Notes to the Balance Sheet

22. Intangible Assets

Development of Intangible Assets

in € thousand	Goodwill	Software	Internally developed software	Other intangible assets	Payments made on account	Total
Carrying amount as of 1 January 2014	38,687	16,654	23,490	0	2,708	81,539
Acquisition or production cost						
1 January 2014	46,869	61,581	41,211	1,404	2,708	153,773
Additions	245	2,400	3,369		2,295	8,309
Disposals		- 859	- 363		- 10	- 1,232
Reclassifications		341	1,519		- 1,860	0
Changes in scope of consolidation/ consolidation method		4				4
Effects of changes in exchange rates	- 25	- 1,247				- 1,272
31 December 2014	47,089	62,220	45,736	1,404	3,133	159,582
Accumulated depreciation, amortisation and impairment						
1 January 2014	8,182	44,927	17,721	1,404	0	72,234
Additions		4,252	6,993			11,245
Disposals		- 822	- 77			- 899
Reclassifications						0
Changes in scope of consolidation/ consolidation method		2				2
Effects of changes in exchange rates	- 25	- 818				- 843
31 December 2014	8,157	47,541	24,637	1,404	0	81,739
Carrying amount as of 31 December 2014	38,933	14,679	21,099	0	3,133	77,844
Carrying amount as of 1 January 2015	38,933	14,679	21,099	0	3,133	77,844
Acquisition or production cost						
1 January 2015	47,089	62,220	45,736	1,404	3,133	159,582
Additions		1,858	1,820		5,135	8,814
Disposals		- 659				- 659
Reclassifications		1,064	1,431		- 2,463	32
Changes in scope of consolidation/ consolidation method						0
Effects of changes in exchange rates	58	- 547		- 1		- 490
31 December 2015	47,147	63,936	48,987	1,403	5,805	167,279
Accumulated depreciation, amortisation and impairment						
1 January 2015	8,157	47,541	24,637	1,404	0	81,739
Additions		4,908	7,728			12,636
Disposals		- 659				- 659
Reclassifications						0
Changes in scope of consolidations/ consolidation method						0
Effects of changes in exchange rates	58	- 345		- 1		- 288
31 December 2015	8,215	51,445	32,365	1,403	0	93,428
Carrying amount as of 31 December 2015	38,933	12,491	16,622	0	5,805	73,851

Of the goodwill reported for the Container segment as of the balance sheet date, € 35,525 thousand is attributable to the cash-generating unit (CGU) CTT/Rosshafen and € 1,893 thousand is attributable to the CGU HCCR. The CGU CTT/Rosshafen's goodwill of € 30,929 was generated by the acquisition of all the shares in HHLA Rosshafen Terminal GmbH, Hamburg, 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.

Carrying Amounts for Goodwill by Segments

in € thousand	31.12.2015	31.12.2014
Container	37,418	37,418
Intermodal and Other	1,515	1,515
	38,933	38,933

23. Property, Plant and Equipment

Development of 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 2014	416,800	278,567	160,840	106,048	962,255
Acquisition or production cost					
1 January 2014	707,480	709,001	409,183	106,048	1,931,712
Additions	21,468	18,674	14,279	64,445	118,866
Disposals	- 4,960	- 1,459	- 5,397	- 630	- 12,446
Reclassifications	44,249	44,844	34,580	- 123,673	0
Changes in scope of consolidation/consolidation method		738	51		789
Effects of changes in exchange rates	- 10,447	- 14,756	- 1,487	- 18,007	- 44,697
31 December 2014	757,790	757,042	451,209	28,183	1,994,224
Accumulated depreciation, amortisation and impairment					
1 January 2014	290,680	430,434	248,343	0	969,457
Additions	31,195	43,035	30,380		104,610
Disposals	- 3,407	- 927	- 5,303		- 9,638
Reclassifications					0
Appreciations					0
Changes in scope of consolidation/consolidation method		66	- 44		22
Effects of changes in exchange rates	- 1,228	- 6,026	- 991		- 8,244
31 December 2014	317,240	466,582	272,386	0	1,056,208
Carrying amount as of 31 December 2014	440,550	290,460	178,823	28,183	938,016
Carrying amount as of 1 January 2015	440,550	290,460	178,823	28,183	938,016
Acquisition or production cost					
1 January 2015	757,790	757,042	451,209	28,183	1,994,224
Additions	11,101	4,722	35,713	70,086	121,623
Disposals	- 12,879	- 710	- 19,065	- 380	- 33,034
Reclassifications	5,307	198	17,917	- 23,454	- 32
Changes in scope of consolidation/consolidation method	12,459	1		1,770	14,230
Effects of changes in exchange rates	- 9,048	- 7,412	- 524	- 28	- 17,012
31 December 2015	764,731	753,841	485,251	76,177	2,080,000

in € thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Payments on account and plants under construction	Total
Accumulated depreciation, amortisation and impairment					
1 January 2015	317,240	466,582	272,386	0	1,056,208
Additions	30,160	40,120	32,656		102,936
Disposals	- 5,899	- 547	- 15,659		- 22,105
Reclassifications					0
Appreciations	- 583		- 36		- 620
Changes to scope of consolidation/consolidation method	37				37
Effects of changes in exchange rates	- 642	- 2,482	- 394		- 3,519
31 December 2015	340,312	503,672	288,953	0	1,132,937
Carrying amount as of 31 December 2015	424,419	250,169	196,298	76,177	947,063

The additions to assets are largely the result of the expansion of container terminals in Hamburg and the acquisition of locomotives by the HHLA subsidiary METRANS.

Disposals in the financial year under review mainly relate to the sale of land in Poland.

The changes to the consolidated group primarily concern METRANS Konténer Kft, which was included in the Consolidated Financial Statements for the first time as of 30 June 2015.

The negative effects of changes in exchange rates arose chiefly in connection with the devaluation of the Ukrainian currency.

Depreciation and impairment of property, plant and equipment included impairment losses of € 2,981 thousand on land and buildings as well as on other plant, operating and office equipment. The prior-year figure (€ 1,240 thousand) related to servers and handling equipment.

Buildings, surfacing and movable non-current assets with a carrying amount of € 4,207 thousand (previous year: € 6,869 thousand) have been pledged as 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, page 132.

As of the balance sheet date, the Group had obligations of € 87,978 thousand (previous year: € 52,440 thousand) from purchase commitments attributable to investments in property, plant and equipment.

Development of Property, Plant and Equipment includes Assets which are Classified as Finance Lease

in € thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Total
Carrying amount as of 1 January 2014	102,890	1,176	16,553	120,619
Acquisition or production cost				
1 January 2014	108,946	6,305	33,976	149,228
Additions		1,082	2,827	3,908
Disposals		- 26	- 1,141	- 1,167
Reclassifications			31,897	31,897
Changes in scope of consolidation		738		738
Effects of changes in exchange rates	- 490	- 182	- 13	- 684
31 December 2014	108,456	7,917	67,546	183,920
Accumulated depreciation, amortisation and impairment				
1 January 2014	6,056	5,129	17,422	28,609
Additions	2,195	504	4,627	7,326
Disposals		- 17	- 1,122	- 1,139
Reclassifications			- 42	- 42
Changes in scope of consolidation/consolidation method		66		66
Effects of changes in exchange rates	- 38	- 149	- 4	- 191
31 December 2014	8,213	5,533	20,882	34,629
Carrying amount as of 31 December 2014	100,243	2,384	46,664	149,291
Carrying amount as of 1 January 2015	100,243	2,384	46,664	149,291
Acquisition or production cost				
1 January 2015	108,456	7,917	67,546	183,920
Additions		268	3,488	3,756
Disposals		- 30	- 12,012	- 12,042
Reclassifications			- 12,090	- 12,090
Changes in scope of consolidation		1		1
Effects of changes in exchange rates	- 176	14	30	- 132
31 December 2015	108,281	8,171	46,962	163,414
Accumulated depreciation, amortisation and impairment				
1 January 2015	8,213	5,533	20,882	34,629
Additions	2,185	827	6,818	9,830
Disposals		- 8	- 8,868	- 8,876
Reclassifications			- 10,509	- 10,509
Changes in scope of consolidation/consolidation method				0
Effects of changes in exchange rates	- 19	2	11	- 6
31 December 2015	10,380	6,354	8,334	25,067
Carrying amount as of 31 December 2015	97,901	1,818	38,628	138,347

24. Investment Property

Development of Investment Property

in € thousand	Investment property	Payments on account and plants under construction	Total
Carrying amount as of 1 January 2014	**172,552**	**11,704**	**184,256**
Acquisition or production cost			
1 January 2014	287,266	11,704	298,970
Additions	24,066	120	24,186
Disposals	- 230		- 230
Reclassifications	11,655	- 11,655	0
31 December 2014	**322,758**	**169**	**322,927**
Accumulated depreciation, amortisation and impairment			
1 January 2014	114,714	0	114,714
Additions	9,031		9,031
Disposals	- 14		- 14
Reclassifications			0
31 December 2014	**123,731**	**0**	**123,731**
Carrying amount as of 31 December 2014	**199,026**	**169**	**199,196**
Carrying amount as of 1 January 2015	**199,026**	**169**	**199,196**
Acquisition or production cost			
1 January 2015	322,758	169	322,927
Additions	180	634	815
Disposals	- 30	- 97	- 127
Reclassifications	0	0	0
31 December 2015	**322,909**	**706**	**323,615**
Accumulated depreciation, amortisation and impairment			
1 January 2015	123,731	0	123,731
Additions	9,285	0	9,285
Disposals	- 4	0	- 4
Write-backs	0	0	0
31 December 2015	**133,012**	**0**	**133,012**
Carrying amount as of 31 December 2015	**189,897**	**706**	**190,603**

The properties held as investment property are mainly warehouses converted to office space and other commercial real estate in Hamburg’s Speicherstadt historical warehouse district as well as logistics warehouses and surfaced areas.

The addition to investment property in the previous year was due to the completion and handover of a hotel complex.

Rental income from investment property at the end of the financial year was € 51,022 thousand (previous year: € 46,287 thousand). The direct operating expenses for investment property amounted to € 14,867 thousand (previous year: € 16,631 thousand) at the end of the reporting year.

Fair value is calculated and measured annually by HHLA’s Real Estate segment. The associated inputs are classified as Level 3 in the fair value hierarchy, see ▶ Note 7, page 98.

Fair Value Reconciliation

in € thousand	2015
As of 1 January	521,005
Change in fair value (not realised)	63,207
As of 31 December	584,212

The valuation method used to measure the fair value of investment property as well as the key unobservable input factors applied:

Valuation method	Key unobservable input factors	Relationship between key unobservable input factors and measurement at fair value The estimated fair value would increase (fall) if
Fair values are measured by applying the discounted cash flow method (DCF method) to the forecast net cash flows from managing the properties. This method is based on 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. The cash flows are discounted using standard market interest rates. Property-specific fair value is determined on the basis of property-specific measurement criteria.	contractually agreed rental income	the expected rent increases were higher (lower)
	expected rent increases	the expected rent increases were higher (lower)
	vacancy periods	the vacancy periods were shorter (longer)
	level of occupancy	the level of occupancy was higher (lower)
	rent-free periods	the rent-free periods were shorter (longer)
	possible termination of the tenancy agreement	tenancy agreements were not terminated (were terminated)
	re-leasing	the property was re-leased sooner (later)
	operating, management and maintenance costs	operating, management and maintenance costs were lower (higher)
	discount rate (4.54 to 7.82 % p. a.)	the risk-adjusted discount rate was lower (higher)

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, page 132.

25. Associates Accounted for Using the Equity Method

Interests in Associates Accounted for Using the Equity Method

in € thousand	31.12.2015	31.12.2014
Interests in joint ventures	9,303	8,749
Interest in associates companies	3,171	2,968
	12,474	11,717

Interests in joint ventures comprise Hansaport, HHLA Frucht, STEIN, ARS-UNIKAI, Kombi-Transeuropa and Hamburg Vessel Coordination Center (formerly: Feeder Logistik Zentrale). Interests in associates relate solely to the investments in CuxPort.

The interests reported are higher than in the previous year due to the earnings recorded in financial income for the various companies at equity – see ▶ Note 16, page 103 – less the dividends received.

26. Financial Assets

Financial Assets

in € thousand	31.12.2015	31.12.2014
Securities	3,871	3,910
Shares in affiliated companies	4,878	4,099
Other equity investments	349	355
Other financial assets	11,341	9,382
	20,439	17,746

In the reporting year – as in the previous year – the securities relating to insolvency insurance for phased early retirement entitlements were netted out against the corresponding phased early retirement obligations because they fulfil the conditions for plan assets as per IAS 19 (revised 2011). The securities portfolio recognised as plan assets in the financial year amounted to € 3,120 thousand (previous year: € 6,903 thousand), see ▶ Note 37, page 123. Before offsetting, this results in a securities portfolio of € 6,991 thousand (previous year: € 10,813 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.

Other financial assets primarily comprise receivables from bank guarantees totalling € 3,347 thousand (previous year: € 2,998 thousand), receivables from a graduated rent amounting to € 3,905 thousand (previous year: € 2,954 thousand), receivables from relief funds totalling € 2,423 thousand (previous year: € 2,576 thousand) and receivables from HPA amounting to € 351 thousand (previous year: € 367 thousand).

27. Inventories

Inventories

in € thousand	31.12.2015	31.12.2014
Raw materials, consumables and supplies	20,073	20,100
Work in progress	1,719	2,645
Finished products and merchandise	791	1,281
	22,583	24,026

Impairment losses on inventories recognised as an expense amount to € 1,225 thousand (previous year: € 958 thousand). This expense is reported under cost of materials, see ▶ Note 12, page 101.

28. Trade Receivables

Trade Receivables

in € thousand	31.12.2015	31.12.2014
	128,130	140,221

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 the previous year 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, page 135.

29. Receivables from Related Parties

Receivables from Related Parties

in € thousand	31.12.2015	31.12.2014
Receivables from HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV)	43,906	23,406
Receivables from HHLA Frucht- und Kühl-Zentrum GmbH	4,915	6,467
Receivables from METRANS ISTANBUL STI	4,061	3
Receivables from Kombi-Transeuropa Terminal Hamburg GmbH (KTH)	2,286	1,459
Receivables from Free and Hanseatic City of Hamburg (FHH)	1,351	773
Receivables from Hamburg Port Authority (HPA)	349	552
Receivables from METRANS Danubia Kft.	1	2,032
Other receivables from related parties	1,646	1,510
	58,515	36,202

Receivables from HGV include € 43,900 thousand from existing cash clearing (previous year: € 23,400 thousand).

30. Other Financial Receivables

Other Financial Receivables

in € thousand	31.12.2015	31.12.2014
Current receivables from employees	1,234	1,338
Current reimbursement claims against insurers	365	18
Other	1,687	626
	3,286	1,982

31. Other Assets

Other Assets

in € thousand	31.12.2015	31.12.2014
Current tax credit	13,046	14,817
Payments on account	4,868	1,700
Other	10,901	7,272
	28,815	23,789

Current tax credits were lower than in the previous year. This was largely because value added tax receivables were down.

Payments on account relate among other things to prepayments of € 2,443 thousand (previous year: € 225 thousand) for flood protection work.

Miscellaneous other assets include receivables in the amount of € 3,394 thousand from the sale of moveable non-current assets in the Intermodal segment.

The other assets shown are not subject to any significant restrictions on title or use.

32. Income Tax Receivables

Income Tax Receivables

in € thousand	31.12.2015	31.12.2014
	8,644	1,568

Income tax receivables are attributable to tax receivables from advance tax payments.

33. Cash, Cash Equivalents and Short-Term Deposits

Cash, Cash Equivalents and Short-Term Deposits

in € thousand	31.12.2015	31.12.2014
Cash and cash equivalents with a maturity of up to 3 months	57,965	87,612
Short-term deposits with a maturity of 4–12 months	73,050	90,000
Bank balances and cash in hand	63,550	74,605
	194,565	252,217

Cash, cash equivalents and short-term deposits are made up of cash in hand and various bank balances in different currencies.

Cash of € 10,686 thousand (previous year: € 9,359 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 twelve months, depending on the Group's cash requirements. They attract interest at rates payable for short-term deposits. The interest rates for deposits in the eurozone were between 0.0 and 0.7 % in the financial year (previous year: 0.0 and 1.4 %). 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 € 1,207 thousand (previous year: € 3,637 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

There were no non-current assets held for sale either in the reporting period or in the previous year.

35. Equity

Changes in the individual components of equity for the 2015 and 2014 financial years are shown in the statements of changes in equity.

Subscribed Capital

As of the balance sheet date, HHLA's share 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 share capital on paper.

The share capital has been fully paid in.

In the course of the stock flotation on 2 November 2007, 22,000,000 Class A shares were placed on the market. This corresponds to a free float of approx. 30 % of HHLA's share capital.

As of the balance sheet date, the Free and Hanseatic City of Hamburg holds 69.58 % of the voting rights in HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg, including the voting rights in HHLA-Beteiligungsgesellschaft mbH, Hamburg, which was merged with HGV in the 2015 financial year.

Authorised Capital I

The Executive Board is authorised until 13 June 2017, with the consent of the Supervisory Board, to increase the company's share capital by up to € 35,024,417.00 by issuing up to 35,024,417 new registered Class A shares (no-par-value shares each with a nominal value of € 1.00) in return for cash deposits and/or contributions in kind on a one-off or repeated basis (authorised capital I). The statutory subscription right of the holders of Class S shares shall be excluded. Class A shareholders must in principle be granted subscription rights. 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). However, the Executive Board is authorised – with the approval of the Supervisory Board – to exclude the subscription rights of holders of Class A shares in certain cases if:

a. it is necessary to do so in order to offset fractional amounts;

b. 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 shares 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 for Class A shares accounting for up to 20 % of the share capital attributable to Class A shares in conjunction with this authorisation (i.e. up to the amount of € 14,009,766.00);

c. 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 share capital at the time this authorisation comes into effect or – if the total is lower – at the time the authorisation is exercised;

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

e. 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.

The Executive Board is authorised, with the consent of the Supervisory Board, to specify the further details of the implementation of capital increases out of authorised capital I, in particular the additional rights embodied in a share certificate and the other conditions of the share issue. After each share increase from authorised capital – or once the authorisation has expired – the Supervisory Board is permitted to adjust the wording of the articles of association accordingly, in particular with regard to the amount of share capital and the number of no-par-value Class A shares in existence.

Authorised Capital II

The Executive Board is authorised until 13 June 2017, with the consent of the Supervisory Board, to increase the company's share capital by up to € 1,352,250.00 by issuing up to 1,352,250 new registered Class S shares (no-par-value shares each with a nominal value of € 1.00) in return for cash deposits and/or contributions in kind on a one-off or repeated basis (authorised capital II). The statutory subscription right of the holders of Class A shares shall be excluded. The Executive Board is authorised, with the consent of the Supervisory Board, to remove from the Class S shareholders' subscription right fractional amounts which arise due to the subscription relationship.

The Executive Board is authorised, with the consent of the Supervisory Board, to specify the further details of the implementation of 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. After each share increase from authorised capital – or once the authorisation has expired – the Supervisory Board is permitted to adjust the wording of the articles of association accordingly, in particular with regard to the amount of share capital and the number of no-par-value Class S shares in existence.

Other Authorisations

The Annual General Meeting of HHLA held on 13 June 2013 resolved to authorise 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 € 200,000,000.00 in the period until 12 June 2016. 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 share capital accounted for by Class A shares (conditional capital: € 6,900,000.00).

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 share capital accounted for by Class A shares at the time of the resolution. In addition to being sold on the stock exchange or offered with subscription rights to all Class A 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 redeemed either in whole or in part without the need for an additional resolution by the Annual General Meeting. This authorisation expires on 15 June 2016. This authorisation may be used for any legally permissible purpose, except for 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 non-controlling interests and a reserve increase from an employee stock purchase plan.

At the reporting date, the HHLA Group had capital reserves of € 141,584 thousand (previous year: € 141,584 thousand).

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).

Measurement differences between HGB and IFRS resulting from this separation of divisions in the amount of € 4.5 million were recognised directly in equity in the divisional financial statements of the Port Logistics subgroup and the Real Estate subgroup.

Other Comprehensive Income

In accordance with the currently applicable version of IAS 19 (revised 2011), the HHLA Group's equity includes all actuarial gains and losses from defined benefit pension plans. 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 € 30,707 thousand at the end of the financial year (previous year: € 29,232 thousand).

Non-controlling interests increased due to the inclusion of current earnings. They were reduced by the reclassification as per IAS 32 of the minority shareholder's future estimated entitlements to financial settlements as other financial liabilities for the term of the profit and loss transfer agreement, see ▶ Note 6, page 90 and ▶ Note 38, page 124

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.

Equity Ratio

in %	31.12.2015	31.12.2014
Equity in € thousand	580,560	546,741
Total assets in € thousand	1,750,364	1,788,081
	33%	31%

The equity ratio rose compared to the previous year. The increase is primarily due to the inclusion of current earnings less dividend distributions.

External minimum capital requirements were fulfilled at all agreed audit points throughout the reporting year. See ▶ Note 38, page 124 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 current 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 the applicable social security data contribution levels for the year 1999. The current contribution assessment ceiling is always taken into account.

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.

Amounts Recognised for Benefit Commitments

in € thousand	31.12.2015	31.12.2014
Present value of pension commitments	403,613	436,227
Obligations from working lifetime accounts	11,995	7,331
	415,608	443,558

Pension Commitments

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.

Development of the Present Value of Pension Obligations

in € thousand	2015	2014
Present value of pension obligations as of 1. January	436,227	360,921
Current service expense	5,038	3,960
Past service expense	547	0
Interest expense	7,461	12,280
Pension payments	- 19,487	- 19,773
Actuarial gains (+), losses (-) due to amendments in biometric assumptions	2,060	- 10,580
Actuarial gains (+), losses (-) due to amendments in financial assumptions	- 28,233	89,419
Present value of pension obligations as of 31. December	403,613	436,227

Present Value of the Defined Benefit Pension Obligations Split by Various Groups of Beneficiaries

in %	2015	2014
Current employees	37.4	39.3
Former employees	3.0	1.9
Pensioners	59.6	58.8
	100.0	100.0

As of 31 December 2015, the weighted average term of the defined benefit obligation was 13.8 years (previous year: 14.5 years).

Pension Commitments Recognised in the Income Statement

in € thousand	2015	2014
Current service expense	5,038	3,960
Past service expense	547	0
Interest expenses	7,461	12,280
	13,046	16,240

Development of Actuarial Gains/Losses from Pensions Commitments

in € thousand	2015	2014
Actuarial gains (+)/losses (-) as of 1 January	- 65,983	12,856
Changes in the financial year due to amendments in biometrical assumptions	- 2,060	10,580
Changes in the financial year due to amendments in financial assumptions	28,233	- 89,419
Actuarial gains (+)/losses (-) as of 31 December	- 39,810	- 65,983

Actuarial Assumptions to Determine Pension Provisions

in %	31.12.2015	31.12.2014
Discount rate	2.25	1.75
Projected salary increase	3.00	3.00
Projected increase in pensions (without BRTV)	2.00	2.00
Projected increase in pensions (monthly pensions under BRTV)	1.00	1.00
Fluctuation rate	2.10	2.10
Rate of inflation	2.00	2.00
Adjustment of Social Security Pension according to Pension Insurance Report	2015	2014

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.

Sensitivity Analysis: Pension Provisions

	Change in parameter			Effect on present value		
		31.12.2015	31.12.2014	in € thousand	31.12.2015	31.12.2014
Discount rate	Increase of	0.5 %	0.5 %	Decrease of	24,729	27,569
	Decrease of	0.5 %	0.5 %	Increase of	27,525	30,808
Payment trend	Increase of	0.5 %	0.5 %	Increase of	4,407	5,321
	Decrease of	0.5 %	0.5 %	Decrease of	4,305	5,180
Adjustment to state pension	Decrease of	20.0 %	20.0 %	Increase of	1,606	2,309
Expected mortality	Decrease of	10.0 %	10.0 %	Increase of	15,260	16,888

Actuarial calculations for the valuation parameters classed as material are performed in isolation, i.e. if several parameters change simultaneously, the individual effects are not cumulative due to correlation. In the case of a change to the parameters, a linear trend for the defined benefit obligation cannot be drawn from the sensitivities stated.

Pension Payments
In the 2015 financial year, HHLA made pension payments for plans totalling € 19,487 thousand. HHLA anticipates the following payments for pension plans over the next five years.

Expected Pension Payments

in € thousand	
2016	21,017
2017	20,966
2018	20,998
2019	20,781
2020	20,884
	104,646

Obligations from Working Lifetime Accounts
In the 2006 financial year, the affiliated companies in Germany undertook to set up working lifetime accounts due to collective labour agreements. Staff could elect to have remuneration components paid into money market or investment funds by the Group until 31 December 2013. Capital has been invested within the company since 1 January 2014. The funds saved in the employee's account are used to give them paid leave before they enter 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 – based on the model for contributions up to 31 December 2013 and taking the return guaranteed in the collective labour agreement into account for contributions as of 1 January 2014 – 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.

Allocation of Benefit Commitments

in € thousand	31.12.2015	31.12.2014
Present value of obligations	24,767	20,266
Present value of plan assets (fund shares)	- 12,772	- 12,935
Uncovered allocations	**11,995**	**7,331**

Development of the Present Value of the Obligations from Working Lifetime Accounts

in € thousand	2015	2014
Present value of the obligations from working lifetime accounts as of 1 January	**20,266**	**16,547**
Current service expense	3,432	3,888
Interest expenses	388	557
Actuarial gains (-), losses (+) due to amendments in biometric assumptions	1,770	- 683
Actuarial gains (-), losses (+) due to amendments in financial assumptions	- 1,042	365
Capital payments	- 47	- 408
Present value of the obligations from working lifetime accounts as of 31 December	**24,767**	**20,266**

As of 31 December 2015, the weighted average term of the defined benefit obligation was 20.0 years (previous year: 20.0 years).

Development of the Fair Value of Plan Assets from Working Lifetime Accounts

in € thousand	2015	2014
Fair value of plan assets from working lifetime accounts as of 1 January	**12,935**	**13,054**
Expected income from plan assets	230	435
Proceeds	0	167
Actuarial gains (-), losses (+) due to amendments in financial assumptions	- 351	- 378
Capital payments	- 42	- 343
Fair value of plan assets from working lifetime accounts as of 31 December	**12,772**	**12,935**

The plan assets consist solely of shares in money market and investment funds. Losses of € 148 thousand were recorded on the plan assets in the financial year (previous year: € 145 thousand).

Actuarial Assumptions to determine Provisions from Working Lifetime Accounts

in %	31.12.2015	31.12.2014
Discount rate	2.25	1.75
Anticipated return on invested capital	2.25 – 3.00	1.75 – 3.00
Forecast increase in pay	3.00	3.00

The biometric data is drawn from the 2005 G actuarial tables by Prof. Dr. Klaus Heubeck, taking into account age-related fluctuation.

Working Lifetime Accounts recognised in the Income Statement (with the exception of the covered part of the service expenses for funds)

in € thousand	2015	2014
Current service expense including salary conversion	3,432	3,888
thereof gathered at costs as uncovered part	301	823
thereof gathered at funds as covered part	3,131	3,065
Interest expenses	388	557
Expected income from the plan assets	- 230	- 435
Benefits paid (service expense)	- 5	- 65
	3,585	3,945

Development of Actuarial Gains/Losses from Working Lifetime Accounts

in € thousand	2015	2014
Actuarial gains (+)/losses (-) as of 1. January	252	312
Changes in the financial year due to amendments in biometrical assumptions	- 1,770	683
Changes in the financial year due to amendments in financial assumptions	691	- 743
Actuarial gains (+)/losses (-) as of 31 December	- 827	252

Sensitivity Analysis: Working Lifetime Accounts

	Change in parameter			Effect on present value			
		31.12.2015	31.12.2014	in € thousand	31.12.2015		31.12.2014
Discount rate	Increase of	0.5 %	0.5 %	Decrease of	852	Decrease of	782
	Decrease of	0.5 %	0.5 %	Increase of	972	Increase of	897
Payment trend	Increase of	0.5 %	0.5 %	Increase of	62	Increase of	27
	Decrease of	0.5 %	0.5 %	Decrease of	69	Decrease of	30
Expected mortality	Decrease of	10.0 %	10.0 %	Decrease of	12	Increase of	26

Actuarial calculations for the valuation parameters classed as material are performed in isolation, i.e. if several parameters change simultaneously, the individual effects are not cumulative due to correlation. In the case of a change to the parameters, a linear trend for the defined benefit obligation cannot be drawn from the sensitivities stated.

The obligations from working lifetime accounts were financed by paying a portion of employees' remuneration into the unit-linked pension plan by 31 December 2013. For 2016, HHLA expects payments in the amount of € 3.2 million.

Portfolio for Obligations from Working Lifetime Accounts

in %	2015	2014
Money market funds	52	52
Mixed funds	32	30
Funds of funds	15	16
Annuity funds	1	2
	100	100

Payments for Obligations from Working Lifetime Accounts
In the financial year under review, HHLA made payments for plans totalling € 47 thousand. In return, the company acquired corresponding securities holdings worth € 42 thousand. The outflow of funds therefore amounted to € 5 thousand in the year under review.

Expected Payments for Obligations from Working Lifetime Accounts which are not Hedged by Securities

in years in € thousand	
2016	263
2017	367
2018	430
2019	568
2020	545
	2,173

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 € 4,454 thousand in the reporting year (previous year: € 4,333 thousand).

HHLA paid € 26,005 thousand (previous year: € 26,046 thousand) into the state pension system as its employer's contribution.

37. Other Non-Current and Current Provisions

Other Non-Current and Current Provisions

	Non-current		Current		Total	
in € thousand	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Demolition obligations	58,927	57,777	0	0	58,927	57,777
Bonuses and single payments	0	0	6,939	6,372	6,939	6,372
Anniversaries	3,039	3,116	0	0	3,039	3,116
Insurance excesses	0	0	1,901	3,468	1,901	3,468
Phased early retirement	660	18	1,066	26	1,726	44
Legal fees and litigation expenses	712	5,983	0	0	712	5,983
Expected increases in rents	0	0	298	169	298	169
Other	3,556	3,876	1,104	1,505	4,660	5,381
	66,894	70,770	11,308	11,540	78,202	82,310

Demolition Obligations

The demolition obligations relate to HHLA's Container, Logistics and Real Estate segments and are discounted at a rate of 3.0 % 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 2025–2036.

Bonuses and Single Payments

Provisions for bonuses and one-off payments largely consist of provisions for Executive Board members and other senior staff.

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 2.25 % p. a. (previous year: 1.75 % p. a.) was used for the calculation.

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.

Phased Early Retirement

Provisions for phased early retirement obligations consist of HHLA's obligations from the entitlements accrued during the beneficiaries' working period, plus a supplementary amount added pro rata temporis.

The securities holdings acquired in connection with phased early retirement contracts are classified as plan assets under IAS 19 (revised 2011). They were therefore offset against the phased early retirement obligations included in the provisions. The corresponding figure of € 3,120 thousand (previous year: € 6,903 thousand) therefore reduces the provisions reported, see ▶ Note 26, page 113. In addition to this, pledged bank balances serve to cover the obligation in existence as of the balance sheet date. The amount of the provision was determined using a discount rate of 0.0 % p. a. (previous year: 0.3 % p. a.).

Legal Fees and Litigation Expenses

As of the balance sheet and as in the previous year, the obligations reported as of the balance sheet date consisted mainly of provisions for legal risks associated with pending proceedings.

Development of Other Non-Current and Current Provisions

in € thousand	01.01.2015	Additions	Accured interest	Used	Reversed	31.12.2015
Demolition obligations	57,777	1,125	1,682	377	1,280	58,927
Bonuses and single payments	6,372	6,939	0	6,147	225	6,939
Anniversaries	3,116	71	54	202	0	3,039
Insurance excesses	3,468	1,405	0	1,356	1,616	1,901
Phased early retirement	44	1,657	25	0	0	1,726
Legal fees and litigation expenses	5,983	44	0	3,118	2,197	712
Expected increases in rents	169	276	0	134	13	298
Other	5,381	1,716	1	1,926	512	4,660
	82,310	13,233	1,762	13,260	5,843	78,202

38. Non-Current and Current Financial Liabilities

Non-Current and Current Financial Liabilities as of 31 December 2015

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liablities from bank loans	38,688	105,603	185,305	329,596
Finance lease liabilities	3,886	8,628	27,570	40,084
Other loans	0	639	16,500	17,139
Liabilities towards employees	15,194	0	0	15,194
Negative fair values of exchange and interest rate hedges	164	0	0	164
Other financial liabilities	34,113	26,998	174	61,285
	92,045	141,868	229,549	463,462

Non-Current and Current Financial Liabilities as of 31 December 2014

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liablities from bank loans	61,448	97,713	124,909	284,070
Finance lease liabilities	4,838	8,527	26,488	39,853
Liabilities towards employees	15,237	0	0	15,237
Other loans	0	719	0	719
Negative fair values of exchange and interest rate hedges	364	193	0	557
Other financial liabilities	41,559	24,143	306	66,008
	123,446	131,295	151,703	406,444

The increase in amounts due to banks is mainly attributable to promissory note loans in the amount of € 70 million issued to banks in the 2015 financial year. These promissory note loans with a lower interest rate repay the € 65 million loan granted by HGV to the Real Estate subgroup, see also ▶ Note 48, page 141. Amounts due to banks also include interest of € 1,913 thousand accrued up to the balance sheet date (previous year: € 2,162 thousand). Transaction costs of € 713 thousand (previous year: € 584 thousand), incurred by taking out loans, only increase the amounts due to banks for the duration of the loan.

Other loans comprise a € 11.5 million loan granted by a minority shareholder in 2015 as well as promissory note loans of € 5 million issued to other creditors.

Buildings, surfacing and movable non-current assets with a carrying amount of € 4,207 thousand (previous year: € 6,869 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.

Liabilities from finance leases (€ 40,084 thousand; previous year: € 39,853 thousand) represent the discounted value of future payments for movable non-current assets.

The liabilities towards employees consist primarily of wages, salaries and holiday entitlements.

Other financial liabilities mainly consist of liabilities from the payment of a settlement to shareholders outside the Group. This entitlement to a financial settlement amounts to € 47,161 thousand for the financial years 2015 and 2016 (previous year: € 52,738 thousand for the financial years 2014 and 2015), see also ▶ Note 6, page 90 and ▶ Note 35, page 116.

Terms of Liabilities from Bank Loans

Interest condition	Interest rate	Currency	Remaining fixed interest period	Nominal value in TCU[1]	Carrying amount as of 31.12.2015 in € thousand
fixed	0.78 – 4.22 %	EUR	2020 and later	218,724	157,725
fixed	3.55 – 3.80 %	EUR	2019	20,890	17,970
fixed	3.79 – 3.84 %	EUR	2018	7,811	1,149
fixed	1.90 – 5.67 %	EUR	2017	33,579	6,358
fixed	2.37 – 5.61 %	EUR	2016	90,000	57,706
floating	floating + margin	EUR	2016	87,467	63,325
floating	floating + margin	USD	2016	36,000	24,163
					328,396

1 TCU = Thousand Currency Units

The floating interest rates are EURIBOR or LIBOR rates with maturities of one to six months.

Financial Liabilities for which Fair Value is not Equivalent to the Carrying Amount

	Carrying amount		Fair value	
in € thousand	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Fixed interest bearing loans	240,908	213,804	244,891	220,630

Interest rates of 1.2 to 2.6 % p. a. (previous year: 1.7 to 2.4 % 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 2.6 % in the reporting year (previous year: 3.1 %).

The variable interest rates are partly hedged by interest rate hedges (see also ▶ Note 47, page 135). As a result of borrowing, certain affiliates have covenants linked to key balance sheet figures and collateral. 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 € 67,589 thousand (previous year: € 45,265 thousand).

Maturity of Bank Liabilities

in € thousand	
Up to 1 year	36,775
1 year to 2 years	30,918
2 years to 3 years	25,311
3 years to 4 years	23,085
4 years to 5 years	26,966
Over 5 years	185,341
	328,396

39. Trade Liabilities

Trade liabilities from the financial year are only owed to third parties. As in the previous year the total amount is due within one year.

Trade Liabilities

in € thousand	31.12.2015	31.12.2014
	52,007	83,372

40. Non-Current and Current Liabilities to Related Parties

Non-Current and Current Liabilities to Related Parties as of 31 December 2015

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liablities to HPA (finance leases)	342	1,894	104,410	106,646
Other liabilities to related parties	6,787	0	0	6,787
	7,129	1,894	104,410	113,433

Non-Current and Current Liabilities to Related Parties as of 31 December 2014

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liablities to HGV	65,276	0	0	65,276
Liablities to HPA (finance leases)	225	1,679	104,965	106,869
Other liabilities to related parties	8,239	0	0	8,239
	73,740	1,679	104,965	180,384

The liabilities to HPA involve leased mega-ship berths at both the Container Terminal Burchardkai and the Container Terminal Tollerort in Hamburg. The amount recognised in the balance sheet is equivalent to the present value of finance lease liabilities and is based on a lease term up to and including 2062, see also ▶ Note 45, page 132 and ▶ Note 47, page 135.

Liabilities to HGV in the previous year included € 65,276 thousand from a loan pertaining to the Real Estate subgroup which attracts standard market interest along with the corresponding interest portion. In the third quarter of 2015, the loan granted by HGV was repaid by the issue of promissory note loans with a lower interest rate to banks and other creditors.

41. Other Liabilities

Other Liabilities

in € thousand	31.12.2015	31.12.2014
Tax liabilities	9,682	11,208
Employers' liability insurance premiums	4,295	4,624
Public subsidies	2,105	2,105
Port workers' welfare fund (Hafenfonds)	1,417	1,262
Advance payments received for orders	1,398	1,473
Social security payables	1,043	1,010
Other	2,903	3,152
	22,843	24,834

The decline in tax liabilities is mainly due to the reduction in VAT advance payment liabilities and payroll liabilities at domestic companies. The increase in tax liabilities at foreign companies had an offsetting effect.

The public subsidies relate to preliminary funding in connection with the promotion of intermodal transport. This will be deducted from the acquisition cost capitalised for the subsidised investments following an audit to confirm that all the requirements have been met.

There is sufficient certainty that all the conditions have been or will be fulfilled for the public subsidies to promote intermodal transport totalling € 36,987 thousand which were paid to HHLA in the period between 2001 and 2014. 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. The HHLA Group received € 967 thousand in public subsidies in the previous year.

All other liabilities have a remaining term of up to one year.

42. Income Tax Liabilities

Income Tax Liabilities

in € thousand	31.12.2015	31.12.2014
	5,303	5,534

Income tax liabilities result from expected additional payments for corporation tax, solidarity surcharge and trade tax.

When preparing the Annual 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.