators as well as from trucks and feeders as carriers. The market entry of new competitors with aggressive pricing policies in Central and Eastern Europe poses the risk that market share will shift to the detriment of HHLA's rail operators.

In the Logistics segment, there is a risk that it may prove impossible to achieve the revenue targets in a challenging market environment.

HHLA is taking specific precautionary steps across all segments to reinforce customer loyalty and develop unique selling points. The Group is also making use of the existing flexibility in cost and capacity management. HHLA's strategy is to adapt its investments in expanding the container terminals as flexibly as possible to foreseeable demand. Throughput and transport volumes in the affected markets are closely monitored together with the throughput volumes and service structure of each client, so that any negative developments can be recognised at an early stage. The network is also used to anticipate developments of relevance to the competitive situation ahead of time.

A limited number of companies supply port handling equipment and systems. This could lead to bottlenecks in the procurement of replacement parts and changes to purchasing agreements. In response to this, HHLA constantly looks at alternative procurement strategies 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 markets for handling equipment are also carefully monitored and taken into account when awarding contracts. 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 railway operators. This leads to a certain amount of dependence on one service provider or a small number of suppliers. The Intermodal companies are taking specific precautionary steps to develop unique selling points so as to keep customers loyal to the company on a long-term basis. All rail operators are constantly exposed to the risk of the public railway companies charging excessive usage fees. In order to minimise this risk and to enhance production quality, work to enlarge the internal fleet of locomotives and carriages and expand terminal capacities in line with demand has been intensified. As part of this strategy, services are also purchased from private suppliers. The contracts governing the purchasing of traction services contain flexible components which permit the company to respond to market fluctuations and seasonal deviations.

Service Provision Risks

The failure of central technical equipment can restrict the ability of equipment-based companies to provide services. Depending on the length of the downtime, unavailable equipment leads to 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. There is also a risk of transport chains being interrupted. HHLA endeavours to adapt capacity to current volumes.

Financial Risks

Liquidity risks in financial management are limited by, among other things, HHLA's centralised 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 authorise 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 2012, the relevant total borrowings came to € 54.9 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 banking sector is currently being stabilised and 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 low, as the HHLA Group only conducts derivative financial transactions with counterparties boasting very good credit ratings. ► See also Note 47 in the Notes to the Consolidated Financial Statements, page 190.

HHLA's services are primarily rendered in Europe, meaning that the majority of its invoices are issued in euros. The Logistics and Intermodal segments operate internationally and a container terminal is operated in the Ukraine. Invoicing here is based on euros or US dollars. Any currency or transfer risks that exist mainly result from exchange rate fluctuations affecting the Eastern European currencies, with the hryvnya – the Ukrainian national currency – monitored particularly closely. Currency risks take on a concrete form mainly in the Eastern European affiliates when borrowed capital denominated in euros is converted. All HHLA companies that operate with foreign currencies reduce the risk of exchange rate fluctuations by monitoring rates regularly and, where necessary, depositing free liquidity in local currency to accounts with hard currency.

In view of rising carrying capacities and ongoing price competition, the liquidity and earnings position of shipping companies remains tense. If volume growth remains modest, freight rates will continue to come under pressure. Breaking even is an ambitious target for many shipping companies; smaller shipping companies in particular may come under strain. 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 minimise default risks. Should the financial position of specific debtors change significantly, the insurer may limit the amount of cover it offers for new receivables payable by these debtors and/or no longer be able to provide cover.

Economic developments at certain affiliates 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 been aimed at opening up the market for port services and establishing a valid EU-wide legal framework for their rendering. As a result, we may see more EU guidelines and their translation into national law over the next few years.

Starting in 2015, the sulphur limits for ocean-going vessels in the North Sea and the Baltic are set to be reduced from their current maximum of 1 % to 0.1 %. In 2012, the international limit was cut from 4.5 % to 3.5 %, with a further reduction to 0.5 % due in 2020. As the stricter limits in the North Sea and the Baltic 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, their qualifications and training, and fluctuation among key personnel. In order to minimise such risks, staff selection, recruitment and development are carried out in coordination with the subsidiaries and associated companies using standardised processes and procedures. A new commercial labour agreement has been signed. The key element of this collective labour agreement is an appraisal system that links systematic, transparent and uniform appraisal measures with staff development. Appraisals are both top down and bottom up. This means that staff risks are identified and appropriate action taken in a timely fashion and corresponding staff management measures can be put in place.

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 as part of its compliance management system. 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.

SWOT Profile of HHLA

Strengths

- Unique network between overseas port and European hinterland
- Climate-friendly link between ship and rail carriers
- Highly efficient container terminals with cutting-edge technology
- Direct rail systems for central transport corridors
- Specialised inland terminals for rail traffic
- Highly qualified staff with low fluctuation rate
- Economies of scale arising from capital-intensive business model
- Sound balance sheet structure with a low gearing ratio by industry standards

Weaknesses

- Considerable investments required for major equipment and terminal development
- Long lead times and start-up phases spanning several years for the expansion and further development of infrastructure-related business activities
- Limited cost flexibility due to capital-intensive business model
- Immobility of handling facilities and inland terminals
- High dependence on Hamburg location

Opportunities

- Link to tap growth potential of emerging economies (Asia, Central/Eastern Europe)
- Ongoing liberalisation of world trade
- Distance advantages in the natural catchment area as an easterly hub located well inland
- Increasing use of rail transportation for freight traffic
- Concentration of freight volume at large international gateway ports
- Rising importance of efficiency, productivity and reliability in the transport chain
- Growing demand for eco-friendly transport solutions

Threats

- Course of business dependent on economic cycles
- High dependence on the implementation of public infrastructure projects such as the dredging of the river Elbe and the improvement and enlargement of the Kiel Canal
- Surplus capacity at rival European ports
- Shipping lines' difficult financial position
- Direct docking at ports in the Baltic Sea and the Mediterranean
- Ship size development exceeds beyond addition of vessels with 18,000 TEU carrying capacity
- Protectionism

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 organisational 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 authorisation 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 in the hope of achieving a sensible, economically viable solution.

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 minimise 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 less 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.

Opportunities

Strategic Opportunities

Due to its favourable geographical location, the Port of Hamburg is the definitive international hub for seaborne and overland container transport, situated close to the German North Sea coast with excellent hinterland links to the growing economies of Central and Eastern Europe and the Baltic states. Promptly dredging the navigation channel as planned would give HHLA the opportunity to take the pressure off peak loads caused by the size of ships and to optimise its cost structure so as to maintain and build on its competitive position. The Intermodal segment would also benefit from the growth in container handling. The shift in container traffic from road to rail could be accelerated by new environmental policies or an increase in demand for environmentally friendly transport solutions in the future.

Market Opportunities

Provided that no protectionist tendencies hamper world trade, allowing liberalisation to progress, the international division of labour in the production of consumer and capital goods will continue in future. The Port of Hamburg's integration into the global exchange of goods gives HHLA the chance to benefit directly 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 stabilisation of financial markets and the further growth of the global economy.

The rising concentration of freight volumes on large international hubs due to the increasing use of container mega-ships, along with the growing importance of handling efficiency, productivity and reliability as a major cost factor in the transport chain, offer HHLA additional business opportunities to further develop intermodal traffic between the international seaport, railway and road. ► See also Corporate Strategy, page 77 et seq.

Financial Opportunities

HHLA has a sound balance sheet structure and a low gearing ratio by industry standards. This means that HHLA has various options for financing investments and shareholdings. In addition to the above, HHLA continually assesses the extent to which strategically advantageous acquisition or investment possibilities are available.

Overall Assessment of Risks and Opportunities

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 are fewer risks than in 2011 due to a range of implemented measures.

The risks identified, taken both singularly and cumulatively, do not threaten the existence of the Group. As far as the future is concerned, there are also no discernible risks at present which could jeopardise the continued existence of the company.

As the macroeconomic prospects are fraught with uncertainty, this description of risks merely serves as a snapshot. The HHLA Group's quarterly reports contain updated information on any changes to the company's risk position.

Events After the Balance Sheet Date

In January 2013, non-current assets held for sale were disposed for an accounting gain of around €5 million in the course of restructuring the Logistics segment.

There were no further events of special significance after the balance sheet date of 31 December 2012.

Business Forecast

Macroeconomic Environment

Although the economic situation continues to be fraught with uncertainty, the decline in global economic momentum appeared to have been halted at the turn of 2012/2013. Underlying conditions in global financial markets have improved and recent sentiment indicators point to an economic upswing in the course of 2013. However, the signals being sent by the global economy are still mixed. While the measures taken by the central banks of the eurozone and the US brought temporary calm to the capital markets, the tremendous pressure to consolidate government budgets coupled with unresolved structural problems continue to cast a shadow on the economic outlook for the industrialised nations. The export sectors of many emerging and developing countries are suffering from sustained weak demand from abroad and are focusing primarily on an expansive fiscal policy to stimulate domestic demand. Considerable uncertainty and material risks to the global economy continue to stem from a renewed escalation of the eurozone debt crisis, the repercussions of a rising public deficit in the US and an economic cool-off in the emerging and developing countries. Assuming a gradual easing of the macroeconomic situation, the International Monetary Fund (IMF) forecasts a moderate growth in the global economy of 3.5 % year-on-year.

The fragile economic situation is also reflected in international trade activities. With this in mind, the economic upturn should also lend a certain momentum to global trade. Following on from weak growth in 2012, however, global trade volumes are likely to reach only a moderate 3.8 % increase in 2013.

In those economic regions of prime importance for the business activities of HHLA, the economic development is once again expected to vary widely in 2013. It is believed that Asia's economic expansion will continue to be affected by the debt crisis in the industrialised nations and the ensuing dampening effect on export demand. Nevertheless, the IMF still anticipates comparably strong economic growth of 7.1 % in Asia's emerging nations. There are hopes that the leadership change in the People's Republic of China will result in a stronger emphasis on fiscal and monetary policy as well as a move towards further structural reforms. The world's second-largest economy is therefore likely to grow by 8.2 % in the coming year.

Given their close ties with the eurozone, growth in the economies of Central and Eastern Europe will increase relatively moderate by 2.4 % according to IMF estimates. On the back of oil and gas exports, however, Russia's economic performance is still expected to expand by 3.7 %.

While the emerging markets are able to counter weak economic growth with flexible monetary and fiscal policies, the industrial nations have few such options at their disposal in view of high budget deficits and already low interest rates. Therefore, the IMF expects the eurozone to remain in recession in 2013, whereby the projected decline in economic output of 0.2 % is likely to be less than in the previous year.

In anticipation of rising export demand, particularly from the emerging nations, Germany's gross domestic product may buck this trend with modest growth of 0.6 %. Providing the US can quickly resolve the dispute surrounding the debt ceiling for its national budget, the IMF believes it can achieve economic growth of 2.0 %, despite its ongoing structural problems and high unemployment.

Sector Development

On the basis of this cautiously optimistic economic outlook, the market research institute Drewry forecasts slightly stronger growth in global container throughput for 2013. After 3.9 % growth last year, the global container volume is set to increase by an already downgraded 4.6 % in the coming twelve months. While above-average growth rates are predicted again for inner-Asian container traffic and throughput in Eastern Europe, the forecasts for the Northern European ports suggest that handling volumes will virtually stagnate, increasing by 0.6 % at best.

Outlook for 2013

Assumptions

Base case

- Slight economic upturn and moderate global economic growth
- Fading but lingering uncertainty due to unresolved sovereign debt crisis
- Slight recession in the eurozone
- Ongoing economic burden due to fiscal austerity programmes
- Increase in surplus capacity in container shipping and at handling terminals in Northern Europe
- Fierce competition and consolidation among shipping companies
- No start to dredging the river Elbe's navigation channel expected

Relevant growth expectations

Gross domestic product	2013
Global economy	3.5 %
Germany	0.6 %
Asia	7.1 %
Central and Eastern Europe	2.4 %

Industry indicators	
Global trade	3.8 %
Container throughput, worldwide	4.6 %
Container throughput, Northern Europe	0.6 %
Transport volume, Germany	2.5 %

Source: IMF, Drewry, Clarkson, Federal Office for Freight Transport

Group

HHLA

- Revenue in a range of € 1.1 billion to € 1.2 billion (revenue in 2012: € 1.1 billion)
- EBIT in a range of € 155 million and € 175 million (2012: € 186.3 million incl. one-off gain of € 17.6 million)
- Investments in the region of € 160 million

Subgroup

Subgroup	Port Logistics	Real Estate
Revenue	Following the range of the HHLA Group without revenue of the subgroup Real Estate	Comparable to the previous year (revenue in 2012: € 32 million)
EBIT	In a range of € 142 million and € 162 million (2012: € 173.1 million incl. one-off gain of € 17.6 million)	Comparable to the previous year (2012: € 12.8 million)

Segment

Segment	Container	Intermodal	Logistics	Real Estate
Volume	Container throughput: Similar to previous year in the region of 7.2 million TEU (2012: 7.2 million TEU)	Container transport: Above market growth in the region of 1.1 million TEU (2012: 1.0 million TEU based on continuing activities)	Diverging developments in specialised market segments	The Real Estate segment is equivalent to the Real Estate subgroup (see section above)
Revenue	Slightly up on previous year (2012: € 697 million)	Above the previous year (2012: € 300 million)	Slightly up on previous year (2012: € 92 million)	
EBIT	Below previous year due to impact of cost inflation and depreciation (2012: € 146.2 million)	Below previous year (2012: € 41.3 million), one-off gain of € 17.6 million from 2012 to not be fully compensated	Slightly below previous year due to burden on earnings from realignment (2012: € 4.4 million)	

Scenarios

	Positive case scenario	Negative case scenario
Environment	Swift and effective solution to the sovereign debt crisis Rise of economic growth Considerably improved capacity utilisation Decreasing price competition Start to the dredging of the Elbe navigation channel at the end of 2013	Escalation of sovereign debt crisis Increasing instability in the financial sector Global recession sets in again Deterioration in capacity utilisation Ruinous price competition No start to dredging the Elbe navigation channel
Group performance	Container throughput above previous year Positive effect for container transport Revenue above € 1.2 billion EBIT above € 175 million	Container throughput below previous year Negative effect for container transport Revenue below € 1.1 billion EBIT below € 155 million

The difficult market situation for container shipping is set to remain tense in 2013. The market research institute Alphaliner expects shipyards to achieve a new delivery record in the coming twelve months. Container ships with a total capacity of 1.7 million TEU are set to go into service, adding to the imbalance between supply and demand. More than 40 of these new ships alone are to have carrying capacities in excess of 10,000 TEU. These vessels will primarily be used on services between Asia and Europe, causing high peak workloads in ports along their routes. It is to be expected that a number of shipping companies will look seriously at consolidation options again in 2013, which could lead to unpredictable changes in the structures and timetables of liner services from the viewpoint of port logistics.

At the same time, HHLA's rival ports are adding capacity which began to be created way before the financial and economic crisis in 2008/2009 due to their long lead times. As volume trends are expected to prove modest with handling facilities being already considerably underutilised, surplus capacity can also be anticipated in ship handling for some time to come. This will place corresponding pressure on the earnings quality of terminal operators.

In view of the lack of growth in Northern European port handling, it is also unlikely that transport volumes for pre- and onwards-carriage systems in the hinterland will increase at any real pace. In fact, indications in the transport market even point to a negative tendency for road freight traffic, whereby rising operating costs are expected to result in price increases. By contrast, the transport market barometer suggests a positive trend in rail traffic. The prospects for intermodal traffic in particular are more encouraging, whereby the forecast for Germany and Eastern Europe is more favourable than for Western Europe. Overall, rising prices can also be expected in rail freight traffic. The entire market including continental traffic is forecast to grow by not more than 2.5 % according to a medium-term projection on behalf of the German Federal Ministry of Transportation.

Due to the uncertain economic environment, the outlook for logistics services has darkened noticeably. In particular, the expectations of the German logistics industry have fallen strongly in view of the latest business forecasts and current order position. Demand-side expectations are also decidedly modest. However, economic sentiment indicators for both industry and commerce continue to lean towards expansion at the moment. The operating environment for affiliates in the Logistics segment is likely to develop differently for each submarket.

Faced with dwindling demand in Western Europe, the German car industry is concentrating heavily on growth markets abroad. Export volumes are set to rise slightly above 2012 levels. The German steel industry cannot expect a sustained recovery in 2013 due to difficult conditions in the international environment. Given the current low stock levels, crude steel production is expected to grow by 1 % and steel production by 1 to 2 % in anticipation of an economic upswing in the second half of the year. In contrast, the number of cruise ships booked to dock at the port indicates further strong growth in handling services.

Group Performance

Expected Earnings Position

As a result of the surplus supply of terminal capacity, HHLA expects competition to become even fiercer and does not currently anticipate making any market share gains – especially in view of further delays to the dredging of the river Elbe. In line with sector development, container throughput in 2013 is expected to remain on a par with 2012 in the region of 7.2 million TEU. Freight volumes remain heavily dependent on economic trends and in some cases on the short-term scheduling of shipping companies. As a consequence, it is currently impossible to exclude the possibility of fluctuations and significant deviations from the intended targets. Hinterland transport to and from the seaports of Northern Europe will continue to cater for container throughput on existing routes, but will at times face strong competition from other carriers, above all in the west-east direction. Based on the realignment of its Intermodal activities begun in 2012, HHLA still expects transport volumes to increase again for its retained rail companies in 2013, meaning that container transport volumes may reach around 1.1 million TEU in 2013. To achieve this, it is crucial to successfully establish new routes in the German-speaking area and to expand Polish traffic further.

Based on these performance parameters, which are of key importance to the Group's earnings position as the primary source of income and decisive factors for economies of scale, the Group aims to generate revenue in a range between € 1.1 billion and € 1.2 billion.

Expected cost increases as a result of general price adjustments and higher depreciation and amortisation charges caused by additional handling equipment will have a negative impact on earnings as container throughput stagnates in 2013 and more than cancel out any potential increases in revenue. Furthermore, entering new markets in the Intermodal segment is associated with greater earnings uncertainty. HHLA is convinced of the sustainable earnings potential of its rail operators. However, the continued realignment of its Intermodal activities in 2013 will not yet be able to fully make up for the absence of the one-off gain of € 17.6 million recorded in 2012 in conjunction with the restructuring.

Based on the projected volume growth, the forecast situation in terms of revenue and costs, as well as the additional short-term earnings uncertainty in the Intermodal segment, HHLA anticipates an operating result (EBIT) in a range of € 155 to € 175 million for the Group in 2013. In view of the fact that the Real Estate subgroup's EBIT is expected to remain unchanged compared with the previous year, the listed Port Logistics subgroup is forecast to record an EBIT in a range between € 142 and € 162 million. An effective tax rate of just under 30 % is expected for the Group in 2013. Uncertainty surrounding the further scheduling of shipping companies' liner services will also have an impact on the expected proportion of profit after taxes payable to the parent company's shareholders as a result of different ownership structures between the handling facilities at the Port of Hamburg. Due to increased reorganisation costs incurred by handling facilities and rail operators wholly owned by HHLA and the one-off gains from the realignment of Intermodal activities in 2012 exclusively attributable to the parent company's shareholders, the proportion of profits payable to shareholders of the parent company is expected to fall more strongly than EBIT.

Moreover, the following key developments are forecast for the **Port Logistics subgroup**:

In the **Container segment**, a slight increase in revenue is possible in 2013, although the actual development of earnings quality is fraught with considerable uncertainty. From an operational standpoint, the focus is on the reorganisation of the Port of Hamburg's largest handling facility to make it fit for future developments. The aforementioned rise in costs for the HHLA Group will therefore be felt mainly in the Container segment. In connection with the expected stagnation in container throughput, the operating result is likely to drop below the prior-year figure in 2013.

In the **Intermodal segment**, HHLA expects a significant rise in revenue in 2013 on a comparable basis, leading to a higher figure than reported in 2012. The aim of the ongoing realignment of Intermodal activities is to achieve greater earnings power in addition to the extra income from higher volumes. As the comparative figures for 2012 included a one-off gain of € 17.6 million, EBIT in this segment will fall short of the previous year's level in 2013.

The various submarkets of the **Logistics segment** will continue to display divergent trends in the coming year. At segment level, revenue is expected to increase slightly in 2013 compared with the previous year. Even taking an accounting gain of around € 5 million, ► see also Events After the Balance Sheet Date, page 122 which was achieved in January 2013, into account, this segment will not be able to build on the operating result reported in 2012, as there are restructuring effects which will depress the result. In particular, it faces substantial risks in vehicle logistics which cannot be offset by largely stable developments in other shareholdings. The work to reorganise contract and project logistics started in 2012 will continue to put pressure on earnings in 2013. As a result, earnings may prove volatile in 2013.

As mentioned above, forecasts are highly uncertain at present. Consequently, actual industry and business developments may follow a worse or better economic trend than that described here. HHLA will therefore continue to add more specific details to its outlook above and beyond the statements made in this report as soon as the economic environment allows for a more reliable projection.

Financial Position

HHLA will continue to pursue its proven approach of flexible capital expenditure tailored to actual demand. Due to the high level of macroeconomic uncertainty, the Group reserves the right to make the final decision on whether investment projects are actually implemented. This means that capital expenditure may deviate from what was originally planned as a result of postponing such projects as the year progresses. Currently, Group capital expenditure is planned to be around € 160 million in 2013 – of which around € 140 million is earmarked for the Port Logistics subgroup. According to current plans, and assuming a continued trend towards further economic stability, capital expenditure for the Group and the Port Logistics subgroup will reach a similar level in 2014.

The Group's balance sheet total is likely to increase slightly in 2013. 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 change in equity will mainly be determined by the net profit for the year, the gradual reduction of an equalisation liability payable to a minority shareholder ► see also Financial Position, page 103 and the development of actuarial gains arising from the calculation of pension provisions. Financial liabilities for the financing of investment projects are also expected to increase.

Other than this, the main funds earmarked for financing the further development of business are the available liquidity reserves, 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 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 Organisation

There are no plans to make any fundamental changes to the Group's strategic alignment and objectives, ► see also Corporate Strategy, page 77 et seq. 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.

However, the extra terminal capacity in Wilhelmshaven and the planned expansion of the port in Rotterdam as part of the Maasvlakte 2 project will intensify competition even further. In addition, the behaviour of shipping companies and competitors with regard to possible direct traffic in the Baltic Sea must be included in strategic considerations. The natural advantage offered by the Port of Hamburg's location, which enables mega-ships to travel deep into the inland, delivering commercial and ecological benefits, will be of increasing importance. The timely deepening of the river Elbe's navigation channel remains essential here. With its flexibility from more than 127 years of company history, HHLA will take a proactive approach to these challenges and make any necessary adjustments to its organisation. Following the successful realignment of the Group's Intermodal activities, however, no significant changes in the organisation of the business are planned in the short term.

If an attractive acquisition opportunity should occur which meets HHLA's strategic and financial requirements, it may allow HHLA to expand its core business within existing segments.

Further Development

Growth Expectations

	2014
Global economy	4 %
Germany	1 %
Asia	8 %
Central and Eastern Europe	3 %
World trade	6 %

Source: IMF (rounded off to full percentage numbers)

For HHLA's prospects in 2014 and beyond, it is of paramount importance that the Elbe navigation channel is dredged promptly. Furthermore, it is essential for the business development of HHLA that the global economy returns to stable and reliable growth, meaning that the emerging economies are once again more strongly integrated into the international division of labour as the underlying driver of growth. Once this happens, HHLA's business model will enable it to post revenue and earnings growth again both in 2014 and in the medium term. A demand-oriented investment policy and stable balance sheet relationships continue to represent the financial fundament for this growth potential to be exploited.

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 omitting the said actions.

In accordance with Article 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, 5 March 2013

Hamburger Hafen und Logistik Aktiengesellschaft
The Executive Board

Klaus-Dieter Peters   Dr. Stefan Behn

Heinz Brandt   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 materialise, HHLA's actual results, including its earnings and financial position, may differ materially from those explicitly or implicitly assumed or described in these statements.

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Income Statement HHLA Group

in € thousand	Note	2012	2011
Revenue	8.	1,128,542	1,217,272
Changes in inventories	9.	1,711	602
Own work capitalised	10.	9,029	7,175
Other operating income	11.	48,289	43,728
Cost of materials	12.	- 366,296	- 432,934
Personnel expenses	13.	- 373,739	- 359,527
Other operating expenses	14.	- 140,026	- 142,874
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		307,510	333,442
Depreciation and amortisation	15.	- 121,233	- 126,427
Earnings before interest and taxes (EBIT)		186,277	207,015
Earnings from associates accounted for using the equity method	16.	- 4,026	335
Interest income	16.	9,918	9,598
Interest expenses	16.	- 39,277	- 42,324
Other financial result	16.	540	217
Financial result	16.	- 32,845	- 32,174
Earnings before tax (EBT)		153,432	174,841
Income tax	18.	- 41,588	- 56,053
Profit after tax		111,844	118,788
of which attributable to non-controlling interests	19.	39,409	29,506
of which attributable to shareholders of the parent company		72,435	89,282

Statement of Comprehensive Income HHLA Group

in € thousand	Note	2012	2011
Profit after tax		111,844	118,788
Actuarial gains/losses	36.	- 71,865	18,128
Cash flow hedges	47.	- 43	- 418
Foreign currency translation differences		- 1,348	1,435
Deferred taxes on changes recognised directly in equity	18.	23,147	- 5,745
Other		146	- 101
Income and expense recognised directly in equity		- 49,963	13,299
Total comprehensive income		61,881	132,087
of which attributable to non-controlling interests		39,317	29,448
of which attributable to shareholders of the parent company		22,564	102,639

Income Statement HHLA Subgroups 2012

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2012 Group	2012 Port Logistics	2012 Real Estate	2012 Consolidation
Revenue	1,128,542	1,101,175	32,408	- 5,041
Changes in inventories	1,711	1,715	- 4	0
Own work capitalised	9,029	8,946	0	83
Other operating income	48,289	42,012	7,155	- 878
Cost of materials	- 366,296	- 359,898	- 6,502	104
Personnel expenses	- 373,739	- 371,565	- 2,174	0
Other operating expenses	- 140,026	- 131,965	- 13,793	5,732
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	307,510	290,420	17,090	0
Depreciation and amortisation	- 121,233	- 117,287	- 4,253	307
Earnings before interest and taxes (EBIT)	186,277	173,133	12,837	307
Earnings from associates accounted for using the equity method	- 4,026	- 4,026	0	0
Interest income	9,918	9,955	74	- 111
Interest expenses	- 39,277	- 34,755	- 4,633	111
Other financial result	540	540	0	0
Financial result	- 32,845	- 28,286	- 4,559	0
Earnings before tax (EBT)	153,432	144,847	8,278	307
Income tax	- 41,588	- 38,874	- 2,640	- 74
Profit after tax	111,844	105,973	5,638	233
of which attributable to non-controlling interests	39,409	39,409		
of which attributable to shareholders of the parent company	72,435	66,564	5,871	

Statement of Comprehensive Income HHLA Subgroups 2012

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2012 Group	2012 Port Logistics	2012 Real Estate	2012 Consolidation
Profit after tax	111,844	105,973	5,638	233
Actuarial gains/losses	- 71,865	- 70,686	- 1,179	0
Cash flow hedges	- 43	- 43	0	
Foreign currency translation differences	- 1,348	- 1,348	0	
Deferred taxes on changes recognised directly in equity	23,147	22,767	380	
Other	146	146	0	
Income and expense recognised directly in equity	- 49,963	- 49,164	- 799	0
Total comprehensive income	61,881	56,809	4,839	233
of which attributable to non-controlling interests	39,317	39,317		
of which attributable to shareholders of the parent company	22,564	17,492	5,072	

Income Statement HHLA Subgroups 2011

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2011 Group	2011 Port Logistics	2011 Real Estate	2011 Consolidation
Revenue	1,217,272	1,190,639	31,677	- 5,044
Changes in inventories	602	600	2	0
Own work capitalised	7,175	7,097	0	78
Other operating income	43,728	38,724	5,920	- 916
Cost of materials	- 432,934	- 426,336	- 6,704	106
Personnel expenses	- 359,527	- 357,381	- 2,146	0
Other operating expenses	- 142,874	- 136,085	- 12,565	5,776
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	333,442	317,258	16,184	0
Depreciation and amortisation	- 126,427	- 122,472	- 4,262	307
Earnings before interest and taxes (EBIT)	207,015	194,786	11,922	307
Earnings from associates accounted for using the equity method	335	335	0	0
Interest income	9,598	9,390	331	- 123
Interest expenses	- 42,324	- 37,597	- 4,850	123
Other financial result	217	217	0	0
Financial result	- 32,174	- 27,655	- 4,519	0
Earnings before tax (EBT)	174,841	167,131	7,403	307
Income tax	- 56,053	- 53,608	- 2,370	- 75
Profit after tax	118,788	113,523	5,033	232
of which attributable to non-controlling interests	29,506	29,506		
of which attributable to shareholders of the parent company	89,282	84,017	5,265	

Statement of Comprehensive Income HHLA Subgroups 2011

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2011 Group	2011 Port Logistics	2011 Real Estate	2011 Consolidation
Profit after tax	118,788	113,523	5,033	232
Actuarial gains/losses	18,128	17,900	228	
Cash flow hedges	- 418	- 418	0	
Foreign currency translation differences	1,435	1,435	0	
Deferred taxes on changes recognised directly in equity	- 5,745	- 5,672	- 73	
Other	- 101	- 101	0	
Income and expense recognised directly in equity	13,299	13,144	155	0
Total comprehensive income	132,087	126,667	5,188	232
of which attributable to non-controlling interests	29,448	29,448		
of which attributable to shareholders of the parent company	102,639	97,219	5,420	

Balance Sheet HHLA Group

in € thousand

Assets	Note	31.12.2012	31.12.2011
Non-current assets			
Intangible assets	22.	82,642	81,490
Property, plant and equipment	23.	1,002,307	985,340
Investment property	24.	180,851	180,062
Associates accounted for using the equity method	25.	2,039	1,830
Financial assets	26.	13,935	9,086
Deferred taxes	18.	42,826	22,243
		1,324,600	1,280,051
Current assets			
Inventories	27.	21,743	23,162
Trade receivables	28.	128,037	151,771
Receivables from related parties	29.	24,928	3,756
Other financial receivables	30.	2,382	2,429
Other assets	31.	14,957	16,776
Income tax receivables	32.	9,345	3,591
Cash, cash equivalents and short-term deposits	33.	230,072	329,996
Non-current assets held for sale	34.	12,442	0
		443,906	531,481
		1,768,506	1,811,532

Equity and liabilities	Note	31.12.2012	31.12.2011
Equity			
Subscribed capital		72,753	72,680
Subgroup Port Logistics		70,048	69,975
Subgroup Real Estate		2,705	2,705
Capital reserve		141,584	139,728
Subgroup Port Logistics		141,078	139,222
Subgroup Real Estate		506	506
Retained earnings		355,690	385,124
Subgroup Port Logistics		335,366	367,967
Subgroup Real Estate		20,324	17,157
Other comprehensive income		- 6,626	42,872
Subgroup Port Logistics		- 7,083	41,615
Subgroup Real Estate		457	1,257
Non-controlling interests		- 1,411	4,258
Subgroup Port Logistics		- 1,411	4,258
Subgroup Real Estate		0	0
	35.	561,990	644,662
Non-current liabilities			
Pension provisions	36.	384,235	313,729
Other non-current provisions	37.	54,221	53,526
Non-current liabilities to related parties	40.	114,089	93,587
Non-current financial liabilities	38.	314,016	403,184
Deferred taxes	18.	13,419	13,557
		879,980	877,583
Current liabilities			
Other current provisions	37.	25,569	28,759
Trade liabilities	39.	65,850	72,003
Current liabilities to related parties	40.	70,580	72,119
Current financial liabilities	38.	138,314	88,332
Other liabilities	41.	21,765	25,563
Income tax liabilities	42.	4,458	2,511
		326,536	289,287
		1,768,506	1,811,532

Balance Sheet HHLA Subgroups 31.12.2012

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

Assets	31.12.2012 Group	31.12.2012 Port Logistics	31.12.2012 Real Estate	31.12.2012 Consolidation
Non-current assets				
Intangible assets	82,642	82,639	3	0
Property, plant and equipment	1,002,307	980,772	5,068	16,467
Investment property	180,851	55,597	155,183	- 29,929
Associates accounted for using the equity method	2,039	2,039	0	0
Financial assets	13,935	11,937	1,998	0
Deferred taxes	42,826	51,934	0	- 9,108
	1,324,600	1,184,918	162,252	- 22,570
Current assets				
Inventories	21,743	21,673	70	0
Trade receivables	128,037	127,377	660	0
Receivables from related parties	24,928	28,873	2,472	- 6,417
Other financial receivables	2,382	2,377	5	0
Other assets	14,957	14,777	180	0
Income tax receivables	9,345	9,505	0	- 160
Cash, cash equivalents and short-term deposits	230,072	229,614	458	0
Non-current assets held for sale	12,442	12,442	0	0
	443,906	446,638	3,845	- 6,577
	1,768,506	1,631,556	166,097	- 29,147

Equity and liabilities				
Equity				
Subscribed capital	72,753	70,048	2,705	0
Capital reserve	141,584	141,078	506	0
Retained earnings	355,690	335,366	30,449	- 10,125
Other comprehensive income	- 6,626	- 7,083	457	0
Non-controlling interests	- 1,411	- 1,411	0	0
	561,990	537,998	34,116	- 10,125
Non-current liabilities				
Pension provisions	384,235	377,591	6,644	0
Other non-current provisions	54,221	52,720	1,501	0
Non-current liabilities to related parties	114,089	114,089	0	0
Non-current financial liabilities	314,016	284,618	29,398	0
Deferred taxes	13,419	16,507	9,357	- 12,445
	879,980	845,525	46,900	- 12,445
Current liabilities				
Other current provisions	25,569	21,364	4,205	0
Trade liabilities	65,850	61,942	3,908	0
Current liabilities to related parties	70,580	5,239	71,758	- 6,417
Current financial liabilities	138,314	133,567	4,747	0
Other liabilities	21,765	21,463	302	0
Income tax liabilities	4,458	4,458	160	- 160
	326,536	248,033	85,080	- 6,577
	1,768,506	1,631,556	166,097	- 29,147

Balance Sheet HHLA Subgroups 31.12.2011

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

Assets	31.12.2011 Group	31.12.2011 Port Logistics	31.12.2011 Real Estate	31.12.2011 Consolidation
Non-current assets				
Intangible assets	81,490	81,481	9	0
Property, plant and equipment	985,340	963,148	5,285	16,907
Investment property	180,062	60,890	149,848	- 30,676
Associates accounted for using the equity method	1,830	1,830	0	0
Financial assets	9,086	7,517	1,569	0
Deferred taxes	22,243	30,362	0	- 8,119
	1,280,051	1,145,228	156,711	- 21,888
Current assets				
Inventories	23,162	23,091	71	0
Trade receivables	151,771	151,023	748	0
Receivables from related parties	3,756	16,713	1,108	- 14,065
Other financial receivables	2,429	2,404	25	0
Other assets	16,776	16,626	150	0
Income tax receivables	3,591	3,465	283	- 157
Cash, cash equivalents and short-term deposits	329,996	329,868	128	0
	531,481	543,190	2,513	- 14,222
	1,811,532	1,688,418	159,224	- 36,110

Equity and liabilities				
Equity				
Subscribed capital	72,680	69,975	2,705	0
Capital reserve	139,728	139,222	506	0
Retained earnings	385,124	367,967	27,515	- 10,358
Other comprehensive income	42,872	41,615	1,257	0
Non-controlling interests	4,258	4,258	0	0
	644,662	623,037	31,983	- 10,358
Non-current liabilities				
Pension provisions	313,729	308,243	5,486	0
Other non-current provisions	53,526	52,108	1,418	0
Non-current liabilities to related parties	93,587	93,587	0	0
Non-current financial liabilities	403,184	380,690	22,494	0
Deferred taxes	13,557	16,814	8,273	- 11,530
	877,583	851,442	37,671	- 11,530
Current liabilities				
Other current provisions	28,759	25,719	3,040	0
Trade liabilities	72,003	69,755	2,248	0
Current liabilities to related parties	72,119	6,714	79,470	- 14,065
Current financial liabilities	88,332	83,828	4,504	0
Other liabilities	25,563	25,255	308	0
Income tax liabilities	2,511	2,668	0	- 157
	289,287	213,939	89,570	- 14,222
	1,811,532	1,688,418	159,224	- 36,110

Cash Flow Statement HHLA Group

in € thousand	Note	2012	2011
1. Cash flow from operating activities			
Earnings before interest and taxes (EBIT)		186,277	207,015
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	15.	121,233	126,427
Decrease in provisions		- 23,034	- 12,368
Gains/losses arising from the disposal of non-current assets		1,625	- 1,349
Change in inventories, trade receivables and other assets not attributable to investing or financing activities		1,335	- 31,378
Change in trade payables and other liabilities not attributable to investing or financing activities		- 2,062	25,695
Interest received		6,301	8,284
Interest paid		- 17,491	- 20,637
Income tax paid		- 45,102	- 36,378
Earnings from the acquisition/disposal of interests in consolidated companies		- 17,595	0
Exchange rate and other effects		- 999	758
Cash flow from operating activities		210,488	266,069
2. Cash flow from investing activities			
Proceeds from disposal of intangible assets and property, plant and equipment		1,267	5,188
Payments for investments in property, plant and equipment and investment property		- 143,397	- 124,748
Payments for investments in intangible assets	22.	- 10,005	- 7,403
Proceeds from disposal of non-current financial assets		175	8
Payments for investments in non-current financial assets		- 1,343	- 1,016
Proceeds from the disposal of interests in consolidated companies and other business units (including funds sold)		14,720	0
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)		- 2,309	0
Payments for short-term deposits		- 20,000	- 10,000
Cash flow from investing activities		- 160,892	- 137,971
3. Cash flow from financing activities			
Proceeds from contributions to equity		1,930	0
Payments for increasing interests in fully consolidated companies		- 91,000	0
Dividends paid to shareholders of the parent company	21.	- 48,236	- 41,732
Dividends/settlement obligation paid to non-controlling interests		- 18,090	- 36,423
Redemption of lease liabilities	45.	- 4,998	- 6,273
Proceeds from the issuance of (financial) loans		28,560	65,733
Payments for the redemption of (financial) loans		- 24,021	- 27,175
Cash flow from financing activities		- 155,855	- 45,870
4. Financial funds at the end of the period			
Change in financial funds (subtotals 1.– 3.)		- 106,259	82,228
Change in financial funds due to exchange rates		328	- 1,107
Financial funds at the beginning of the period		294,803	213,682
Financial funds at the end of the period	43.	188,872	294,803

Cash Flow Statement HHLA Subgroups 2012

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2012 Group	2012 Port Logistics	2012 Real Estate	2012 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	186,277	173,133	12,837	307
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	121,233	117,355	4,185	- 307
Change in provisions	- 23,034	- 23,923	889	
Gains/losses arising from the disposal of non-current assets	1,625	2,544	- 919	
Change in inventories, trade receivables and other assets not attributable to investing or financing activities	1,335	2,798	- 1,715	252
Change in trade payables and other liabilities not attributable to investing or financing activities	- 2,062	- 4,126	2,316	- 252
Interest received	6,301	6,338	74	- 111
Interest paid	- 17,491	- 13,046	- 4,556	111
Income tax paid	- 45,102	- 44,369	- 733	
Earnings from the acquisition/disposal of interests in consolidated companies	- 17,595	- 17,595	0	
Exchange rate and other effects	- 999	- 999	0	
Cash flow from operating activities	210,488	198,110	12,378	0
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets and property, plant and equipment	1,267	- 640	1,907	
Payments for investments in property, plant and equipment and investment property	- 143,397	- 133,114	- 10,283	
Payments for investments in intangible assets	- 10,005	- 10,005	0	
Proceeds from disposal of non-current financial assets	175	175	0	
Payments for investments in non-current financial assets	- 1,343	- 1,343	0	
Proceeds from the disposal of interests in consolidated companies and other business units (including funds sold)	14,720	14,720	0	
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)	- 2,309	- 2,309	0	
Payments for short-term deposits	- 20,000	- 20,000	0	
Cash flow from investing activities	- 160,892	- 152,516	- 8,376	0
3. Cash flow from financing activities				
Proceeds from contributions to equity	1,930	1,930	0	
Payments for increasing interests in fully consolidated companies	- 91,000	- 91,000	0	
Dividends paid to shareholders of the parent company	- 48,236	- 45,531	- 2,705	
Dividends/settlement obligation paid to non-controlling interests	- 18,090	- 18,090	0	
Redemption of lease liabilities	- 4,998	- 4,998	0	
Proceeds from the issuance of (financial) loans	28,560	18,560	10,000	
Payments for the redemption of (financial) loans	- 24,021	- 21,454	- 2,567	
Cash flow from financing activities	- 155,855	- 160,583	4,728	0
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1. – 3.)	- 106,259	- 114,989	8,730	
Change in financial funds due to exchange rates	328	328	0	
Financial funds at the beginning of the period	294,803	303,575	- 8,772	
Financial funds at the end of the period	188,872	188,914	- 42	0

Cash Flow Statement HHLA Subgroups 2011

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2011 Group	2011 Port Logistics	2011 Real Estate	2011 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	207,015	194,786	11,922	307
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	126,427	122,472	4,262	- 307
Change in provisions	- 12,368	- 13,165	797	
Gains/losses arising from the disposal of non-current assets	- 1,349	- 2,139	790	
Change in inventories, trade receivables and other assets not attributable to investing or financing activities	- 31,378	- 30,266	- 1,491	379
Change in trade payables and other liabilities not attributable to investing or financing activities	25,695	26,845	- 771	- 379
Interest received	8,284	8,076	331	- 123
Interest paid	- 20,637	- 16,177	- 4,583	123
Income tax paid	- 36,378	- 30,798	- 5,580	
Exchange rate and other effects	758	758	0	
Cash flow from operating activities	266,069	260,392	5,677	0
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets and property, plant and equipment	5,188	5,181	7	
Payments for investments in property, plant and equipment and investment property	- 124,748	- 120,307	- 4,441	
Payments for investments in intangible assets	- 7,403	- 7,402	- 1	
Proceeds from disposal of non-current financial assets	8	8	0	
Payments for investments in non-current financial assets	- 1,016	- 1,016	0	
Payments for short-term deposits	- 10,000	- 10,000	0	
Cash flow from investing activities	- 137,971	- 133,536	- 4,435	0
3. Cash flow from financing activities				
Dividends paid to shareholders of the parent company	- 41,732	- 38,487	- 3,245	
Dividends/settlement obligation to non-controlling interests	- 36,423	- 36,423	0	
Redemption of lease liabilities	- 6,273	- 6,273	0	
Proceeds from the issuance of (financial) loans	65,733	65,733	0	
Payments for the redemption of (financial) loans	- 27,175	- 24,733	- 2,442	
Cash flow from financing activities	- 45,870	- 40,183	- 5,687	0
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1. – 3.)	82,228	86,673	- 4,445	0
Change in financial funds due to exchange rates	- 1,107	- 1,107	0	
Financial funds at the beginning of the period	213,682	218,009	- 4,327	
Financial funds at the end of the period	294,803	303,575	- 8,772	0

Segment Report HHLA Group

in € thousand; business segments; annex to the notes

	Subgroup Port Logistics		
2012	Container	Intermodal	Logistics
Segment revenue			
Segment revenue from non-affiliated third parties	695,137	297,977	84,357
Inter-segment revenue	2,325	1,738	7,551
Total segment revenue	697,462	299,715	91,908
Earnings			
EBITDA	234,927	59,475	8,121
EBITDA margin	33.7 %	19.8 %	8.8 %
EBIT	146,159	41,337	4,367
EBIT margin	21.0 %	13.8 %	4.8 %
Segment assets	933,102	284,579	53,784
Other segment information			
Investments			
Property, plant and equipment and investment property	123,975	45,758	3,187
Intangible assets	8,434	1,144	79
Depreciation of property, plant and equipment and investment property	80,729	17,720	3,555
of which impairment			
Amortisation of intangible assets	8,038	419	198
Non-cash items	11,733	- 6,216	2,526
Container throughput in thousand TEU	7,183		
Container transport[1] in thousand TEU		1,213	
2011			
Segment revenue			
Segment revenue from non-affiliated third parties	707,643	355,827	108,541
Inter-segment revenue	5,234	1,799	18,119
Total segment revenue	712,877	357,626	126,660
Earnings			
EBITDA	282,713	43,109	11,989
EBITDA margin	39.7 %	12.1 %	9.5 %
EBIT	195,515	24,600	- 1,026
EBIT margin	27.4 %	6.9 %	- 0.8 %
Segment assets	904,297	266,621	92,290
Other segment information			
Investments			
Property, plant and equipment and investment property	81,578	31,530	3,606
Intangible assets	6,213	709	250
Depreciation of property, plant and equipment and investment property	80,586	15,276	12,784
of which impairment			5,758
Amortisation of intangible assets	6,612	3,233	231
of which impairment		2,870	5
Non-cash items	14,799	1,304	2,662
Container throughput in thousand TEU	7,087		
Container transport[1] in thousand TEU		1,887	

[1] The transport volume was fully consolidated.

	Subgroup Real Estate	Total	Consolidation and reconciliation with Group	Group
Holding/Other	Real Estate			
21,246	29,825	1,128,542	0	1,128,542
108,799	2,583	122,996	- 122,996	0
130,045	32,408	1,251,538		
- 11,908	17,090	307,705	- 195	307,510
- 9.2 %	52.7 %			
- 19,323	12,837	185,377	900	186,277
- 14.9 %	39.6 %			
200,727	165,639	1,637,830	130,675	1,768,506
3,313	10,283	186,515	0	186,515
577	0	10,234	- 229	10,005
6,769	4,246	113,020	- 419	112,601
1,090		1,090	0	1,090
646	7	9,308	- 675	8,632
15,008	2,321	25,373	37	25,409
16,110	29,151	1,217,272	0	1,217,272
109,398	2,526	137,076	- 137,076	0
125,508	31,677	1,354,348		
- 19,089	16,184	334,906	- 1,464	333,442
- 15.2 %	51.1 %			
- 26,486	11,922	204,525	2,490	207,015
- 21.1 %	37.6 %			
239,682	158,813	1,661,703	149,829	1,811,532
1,435	4,441	122,590	- 1,244	121,346
859	1	8,032	- 629	7,403
6,814	4,251	119,711	- 3,070	116,641
		5,758	- 1,980	3,778
583	11	10,670	- 884	9,786
		2,875	0	2,875
15,763	1,907	36,435	102	36,537

Statement of Changes in Equity HHLA Group

in € thousand

	Parent company					
	Subscribed capital		Capital reserve		Retained consolidated earnings	Reserve for foreign currency translation
	A division	S division	A division	S division		
Balance as of 31.12.2010	69,975	2,705	139,222	506	337,337	- 15,046
Dividends					- 41,732	
Total comprehensive income					89,282	1,499
Acquisition/disposal of non-controlling interests in consolidated entities						
Other changes					237	
Balance as of 31.12.2011	69,975	2,705	139,222	506	385,124	- 13,547
Balance as of 31.12.2011	69,975	2,705	139,222	506	385,124	- 13,547
Dividends					- 48,236	
Contributions to equity	74		1,856			
Change of consolidation method						
Acquisition/disposal of non-controlling interests in consolidated entities					- 53,633	
Total comprehensive income					72,435	- 1,420
Other changes						
Balance as of 31.12.2012	70,048	2,705	141,078	506	355,690	- 14,967

Other comprehensive income						
Cash flow hedges	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	Other	Parent company interests	Non-controlling interests	Total consolidated equity
- 1,026	49,700	- 15,698	11,585	579,260	- 12,257	567,002
				- 41,732	- 12,454	- 54,186
- 292	17,982	- 5,745	- 88	102,639	29,448	132,087
				0	- 243	- 243
			1	237	- 236	1
- 1,318	67,682	- 21,443	11,498	640,404	4,258	644,662
- 1,318	67,682	- 21,443	11,498	640,404	4,258	644,662
				- 48,236	- 3,654	- 51,890
				1,930	0	1,930
543	- 18	- 169		355	- 4,029	- 3,673
				- 53,633	- 37,367	- 91,000
- 43	- 71,617	23,074	135	22,564	39,317	61,881
	85	14	- 81	17	65	82
- 818	- 3,868	1,475	11,552	563,401	- 1,411	561,990

Statement of Changes in Equity HHLA Subgroup Port Logistics (A division)

in € thousand; annex to the notes

	Parent company			
	Subscribed capital	Capital reserve	Retained consolidated earnings	Reserve for foreign currency translation
Balance as of 31.12.2010	69,975	139,222	322,200	- 15,046
Dividends			- 38,487	
Total comprehensive income subgroup			84,017	1,499
Acquisition/disposal of non-controlling interests in consolidated entities				
Other changes			237	
Balance as of 31.12.2011	69,975	139,222	367,967	- 13,547
Balance as of 31.12.2011	69,975	139,222	367,967	- 13,547
Dividends			- 45,532	
Contributions to equity	74	1,856		
Change of consolidation method				
Acquisition/disposal of non-controlling interests in consolidated entities			- 53,633	
Total comprehensive income subgroup			66,564	- 1,420
Other changes				
Balance as of 31.12.2012	70,048	141,078	335,366	- 14,967

Statement of Changes in Equity HHLA Subgroup Real Estate (S division)

in € thousand; annex to the notes

Balance as of 31.12.2010
Dividends
Total comprehensive income subgroup
Balance as of 31.12.2011
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 31.12.2011
Balance as of 31.12.2011
Dividends
Total comprehensive income subgroup
Balance as of 31.12.2012
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 31.12.2012

Other comprehensive income						
Cash flow hedges	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	Other	Parent company interests	Non-controlling interests	Total subgroup consolidated equity
- 1,026	48,074	- 15,174	11,585	559,810	- 12,257	547,552
				- 38,487	- 12,454	- 50,941
- 292	17,753	- 5,671	- 88	97,219	29,448	126,667
				0	- 243	- 243
			1	237	- 236	1
- 1,318	65,827	- 20,845	11,498	618,779	4,258	623,037
- 1,318	65,827	- 20,845	11,498	618,779	4,258	623,037
				- 45,532	- 3,654	- 49,186
				1,930	0	1,930
543	- 18	- 169		355	- 4,029	- 3,673
				- 53,633	- 37,367	- 91,000
- 43	- 70,437	22,694	135	17,492	39,317	56,809
	85	14	- 81	17	65	82
- 818	- 4,543	1,693	11,552	539,409	- 1,411	537,998

			Other comprehensive income		Total subgroup consolidated equity
Subscribed capital	Capital reserve	Retained consolidated earnings	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	
2,705	506	25,728	1,626	- 524	30,041
		- 3,245			- 3,245
		5,033	228	- 73	5,188
2,705	506	27,515	1,854	- 597	31,983
		232			232
		- 10,590			- 10,590
		- 10,358			- 10,358
2,705	506	17,157	1,854	- 597	21,625
2,705	506	27,515	1,854	- 597	31,983
		- 2,705			- 2,705
		5,638	- 1,179	380	4,837
2,705	506	30,449	675	- 217	34,117
		233			233
		- 10,358			- 10,358
		- 10,125			- 10,125
2,705	506	20,324	675	- 217	23,992

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

General Notes

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 1 January 2007, the HHLA Group has consisted of the Port Logistics subgroup (A division) and the Real Estate subgroup (S division). 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 net assets, financial 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 2012 financial year were 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 of the European Parliament and of the 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 financial and earnings position of the HHLA Group.

For the most part, the accounting and valuation policies, notes and disclosures about the consolidated financial statements for the 2012 financial year are based on the same accounting and valuation principles used for the 2011 consolidated financial statements. Exceptions are the effects of new IFRS accounting standards stated in ► Note 5. Use of the latter became mandatory for the Group on 1 January 2012. The accounting and valuation principles applied are explained in ► Note 5.

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.

These HHLA consolidated financial statements for the financial year ending 31 December 2012 were approved by the Executive Board on 5 March 2013 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 27 March 2013.

Information concerning the segments in which the HHLA Group operates is provided in ► Note 44, "Notes to the Segment Report".

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, pro rata or using the equity method are recognised 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. Previously unreported intangible assets which can be included in the accounts under IFRS 3 (revised) in conjunction with IAS 38, and contingent liabilities are recognised at fair value. In the course of subsequent consolidations, the previously unrecognised hidden reserves and losses realised by this procedure are retained at the same carrying amount, amortised or reversed, depending on the treatment of the equivalent assets and liabilities.

Any positive difference arising in the course of this initial consolidation is capitalised 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 non-controlling interests within equity capital.

The acquisition of additional non-controlling 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 non-controlling interests and/or minority interests in consolidated companies are likewise recognised 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 or, if applicable, using the equity method.

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 unrealised inter-company profits (elimination of inter-company profits); these assets are therefore recognised 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 recognised 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 2012	27	6	33
Additions	0	1	1
Reclassification addition	1	1	2
Reclassification disposal	- 2	0	- 2
Mergers	- 1	0	- 1
31. December 2012	25	8	33
Companies consolidated pro rata			
1. January 2012	6	1	7
Disposals	- 1	0	- 1
Reclassification disposal	- 1	- 1	- 2
31. December 2012	4	0	4
Companies reported using the equity method			
1. January 2012	1	0	1
Reclassification addition	2	0	2
31. December 2012	3	0	3
Total	32	8	40

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

HHLA recognises 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 recognises 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 share of assets, liabilities, income and expenses attributable to the Group from joint ventures is as follows:

Balance sheet information

in € thousand	31.12.2012	31.12.2011
Non-current assets	15,705	17,742
Current assets	4,401	25,094
Total assets	**20,106**	**42,836**
Non-current liabilities	8,631	10,261
Current liabilities	7,064	31,727
Total liabilities	**15,695**	**41,988**

Income statement information

in € thousand	2012	2011
Income	62,212	158,182
Expenses	- 53,046	- 157,536
Total	**9,166**	**646**

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 amortisation, any goodwill recognised 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 companies are eliminated in proportion to the interests held in the associated companies.

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

Balance sheet information

in € thousand	31.12.2012	31.12.2011
Assets	24,429	4,166
Liabilities	19,443	2,448

Income statement information

in € thousand	2012	2011
Revenue	17,210	4,241
Earnings from associates for using the equity method	- 4,026	335

Company Acquisitions, Disposals and Other Changes to the Group of Consolidated Companies

HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg (HHLA Frucht), and Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg (STEIN), were previously consolidated in full, but since 1 January 2012 have been included in the consolidated financial statements using the equity method. The change as of 1 January 2012 is based on the loss of control of these subsidiaries in line with contractual provisions. The change in the consolidation method had no material impact on these consolidated financial statements.

In the reporting year, by means of sale and transfer contracts signed on 28 March 2012, HHLA acquired Deutsche Bahn's stake in the intermodal operators Polzug Intermodal GmbH, Hamburg (Polzug) and METRANS a.s., Prague (METRANS).

The equity interest in Polzug, which was previously consolidated on a pro rata basis, was successively increased from 33.3 % to 74.5 % with effect from 30 May 2012 by means of a capital increase and a share purchase. Payments of €38 thousand to the company's nominal capital and €762 thousand to the capital reserve initially increased the stake from 33.3 % to 49.0 %. The purchase price for increasing the equity interest from 49.0 % to 74.5 % was €1. By purchasing the shares, HHLA acquired control of the company. This resulted in the full consolidation of the company for the first time as of 30 June 2012. A negative difference of €971 thousand resulted from offsetting the purchase price for the equity interest against the assets acquired and liabilities assumed and was recognised in profit or loss.

When the conditions precedent stipulated in the sale and transfer agreement dated 10 September 2012 were met in October 2012, HHLA Intermodal GmbH, Hamburg, acquired the remaining 25.5 % share in Polzug from PKP CARGO S.A., Warsaw, Poland, for a purchase price of €1 and thereby increased its stake in Polzug to 100 %. The difference arising from this was accounted for as an equity transaction in line with IAS 27.

HHLA's equity interest in METRANS, which it controls, was increased by 35.0 % to 86.5 % in total as of 11 May 2012 for €91.0 million. The additional share purchase was accounted for as an equity transaction in line with IAS 27.

In the reporting year, HHLA signed sale and transfer contracts on 28 March 2012 for the sale of its 50 % stake in TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt am Main (TFG), to Deutsche Bahn for a price of €9,950 thousand with effect from 15 June 2012. The equity interest had previously been consolidated pro rata.

The following table shows the effects of the deconsolidation following the sale:

Deconsolidation Effects

in € thousand	TFG Transfracht
Non-current assets	737
Current assets	16,781
Cash and cash eqivalents	23
Assets	17,541
Current liabilities and provisions	24,215
Liabilities	24,215
Net assets	- 6,674
Total compensation received	9,950
Deconsolidation gain (-)/loss (+)	- 16,624

In August 2012, UNIKAI Hafenbetrieb GmbH, Hamburg, was retroactively merged with HHLA Container Terminals GmbH, Hamburg, as of 1 January 2012. This had no effect on the present consolidated financial statements. The merger was entered in the commercial register on 29 August 2012.

Following an increase in the number of shares owned in Polzug by HHLA, the company POLZUG INTERMODAL LLC, Poti (Georgia), in which Polzug has a 75.0 % equity interest, was included in the consolidated financial statements of HHLA for the first time.

There were no other changes in the group of consolidated companies 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 recognised 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 recognised 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 recognised in the income statement on foreign currency items resulted in a profit of €50 thousand in the financial year (previous year: a loss of €1,288 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 organisational 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 recognised 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 hyperinflationary 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	31.12.2012	31.12.2011	2012	2011
Czech crown	CZK	25.151	25.787	25.168	24.637
Polish zloty	PLN	4.074	4.458	4.191	4.124
Ukrainian hryvnia	UAH	10.537	10.298	10.307	11.088
Georgian lari	GEL	2.183	2.161	2.139	2.355

5. Effects of New Accounting Standards

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

Amendments to IAS 12	Income Taxes – Deferred Tax: Recovery of Underlying Assets
Amendments to IFRS 7	Financial Instruments: Disclosures

Application of the following amendments to standards is voluntary for the financial year:

IAS 1 (amended in 2011)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
IAS 19 (amended in 2011)	Employee Benefits

The following standards have been recognised by the EU but are only mandatory as of 1 January 2014, as opposed to the IASB standards (1 January 2013):

IAS 27 (amended in 2011)	Separate Financial Statements
IAS 28 (amended in 2011)	Investments in Associates and Joint Ventures
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities

The following standards, amendments to standards and interpretations have already been recognised by the European Union. However, they do not have to be applied until some point in the future:

Amendments to IAS 32	Financial Instruments: Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 13	Fair Value Measurement

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

Improvements to IFRS (May 2012)	IFRS 1, IAS 1, 16, 32, 34
IFRS 9	Financial Instruments
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date and Transition Disclosures
IFRS 10, IFRS 11 and IFRS 12	Transition Guidance

The amendments had the following specific effects:

Mandatory Standards and Interpretations

Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets

The amendments make it clear that existing temporary tax differences on investment property held at fair value are recovered or settled by means of disposal and no longer through use. The new regulation is relevant to countries in which the use and disposal of such assets are taxed differently. As a result of the amendments, 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. These amendments to IAS 12 had no impact on HHLA’s consolidated financial statements.

Amendments to IFRS 7 Financial Instruments: Disclosures

This standard 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 securitisation). The amendments had no impact on HHLA’s consolidated financial statements.

Voluntary Standards and Interpretations

IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The alterations published in June 2011 state that the IFRS income statement formally consists solely of a statement of profit or loss and other comprehensive income. The income statement must be split into two sections: profit or loss and other comprehensive income (OCI). In addition to this, reporters must disclose the extent to which the income and expenditure listed under OCI is subsequently reclassifiable to profit and loss. Companies will still have the option of listing items within OCI before or after tax. If figures are shown before tax, a distinction must be made between reclassifiable and non-reclassifiable items. The amendments are mandatory for financial years which begin on or after 1 July 2012. Early adoption is permitted. Applying the amendments will not have a material impact on HHLA's consolidated financial statements in the future.

Amendments to IAS 19 Employee Benefits

In June 2011, the IASB published amendments to IAS 19. These stipulate that unexpected fluctuations in pension obligations and any plan assets – known as actuarial gains and losses – must be recorded directly in other comprehensive income (OCI). The alternative method previously permitted, i.e. deferral using the corridor approach, was eliminated. Moreover, income resulting from the interest expected to be received on plan assets is only recognised up to the discount rate. Other amendments affect the presentation and allocation of changes in net liabilities/assets arising from defined benefit plans and additional disclosure requirements concerning the characteristics and risks of such defined benefit plans. The new IAS 19 is mandatory for financial years which begin on or after 1 January 2013. Early adoption is permitted. The Notes to HHLA's consolidated financial statements will include additional information as a result of these amendments.

Standards Which Have Different First-Time Adoption Dates under IASB and EU Law

IAS 27 (amended in 2011) Separate Financial Statements

IAS 27 (amended in 2008) was revised in the course of publishing the IFRS 10, 11 and 12 standards. IFRS 10 replaces the portion of the previous IAS 27 (amended in 2008) which deals with consolidation. IAS 27 (amended in 2011) now deals solely with separate financial statements. The amended standard applies to accounting for investments in subsidiaries, joint ventures or associates in separate financial statements produced voluntarily or required under IFRS. Shares are either valued at acquisition cost or in conjunction with IFRS 9. IASB stipulates that the amended IAS 27 is mandatory for financial years which begin on or after 1 January 2013. Under EU law, the standard must be adopted by 1 January 2014. Early adoption is permitted. HHLA will not adopt this standard prematurely. This amendment has no effect on HHLA's consolidated financial statements.

IAS 28 (amended in 2011) Investments in Associates and Joint Ventures

When IFRS 11 *Joint Arrangements* was altered in May 2011, IAS 28 was amended at the same time. IAS 28 (amended in 2011) explicitly includes joint ventures in its current requirement to use the equity method exclusively. The regulations on material influence remained unchanged. Now, if an associate becomes a joint venture or vice versa, it is still reported using the equity method and no revaluation is conducted. IASB stipulates that IAS 28 is mandatory for financial years which begin on or after 1 January 2013. The standard will be mandatory in the EU as of 1 January 2014. Early adoption is permitted. HHLA will not adopt this standard prematurely. This amendment is not expected to have a major impact on HHLA's future consolidated financial statements.

IFRS 10 Consolidated Financial Statements

IFRS 10 *Consolidated Financial Statements* was published in May 2011 and supersedes the guidelines on control and consolidation in IAS 27 *Consolidated and Separate Financial Statements* and SIC 12 *Consolidation – Special Purpose Entities*. Due to the new definition of control in IFRS 10, all companies are subject to the same criteria when identifying control relationships. This new definition of control is supported by extensive application guidelines which highlight different ways in which a reporting company (investor) can control another firm (shareholding). The key principle that consolidated financial statements present the parent company and its subsidiaries as a single entity remains unchanged, as do the consolidation procedures. IASB stipulates that IFRS 10 is mandatory for financial years which begin on or after 1 January 2013. It must be adopted in the EU by 1 January 2014. Early adoption is permitted. HHLA will not adopt this standard prematurely. This amendment is not expected to have a major impact on HHLA's future consolidated financial statements.

IFRS 11 Joint Arrangements

This standard was published by the IASB in May 2011. IFRS 11 replaced the previous regulations on accounting for joint ventures (IAS 31 *Interests in Joint Ventures* and *SIC 13 Jointly Controlled Entities*). The new standard provides accounting guidance for companies which exercise joint control over joint ventures or joint operations. The previous option of pro rata consolidation for joint ventures has been eliminated. Partners in a joint venture must henceforth use the equity method. IASB stipulates that IFRS 11 is mandatory for financial years which begin on or after 1 January 2013. It must be adopted in the EU by 1 January 2014. Early adoption is permitted. HHLA will not adopt this standard prematurely. This amendment is not expected to have a major impact on HHLA's future consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities

According to the IFRS 12 standard published in May 2011, companies must disclose details which enable users of financial statements to assess the type of risks and financial consequences entailed in the company's interests in subsidiaries, associates, joint arrangements and non-consolidated structured companies (special-purpose entities). IFRS 12 applies to companies who produce balance sheets as per IFRS 10 and IFRS 11. The standard comprises the disclosure obligations currently contained in IAS 27 *Consolidated and Separate Financial Statements,* IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*. IASB stipulates that IFRS 12 is mandatory for financial years which begin on or after 1 January 2013. Early adoption is permitted. HHLA will not adopt this standard prematurely. It must be adopted in the EU by 1 January 2014. Applying the standard is expected to lead to more detailed Notes in HHLA's consolidated financial statements.

Standards Recognised in the EU Which Will Be Adopted at a Future Point in Time

Amendments to IAS 32 Financial Instruments: Offsetting Financial Assets and Financial Liabilities; amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

The IASB ratified the amendments in December 2011. With the changes, the IASB lays down the offsetting regulations for financial instruments. Overall, these adjustments eliminate inconsistencies. In addition, supplementary information is to be provided in the notes about the use of offsetting and existing offsetting rights. The clarifications are mandatory for financial years which begin on or after 1 January 2014 with retroactive effect. The additional information must be provided retroactively for financial periods as of 1 January 2013. The Notes to HHLA's consolidated financial statements will include additional information as a result of these amendments.

IFRS 13 Fair Value Measurement

The IASB published IFRS 13 *Fair Value Measurement* in May 2011, which defines a uniform framework for the measurement of fair value. The new guideline contains disclosure requirements in connection with measurements at fair value. In the new standard, fair value is defined as the exit price and is therefore market based. Values on the market with the greatest market volume or the most market activity for the asset or liability to be measured at the time of valuation must be taken into account. Fair value is measured using approaches based on the market, cost or present value. IFRS 13 is mandatory for financial years which begin on or after 1 January 2013. The amendments to IFRS 13 are not expected to have a material impact on HHLA's consolidated financial statements. However, more detailed information will probably have to be provided in the Notes as a result of applying these standards.

Standards and Interpretations which Have Not Yet Been Adopted by the EU

Various Improvements to IFRS (May 2012)

This combined standard contains amendments and clarifications which apply to various existing IFRS. These include in particular IFRS 1 *First-time Adoption* of IFRS, IAS 1 *Presentation of Financial Statements*, IAS 16 *Property, Plant and Equipment*, IAS 32 *Financial Instruments: Presentation* and IAS 34 *Interim Financial Reporting*. The amendment of various IFRS will have no material impact on HHLA's consolidated financial statements.

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 regulations issued in 2009 explain the requirements for classifying and measuring financial assets. In October 2010, IFRS 9 *Financial Instruments* was republished to include requirements relating to the recognition, classification and measurement of financial liabilities. In addition to this, the rules from the existing IAS 39 for derecognising financial assets and liabilities were incorporated. The IASB published the Exposure Draft Classification and Measurement: Limited Amendments to IFRS 9 in November 2011. The next phases of the project are currently being discussed (phase 2: amortised cost and impairment and phase 3: hedge accounting). This standard must be applied for financial years that begin on or after 1 January 2015. IFRS 9 may be adopted early. The amendments to IFRS 9 are not expected to have any material effect on HHLA's future consolidated financial statements.

Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date and Transition Disclosures

With this amendment published in December 2011, IASB postponed the mandatory adoption date for IFRS 9 until 1 January 2015. Furthermore, there is now no need to restate figures for the previous years during first-time adoption. This relaxation leads to the need for additional disclosures on transition in the Notes pursuant to IFRS 7. These amendments are not expected to have any effect on HHLA's future consolidated financial statements.

IFRS 10, IFRS 11 and IFRS 12 Transition Guidance

The amendments passed in June 2012 to IFRS 10, IFRS 11 and IFRS 12 clarified the transition guidance for the first-time adoption of IFRS 10. These amendments now include a definition of the date when IFRS 10 was first adopted in the standard. Furthermore, the amendments provide relief for the first-time adoption of these standards by limiting the requirement to provide restated comparative information to the preceding comparative period only. The previous requirement of IFRS 12 to provide comparative information on non-consolidated, structured companies for periods prior to the first-time application of this new standard was eliminated. The amendments are intended to apply to reporting years which begin on or after 1 January 2013. The European Commission is yet to adopt these provisions. These provisions are not expected to have a major impact 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 capitalised 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 recognised at historical cost. Intangible assets with a finite useful life are amortised 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. If necessary, value adjustments are made 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 recognised 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 capitalised 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:

	2012	2011
Software	3–7 years	3–7 years

Property, Plant and Equipment

Property, plant and equipment is reported at the acquisition or production cost less accumulated depreciation, amortisation and impairment. The costs of ongoing maintenance are recognised immediately in profit and loss. The production costs include specific expenses and appropriate portions of attributable production overheads. 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 recognised at the same time. 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:

	2012	2011
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 capitalised 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 recognised 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 accumulated depreciation and accumulated impairment losses. Subsequent expenses are capitalised 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 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 and value in use 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 the balance sheet date, the interest rate for discounting was between 6.8 and 7.6 % p.a. (previous year: 6.4 to 7.7 % 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 0.0 to 1.0 % are 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 recognised in prior periods no longer exists or has decreased. If there are such indications, the recoverable amount is estimated. Previously recognised 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 recognised. 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 amortisation, if no impairment losses had been recognised in prior years. Any such reversals must be recognised immediately in profit and loss for the period. Following a reversal, the amount of depreciation or amortisation 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 recognised 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 recognised as of their settlement date, i.e. upon delivery and transfer of risk. The only exception is the recognition of derivatives, which are recognised 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 recognised 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 amortised cost using the effective interest rate method. Gains and losses are recognised in the result for the period when the loans and receivables are derecognised or impaired and within the scope of repayment.

Trade Receivables and Other Assets

Trade receivables and other assets are recognised at amortised 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 derecognised 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, cash equivalents and short-term deposits

Cash, cash equivalents and short-term deposits are cash in hand, cheques, bank balances on deposit and short-term bank deposits which have a maturity of up to six months and which are recognised at their face value.

Cash used as a pledge or collateral is disclosed separately.

Available-for-Sale Financial Assets

Following their initial recognition, available-for-sale financial assets are measured at fair value on each balance sheet date. The gains or losses arising as a result are taken directly to equity, where they are recorded in a separate reserve. The reserve is reversed through profit and loss on disposal of the financial asset. If impairment losses are recorded based on objective evidence of impairment as per IAS 39.59 rather than valuation-based considerations alone, the impairment must be recognised in the income statement.

The fair values of financial instruments traded on organised 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 Amortised Cost

If there is an objective indication of impairment to loans and receivables carried at amortised 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 recognised 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 recognised, then the earlier impairment is reversed. A subsequent write-up is recognised in profit and loss if the carrying amount of the asset at the time of the write-up does not exceed the amortised cost.

Assets Recognised at Cost

If there is an objective indication of impairment to a non-listed equity instrument that is not recognised 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 recognised in equity between the acquisition cost (less any repayments and amortisation) and the current fair value, less any impairment allowances for the financial asset, is recognised in profit and loss. Write-ups on equity instruments classified as available for sale are recognised directly in equity. Write-ups on debt instruments are recognised 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 recognised through profit and loss.

Inventories

Inventories include raw materials, consumables and supplies, work in progress, finished products and merchandise. They are initially recognised at acquisition or production cost. Measurement at the balance sheet date is made at the lower of cost and net realisable 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 realisable 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 amortised 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 recognised 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 recognised 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 recognised in equity without effect on profit and loss, after accounting for deferred taxes. Service expense affecting net income is recognised in personnel expenses and the interest proportion of the addition to provisions is recognised in the financial result.

Actuarial opinions are commissioned annually to determine pension obligation costs.

Phased Early Retirement Obligations

The compensation to be paid in the release phase of the so-called block model is recognised as provisions for phased early retirement. It is recognised 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 recognised 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 recognised 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 capitalised 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 recognised 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 recognised 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 recognised 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 amortised cost.

Rental income from investment properties is recognised on a straight-line basis over the term of the leases.

Recognition of Income and Expenses

Income is recognised 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 recognised:

Sale of Goods and Merchandise

Income is recognised 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 recognised 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 recognised only to the extent that the expenses incurred are eligible for reimbursement.

Interest

Interest income and interest expenses are recognised when they are accrued or incurred.

Dividends

Income from dividends is recognised 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 recognised when the service is rendered or when the expense is incurred. Income and expenses resulting from identical transactions or events are recognised in the same period. Rental expenses are recognised on a straight-line basis over the lease term.

Government Grants

Government grants are recognised when there is reasonable certainty that they will be granted and the company fulfils the necessary conditions. Grants paid as reimbursement for expenses are recognised 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 recognised 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 recognised 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 recognised for all taxable temporary differences.

Deferred tax assets are recognised 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. Unrecognised deferred tax assets are reviewed on each balance sheet date and recognised 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 realised 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 recognised directly in equity are recognised 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 recognised 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 recognised immediately through profit and loss.

For hedge accounting purposes, hedging instruments are classified as cash flow hedges if they serve as a hedge against risks arising from fluctuations in cash flows which can be attributed to a recognised 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 recognised 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 recognised as follows:

Cash Flow Hedges

The effective portion of gains or losses from changes in the fair value of a hedging instrument is recognised directly in equity, taking account of the deferred taxes, while the ineffective portion is recognised in profit and loss.

The amounts recognised 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 recognised in equity are added to the originally recognised carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, the amounts previously recognised in equity are recognised 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 recognised in equity remain separately recognised 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 and 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 either makes use of opinions from independent external experts 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.

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 fair value or 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. As of 31 December 2012, the carrying value of the goodwill reported was €38,691 thousand (previous year: €38,691 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 capitalised as soon as the recognition requirements pursuant to IAS 38.57 are fulfilled. HHLA amortises 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 2012, the carrying amount of intangible assets resulting from internal development activities came to €26,452 thousand (previous year: €25,859 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 2012, the carrying amount came to € 180,851 thousand (previous year: € 180,062 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 characterised by material uncertainties. As of 31 December 2012, the present value of the company's pension obligations was €384,235 thousand (previous year: €313,729 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 recognising 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. As of 31 December 2012, the present value of the company's obligations was €9,578 thousand (previous year: €9,683 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. As of 31 December 2012, the present value of the company's obligations was €41,492 thousand (previous year: €40,758 thousand). For more information, please refer to ▸ Note 37.

Non-Current and Current Financial Liabilities

This item includes, amongst other things, financial settlement obligations to shareholders with non-controlling interests in consolidated subsidiaries. These liabilities arise in cases where HHLA has concluded a profit and loss transfer agreement with a subsidiary which entitles shareholders with non-controlling interests to receive financial settlements. Liabilities from financial settlement obligations are entered in the balance sheet at their discounted amount on the reporting date. The parameters used to calculate this amount are subject to significant uncertainties which can cause figures to fluctuate accordingly. As of 31 December 2012, the present value of these obligations was €77,043 thousand (previous year: €96,006 thousand). For a more detailed explanation, please refer to ▸ Notes 35, 38 and 47.

Other Assumptions and Estimates

Assumptions and estimates are also made for value adjustments on doubtful receivables, for determining the duration of amortisation 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.

Notes to the Income Statement

The income statement has been prepared using the total expenditure format.

8. Revenue

Detailed information about revenue can be found in the Notes to the Segment Report ▶ Note 44.

9. Changes in Inventories

Inventories changed as follows:

in € thousand	2012	2011
Changes in inventories of finished and unfinished products and service work in progress	1,711	602

10. Own Work Capitalised

Own work capitalised can be broken down into:

in € thousand	2012	2011
Container	8,220	6,553
Intermodal	207	66
Logistics	53	119
Holding/Other	549	437
	9,029	7,175

Own work capitalised results mainly from technical work capitalised in the course of construction work and development activities.

11. Other Operating Income

Other operating income was made up as shown below:

in € thousand	2012	2011
Income from the realignment of intermodal activities	17,595	0
Income from reimbursements	8,219	7,422
Income from other accounting periods	6,267	3,424
Income from reversal of provisions	2,711	1,558
Income from compensation	2,293	17,509
Income from exchange rate differences	1,865	1,760
Proceeds on disposal of property, plant and equipment	559	2,591
Other operating income	8,780	9,464
	48,289	43,728

Income from the realignment of intermodal activities primarily stems from the sale of the 50 % share held in TFG to Deutsche Bahn in the second quarter of 2012. This generated a profit of € 16,624 thousand. The equity interest had previously been consolidated pro rata. For further details, please refer to ▶ Note 3.

Income from reimbursements related primarily to costs which were passed on in connection with leases.

In the year under review, income from other accounting periods consisted primarily of uninvoiced construction services.

In the previous year, € 15,000 thousand of the income from compensation was paid to UNIKAI Hafenbetrieb and LZU Leercontainer Zentrum Unikai by HPA for their loss of usage of leased port areas.

12. Cost of Materials

The cost of materials can be broken down as follows:

in € thousand	2012	2011
Raw materials, consumables and supplies	83,239	82,862
External staff	169	261
Purchased services	282,888	349,811
	366,296	432,934

The expenses for purchased services mainly consist of rail services purchased by the Intermodal segment. The decline in expenses for purchased services was attributable to the sale of the company's entire 50 % stake in TFG in the second quarter of 2012. For more information, please refer to ▶ Note 3.

13. Personnel Expenses

Personnel expenses were as follows:

in € thousand	2012	2011
Wages and salaries	266,956	253,968
Social security contributions and benefits	49,033	46,726
Staff deployment	53,122	52,930
Service expense	3,839	5,320
Other retirement benefit expenses	789	583
	373,739	359,527

The direct remuneration paid to members of the Executive Board totalled €3,127 thousand for the financial year 2012 (previous year: €4,053 thousand). Of this, €1,440 thousand related to the basic salary (previous year: €1,765 thousand), €46 thousand was other benefits (previous year: €279 thousand) and performance-related remuneration made up €1,640 thousand (previous year: €2,009 thousand). In addition, €676 thousand was added to pension commitments (previous year: €791 thousand). Former members of the Executive Board and their surviving dependants received total payments of €735 thousand (previous year: €782 thousand). Total provisions of €11,417 thousand (previous year: €10,340 thousand) were formed for pension obligations to former members of the Executive Board and their surviving dependants. For more details on the remuneration paid to the Executive Board and the Supervisory Board, please refer to ▶ Remuneration Report, page 59.

Expenses for wages and salaries from the termination of employment totalled €325 thousand in the year under review (previous year: €2,175 thousand). The previous year included payments made to former Executive Board members, among other things.

Service expense includes payments from defined benefit pension commitments and similar obligations.

Social security contributions include payments towards the public pension scheme amounting to €24,656 thousand (previous year: €23,018 thousand) and payments to the German pension insurance scheme.

The average number of employees changed as follows:

	2012	2011
Fully consolidated companies		
Employees receiving wages	2,470	2,551
Salaried staff	2,109	1,868
Trainees	131	114
	4,710	4,533
Proportionately consolidated companies		
Employees receiving wages	50	63
Salaried staff	59	160
Trainees	0	0
	109	223
	4,819	4,756

Employee Stock Purchase Plan

In April 2012, HHLA, in accordance with its previous Executive Board resolution and with the approval of the Supervisory Board, carried out a capital increase from authorised capital I. Specifically, the capital was increased in exchange for cash contributions while excluding the subscription rights of shareholders in the Port Logistics subgroup. In the process, 73,508 new no-par bearer Class A shares, each with a share of €1.00 in the nominal capital, were issued to employees of the company and of the domestic companies affiliated to it. The issue price was €26.25. The sum of €1,612 thousand set aside for this in the previous year was almost entirely used up.

The capital increase and its implementation were entered in the commercial register on 23 April 2012.

14. Other Operating Expenses

Other operating expenses were made up as shown:

in € thousand	2012	2011
Leasing	43,954	42,554
External maintenance services	38,260	39,767
Consultancy, services, insurance and auditing expenses	31,945	31,389
Travel expenses, advertising and promotional costs	2,648	2,918
External and internal cleaning costs	2,404	2,590
Other taxes	2,275	1,950
Losses on the disposal of property, plant and equipment	2,184	1,242
Expenses from other accounting periods	1,954	1,621
Expenses from exchange rate differences	1,942	2,949
Venture expenses	1,931	2,748
Postage and telecommunications costs	1,713	1,892
Other personnel expenses	1,701	2,076
Other	7,115	9,178
	140,026	142,874

See ▶ Note 45 for further details of leasing expenses.

15. Depreciation and Amortisation

Depreciation and amortisation in the financial year was as follows:

in € thousand	2012	2011
Intangible assets	8,632	9,786
Property, plant and equipment	97,647	102,294
Assets classified as finance leases	6,337	5,533
Investment property	8,617	8,814
	121,233	126,427

A classification of the depreciation and amortisation by asset category is shown in the fixed asset movement schedule. Impairment losses totalling € 1,090 thousand (previous year: € 6,653 thousand) were recognised in the reporting year (see ► Note 23).

16. Financial Result

The financial result was as follows:

in € thousand	2012	2011
Earnings from associates accounted for using the equity method	- 4,026	335
Income from the adjustment of settlement obligations to non-controlling interests	4,527	1,568
Interest income from bank balances	2,429	2,893
Income from exchange rate differences	1,374	1,938
Interest income from non-affiliated companies	819	1,634
Interest income from plan assets for working lifetime accounts	451	328
Interest income from non-consolidated affiliated companies	165	623
Income from interest rate hedges	151	612
Income from lending of financial assets	2	2
Interest income	9,918	9,598
Interest portion of pension provisions	16,099	15,185
Interest expenses on bank borrowing	8,286	10,775
Interest included in lease payments	4,668	4,475
Interest expenses to non-consolidated affiliated companies	2,971	3,034
Interest portion of other provisions	2,802	2,667
Interest expenses to non-affiliated companies	2,361	2,625
Expenses from exchange rate differences	1,248	2,036
Expenses from interest rate hedges	842	1,527
Interest expenses	39,277	42,324
Net interest income	- 29,359	- 32,726
Income from other equity investments	602	368
Amortisation of financial assets and non-current financial receivables	62	151
Other financial result	540	217
Financial result	- 32,845	- 32,174

In addition to the pro rata annual earnings of CuxPort, earnings from companies accounted for using the equity method also included the pro rata annual earnings of HHLA Frucht and STEIN for the first time. Earnings include impairment losses on the equity approaches in fruit logistics (see ► Note 25). The companies HHLA Frucht and STEIN, which were previously consolidated in full, have been included in the consolidated financial statements using the equity method since 1 January 2012 (see ► Note 3).

For details of income from the adjustment of settlement obligations to shareholders with non-controlling interests, please see ► Notes 38 and 47.

17. Research Costs

In the financial year, research costs of € 550 thousand (previous year: € 1,356 thousand) were recognised as an expense. These primarily related to research for software development.

18. Income Tax

Paid or outstanding income taxes 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.

Income tax expenses mainly consisted of the following:

in € thousand	2012	2011
Deferred and current income taxes		
Deferred taxes on temporary differences		
Domestic	300	3,466
Foreign	- 508	1,598
	- 208	5,064
Deferred taxes on losses carried forward		
Domestic	653	306
Foreign	- 34	0
	619	306
	411	5,370
Current income tax expense		
Domestic	33,908	42,119
Foreign	7,269	8,564
	41,177	50,683
Income tax expense recognised in the income statement	41,588	56,053

Income tax expenses include tax income from other accounting periods amounting to € 354 thousand (previous year: € 1,342 thousand).

Deferred tax assets and liabilities result from temporary differences and tax loss carry-forwards as follows:

in € thousand	Deferred tax assets		Deferred tax liabilities	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Intangible assets	0	0	427	56
Property, plant and equipment and finance leases	0	0	13,172	14,199
Investment property	0	0	13,471	13,020
Financial assets	0	0	786	101
Inventories	6	23	119	99
Receivables and other assets	3,134	2,479	1,499	668
Pension and other provisions	54,367	32,528	3,921	2,996
Liabilities	5,988	5,542	1,656	2,330
Tax losses carried forward	963	1,582	0	0
	64,458	42,154	35,051	33,468
Netted amounts	- 21,632	- 19,911	- 21,632	- 19,911
Balance sheet items	42,826	22,243	13,419	13,557

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 are as follows:

in € thousand	2012	2011
Profit before tax	153,432	174,841
Income tax expense at hypothetical income tax rate of 32.28 % (previous year: 32.28 %)	49,528	56,439
Adjustment in current income taxes for prior years	- 354	- 1,342
Effect of tax rate changes	- 71	- 102
Tax-free income	106	- 151
Non-deductible expenses	92	101
Trade tax additions and reductions	- 609	1,758
Differences in tax rates	- 5,606	- 4,617
Impairment losses on deferred tax assets	278	2,954
Other tax effects	- 1,776	1,014
	41,588	56,053

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 realisation. A tax rate of 32.28 % was used for the calculations in both 2011 and 2012. 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 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 recognised on tax loss carry-forwards and temporary differences if it is sufficiently certain that they can be realised in the near future. The Group has domestic corporation tax loss carry-forwards of € 3,674 thousand (previous year: € 5,666 thousand), domestic trade tax loss carry-forwards of € 1,085 thousand (previous year: € 3,137 thousand) and foreign tax loss carry-forwards of € 1,068 thousand (previous year: € 891 thousand), for which deferred taxes in the amount of € 963 thousand (previous year: € 1,582 thousand) are recognised as assets. No deferred tax assets are carried for domestic corporation tax loss carry-forwards of € 3,957 thousand (previous year: € 7,973 thousand), domestic trade tax loss carry-forwards of € 5,585 thousand (previous year: € 17,564 thousand) and foreign tax loss carry-forwards of € 4,737 thousand (previous year: € 1,834 thousand). Under current legislation, the tax losses can be carried forward in Germany without restriction.

Deferred tax assets of € 1,458 thousand (previous year: € 425 thousand) and deferred tax liabilities of € 0 thousand (previous year: € 21,868 thousand) recognised directly in equity without effect on profit and loss come from actuarial gains and losses on pension provisions, cash flow hedges and unrealised gains/losses arising from available-for-sale financial assets.

The income tax recognised in the statement of comprehensive income is made up as follows:

in € thousand	2012			2011		
	Gross	Taxes	Net	Gross	Taxes	Net
Actuarial gains/losses	- 71,865	23,188	- 48,677	18,128	- 5,892	12,236
Cash flow hedges	- 43	7	- 36	- 418	114	- 304
Unrealised gains/losses on available-for-sale financial assets	146	- 47	99	- 101	33	- 68
	- 71,762	23,148	- 48,614	17,609	- 5,745	11,864

19. Share of Results Attributable to Non-Controlling Interests

Profits attributable to non-controlling interests in the amount of €39.409 thousand (previous year: €29.506 thousand) primarily relate to shareholders with non-controlling interests in HHLA Container-Terminal Altenwerder GmbH, Hamburg. This share of results was higher than in the previous year as the co-partner was entitled to the profit share exceeding his equity stake. The conditions for this were not met in the previous year.

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:

	2012	2011
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	72,435	89,282
Number of common shares in circulation (weighted average)	72,730,438	72,679,826
Basic earnings per share in €	1.00	1.23

The basic earnings per share were calculated for the Port Logistics subgroup as follows:

	2012	2011
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	66,564	84,017
Number of common shares in circulation (weighted average)	70,025,938	69,975,326
Basic earnings per share in €	0.95	1.20

The basic earnings per share were calculated for the Real Estate subgroup as follows:

	2012	2011
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	5,871	5,265
Number of common shares in circulation (weighted average)	2,704,500	2,704,500
Basic earnings per share in €	2.17	1.95

The diluted earnings per share are identical to the basic EPS as there were no conversion or option rights in circulation during the reporting year. An employee stock purchase plan which was agreed in 2011 was implemented in April 2012. In the process, 73,508 new no-par bearer Class A shares, each with a share of €1.00 in the nominal capital, were issued to employees of the company and of the domestic companies affiliated to it. This was accounted for accordingly in the figures given for the weighted average number of common shares in circulation in both the Group and the Port Logistics subgroup in the reporting 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 14 June 2012 to distribute a dividend of €48,236 thousand to holders of common shares in the reporting year for fiscal 2011. At the time of the distribution, the number of shares entitled to dividends amounted to 72,753,334, of which 70,048,834 are to be attributed to the subgroup Port Logistics (A division) and 2,704,500 to the subgroup Real Estate (S division). This resulted in dividends of €0.65 per Class A share and €1.00 per Class S share. The remaining undistributed profit was carried forward to new account. The number of outstanding shares increased by 73,508 year on year due to the issue of new shares in April 2012 as part of the employee stock purchase programme described in ▸ Notes 20 and 35.

In 2013, dividends per share of €0.65 for the subgroup Port Logistics and €1.20 for the subgroup Real Estate are due to be paid. Based on the number of shares outstanding as of 31 December 2012, this is equivalent to payouts of €45,532 thousand for the subgroup Port Logistics and of €3,245 thousand for the subgroup Real Estate.

Notes 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 made on account	Total
Carrying amount as of 1 January 2011	41,561	4,790	26,459	0	11,040	83,850
Acquisition or production cost						
1 January 2011	46,873	38,428	29,280	1,399	11,040	127,020
Additions		3,219	3,590		595	7,404
Disposals		- 262				- 262
Reclassifications		10,285			- 10,285	0
Changes to scope of consolidation		- 38				- 38
Effects of changes in exchange rates		49				49
31 December 2011	46,873	51,681	32,870	1,399	1,350	134,173
Accumulated depreciation, amortisation and impairment						
1 January 2011	5,312	33,638	2,821	1,399	0	43,170
Additions	2,870	2,726	4,190			9,786
Disposals		- 258				- 258
Changes to scope of consolidation		- 38				- 38
Effects of changes in exchange rates		23				23
31 December 2011	8,182	36,091	7,011	1,399	0	52,683
Carrying amount as of 31 December 2011	38,691	15,590	25,859	0	1,350	81,490
Carrying amount as of 1 January 2012	38,691	15,590	25,859	0	1,350	81,490
Acquisition or production cost						
1 January 2012	46,873	51,681	32,870	1,399	1,350	134,173
Additions		769	5,584		3,652	10,005
Disposals		- 118				- 118
Reclassifications		935			- 935	0
Changes in scope of consolidation/ consolidation method		1,769		5	- 379	1,395
Effects of changes in exchange rates		- 28				- 28
31 December 2012	46,873	55,008	38,454	1,404	3,688	145,427
Accumulated depreciation, amortisation and impairment						
1 January 2012	8,182	36,091	7,011	1,399	0	52,683
Additions		3,637	4,991	4		8,632
Disposals		- 118				- 118
Changes in scope of consolidation/ consolidation method		1,597				1,597
Effects of changes in exchange rates		- 9				- 9
31 December 2012	8,182	41,198	12,002	1,403	0	62,785
Carrying amount as of 31 December 2012	38,691	13,810	26,452	1	3,688	82,642

The carrying amounts for goodwill relate to the following HHLA segments:

in € thousand	31.12.2012	31.12.2011
Container (Rosshafen)	30,929	30,929
Container (HHCT)	6,493	6,493
Intermodal	1,267	1,267
Other	2	2
	38,691	38,691

The goodwill of €30,929 thousand disclosed as of the balance sheet date relates to the 100 % stake in HHLA Rosshafen Terminal GmbH, Hamburg, acquired by HHLA in 2006. This goodwill is primarily derived from additional strategic options to expand the Group's handling activities at the sites let by the company.

Of the internally developed software shown, €1,715 thousand was not yet completed as of the balance sheet date (previous year: €612 thousand).

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 plants under construction	Total
Carrying amount as of 1 January 2011	435,465	340,363	140,556	62,199	978,583
Acquisition or production cost					
1 January 2011	703,513	719,018	337,374	62,199	1,822,104
Additions	42,053	15,983	44,963	14,213	117,212
Disposals	- 22,653	- 16,374	- 18,050	- 227	- 57,304
Reclassifications	6,869	27,347	6,201	- 40,417	0
Changes to scope of consolidation			- 33		- 33
Effects of changes in exchange rates	- 52	472	- 18	119	521
31 December 2011	729,730	746,446	370,437	35,887	1,882,500
Accumulated depreciation, amortisation and impairment					
1 January 2011	268,048	378,655	196,818	0	843,521
Additions	29,993	47,531	30,303		107,827
Disposals	- 20,629	- 16,361	- 17,305		- 54,295
Reclassifications					0
Changes to scope of consolidation			- 24		- 24
Effects of changes in exchange rates	- 20	150	1		131
31 December 2011	277,392	409,975	209,793	0	897,160
Carrying amount as of 31 December 2011	452,338	336,471	160,644	35,887	985,340
Carrying amount as of 1 January 2012	452,338	336,471	160,644	35,887	985,340
Acquisition or production cost					
1 January 2012	729,730	746,446	370,437	35,887	1,882,500
Additions	41,868	13,127	40,289	81,055	176,339
Disposals	- 27,436	- 5,736	- 9,152	- 1,915	- 44,239
Reclassifications	7,154	4,507	2,309	- 13,970	0
Changes in scope of consolidation/ consolidation method	- 51,053	- 29,433	- 3,129	118	- 83,497
Effects of changes in exchange rates	47	- 253	- 29	- 704	- 939
31 December 2012	700,310	728,658	400,725	100,471	1,930,164
Accumulated depreciation, amortisation and impairment					
1 January 2012	277,392	409,975	209,793	0	897,160
Additions	26,018	45,765	32,200		103,983
Disposals	- 5,538	- 5,699	- 8,652		- 19,889
Reclassifications		- 1,032	1,032		0
Changes in scope of consolidation/ consolidation method	- 27,739	- 22,870	- 2,849		- 53,458
Effects of changes in exchange rates	46	42	- 27		61
31 December 2012	270,179	426,181	231,497	0	927,857
Carrying amount as of 31 December 2012	430,131	302,477	169,228	100,471	1,002,307

Within land and buildings, the additions to assets related mainly to a newly completed mega-ship berth at the Burchardkai container terminal in Hamburg. The investments in technical equipment and machinery concerned the construction and completion of crane tracks, also at the container terminal in Burchardkai. Additions to other assets, operating and office equipment related primarily to investments in new and replacement straddle carriers.

The additions to plants under construction recognised in the reporting year pertain predominantly to the terminal expansion in the form of yard cranes and a container gantry crane.

The disposals of land and buildings include the reclassification of non-current assets held for sale (see ▸ Note 34).

The derecognition of €30,039 thousand of the remaining carrying amount (previous year: €9 thousand) in conjunction with changes in the group of consolidated companies and the consolidation method used stemmed largely from the change in method used to include HHLA Frucht. This was offset by the increased equity interest in Polzug. For more details, see ▸ Note 3.

The write-downs of land and buildings include write-downs in the amount of €1,090 thousand from redefining the surface plan at the Übersee-Zentrum storage and distribution centre during the restructuring of HHLA's logistics activities.

Buildings, surfacing and movable non-current assets with a carrying amount of €18,961 thousand (previous year: €44,036 thousand) were assigned by way of collateral in connection with loans taken up by the Group.

Regarding existing restrictions on the disposal and use of buildings in connection with the letting of the associated properties from 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 €91,811 thousand (previous year: €81,393 thousand) from purchase commitments which were attributable to capitalisation of property, plant and equipment.

In the year under review, HHLA received public subsidies amounting to €351 thousand in connection with the promotion of intermodal transport (previous year: €0 thousand). As yet unused subsidies from previous reporting periods were offset against the ongoing cost of acquiring the relevant assets in the amount of €8,373 thousand in the previous year.

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 as of 1 January 2011	65,659	2,486	17,956	86,101
Acquisition or production cost				
1 January 2011	66,307	6,604	27,051	99,962
Additions	28,051	368	4,414	32,833
Disposals	- 245	- 26	- 1,483	- 1,754
Reclassifications		- 4,613		- 4,613
Changes to scope of consolidation				0
Effects of changes in exchange rates		- 241	- 38	- 279
31 December 2011	94,113	2,092	29,944	126,149
Accumulated depreciation, amortisation and impairment				
1 January 2011	648	4,118	9,095	13,861
Additions	1,772	505	3,255	5,532
Disposals	- 245	- 10	- 1,275	- 1,530
Reclassifications		- 3,085		- 3,085
Changes to scope of consolidation				0
Effects of changes in exchange rates		- 157	- 10	- 167
31 December 2011	2,175	1,371	11,065	14,611
Carrying amount as of 31 December 2011	91,938	721	18,879	111,538
Carrying amount as of 1 January 2012	91,938	721	18,879	111,538
Acquisition or production cost				
1 January 2012	94,113	2,092	29,944	126,149
Additions	31,775	15	4,791	36,581
Disposals	- 9,786	- 92	- 835	- 10,713
Reclassifications				0
Changes to scope of consolidation		4,491	- 55	4,436
Effects of changes in exchange rates	- 27	281	32	286
31 December 2012	116,075	6,787	33,877	156,739
Accumulated depreciation, amortisation and impairment				
1 January 2012	2,175	1,371	11,065	14,611
Additions	1,943	540	3,854	6,337
Disposals	- 218	- 92	- 835	- 1,145
Reclassifications				0
Changes to scope of consolidation		3,062	- 25	3,037
Effects of changes in exchange rates	- 1	199	7	205
31 December 2012	3,899	5,080	14,066	23,045
Carrying amount as of 31 December 2012	112,176	1,707	19,811	133,694

The additions to land and buildings in the reporting year primarily relate to a newly completed mega-ship berth at the Burchardkai container terminal in Hamburg, which HHLA has leased from a related party, Hamburg Port Authority AöR, Hamburg (HPA). For more information, please refer to ▶ Note 45.

24. Investment Property

The following table shows the changes in investment property:

in € thousand	Investment property	Payments on account and plants under construction	Total
Carrying amount as of 1 January 2011	178,557	7,011	185,568
Acquisition or production cost			
1 January 2011	267,477	7,011	274,488
Additions	1,636	2,497	4,133
Disposals	- 1,210		- 1,210
Reclassifications	6,739	- 6,739	0
31 December 2011	274,642	2,769	277,411
Accumulated depreciation, amortisation and impairment			
1 January 2011	88,920	0	88,920
Additions	8,814		8,814
Disposals	- 385		- 385
Write-backs			0
Reclassifications			0
31 December 2011	97,349	0	97,349
Carrying amount as of 31 December 2011	177,293	2,769	180,062
Carrying amount as of 1 January 2012	177,293	2,769	180,062
Acquisition or production cost			
1 January 2012	274,642	2,769	277,411
Additions	135	10,041	10,176
Disposals	- 53	- 771	- 824
Reclassifications	64	- 64	0
31 December 2012	274,788	11,975	286,763
Accumulated depreciation, amortisation and impairment			
1 January 2012	97,349	0	97,349
Additions	8,617		8,617
Disposals	- 54		- 54
Write-backs			0
Reclassifications			0
31 December 2012	105,912	0	105,912
Carrying amount as of 31 December 2012	168,876	11,975	180,851

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.

In 2012, rental income from investment property at the end of the financial year was €43,562 thousand (previous year: €44,189 thousand). The direct operating expenses for investment property amounted to €22,286 thousand (previous year: €22,268 thousand) at the end of the reporting year.

The fair value of the investment property totalled €479,424 thousand (previous year: €444,775 thousand). The fair values were determined by HHLA's Real Estate segment.

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 ten years or up to the end of the useful lives of properties with a remaining useful life of less than ten 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 5.07 to 8.35 % 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 from 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 €103,015 thousand (previous year: €95,995 thousand) relate to buildings in the Speicherstadt historical warehouse district. Payments made on account and plant under construction account for €11,891 thousand of this (previous year: €2,744 thousand).

25. Associates Accounted for Using the Equity Method

The companies HHLA Frucht, STEIN and CuxPort (previous year: just CuxPort) are recognised under shares in associated companies.

The shares held in HHLA Frucht and STEIN were subject to an impairment charge of €3,515 thousand following an impairment test carried out on this cash-generating unit in the financial year. The associated expense was recognised in the financial result of the companies accounted for using the equity method (see ► Note 16). The value of the shares concerned has been fully adjusted following this impairment.

in € thousand	31.12.2012	31.12.2011
Shares in associated companies	2,039	1,830

26. Financial Assets

Other financial assets can be broken down as shown below:

in € thousand	31.12.2012	31.12.2011
Securities	4,451	3,323
Shares in affiliated companies	3,858	1,519
Other equity investments	466	399
Other financial assets	5,160	3,845
	13,935	9,086

In the reporting year – as in 2011 – 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. The securities portfolio recognised as plan assets in the financial year amounted to €6,868 thousand (previous year: €5,639 thousand). See ► Note 37. Before offsetting, this results in a securities portfolio of €11,319 thousand (previous year: €8,962 thousand).

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 amortised cost.

Other financial assets essentially comprise receivables from a graduated rent amounting to €2,069 thousand (previous year: €1,375 thousand) and receivables from HPA totalling €394 thousand (previous year: €405 thousand).

27. Inventories

Inventories are made up as follows:

in € thousand	31.12.2012	31.12.2011
Raw materials, consumables and supplies	17,052	20,189
Work in progress	3,330	1,998
Finished products and merchandise	1,361	975
	21,743	23,162

Impairment losses on inventories recognised as an expense amount to €1,129 thousand (previous year: €668 thousand). This expense is reported under cost of materials (see ▸ Note 12).

28. Trade Receivables

Trade receivables came to:

in € thousand	31.12.2012	31.12.2011
Trade receivables	128,037	151,771

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, either in 2011 or in the year under review. Collateral for trade receivables is only 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	31.12.2012	31.12.2011
Receivables from HHLA Frucht	10,428	0
Receivables from HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV)	8,802	0
Receivables from the Free and Hanseatic City of Hamburg (FHH)	2,354	684
Receivables from Kombi-Transeuropa Terminal Hamburg GmbH (KTH)	1,486	517
Receivables from Hamburg Port Authority (HPA)	1,245	1,276
Other receivables from related parties	613	1,279
	24,928	3,756

Receivables from HHLA Frucht were recognised for the first time as of 31 December 2012. This company has been included in HHLA's consolidated financial statements using the equity method since 1 January 2012, see also ▸ Note 3.

Receivables from HGV include €8,800 thousand from existing cash clearing. Liabilities of €500 thousand were posted in the previous year.

30. Other Financial Receivables

Other financial receivables consist of the following:

in € thousand	31.12.2012	31.12.2011
Current receivables from employees	1,274	1,387
Current reimbursement claims against insurers	243	426
Positive fair values of interest rate caps	0	1
Other current financial receivables	865	615
	2,382	2,429

In the reporting year and the previous year, current receivables from employees consisted mainly of prepayments for company pensions.

31. Other Assets

Other assets can be broken down as shown below:

in € thousand	31.12.2012	31.12.2011
Current tax credits	7,286	8,188
Payments on account	1,330	1,295
Other	6,341	7,293
	14,957	16,776

The current tax credits include transaction tax claims.

The other assets shown are not subject to any significant restrictions on title or use.

32. Income Tax Receivables

in € thousand	31.12.2012	31.12.2011
Income tax receivables	9,345	3,591

Income tax receivables result from offsettable taxes paid on investment income and advance tax payments.

33. Cash, Cash Equivalents and Short-Term Deposits

Cash, cash equivalents and short-term deposits consist of the following:

in € thousand	31.12.2012	31.12.2011
Cash and cash equivalents with a maturity of up to 3 months	116,316	221,044
Short-term deposits with a maturity of 4–6 months	50,000	30,000
Bank balances and cash in hand	63,756	78,952
	230,072	329,996

Cash, cash equivalents and short-term deposits are made up of cash in hand and various bank balances in different currencies.

Cash of € 15,090 thousand (previous year: € 30,258 thousand) is subject to foreign exchange outflow restrictions.

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 ten 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 2.0 % (previous year: 0.0 and 2.1 %). The fair value of cash and cash equivalents is largely equivalent to their carrying value.

As of the balance sheet date, the Group had unused lines of credit amounting to € 1,041 thousand (previous year: € 26,989 thousand) and had met all the conditions for their use. HHLA is confident that the Group has sufficient credit lines at its disposal whenever required.

34. Non-Current Assets Held For Sale

The non-current assets held for sale are mainly buildings owned by the HHLA Logistics segment amounting to € 12,442 thousand which will be sold within the coming financial year.

35. Equity

Changes in the individual components of equity for the 2012 and 2011 financial years are shown in the statements 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 € 72,753 thousand, divided into 70,048,834 Class A shares and 2,704,500 Class S shares; each no-par-value share represents € 1.00 of nominal capital on paper.

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 69.58 % of the shares, including the 18.85 % of voting rights attributable directly to HHLA-Beteiligungsgesellschaft mbH, Hamburg.

As per the voting rights notification dated 12 June 2012, First Eagle Investment Management, LLC, New York, USA, exceeded the threshold of 3 % of the voting rights on 5 June 2012 and, on this date, held 3.01 % of the voting rights attributable to it pursuant to Section 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

As per the voting rights notification dated 12 June 2012, Arnold and S. Bleichroeder Holdings, Inc., New York, USA, exceeded the threshold of 3 % of the voting rights on 5 June 2012 and, on this date, held 3.01 % of the voting rights attributable to it pursuant to Section 22 (1) sentence 1 no. 6 and sentence 2 of the German Securities Trading Act (WpHG).

As per the voting rights notification of 24 October 2012, First Eagle Overseas Fund, New York, USA, exceeded the threshold of 3% of the voting rights on 19 October 2012 and held 3.02% of those rights on this date.

Authorized Capital I

In April 2012, HHLA, in accordance with its previous Executive Board resolution and with the approval of the Supervisory Board, carried out a capital increase from authorised capital I. Specifically, the capital was increased against cash contributions while excluding the subscription rights of Class A shareholders. In the process, 73,508 new no-par bearer Class A shares, each with a share of €1.00 in the nominal capital, were issued to employees of the company and of the companies affiliated to it. The capital increase and its implementation were entered in the commercial register on 23 April 2012.

Subject to the approval of the Supervisory Board, the Executive Board is authorised to increase the company's nominal capital until 13 June 2017 by up to €35,024,417.00 by issuing up to 35,024,417 new registered Class A shares for subscription in cash and/or kind in one or more stages (authorised 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. Furthermore and subject to the approval of the Supervisory Board, the Executive Board is also authorised to exclude the statutory subscription right of holders of Class A shares in certain cases when increasing the nominal capital using authorised capital I.

The Executive Board is authorised, 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 authorisation 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 re-acquired 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 authorised 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 authorised, with the consent of the Supervisory Board, to specify the further details of the implementation of the capital increases out of authorised capital I, in particular the additional rights embodied in share certificates and the other conditions of the share issue. After each share increase from authorised capital the Supervisory Board is authorised 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.

Authorised Capital II

Subject to the approval of the Supervisory Board, the Executive Board is authorised to increase the company's nominal capital until 13 June 2017 by up to €1,352,250.00 by issuing up to 1,352,250 new registered Class S shares for subscription in cash and/or kind in one or more stages (authorised 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. Furthermore and subject to the approval of the Supervisory Board, the Executive Board is also authorised to exclude the statutory subscription right of holders of Class A shares in certain cases when increasing the nominal capital using authorised capital I.

The Executive Board shall be authorised, with the consent of the Supervisory Board, to specify the further details of the implementation of the capital increases out of authorised 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 authorised to exclude fractional amounts of shares from the Class S shareholders' subscription rights. After each share increase from authorised capital the Supervisory Board is authorised to adjust the articles of association accordingly, in particular with regard to the amount of nominal capital and the number of no-par-value S shares in existence.

Other Authorisations

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 €400,000,000.00 in the period until 15 June 2013. Option and conversion rights may only be issued for Class A company shares accounting for up to €6,900,000.00 of the company's total nominal capital accounted for by Class A shares. Conditional capital in the same amount was created for this purpose.

The Annual General Meeting of HHLA held on 16 June 2011 additionally authorised 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 authorisation 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 authorisation expires on 15 December 2016. This authorisation may not be used for the purpose of trading in treasury shares.

HHLA does not currently hold any treasury shares. There are no plans to buy back 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.

At the reporting date, the HHLA Group therefore had capital reserves of € 141,584 thousand (previous year: € 139,728 thousand). € 1,856 thousand was placed in the capital reserve in the reporting year due to the issue of new shares as part of an employee stock purchase programme. The premium is to be fully attributed to the capital reserve of the A division.

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 the currently applicable version of 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.

Non-Controlling Interests

Non-controlling interests comprise outside interests in the Group companies' consolidated equity and totalled € - 1,411 thousand at the end of the financial year (previous year: € 4.258 thousand).

In the 2010 financial year, 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 based largely on future earnings to the above-mentioned companies' minority shareholder for the duration of the agreement.

In accordance with IAS 32, the minority shareholder's future estimated entitlements to financial settlements are recognised as other financial liabilities for the remaining term of the profit and loss transfer agreement, although the agreement states that the variable entitlement to a settlement only arises once the annual financial statements are approved. This will contribute € 77,043 thousand towards other financial liabilities for the financial years 2012 to 2014 (see ▸ Note 47).

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 primary benchmark in this regard. The key value-oriented performance indicator 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	31.12.2012	31.12.2011
Equity	561,990	644,662
Total assets	1,768,506	1,811,532
Equity ratio	32 %	36 %

Despite posting a profit after taxes in the reporting period, the equity ratio fell compared with the previous year. This was due primarily to the acquisition of further shares in METRANS and subsequent recognition using the entity concept. Furthermore, the drop in the interest rate used to calculate actuarial gains/losses from 5.00 % in the previous year to 3.25 % in 2012, together with the dividend payment, had a negative impact on equity. A profit and loss transfer agreement signed in September 2010 has also caused the equity ratio to fall sharply since the financial year 2010. For further details, please refer to the section on ► "Non-Controlling Interests" in this Note.

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 €639,033 thousand and an equity ratio of 36 % 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 in Germany and any 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.

The BRTV is a total benefit plan. HHLA guarantees the participating employees a certain amount of benefits, which are 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 the years in service and 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 dependants' pensions. External actuaries calculate the amount of the obligation using the projected unit credit method.

Shown below are the amounts recognised for benefit commitments in the reporting year and the previous four years:

in € thousand	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Present value of pension commitments	381,197	312,119	329,221	323,824	299,862
Obligations from working lifetime accounts	3,038	1,610	1,913	1,317	802
	384,235	313,729	331,134	325,141	300,664

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Pension Commitments

The following table reconciles the present value of the obligation arising from pension commitments at the beginning and end of the year:

in € thousand	2012	2011
Present value of pension obligations as of 01.01.	312,119	329,221
Deconsolidation	- 880	0
Current service expense	3,284	3,587
Past service expense	103	1,131
Interest expenses	15,557	14,813
Pension payments	- 19,948	- 19,452
Actuarial gains (-)/losses (+)	70,962	- 17,181
Present value of pension obligations as of 31.12.	381,197	312,119

The balance sheet shows the full present value of pension obligations including actuarial gains and losses. The reported pension obligation relates to an unfinanced plan.

The following figures were recognised in the income statement:

in € thousand	2012	2011
Current service expense	3,284	3,587
Past service expense	103	1,131
Interest expenses	15,557	14,813
	18,944	19,531

The gains and losses reported under other comprehensive income developed as follows:

in € thousand	2012	2011
Actuarial gains as of 01.01.	67,019	49,838
Deconsolidation	79	0
Changes in the financial year	- 70,962	17,181
Actuarial gains (+)/losses (-) as of 31.12.	- 3,864	67,019

The following actuarial assumptions are used to determine pension provisions:

in %	31.12.2012	31.12.2011
Discount rate	3.25	5.00
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	2.10
Rate of inflation	2.00	2.00

The biometric data is drawn from the 2005 G actuarial tables by Prof. Dr. Klaus Heubeck.

HHLA derives the interest rates used for discounting from corporate loans with a very good credit rating whose terms and payouts match HHLA's pension plans.

Pension Payments

In the 2012 financial year, HHLA made pension payments for plans totalling € 19,947 thousand. HHLA anticipates the following payments for pension plans over the next five years:

Years	in € thousand
2013	20,493
2014	20,812
2015	20,931
2016	20,957
2017	20,988
	104,181

Obligations from Working Lifetime Accounts

In 2006, the Group companies in Germany undertook to set up working lifetime accounts due to collective labour 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 labour 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:

in € thousand	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Present value of obligations	13,663	9,780	8,325	5,029	2,635
Present value of plan assets (fund shares)	- 10,625	- 8,170	- 6,412	- 3,712	- 1,833
Uncovered allocations	3,038	1,610	1,913	1,317	802

The present value of the obligations developed as follows:

in € thousand	2012	2011
Fair value of plan assets as of 01.01.	9,780	8,325
Deconsolidation	- 108	0
Current service expense	2,478	2,495
Interest expenses (recognised in income statement)	542	372
Actuarial gains (-) and losses (+)	988	- 1,391
Capital payments	- 52	- 53
Other	35	32
Fair value of plan assets as of 31.12.	13,663	9,780

The present value of the plan assets developed as follows:

in € thousand	2012	2011
Fair value of plan assets as of 01.01.	8,170	6,412
Deconsolidation	- 95	0
Expected income from plan assets	451	328
Proceeds	2,026	1,893
Actuarial gains (+)/losses (-)	84	- 443
Benefits paid	- 45	- 52
Miscellaneous	34	32
Fair value of plan assets as of 31.12.	10,625	8,170

The plan assets consist solely of shares in money market and investment funds. Losses of €39 thousand were recorded on the plan assets in the financial year (previous year: €429 thousand).

The following actuarial assumptions are used to determine provisions for working lifetime accounts:

in %	31.12.2012	31.12.2011
Discount rate	3.25	5.00
Anticipated return on invested capital	3.25	5.00
Forecast increase in pay	3.00	3.00
Fluctuation rate	0.00	0.00

With the exception of the covered part of the service expenses for plan assets, the following amounts were recognised in the income statement:

in € thousand	2012	2011
Current service expense including salary conversion	2,478	2,495
thereof gathered at costs as uncovered part	452	602
thereof gathered at plan assets as covered part	2,026	1,893
Interest expenses	542	372
Expected income from the plan assets	- 451	- 328
Benefits paid	7	1
	2,576	2,540

The gains and losses offset in equity developed as follows:

in € thousand	2012	2011
Actuarial gains (+)/losses (-) as of 01.01.	832	- 116
Deconsolidation	- 30	0
Changes in the financial year	- 904	948
Actuarial gains (+)/losses (-) as of 31.12.	- 102	832

Shown below is the structure of the plan asset portfolio for obligations from working lifetime accounts:

	2012	2011
Money market funds	51 %	51 %
Mixed funds	31 %	31 %
Fund of funds	16 %	16 %
Annuity funds	2 %	2 %
	100 %	100 %

Payments for Obligations from Working Lifetime Accounts

In the financial year under review, HHLA made payments for plans totalling €52 thousand. In return, the company acquired corresponding securities holdings worth €45 thousand. The outflow of funds therefore amounted to €7 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
2013	10
2014	43
2015	67
2016	90
2017	143
	353

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 €306 thousand in the reporting year (previous year: €300 thousand).

HHLA paid €24,656 thousand (previous year: €23,018 thousand) into the state pension system as its employer's contribution.

37. Other Non-current and Current Provisions

The following table shows non-current and current provisions:

in € thousand	31.12.2012			31.12.2011		
	Total	Thereof current	Thereof non-current	Total	Thereof current	Thereof non-current
Demolition obligations	41,492	0	41,492	40,758	0	40,758
Expected increases in rents	11,938	11,938	0	13,253	13,253	0
Phased early retirement	9,578	3,250	6,328	9,683	2,733	6,950
Bonuses and single payments	6,090	6,090	0	8,136	8,136	0
Insurance excesses	3,528	3,528	0	3,978	3,978	0
Anniversaries	2,607	0	2,607	2,284	0	2,284
Legal fees and litigation expenses	751	0	751	952	0	952
Other	3,806	763	3,043	3,240	658	2,582
	79,790	25,569	54,221	82,285	28,759	53,526

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 respective 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, an anticipated price increase of 2.0 % was used to calculate the provisions shown. This rate is derived from the German construction cost index.

The cash outflow of these provisions is expected in the period 2025–2037.

Expected Increases in Rents

Based on current lease agreements, provisions for expected increases in rents include anticipated but as yet uninvoiced increases in rents for leased port areas, properties in the Speicherstadt historical warehouse district and quay walls, primarily in Hamburg.

In the 2012 financial year, the lease of a newly completed quay wall at the Container Terminal Burchardkai prompted an appropriation of €439 thousand.

The total amount transferred also includes €2,128 thousand (previous year: €3,012 thousand) for anticipated increases in rents for quay walls which are already leased. Provisions were upped by €1,114 thousand (previous year: €1,121 thousand) to compensate for expected increases in the rents charged for areas leased in the Speicherstadt historical warehouse district.

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.

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. The corresponding figure of €6,868 thousand (previous year: €5,639 thousand) therefore reduces the provisions reported (see ▸ Note 26).

The amount of the provision was determined using a discount rate of 0.9 % p.a. (previous year: 3.0 % p.a.).

Bonuses and One-off Payments

Provisions for bonuses and one-off payments largely consist of provisions for Executive Board members and other senior staff. Aside from this, these provisions also included obligations arising from employee stock purchase measures in the previous year.

Insurance Excesses

This obligation relates to provisions largely created by the Group's parent company to allow for potential cases of damage or loss which go beyond the existing insurance cover.

Anniversaries

The provisions for anniversaries relate to Group employees' contractual entitlement to anniversary gratuities. The amount recognised is determined by an actuarial opinion. A discount rate of 3.25 % p.a. (previous year: 5.00 % p.a.) was used for the calculation.

The following provisions schedule shows changes in other non-current and current provisions:

in € thousand	01.01.2012	Additions	Accrued interest	Used	Reversed	31.12.2012
Demolition obligations	40,758	926	2,225	2,410	7	41,492
Expected increases in rents	13,253	5,607	0	5,757	1,165	11,938
Phased early retirement	9,683	6,558	465	7,118	10	9,578
Bonuses and single payments	8,136	6,231	0	7,353	924	6,090
Insurance excesses	3,978	3,057	0	3,190	317	3,528
Anniversaries	2,284	254	112	43	0	2,607
Legal fees and litigation expenses	952	4	0	130	75	751
Other	3,240	1,533	0	754	213	3,806
	82,285	24,170	2,802	26,755	2,711	79,790

38. Non-current and Current Financial Liabilities

Non-current and current financial liabilities are broken down as follows:

in € thousand	31.12.2012			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities from bank loans	319,844	74,295	122,302	123,247
Finance lease liabilities	15,788	5,480	9,061	1,247
Liabilities towards employees	15,114	15,114	0	0
Negative fair values of exchange and interest rate hedges	1,835	921	914	0
Other loans	4,932	0	4,113	819
Other financial liabilities	94,817	42,504	51,754	559
	452,330	138,314	188,144	125,872

in € thousand	31.12.2011			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities from bank loans	331,564	29,471	175,541	126,552
Finance lease liabilities	13,698	4,318	9,126	254
Liabilities towards employees	14,984	14,984	0	0
Negative fair values of exchange and interest rate hedges	2,926	1,958	968	0
Other loans	10,549	4,695	4,216	1,638
Other financial liabilities	117,795	32,906	84,209	680
	491,516	88,332	274,060	129,124

Amounts due to banks include interest of € 2,497 thousand accrued up to the balance sheet date (previous year: € 3,391 thousand). Transaction costs of € 798 thousand, incurred by taking out a loan in the reporting year, only increase the amounts due to banks for the duration of the loan.

Buildings, surfacing and movable non-current assets carried at € 18,961 thousand (previous year: € 44,036 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 liabilities from finance leases amounting to € 15,788 thousand (previous year: € 13.698 thousand) represent the discounted value of future payments for movable non-current assets.

The liabilities towards employees consist primarily of wages, salaries and holiday entitlement.

Other financial liabilities mainly comprise liabilities to shareholders outside the Group. In the 2010 financial year, 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. Amounting to € 77,043 thousand, this settlement for minority shareholders is reported under other financial liabilities. Please also refer to the section on "Non-Controlling Interests" in ▸ Note 35.

The following table shows the terms of the liabilities from bank loans:

Carrying amount as of 31.12.2012 in € thousand	Nominal value in TCU	Currency	Remaining fixed interest period	Interest rate	Interest condition
44,404	61,250	€	2022	2.85–4.22 %	fixed
24,665	34,257	€	2021	2.83 %	fixed
17,210	24,542	€	2020	2.76–2.88 %	fixed
20,000	20,000	€	2019	3.66 %	fixed
2,527	7,811	€	2018	3.79–3.84 %	fixed
15,895	33,579	€	2017	1.90–5.67 %	fixed
72,000	90,000	€	2016	2.37–5.61 %	fixed
25,000	25,000	€	2015	4.23 %	fixed
88,687	115,644	€	2013	floating + margin	floating
5,305	7,000	USD	2013	floating + margin	floating
2,452	113,900	CZK	2013	floating + margin	floating
318,145					

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	31.12.2012		31.12.2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Fixed interest-bearing loans	221,700	225,514	210,300	206,244

Interest rates of 2.0 to 3.2 % p.a. (previous year: 2.6 to 3.9 % 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 2.5 % in the reporting year.

The variable interest rates are partly hedged by interest rate hedges. Please refer to the comments on derivative financial instruments under ▸ Note 47. As a result of borrowing, individual affiliates have covenants linked to key balance sheet figures. Violating these covenants would authorise 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 €54,870 thousand (previous year: €67,496 thousand). The covenants were met at all agreed audit points throughout the reporting year.

The liabilities to banks become due throughout the next five years and beyond as follows:

Maturity	in € thousand
Up to 1 year	71,798
1 year to 2 years	28,508
2 years to 3 years	53,560
3 years to 4 years	23,022
4 years to 5 years	17,608
Over 5 years	123,649
	318,145

39. Trade Liabilities

Trade liabilities amount to:

in € thousand	31.12.2012	31.12.2011
Trade liabilities	65,850	72,003

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.

40. Non-current and Current Liabilities to Related Parties

Liabilities to related parties are made up as follows:

in € thousand	31.12.2012			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities to HGV	65,776	65,776	0	0
Liabilities to HPA (finance leases)	114,235	146	1,183	112,906
Other liabilities to related parties	4,658	4,658	0	0
	184,669	70,580	1,183	112,906

in € thousand	31.12.2011			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities to HGV	65,759	65,759	0	0
Liabilities to HPA (finance leases)	93,675	88	722	92,865
Other liabilities to related parties	6,272	6,272	0	0
	165,706	72,119	722	92,865

Liabilities to HGV of €65,776 thousand (previous year: €65,759 thousand) relate to a loan pertaining to the Real Estate subgroup – which attracts standard market interest – along with the corresponding interest portion.

The liabilities to HPA involve leased mega-ship berths at both Container Terminal Burchardkai and Container Terminal Tollerort in Hamburg. The amount recognised in the balance sheet is equivalent to the present value of the liabilities and is based on a lease term up to and including 2062. See also ▶ Note 45.

41. Other Liabilities

Other liabilities are made up as follows:

in € thousand	31.12.2012	31.12.2011
Tax liabilities	7,039	8,454
Employers' liability insurance premiums	4,763	4,748
Public subsidies	2,438	2,079
Advance payments received for orders	1,984	1,282
Port workers' welfare fund (Hafenfonds)	1,952	1,354
Social security payables	927	425
Customs duties	0	3,680
Other liabilities	2,662	3,541
	21,765	25,563

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.

The HHLA Group received €351 thousand in public subsidies (previous year: €0 thousand) in the year under review.

There is sufficient certainty that all the conditions have been or will be fulfilled for the public subsidies to promote intermodal transport totalling €35,691 thousand which were paid to HHLA in the period between 2001 and 2011. These subsidies have therefore already been deducted from the cost of purchasing the subsidised investments. The conditions for the subsidies include obligations to operate the subsidised equipment for a retention period of five to 20 years, observe certain operating criteria and provide the subsidising body with evidence for the use of the funds.

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	31.12.2012	31.12.2011
Income tax liabilities	4,458	2,511

Notes to the Cash Flow Statement

43. Notes 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 three months, receivables and/or liabilities relating to HGV and receivables and/or liabilities from cash pooling. They are recognised 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 changes in non-cash items. Cash items such as interest and income taxes are also taken into account. At €210,488 thousand, the cash inflow from operating activities was lower than the previous year's €266.069 thousand. This was due to a lower EBIT of €186.277 thousand (previous year: €207.015 thousand) and the €17,595 thousand non-cash impact on earnings from separating out the intermodal activities. In addition, higher tax payments stemming from the previous year's result and the subsequent higher tax payments for the reporting year reduced cash flow from operating activities. However, more revenue was converted into cash flow, which had the opposite effect. In the same period last year, by contrast, trade receivables went up sharply, but were not reflected in cash balances.

Cash Flow from Investing Activities

The cash outflow from investing activities is calculated on a cash basis and/or using the direct method. It largely consists of the cash outflow from investments in non-current assets and short-term deposits. 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 € 160,892 thousand (previous year: € 137.971 thousand). This year-on-year increase in the cash outflow is mainly attributable to capital expenditure on property, plant and equipment, investment property and short-term deposits. This was partly offset by proceeds from the disposal of interests in consolidated companies as part of the realignment of the Intermodal segment.

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. Free cash flow was down on the previous year because capital expenditure was higher and the cash inflow from operating activities was lower. Free cash flow dropped from € 128,098 thousand to € 49,596 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 € 66,326 thousand were used for dividend payments to shareholders and minority shareholders. This was € 11,829 thousand less than in the previous year. Other expenditure included payments for increasing shareholdings in consolidated companies amounting to € 91,000 thousand and the repayment of (finance) loans and (lease) liabilities. This contrasts with cash inflows of € 28,560 thousand from taking out (finance) loans. This resulted in a cash outflow from financing activities of € 155,855 thousand in the reporting year, while the cash outflow totalled € 45,870 thousand in the previous 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 € thousand	31.12.2012	31.12.2011
Cash and cash equivalents	116,316	221,044
Short-term deposits with a maturity of 4–6 months	50,000	30,000
Bank balances and cash in hand	63,756	78,952
Cash, cash equivalents and short-term deposits	230,072	329,996
Receivables from HGV	8,800	0
Liabilities to HGV	0	- 500
Cash pool receivables	0	2
Cash pool liabilities	0	- 4,695
Short-term deposits with a maturity of 4–6 months	- 50,000	- 30,000
Financial funds at the end of the period	188,872	294,803

Receivables from HGV are overnight deposits available on demand.

Notes to the Segment Report

44. Notes to the Segment Report

The HHLA Group's segment report is 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 performance of each segment and therefore aids the internal control function.

The accounting and valuation principles applied for internal reporting comply with the principles applied by the HHLA Group described in ▸ Note 6 "Accounting and Valuation Principles" 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 organised and managed autonomously in accordance with the type of services being offered.

The HHLA Group operates in the following four segments:

Container

The Container segment pools the Group's container handling operations. The Group's activities in this segment consist primarily of handling container ships and transferring containers to other carriers (e.g. rail, truck or feeder ship). HHLA operates three container terminals in Hamburg (Altenwerder, Burchardkai and Tollerort) and another container terminal in Odessa, Ukraine. The portfolio is rounded off by supplementary container services, such as maintenance and repairs provided by its subsidiary HCCR.

Intermodal

As a core element of HHLA's business model, which is vertically integrated along the transportation chain, the Intermodal segment provides a comprehensive seaport–hinterland rail and truck network. The rail companies METRANS and POLZUG complete HHLA's range of services in this field.

Logistics

The Logistics segment encompasses a wide range of contract and warehousing logistics as well as 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 is equivalent to the Real Estate subgroup. Its business activities encompass the development, letting and management 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 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, 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 with consolidated earnings before taxes (EBT) incorporates transactions between the segments and the subgroups for which consolidation is mandatory, along with the proportion of companies accounted for using the equity method, net interest income and the other financial result.

Reconciliation of the Segment Indicator EBIT with Consolidated Earnings before Taxes (EBT)

in € thousand	2012	2011
Total segment earnings (EBIT)	185,377	204,525
Elimination of business relations between segments and subgroups	900	2,490
Group earnings (EBIT)	186,277	207,015
Earnings from associates accounted for using the equity method	- 4,026	335
Net interest	- 29,359	- 32,726
Other financial result	540	217
Earnings before tax (EBT)	153,432	174,841

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	31.12.2012	31.12.2011
Segment assets	1,637,830	1,661,703
Elimination of business relations between segments and subgroups	- 697,735	- 639,714
Current assets before consolidation	539,228	429,514
Financial assets	6,940	4,199
Deferred tax	42,826	22,243
Income tax receivables	9,345	3,591
Cash, cash equivalents and short-term deposits	230,072	329,996
Group assets	1,768,506	1,811,532

Other Segment Information

The reconciliation with Group investments totalling € - 229 thousand (previous year: € - 1,873 thousand) contains the elimination of internal invoices for services to generate intangible assets and the inter-segmental sale of property, plant and equipment.

In relation to the reconciliation of depreciation and amortisation amounting to € - 1,094 thousand (previous year: € - 3,954 thousand), the entire amount is attributable to the elimination of intercompany profits between the segments and the subgroups.

The reconciliation of non-cash items amounting to € 37 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	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Segment income	870,098	977,533	213,163	199,780	45,281	39,959	1,128,542	1,217,272	0	0	1,128,542	1,217,272
Non-current segment assets	987,637	1,026,770	229,078	196,897	58,483	30,742	1,275,198	1,254,409	493,308	557,123	1,768,506	1,811,532
Investments in non-current segment assets	117,336	95,150	45,696	31,315	33,488	2,285	196,520	128,750	0	0	196,520	128,750

For the information by region, the segment revenue and disclosures on non-current segment assets are broken down in accordance with the affiliates' respective locations. 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 Notes

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 the financial years 2010, 2011 and 2012, HHLA signed leases for a total of four newly completed quay walls with a related party, HPA. The fixed lease initially runs until 2036, but HHLA anticipates that the lease terms of these assets will extend over 50 years, as in the past. The negotiations have been completed. The contracts are still subject to approval by HHLA's governing bodies, but HHLA's Executive Board is confident that the supervisory boards will grant their approval. The contracts make provisions for the allocation of liability in the event of nullity and the associated premature termination of the lease as a result of conflict with EU law. The Executive Board of HHLA believes the risk of a conflict with EU law is currently very low. Following the completion of a present value test, the quay walls leases are to be classified as finance lease obligations according to IAS 17. Including expected increases in rent payment rates, this results in anticipated minimum lease payments of €273,758 thousand.

The following table shows the reconciliation between future minimum lease payments from finance leases and hire-purchase agreements and their present value:

in € thousand	31.12.2012	31.12.2011
Within one year	11,068	8,801
Between one and five years	30,590	26,975
Over five years	253,637	212,441
Total minimum lease payments	295,295	248,217
Within one year	5,626	4,406
Between one and five years	10,244	9,848
Over five years	114,153	93,119
Present value of minimum lease payments	130,023	107,373
Interest expenses from discounting	165,272	140,844

Liabilities from Operating Leases where the Group is Lessee

Contracts exist between the Free and Hanseatic City of Hamburg and/or 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 expire between 2025 and 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.

There are also leases relating to real estate and movable property at the container terminal in Odessa, Ukraine. On the whole, the rents payable for this are fixed and will only change during the course of the agreement as a result of future inflation. The company will not have purchase options at the end of the lease agreements. The respective lease agreements have terms of between five and 34 years.

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	31.12.2012	31.12.2011
Within one year	36,010	37,265
Between one and five years	133,387	138,161
Over five years	802,151	923,131
	971,548	1,098,558

In the financial year, expenses of €43,954 thousand (previous year: €42,554 thousand) were incurred for leases, of which €1,683 thousand (previous year: €1,621 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 16 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 for investment property at the balance sheet date:

in € thousand	31.12.2012	31.12.2011
Within one year	28,849	31,028
Between one and five years	82,175	71,603
Over five years	27,299	47,097
	138,323	149,728

In the financial year income of €49,777 thousand (previous year: €47,942 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 utilised:

Contingent Liabilities

in € thousand	31.12.2012	31.12.2011
Guarantees	5,454	4,038
Comfort letters	1,850	1,850
	7,304	5,888

Of these guarantees, proportionately consolidated joint ventures account for €0 thousand (previous year: €553 thousand).

Other Financial Obligations

The nominal values of other financial obligations are made up as follows on the balance sheet date:

in € thousand	31.12.2012	31.12.2011
Outstanding purchase commitments	108,421	92,977
Miscellaneous other obligations	1,029,767	1,160,933
	1,138,188	1,253,910

Of the obligations from outstanding purchase commitments, €91,811 thousand (previous year: €81,393 thousand) is attributable to capitalisation of property, plant and equipment.

Miscellaneous other obligations contain commitments from operating leases amounting to €971,548 thousand (previous year: €1,098,558 thousand), see also ▸ Note 45. Of the total reported for miscellaneous other obligations, proportionately consolidated joint ventures account for €58,685 thousand (previous year: €64,063 thousand).

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 very good 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, 76.1 % (previous year: 75.0 %) of the Group's borrowing was at fixed interest rates, including an amount of € 20,336 thousand (previous year: € 35,947 thousand) covered by interest rate swaps. Interest rate caps were also in place in 2011 for a further € 3,824 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 the balance sheet date, interest expenses arising from floating-rate loans would have been € 482 thousand p.a. higher, interest income from overnight deposits and time deposit investments would have been € 1,194 thousand p.a. higher, and income from interest rate hedges would have been € 102 thousand p.a. higher. The fair value of the interest rate hedges would have risen by € 259 thousand. Of this, € 145 thousand would be recorded directly in equity and € 114 thousand would be recognised in the income statement, whose result would increase by a total of € 928 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.

On the balance sheet date, the Group did not hold any currency hedging instruments, unlike in the previous year when the Group held such instruments with a nominal volume of € 67 thousand and a market value of € - 5 thousand.

Revenue in the HHLA Group is predominantly invoiced in euros or in the national currencies of the European affiliates. Investments in these countries are largely transacted in euros. There is currently no significant foreign currency risk from the functional currency.

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 or on 31 December 2011.

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 recognised, 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 taken out loan loss insurance to minimise default risks. This covers key outstanding receivables as of the balance sheet date.

The term structure of trade receivables is as follows:

in € thousand	31.12.2012	31.12.2011
Receivables not due for payment and not written down	99,497	114,959
Overdue receivables not written down	28,540	36,812
thereof up to 30 days	24,066	28,994
thereof 31 to 90 days	3,661	6,067
thereof 91 days to 1 year	801	1,406
thereof over 1 year	12	345
	128,037	151,771

Consolidated Financial Statements

Value adjustments on trade receivables developed as follows:

in € thousand	2012	2011
Impairment as of 01.01.	2,504	2,732
Additions (impairment expenses)	1,614	2,360
Used	- 519	- 2,166
Reversals	- 978	- 422
Impairment as of 31.12.	2,621	2,504

The default risk in the case of derivative financial instruments and cash, cash equivalents and short-term deposits 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 very low, since the Group as a rule only conducts derivative financial transactions and liquid investments with counterparties with very good credit ratings.

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 ongoing 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:

	31.12.2012			
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	43,961	6,698	18,732	18,531
Outflow of liquidity for future interest payments on floating-rate loans	2,737	804	1,544	389
	46,698	7,502	20,276	18,920

	31.12.2011			
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	45,520	6,598	19,161	19,761
Outflow of liquidity for future interest payments on floating-rate loans	7,506	2,892	4,135	479
	53,026	9,490	23,296	20,240

It is anticipated that the interest rate swaps in place on the balance sheet date will result in the following interest outflows in the future. In this context, 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 do not result in interest outflows.

in € thousand	31.12.2012	31.12.2011
Within one year	703	781
Between one and five years	1,144	1,902
Over five years	0	123
	1,847	2,806

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:

Financial Assets as of 31.12.2012

in € thousand	Valuation using IAS 39				Balance sheet
	Loans and receivables	Held for trading	Available-for-sale financial assets		
	Amortised cost	Fair value		Amortised cost	
Financial assets	5,160		4,451	4,324	**13,935**
Trade receivables	128,037				**128,037**
Receivables from related parties	24,928				**24,928**
Other financial receivables	2,382				**2,382**
Cash, cash equivalents and short-term deposits	230,072				**230,072**
	390,579	0	4,451	4,324	

Financial Liabilities as of 31.12.2012

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	Amortised cost	Amortised cost	Present value	
Non-current and current financial liabilities	932	903	357,664	15,788	77,043	**452,330**
Accounts payable			65,850			**65,850**
Liabilities towards related parties				184,669		**184,669**
	932	903	423,514	200,457	77,043	

Financial Assets as of 31.12.2011

in € thousand	Valuation using IAS 39				Balance sheet
	Loans and receivables	Held for trading	Available-for-sale financial assets		
	Amortised cost	Fair value		Amortised cost	
Financial assets	3,845		3,323	1,918	9,086
Trade receivables	151,771				151,771
Receivables from related parties	3,756				3,756
Other financial receivables	2,428	1			2,429
Cash, cash equivalents and short-term deposits	329,996				329,996
	491,796	1	3,323	1,918	

Financial Liabilities as of 31.12.2011

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	Amortised cost	Amortised cost	Present value	
Non-current and current financial liabilities	1,002	1,924	378,886	13,698	96,006	491,516
Accounts payable			72,003			72,003
Liabilities towards related parties				165,706		165,706
	1,002	1,924	450,889	179,404	96,006	

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-backs totalling €23 thousand (previous year: €9 thousand) were recognised here 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. Whenever possible, these models use the relevant market prices and interest rates observed at the balance sheet date, obtained from recognised sources, as input parameters.

In the reporting year, gains of € 64 thousand (previous year: € 228 thousand) were recognised 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 € - 43 thousand (previous year: € - 418 thousand) in the fair value of financial instruments designated as hedging instruments (interest rate swaps) were recognised directly in equity. Losses amounting to € 1,065 thousand were derecognised from equity due to the changes in the scope of consolidation.

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 2012 to 2014. This is calculated based on the assumptions used for the Group's plans; estimates are adjusted annually. As a result of the adjustments, earnings rose by € 4,527 thousand. This is included in financial income, see ► Note 16.

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 recognised 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 unrealised gains and losses on cash flow hedges is recognised 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:

in € thousand	Fixed interest rate	Floating rate	Amount covered 31.12.2012	Market values 31.12.2012		Market values 31.12.2011	
				positive	negative	positive	negative
Interest rate swaps	3.82 % to 4.33 %	1m to 6m EURIBOR	20,336	0	- 1,835	0	- 2,921
Interest rate caps	3.50 %	6m EURIBOR	0	0	0	1	0
			20,336	0	- 1,835	1	- 2,921

The remaining maturity of the interest rate derivatives is between twelve months and four 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 rate swaps disclosed, as of the balance sheet date financial instruments covering an amount of €9,299 thousand (previous year: €22,036 thousand) with a market value of € - 903 thousand (previous year: € - 1,924 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 four 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.

48. Related Party Disclosures

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. HHLA is the parent company of the HHLA Group.

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	2012	2011	2012	2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Companies with control over the Group	523	909	4,174	4,519	11,156	0	65,776	65,759
Non-consolidated subsidiaries	3,199	341	726	2,760	355	903	963	4,085
Joint ventures	6,286	9,852	5,874	5,423	1,537	1,388	1,517	654
Associated companies	6,098	197	971	3	10,444	91	904	0
Other transactions with related parties	5,838	19,602	28,793	28,521	1,436	1,374	115,509	95,208
	21,944	30,901	40,538	41,226	24,928	3,756	184,669	165,706

Liabilities towards related parties with control over the Group include a loan of €65,000 thousand (previous year: €65,000 thousand) to the Real Estate subgroup, which is granted by HGV for an indefinite period and attracts interest at a rate of 4.50 % p.a. (previous year: 4.50 %) as of the balance sheet date. The loan can be cancelled with three months' notice. In addition, HHLA has receivables from cash clearing with HGV totalling €8,800 thousand (previous year: liabilities totalling €500 thousand). HHLA's receivables accrued interest at a rate of between 0.13 and 0.83 % p.a. (previous year: between 0.40 and 2.08 % p.a.) in the reporting year. The interest rates for HHLA's liabilities were between 0.23 and 0.93 % p.a. (previous year: between 0.50 and 2.18 %).

Obligations from finance leases amounting to €114,235 thousand (previous year: €93,676 thousand) for the lease of four mega-ship berths from HPA are included in other transactions with related parties.

In the previous year, income from other transactions included a compensation payment from HPA of €15,000 thousand for the loss of leased areas in the Port of Hamburg, among other things.

Expenses with related parties mostly include rent for land and quay walls in the port and the Speicherstadt historical warehouse district.

Furthermore, HGV and the Free and Hanseatic City of Hamburg as parties related to HHLA have provided comfort letters and guarantees to lender banks for loans granted to companies in the HHLA Group. The nominal amount of the associated loan liabilities is €248,000 thousand (previous year: €248,000 thousand), of which around €193,500 thousand plus interest was still outstanding on the balance sheet date (previous year: €201,763 thousand).

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:

List of HHLA's Shareholdings by Business Sector as of 31 December 2012

Name and headquarters of the company	Share of capital held directly in %	Share of capital held indirectly in %	Equity in € thousand	Result for the financial year Year	Result for the financial year in € thousand
Port Logistics					
Container segment					
HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg [1, 2, 3]	100.0		111,449	2012	0
HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg [1, 2, 3]		100.0	1,942	2012	0
HHLA Container Terminal Tollerort GmbH, Hamburg [1, 2, 3]		100.0	34,741	2012	0
HHLA Rosshafen Terminal GmbH, Hamburg [1]		100.0	19,466	2012	2,037
HHLA Container-Terminal Altenwerder GmbH, Hamburg [1, 2, 3]		74.9	74,072	2012	0
SCA Service Center Altenwerder GmbH, Hamburg [1, 2, 3]		74.9	601	2012	0
Kombi-Transeuropa Terminal Hamburg GmbH, Hamburg [4]		37.5	113	2012	3
HHLA CTA Besitzgesellschaft mbH, Hamburg [1, 2, 3]		74.9	6,360	2012	0
CuxPort GmbH, Cuxhaven [6]		25.1	6,842	2011	1,335
FLZ Hamburger Feeder Logistik Zentrale GmbH, Hamburg [4]		66.0	25	2012	0
HHLA Container Terminal Burchardkai GmbH, Hamburg [1, 2, 3]	100.0		76,961	2012	0
Service Center Burchardkai GmbH, Hamburg [1, 2, 3]		100.0	26	2012	0
Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven [5]	50.0		3	2012	5
Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven [5]	50.0		16	2012	0
DHU Gesellschaft Datenverarbeitung Hamburger Umschlagsbetriebe mbH, Hamburg [5]	23.0	17.4	1,737	2012	908
SC HPC UKRAINA, Odessa, Ukraine [1]		100.0	66,580	2012	7,350
Intermodal segment					
HHLA Intermodal GmbH, Hamburg [1, 2, 3]	100.0		29,043	2012	0
CTD Container-Transport-Dienst GmbH, Hamburg [1, 2, 3]		100.0	1,256	2012	0
CIT Container Inland Trucking GmbH, Hamburg [5]		50.0	36	2011	13
HHLA Intermodal Polska Sp. z o.o., Warsaw, Poland [1]		100.0	4,984	2012	- 892
HHLA Intermodal Polska Terminals Sp. z o.o., Warsaw, Poland [1, 5]		100.0	4	2012	- 3
METRANS a.s., Prague, Czech Republic [1]		86.5	128,936	2012	21,757
METRANS (Deutschland) GmbH, Hamburg [1, 5]		86.5	156	2012	9
METRANS (Danubia) a.s., Dunajská Streda, Slovakia [1]		86.5	22,277	2012	3,088
METRANS Danubia Kft., Győr, Hungary [1, 5]		86.5	140	2012	130
METRANS Adria D.O.O., Koper, Slovenia [1, 5]		86.5	416	2012	9
METRANS D.O.O., Rijeka, Croatia [1, 5]		86.5	- 10	2012	- 5
METRANS Danubia Krems GmbH, Krems an der Donau, Austria [1, 5]		86.5	775	2012	223
METRANS DYKO Rail Repair Shop s.r.o., Prague, Czech Republic [1]		86.5	3,131	2012	45
METRANS Rail s.r.o., Prague, Czech Republic [1]		69.2	1,414	2012	563
METRANS Rail (Deutschland) GmbH, Kirnitzschtal [1, 5]		69.2	245	2012	137
IBZ Pankrác a.s., Nýřany, Czech Republic [1, 5]		80.8	221	2012	6

List of HHLA's Shareholdings by Business Sector as of 31 December 2012

Name and headquarters of the company	Share of capital held directly in %	Share of capital held indirectly in %	Equity in € thousand	Result for the financial year: Year	Result for the financial year in € thousand
JPFE-07 INVESTMENTS s.r.o., Ostrava, Czech Republic [1,5]		86.5	821	2012	- 9
POLZUG Intermodal GmbH, Hamburg [1]		100.0	- 271	2012	- 9,008
POLZUG Intermodal Polska sp. z o.o., Warsaw, Poland [1]		100.0	1,666	2012	- 1,238
POLZUG INTERMODAL LLC, Poti, Georgia [1]		75.0	534	2012	381
IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg [5]		50.0	29	2012	3
IPN Inland Port Network GmbH & Co. KG, Hamburg [5]		50.0	47	2012	- 93
Logistics segment					
HPC Hamburg Port Consulting GmbH, Hamburg [1,2,3]	100.0		1,367	2012	0
HPTI Hamburg Port Training Institute GmbH, Hamburg [1,2,3]		100.0	102	2012	0
Uniconsult Universal Transport Consulting Gesellschaft mit beschränkter Haftung, Hamburg [1,2,3]		100.0	100	2012	0
UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg [1]	51.0		4,782	2012	1,464
ARS-UNIKAI GmbH, Hamburg [4]		25.5	326	2012	20
HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg [6]	51.0		7,962	2012	- 2,333
Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg [6]	51.0		311	2012	147
HHLA Logistics GmbH, Hamburg [1,2,3]	100.0		- 1,237	2012	0
HHLA Logistics Altenwerder GmbH & Co. KG, Hamburg [1]	100.0		587	2012	9
HHLA Logistics Altenwerder Verwaltungsgesellschaft mbH, Hamburg [1,5]	100.0		47	2012	- 1
Hansaport Hafenbetriebsgesellschaft mit beschränkter Haftung, Hamburg [3,4]	49.0		n. a.	2012	n. a.
HCC Hanseatic Cruise Centers GmbH, Hamburg [1]		51.0	725	2012	54
Holding/Other					
GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg [1,2,3]	100.0		3,609	2012	0
HHLA-Personal-Service-Gesellschaft mit beschränkter Haftung, Hamburg [1,2,3]	100.0		45	2012	0
HCCR Erste Beteiligungsgesellschaft mbH, Hamburg [1]		100.0	33	2012	0
Real Estate					
Real Estate segment					
Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg [1,2,3]	100.0		4,518	2012	0
GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg [1,2,3]	100.0		8,184	2012	0
GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg [1]	100.0		12,232	2012	1,476

[1] Controlled companies
[2] Profit and loss transfer agreements were held in these companies in 2012.
[3] The disclosure simplification provided for in Section 264 (3) of the German Commercial Code (HGB) was used for these companies.
[4] Proportionately consolidated companies
[5] Due to the minor importance of these companies, they are not recognised using the equity method in the consolidated financial statements or as associated companies, but rather as an equity investment.
[6] Companies recognised using the equity method

Compensation for Key Management Personnel

The relevant group of people includes the current and former members of the Executive Board and their surviving dependants. The Supervisory Board and their immediate families also count as related parties. Apart from the details provided below, there were no notifiable transactions with related parties or their close relatives in the 2012 financial year.

Executive Board Remuneration

In accordance with Article 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 in its entirety 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 commercial and financial position and the amount and structure of Executive Board remuneration in comparable companies. The responsibilities and services provided by each Executive Board member are also taken into account. Following the introduction of the German Act on the Appropriateness of Management Board Remuneration (VorstAG), the Supervisory Board approved a new remuneration system at its meeting in December 2010. This system has been in use since 1 January 2011.

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 performance-related bonus is usually set using a three-year assessment period as a basis. 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 real estate and companies), the average return on capital employed (ROCE) and the achievement of targets relating to environmental issues (reduction of the carbon footprint of each container handled and transported) and social issues (broken down into training and continuing professional development, health and employment) over the same period. Target ranges were set for each of the components used in the calculation for the period from 2011 to 2013. Achieving these targets triggers the payment of the relevant bonus. When making these calculations, roughly equal weight is given to EBIT on the one hand and the above-mentioned sustainability components on the other. The variable remuneration is capped at 150 % of the basic salary. It is paid out once the annual financial statements have been approved.

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, 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 55 to 60 % of the pension entitlement and children receive an orphan's allowance of 12 to 20 % of the pension.

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.

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	2012	2011
Non-performance-related remuneration		
Basic salary	1,440	1,765
Other benefits	46	279
Performance-related remuneration	1,641	2,009
	3,127	4,053

Benefits comprise non-monetary compensation – primarily the use of company cars – as well as pension contributions paid out to former Executive Board members in the reporting year.

After leaving the Executive Board on 31 December 2011, Dr. Jürgens will receive his contractually agreed basic salary until 31 December 2013 at the latest. The sum of € 325,000 has been stipulated as the basis for calculating his performance-related pay. If the employment relationship ends before 31 December 2013, Dr. Jürgens will receive compensation equivalent to 42 % of the remaining remuneration payable until 31 December 2013.

Benefits totalling € 1,385 thousand (previous year: € 782 thousand) were paid to former members of the Executive Board and their surviving dependants. Provisions of € 8,365 thousand (previous year: € 4,278 thousand) have been made for pension commitments to active Executive Board members and provisions of € 11,417 thousand (previous year: € 10,340 thousand) have been made for pension commitments to former Executive Board members and their surviving dependants.

Supervisory Board Remuneration

In accordance with Article 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 and 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 percent when a dividend is paid to the 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 per committee per financial year, while the Chairman of the respective committee receives €5,000, but altogether no more than €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 corresponding pro rata payment.

The remuneration paid to the Supervisory Board in the financial year under review totalled €282 thousand (previous year: €291 thousand).

49. 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 26 May 2010 and the subsequent version dated 15 May 2012 and published on 15 June 2012. 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 2012 and on 7 December 2012 issued the declaration of compliance 2012 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).

50. Auditing Fees

The following fees have been recognised as expenses for services provided by the auditors of the consolidated financial statements, Ernst & Young GmbH:

in € thousand	2012	2011
Audit of financial statements	531	491
Other certification services	79	69
Tax advisory services	0	27
Other services	14	26
	624	613

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 the year under review and the previous year, fees for other certification services related predominantly to the qualified review of interim financial statements.

51. Events after the Balance Sheet Date

In January 2013, non-current assets held for sale were sold for an accounting gain of around €5 million in the course of restructuring the Logistics segment.

There were no other transactions of special significance after the balance sheet date 31 December 2012.

Hamburg, 5 March 2013

HAMBURGER HAFEN UND LOGISTIK AKTIENGESELLSCHAFT

Klaus-Dieter Peters
Dr. Stefan Behn

Heinz Brandt
Dr. Roland Lappin

Annual Financial Statements of the Parent Company

Income statement

for the period 1 January to 31 December 2012

in €		2012	2012	2011	2011
1.	Revenue		142,704,922.21		140,264,949.38
2.	Increase/Decrease in work in progress		21,800.26		- 2,258,772.74
3.	Own work capitalised		466,566.30		358,912.12
4.	Other operating income of which income from translation differences €3,469.53 (previous year: €3,450.67)		8,068,575.51		3,675,844.89
5.	Cost of materials				
	a) Expenses for raw materials, consumables, supplies and purchased merchandise	4,272,846.56		5,335,036.01	
	b) Expenses for purchased services	1,314,205.52	5,587,052.08	1,432,764.69	6,767,800.70
6.	Personnel expenses				
	a) Wages and salaries	95,782,085.78		93,906,495.23	
	b) Social security contributions and expenses for pension and similar benefits of which for pensions €5,157,063.70 (previous year: €4,533,008.15)	20,757,715.92	116,539,801.70	20,118,406.21	114,024,901.44
7.	Depreciation and amortisation on intangible fixed assets and property, plant and equipment		6,399,710.73		5,917,944.91
8.	Other operating expenses of which expenses from translation differences €1,739.31 (previous year: €4,496.06)		36,334,440.95		35,954,613.31
9.	Income from profit transfer agreements		123,134,160.50		162,048,470.46
10.	Income from equity participations of which from affiliated companies €726,223.09 (previous year: €862,637.44)		3,945,815.28		4,164,070.44
11.	Other interest and similar income of which from affiliated companies €4,422,531.91 (previous year: €5,614,785.01) of which income from discounting €0.00 (previous year: €19,815.00)		7,061,303.92		9,017,625.74
12.	Expenses from assumed losses		6,341,833.13		1,251,156.37
13.	Interest and similar expenses of which to affiliated companies €3,637,527.48 (previous year: €4,593,036.70) of which from accrued interest €18,518,729.70 (previous year: €16,206,571.62)		22,566,893.19		21,011,799.69
14.	Result from ordinary income		91,633,412.20		132,342,883.87
15.	Taxes on income of which deferred €299,516.23 (previous year: €5,261,530.26)		26,906,096.73		39,741,579.86
16.	Other taxes		441,442.10		462,403.32
17.	Net profit for the year		64,285,873.37		92,138,900.69
18.	Profit carried forward from the previous year		216,110,617.11		165,703,545.72
19.	Dividend distributed		48,236,242.11		41,731,829.30
20.	Unappropriated profit		232,160,248.37		216,110,617.11

The annual financial statement and report of Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, for the 2012 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 Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The statement of income for the period 1 January to 31 December 2012, and the balance sheet as of 31 December 2012, are presented on this and the following pages.

Balance sheet

as of 31 December 2012

in €		31.12.2012	31.12.2012	31.12.2011	31.12.2011
Assets					
A.	Non-current assets				
I.	Intangible assets				
1.	Purchased software	1,466,883.02		1,589,944.00	
2.	Payments made on account	53,250.00	1,520,133.02	0.00	1,589,944.00
II.	Property, plant and equipment				
1.	Land, equivalent land rights and buildings, including buildings on leased land	70,861,889.15		75,135,654.95	
2.	Technical equipment and machinery	2,381,496.30		2,531,836.05	
3.	Other plant, operating and office equipment	3,275,215.78		2,904,498.46	
4.	Payments made on account and plant under construction	8,118,737.96	84,637,339.19	2,781,710.21	83,353,699.67
III.	Financial assets				
1.	Interests in affiliated companies	228,325,243.93		226,037,545.57	
2.	Equity investments	3,279,163.18		2,618,861.54	
3.	Non-current securities	920,839.80	232,525,246.91	706,402.85	229,362,809.96
			318,682,719.12		314,306,453.63
B.	Current assets				
I.	Inventories				
1.	Raw materials, consumables and supplies	173,306.12		181,769.66	
2.	Work in progress	1,777,249.81	1,950,555.93	1,755,449.55	1,937,219.21
II.	Receivables and other assets				
1.	Trade receivables	859,685.20		885,637.50	
2.	Receivables from the Free and Hanseatic City of Hamburg of which with a residual term of more than one year €394,053.05 (previous year: €404,883.82)	2,699,794.44		1,043,219.43	
3.	Receivables from affiliated companies	493,794,111.27		427,695,614.83	
4.	Receivables from investee companies	10,417,223.80		10,063.97	
5.	Other assets of which with a residual term of more than one year €1,143,259.02 (previous year: €1,224,327.41)	13,590,604.42	521,361,419.13	8,883,631.47	438,518,167.20
III.	Cash and cash equivalents		199,625,655.34		283,236,759.66
			722,937,630.40		723,692,146.07
C.	Accruals and deferrals		780,934.70		323,482.37
D.	Deferred tax assets		26,483,487.25		25,568,251.54
			1,068,884,771.47		1,063,890,333.61

Balance sheet

as of 31 December 2012

in €		31.12.2012	31.12.2012	31.12.2011	31.12.2011
Equity and liabilities					
A.	Equity				
I.	Subscribed capital				
1.	Port Logistics	70,048,834.00		69,975,326.00	
2.	Real Estate	2,704,500.00	72,753,334.00	2,704,500.00	72,679,826.00
II.	Capital reserve				
1.	Port Logistics	136,771,470.63		134,915,393.63	
2.	Real Estate	506,206.26	137,277,676.89	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		56,105,325.36	
	b) Real Estate	1,322,353.86	57,427,679.22	1,322,353.86	57,427,679.22
			62,757,679.22		62,757,679.22
IV.	Unappropriated profit				
1.	Port Logistics	217,448,194.18		202,971,678.40	
2.	Real Estate	14,712,054.19	232,160,248.37	13,138,938.71	216,110,617.11
			504,948,938.48		486,969,722.22
B.	Provisions				
1.	Provisions for pensions and similar obligations		292,116,413.74		289,079,536.47
2.	Tax provisions		0.00		956,209.32
3.	Other provisions		34,195,133.52		32,337,595.42
			326,311,547.26		322,373,341.21
C.	Liabilities				
1.	Payments on account		2,024,149.95		1,974,495.89
2.	Trade Liabilities		1,973,240.89		1,746,064.73
3.	Liabilities towards the Free and Hanseatic City of Hamburg		3,688.61		10,743.00
4.	Liabilities towards HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg		56,473,774.84		65,758,851.79
5.	Liabilities towards affiliated companies		163,533,103.58		173,301,646.69
6.	Liabilities towards investee companies		3,813,255.72		1,147,273.96
7.	Other liabilities of which from taxes €2,046,611.94 (previous year: €2,777,702.19) of which for social security €1,413,003.02 (previous year: €1,867,289.53)		7,046,957.07		9,012,410.63
			234,868,170.66		252,951,486.69
D.	Accruals and deferrals		472,161.33		526,581.69
E.	Deferred tax liabilities		2,283,953.74		1,069,201.80
			1,068,884,771.47		1,063,890,333.61

Auditor's Report

"We have audited the consolidated financial statements prepared by the Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January 2011 to 31 December 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": "German Commercial Code"] and articles of incorporation and bylaws 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 Sec. 317 HGB 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 the 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 Sec. 315a (1) HGB and articles of incorporation and bylaws 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, 5 March 2013

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Grummer	Röseler
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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, 5 March 2013

Hamburger Hafen und Logistik Aktiengesellschaft

The Executive Board

Klaus-Dieter Peters   Dr. Stefan Behn

Heinz Brandt   Dr. Roland Lappin

Report Profile

Sustainable business practices have always been an integral part of HHLA's business model. The company connects global goods flows to transport chains that are environmentally friendly and conserve resources in an exemplary way. The corporate management is geared towards the principle of sustainable value creation too and demonstrates how environmental and economic targets can be reconciled with one another. HHLA's ten fields of activity within its On Course sustainability initiative comprise environmental, social and economic aspects. In order to document these transparently, this report is based on the guidelines issued by the Global Reporting Initiative or GRI (version GRI 3.1).

Report Content and Structure

The content structure of this annual report is regulated by the disclosure obligation for public limited companies as defined by the German Commercial Code (HGB). In addition to details on the financial and economic situation of the company, the report also includes information from HHLA's "On Course" sustainability programme. An extended Sustainability Council, comprising members of the Group management and external experts, is responsible for the sustainability strategy. This body provides a forum for discussing and approving sustainability issues and measures across the Group, as well as for regularly evaluating and updating the existing stakeholder structure. The data on economic performance, as well as environmental and social issues, is prepared centrally by the Finance, Sustainability and HR departments and subsequently made available.

The Group Management Report and Consolidated Financial Statements have been audited by Ernst & Young. The report has also been presented to the GRI, where it was put in the "B+" category. The GRI index points to parts in this annual report or sections of HHLA's website which provide information about individual GRI indicators.

Boundaries of the Report

The reporting period is the 2012 financial year (1 January to 31 December 2012). The data presented generally refers to this period or the facts and figures at the end of the reporting period. If information refers to a different period of time, this is explicitly stated. The report is published once a year. This year is the first time that it is based on GRI standards. The previous annual report was published on 30 March 2011.

Unless otherwise stated, the key figures and information in this report concern the entire Group including associated companies in which the company has a majority holding.

Some sections contain forward-looking statements. These estimates and statements were made to the best of our knowledge and in good faith. Future global economic conditions, legislation, market conditions, competitors' activities and other factors are not within the control of HHLA.

Data Collection and Calculation Methods

All data and information was collected from the respective units responsible for such information using representative methods for the reporting period.

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.

Sustainability-relevant key figures are input into the internal management information system on a monthly basis and analysed every six months. The Executive Board receives a corresponding report. The sustainability performance indicators are calculated every year and published in the management report section of the annual report, having been signed off by the auditors. This ensures the reliability of the data. Data comparability and consistency is guaranteed by complying with widely used international reporting standards (e.g. Greenhouse Gas Protocol).

Opportunities and risks are analysed by means of a comprehensive risk management system. Compliance with corporate guidelines as well as with relevant and recognised national and international industry standards is regarded as an essential part of corporate governance at HHLA.

Workflows and processes are structured in line with these regulations. External audits (including ISO 14001, ISO 9001 and CTQI [Container Terminal Quality Indicator]) confirm compliance with recognised international standards.

In view of the extent of HHLA's activities, it is not possible to include the full details in this printed report. Additional information can be found at: ► www.hhla.de/en

GRI Index

GRI indicator		Comments	Location of disclosure	Level of reporting
1.	**Strategy and Analysis**			
1.1	Statement by the organisation's most senior decision-maker		Pages 6, 7, 10–12	■
1.2	Description of key impacts, risks and opportunities		Pages 6, 7, 73–75, 113 et seq., 123 et seq. http://hhla.de/en/investor-relations/corporate-governance/compliance.html	■
2.	**Organisational Profile**			
2.1	Name of the organisation		Page 71	■
2.2	Primary brands, products and/or services		Pages 6, 7, 73–75	■
2.3	Structure of the organisation		Pages 1, 4, 5, 70–72, 196	■
2.4	Location of organisation's headquarters	Hamburg, Germany		■
2.5	Main countries where the organisation operates		Page 196	■
2.6	Nature of ownership and legal form		Pages 46, 146 et seq.	■
2.7	Markets served		Pages 73–75, 76	■
2.8	Size of the organisation		U2 (table of key figures), pages 83, 96 et seq., 103 et seq.	■
2.9	Significant changes during the reporting period regarding size, structure or ownership		Pages 71, 95 et seq., 99 et seq.	■
2.10	Awards received in the reporting period		Pages 46, 92	■
3.	**Report Parameters**			
3.1	Reporting period		Page 208	■
3.2	Date of publication of most recent report		Page 208	■
3.3	Reporting cycle		Page 208	■
3.4	Contact point		Page 220	■
3.5	Process for defining report content		Page 208	■
3.6	Boundary of the report		Page 208	■
3.7	Limitations on the scope of the report		Page 208	■
3.8	Joint ventures, subsidiaries, outsourced operations		Page 208	■
3.9	Data measurement techniques and bases of calculation		Page 208	■
3.10	Changes in the presentation of information compared with earlier reports			□
3.11	Changes in the scope, report boundaries or measuring techniques used			□
3.12	GRI index		Pages 209 et seq.	■
3.13	External assurance of the report		Page 50 et seq.	■

Level of reporting: ■ Fully reported ■ Partially reported □ Not reported or not relevant

Content: Black = primary indicator *Grey = secondary indicator*

GRI indicator		Comments	Location of disclosure	Level of reporting
4.	Governance, Commitments and Engagement			
4.1	Governance structure		Pages 48 et seq., 53 et seq.	■
4.2	Independence of the Chairman of the Supervisory Board		Pages 48 et seq., 53 et seq., 62	■
4.3	Independent members of the highest governance body		Pages 48 et seq., 62	■
4.4	Mechanisms for shareholders and employees to provide recommendations to the highest governance body		Page 58 www.hhla.de/en/investor-relations/ann-general-meeting.html	■
4.5	Linkage between compensation for members of the governance bodies and management of the company		Pages 59–61	■
4.6	Processes in place to avoid conflicts of interest		Pages 36 et seq., 57	■
4.7	Qualification and expertise of members of the highest governance body in respect of sustainability issues		Page 56 et seq.	■
4.8	Internally developed mission statements, codes of conduct and principles		Pages 55 et seq., 76, 80–82, 85 et seq., 89 et seq. http://hhla.de/en/focus-on-people.html	■
4.9	Procedures of the highest governance body for overseeing the organisation's performance as regards sustainability		Page 89 http://hhla.de/en/sustainability/organization.html	■
4.10	Processes to evaluate the performance of the highest governance body in respect of sustainability		Pages 53 et seq., 60 et seq.	■
4.11	Addressing the principle of precaution		Pages 79 et seq., 80 et seq.	■
4.12	Endorsement of externally developed agreements and principles		Pages 55 et seq. http://hhla.de/en/investor-relations/corporate-governance/declear-of-compliance.html	
4.13	Membership of associations	Zentralverband der deutschen Seehafenbetriebe (ZDS) / Hafen Hamburg Marketing (HHM); Unternehmensverband Hafen Hamburg e.V. (UVHH) / Logistik-Initiative Hamburg; Industrieverband Hamburg (IVH)		■
4.14	Stakeholder groups engaged by the organisation	HHLA is in regular contact with its stakeholders from a wide range of different areas. Stakeholders include customers (e.g. shipping companies), customers' customers (e.g. forwarders), employees and their families, suppliers, the media, potential and existing shareholders, associations and institutions, research institutes, political decision-makers, local residents close to the terminal and interested members of the public.	Page 208	■
4.15	Identifying stakeholders	In November 2012, the Sustainability Council evaluated and updated the existing stakeholder structure by means of internal interviews with external support.		■

GRI indicator		Comments	Location of disclosure	Level of reporting
4.16	Engaging stakeholders	The different stakeholders are engaged on a continual basis by means of numerous events and diverse communication channels, e.g. by means of regular meetings with residents on the subject of noise, events concerning the planned development of the company with customers and shareholders, or guided tours of HHLA terminals. Existing and potential customers provide input for HHLA's sustainable development via key account management. The same applies to potential and existing shareholders in the course of roadshows.	Page 208	■
4.17	Topics and concerns raised by stakeholders	In the course of dialogue with neighbouring residents of the port terminals, noise-reducing equipment was purchased, a hotline was opened and operating processes to minimise noise were introduced. Suggestions made by local residents are systematically statistically assessed and presented as part of the dialogue, which is conducted in a spirit of partnership. The issue of deepening the navigation channel of the river Elbe was accompanied by information about the expected growth in ship size. We also report annual CO_2 emissions per container handled, for instance, at the request of our stakeholders.	Page 192	■
Key Economic Performance Indicators				
	Management Approach		Pages 55 et seq., 88 et seq., 90 et seq. http://hhla.de/en/sustainability/strategy.html http://hhla.de/en/sustainability/ecology.html	■
EC1	Direct economic value generated and distributed		Pages 47, 92, 94 et seq., 132 et seq., 162	■
EC2	Financial implications due to climate change		Pages 87 et seq., 89 et seq., 121	▪
EC3	Coverage of the organisation's defined benefit plan obligations		Page 162	■
EC4	Significant financial assistance received from government		Page 157	▪
EC5	*Range of ratios of standard entry-level wage compared to local minimum wage*			□
EC6	Locally based selection of suppliers		Page 85 et seq. http://hhla.de/en/sustainability/ecology.html	▪
EC7	Procedures for local hiring of employess		Pages 83, 92	▪
EC8	Infrastructure investments provided primarily for public benefit			□
EC9	*Significant indirect economic impacts*			□

GRI indicator		Comments	Location of disclosure	Level of reporting
Key Environmental Performance Indicators				
	Management Approach		Pages 55 et seq., 88 et seq., 90 et seq. http://hhla.de/en/sustainability/strategy.html http://hhla.de/en/sustainability/ecology.html	■
EN1	Materials used by weight or volume	The focus of HHLA's activities is on providing services at ports and in the field of railway freight, which means that the input of material to produce goods is largely irrelevant.		■
EN2	Proportion of materials used that are recycled input materials			□
EN3	Direct energy consumption		Page 90	■
EN4	Indirect energy consumption		Page 90	■
EN5	*Energy saved due to conservation and efficiency improvements*		*Page 90 et seq.*	■
EN6	*Initiatives to provide energy-efficient or renewable energy-based products and services*		*Pages 87 et seq., 90 et seq.*	■
EN7	*Initiatives to reduce indirect energy consumption and reductions achieved*		*Page 90 et seq.*	■
EN8	Total water withdrawal		Page 91	■
EN9	*Water sources significantly affected by the withdrawal of water*		*Page 91*	□
EN10	*Proportion of water recycled and reused*			■
EN11	Land in or adjacent to protected areas	HHLA does not have any land that is adjacent to protected areas.		■
EN12	Impacts of activities in protected areas	HHLA's activities are not expected to have an impact of the biodiversity of protected areas.		■
EN13	*Natural habitats protected or restored*			□
EN14	*Strategies to protect biodiversity*			□
EN15	*Impacts on endangered species*			□
EN16	Total direct and indirect greenhouse gas emissions		Page 90	■
EN17	Other relevant greenhouse gas emissions			□
EN18	*Initiatives to reduce greenhouse gas emissions*		*Pages 87 et seq., 90 et seq.*	■
EN19	Emissions of ozone-depleting substances			□
EN20	NOx, SOx and other significant air emissions			□
EN21	Total water discharge	HHLA's consumption of fresh water equals the discharged wastewater plus rainwater. Rainwater is not measured.	Page 91	■
EN22	Total volume of waste by type and disposal method		Page 91	■

GRI indicator		Comments	Location of disclosure	Level of reporting
EN23	Total number and volume of significant spills	Insofar as such spills occur, this information is published in the risk and opportunity report included in this annual report.		■
EN24	*Transport of hazardous waste*		*Page 91*	▪
EN25	*Impact of wastewater on biodiversity*			□
EN26	Initiatives to mitigate environmental impacts of products and services		Pages 87 et seq., 90 et seq. http://hhla.de/en/sustainability/ecology/climate-protection.html	■
EN27	Packaging materials that are reclaimed		EN1	■
EN28	Fines for non-compliance with environmental laws and regulations			□
EN29	Significant environmental impacts of transporting products, goods and materials, and of employee mobility		Page 88 et seq. http://hhla.de/en/sustainability/ecology/transport-chains.html	■
EN30	*Total environmental protection expenditures and investments*			□
Labour Practices and Decent Work				
	Management Approach		Pages 32, 83 et seq., 92 http://hhla.de/en/focus-on-people.html http://hhla.de/en/sustainability/strategy.html#c25031	■
LA1	Structure of total workforce		Page 83	▪
LA2	Employee turnover		Page 83	▪
LA3	Benefits provided to full-time employees			□
LA4	Proportion of employees covered by labour agreements		Page 83	■
LA5	Minimum notice period(s) regarding significant operational changes	Minimum notice periods as defined in the German Industrial Relations Act (Betriebsverfassungsgesetz) are observed.		■
LA6	Proportion of total workforce represented in occupational safety committees		Page 83	■
LA7	Occupational illnesses and accidents		Page 83	■
LA8	Training and prevention programmes regarding serious diseases		Page 83	■
LA9	Health and safety topics covered in formal agreements with trade unions		Page 83	■
LA10	Hours of training per employee			□
LA11	Programmes for skills management and lifelong learning		Page 84 et seq.	▪
LA12	Proportion of employees receiving regular performance and career development reviews			□
LA13	Composition of governing bodies		Pages 62 et seq., 83 et seq.	■
LA14	Ratio of basic salary and remuneration of women to men	The equal pay of male and female employees is provided for through labour agreements.		■
LA15	Availment of parental leave by gender		Page 85	▪

GRI indicator		Comments	Location of disclosure	Level of reporting
Human Rights				
	Management Approach		Pages 55 et seq., 83, 85 et seq., 104 et seq. http://hhla.de/en/investor-relations/corporate-governance/compliance.html http://hhla.de/en/focus-on-people.html	■
HR1	Investment agreements that have undergone human rights screening	HHLA performs most of its business activities in Germany and Europe. Humans rights are protected here by law. When inviting tenders for services, care is taken that national and international laws and conventions are observed. This is legally reaffirmed when the contract is signed.	Page 55 et seq.	■
HR2	Suppliers that have undergone human rights screening	Over 95 percent of HHLA's suppliers come from the European Union, where human rights are enshrined in local and European laws and child labour is similarly prohibited. HHLA's own in-house purchasing guidelines, in combination with HHLA's externally applicable purchasing guidelines, also state the responsibility of every individual to comply with the provisions laid down by regulators, professional associations and the government, both within the company itself and in dealings with contractual partners.	Page 55 et seq.	■
HR3	Human rights training			□
HR4	Incidents of discrimination and corrective measures taken		http://hhla.de/fileadmin/download/HHLA_513390_Verhaltenskodex.pdf	■
HR5	Restriction of the right to exercise freedom of association and corrective measures taken	No restrictions were placed on the right to exercise freedom of association in the reporting period. HHLA actively encourages co-determination at work. The basis for this is set out in Germany by the Industrial Relations Act (BetrVG), among others.		■
HR6	Principles and measures to prevent child labour		Page 55 et seq. http://hhla.de/de/investor-relations/corporate-governance/compliance.html	■
HR7	Principles and measures to prevent forced labour		Page 55 et seq. http://hhla.de/de/investor-relations/corporate-governance/compliance.html	■
HR8	Training of security personnel	The security personnel used by HHLA have been trained in line with statutory requirements, including fundamental rights as set out in the German Constitution (Grundgesetz) and data protection provisions.	http://hhla.de/de/kunden/sicherheit.html	■
HR9	*Violations involving the rights of indigenous people*		*H10*	□

GRI indicator		Comments	Location of disclosure	Level of reporting
HR10	Business units subject to human rights reviews	HHLA is primarily active in Hamburg. Compliance with basic constitutional law and the associated protection of human rights is of utmost importance to the HHLA Group.		■
HR11	Number of grievances filed related to human rights			□
Society				
	Management Approach		Pages 55 et seq., 89, 91 http://hhla.de/en/sustainability/strategy.html#c25032 http://hhla.de/en/investor-relations/corporate-governance/compliance.html	■
SO1	Programmes to assess the impact of operations on the community		Page 90 et seq. http://hhla.de/en/sustainability	■
SO2	Business units analysed for risks related to corruption		Page 55 et seq. http://hhla.de/en/investor-relations/corporate-governance/compliance.html	■
SO3	Proportion of employees trained in anti-corruption policies and procedures	HHLA staff members receive regular training in anti-corruption guidelines.		■
SO4	Actions taken in response to incidents of corruption	Insofar as risks arising from legal disputes and proceedings regarding incidents of corruption exist, this information is published in the risk and opportunity report included in this annual report.		■
SO5	Public policy positioning and lobbying	HHLA's interests are represented by the German Association of Ports (Zentralverband der deutschen Seehafenbetriebe e.V. or ZDS), among others.		■
SO6	Gifts to political parties	HHLA does not make donations of any kind to political parties or politicians, nor does it conduct lobbying activities of any significance.		■
SO7	Legal actions as a result of anti-competitive behaviour			□
SO8	Fines and non-monetary sanctions for non-compliance with laws and regulations			□
SO9	Operations with significant potential or actual negative impacts on local communities		http://hhla.de/en/sustainability/ecology/tracking-noise.html	■
SO10	Prevention and mitigation measures taken	Regular meetings to discuss noise protection are held with residents adjacent to the port terminals. Special low-noise handling equipment has been purchased to reduce noise. Operational processes are organised in a way to keep noise to a minimum.		■

GRI indicator		Comments	Location of disclosure	Level of reporting
Product Responsibility				
	Management Approach		Pages 55 et seq., 80 http://hhla.de/en/customers/security.html http://hhla.de/en/sustainability/social/safety.html http://hhla.de/en/investor-relations/corporate-governance/compliance.html	■
PR1	Health and safety impacts along the product life cycle		http://hhla.de/en/sustainability/social/safety.html http://hhla.de/en/customers/security.html	■
PR2	Non-compliance with regulations with regard to health and safety			□
PR3	Statutory information requirements for products and services	HHLA's General Terms and Conditions for Container Handling and the General Terms of Business of Quay Terminal Operators contain stipulations concerning issues including safety at the terminals.	http://hhla.de/fileadmin/download/kaibetriebsordnung_mai_2004.pdf http://hhla.de/fileadmin/download/Allgemeine_Umschlagsbedingungen_AUB_01012013.pdf	■
PR4	*Non-compliance with regulations and voluntary codes concerning product and service information*			□
PR5	*Customer satisfaction including results of surveys*			□
PR6	Programmes for adherence to laws, standards and voluntary codes related to advertising	In its commercial communication, HHLA complies with the provisions of the German Advertising Standards Council (Deutscher Werberat), a body for voluntary self-regulation. As a result, we are committed to the generally accepted core values of the council and its standards of decency and morality. Commercial communication must always exhibit due respect for competitors and responsibility to society. In particular, advertising may not discriminate against particular people or groups. There were no sanctions, fines or warnings due to non-compliance with applicable provisions during the reporting year.		■
PR7	*Non-compliance with regulations and voluntary codes concerning marketing communications*			□
PR8	*Complaints associated with data protection*			□
PR9	Fines for non-compliance with law and regulations concerning the provision and use of products and services			□

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Hamburger Hafen und Logistik AG (HHLA)** has presented its report "Annual Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 11 March 2013

B+
GRI REPORT
GRI CHECKED

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The "+" has been added to this Application Level because Hamburger Hafen und Logistik AG (HHLA) has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 1 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*

Specialist Terminology

Automated Guided Vehicle (AGV)
Fully automatic, driverless transport vehicle which carries containers back and forth between the container gantry cranes on the quayside and the block storage yard. HHLA uses AGVs at the Container Terminal Altenwerder.

Block Storage
Automated block storage facilities are used at the HHLA Container Terminal Altenwerder and Burchardkai as a compact means of stacking containers. ► Rail-Mounted Gantry Cranes are used to transport and stow the boxes.

Container Gantry Crane
A crane system used to load and discharge containerships. Container gantry cranes are classed as panamax, post-panamax or super post-panamax depending on the size of vessel they can handle.

Feeder, Feedership
Vessels which carry smaller numbers of containers to ports that are not served directly by container mega-ships. Feeders are used to transport boxes from Hamburg to the Baltic region, for instance.

Hinterland
Describes a port's catchment area.

Hub Terminal (Hinterland)
A ► Terminal which serves as a handling hub. Container trains loaded with mixed cargo arrive at the hub terminal from various points of departure. At the hub, the freight is pooled and transshipped onto connecting trains to a target region or forwarded to the recipient by truck. HHLA's rail subsidiaries currently operate such hub terminals in Ceska Trebova, Dunajska Streda, Poznan and Prague.

Intermodal, Intermodal Systems
Transportation via several modes of transport (rail, water, road) combining the specific advantages of the respective carriers.

North Range
North European international ports. In the broadest sense, the term refers to all large continental ports in Northern Europe from Le Havre to Hamburg and Gothenburg. The Hamburg-Antwerp Range is often used to denote a more specific geographic area consisting of Hamburg, the Bremen ports, Rotterdam and Antwerp.

Rail Gantry Crane
See ► RMG

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 Cranes, and in rail cargo handling they are called ► Rail Gantry Cranes.

RoRo
Short for "roll on, roll off", RoRo is a means of loading wheeled cargo, such as cars, which can simply be rolled or driven onto a ship.

Shuttle Train
A train which travels back and forth on one route with the same arrangement of wagons, eliminating the need for time-consuming shunting. HHLA's rail subsidiaries operate shuttle trains between the sea ports and the ► Hub Terminals (Hinterland).

Standard Container
See ► TEU

Storage Crane
See ► RMG

Straddle Carrier
A long-legged vehicle used to transport containers at the terminals. The driver manoeuvres his straddle carrier into position above a container and lifts it up. The vehicles can stack containers up to four layers.

Tandem Gantry Crane
A highly efficient ► Container Gantry Crane capable of discharging or loading two 40-foot containers or four 20-foot containers in a single movement. Also known as a Twin-Forty container crane.

Terminal
In maritime logistics, a terminal is a facility where freight transported by various modes of transport is handled, such as a container terminal. Cargo can also be temporarily stored at a terminal prior to the next stage of its journey.

TEU (Twenty-Foot Equivalent Unit)
A TEU is a 20-foot standard container, used as a unit for measuring container volumes. A 20-foot standard container is 6.06 metres long, 2.44 metres wide and 2.59 metres 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 utilise 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.

EBITDA
Earnings before interest, taxes, depreciation and Amortisation.

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 + amortisation 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

Revenue
Sales derived from selling, letting or leasing and from services provided by the Group, less sales deductions and turnover tax.

Financial Calendar

27 March 2013
Annual Report

14 May 2013
Interim Report January – March 2013

13 June 2013
Annual General Meeting

14 August 2013
Interim Report January – June 2013

13 November 2013
Interim Report January – September 2013

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HHLA Multi-year Overview

in € million	2007	2008	2009	2010	2011	2012
Revenue						
Port Logistics subgroup	1,152.4	1,299.2	962.9	1,042.8	1,190.6	1,101.2
Real Estate subgroup	30.8	32.6	32.7	29.8	31.7	32.4
Consolidation	- 3.2	- 5.0	- 4.9	- 4.8	- 5.0	- 5.0
HHLA Group	1,180.0	1,326.8	990.7	1,067.8 [1]	1,217.3	1,128.5
EBITDA						
Port Logistics subgroup	364.6	439.4	261.1	290.1	317.3	290.4
Real Estate subgroup	14.1	17.6	16.4	16.8	16.2	17.1
Consolidation	0	- 0.2	0	0	0	0
HHLA Group	378.7	456.8	277.5	306.9	333.4	307.5
EBITDA margin in %	32.1	34.4	28.0	28.7	27.4	27.2
EBIT						
Port Logistics subgroup	277.0	341.3	147.7	179.9	194.8	173.1
Real Estate subgroup	10.3	13.7	12.3	12.7	11.9	12.8
Consolidation	0.3	0.1	0.2	0.3	0.3	0.3
HHLA Group	287.6	355.1 [2]	160.2 [2]	192.9 [2]	207.0	186.3
EBIT margin in %	24.4	26.8	16.2	18.1	17.0	16.5
Profit after tax	152.0	217.5	89.1	113.9	118.8	111.8
Profit after tax and minority interests	111.3	160.4	53.0	76.2	89.3	72.4
Cash Flow/Investments/Depreciation and Amortisation						
Cash flow from operating activities	246.7	341.9	193.2	206.9	266.1	210.5
Cash flow from investing activities	- 174.7	- 265.6	- 157.3	- 36.3	- 138.0	- 160.9
Cash flow from financing activities	131.9	- 88.5	- 88.6	- 95.2	- 45.9	- 155.9
Investments	194.8	259.4	159.7	173.8	128.7	196.5
Depreciation and amortisation	91.0	101.8	117.3	114.0	126.4	121.2
Assets and Liabilities						
Non-current assets	1,042.9	1,174.2	1,224.9	1,290.6	1,280.1	1,324.6
Current assets	440.9	438.3	365.6	424.5	531.5	443.9
Equity	569.5	682.6	637.0	567.0	644.7	562.0
Equity ratio [3] in %	38.4	42.3	40.0	33.1	35.6	31.8
Pension provisions	312.4	300.7	325.1	331.1	313.7	384.2
Other non-current assets	342.4	350.3	385.5	518.8	563.9	495.8
Current liabilities	259.5	278.9	242.9	298.2	289.3	326.5
Gearing ratio	0.8	0.6	0.8	1.1	0.9	1.3
Total assets	1,483.8	1,612.5	1,590.5	1,715.1	1,811.5	1,768.5
Employees						
Employees as of 31.12.	4,565	5,001	4,760	4,679	4,797	4,915
Performance Data						
Container throughput in million TEU	7.2	7.3	4.9	5.8	7.1	7.2
Container transport [4] in million TEU	1.7	1.8	1.5	1.7	1.9	1.2

[1] *For the purposes of comparison, revenue has been restated due to the reclassification of incidental rental expenses*
[2] *EBIT from continuing activities €190.7 million in 2010, €177.7 million in 2009 and €357.8 million in 2008*
[3] *Equity ratio in 2010 after a reclassification from minority interests to financial liabilities*
[4] *Transport volume was fully consolidated*

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