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 or the Group), registered in the Hamburg Commercial Register under HRB 1902. The holding company above the Group is HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV).

Since 1 January 2007, the Group has consisted of the Port Logistics subgroup (A division) and the Real Estate subgroup (S division). The part of the Group that deals with the property in Hamburg's Speicherstadt historical warehouse district and Fischmarkt Hamburg-Altona GmbH is allocated to the Real Estate subgroup (S division). All other parts of the company are allocated together to the Port Logistics subgroup (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 annual financial statements of the parent company.

Information concerning the segments in which the HHLA Group operates is provided in Note 44.

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 result 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 earnings, net assets and financial position of the subgroups, the annex to these notes contains the income statement, the statement of comprehensive income, the balance sheet, the cash flow statement and the statement of changes in equity for each subgroup.

HHLA's consolidated financial statements for the 2018 financial year were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and applicable in the European Union. The provisions contained in Section 315e (1) of the German Commercial Code (HGB) and additional commercial law regulations were also taken into account. The IFRS requirements have been met in full and result in a true and fair view of the earnings, net assets and financial position of the Group.

For the most part, the accounting and valuation policies, notes and disclosures about the consolidated financial statements for the 2018 financial year are based on the same accounting and valuation principles used for the 2017 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 2018. The accounting and valuation principles applied are explained in Note 6.

The financial year as reported by HHLA and its consolidated subsidiaries is the calendar year. The 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 2018 were approved by the Executive Board on 1 March 2019 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.

2. Consolidation principles

The consolidated financial statements include the financial statements of HHLA and its significant subsidiaries as of 31 December of each financial year. The assets and liabilities of the domestic and foreign companies consolidated in full or using the equity method are recognised in accordance with the uniform accounting and valuation 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 by the subsidiaries. Previously unreported intangible assets, which can be included in the accounts under IFRS 3 in conjunction with IAS 38, and contingent liabilities are recognised at fair value.

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 is posted to profit and loss. For a detailed explanation of the impairment testing procedure used, please refer to Note 6 and Note 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, see also Note 3 and Note 35.

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, taking into account the reduction in interests.

Gains or losses from the disposal of non-controlling 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 intragroup transactions are eliminated in full.

3. Make-up of the Group

Group of consolidated companies

The group of consolidated companies at HHLA comprises a total of 27 domestic and 15 foreign companies. For a complete list of equity investments in accordance with Section 313 (2) HGB, see also Note 48. The information provided here about the equity and annual net profit recorded by the various companies is taken from the respective annual financial statements, which were prepared in line with national accounting regulations. Information required under IFRS 12.10 and IFRS 12.21 is also included in the details of shareholdings.

Consolidated companies

	Domestic	Foreign	**Total**
HHLA AG and fully consolidated companies			
1 January 2018	20	14	34
Additions	1	1	2
Disposals	1	0	1
Mergers	1	0	1
31 December 2018	**19**	**15**	**34**
Companies reported using the equity method			
1 January 2018	8	0	8
31 December 2018	**8**	**0**	**8**
Total 31 December 2018	**27**	**15**	**42**

Subsidiaries

The consolidated financial statements comprise the financial statements for Hamburger Hafen und Logistik Aktiengesellschaft (HHLA) and its significant subsidiaries. Subsidiaries are companies controlled by the Group. The Group is deemed to control a company if it has a risk exposure or right to fluctuating returns resulting from its involvement in the investee and if it can also use its power over the investee to affect these returns. In particular, HHLA controls an investee if – and only if – all of the characteristics listed in IFRS 10.7 apply. Subsidiaries' financial statements are included in the consolidated financial statements from the time control begins until the time control ends.

Non-controlling interests are valued at the time of acquisition using the relevant share of the acquired company's identifiable net assets. Changes in the Group's shareholding in a subsidiary which do not lead to a loss of control are recorded in the balance sheet as equity transactions.

Subsidiaries with substantial non-controlling interests

Subsidiary	Headquarters	Segment	Equity stake	
			2018	2017
HHLA Container Terminal Altenwerder GmbH	Hamburg, Germany	Container	74.9 %	74.9 %
METRANS a.s.	Prague, Czech Republic	Intermodal	100.0 %	90.0 %

HHLA has held all shares in Metrans a.s. since the end of the first quarter of 2018. For further details, please refer to this Note under Company acquisitions, disposals and other changes to the group of consolidated companies.

Financial information about the subsidiaries with substantial non-controlling interests

	HHLA Container Terminal Altenwerder GmbH	
in € thousand	**2018**	2017
Percentage of non-controlling interests	25.1 %	25.1 %
Non-current assets	83,638	81,535
Current assets	186,990	180,120
Non-current liabilities	61,336	53,938
Current liabilities	131,189	131,106
Net assets	**78,103**	**76,611**
Book value of non-controlling interests	**- 14,117**	**- 4,466**
Revenue	260,624	275,022
Annual net profit	1,413	828
Other comprehensive income	124	- 506
Total comprehensive income	**1,537**	**322**
of which attributable to non-controlling interests	386	81
of which attributable to shareholders of the parent company	1,151	241
Cash flow from operating activities	108,616	108,708
Settlement obligation to holders of non-controlling interests	- 28,656	- 30,900

Interests in joint ventures

The Group holds interests in joint ventures. As per IFRS 11, a joint venture is subject to a joint contractual agreement between two or more parties to carry on an economic activity which is subject to joint control. Joint control is the contractually agreed division of managerial responsibilities for this arrangement. It only exists if the decisions associated with this business activity require the unanimous consent of the parties involved in joint management.

The HHLA Group holds more than half of the voting rights in the companies HHLA Frucht, STEIN and Hamburg Vessel Coordination Center, yet has no controlling influence as the companies are effectively jointly managed. This is due primarily to the equal representation of the essential corporate bodies (management and/or Supervisory Board).

Aggregate financial information about individually not material joint ventures

in € thousand	**2018**	2017
Group share of profit or loss	4,443	3,917
Group share of other comprehensive income	77	5
Group share of comprehensive income	**4,520**	**3,922**

No unrecorded losses relating to joint ventures were incurred either in the reporting year or on a cumulative basis.

Aggregate book value of joint ventures

in € thousand	**31.12.2018**	31.12.2017
Aggregate book value	**12,212**	**11,243**

Interests in associated companies

Companies designated as associated companies are those over which 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.

HHLA does not provide information on associated companies as per IFRS 12 because the relevant companies are of minor importance overall for the Group. HHLA does not believe that this has a negative impact on the statement concerning the nature of interests in other companies and the associated risks. The effects of these interests on the HHLA Group’s earnings, net assets and financial position are likewise insignificant.

Accounting for interests in joint ventures and associates

Interests in joint ventures and associates are accounted for using the equity method. With the equity method, the share in each joint venture and/or associated company is first stated at acquisition cost. Instead of being amortised, any goodwill recognised within the carrying amount of the investment when it is reported in the balance sheet for the first time is subject to 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 results of the joint venture or associated company is recorded in the consolidated income statement, while its interest in changes in equity is recorded directly in consolidated equity. These cumulative changes affect the carrying amount of the interest in the joint venture or 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 joint venture or associated company.

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

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

With the share purchase agreement dated 28 December 2017 and the agreement on the transfer of company shares dated 22 January 2018, Metrans a.s., Prague, Czech Republic, acquired 100 % of the shares in POLZUG Intermodal Polska sp. z.o.o., Warsaw, Poland, and renamed the acquired company Metrans (Polonia) Sp. z.o.o. This transaction has no material impact on HHLA's consolidated financial statements.

With share purchase and transfer agreements dated 2 March 2018, HHLA acquired further shares in Metrans a.s., Prague, Czech Republic, thus increasing its stake from 90.0 % to 100 %. The purchase price for these shares was taken directly to equity in accordance with the entity concept with a corresponding reduction in non-controlling interests.

HHLA signed a contract dated 26 March 2018 for the acquisition of 100 % of the shares in terminal operator Transiidikeskuse AS, headquartered in Tallinn, Estonia, in order to further expand its existing transport and logistics network in Estonia. Upon the various conditions precedent being met, HHLA took control of the company on 27 June 2018 (acquisition date within the meaning of IFRS 3 [9]). The purchase price (transferred consideration) has been paid in euros. The company was renamed HHLA TK Estonia AS as of 24 September 2018.

Fair value of assets and liabilities

in € thousand	adjusted	preliminary
Cash and cash equivalents	**2,190**	**2,190**
Property, plant and equipment	66,050	62,301
Customer relationships	7,361	6,775
Other intangible assets	647	647
Short-term assets	3,044	3,044
Long-term liabilities	- 9,199	- 9,199
Short-term liabilities	- 3,480	- 3,480
Acquired identifiable net assets	**66,613**	**62,278**
Plus goodwill	7,587	11,922
Sum of transferred consideration	**74,200**	**74,200**

The derived goodwill amounting to € 7,587 thousand comprises the value of the workforce of the acquired company and the opportunities arising from the business model, such as expansion of operations in the Baltic region, operations in Russia and the establishment of RoRo services. The goodwill has been allocated to the Container segment. Customer-related intangible assets (customer relations) include an amount of € 7,361 thousand relating to the acquired company's simplified access to an existing customer base. It is not anticipated that a portion of the recorded goodwill will be tax deductible.

The fair value of current assets is € 3,044 thousand and includes trade receivables of € 2,590 thousand. The gross amount of due contractual trade receivables totals € 3,875 thousand, with € 1,285 thousand of this figure expected to be irrecoverable.

Due to the proximity of the acquisition date to the balance sheet date of 30 June 2018, no interim financial statements were prepared as of 27 June 2018. Had the acquisition taken place as of 1 January 2018, the Executive Board estimates that Group revenue would have been € 10.8 million higher and that Group profit after tax would have been € 1.5 million higher. When calculating these amounts, the Executive Board assumed that the adjustments to fair values performed as of the acquisition date would still have remained valid in the event of an acquisition on 1 January 2018.

HHLA set up the company HHLA Sky GmbH, based in Hamburg, on 24 July 2018. The company was included in the group of consolidated companies at HHLA as of the end of the financial year. The primary purpose of the company is to develop, organise, manage, operate, monitor and distribute air-assisted logistics services.

With the submission of the application for its removal from the commercial register on 25 May 2018, the company HCC Hanseatic Cruise Centers GmbH i. L., Hamburg, was deconsolidated as of 30 June 2018 and is therefore no longer included in HHLA's group of consolidated companies.

The company POLZUG Intermodal GmbH, Hamburg, was merged with HHLA International GmbH, Hamburg, as of 1 January 2018 upon entry into the commercial register on 31 August 2018. The merger had no impact on HHLA's consolidated financial statements.

The Czech company JPFE-07 INVESTMENTS s.r.o., Ostrava, Czech Republic, which did not previously fall within the group of consolidated companies at HHLA, was merged with Metrans a.s., Prague, Czech Republic, as of 1 January 2018 upon entry into the commercial register on 12 December 2018. The merger had no material impact on HHLA's consolidated financial statements.

There were no other significant acquisitions, purchases or disposals of shares in subsidiaries, or changes to the group of consolidated companies.

4. Foreign currency translation

Monetary assets and liabilities in the 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.

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 € 35 thousand in the financial year, largely due to the exchange rate movements of the Czech koruna and the Polish zloty (previous year: profit of € 2,604 thousand, largely due to the appreciation of the Czech koruna).

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 when they occur. 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.

The proportion of equity attributable to shareholders of the parent company rose, with the change recognised directly in equity, by € 1,617 thousand (previous year: a reduction of € 5,446 thousand), largely due to the appreciation of the Ukrainian currency in the amount of € 1,761 thousand (previous year: depreciation of € 5,831 thousand).

Foreign currency translation

		Spot rate = 1€		Average annual rate = 1€	
Currency	ISO-Code	**31.12.2018**	31.12.2017	**2018**	2017
Czech crown	CZK	25.724	25.535	25.664	26.345
Georgian lari	GEL	3.070	3.104	3.003	2.855
Hungarian forint	HUF	320.980	310.330	319.097	309.321
Polish zloty	PLN	4.301	4.177	4.260	4.256
Ukrainian hryvnia	UAH	31.714	33.495	32.350	30.087

5. Effects of new accounting standards

Revised and new IASB/IFRIC standards and interpretations that were mandatory for the first time in the financial year under review.

Standard	Content and significance
Amendments to IAS 40 Transfers of Investment Property	The IASB published amendments to IAS 40 Investment Property in December 2016. The amendments clarify transfers of investment property to or from the portfolio in the case of a change of use. They are expected to be applicable for financial years beginning on or after 1 January 2018. Earlier adoption is permitted, provided they are first enacted in EU legislation. First-time application had no impact on the consolidated financial statements.
Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions	The IASB published amendments to IFRS 2 Share-based Payment in June 2016. The amendments relate to the inclusion of vesting conditions in the measurement of cash-settled share-based payment transactions and amendments relating to the classification of share-based payments that provide for net settlement for taxes to be withheld. The standard also deals with the accounting treatment of the amendments. The amendments were adopted into EU law with Commission Regulation (EU) 2018/289 on 26 February 2018. These amendments apply to financial years beginning on or after 1 January 2018. Application had no impact on the consolidated financial statements.
IFRS 9 Financial Instruments	IFRS 9 Financial Instruments was finalised by the IASB in July 2014. This standard aims to simplify the requirements for reporting financial instruments in the balance sheet. IFRS 9 amends the reporting standards for the classification and measurement of financial assets, impairments of financial assets and the reporting of hedging relationships. The amendments were enacted in EU law with Commission Regulation (EU) 2016/2067 dated 22 November 2016. The amendments apply to financial years beginning on or after 1 January 2018. In accordance with the transition guidance of IFRS 9, HHLA declined to adjust the prior-year figures and recognised the transition effects on a cumulative basis in revenue reserves as of 1 January 2018. The main financial assets reported by the Group include cash, cash equivalents, trade receivables and receivables from related parties (public-sector companies). Cash and cash equivalents are generally only invested with counterparties with very good credit ratings. The actual default risk associated with these investments is very low, see Note 47. The new impairment model does not have any material impact on the financial assets. The effects arising from first-time application of IFRS 9 are shown at the end of this table.
IFRS 15 Revenue from Contracts with Customers	The IASB adopted the standard IFRS 15 Revenue from Contracts with Customers in May 2014. This stipulates the amount and timing of revenue reporting and what information must be disclosed. It replaces the existing guidelines on revenue recognition, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The EU enacted this standard in its legislation with Commission Regulation (EU) 2016/1905 dated 22 September 2016. Adoption is mandatory for financial years beginning on or after 1 January 2018. There are no effects on the opening balance sheet values as of 1 January 2018 as a result of first-time application of IFRS 15. Comparative figures from the prior-year period have not been restated. With its first-time application, revenue from customer-specific ancillary transport services is no longer recognised with the corresponding expenses in the income statement, a change from the prior-year period. This approach resulted in a reduction of € 1,348 thousand in revenue and cost of materials in the 2018 financial year. Without the offsetting described in the reporting year, revenue would amount to € 1,292,484 thousand (previous year: € 1,251,806 thousand) and cost of materials would amount to € 368,451 thousand (previous year: € 370,491 thousand). Furthermore, there were no differences between the revenue recognised pursuant to IFRS 15 and the revenue recognised pursuant to IAS 18 and IAS 11. HHLA has no contract assets. The contractual liabilities identified play a subordinate role and are not shown separately. Overall, the effects on the Group's earnings, net assets and financial position are immaterial.
Amendments to IFRS 15 Clarifications	The final amendments to IFRS 15 were published by the IASB in April 2016. For the most part, the amendments to this standard are clarifications and additional simplifications for the transition to IFRS 15. The amendments were enacted in EU law with Commission Regulation (EU) 2017/1987 dated 31 October 2017. The effective date is 1 January 2018.
IFRIC 22 Foreign Currency Transactions and Advance Consideration	In December 2016, the IASB published its interpretation IFRIC 22 clarifying at what point in time the exchange rate should be established for translating foreign currency transactions containing incoming or outgoing payments on account. IFRIC 22 is applicable as of 1 January 2018. Early adoption is permitted. The impact on HHLA's consolidated financial statements is immaterial.
Improvements to IFRS 2014–2016 Cycle	The 2014–2016 annual round of improvements to IFRS was published by the IASB in December 2016. Three standards are affected in total. The amendment to IAS 28 Investments in Associates and Joint Ventures clarifies that a different valuation option can be used for each interest in a joint venture or an associated company. Temporary provisions were deleted from IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendments to IFRS 12 Investment Entities clarify that the regulations contained in the standard also apply to interests covered by IFRS 5. The amendments were enacted in EU law with Commission Regulation (EU) 2018/182 dated 7 February 2018. The effective date for IFRS 1 and IAS 28 is 1 January 2018. The amendments had no effect on the present consolidated financial statements.

The following table shows the reconciliation of financial assets from IAS 39 to IFRS 9:

Reconciliation of carrying amounts from IAS 39 to IFRS 9

in € thousand	Carrying amounts according to IAS 39 as at 31.12.2017	Reclassifications	Valuation effects	**Carrying amounts according to IFRS 9 as at 01.01.2018**
Financial assets measured at cost				
Financial assets	11,834			11,834
Trade receivables	149,115		- 291	148,824
Receivables from related parties	81,527			81,527
Other financial receivables	1,974			1,974
Cash, cash equivalents and short-term deposits	201,514			201,514
Total	**445,964**	**0**	**- 291**	**445,673**
Financial assets available for sale				
Financial assets (securities)	6,227	- 6,227		0
Financial assets	3,518	- 3,518		0
Other financial receivables	677	- 677		0
Total	**10,422**	**- 10,422**	**0**	**0**
Financial assets at fair value through other comprehensive income				
Financial assets (securities)	0	6,227		6,227
Financial assets	0	2,901	302	3,203
Total	**0**	**9,128**	**302**	**9,430**
Financial assets at fair value through profit or loss				
Financial assets	0	617		617
Other financial receivables	0	677		677
Total	**0**	**1,294**	**0**	**1,294**

Initial application effects of IFRS 9 on Group equity

in € thousand	**Retained consolidated earnings of the parent company**	Non-controlling interests
Equity in accordance with IAS 39 as of 31 December 2017	**469,672**	**30,790**
Increase in valuation allowances on trade receivables	- 273	- 18
Reclassification of financial assets from “available for sale” to “through other comprehensive income”	257	45
Deferred taxes on initial effects	84	7
Equity in accordance with IFRS 9 as of 1 January 2018	**469,740**	**30,823**

The following balance sheet table shows the impacts of the amended IFRS 9 financial reporting standard on the opening balance sheet values, as well as the measurement categories pursuant to IAS 39 and IFRS 9:

Valuation categories and reconciliation of the carrying amounts from IAS 39 to IFRS 9

in € thousand	Valuation categories according to IAS 39	Valuation categories according to IFRS 9	Carrying amount according to IAS 39 for 31.12.2017	Adjustment effects	**Carrying amount according to IFRS 9 as of 01.01.2018**
Financial assets	Available for sale	Fair value (through other comprehensive income)	9,128	302	9,430
Financial assets	Available for sale	Fair value (profit or loss)	617		617
Financial assets	Loans and receivables	At cost	11,834		11,834
Trade receivables	Loans and receivables	At cost	149,115	- 291	148,824
Receivables from related parties	Loans and receivables	At cost	81,527		81,527
Other financial receivables	Available for sale	Fair value (profit or loss)	677		677
Other financial receivables	Loans and receivables	At cost	1,974		1,974
Cash, cash equivalents and short-term deposits	Loans and receivables	At cost	201,514		201,514
Deferred taxes (assets)			87,093	91	87,184
Equity			602,359	102	602,461
thereof retained consolidated earnings of the parent company			469,672	68	469,740
thereof non-controlling interests			30,790	34	30,823

Amendments to standards that can be applied on a voluntary basis for the financial year under review which were not adopted by HHLA:

Standard	Content and significance
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	The aim of the amendments, which were published in October 2017, is to clarify that an entity must apply IFRS 9 Financial Instruments to all long-term interests in an associate or joint venture, irrespective of the accounting method. The EU enacted this clarification in its legislation with Commission Regulation (EU) 2019/237 dated 8 February 2019. The amendments take effect for reporting periods that begin on or after 1 January 2019. Early adoption is permitted.
IFRS 16 Leases	The IASB published IFRS 16 Leases in January 2016. This standard supersedes the previously valid IAS 17 Leases and introduces significant accounting changes for lessees. In general, all leases are now to be recognised as rights of use for accounting purposes. Under IFRS 16, lessors will continue to classify leases as operating or finance in line with IAS 17. The new rules aim to help improve the transparency of financial reporting and break down existing information imbalances. The EU enacted this standard in its legislation with Commission Regulation (EU) 2017/1986 dated 31 October 2017. The effective date is 1 January 2019. The HHLA Group will apply the standard for the financial year beginning on 1 January 2019 using the modified retrospective approach. With this method, the comparative prior-year figures are not adjusted; changeover effects must therefore be recognised as adjustments to revenue reserves as of 1 January 2019. As part of the modified retrospective approach, an incremental borrowing rate as of 1 January 2019 has been used to calculate the lease liability. In respect of many of the contracts, HHLA will recognise the usage rights for leased assets in the amount of the corresponding lease liabilities at first-time application, meaning that no equity effects will arise at this time. Due to their material importance, usage rights for rental agreements for space at the Port of Hamburg, which were previously recognised as operating leases, will be recognised at their carrying amounts, as though IFRS 16 had applied since the start of the lease. This results in significant changeover effects as of 1 January 2019, which are shown as adjustments to revenue reserves. As a lessee, HHLA takes the opportunity not to recognise usage rights and lease liabilities for short-term leases or leases where the underlying asset is of low value. For these leases, lease payments are recorded as expenses instead. The new lease standard was implemented via a Group-wide project. **Balance sheet total and equity ratio** The increase in the balance sheet total triggered by the new rules of IFRS 16 will be largely prompted by capitalising the right of use. On the liabilities side, this is countered by the adjustments to revenue reserves and the recognition of the leasing liability. On the basis of the contracts currently concluded and what is still a provisional valuation, the HHLA Group expects the balance sheet total to increase by approx. € 0.6 billion as of 1 January 2019. Given this increased balance sheet total and taking into account the changeover effects in equity, the current status of contracts will lead to a reduction in the equity ratio in the upper single-digit range as of 1 January 2019. **Income statement** Until now, expenses from operating leases had always been recognised under other operating expenses on the income statement. In future, however, depreciation and amortisation on the right of use and interest expenses will be shown for the lease liability. In the 2019 financial year, this change in terms of recognition will result in an increase in EBIT in the mid-single-digit percent range as compared with the 2018 financial year. **Cash flow statement** In the cash flow statement, there will be a shift between cash flow from operating activities and cash flow from financing activities. While EBIT and thus operating cash flow will increase, the capital outflows from financing activities will also rise because higher redemptions of lease liabilities will have to be accounted for.
Amendments to IFRS 9 Prepayment Features with Negative Compensation	The IASB published these amendments to IFRS 9 in October 2017. They are designed to facilitate measurement at amortised cost/at fair value through other comprehensive income even for financial assets that do not meet the SPPI criterion. These relate to financial assets with prepayment features that involve one party receiving or paying appropriate compensation in the event of termination (appropriate negative fee). The EU enacted this standard in its legislation with Commission Regulation (EU) 2018/498 dated 22 March 2018. The amendments are to apply to financial years beginning on or after 1 January 2019. Early adoption is permitted.
IFRIC 23 Accounting for Uncertainties in Income Taxes	The interpretation published in June 2017 clarifies the accounting treatment of uncertainties relating to income tax treatment under IAS 12. The interpretation is to be applied to taxable profit (tax loss), unused tax losses, unused tax credits and tax rates. The EU enacted this standard in its legislation with Commission Regulation (EU) 2018/1595 dated 23 October 2018. The provisions will come into force for financial years starting on 1 January 2019. Early adoption is permitted.

Standards and interpretations that have been passed by the IASB but not yet adopted by the EU and are not applied by HHLA.

Standard	Content and significance
Amendments to IAS 1 and IAS 8 Definition of Materiality	In October 2018, the IASB published amendments with regard to the definition of the materiality of information in financial statements in IAS 1 Presentation of Financial Statements and in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. With these changes, a consistent and precisely defined understanding of the materiality of information in financial statements has been created and supplemented with examples. The amendments are to be observed as of 1 January 2020. Early adoption is permitted.
Amendments to IAS 19 Plan Amendment, Curtailment or Settlement	In accordance with IAS 19, pension obligations are to be measured based on updated assumptions in the event of a plan amendment, curtailment or settlement. This amendment clarifies that, after such an event, the past service cost and net interest for the remainder of the period must be taken into account based on updated assumptions. The amendments are to be applied with effect from 1 January 2019. Early adoption is permitted.
Amendments to IFRS 3 Definition of a Business	In October 2018, the IASB published an amendment to IFRS 3 Business Combinations with regard to the definition of a business. With this amendment, the IASB clarifies that a business consists of a group of activities and assets that covers at least one resource input and a substantial process that, together, result in output. Furthermore, with regard to performance (output), the definition is narrowed to focus on goods and services provided to customers and excludes the reference to cost reductions. The new provisions also include an optional “concentration test”, which aims to facilitate the identification of a business. The amendment is applicable to business combinations where the date of acquisition is either on or after 1 January 2020. Early adoption is permitted.
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The IASB approved amendments to IFRS 10 consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures in September 2014. These clarify how unrealised gains from transactions between an investor and a joint venture or an associate should be reported. The EFRAG announced in February 2015 that the process of endorsing these amendments had been suspended for the time being because inconsistencies had been identified between the amended standard and the existing IAS 28. The effective date – previously 1 January 2016 – has been postponed indefinitely until the inconsistencies have been resolved.
Amendments to References to the Conceptual Framework in IFRS standards	In March 2018, the IASB published its revised conceptual framework for financial reporting. The revised version contains extensive amendments to the earlier conceptual framework. The standards affected by the amendments are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32. Amendments to the references within the IFRS listed above are particularly affected by the endorsement process, which has an editorial character. The endorsement is not expected to have any effect on the consolidated financial statements.
Improvements to IFRS 2015–2017 Cycle	These clarifications were published in December 2017 and apply to four standards. Based on the amendments to IFRS 3 Business Combinations, the principles governing successive business combinations are to be applied when an entity obtains control over a business operation in which it previously held an interest as part of a joint operation. Based on the amendments to IFRS 11 Joint Arrangements, a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business. The amendments to IAS 12 Income Taxes deal with the income tax consequences of dividend payments. The amendments to IAS 23 Borrowing Costs clarify that, in connection with the calculation of the capitalisation rate, the cost associated with debt taken out specifically in connection with the acquisition of the qualifying assets is not to be included until the asset is completed if a company has generally borrowed funds to purchase qualifying assets. The amendments are to be applied with effect from 1 January 2019. Early adoption is permitted.

Standards and interpretations that have no relevance for HHLA’s consolidated financial statements.

Standard	Content and significance
Amendments to IFRS 4	Insurance Contracts
IFRS 17	Insurance Contracts

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 acquisition cost. Intangible assets with a finite useful life are amortised over their useful life on a straight-line basis. The Group reviews the underlying amortisation methods and the useful lives of its intangible assets with a finite useful life as of each balance sheet date.

Intangible assets with an indefinite useful life are subjected to an impairment test at least once a year. If necessary, value adjustments are made in line with 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.

Useful life of intangible assets

in years	2018	2017
Software	3 – 7	3 – 7

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

Depreciation is carried out on a straight-line basis over an asset's useful life.

During the reporting period, the useful lives of certain assets in the asset classes "Technical equipment and machinery" and "Other plant, operating and office equipment" were remeasured. The range of useful lives shown in the following table only changed in respect of the asset class "Other plant, operating and office equipment". The positive effect arising from the adjustment of useful lives amounts to € 3,399 thousand for "Technical equipment and machinery" and € 3,216 thousand for "Other plant, operating and office equipment". These adjustments do not have a material impact on the Group's earnings, net assets and financial position.

The following table shows the principal useful lives which are assumed:

Useful life of property, plant and equipment

in years	2018	2017
Buildings	10 – 70	10 – 70
Technical equipment and machinery	5 – 25	5 – 25
Other plant, operating and office equipment	3 – 20	3 – 15

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 the investment property's value in use. The useful lives applied are the same as those for property, plant and equipment 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. This is ascertained as the higher of the fair value of the asset 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 (CGU) 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 recoverable amount is generally calculated based on the fair value less selling costs of the cash-generating unit or asset 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 4.8 and 5.8 % p.a. (previous year: 4.7 to 5.4 % p.a.). The cash flow forecasts in the Group's current plans for the next five years are used to determine future cash flows. If new information is available when the financial statements are produced, it is taken into account. Growth factors of 1.0 % (previous year: 1.0 %) were applied in the reporting year. When forecasting cash flows, the Group takes future market and sector expectations as well as past experience into account in its planning. Cash flows are primarily determined on the basis of anticipated volumes and income along with the cost structure arising from the level of capacity utilisation and the technology used.

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 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

HHLA is applying IFRS 9 for the first time on the financial year beginning 1 January 2018. Depending on the business model under which assets are held and the composition of related payment flows, financial assets are classified at amortised costs, at fair value through other comprehensive income or at fair value through profit and loss.

Business models

IFRS 9 distinguishes between three kinds of business model:

Hold to collect

The objective of this business model is to hold debt instruments, generate contractual cash flows (e.g. interest income) and, upon maturity, to collect the nominal value. In this business model, subsequent measurement is performed at amortised cost, applying the effective interest rate method.

Hold to collect and sell

If debt instruments are held under this business model, the objective is to collect contractual cash flows or to sell the debt instruments. The debt instruments are measured at fair value, with market value fluctuations recorded in equity.

Hold for trading

If debt instruments are held primarily to generate short-term price gains, they are to be assigned to this business model. This category also includes financial assets that do not meet the requirements of the two business models outlined above. Consequently, the debt instruments are measured at fair value through profit and loss.

Nature of payment flows

Alongside the business model, the nature of the contractual cash flows is material. These should only reflect the time value of money and the credit risk of the counterparty. If the interest payments do not meet these criteria, the related debt instruments are assigned to the business model “Other”.

Classification of financial assets

Classification in accordance with IFRS 9

	Business model	Measurement categories
Financial assets (securities)	Hold to collect and sell	Fair value through profit or loss (no recycling)
Financial assets	Hold for trading	Fair value through profit or loss
Financial assets	Hold to collect	Amortised cost
Trade receivables	Hold to collect	Amortised cost
Receivables from related parties	Hold to collect	Amortised cost
Other financial receivables	Hold for trading	Fair value through profit or loss
Other financial receivables	Hold to collect	Amortised cost
Cash, cash equivalents and short-term deposits	Hold to collect	Amortised cost

Impairment of financial assets

As a result of IFRS 9, there will be a change in reporting on the impairment all financial assets that are measured either at amortised cost or at fair value through other comprehensive income. As a result, losses will not only be recorded once they occur, but also as soon as they are expected, depending on whether the default risk of financial assets has worsened significantly since their acquisition. If there is a significant deterioration and if the default risk is not to be classified as “low” on the balance sheet date, all expected losses over the entire term are to be recorded from this point. Otherwise, only the expected losses over the term of the instrument need to be taken into account that result from potential future loss events within the next twelve months.

Exceptions apply in respect of trade receivables and leasing receivables. For these assets, all expected losses over the entire term must (i.e. without a significant financing component) or may (i.e. with a significant financing component) be taken into account, regardless of the change in the default risk.

On each balance sheet date, the Group determines whether a financial asset or a portfolio is impaired. For a detailed description of this method, please see Note 47.

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. 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 estimated costs until completion and sale.

Liabilities

All financial liabilities are to be measured at amortised cost, applying the effective interest rate method. As soon as HHLA becomes a contracting party, financial liabilities are to be recognised. A liability is derecognised as a result of repayment, buy-back or debt relief. The liability is measured at fair value at the time of acquisition, with acquisition costs constituting the most suitable valuation benchmark. Subsequent measurement of financial liabilities is performed at amortised cost, applying the effective interest rate method.

Throughput-dependent share of earnings attributable to non-controlling interests

Background

In the 2010 financial year, profit and loss transfer agreements were signed between the subsidiaries HHLA Container-Terminal Altenwerder GmbH, Hamburg (CTA), and HHLA CTA Besitzgesellschaft mbH, Hamburg (CTAB), on the one hand and HHLA Container Terminals GmbH, Hamburg (HHCT), on the other. In the profit and loss transfer agreements, HHCT pledges to pay a financial settlement to the non-controlling interest in the above-mentioned companies for the duration of the agreement. The amount of the financial settlement is based largely on earnings and the throughput handled. Should throughput reach a certain level, it is possible for the proportion of earnings allocated to the financial settlement to exceed the share which would result from the non-controlling shareholder's stake in the companies. Unless the profit and loss transfer agreement is terminated, it will be extended for a further year at a time. CTA merged with CTAB with retroactive effect as of 1 January 2014 based on a merger agreement dated 5 August 2014. As a result, there is now just one profit and loss transfer agreement. On the same date, CTA Besitzgesellschaft mbH was renamed HHLA Container Terminal Altenwerder GmbH. As a result of the merger of HHTC with Hamburger Hafen und Logistik Aktiengesellschaft (HHLA), a profit and loss transfer agreement with effect as of 1 January 2017 was transferred to HHLA in August 2017.

Classification as a compound financial instrument

As profit and loss transfer agreements have been concluded, the interest held by the non-controlling shareholder is classified as a compound financial instrument as per IAS 32.28 because it contains both debt and equity components. These components must be split and entered as either equity or borrowed capital depending on their classification.

Initial measurement

When it was first entered in 2010, the amount of equity to be reported for the non-controlling interests was calculated by deducting the fair value of the debt component. The fair value of the debt component in the form of these financial settlements was established by discounting the anticipated resulting cash outflows during the five-year term of the profit and loss transfer agreement.

When this debt component was first recorded under other financial liabilities Note 38, it was recognised directly in equity and reduced non-controlling interests within equity as a result Note 35.

From the 2014 financial year onwards, extending the profit and loss transfer agreement gives rise to an obligation to pay a financial settlement for the following year. The profit and loss transfer agreement was not terminated in 2018. This means the company has a further obligation to pay a financial settlement for the 2019 financial year. This obligation must also be reported at fair value directly in equity within other financial liabilities by discounting the anticipated cash outflows in the year under review. It reduces non-controlling interests within equity accordingly.

Subsequent measurement

From 2011 onwards, other financial liabilities arising from the obligation to pay this financial settlement are recorded in the balance sheet at amortised cost. Changes resulting from the expected cash outflows are recognised in profit and loss. The changes result from adjustments to reflect the actual shares in the CTA Group's earnings and changes in the anticipated future development of the CTA Group. An interest rate of 5.48 % is used for recognising the expected financial settlement for the 2019 financial year in the reporting year (previous year for the 2018 financial year: 5.44 %). Expenses recognised through profit and loss totalling € 6,036 thousand (previous year: € 12,855 thousand) are recorded in financial income Note 16 and only impact non-controlling interests in the

CTA Group. This figure includes expenses of € 4,805 thousand (previous year: € 11,870 thousand) from an adjustment to reflect the actual share of earnings, and expenses of € 1,231 thousand arising from the discounting of the payment obligation recognised in the previous year (previous year: € 985 thousand).

Development in non-controlling interests held in the CTA Group

in € thousand	
As of 31 December 2009 prior to conclusion of the profit and loss transfer agreement	**44,617**
As of 31 December 2016, taking actual share of earnings and adjustments to settlement obligation into account	**172**
Actual share in the CTA Group's earnings for 2017	30,900
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	- 12,855
Other adjustments	9
Comprehensive income reported in equity	18,054
Reclassification of the settlement obligation for 2018 to other financial obligations	- 22,620
As of 31 December 2017, taking actual share of earnings and adjustments to settlement obligation into account	**- 4,394**
Actual share in the CTA Group's earnings for 2018	28,656
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	- 6,036
Other adjustments	495
Comprehensive income reported in equity	23,115
Reclassification of the settlement obligation for 2019 to other financial obligations	- 32,645
As of 31 December 2018, taking actual share of earnings and adjustments to settlement obligation into account	**- 13,924**

Development in other financial liabilities arising from settlement obligations

in € thousand	
As of 31 December 2016 with continuation of settlement obligation	**40,647**
Payment of actual share of earnings for 2016	- 22,603
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	12,855
Reclassification of settlement obligation for 2018 from non-controlling interests	22,620
As of 31 December 2017 with continuation of settlement obligation	**53,519**
Payment of actual share of earnings for 2017	- 30,900
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	6,036
Reclassification of settlement obligation for 2019 from non-controlling interests	32,645
As of 31 December 2018 with continuation of settlement obligation	**61,300**

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 at least a partial reimbursement of an amount made as a provision (e.g. in the case of an insurance contract), the reimbursement is recognised as a separate asset only if it is virtually certain. The expenses arising from recognising 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 (revised 2011) using the projected unit credit method. Actuarial gains and losses are taken directly to equity and recognised in other comprehensive income, 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 measure pension obligations.

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. Since 1 January 2013 and in accordance with IAS 19 (revised 2011), provisions for supplementary amounts have only been accrued pro rata over the required service period, which regularly ends when the passive phase begins.

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 remaining carrying amount of the lease liability at a constant rate. Financing expenses are recognised through 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, capitalised 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 the income statement 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

HHLA is applying IFRS 15 for the first time on the financial year beginning 1 January 2018. A five-step model – in which the contract with a customer, the performance obligation and the transaction price are identified – is used to determine the time and amount at which revenue is to be recorded. The model stipulates that revenue is to be recorded at the time control over goods or services passes from the company to the buyer and at the amount to which the company is expected to be entitled (acquisition of power of disposal).

Provision of services

Income from services is recognised in accordance with the extent to which the service has been provided over time or, if not applicable, at a point in time. If recorded over time, 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. The conditions for the subsidies include obligations to operate the subsidised equipment for a retention period of 5 to 20 years, observe certain operating criteria and provide the subsidising body with evidence for the use of the funds.

There is sufficient certainty that all the conditions have been or will be fulfilled for the grants totalling € 49,740 thousand which were paid to HHLA in the period between 2001 and 2018. These grants have been deducted from the cost of purchasing the subsidised investments. The HHLA Group received € 6,311 thousand in government grants in the reporting year.

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.

Derivative financial instruments and hedging transactions

During the reporting period, the Group did not conduct any hedging transactions to hedge fair value or net investments in a foreign operation. Furthermore, no effective exchange rate transactions were concluded or conducted.

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 generally used at HHLA less selling costs of the cash-generating units to which the goodwill has been allocated. To estimate the fair value, 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 could be incurred as a result. For more information, please refer to Note 22.

Investment property

The fair value of investment property must be disclosed in the notes. 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. Detailed information is available in Note 24.

Pension provisions

Actuarial opinions are commissioned annually to determine the expenses for pensions and similar obligations. 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. More detailed information is available in Note 36.

Demolition obligations

Provisions for demolition obligations result from obligations to be met at the end of the lease term under long-term lease agreements with the Free and Hanseatic City of Hamburg. All HHLA Group companies in the Port of Hamburg are obliged to return leased land free of all buildings owned by them at the end of the lease term. To calculate the amount of the provision, it was assumed that the obligation would be carried out in full for all leased property, with the exception of buildings designated as historical landmarks in the Speicherstadt historical warehouse district. The calculations are based on assumptions concerning the amount of demolition work necessary, interest rates and inflation. For more information, please refer to Note 37.

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. 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 exist because HHLA has concluded a profit and loss transfer agreement with a subsidiary, which entitles non-controlling interests to receive financial settlements, see Note 6. The parameters used to calculate this amount are subject to significant uncertainties which can cause figures to fluctuate accordingly. More detailed information is available in Note 38.

Calculating fair value

The fair value measured for financial and non-financial assets and liabilities is regularly reviewed by the Group.

The Group also regularly reviews key unobservable input factors and valuation adjustments. When the fair value of an asset or liability is calculated, the Group uses observable market data whenever possible. Based on the input factors used during valuation, the fair values calculated are classified as belonging to different levels of the fair value hierarchy:

Fair value hierarchy

	Content and significance
Level 1	Listed prices (non-adjusted) on active markets for identical assets or liabilities
Level 2	Valuation parameters which do not involve the listed prices included in level 1 but which are observable for the asset or liability either directly (i.e. as a price) or indirectly (i.e. as determined through prices)
Level 3	Valuation parameters for assets or liabilities which are not based on observable market data

The Group records any transfers between the various levels of the fair value hierarchy at the end of the reporting period in which the amendment was made.

For details of the valuation methods and input parameters used to measure the fair value of the various assets and liabilities, please see Note 24 and Note 47.

Notes to the income statement

8. Revenue

Revenue for the HHLA Group amounts to € 1,291,136 thousand (previous year: € 1,251,806 thousand) and includes € 1,224,722 thousand (previous year: € 1,185,532 thousand) from services rendered at a point in time (mainly handling and transport services) and € 66,414 thousand (previous year: € 66,274 thousand) from earnings generated over time. Of the earnings generated over time, € 59,611 thousand (previous year: € 58,676 thousand) relates to rental income.

In the segment report, the revenue is broken down by segment, including inter-segment revenue. The revenue is broken down by region in Note 44 in the notes to the segment report. This Note also contains segment-specific details on the type of revenue.

9. Changes in inventories

Changes in inventories

in € thousand	**2018**	2017
	448	- 254

Changes in inventories relate to changes in the inventories of finished products and work in progress.

10. Own work capitalised

Own work capitalised

in € thousand	**2018**	2017
	5,209	5,404

As in the previous year, own work capitalised results mainly from development activities and from technical work capitalised in the course of construction work.

11. Other operating income

Other operating income

in € thousand	**2018**	2017
Income from other accounting periods	8,310	6,255
Income from reimbursements	8,269	8,745
Income from reversal of other provisions	6,609	4,745
Proceeds on disposal of property, plant and equipment	3,626	357
Income from compensation	1,682	1,992
Income from exchange rate differences	1,057	1,923
Other	11,861	15,416
	41,414	**39,433**

As in the previous year, income from reimbursements relates primarily to costs which were passed on in connection with leases.

As in the previous year, income from other accounting periods includes income from the reversal of other liabilities from previous periods.

Proceeds from the disposal of property, plant and equipment in the reporting year mainly relate to the sale of wagons.

Other operating income includes income from the outsourcing of personnel of € 4,115 thousand (previous year: € 4,158 thousand) and, in the 2017 financial year, income from the harmonisation of the existing pension schemes in the amount of € 1,617 thousand.

12. Cost of materials

Cost of materials

in € thousand	**2018**	2017
Raw materials, consumables and supplies	94,263	90,125
Purchased service	272,840	280,366
	367,103	**370,491**

The expenses for purchased services mainly consist of rail services purchased by the Intermodal segment.

13. Personnel expenses

Personnel expenses

in € thousand	**2018**	2017
Wages and salaries	332,089	314,181
Staff deployment	73,353	66,233
Social security contributions and benefits	67,717	77,216
Service expense	6,898	5,674
Other retirement benefit expenses	523	513
	480,580	**463,817**

The direct remuneration paid to members of the Executive Board totalled € 2,955 thousand for the 2018 financial year (previous year: € 2,936 thousand). More details on the remuneration paid to the Executive Board and the Supervisory Board can be found in Note 48.

Social security contributions include payments towards the public pension scheme amounting to € 28,286 thousand (previous year: € 27,636 thousand) and payments to the German pension insurance scheme. The increase in personnel expenses in the year under review is due to increases in union wage rates, the higher number of employees and increased demand for external staff. The previous year's social security contributions and benefits include expenses for the organisational restructuring in the Container segment.

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

Average number of employees of fully consolidated companies

	2018	2017
Employees receiving wages	3,048	2,879
Salaried staff	2,665	2,595
Trainees	65	79
	5,778	**5,553**

In addition, the Group used an annual average of 760 employees (previous year: 710) of Gesamthafenbetriebs Gesellschaft m.b.H., Hamburg (GHB).

14. Other operating expenses

Other operating expenses

in € thousand	2018	2017
Leasing costs	58,295	53,829
External maintenance services	41,755	37,294
Consultancy, services, insurance and auditing expenses	39,789	37,027
Travel expenses, advertising and promotional costs	4,375	3,663
Other personnel expenses	4,239	2,380
Other taxes	3,125	2,703
Other venture expenses	2,608	610
External and internal cleaning costs	2,230	1,977
Expenses from other accounting periods	2,125	645
Postage and telecommunications costs	1,568	1,449
Impairment losses on financial assets	998	532
Expenses from exchange rate differences	912	1,271
Losses on the disposal of property, plant and equipment	134	1,171
Expenditure for the harmonisation of existing pension schemes	0	10,762
Other	9,919	10,985
	172,072	**166,298**

Further information on leasing expenses can be found in Note 45.

The HHLA Group regards the impairment losses on financial assets listed above as immaterial and has therefore decided not to show them separately in the income statement.

The previous year's figure included expenses for the harmonisation of existing pension schemes, see Note 37.

15. Depreciation and amortisation

Depreciation and amortisation

in € thousand	2018	2017
Intangible assets	7,498	11,059
Property, plant and equipment (without finance lease)	90,939	94,873
Assets classified as finance lease	7,740	7,082
Investment property	8,056	9,581
	114,232	**122,595**

A classification of the depreciation and amortisation by asset category is shown in the fixed asset movement schedule, see Note 22, Note 23 and Note 24.

16. Financial result

Financial result

in € thousand	2018	2017
Earnings from associates accounted for using the equity method	**5,347**	**4,778**
Interest income from non-affiliated companies and non-consolidated affiliated companies	1,228	1,330
Income from exchange rate differences	837	3,256
Interest income from bank balances	63	63
Interest income	**2,128**	**4,649**
Interest portion of pension provisions	6,512	6,340
Expenses from the adjustment of settlement obligations to shareholders with non-controlling interests	6,036	12,855
Interest included in lease payments	5,336	5,383
Interest expenses on bank liabilities	5,312	6,064
Interest portion of other provisions	1,789	1,631
Interest expenses to non-affiliated companies and non-consolidated affiliated companies	1,310	1,747
Expenses from exchange rate differences	947	1,304
Expenses from currency hedging instruments at fair value	869	0
Interest expenses	**28,111**	**35,324**
Net interest income	**- 25,983**	**- 30,675**
Income from other equity investments	0	0
Other financial result	**0**	**0**
	- 20,636	**- 25,897**

Earnings from companies accounted for using the equity method relate to the pro rata annual earnings of the joint ventures and associates, see also Note 25.

Income and expenses from exchange rate differences in the reporting period are mainly due to the performance of the Ukrainian hryvnia.

Please refer to Note 6 for details of expenses from the adjustment of settlement obligations to non-controlling interests, which totalled € 6,036 thousand (previous year: € 12,855 thousand).

See Note 38 for information about the interest expenses associated with amounts due to banks.

17. Research and development costs

Research costs of € 1,648 thousand were incurred in the 2018 financial year (previous year: € 277 thousand). 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, a solidarity surcharge and trade tax. Limited 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 legal form of limited partnerships are also liable for trade tax, which is imposed at different local rates. Trade tax does not reduce the amount of a limited company's profits on which corporation tax is payable.

Components of income tax expenses

Deferred taxes and current income tax in € thousand	**2018**	2017
Deferred taxes on temporary differences	1,752	- 4,262
of which domestic	1,750	- 4,177
of which foreign	2	- 85
Deferred taxes on losses carried forward	- 1,436	- 18
of which domestic	0	0
of which foreign	- 1,436	- 18
Total deferred taxes	316	- 4,280
Current income tax expense	44,794	45,717
of which domestic	26,424	28,176
of which foreign	18,370	17,541
Income tax expense recognised in the income statement	**45,110**	**41,437**

Current income tax expenses include tax income from other accounting periods amounting to € 517 thousand (previous year: € 1,131 thousand).

Deferred tax assets and liabilities result from temporary differences and tax loss carry-forwards.

Deferred taxes

	Deferred tax assets		Deferred tax liabilities	
in € thousand	**31.12.2018**	31.12.2017	**31.12.2018**	31.12.2017
Intangible assets	0	0	3,168	2,421
Property, plant and equipment and finance leases	0	0	17,809	16,746
Investment property	0	0	10,136	10,304
Financial assets	0	0	2,496	2,272
Inventories	963	750	0	0
Receivables and other assets	1,876	965	1,008	358
Pension and other provisions	89,174	91,051	858	2,090
Liabilities	7,270	9,707	3,822	2,986
Tax losses carried forward	1,436	18	0	0
	100,719	**102,491**	**39,297**	**37,177**
Netted amounts	- 18,593	- 15,398	- 18,593	- 15,398
	82,126	**87,093**	**20,704**	**21,779**

Reconciliation between the income tax expenses and hypothetical tax expenses based on the IFRS result and the Group's applicable tax rate

in € thousand	2018	2017
Earnings before tax	**183,584**	**147,291**
Income tax expense at hypothetical income tax rate of 32.28 % (previous year: 32.28 %)	59,261	47,546
Tax income (-), tax expenses (+) for prior years	-455	3,256
Tax-free income	48	- 301
Non-deductible expenses	1,398	1,923
Trade tax additions and reductions	70	- 1,423
Permanent differences	1,113	4,129
Differences in tax rates	- 14,565	- 13,592
Impairment losses in deferred tax assets	-1,824	304
Other tax effects	64	- 405
Actual income tax expenses	**45,110**	**41,437**

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 2018 and 2017. This is made up of corporation tax at 15.0 %, a solidarity surcharge of 5.5 % of the corporation tax, 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. 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 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 no domestic corporation tax loss carry-forwards and no domestic trade tax loss carry-forwards. Deferred taxes of € 1,436 thousand (previous year: € 18 thousand) are recognised on foreign tax loss carry-forwards of € 7,560 thousand (previous year: € 96 thousand). No deferred tax assets are recognised for domestic corporation tax loss carry-forwards of € 515 thousand (previous year: € 1,374 thousand), domestic trade tax loss carry-forwards of € 7,969 thousand (previous year: € 5,383 thousand) and foreign tax loss carry-forwards of € 11,244 thousand (previous year: € 22,238 thousand). Under current legislation, tax losses can be carried forward in Germany without restriction.

Deferred tax assets of € 21,538 thousand (previous year: € 25,249 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.

Deferred taxes recognised in the statement of comprehensive income

	Gross		Taxes		Net	
in € thousand	2018	2017	2018	2017	2018	2017
Actuarial gains/losses	11,603	5,482	- 3,747	- 1,768	7,856	3,714
Cash flow hedges	33	- 8	- 11	2	22	- 6
Unrealised gains/losses on available-for-sale financial assets	- 124	145	47	- 74	- 77	71
	11,512	**5,619**	**- 3,711**	**- 1,840**	**7,801**	**3,779**

19. Share of results attributable to non-controlling interests

Profits attributable to non-controlling interests amounting to € 26,193 thousand (previous year: € 24,788 thousand) mainly relate to non-controlling shareholders of the CTA Group. This share of earnings increased, mainly because of the year-on-year decline in interest expenses arising from the measurement of the settlement obligation that were attributable to the non-controlling shareholder. This was offset by a lower actual share of earnings attributable to the CTA Group and a lower share of earnings attributable to the Metrans Group due to a reduction in non-controlling interests from 10.0 % to 0 % in the first quarter of the reporting year.

20. Earnings per share

Basic earnings per share in €

	Group		Port Logistics subgroup		Real Estate subgroup	
	2018	2017	**2018**	2017	**2018**	2017
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	112,281	81,065	102,910	71,207	9,371	9,858
Number of common shares in circulation	72,753,334	72,753,334	70,048,834	70,048,834	2,704,500	2,704,500
	1.54	**1.11**	**1.47**	**1.02**	**3.46**	**3.65**

Basic earnings per share are calculated in accordance with IAS 33 by dividing the profit after tax and minority interests attributable to the shareholders of the parent company by the average number of shares.

The diluted earnings per share are identical to the basic EPS as there were no conversion or option rights in circulation during the financial year.

21. Dividend per share

The dividend entitlement for the share classes is based on the portion of the distributable profit attributable to the relevant division. This is calculated in accordance with the German Commercial Code (HGB).

A resolution was passed at the Annual General Meeting held on 12 June 2018 to distribute a dividend of € 52,342 thousand to holders of common shares in the reporting year for the 2017 financial year (previous year: € 46,738 thousand). 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 Port Logistics subgroup (A division) and 2,704,500 to the Real Estate subgroup (S division). This resulted in dividends of € 0.67 per class A share and € 2.00 per class S share. The remaining undistributed profit was carried forward to new account.

In 2019, dividends per share of € 0.80 for the Port Logistics subgroup and € 2.10 for the Real Estate subgroup are due to be paid. Based on the number of dividend-entitled shares as of 31 December 2018, this is equivalent to a distribution amount of € 56,039 thousand for the Port Logistics subgroup and of € 5,679 thousand for the Real Estate subgroup.

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 2017	**38,930**	**9,722**	**24,691**	**860**	**1,510**	**75,713**
Acquisition or production cost						
1 January 2017	38,930	64,334	62,938	2,263	1,510	169,975
Additions		643	4,461		368	5,472
Disposals		- 29	- 760		-109	- 898
Reclassifications		212	-115		- 312	- 215
Changes in scope of consolidation/ consolidation method						0
Effects of changes in exchange rates		- 290		- 2		- 292
31 December 2017	**38,930**	**64,870**	**66,524**	**2,261**	**1,457**	**174,042**
Accumulated depreciation, amortisation and impairment						
1 January 2017	0	54,612	38,247	1,403	0	94,262
Additions		4,713	6,346			11,059
Disposals		- 702	- 82			- 784
Reclassifications						0
Changes in scope of consolidation/ consolidation method						0
Effects of changes in exchange rates		- 174				- 174
31 December 2017	**0**	**58,449**	**44,511**	**1,403**	**0**	**104,363**
Carrying amount as of 31 December 2017	**38,930**	**6,421**	**22,013**	**858**	**1,457**	**69,679**
Carrying amount as of 1 January 2018	**38,930**	**6,421**	**22,013**	**858**	**1,457**	**69,679**
Acquisition or production cost						
1 January 2018	38,930	64,870	66,524	2,261	1,457	174,042
Additions	7,587	1,901	7,676	93	1,440	18,697
Disposals		- 4,456	- 18		- 6	- 4,480
Reclassifications		366		1,160	- 366	1,160
Changes in scope of consolidation/ consolidation method		3		8,004		8,007
Effects of changes in exchange rates		91		- 39		52
31 December 2018	**46,517**	**62,775**	**74,182**	**11,479**	**2,525**	**197,478**
Accumulated depreciation, amortisation and impairment						
1 January 2018	0	58,449	44,511	1,403	0	104,363
Additions		3,505	3,605	388		7,498
Disposals		- 4,456				- 4,456
Reclassifications				267		267
Changes in scope of consolidations/ consolidation method						0
Effects of changes in exchange rates		56		- 3		53
31 December 2018	**0**	**57,554**	**48,116**	**2,055**	**0**	**107,725**
Carrying amount as of 31 December 2018	**46,517**	**5,221**	**26,066**	**9,424**	**2,525**	**89,753**

In the Container segment, goodwill of € 35,525 thousand is attributable to the cash-generating unit (CGU) CTT/Rosshafen and further goodwill of € 1,893 thousand is attributable to the CGU HCCR. Of the CGU CTT/Rosshafen's goodwill, € 30,929 thousand was generated by the acquisition of all the shares in HHLA Rosshafen Terminal GmbH, Hamburg, in 2006. Goodwill is primarily derived from additional strategic options to expand the Group's handling activities at the sites let long-term by the company.

Also included in the Container segment is the goodwill amounting to € 7,587 thousand derived from the acquisition of HHLA TK Estonia AS, Tallinn, Estonia, which comprises the value of the workforce of the acquired company and the opportunities arising from the business model, such as expansion of operations in the Baltic region, operations in Russia and the establishment of RoRo services. For further details, please refer to Note 3.

Carrying amounts for goodwill by segments

in € thousand	**31.12.2018**	31.12.2017
Container	45,005	37,418
Intermodal	1,512	1,512
	46,517	**38,930**

The changes in the scope of consolidation of other intangible assets mainly include customer-related intangible assets (customer relations) in the amount of € 7,361 thousand relating to the simplified access of HHLA TK Estonia AS to an existing customer base.

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 2017	**423,046**	**219,342**	**191,413**	**117,135**	**950,936**
Acquisition or production cost					
1 January 2017	767,638	758,286	498,701	117,135	2,141,760
Additions	9,600	71,694	23,376	26,912	131,582
Disposals	- 11,546	- 8,409	- 10,895	- 1,102	- 31,952
Reclassifications	31,788	57,506	1,838	- 90,917	215
Changes in scope of consolidation/consolidation method					0
Effects of changes in exchange rates	- 2,597	- 2,020	- 284	5	- 4,896
31 December 2017	**794,883**	**877,057**	**512,736**	**52,033**	**2,236,709**
Accumulated depreciation, amortisation and impairment					
1 January 2017	344,592	538,944	307,288	0	1,190,824
Additions	30,892	39,866	31,197		101,955
Disposals	- 11,223	- 7,953	- 10,132		- 29,308
Reclassifications	- 50	50			0
Changes to scope of consolidation/consolidation method					0
Effects of changes in exchange rates	- 280	- 888	- 145		- 1,313
31 December 2017	**363,931**	**570,019**	**328,208**	**0**	**1,262,158**
Carrying amount as of 31 December 2017	**430,952**	**307,038**	**184,528**	**52,033**	**974,551**
Carrying amount as of 1 January 2018	**430,952**	**307,038**	**184,528**	**52,033**	**974,551**
Acquisition or production cost					
1 January 2018	794,883	877,057	512,736	52,033	2,236,709
Additions	8,984	16,341	28,274	66,415	120,014
Disposals	- 1,818	- 6,130	- 16,651	- 168	- 24,767
Reclassifications	13,760	- 4,665	37,161	- 47,416	- 1,160
Changes in scope of consolidation/consolidation method	32,395	23,010	62	10,583	66,050
Effects of changes in exchange rates	608	553	117	57	1,335
31 December 2018	**848,812**	**906,166**	**561,699**	**81,504**	**2,398,181**
Accumulated depreciation, amortisation and impairment					
1 January 2018	363,931	570,019	328,208	0	1,262,158
Additions	31,261	39,409	28,009		98,679
Disposals	- 1,670	- 5,368	- 15,921		- 22,959
Reclassifications	2,060	- 4,229	1,902		- 267
Changes to scope of consolidation/consolidation method					0
Effects of changes in exchange rates	30	240	37		307
31 December 2018	**395,612**	**600,071**	**342,235**	**0**	**1,337,919**
Carrying amount as of 31 December 2018	**453,200**	**306,095**	**219,464**	**81,504**	**1,060,262**

Additions result largely from investments in resurfacing, the procurement of handling equipment and storage capacities at the container terminals in Hamburg and the acquisition of wagons and locomotives in the Metrans Group.

Disposals in the financial year under review mainly relate to resurfacing and to the sale/scrapping of technical equipment and machinery.

Changes to the consolidated group in the financial year relate solely to the subsidiary HHLA TK Estonia AS, Tallin, Estonia, which was included in the consolidated financial statements for the first time.

The effects of changes in exchange rates mainly include the opposing exchange rate changes of the Polish and Ukrainian currencies.

Impairment losses on property, plant and equipment totalling € 2 thousand (previous year: € 0 thousand) were recognised in the reporting year.

Buildings, surfacing and movable non-current assets with a carrying amount of € 7,333 thousand (previous year: € 1,997 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.

As of the balance sheet date, the Group had obligations of € 69,550 thousand (previous year: € 77,299 thousand) from outstanding purchase commitments attributable to investments in property, plant and equipment.

Development of assets which are classified as finance lease and are included in property, plant and equipment

in € thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Total
Carrying amount as of 1 January 2017	**95,686**	**193**	**38,639**	**134,518**
Acquisition or production cost				
1 January 2017	108,244	6,338	45,319	159,901
Additions		1,603	2,646	4,249
Disposals			- 2,026	- 2,026
Reclassifications		- 156		- 156
Changes in scope of consolidation				0
Effects of changes in exchange rates	- 68	225	30	187
31 December 2017	**108,176**	**8,010**	**45,969**	**162,155**
Accumulated depreciation, amortisation and impairment				
1 January 2017	12,558	6,145	6,680	25,383
Additions	2,182	692	4,208	7,082
Disposals			- 1,349	- 1,349
Reclassifications		- 6,391		- 6,391
Changes in scope of consolidation/consolidation method				0
Effects of changes in exchange rates	- 14	221	14	221
31 December 2017	**14,726**	**667**	**9,553**	**24,946**
Carrying amount as of 31 December 2017	**93,450**	**7,343**	**36,416**	**137,209**
Carrying amount as of 1 January 2018	**93,450**	**7,343**	**36,416**	**137,209**
Acquisition or production cost				
1 January 2018	108,176	8,010	45,969	162,155
Additions		332	2,071	2,403
Disposals			- 2,422	- 2,422
Reclassifications		612		612
Changes in scope of consolidation		7,906		7,906
Effects of changes in exchange rates	21			21
31 December 2018	**108,197**	**16,860**	**45,618**	**170,675**
Accumulated depreciation, amortisation and impairment				
1 January 2018	14,726	667	9,553	24,946
Additions	2,181	1,597	3,962	7,740
Disposals			- 2,422	- 2,422
Reclassifications				0
Changes in scope of consolidation/consolidation method				0
Effects of changes in exchange rates	5			5
31 December 2018	**16,912**	**2,264**	**11,093**	**30,268**
Carrying amount as of 31 December 2018	**91,285**	**14,596**	**34,525**	**140,407**

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 2017	**182,317**	**1,677**	**183,994**
Acquisition or production cost			
1 January 2017	324,773	1,677	326,450
Additions	141	5,369	5,510
Disposals	- 96		- 96
Reclassifications			0
31 December 2017	**324,818**	**7,046**	**331,864**
Accumulated depreciation, amortisation and impairment			
1 January 2017	142,456	0	142,456
Additions	9,581		9,581
Disposals	- 57		- 57
Reclassifications			0
31 December 2017	**151,980**	**0**	**151,980**
Carrying amount as of 31 December 2017	**172,838**	**7,046**	**179,884**
Carrying amount as of 1 January 2018	**172,838**	**7,046**	**179,884**
Acquisition or production cost			
1 January 2018	324,818	7,046	331,864
Additions	10,537	2,359	12,896
Disposals			0
Reclassifications	5,740	- 5,740	0
31 December 2018	**341,095**	**3,665**	**344,760**
Accumulated depreciation, amortisation and impairment			
1 January 2018	151,980	0	151,980
Additions	8,056		8,056
Disposals			0
Reclassifications			0
31 December 2018	**160,036**	**0**	**160,036**
Carrying amount as of 31 December 2018	**181,059**	**3,665**	**184,724**

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 additions relate mainly to conversion costs in connection with changes of use.

Rental income from investment property at the end of the financial year was € 50,870 thousand (previous year: € 50,986 thousand). The direct operating expenses for investment property, which are fully attributable to rental income, amounted to € 17,082 thousand (previous year: € 17,033 thousand).

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.

Fair value reconciliation

in € thousand	2018	2017
As of 1 January	651,292	662,172
Change in fair value (not realised)	- 32,676	-10,880
As of 31 December	**618,616**	**651,292**

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 contractually agreed rental income was (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)
	rent for the land	the rent was lower (higher)
	discount rate (4.02 to 7.25 % 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.

25. Associates accounted for using the equity method

Associates accounted for using the equity method

in € thousand	31.12.2018	31.12.2017
Interests in joint ventures	12,211	11,243
Interests in associates companies	4,252	3,972
	16,463	**15,215**

Interests in joint ventures comprise Hansaport, HHLA Frucht, STEIN, ARS-UNIKAI, Kombi-Transeuropa and Hamburg Vessel Coordination Center. Interests in associated companies include the shares in CuxPort and the shares in DHU.

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

For more information, please refer to Note 3.

26. Financial assets

Financial assets

in € thousand	31.12.2018	31.12.2017
Securities	2,414	6,227
Shares in affiliated companies	59	2,660
Other equity investments	661	241
Other financial assets	10,484	12,451
	13,618	**21,579**

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 € 316 thousand (previous year: € 392 thousand), see Note 37. Before offsetting, this results in a securities portfolio of € 2,730 thousand (previous year: € 6,619 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 earnings, net assets and financial position and are therefore not consolidated. The year-on-year decline resulted from the merger of JPFE-07 INVESTMENTS s.r.o., Ostrava, Czech Republic, which did not previously fall within the group of consolidated companies at HHLA, with Metrans a.s., Prague, Czech Republic.

Other financial assets primarily include receivables from a graduated rent totalling € 4,079 thousand (previous year: € 3,910 thousand), receivables from relief funds totalling € 2,441 thousand (previous year: € 2,530 thousand) and receivables from HPA amounting to € 287 thousand (previous year: € 317 thousand). The previous year's figure includes receivables from bank guarantees in the amount of € 2,352 thousand.

27. Inventories

Inventories

in € thousand	31.12.2018	31.12.2017
Raw materials, consumables and supplies	20,026	18,816
Work in progress	2,554	2,072
Finished products and merchandise	417	452
	22,997	**21,340**

Impairment losses on inventories recognised as an expense amount to € 991 thousand (previous year: € 1,860 thousand). This expense is reported under cost of materials, see Note 12.

28. Trade receivables

Trade receivables

in € thousand	31.12.2018	31.12.2017
	179,824	149,115

Trade receivables are receivables from customers that are fulfilled in connection with normal business operations. In respect of the overwhelming majority of customers, they are usually due within 30 days and are therefore classed as current. Trade receivables are initially recognised at fair value in the amount of the unconditional consideration unless they contain significant financing components. The Group holds trade receivables for the purpose of generating the contractually agreed cash flows and therefore subsequently measures them at amortised cost, applying the effective interest rate method.

Due to the short-term nature of the recognised trade receivables, the carrying amount is the same as the fair value.

No trade receivables were assigned as collateral for financial liabilities, either in the year under review or in the previous year. 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

in € thousand	31.12.2018	31.12.2017
Receivables from HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV)	95,000	74,000
Receivables from HHLA Frucht- und Kühl-Zentrum GmbH	1,748	4,580
Receivables from Free and Hanseatic City of Hamburg (FHH)	1,402	1,262
Receivables from Kombi-Transeuropa Terminal Hamburg GmbH (KTH)	1,331	1,317
Other receivables from related parties	763	368
	100,244	**81,527**

Receivables from HGV include € 95,000 thousand from existing cash clearing (previous year: € 74,000 thousand).

30. Other financial receivables

Other financial receivables

in € thousand	31.12.2018	31.12.2017
Current receivables from employees	1,366	1,354
Current reimbursement claims against insurers	115	82
Other	2,581	1,215
	4,062	**2,651**

The increase in other financial receivables is chiefly attributable to the introduction of the HHLA capital plan.

31. Other assets

Other assets

in € thousand	31.12.2018	31.12.2017
Current tax credit	19,914	15,699
Payments on account	3,034	3,130
Other	7,810	7,999
	30,758	**26,828**

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

32. Income tax receivables

Income tax receivables

in € thousand	31.12.2018	31.12.2017
	6,656	4,302

Income tax receivables consist of tax receivables resulting from tax assessments and advance tax payments.

33. Cash, cash equivalents and short-term deposits

Cash, cash equivalents and short-term deposits

in € thousand	31.12.2018	31.12.2017
Cash and cash equivalents with a maturity of up to 3 months	25,683	49,953
Short-term deposits with a maturity of 4–12 months	22,450	20,000
Bank balances and cash in hand	133,327	131,561
	181,460	**201,514**

Cash, cash equivalents and short-term deposits are made up of cash in hand and various bank balances in different currencies. The previous year's figure includes funds that are not freely available of € 11,215 thousand were used to secure working lifetime accounts.

Cash and short-term deposits of € 14,507 thousand (previous year: € 10,438 thousand) are subject to foreign exchange outflow restrictions.

As of the balance sheet date, the Group had unused lines of credit amounting to € 2,713 thousand (previous year: € 3,207 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 2018 and 2017 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 totals € 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 through the company HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg.

Authorised capital

As of the balance sheet date, the company has Authorised Capital I for the issue of class A shares and Authorised Capital II for the issue of class S shares.

Using Authorised Capital I (cf. Section 3 (4) of the articles of association), the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's share capital until 20 June 2022 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 in kind in one or more stages. The statutory subscription rights of the holders of class S shares shall be excluded. The Executive Board is additionally authorised, subject to the approval of the Supervisory Board, to exclude the statutory subscription rights of holders of class A shares in those cases covered in more detail in the resolution, such as issue for contributions in kind. Furthermore, the issue of new class A shares while excluding the subscription rights of class A shareholders is limited to a total of 20 % of the share capital attributable to class A shares. All class A shares issued or that could be issued under other authorisations with the exclusion of subscription rights count towards this 20 % limit.

Using Authorised Capital II (cf. Section 3 (5) of the articles of association), the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's share capital until 20 June 2022 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 in kind in one or more stages. The statutory subscription rights of the holders of class A shares shall be excluded. The Executive Board is 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.

Other authorisations

The Annual General Meeting of HHLA held on 16 June 2016 authorised the Executive Board, subject to the approval of the Supervisory Board, to issue on one or more occasions up to 16 June 2019 bearer or registered bonds with warrants and/or convertible bonds or combinations of these instruments (hereinafter known collectively as "debenture bonds") with a total nominal value of up to € 200,000,000.00 and to grant the bearers or creditors of the debenture bonds warrants or conversion rights for up to 10,000,000 new registered class A shares in the company, each representing € 1.00 of the share capital, subject to the detailed terms of the bonds with warrants and/or convertible bonds. The respective terms may also provide for a warrant or conversion obligation as well as an issuer put option to provide class A shares in the company as of the end of the term or at an earlier date. The detailed terms of the resolution state that shareholders' subscription rights may also be excluded when the debenture bonds are issued. As per Article 3 (6) of the articles of association, conditional capital of € 10,000,000.00 is available to service warrants and conversion rights and obligations as well as any tender rights. This is made up of 10,000,000 new registered class A shares.

The Annual General Meeting held on 16 June 2016 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 or, if lower, at the time the authorisation is exercised. In addition to being sold on the stock exchange or offered to all shareholders in line with their shareholdings, the Class A treasury shares acquired under this authorisation or previous authorisations may – subject to the approval of the Supervisory Board – be used in the cases stipulated by the resolution excluding other shareholders' subscription rights and/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 2021. 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.

As of 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).

Other comprehensive income

In accordance with the currently applicable version of IAS 19 (revised 2011), the HHLA Group's other comprehensive income 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 € - 8,812 thousand at the end of the financial year (previous year: € 30,790 thousand).

Non-controlling interests are reduced by the reclassification as per IAS 32 of a 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 and Note 38. They were further reduced by the acquisition of the minority interests in Metrans a.s., Prague, Czech Republic, by HHLA. This was offset by the inclusion of current earnings.

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 reasonably 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 %	**31.12.2018**	31.12.2017
Equity in € thousand	614,841	602,359
Total assets in € thousand	1,972,947	1,835,278
	31.2 %	**32.8 %**

The increase in equity is primarily attributable to the development in comprehensive income less dividend distributions. As the relative increase in the balance sheet total outweighs the increase in equity, the equity ratio was down slightly in a year-on-year comparison.

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 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, this is primarily the collective company pension agreement (BRTV). As part of the harmonisation of existing pension schemes, the "HHLA capital plan" labour agreement has also been introduced with effect from 1 January 2018.

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.

As part of the harmonisation of existing pension schemes, which was completed in 2018, the pension obligations attributable to the company's active employees (which originally comprised so-called "port pensions") were transferred to the HHLA capital plan.

The HHLA capital plan provides employees with a uniform and transparent pension scheme that offers a high degree of flexibility, both in terms of paying in and in the payout/benefit phase. Payments made into the HHLA capital plan are funded from gross income (deferred compensation). As such, the employees forgo a part of their untaxed income at the time they pay into the scheme, in favour of future retirement savings. 27.50 % is added to the contributions paid in as part of the deferred compensation scheme. Furthermore, an annual interest rate of 3.00 % is guaranteed in respect of the contributions. The resulting initial components as of 1 January 2018 result from the aforementioned transfer of port pensions and the transfer of existing funds from working lifetime accounts.

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 and/or savings for future retirement and surviving dependants. External actuaries calculate the amount of the obligation using the projected unit credit method.

Amounts recognised for benefit commitments

in € thousand	31.12.2018	31.12.2017
Present value of pension commitments	448,161	426,943
Obligations from working lifetime accounts	769	21,982
	448,930	**448,925**

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	2018	2017
Present value of pension obligations as of 1 January	**426,943**	**442,608**
Transfer capital plan	36,513	0
Contributions of capital plan participants	2,416	0
Current service expense	6,887	5,526
Interest expense	6,532	6,056
Pension payments	- 19,762	- 19,790
Actuarial gains (-), losses (+) due to amendments in experience-based assumptions	- 5,708	- 7,457
Actuarial gains (-), losses (+) due to amendments in financial assumptions	- 10,865	0
Actuarial gains (-), losses (+) due to amendments in demographic assumptions	5,205	0
Present value of pension obligations as of 31 December	**448,161**	**426,943**

Present value of the defined benefit pension obligations split by various groups of beneficiaries

in %	2018	2017
Current employees	37.9	33.9
Former employees	1.4	1.8
Pensioners	60.7	64.3
	100.0	**100.0**

As of 31 December 2018, the weighted average term of the defined benefit obligation was 14.1 to 19.2 years (previous year: 13.4 years).

In addition, there are reimbursement rights of € 2,441 thousand (previous year: € 2,530 thousand) which were concluded to cover the corresponding pension obligations. The expected income from these reimbursement rights amounts to € 35 thousand in the year under review, whereas the actual income amounts to € 39 thousand.

Pension obligations recognised in the income statement

in € thousand	2018	2017
Current service expense	6,887	5,526
Interest expenses	6,532	6,056
	13,419	**11,582**

Development of actuarial gains / losses from pensions obligations

in € thousand	2018	2017
Actuarial gains (+), losses (-) as of 1 January	**- 75,424**	**- 82,881**
Transfer capital plan	- 4,638	0
Changes in the financial year due to amendments in experience-based assumptions	5,708	7,457
Changes in the financial year due to amendments in financial assumptions	10,865	0
Changes in the financial year due to amendments in demographic assumptions	- 5,205	0
Actuarial gains (+), losses (-) as of 31 December	**- 68,694**	**- 75,424**

Actuarial assumptions to determine pension obligations

in %	31.12.2018	31.12.2017
Discount rate (capital plan)	1.80	n/a
Discount rate (others)	1.60	1.40
Projected salary increase	3.00	3.00
Adjustment of social security pension according to pension insurance report of the year	2018	2017

The biometric data is drawn from the 2018 G mortality tables (previous year: 2005 G mortality tables) by Professor Dr. Klaus Heubeck. The change in mortality tables resulted in the aforementioned actuarial differences due to demographic assumptions.

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 obligations

	Change in parameter			Effect on present value		
		31.12.2018	31.12.2017	in € thousand	31.12.2018	31.12.2017
Discount rate	Increase of	0.5 %	0.5 %	Decrease of	27,762	27,145
	Decrease of	0.5 %	0.5 %	Increase of	30,828	30,319
Payment trend	Increase of	0.5 %	0.5 %	Increase of	2,858	3,724
	Decrease of	0.5 %	0.5 %	Decrease of	- 2,809	3,653
Adjustment to social security	Decrease of	20.0 %	20.0 %	Increase of	1,251	1,628
Expected mortality	Decrease of	10.0 %	10.0 %	Increase of	11,064	17,553
Contributions of capital plan participants	Increase of	50.0 %	n/a	Increase of	2,189	n/a
	Decrease of	50.0 %	n/a	Decrease of	2,198	n/a

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.

Payments for pension obligations

In the 2018 financial year, HHLA made pension payments for plans totalling € 19,762 thousand (previous year: € 19,790 thousand). HHLA anticipates the following payments for pension plans over the next five years.

Expected pension payments

in years in € thousand	
2019	20,272
2020	20,383
2021	20,397
2022	20,388
2023	20,279
	101,719

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 time and remuneration components deposited in 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 3.00 % 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 obligation 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.

As part of the harmonisation of existing pension schemes, which was completed in 2018, the existing funds from working lifetime accounts were largely transferred to the HHLA capital plan. The obligations arising from the remaining existing funds will fall steadily over time.

Allocation of benefit commitments

in € thousand	**31.12.2018**	31.12.2017
Present value of obligations	1,124	35,272
Present value of plan assets (fund shares)	- 355	- 13,290
Uncovered allocations	**769**	**21,982**

Development of the present value of the obligations from working lifetime accounts

in € thousand	**2018**	2017
Present value of the obligations from working lifetime accounts as of 1 January	**35,272**	**30,832**
Transfer capital plan	- 33,462	0
Contributions of plan participants	0	1,846
Current service expense	11	148
Interest expenses	26	536
Actuarial gains (-), losses (+) due to amendments in experience-based assumptions	- 304	2,318
Actuarial gains (-), losses (+) due to amendments in financial assumptions	28	0
Actuarial gains (-), losses (+) due to amendments in demographic assumptions	19	0
Capital payments	- 466	- 408
Present value of the obligations from working lifetime accounts as of 31 December	**1,124**	**35,272**

As of 31 December 2018, the weighted average term of the defined benefit obligation was 5.0 years (previous year: 18.8 years).

Development of the fair value of plan assets from working lifetime accounts

in € thousand	2018	2017
Fair value of plan assets from working lifetime accounts as of 1 January	**13,290**	**12,910**
Release due to transfer capital plan	- 12,419	0
Expected income from plan assets	11	217
Actuarial gains (+), losses (-) due to amendments in financial assumptions	- 105	402
Capital payments	- 422	- 239
Fair value of plan assets from working lifetime accounts as of 31 December	**355**	**13,290**

The plan assets consist solely of shares in money market and investment funds. Gains of € 140 thousand were recorded on the plan assets in the financial year (previous year: € 384 thousand).

Obligations from working lifetime accounts recognised in the income statement

in € thousand	2018	2017
Current service expense	11	148
Interest expenses	26	536
Expected income from the plan assets	- 11	- 217
	26	**467**

Development of actuarial gains/losses of obligations from working lifetime accounts

in € thousand	2018	2017
Actuarial gains (+), losses (-) as of 1 January	**- 4,879**	**- 2,963**
Transfer capital plan	4,638	0
Changes in the financial year due to amendments in experience-based assumptions	199	- 1,916
Changes in the financial year due to amendments in financial assumptions	- 28	0
Changes in the financial year due to amendments in demographic assumptions	- 19	0
Actuarial gains (+), losses (-) as of 31 December	**- 89**	**- 4,879**

Actuarial assumptions to determine obligations from working lifetime accounts

in %	31.12.2018	31.12.2017
Discount rate	0.70	1.70
Projected salary increase	3.00	3.00

The biometric data is drawn from the 2018 G mortality tables (previous year: 2005 G mortality tables) by Professor Dr. Klaus Heubeck, taking into account age-related fluctuation. The change in mortality tables resulted in the aforementioned actuarial differences due to demographic assumptions.

Sensitivity analysis: obligations from working lifetime accounts

	Change in parameter			Effect on present value			
		31.12.2018	31.12.2017	in € thousand	**31.12.2018**		31.12.2017
Discount rate	Increase of	0.5 %	0.5 %	Decrease of	15	Decrease of	1,663
	Decrease of	0.5 %	0.5 %	Increase of	16	Increase of	1,890
Payment trend	Increase of	0.5 %	0.5 %	Increase of	0	Increase of	86
	Decrease of	0.5 %	0.5 %	Decrease of	1	Decrease of	95
Expected mortality	Decrease of	10.0 %	10.0 %	Decrease of	19	Increase of	35

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.

Until 31 December 2013, the obligations from working lifetime accounts were financed by paying a portion of employees' remuneration into the unit-linked pension plan. Capital has been invested within the company since 1 January 2014.

Portfolio for obligations from working lifetime accounts

in %	2018	2017
Money market funds/Annuity funds	99	100
Mixed funds	1	0
	100	**100**

Payments for obligations from working lifetime accounts

In the financial year under review, HHLA made payments for plans totalling € 466 thousand (previous year: € 408 thousand). In return, the company acquired corresponding securities holdings worth € 422 thousand (previous year: € 239 thousand). The outflow of funds therefore amounted to € 44 thousand in the year under review (previous year: € 169 thousand).

Expected payments for obligations from working lifetime accounts related to the existing pension scheme which are not hedged by securities

in years in € thousand	
2019	257
2020	94
2021	50
2022	56
2023	25
	482

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 € 4,639 thousand in the reporting year (previous year: € 4,488 thousand).

HHLA paid € 28,286 thousand (previous year: € 27,636 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 provisions		Current provisions		Total	
in € thousand	**31.12.2018**	31.12.2017	**31.12.2018**	31.12.2017	**31.12.2018**	31.12.2017
Demolition obligations	74,417	72,515	0	0	74,417	72,515
Restructuring reserve	14,167	17,529	7,456	7,098	21,623	24,627
Bonuses and single payments	0	0	8,036	7,631	8,036	7,631
Provisions for contingent losses	5,919	6,609	371	397	6,290	7,006
Expected increases in rents	0	0	3,808	2,328	3,808	2,328
Insurance excesses	0	0	3,156	3,570	3,156	3,570
Anniversaries	2,808	2,885	281	290	3,089	3,175
Legal fees and litigation expenses	620	631	0	0	620	631
Phased early retirement	149	490	308	719	457	1,209
Harmonisation of existing pension schemes	0	0	0	9,145	0	9,145
Other	12,058	12,234	4,629	3,407	16,687	15,641
	110,138	**112,893**	**28,045**	**34,585**	**138,183**	**147,478**

Demolition obligations

The demolition obligations relate to HHLA's Container, Logistics and Real Estate segments and are discounted at a rate of 2.0 % p.a. (previous year: 2.0 % p.a.). In the reporting year, an anticipated price increase of 2.0 % (previous year: 2.0 %) was used to calculate the provisions shown. This rate is derived from the German construction cost index. The outflow of these resources is expected in the period 2025–2036.

Restructuring provisions

The restructuring provisions relate to reorganising the Logistics segment and organisational restructuring in the Container segment. The outflow of funds will take place between 2019 and 2025.

Bonuses and single payments

Provisions for bonuses and one-off payments largely consist of provisions for Executive Board members and other senior staff. The funds will become payable in the 2019 financial year.

Provisions for impending losses

The provisions for impending losses relate to expenses arising from an onerous lease for a terminal site. The outflow of these resources is expected to take place in the period 2019–2039.

Expected increases in rents

The provision for expected increases in rents was formed for future changes in rents. The funds will become payable in the 2019 financial 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. The funds will become payable in the 2019 financial year.

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 1.60 % p.a. (previous year: 1.40 % p.a.) was used for the calculation. The outflow of these resources is expected to take place in the period 2019–2057.

Legal fees and litigation expenses

As of the balance sheet date and as in the previous year, the obligations reported consisted mainly of provisions for legal risks associated with pending proceedings. The outflow of these resources is due between 2020 and 2021.

Phased early retirement

Provisions for phased early retirement 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 € 316 thousand (previous year: € 392 thousand) therefore reduces the provisions reported, see Note 26. In addition to this, pledged bank balances serve to cover the obligations 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: 0.0 % p.a.). The outflow of these resources is expected to take place in the period 2019–2025.

Harmonisation of existing pension schemes

The provision formed in the previous year comprises obligations arising from the harmonisation of existing pension schemes and was set up for the planned replacement of part of the existing pension obligations in the year under review and the transfer of existing funds from working lifetime accounts to the HHLA capital plan. The outflow of funds and the transfer to pension obligations took place in the 2018 financial year, see Note 36.

Other

Other provisions relate largely to obligations arising from individual contractual agreements with members of staff. The main outflow of funds will take place between 2019 and 2028.

Development of other non-current and current provisions

in € thousand	01.01.2018	Additions	Transfer capital plan	Accured interest	Used	Reversed	Currency translation effects	31.12.2018
Demolition obligations	72,515	883		1,469	248	202		74,417
Restructuring reserve	24,627	3,719		64	3,225	3,562		21,623
Bonuses and single payments	7,631	8,036			7,166	465		8,036
Provisions for contingent losses	7,006			188	389	317	- 198	6,290
Expected increases in rents	2,328	2,034			360	194		3,808
Insurance excesses	3,570	1,911			2,245	80		3,156
Anniversaries	3,175	169		44	299			3,089
Legal fees and litigation expenses	631				11			620
Phased early retirement	1,209	764			1,516			457
Harmonisation of existing pension schemes	9,145		- 3,114		4,323	1,708		0
Other	15,641	4,822		24	3,728	81	9	16,687
	147,478	**22,338**	**- 3,114**	**1,789**	**23,510**	**6,609**	**- 189**	**138,183**

38. Non-current and current financial liabilities

Non-current and current financial liabilities as of 31 December 2018

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	**Total**
Liabilities from bank loans	26,386	125,504	217,766	369,656
Finance lease liabilities	5,124	10,839	22,946	38,909
Other loans	0	374	17,250	17,624
Liabilities towards employees	10,858	0	0	10,858
Other financial liabilities	40,316	34,958	249	75,523
	82,684	**171,675**	**258,211**	**512,570**

Non-current and current financial liabilities as of 31 December 2017

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	**Total**
Liabilities from bank loans	25,910	96,806	134,163	256,879
Finance lease liabilities	3,800	9,141	24,481	37,422
Other loans	0	471	14,250	14,721
Liabilities towards employees	10,172	0	0	10,172
Other financial liabilities	40,954	25,350	59	66,363
	80,836	**131,768**	**172,953**	**385,557**

Amounts due to banks include interest of € 1,077 thousand accrued up to the balance sheet date (previous year: € 808 thousand). Transaction costs of € 71 thousand (previous year: € 72 thousand), incurred by taking out loans, only increase the amounts due to banks for the duration of the loan.

The liabilities from finance leases represent the discounted value of future payments for movable non-current assets.

Other loans comprise a € 7.8 million loan granted by a minority shareholder (previous year: € 9.3 million) as well as promissory note loans of € 9.5 million (previous year: € 5.0 million) issued to other creditors.

Buildings, surfacing and movable non-current assets with a carrying amount of € 7,333 thousand (previous year: € 1,997 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 towards employees consist primarily of wages and salaries.

The other financial liabilities include a settlement obligation to other shareholders. This entitlement to a financial settlement amounts to € 61,300 thousand for the financial years 2018 and 2019 (previous year: € 53,519 thousand for the financial years 2017 and 2018), see also Note 6 and Note 35.

Terms of liabilities from bank loans

Interest condition	Interest rate	Currency	Remaining fixed interest period	Nominal value in TCU[1]	**Carrying amount as of 31.12.2018 in € thousand**
fixed	0.78 – 2.36%	EUR	2023 and later	192,093	186,260
fixed	1.28 – 4.22%	EUR	2022	102,926	54,604
fixed	2.83 %	EUR	2021	34,257	16,443
fixed	2.76%	EUR	2020	16,873	8,099
fixed	3.55 – 3.80%	EUR	2019	20,890	13,802
floating	floating + margin	EUR	2019	144,122	87,632
floating	floating + margin	USD	2019	36,000	1,810
					368,650

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	**31.12.2018**	31.12.2017	**31.12.2018**	31.12.2017
Fixed interest bearing loans	279,209	158,779	280,893	162,769

Interest rates of 1.0 to 2.3 % p.a. (previous year: 1.2 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 1.7 % in the reporting year (previous year: 1.9 %).

The variable interest rates were partly hedged by interest rate hedges until October 2016, see also Note 47. 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 € 84,861 thousand (previous year: € 52,477 thousand).

Maturity of bank loans

in € thousand	
Up to 1 year	25,380
1 year to 2 years	23,004
2 years to 3 years	26,375
3 years to 4 years	43,458
4 years to 5 years	32,667
Over 5 years	217,766
	368,650

39. Trade liabilities

Trade liabilities

in € thousand	31.12.2018	31.12.2017
	87,043	77,246

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

Non-current and current liabilities to related parties as of 31 December 2018

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liabilities to HPA (finance leases)	471	2,796	102,203	105,470
Other liabilities to related parties	7,469	0	0	7,469
	7,940	**2,796**	**102,203**	**112,939**

Non-current and current liabilities to related parties as of 31 December 2017

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liabilities to HPA (finance leases)	444	2,500	102,970	105,914
Other liabilities to related parties	7,614	0	0	7,614
	8,058	**2,500**	**102,970**	**113,528**

The finance lease 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 and Note 47.

Financial liabilities to related parties for which the fair values do not correspond to the book values

	Carrying amount		Fair value	
in € thousand	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Liabilities to HPA (finance leases)	105,470	105,914	140,337	141,722

41. Other liabilities

Other liabilities

in € thousand	31.12.2018	31.12.2017
Liabilities to employees	11,837	9,020
Tax liabilities	9,221	9,192
Employers' liability insurance premiums	4,466	4,376
Advance payments received for orders	2,316	2,119
Social security payables	1,963	1,431
Port workers' welfare fund (Hafenfonds)	1,281	1,344
Other	1,716	5,023
	32,800	**32,505**

The liabilities towards employees largely include liabilities arising from holiday entitlements, which have risen compared to the previous year.

The decline in other liabilities chiefly results from a subsequent purchase price payment in the previous year for the acquisition of shares in an already fully consolidated company.

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

42. Income tax liabilities

Income tax liabilities

in € thousand	31.12.2018	31.12.2017
	4,937	5,901

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.

Notes to the cash flow statement

43. Notes to the cash flow statement

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 distribution or the redemption of existing loans. The free cash flow fell as against the previous year from € 144,276 thousand to € 29,341 thousand. The drop is mainly due to the increased cash outflow for investing activities. Operating cash flow also declined due to the increase in trade receivables and other assets and the decrease in provisions. This was offset by a higher operating result (EBIT) over the previous year.

Change in liabilities from financing activities

The balance of the proceeds from the issuance of bonds and (financial) loans and payments for the redemption of (financial) loans produces the change in liabilities from financing activities pursuant to IAS 7. In the reporting year, the Group made payments for the redemption of (financial) loans in the amount of € 27,867 thousand (previous year: € 40,494 thousand). There were € 136,924 thousand (previous year: € 0 thousand) in proceeds from the issuance of bonds and (financial) loans. This change in the liabilities from financing activities is reflected in the increase in liabilities to banks in the amount of € 112,777 thousand (previous year: reduction of € 41,471 thousand) see also Note 38. Furthermore, the first-time consolidation of HHLA TK Estonia AS in the reporting year led to an increase in liabilities to banks of € 6,276 thousand. The balance of the proceeds from the issuance of bonds and (financial) loans and payments for the redemption of (financial) loans to other lenders has been recognised as a change in the liabilities from financing activities in the amount of € - 2,897 thousand. Furthermore, exchange rate effects of € 72 thousand (previous year: € - 2,255 thousand) and other effects of € 269 thousand (previous year: € 1,278 thousand) changed liabilities to banks.

Financial funds

Financial funds include cash in hand and bank balances with a remaining term of up to three months and receivables and liabilities relating to HGV. Receivables from HGV are overnight deposits available on demand. They are recognised at nominal value.

Financial funds

in € thousand	**31.12.2018**	31.12.2017
Cash and cash equivalents with a maturity up to 3 months	25,683	49,953
Short-term deposits with a maturity of 4–12 months	22,450	20,000
Bank balances and cash in hand	133,327	131,561
Cash, cash equivalents and short-term deposits	**181,460**	**201,514**
Receivables from HGV	95,000	74,000
Overdrafts	- 21	0
Short-term deposits with a maturity of 4–12 months	- 22,450	- 20,000
Financial funds at the end of the period	**253,989**	**255,514**

Notes to the segment report

44. Notes to the segment report

The Group's segment report is prepared in accordance with the provisions of IFRS 8 and requires reporting on the basis of the internal reports to the Executive Board for the purpose of controlling commercial activities. The segment performance indicator used is the internationally customary key figure EBIT (earnings before interest and taxes), which serves to measure the success in each segment and therefore aids internal control.

The accounting and valuation principles applied for internal reporting comply with the principles applied by the Group described in Note 6.

In line with the Group's reporting structure for management purposes and in accordance with the definition in IFRS 8, the following four independent segments were identified:

Container

The Container segment pools the Group's container handling operations. The Group's services 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 further container terminals in Odessa, Ukraine, and Tallinn, Estonia. The portfolio is rounded off by supplementary container services, such as maintenance and repairs provided by its subsidiary HCCR.

The Container segment mainly generates handling revenue at points in time. It also generates storage fee and rental income over time. Furthermore, individual HHLA customers have contractual rebate entitlements arising from income generated at points in time.

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 company Metrans and the trucking firm CTD complete HHLA's range of services in this field.

As transport income, the revenue of this segment is classed as income generated at points in time. There are also rebate obligations in respect of individual customers.

Logistics

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

The revenue generated from special handling services are classed as revenue generated at points in time. This segment also generates income over time, chiefly from consultancy and letting services. Immaterial rebate obligations apply in respect of individual customers.

Real Estate

This segment is equivalent to the Real Estate subgroup. Its business activities encompass services such as the development, letting and management of properties. These include real estate in the Speicherstadt historical warehouse district and on the northern banks of the river Elbe (fish market area). Furthermore, industrial logistics properties and land in and around the Port of Hamburg are managed by the Holding/Other division.

The revenue from this segment is rental income generated over time.

The Holding/Other division used for segment reporting does not represent an independent business segment as defined by IFRS 8. However, it has been allocated to the segments within the Port Logistics subgroup in order to provide a complete and clear picture.

Due to the structure of the 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, workshop services and staff provided by the holding company. As a rule, services are valued at cost price. Transfer prices may not exceed the market price of the service in question. If the company providing the service predominantly sells the relevant service on the market outside the Group, it may charge the market price, even if the cost price is lower.

The details of the reconciliation of the segment variables with the corresponding Group variables are as follows:

Earnings

The reconciliation of the segment variable EBIT to 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 EBIT with consolidated earnings before taxes (EBT)

in € thousand	**2018**	2017
Total segment earnings (EBIT)	**202,275**	**171,306**
Elimination of business relations between segments and subgroups	1,945	1,882
Group earnings (EBIT)	**204,220**	**173,188**
Earnings from associates accounted for using the equity method	5,347	4,778
Net interest	- 25,983	- 30,675
Earnings before tax (EBT)	**183,584**	**147,291**

Segment assets

The reconciliation of segment assets to 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 the segment assets with Group assets

in € thousand	**31.12.2018**	31.12.2017
Segment assets	**1,763,954**	**1,631,145**
Elimination of business relations between segments and subgroups	- 660,679	- 661,019
Current assets before consolidation	582,247	554,127
Financial assets	17,183	18,116
Deferred tax assets	82,126	87,093
Tax receivables	6,656	4,302
Cash, cash equivalents and short-term deposits	181,460	201,514
Group assets	**1,972,947**	**1,835,278**

Other segment information

The reconciliation to Group investments totalling € - 309 thousand (previous year: € - 176 thousand) eliminates the internal invoices for services to generate intangible assets between segments.

In relation to the reconciliation of depreciation and amortisation amounting to € - 2,149 thousand (previous year: € - 2,137 thousand), the entire amount is attributable to the elimination of inter-company profits between the segments and the subgroups.

The reconciliation of non-cash items amounting to € 44 thousand (previous year: € 59 thousand) includes the elimination of inter-company profits and transactions between the segments and the subgroups for which consolidation is mandatory.

Information about geographical regions

For information by region, the segment revenue and disclosures on non-current segment assets are broken down in accordance with the affiliates' respective locations.

Information about geographical regions

	Germany		EU		Outside EU		Total		Reconciliation with Group assets		Group	
in € thousand	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Segment income	835,022	849,845	415,201	354,585	40,913	47,376	1,291,136	1,251,806	0	0	1,291,136	1,251,806
Non-current segment assets	904,819	906,677	414,277	308,340	28,542	27,776	1,347,638	1,242,793	625,309	592,485	1,972,947	1,835,278
Investments in non-current segment assets	80,328	96,503	56,910	44,575	4,021	1,485	141,259	142,563	0	0	141,259	142,563

The reconciliation of long-term segment assets to Group assets includes, in addition to consolidation items between the segments, in particular current assets, financial assets as well as current and deferred income taxes.

Information about key clients

Revenue of € 205,756 thousand (previous year: € 164,671 thousand) from a single client exceeds 10 % of Group revenue and relates to the Container and Intermodal segments.

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 wagons and chassis, as well as IT hardware. For the most part, the contracts include renewal options and, in some cases, a put options. The renewal options are always for the lessee; the put options can be used by the respective lessor to force a sale.

The main obligations from finance leases result from the lease of mega-ship berths from Hamburg Port Authority (HPA), which owns the port areas and is a related party, see Note 48. 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 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 mega-ship berth 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 € 227,762 thousand (previous year: € 232,394 thousand).

Reconciliation between future minimum lease payments and their liabilities

in € thousand	**31.12.2018**	31.12.2017
Within one year	10,830	9,313
Between one and five years	33,598	31,646
Over five years	226,847	234,030
Total minimum lease payments	**271,275**	**274,989**
Within one year	5,595	4,244
Between one and five years	13,635	11,641
Over five years	125,149	127,451
Liabilities from finance leases	**144,379**	**143,336**
Interest expenses from minimum lease payments	**126,896**	**131,653**

The minimum lease payments include interest due to the long terms of the finance leases. The underlying interest rate is 4.21 to 4.22 %, see also Note 47.

In addition to the minimum lease payments shown, a company that does not belong to the group of consolidated companies will, from the 2019 financial year, have payment obligations from finance leases due to a licensing agreement concluded in the reporting period in respect of a terminal in the amount of € 72.0 million. Of this, € 1.6 million relates to a period within a year, € 9.6 million to a period between one and five years and € 60.8 million to a period of more than five years.

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 2036. 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 remaining terms of between 1 and 33 years.

The Group also has leases for various motor vehicles and items of technical equipment. These leases have an average term of three to ten years and generally do not include renewal options. The lessee takes on no obligations when signing these leases.

Future minimum lease payments obligations under uncancellable operating leases

in € thousand	**31.12.2018**	31.12.2017
Within one year	56,499	45,387
Between one and five years	206,366	164,068
Over five years	753,071	587,246
	1,015,936	**796,701**

The information included conditional rental payments in the amount of € 113 million (previous year: € 114 million).

Expenses of € 58,295 thousand (previous year: € 53,829 thousand) were incurred for leases in the financial year. Of this figure, € 2,219 thousand (previous year: € 2,085 thousand) related to conditional rental payments.

Operating leases where the Group is lessor

The Group has signed leases for letting its investment properties on a commercial basis. The investment properties consist of office space, facilities and a commercial property not used by the Group. These leases have remaining uncancellable lease terms of between 1 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 years and a maximum of three times five years. Some leases contain a clause under which the rent can be increased in line with market conditions.

Future minimum lease entitlements under uncancellable operating leases for investment property

in € thousand	**31.12.2018**	31.12.2017
Within one year	30,707	33,549
Between one and five years	78,571	65,022
Over five years	62,950	35,476
	172,228	**134,047**

In the financial year, income of € 59,611 thousand (previous year: € 58,676 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	**31.12.2018**	31.12.2017
Guarantees	15,110	10,374
Comfort letters	0	0
	15,110	**10,374**

The following other financial obligations existed on the reporting date:

Other financial obligations

in € thousand	31.12.2018	31.12.2017
Obligations from operating leases	1,015,936	796,701
Outstanding purchase commitments	106,989	110,618
Other	21,648	20,599
	1,144,573	**927,918**

Of the obligations from outstanding purchase commitments, € 69,550 thousand (previous year: € 77,299 thousand) is attributable to investments in property, plant and equipment and € 2,420 thousand (previous year: € 3,302 thousand) is attributable to investments in intangible assets.

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.

Interest rate and market price risk

As a result of its financing activities, 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.

The consolidated companies did not hold any interest rate swaps as of the balance sheet date.

As of the balance sheet date, 75.7 % (previous year: 61.8 %) of the Group's borrowing was at fixed interest rates.

The fixed-interest 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 € 447 thousand p.a. higher (previous year: € 489 thousand p.a.) and interest income from overnight deposits and time deposit investments would have been € 1,369 thousand p.a. higher (previous year: € 1,377 thousand p.a.).

There are no effects on equity.

Exchange rate risk

Due to investments in countries outside the eurozone, changes in exchange rates can affect the balance sheet. Foreign currency risks on individual transactions 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, there were currency hedging instruments with a volume of € 19.5 million (previous year: € 37.5 million) and maturities of up to 13 months. As of 31 December 2018, the market value was € 425 thousand (previous year: € 1,294 thousand). In the reporting year, changes in value from these currency hedging transactions, which constitute financial assets and/or liabilities held at fair value through profit and loss, were recognised in the income statement. These instruments do not constitute effective hedging relationships as per IFRS 9.

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.

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 2017.

In addition to the market risks mentioned, there are also financial risks in the form of credit and liquidity risks.

Credit risk/default 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. There is no significant concentration of default risks with individual customers.

In respect of some receivables, the Group may obtain securities in the form of guarantees that may be drawn upon as part of contractual arrangements if the counterparty falls into payment default.

The Group applies the simplified approach pursuant to IFRS 9 in order to measure expected credit losses, i.e. the expected lifetime credit losses are applied for trade receivables and contract assets. In order to measure the expected credit losses, trade receivables and contract assets are consolidated on the basis of shared credit risk characteristics and the number of days overdue.

HHLA has no contract assets.

The expected losses given default are based on the payment profiles of the transactions over a period of twelve months prior to 31 December 2018 or 1 January 2018 and the corresponding historic defaults in this period. On this basis, the following impairment was calculated on trade receivables as of 31 December 2018 and 1 January 2018:

Determination of impairment on trade receivables as of 31 December 2018

in € thousand	not due	0 - 90 days overdue	91 - 180 days overdue	181 - 270 days overdue	271 - 360 days overdue	more than 360 day overdue	**Total**
Trade receivables before impairment	128,395	50,952	666	393	193	2,548	183,147
Expected losses	0.14 %	0.92 %	30.48 %	23.92 %	22.80 %	91.80 %	
Impairment of the reporting year	176	467	203	94	44	2,339	3,323
Trade receivables after impairment							**179,824**

Determination of impairment on trade receivables as of 1 January 2018

in € thousand	not due	0 - 90 days overdue	91 - 180 days overdue	181 - 270 days overdue	271 - 360 days overdue	more than 360 day overdue	**Total**
Trade receivables before impairment	104,751	43,268	1,254	129	271	2,265	151,938
Expected losses	0.21 %	0.39 %	14.83 %	10.85 %	52.40 %	92.19 %	
Impairment of the previous year	223	170	186	14	142	2,088	2,823
Impairment due to first-time adoption of IFRS 9							291
Trade receivables after impairment							**148,824**

The balance sheet closing figures of the impairments on trade receivables as of 31 December 2018 are reconciled with the opening balance sheet values for impairments as follows:

Development of the valuation allowances on trade receivables

in € thousand	2018	2017
Valuation allowances as of 31 December of prior year - according to IAS 39	**2,823**	**4,744**
Increase of valuation allowances	291	0
Valuation allowances as of 1 January - according to IFRS 9	**3,114**	**4,744**
Additions (valuation allowances recognised as expenses)	998	532
Used	- 268	- 1,712
Reversals	- 521	- 741
Valuation allowances as of 31 December	**3,323**	**2,823**

Trade receivables are derecognised when a reasonable assessment indicates that there is no prospect of them being realised. The indicators that point to no prospect of realisation following a reasonable assessment include the failure of a debtor to commit to a repayment plan agreed with the Group and the failure to make contractually agreed payments for a default period of more than 360 days.

Impairment losses on trade receivables are shown as other operating expenses in the operating result. Amounts that have been written off, but that are then generated in subsequent periods, are recognised as other operating income.

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 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 if the contingent liabilities listed in Note 46 are incurred.

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 bank loans and other loans, finance lease liabilities, financial liabilities towards employees and other financial liabilities, please refer to the table of residual maturities for non-current and current financial liabilities in Note 38.

Expected liquidity outflows due to future interest payments

	Up to 1 year		1 to 5 years		Over 5 years		Total	
in € thousand	**31.12.2018**	31.12.2017	**31.12.2018**	31.12.2017	**31.12.2018**	31.12.2017	**31.12.2018**	31.12.2017
Outflow of liquidity for future interest payments on fixed-interest loans	5,469	3,761	18,126	12,055	15,652	8,018	39,247	23,834
Outflow of liquidity for future interest payments on floating-rate loans	588	844	1,092	1,354	81	222	1,761	2,420
	6,057	**4,605**	**19,218**	**13,409**	**15,733**	**8,240**	**41,008**	**26,254**

The consolidated companies did not hold any interest rate swaps as of the balance sheet date, so no interest outflows are anticipated in this regard.

Financial instruments

Carrying amounts and fair values

The tables below show the carrying amounts and fair value of financial assets and financial liabilities, as well as their level in the fair value hierarchy, see also Note 6 and Note 7.

They do not include any information on financial assets held at fair value or financial liabilities which have not been measured at fair value, where the carrying amount serves as a reasonable approximation of the fair value.

Financial assets as of 31 December 2018 (valuation according to IFRS 9)

	Carrying amount				Fair value			
in € thousand	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	**Balance sheet value**	Level 1	Level 2	Level 3	**Total**
Financial assets measured at fair value								
Financial assets		18	3,134	3,152	3,152			3,152
Other financial receivables		407	1,927	2,334	2,334			2,334
	0	**425**	**5,061**	**5,486**				
Financial assets not measured at fair value								
Financial assets	10,466			10,466				
Trade receivables	179,824			179,824				
Receivables from related parties	100,244			100,244				
Other financial receivables	1,728			1,728				
Cash, cash equivalents and short-term deposits	181,460			181,460				
	473,722	**0**	**0**	**473,722**				

Financial liabilities as of 31 December 2018 (valuation according to IFRS 9)

	Carrying amount			Fair value			
in € thousand	Amortised cost	Fair value through profit or loss	**Balance sheet value**	Level 1	Level 2	Level 3	**Total**
Financial liabilities measured at fair value							
Financial liabilities			0				
	0	**0**	**0**				
Financial liabilities not measured at fair value							
Financial liabilities (liabilities from bank loans)	369,656		369,656		371,340		371,340
Financial liabilities (finance lease liabilities)	38,909		38,909		38,909		38,909
Financial liabilities (settlement obligation, long-term)	32,645		32,645		32,645		32,645
Financial liabilities (settlement obligation, short-term)	28,655		28,655				
Financial liabilities (other)	42,705		42,705		42,705		42,705
Trade liabilities	87,043		87,043				
Liabilties to related parties (finance lease liabilties)	105,470		105,470		140,337		140,337
Liabilities to related parties (other)	7,469		7,469				
	712,552	**0**	**712,552**				

Financial assets as of 31 December 2017 (valuation according to IAS 39)

in € thousand	Carrying amount: Loans and receivables	Carrying amount: Available for sale	Carrying amount: Balance sheet value	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial assets measured at fair value							
Financial assets		6,844	6,844	6,844			6,844
Other financial receivables		677	677	677			677
	0	**7,521**	**7,521**				
Financial assets not measured at fair value							
Financial assets	11,834	2,901	14,735				
Trade receivables	149,115		149,115				
Receivables from related parties	81,527		81,527				
Other financial receivables	1,974		1,974				
Cash, cash equivalents and short-term deposits	201,514		201,514				
	445,964	**2,901**	**448,865**				

Financial liabilities as of 31 December 2017 (valuation according to IAS 39)

in € thousand	Carrying amount: Held for trading	Carrying amount: Fair value – hedging instruments	Carrying amount: Other financial liabilities	Carrying amount: Balance sheet value	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial liabilities measured at fair value								
Financial liabilities				0				
	0	0	0	**0**				
Financial liabilities not measured at fair value								
Financial liabilities (liabilities from bank loans)			256,879	256,879		260,869		260,869
Financial liabilities (finance lease liabilities)			37,422	37,422		37,422		37,422
Financial liabilities (settlement obligation, long-term)			22,620	22,620		22,620		22,620
Financial liabilities (settlement obligation, short-term)			30,900	30,900				
Financial liabilities (other)			37,736	37,736		37,736		37,736
Trade liabilities			77,246	77,246				
Liabilties to related parties (finance lease liabilties)			105,914	105,914		141,722		141,722
Liabilities to related parties (other)			7,614	7,614				
	0	0	**576,331**	**576,331**				

Where there are no material differences between the carrying amounts and fair values of the financial instruments reported under non-current financial liabilities with details of fair value, they are recognised at their carrying amount. Otherwise, the fair value must be stated.

In the reporting period, changes in value were reported in the income statement on financial assets and/or liabilities in the amount of € 425 thousand (previous year: € 1,294 thousand) that are held at fair value through profit and loss.

Valuation methods and key unobservable input factors for calculating fair value

The table below shows the valuation methods used for level 2 and level 3 fair value measurement and the key unobservable input factors utilised.

Financial instruments not measured at fair value

Type	Valuation method	Key unobservable input factors
Financial liabilities (liabilities from bank loans, finance lease liabilities, settlement obligations)	Discounted cash flows	Not applicable
Liabilities to related parties (finance lease liabilities included in this item)	Discounted cash flows: The valuation model utilises the present value, taking into account contractually agreed increases in rent. Discount rates represent an adequate interest rate according to the current risk.	Not applicable

There was no reclassification between the individual valuation levels in the financial year under review.

48. Related party disclosures

IAS 24 defines related parties as companies and individuals which directly or indirectly control or exert significant influence over the Group or over which the Group has control, joint control or significant influence.

The shareholder HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV) and its shareholder, the Free and Hanseatic City of Hamburg (FHH), companies over which the shareholder or 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 Group are therefore defined as related parties. HGV is the parent company of HHLA which publishes consolidated financial statements. These are published in the electronic version of the German Federal Gazette under HRB 16106. HHLA is the parent company of the Group.

Transactions with not fully consolidated related parties

	Income		Expenses		Receivables		Liabilities	
in € thousand	**2018**	2017	**2018**	2017	**31.12.2018**	31.12.2017	**31.12.2018**	31.12.2017
Companies with control over the Group	33	219	553	1,215	96,402	75,262	0	0
Non-consolidated subsidiaries	1	2	252	469	117	1	42	405
Joint ventures	19,267	18,587	14,099	14,517	3,311	6,135	2,209	2,517
Associated companies	938	925	0	0	0	75	81	77
Other transactions with related parties	4,698	6,723	37,918	36,812	414	54	110,607	110,529
	24,937	**26,456**	**52,822**	**53,013**	**100,244**	**81,527**	**112,939**	**113,528**

The receivables from companies with a controlling interest relate to receivables from cash clearing with HGV totalling € 95,000 thousand (previous year: € 74,000 thousand). HHLA's receivables accrued interest at a rate of 0.00 % p.a. (previous year: 0.00 % p.a.) in the reporting period. The interest rates for HHLA's liabilities were 0.10 % p.a. (previous year: 0.10 % p.a.).

The transactions with joint ventures pertain to transactions with companies accounted for using the equity method. These mainly relate to HHLA Frucht and Kombi-Transeuropa.

Expenses reported as other transactions with related parties mostly include rent for land and quay walls in the Port of Hamburg and the Speicherstadt historical warehouse district.

Obligations from finance leases amounting to € 105,470 thousand (previous year: € 105,914 thousand) for the lease of four mega-ship berths from HPA are included in other transactions with related parties.

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 Group. The nominal amount of the associated liabilities from bank loans is € 123,000 thousand (previous year: € 123,000 thousand), of which around € 65,789 thousand was still outstanding on the balance sheet date (previous year: € 72,831 thousand) plus interest.

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 Real Estate subgroup 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 – 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.

List of HHLA's shareholdings by business sector as of 31 December 2018

Name and headquarters of the company	Share of capital held		Equity	Result for the financial year	
	directly	indirectly			
	in %	in %	in € thousand	Year	in € thousand
Port Logistics subgroup					
Container segment					
HHLA Container Terminal Burchardkai GmbH, Hamburg[1, 2, 3b]	100.0		76,961	2018	0
Service Center Burchardkai GmbH, Hamburg[1, 2, 3c]		100.0	26	2018	0
HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg[1, 2, 3b]	100.0		1,942	2018	0
HHLA Container Terminal Tollerort GmbH, Hamburg[1, 2, 3b]	100.0		34,741	2018	0
HHLA Rosshafen Terminal GmbH, Hamburg[1]		100.0	28,821	2018	9,328
HHLA Container Terminal Altenwerder GmbH, Hamburg[1, 2, 3b]	74.9		80,433	2018	0
SCA Service Center Altenwerder GmbH, Hamburg[1, 2, 3c]		74.9	601	2018	0
HVCC Hamburg Vessel Coordination Center GmbH, Hamburg[4]	66,0		100	2018	0
Kombi-Transeuropa Terminal Hamburg GmbH, Hamburg[4]		37.5	159	2018	49
CuxPort GmbH, Cuxhaven[4]	25.1		13,954	2018	2,166
Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven[5]	50.0		35	2018	4
Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven[5]	50.0		14	2018	- 1
DHU Gesellschaft Datenverarbeitung Hamburger Umschlagsbetriebe mbH, Hamburg[4]	40.4		1,577	2018	844
HHLA International GmbH, Hamburg[1, 2, 3b]	100.0		8,360	2018	0
HHLA TK Estonia AS, Tallinn/Estonia[1]		100.0	56,229	2018	3,588
SC Container Terminal Odessa, Odessa/Ukraine[1]		100.0	43,160	2018	14,297
Intermodal segment					
CTD Container-Transport-Dienst GmbH, Hamburg[1, 2, 3c]	100.0		1,256	2018	0
HHLA Project Logistics LLC (vormals: POLZUG INTERMODAL LLC), Poti/Georgia[1]		75.0	1,298	2018	- 23
METRANS a.s., Prague/Czech Republic[1]	100.0		266,051	2018	51,215
METRANS Adria D.O.O., Koper/Slovenia[1]		100.0	1,820	2018	445
METRANS (Danubia) a.s., Dunajská Streda/Slovakia[1]		100.0	93,128	2018	13,060
METRANS (Danubia) Kft., Győr/Hungary[1]		100.0	1,590	2018	471
METRANS Danubia Krems GmbH, Krems an der Donau/Austria[1]		100.0	445	2018	104
METRANS D.O.O., Rijeka/Croatia[1, 5]		100.0	7	2018	3
METRANS DYKO Rail Repair Shop s.r.o., Prague/Czech Republic[1]		100.0	5,663	2018	553
METRANS İSTANBUL STI, Istanbul/Turkey[1]		100.0	- 73	2018	- 93
METRANS Konténer Kft., Budapest/Hungary[1]		100.0	9,216	2018	1,334
METRANS (Polonia) Sp.z o.o (vormals: POLZUG Intermodal Polska sp. z o.o.), Warsaw/Poland[1]		100.0	5,301	2018	4,175
METRANS Rail s.r.o., Prague/Czech Republic[1]		100.0	4,000	2018	3,538
METRANS Rail (Deutschland) GmbH, Leipzig[1]		100.0	6,806	2018	2,680
TIP Žilina, s.r.o., Dunajská Streda/Slovakia[1, 5]		100.0	- 9	2018	- 14
UniverTrans Kft., Budapest/Hungary[1]		100.0	1,672	2018	663
METRANS Railprofi Austria GmbH, Krems an der Donau/Austria[1]		80.0	1,127	2018	1,057
IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg[5]	50.0		39	2018	2
IPN Inland Port Network GmbH & Co. KG, Hamburg[5]	50.0		66	2018	- 3

Name and headquarters of the company	Share of capital held		Equity	Result for the financial year	
	directly	indirectly			
	in %	in %	in € thousand	Year	in € thousand
Logistics segment					
HPC Hamburg Port Consulting GmbH, Hamburg[1, 2, 3a]	100.0		1,023	2018	0
UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg[1]	51.0		11,102	2018	3,314
ARS-UNIKAI GmbH, Hamburg[4]		25.5	63	2018	13
HHLA Sky GmbH, Hamburg[1]	100.0		117	2018	- 508
HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg[4]	51.0		20,764	2018	873
Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg[4]	51.0		853	2018	250
Hansaport Hafenbetriebsgesellschaft mit beschränkter Haftung, Hamburg[3b, 4]	49,0		n/a	2018	n/a
Holding/other					
GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg[1, 2, 3c]	100.0		3,609	2018	0
HHLA-Personal-Service GmbH, Hamburg[1, 2, 3b]	100.0		45	2018	0
Real Estate subgroup					
Real Estate segment					
Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg[1, 2, 3a]	100.0		4,518	2018	0
HHLA Immobilien Speicherstadt GmbH, Hamburg[1, 5]	100.0		87	2018	8
HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1, 3d]	100.0		14,305	2018	2,302
HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1, 3d]	100.0		69,185	2018	8,550

1 Controlled companies.
2 Profit and loss transfer agreements were held in these companies in 2018.
3a The non-disclosure option provided for in section 264 (3) of the German Commercial Code (HGB) was used for these companies.
3b The non-disclosure option and the option of non-inclusion in the Management Report provided for in section 264 (3) of the German Commercial Code (HGB) were used for these companies.
3c The non-disclosure option and the option of non-inclusion in the Management Report and the notes provided for in section 264 (3) of the German Commercial Code (HGB) were used for these companies.
3d The non-disclosure option provided for in section 264b of the German Commercial Code (HGB) was used for these companies.
4 Companies recognised using the equity method.
5 Due to the minor importance of these companies, they are not recognised using the equity method in the Consolidated Financial Statements or as non-consolidated companies, but rather as equity investments.

Remuneration for key management personnel

IAS 24 requires the remuneration of key management personnel to be disclosed. This relates to the active Executive Board and the Supervisory Board. Apart from the details provided below, there were no notifiable transactions with related parties or their close relatives in the 2018 financial year.

For further details of the remuneration paid to individual Executive and Supervisory Board members, please see the remuneration report, which forms part of the combined management report.

Remuneration for active members of the Executive and Supervisory Boards

Remuneration for active members of the Executive and Supervisory Boards

	Executive Board		Supervisory Board	
in € thousand	**2018**	2017	**2018**	2017
Short-term remuneration	2,955	2,936	309	304
of which is non-perfomance-related	1,557	1,556	–	–
of which is perfomance-related	1,398	1,380	–	–
Benefits due after termination of the contract	868	851	–	–
	3,823	3,787	309	304

The performance-related portion of the Executive Board's remuneration had not been paid as of the balance sheet date.

In the 2018 financial year, the short-term benefits payable to the Supervisory Board totalled € 309 thousand (previous year: € 304 thousand). Fixed basic salaries accounted for € 199 thousand (previous year: € 206 thousand) of this, remuneration for committee work made up € 69 thousand (previous year: € 58 thousand) and € 41 thousand (previous year: € 40 thousand) consisted of meeting fees.

The past service cost resulting from pension provisions for active members of the Executive Board is reported as post-employment benefits. As of the reporting date, the associated obligation stood at € 9,797 thousand (previous year: € 7,505 thousand).

The Executive Board members' individual pension entitlements as per HGB are as follows:

Individual pension claims of members of the management board in accordance with German Commercial Code (HGB)

in € thousand	**2018**	2017
Angela Titzrath	472	235
Heinz Brandt	3,667	1,749
Dr. Roland Lappin	3,123	2,749
	7,262	**4,733**

Former members of the Executive Board

Benefits totalling € 1,009 thousand (previous year: € 932 thousand) were paid to former members of the Executive Board and their surviving dependants. The defined benefit obligation for current pensions calculated in accordance with International Financial Reporting Standards amounts to € 23,239 thousand (previous year: € 24,242 thousand).

49. Board members and mandates

The Supervisory Board members and their mandates

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

Professor Dr. Rüdiger Grube (Chairman)

Fully qualified engineer, Hamburg
Managing Partner of Rüdiger Grube International Business Leadership GmbH, Hamburg

Other mandates

- Deufol SE, Hofheim am Taunus (since 1 June 2018)
- Herrenknecht AG, Schwanau (since 1 September 2018)
- RIB Software SE, Stuttgart (since 23 November 2018)

Berthold Bose (Vice Chairman)

Automotive electrician, Hamburg
Head of ver.di Hamburg

Other mandates

- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (Vice Chairman)
- Asklepios Kliniken Hamburg GmbH, Hamburg (Vice Chairman)

Petra Bödeker-Schoemann (until 12 June 2018)

Fully qualified business administration manager, Hamburg
Managing Director of HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (until 31 May 2018)

Other mandates

- Gesellschaft zur Beseitigung von Sonderabfällen mbH, Kiel
- GMH Gebäudemanagement Hamburg GmbH, Hamburg
- HADAG Seetouristik und Fährdienst AG, Hamburg
- Hamburger Wasserwerke GmbH, Hamburg
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (Chairwoman)[1] (until 12 June 2018)
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (Chairwoman)[1] (until 12 June 2018)
- HHLA Immobilien Speicherstadt GmbH, Hamburg (Chairwoman) [1] (until 12 June 2018)
- P+R-Betriebsgesellschaft mbH, Hamburg
- SAGA Siedlungs-Aktiengesellschaft Hamburg, Hamburg
- SBH Schulbau Hamburg, Hamburg
- SGG Städtische Gebäudeeigenreinigung GmbH, Hamburg
- Stromnetz Hamburg GmbH, Hamburg

Dr. Rolf Bösinger (until 20 April 2018)

Fully qualified economist, Hamburg
State Secretary at the Hamburg Ministry for the Economy, Transport and Innovation (until 21 March 2018)
State Secretary at the German Federal Ministry of Finance (since 22 March 2018)

Other mandates

- Erneuerbare Energien Hamburg Clusteragentur GmbH, Hamburg (Chairman)
- Hamburgische Investitions- und Förderbank A. ö. R., Hamburg
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg
- HIW Hamburg Invest Wirtschaftsförderungsgesellschaft mbH, Hamburg (Chairman) (until 17 April 2018)
- Life Science Nord Management GmbH, Hamburg (until 16 April 2018)
- Logistik-Initiative Hamburg Management GmbH, Hamburg
- ReGe Hamburg Projekt-Realisierungsgesellschaft mbH, Hamburg (Vice Chairman)
- ZAL Zentrum für Angewandte Luftfahrtforschung GmbH, Hamburg (Chairman) (until 5 April 2018)

Dr. Norbert Kloppenburg

Fully qualified agricultural engineer, Hamburg
International investments and financing consultant

Other mandates

- None

Thomas Lütje

Shipping agent, Jork
Director of Sales at Hamburger Hafen und Logistik AG, Hamburg

Other mandates

- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1] (until 3 July 2018)
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1] (until 3 July 2018)
- HHLA Immobilien Speicherstadt GmbH, Hamburg[1] (until 6 August 2018)
- HVCC Hamburg Vessel Coordination Center GmbH, Hamburg[1] (Chairman)

Dr. Wibke Mellwig (21 April until 12 June 2018)

Doctorate in law, Hamburg
Head of the Port and Logistics department at the Hamburg Ministry for the Economy, Transport and Innovation, Deputy Head of Port and Innovation

Other mandates

- Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg[1]
- Logistik-Initiative Hamburg Management GmbH, Hamburg
- ReGe Hamburg Projekt-Realisierungsgesellschaft mbH, Hamburg

Thomas Mendrzik

Electrical technician, Hamburg
Vice Chairman of the works council of HHLA Container-Terminal Altenwerder GmbH, Hamburg

Other mandates

- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1] (until 3 July 2018)
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1] (until 3 July 2018)
- HHLA Container Terminal Altenwerder GmbH, Hamburg[1]
- HHLA Immobilien Speicherstadt GmbH, Hamburg[1] (until 6 August 2018)
- SCA Service Center Altenwerder GmbH, Hamburg[1]

Dr. Isabella Niklas (since 12 June 2018)

Doctorate in law, Hamburg
Managing Director of HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (since 1 May 2018)

Other mandates

- GMH Gebäudemanagement Hamburg GmbH, Hamburg (since 31 August 2018)
- HADAG Seetouristik und Fährdienst AG, Hamburg (since 19 July 2018)
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (Chairwoman)[1] (12 June until 3 July 2018)
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (Chairwoman)[1] (12 June until 3 July 2018)
- HHLA Immobilien Speicherstadt GmbH, Hamburg[1] (12 June until 6 August 2018)
- PNE WIND AG, Cuxhaven (until 31 December 2018)
- SBH Schulbau Hamburg, Hamburg (since 23 August 2018)
- SNH Stromnetz Hamburg GmbH, Hamburg (since 9 August 2018)
- VWH Vattenfall Wärme Hamburg, Hamburg (since 1 September 2018)

Norbert Paulsen

Fully qualified engineer, Hamburg
Chairman of the Group works council and the joint works council of Hamburger Hafen und Logistik AG, Hamburg

Other mandates

- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (Vice Chairman)[1] (until 3 July 2018)
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (Vice Chairman)[1] (until 3 July 2018)
- HHLA Immobilien Speicherstadt GmbH, Hamburg (Vice Chairman)[1] (until 6 August 2018)

Sonja Petersen

Fully qualified business administration manager (FH), Norderstedt
Clerical employee at HHLA Container Terminal Burchardkai GmbH, Hamburg

Other mandates

- None

Dr. Sibylle Roggencamp

Fully qualified economist, Molfsee
Head of the Office for Asset and Investment Management at the Hamburg Ministry of Finance

Other mandates

- Elbphilharmonie und Laeiszhalle Service GmbH, Hamburg
- Flughafen Hamburg GmbH, Hamburg
- Hamburg Musik GmbH, Hamburg
- Hamburger Hochbahn AG, Hamburg
- Hamburgischer Versorgungsfonds A. ö. R., Hamburg
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1] (until 3 July 2018)
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1] (until 3 July 2018)
- HHLA Immobilien Speicherstadt GmbH, Hamburg[1] (until 6 August 2018)
- HSH Beteiligungsmanagement GmbH, Hamburg (until 23 January 2019)
- HSH Portfoliomanagement A. ö. R., Kiel (Chairwoman)
- Sprinkenhof GmbH, Hamburg (Chairwoman)
- Universitätsklinikum Hamburg-Eppendorf K. ö. R., Hamburg

Maya Schwiegershausen-Güth

MA in politics, sociology, economic and social history, Berlin
Head of the ITF Flags of Convenience Campaign Office, ver.di Bund

Other mandates

- Hapag-Lloyd AG, Hamburg (since 26 October 2018)

Dr. Torsten Sevecke (since 12 June 2018)

State Secretary at the Hamburg Ministry for the Economy, Transport and Innovation (Economy and Innovation department)

Other mandates

- 4Free AG, Hamburg
- Erneuerbare Energien Hamburg Clusteragentur GmbH, Hamburg (Chairman)
- Hamburgische Investitions- und Förderbank A. ö. R., Hamburg
- Hamburg Tourismus GmbH, Hamburg (since 24 January 2019)
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg
- HIW Hamburg Invest Wirtschaftsförderungsgesellschaft mbH, Hamburg (Chairman)
- Life Science Nord Management GmbH, Hamburg (Chairman)
- Logistik-Initiative Hamburg Management GmbH, Hamburg (since 9 October 2018)
- ReGe Hamburg Projekt-Realisierungsgesellschaft mbH, Hamburg
- ZAL Zentrum für Angewandte Luftfahrtforschung GmbH, Hamburg (Chairman)

Michael Westhagemann (until 6 February 2019)

Computer scientist, Hamburg
Management consultant for innovation and technology (until 31 October 2018), Senator at the Hamburg Ministry for the Economy, Transport and Innovation (since 1 November 2018)

Other mandates

- Erneuerbare Energien Hamburg Clusteragentur GmbH, Hamburg (until 8 November 2018)
- HafenCity Hamburg GmbH, Hamburg (since 27 November 2018)
- Hamburger Hochbahn AG, Hamburg (Chairman) (since 6 December 2018)
- Hamburg Marketing GmbH, Hamburg (Chairman) (since 1 November 2018)
- Hamburg Port Authority A. ö. R., Hamburg (Chairman) (since 27 November 2018)
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1] (until 3 July 2018)
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1] (until 3 July 2018)
- HHLA Immobilien Speicherstadt GmbH, Hamburg[1] (until 6 August 2018)

[1] Mandates within the Group

Supervisory Board committees

Finance Committee

- Dr. Sibylle Roggencamp (Chairwoman)
- Thomas Mendrzik (Vice Chairman)
- Dr. Norbert Kloppenburg
- Norbert Paulsen
- Sonja Petersen
- Michael Westhagemann (until 6 February 2019)

Audit Committee

- Dr. Norbert Kloppenburg (Chairman)
- Norbert Paulsen (Vice Chairman)
- Petra Bödeker-Schoemann (until 12 June 2018)
- Thomas Mendrzik
- Dr. Isabella Niklas (since 12 June 2018)
- Sonja Petersen
- Michael Westhagemann (until 6 February 2019)

Real Estate Committee

- Dr. Isabella Niklas (since 12 June 2018) (Chairwoman since 3 December 2018)
- Petra Bödeker-Schoemann (Chairwoman) (until 12 June 2018)
- Norbert Paulsen (Vice Chairman)
- Thomas Lütje
- Thomas Mendrzik
- Dr. Sibylle Roggencamp
- Michael Westhagemann (until 6 February 2019)

Personnel Committee

- Professor Dr. Rüdiger Grube (Chairman since 21 September 2018)
- Berthold Bose (Vice Chairman since 21 September 2018)
- Dr. Rolf Bösinger (until 20 April 2018)
- Thomas Mendrzik
- Norbert Paulsen
- Dr. Sibylle Roggencamp
- Dr. Torsten Sevecke (since 12 June 2018)

Nomination Committee

- Dr. Rolf Bösinger (until 20 April 2018)
- Professor Dr. Rüdiger Grube
- Dr. Sibylle Roggencamp
- Dr. Torsten Sevecke (since 12 June 2018)

Arbitration Committee

- Dr. Rolf Bösinger (until 20 April 2018)
- Berthold Bose
- Professor Rüdiger Grube
- Norbert Paulsen
- Dr. Torsten Sevecke (since 12 June 2018)

The Executive Board members and their mandates

Angela Titzrath (Chairwoman)

Economist (MA), Hamburg
First appointed: 2016

Areas of responsibility

- Corporate development
- Corporate communications
- Sustainability
- Container sales
- Intermodal segment
- Logistics segment

Other mandates

- CTD Container-Transport-Dienst GmbH, Hamburg
- HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg
- HHLA International GmbH, Hamburg (since 13 December 2018)
- HHLA Sky GmbH, Hamburg (since 13 December 2018)
- HPC Hamburg Port Consulting GmbH, Hamburg
- Metrans a.s., Prague, Czech Republic
- POLZUG Intermodal GmbH, Hamburg (until 3 August 2018)
- Evonik Industries AG, Essen
- AXA Konzern AG, Cologne (until 30 April 2018)
- Talanx AG, Hanover (since 8 May 2018)
- Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg
- UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg

Heinz Brandt

Legal assessor, Bremen
First appointed: 2009

Areas of responsibility

- HR management
- Purchasing and materials management
- Health and safety in the workplace
- Legal and insurance[1]

Other mandates

- Gesamthafenbetriebs-Gesellschaft mbH, Hamburg
- GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg (until 24 July 2018)
- HHLA-Personal-Service GmbH, Hamburg
- HPC Hamburg Port Consulting GmbH, Hamburg
- Verwaltungsausschuss für den Hafenfonds der Gesamthafenbetriebs-Gesellschaft mbH, Hamburg

Jens Hansen

Fully qualified engineer, fully qualified business administration manager, Elmshorn
First appointed: 2017

Areas of responsibility

- Operations[2]
- Technology[2]
- Information systems

Other mandates

- Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven
- Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven
- DAKOSY Datenkommunikationssystem AG, Hamburg
- HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg
- HHLA Container Terminal Altenwerder GmbH, Hamburg
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- HHLA Container Terminal Tollerort GmbH, Hamburg
- HHLA Rosshafen Terminal GmbH, Hamburg
- HHLA TK Estonia AS, Tallinn, Estonia (since 27 June 2018)
- HVCC Hamburg Vessel Coordination Center GmbH, Hamburg
- SCA Service Center Altenwerder GmbH, Hamburg
- SCB Service Center Burchardkai GmbH, Hamburg

Dr. Roland Lappin

Fully qualified industrial engineer, Hamburg
First appointed: 2003

Areas of responsibility

- Finance and controlling[3]
- Investor relations
- Internal audit
- Real Estate segment

Other mandates

- Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg
- GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg (until 24 July 2018, since 13 December 2018)
- Hansaport Hafenbetriebsgesellschaft mbH, Hamburg
- HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg
- HHLA Immobilien Speicherstadt GmbH, Hamburg (since 13 December 2018)
- HHLA International GmbH, Hamburg (since 13 December 2018)
- HHLA Rosshafen Terminal GmbH, Hamburg
- IPN Inland Port Network GmbH & Co. KG, Hamburg
- IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg
- Metrans a.s., Prague, Czech Republic
- POLZUG Intermodal GmbH, Hamburg (until 31 August 2018)
- Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg
- UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg

[1] Including compliance
[2] Without real estate, for the Intermodal and Logistics segments as agreed with the Chairwoman of the Executive Board
[3] Including organisation

50. German Corporate Governance Code

HHLA has based its corporate governance on the recommendations of the German Corporate Governance Code (the Code) as published on 7 February 2017. 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 2018 and on 7 December 2018 issued the declaration of compliance 2018 in accordance with Section 161 of the German Stock Corporation Act (AktG), which is permanently available to shareholders on the company's website under www.hhla.de.

51. Auditing fees

In both the reporting year and the previous year, fees for auditing the financial statements primarily consisted of the fees for the audit of the consolidated financial statements, the audits of the financial statements of HHLA AG and its domestic subsidiaries, and the review of the interim financial statements. They also cover the project-related reviews relating to the introduction of IFRS 15 and 16. The other certification services encompass the review of the non-financial report pursuant to ISAE 3000 (Revised). PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was appointed as the auditor for the 2018 financial year, as in the previous year.

Auditing fees

in € thousand	2018	2017
Audit of financial statements	514	586
Other certification services	81	16
Tax advisory services	0	16
Other services	1	2
	596	**620**

52. Events after the balance sheet date

There were no significant events after the balance sheet date of 31 December 2018.

Hamburg, 1 March 2019

Hamburger Hafen und Logistik Aktiengesellschaft

Angela Titzrath | Heinz Brandt | Jens Hansen | Dr. Roland Lappin