



EUROKAI GmbH & Co. KGaA

**Interim Group Management Report
for the first half-year 2016**

Hamburg, August 2016

EUROKAI GmbH & Co. KGaA, Hamburg**Consolidated income statement for the period January 01 to June 30, 2016**

| | Jan 01 to June 30, 2016 | Jan 01 to June 30, 2015 |
|--|----------------------------|----------------------------|
| | <u>TEUR</u> | <u>TEUR</u> |
| Revenues | 166.378 | 162.750 |
| Other operating income | 3.317 | 3.713 |
| Cost of materials | -49.766 | -54.617 |
| Personnel expenses | -65.728 | -64.118 |
| Amortisation/ depreciation | -15.265 | -15.161 |
| Other operating expenses | <u>-19.133</u> | <u>-20.110</u> |
| Earnings before investment result, interest and income tax (EBIT) | 19.803 | 12.457 |
| Interest and similar income | 291 | 535 |
| Finance costs | -1.856 | -1.845 |
| Income from associates | 21.955 | 19.178 |
| Other financial result | <u>20</u> | <u>37</u> |
| Earnings before income tax (EBT) | 40.213 | 30.362 |
| Income tax | <u>-9.177</u> | <u>-8.408</u> |
| Consolidated net profit for the period | <u>31.036</u> | <u>21.954</u> |
| Thereof attributable to: | | |
| Equity holders of the parent | 24.920 | 21.255 |
| Non-controlling interest | <u>6.116</u> | <u>699</u> |
| | <u>31.036</u> | <u>21.954</u> |
| Earnings per share in EUR (according to IAS 33) | 1,57 | 1,34 |

| | Jan 01 to June 30, 2016 TEUR | Jan 01 to June 30, 2015 TEUR |
|--|------------------------------------|------------------------------------|
| Other comprehensive income: | 31.036 | 21.954 |
| Items not to be reclassified to profit or loss in subsequent periods: | | |
| Actuarial gains/losses from defined benefit pension plans | -2.256 | 1.532 |
| Actuarial gains/losses from defined benefit pension plans from joint ventures and associates | -5.993 | 5.122 |
| Deferred tax recognized directly in equity | 2.531 | -421 |
| | <u>-5.718</u> | <u>6.233</u> |
| Net other comprehensive income not being reclassified to profit or loss subsequent | | |
| Revaluation of financial derivatives | 40 | 367 |
| Deferred tax recognized directly in equity of financial derivatives | -5 | -59 |
| Revaluation of available-for-sale financial assets | -25 | -45 |
| Deferred tax recognized directly in equity of available-for-sale financial assets | 8 | 14 |
| Currency translation adjustments | 2.080 | 1.702 |
| | <u>2.098</u> | <u>1.979</u> |
| Other comprehensive income, net of tax | -3.620 | 8.212 |
| Total comprehensive income, net of tax | 27.416 | 30.166 |
| Thereof attributable to: | | |
| Equity holders of the parent | 21.980 | 28.850 |
| Non-controlling interest | 5.436 | 1.316 |
| | <u>27.416</u> | <u>30.166</u> |

EUROKAI GmbH & Co. KGaA, Hamburg
Consolidated Balance Sheet as at June 30, 2016

| ASSETS | June 30, 2016 | Dec 31, 2015 |
|--|----------------|----------------|
| | <u>TEUR</u> | <u>TEUR</u> |
| Non-current assets | | |
| Intangible assets | | |
| Other intangible assets | 60.937 | 62.257 |
| | <u>60.937</u> | <u>62.257</u> |
| Property, plant and equipment | | |
| Land, land rights and buildings | | |
| including buildings on third-party land | 56.603 | 56.851 |
| Plant and machinery | 116.666 | 125.414 |
| Other equipment, furniture and fixtures | 8.301 | 7.511 |
| Prepayments and assets under construction | 9.573 | 5.530 |
| | <u>191.143</u> | <u>195.306</u> |
| Financial assets | | |
| Investments in associates | 141.023 | 133.991 |
| Investments | 905 | 905 |
| Other financial assets | 5.230 | 2.060 |
| | <u>147.158</u> | <u>136.956</u> |
| Deferred income tax assets | 16.758 | 15.704 |
| Other financial receivables and assets | 10.466 | 10.199 |
| Other non- financial receivables and assets | 9.028 | 10.045 |
| | <u>435.490</u> | <u>430.467</u> |
| Current assets | | |
| Inventories | 11.375 | 11.597 |
| Trade receivables | 84.627 | 76.015 |
| Other financial assets | 33.508 | 47.801 |
| Other non-financial assets | 25.066 | 24.326 |
| Current recoverable income taxes | 10.322 | 5.818 |
| Cash and cash equivalents | 57.816 | 59.391 |
| | <u>222.714</u> | <u>224.948</u> |
| | <u>658.204</u> | <u>655.415</u> |
| EQUITY AND LIABILITIES | | |
| | June 30, 2016 | Dec 31, 2015 |
| | <u>TEUR</u> | <u>TEUR</u> |
| Capital and reserves | | |
| Issued capital | 13.468 | 13.468 |
| Personally Liable General Partner's capital | 294 | 294 |
| Capital reserves | 1.801 | 1.801 |
| Reserve from the fair value measurement of financial derivatives | -981 | -1.014 |
| Reserve from the fair value measurement of financial derivatives | | |
| available-for-sale financial assets | 701 | 718 |
| Share of other changes in equity in Associates | -24.215 | -19.167 |
| Reserve of exchange differences on translation | -3.070 | -5.150 |
| Revenue reserves | 108.445 | 100.932 |
| Accumulated profit | 230.334 | 238.892 |
| Equity attributable to equity holders of the parent | <u>326.777</u> | <u>330.774</u> |
| Non-controlling interest | 74.319 | 76.943 |
| | <u>401.096</u> | <u>407.717</u> |
| Liabilities and provisions | | |
| Non-current financial and provisions | | |
| Non-current financial liabilities, net of current portion | 77.742 | 68.186 |
| Non-current portion of deferred government grants | 7.315 | 8.004 |
| Other financial liabilities | 1.422 | 1.617 |
| Other non-financial liabilities | 2.811 | 2.811 |
| Deferred income tax liabilities | 17.640 | 17.953 |
| Provisions | | |
| Provisions for employee benefits | 21.504 | 19.457 |
| Other provisions | 8.516 | 8.666 |
| | <u>136.950</u> | <u>126.694</u> |
| Current liabilities and provisions | | |
| Current portion of non-current financial liabilities | 35.632 | 33.524 |
| Trade payables | 43.165 | 46.538 |
| Current portion of deferred government grants | 1.504 | 1.710 |
| Other financial liabilities | 16.307 | 22.849 |
| Other non-financial liabilities | 12.604 | 11.864 |
| Income tax obligations | 7.835 | 1.613 |
| Provisions | | |
| Provisions for employee benefits | 1.153 | 1.107 |
| Other provisions | 1.958 | 1.799 |
| | <u>120.158</u> | <u>121.004</u> |
| | <u>257.108</u> | <u>247.698</u> |
| | <u>658.204</u> | <u>655.415</u> |

EUROKAI GmbH & Co. KGaA, Hamburg
Consolidated cash flow statement for the period January 01 to June 30, 2016

| | January 01 to June 30, 2016 TEUR | January 01 to June 30, 2015 TEUR |
|---|--|--|
| 1. Cash flows from operating activities | | |
| EBT | 40.213 | 30.362 |
| Depreciation, amortisation and impairment losses | 15.265 | 15.161 |
| Gain/loss from the disposal of assets | 72 | -29 |
| Currency translation adjustments | 20 | -37 |
| Profit/loss from investments accounted for using the equity method | -21.955 | -19.178 |
| Profit/loss from other investments | 0 | 0 |
| Interest result | 1.565 | 1.310 |
| = Operating profit before changes in assets carried as working capital | <u>35.180</u> | <u>27.589</u> |
| Increase/decrease in trade receivables | -8.613 | -6.073 |
| Increase/decrease in other assets | -3.184 | -8.105 |
| Increase/decrease in inventories | 222 | -424 |
| Increase/decrease in government grants | -896 | -1.188 |
| Increase/decrease in provisions which affects income (excluding interest costs) | -63 | 516 |
| Increase/decrease in trade payables and other financial and non-financial liabilities | 1.693 | -2.311 |
| = Cash flows used in/from changes in assets carried as working capital | <u>-10.841</u> | <u>-17.585</u> |
| Interest received | 291 | 535 |
| Interest paid | -1.007 | -1.845 |
| Income taxes received/paid | -12.874 | -8.406 |
| = Cash paid/received for interest and income tax | <u>-13.590</u> | <u>-9.716</u> |
| = Net cash flows from operating activities | <u>10.749</u> | <u>288</u> |
| 2. Cash flows from investing activities | | |
| Proceeds from the disposal of intangible assets and property, plant and equipment | 130 | 183 |
| Investments in intangible assets and property, plant and equipment | -9.839 | -18.545 |
| Cash paid for other financial assets | -3.195 | 0 |
| Cash paid for loans in associates companies | 0 | -20 |
| Cash paid for associates companies | -11.767 | -12.268 * |
| Dividends received | 41.214 | 44.209 * |
| = Net cash flows used in investing activities | <u>16.543</u> | <u>13.559</u> |
| 3. Cash flows from financing activities | | |
| Cash paid to equity holders | -25.978 | -26.836 |
| Proceeds from issue of non-current financial liabilities | 23.890 | 20.000 |
| Repayment of non-current financial liabilities | -12.164 | -8.452 |
| Payment of finance lease liabilities | -217 | -302 |
| Payment to non-controlling interest | -8.128 | -1.016 |
| = Net cash flows used in financing activities | <u>-22.597</u> | <u>-16.606</u> |
| Net increase/decrease in cash and cash equivalents (subtotal of 1 to 3) | 4.695 | -2.759 |
| Cash and cash equivalents at January 01 | <u>48.176</u> | <u>41.916</u> |
| Cash and cash equivalents at the end of the period | <u>52.871</u> | <u>39.157</u> |
| Composition of cash and cash equivalents | | |
| Cash and cash equivalents | 57.816 | 68.721 |
| Bank liabilities/overdrafts due on demand | -4.945 | -29.564 |
| Cash and cash equivalents at the end of the period | <u>52.871</u> | <u>39.157</u> |

The previous year's figures were due to the Group's better allocation of operating expenses to the individual cash flow categories adjusted such as those used * in the consolidated financial statements as at Dec. 31, 2015.

EUROKAI GmbH & Co. KGaA, Hamburg

Interim Group Management Report as of 30 June 2016

General

The companies incorporated in the EUROKAI Group are principally engaged in container handling in continental Europe. These companies operate container terminals, in some cases with partners, in La Spezia, Gioia Tauro, Cagliari, Ravenna and Salerno (Italy), in Hamburg, Bremerhaven and Wilhelmshaven (Germany), in Lisbon (Portugal), in Tangier (Morocco) and in Ust-Luga (Russia). The EUROKAI Group also has shareholdings in a number of inland terminals and railway operating companies.

Secondary services are also provided in the form of intermodal services (carriage of sea containers to and from terminals), repairs, depot storage and trading of containers as well as cargomodal services and technical services.

EUROKAI GmbH & Co. KGaA directly holds 66.6% of the shares in the CONTSHIP Italia Group via CONTSHIP Italia S.p.A. and an indirect 16.7% shareholding via EUROGATE GmbH & Co. KGaA, KG of Bremen. Calculated proportionally, EUROKAI GmbH & Co. KGaA thus holds a stake of 83.3% in the CONTSHIP Italia Group.

Via EUROGATE GmbH & Co. KGaA, KG and its subsidiaries and affiliates, EUROKAI GmbH & Co. KGaA has a 50% shareholding in the EUROGATE Group. It also has a 50% shareholding in the Personally Liable General Partner of EUROGATE GmbH & Co. KGaA, KG, Bremen, EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen, as well as in the latter's Personally Liable General Partner, EUROGATE Beteiligungs-GmbH, Bremen.

Control of the EUROKAI Group is vested in three business segments, "CONTSHIP Italia", "EUROGATE" and "EUROKAI", whereby the EUROGATE joint venture is recognised in the consolidated EUROKAI financial statements using the equity method of accounting in line with the provisions of IFRS 11.

Revenue within the EUROKAI Group grew in the period under review to EUR 166.4 million (previous year: EUR 162.8 million). Due to the overall encouraging growth in handling volumes combined with cost savings, consolidated profit for the first half-year increased significantly by EUR 9.0 million to EUR 31.0 million (previous year: EUR 22.0 million).

The "CONTSHIP Italia" and "EUROGATE" segments showed the following trends in the reporting period.

In the "CONTSHIP Italia" segment, due to the generally positive trend in handling figures, revenue rose to EUR 161.4 million (previous year: EUR 158.0 million). Overall, the net Group

half-yearly profit before consolidation of the “CONTSHIP Italia” segment in the first half-year of 2016 more than doubled compared to the previous year to EUR 14.5 million (previous year: EUR 6.9 million).

The “EUROGATE” segment also saw revenues rise in light of increasing handling volumes in the first half-year of 2016 by 11.0% to EUR 320.2 million (previous year: EUR 288.4 million) (100%). On the basis of a related significant improvement in the operating result, net Group half-yearly profit rose substantially to EUR 48.4 million (previous year: EUR 35.0 million) in the reporting period.

Volume trends

In the first half-year of 2016, the container terminals in the EUROKAI Group handled a total of 7.481 million TEUs (previous year: 7.386 million TEUs). Handling statistics are set out in the following table:

| Terminal | First half-year of 2016 (in TEUs) | First half-year of 2015 (in TEUs) | Change |
|-----------------------|--------------------------------------|--------------------------------------|--------|
| Bremerhaven | 2,839,403 | 2,723,830 | 4.2% |
| Wilhelmshaven | 255,652 | 197,013 | 29.8% |
| Hamburg | 1,239,870 | 1,135,007 | 9.2% |
| Total Germany | 4,334,925 | 4,055,850 | 6.9% |
| Gioia Tauro | 1,386,738 | 1,329,881 | 4.3% |
| Cagliari | 339,962 | 320,969 | 5.9% |
| La Spezia | 566,444 | 598,306 | -5.3% |
| Salerno | 135,854 | 129,042 | 5.3% |
| Ravenna | 103,244 | 99,312 | 4.0% |
| Total Italy | 2,532,242 | 2,477,510 | 2.2% |
| Lisbon | 53,960 | 105,710 | -49.0% |
| Tangier | 523,088 | 708,527 | -26.2% |
| Ust-Luga | 36,869 | 38,690 | -4.7% |
| Total EUROGATE | 7,481,084 | 7,386,287 | 1.3% |

Figures show total handling at the terminal in question. Group revenue statistics are derived solely from handling volumes at the fully consolidated terminals in Gioia Tauro, Cagliari and La Spezia.

Trends at the operating segments of the EUROKAI Group were as follows:

CONTSHIP Italia Group

CONTSHIP Italia S.p.A. of Melzo, Italy, is the holding company of the CONTSHIP Italia Group, which sets corporate strategy and coordinates operating activities. Its main investees remain unchanged La Spezia Container Terminal S.p.A. of La Spezia, Medcenter Container Terminal S.p.A. of Gioia Tauro, CICT Porto Industriale di Cagliari S.p.A. of Cagliari as well as Sogemar S.p.A. of Luzernate di Rho/Milan, Hannibal S.p.A. of Melzo/Milan and OCEANOGATE Italia S.p.A, La Spezia and Rail Hub Milano S.p.A., which are engaged in intermodal business (all in Italy).

The CONTSHIP Italia Group recorded an overall increase in handling volumes of 2.2% in the first half-year of 2016, bringing the figure to 2,532,242 TEUs (previous year: 2,477,510 TEUs). With the exception of La Spezia Container Terminal, which posted a slight decline in volume, all other container terminals saw their handling volumes rise. Particularly encouraging in this context is the positive trend shown by Medcenter Container Terminal. Following successful completion of the restructuring in 2015, rising handling volumes coupled with adequate throughput rates and the positive effect of cost-cutting measures have led to a significantly improved and once again satisfactorily positive half-year result.

Against this background, given an increase in revenue to EUR 161.4 million (previous year: EUR 158.0 million), the half-yearly earnings of the CONTSHIP Italia Group more than doubled compared to the same period in the previous year, rising to EUR 14.5 million (previous year: EUR 6.9 million).

The trend in throughput and IFRS results for the Italian companies over the period under review was as follows:

Handling volumes at Medcenter Container Terminal S.p.A., in which there is an indirect 50% shareholding, were 4.3% above the previous year's level, standing at 1,386,738 TEUs (previous year: 1,329,891 TEUs). This increased volume, coupled with higher throughput rates, led to a substantial improvement year-on-year and once again to a positive half-year result.

Cagliari International Container Terminal – CICT Porto Industriale Cagliari S.p.A., in which Contship Italia S.p.A has a 92% shareholding – handled more containers in the first half of 2016 than in the previous year, with figures standing at 339,962 TEUs (up 5.9%, previous year: 320,969 TEUs). The company posted higher half-yearly earnings in line with this trend.

La Spezia Container Terminal S.p.A. is a 60% shareholding of Contship Italia S.p.A. The company saw handling volumes fall by 5.3% to 566,444 TEUs (previous year: 598,306 TEUs) and posted half-yearly earnings slightly under the level of the previous year.

The fully-owned Contship Italia subsidiary Sogemar S.p.A. continues to hold 100% of the shares in Hannibal S.p.A., OCEANOGATE Italia S.p.A. and Rail Hub Milano S.p.A., of Milan, Italy, for which it performs leasing, management and IT services. For the period under

review, the company posted substantially higher and once again profitable half-yearly earnings compared to the previous year.

In addition to handling international container transports, Hannibal S.p.A. also operates the truck and rail activities of the CONTSHIP Italia Group. The company recognised improved, positive half-yearly earnings with a higher intermodal transport volume compared to the prior reporting period.

With its transport activities as a rail operator, OCEANOGATE Italia S.p.A. once again saw rail shipments rise in the period under review and consequently showed significantly improved and slightly positive half-yearly earnings compared to the previous year.

Rail Hub Milano S.p.A. operates the inland terminals of the CONTSHIP Italia Group in Melzo and Rho. Due to the decline in the number of train dispatches in international transport, coupled with additional fixed costs connected with the start of operations of the expansion site at Rho, which is not yet utilised to capacity, the company posted a decline in earnings year-on-year and a slight loss for the year.

EUROGATE Group

EUROGATE GmbH & Co. KGaA, KG of Bremen, in which EUROKAI GmbH & Co. KGaA and BLG Logistics Group AG & Co. KG of Bremen each have a 50% shareholding, is the EUROGATE Group's holding company. EUROGATE GmbH & Co. KGaA, KG supplies central services for its subsidiaries and affiliated companies. Its principal shareholdings are EUROGATE Container Terminal Hamburg GmbH, Hamburg, EUROGATE Container Terminal Bremerhaven GmbH, North Sea Terminal Bremerhaven GmbH & Co., MSC Gate Bremerhaven GmbH & Co. KG – all of Bremerhaven – and EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG, Wilhelmshaven. The EUROGATE Group also has a 33.4% stake in CONTSHIP Italia S.p.A., Italy.

EUROGATE GmbH & Co. KGaA, KG, the EUROGATE Group's holding company, has a 100% shareholding in both EUROGATE Container Terminal Hamburg GmbH and EUROGATE Container Terminal Bremerhaven. These companies are fully consolidated in the "EUROGATE" segment. The three joint ventures, North Sea Terminal Bremerhaven GmbH & Co. (EUROGATE stake: 50%), MSC Gate Bremerhaven GmbH & Co. KG (50%), and EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG (70%), have been incorporated in the "EUROGATE" segment using the equity method.

Handling volumes at all German terminals grew overall by 6.9% to stand at 4.335 million TEUs (previous year: 4.056 million TEUs). Consequently, EUROGATE Group net half-yearly profit rose substantially to EUR 48.4 million (previous year: EUR 35.0 million / 100%).

The handling volumes and IFRS results for the domestic companies operating container terminals showed the following trends in the period under review:

In the first six months of 2016, EUROGATE Container Terminal Hamburg GmbH saw a 9.2% rise in handling volumes, which stood at 1,239,870 TEUs (previous year: 1,135,007 TEUs). Consequently, the company is posting significantly improved half-yearly earnings compared with the same period in the previous year.

EUROGATE Container Terminal Bremerhaven GmbH posted a volume rise of 11.9% in the period under review, with handling figures standing at 459,588 TEUs (previous year: 410,534 TEUs). Based on this volume rise, in conjunction with positive contributions to earnings from the wind turbine business, the company is showing significantly improved earnings for the first half of 2016 compared with the same period in the previous year.

With handling figures of 1,661,412 TEUs (previous year: 1,542,636 TEUs), North Sea Terminal Bremerhaven GmbH & Co., in which APM Terminals Deutschland Holding GmbH – an indirect 100% subsidiary of A.P. Moeller Maersk A/S, Copenhagen, Denmark – has a 50% equity interest, recorded an increase in volumes of 7.7% in the first half-year of 2016. Operating processes continued to be impaired in the first half-year of 2016 by investigations following a container gantry accident that occurred in the previous year, as well as increased repair expenditure. Despite this, the company's half-yearly earnings were slightly up on the previous year's level.

MSC Gate Bremerhaven GmbH & Co. KG, the joint venture between EUROGATE GmbH & Co. KGaA, KG and Terminal Investment Ltd. of Luxemburg, an affiliate of Mediterranean Shipping Company S.A. (MSC) of Geneva, having recorded a decline in handling volumes of 6.8% (718,403 TEUs) compared with the first half-year of 2015 (770,660 TEUs), has posted half-yearly earnings that are slightly down on the previous year.

EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG, in which APM Terminals Wilhelmshaven GmbH, belonging to the A.P. Moeller Maersk Group of Copenhagen, Denmark, also has a 30% share, again saw handling volumes rise significantly by almost 30% to 255,652 TEUs (previous year: 197,013 TEUs). Due to the positive one-off effects resulting from an out-of-court settlement in a lawsuit involving the prior handling of the "MSC Flaminia", which were included in the previous year's half-year result, the company – as expected – is posting a half-yearly loss that has deteriorated slightly year-on-year.

The EUROGATE Group's additional shareholdings outside Germany showed the following trends:

Handling volumes at EUROGATE Tanger S.A., Tangier, Morocco, in which the EUROGATE Group and the CONTSHIP Italia Group each have an indirect shareholding of 20%, fell in the period under review by 26.2% to 523,088 TEUs (previous year: 708,527 TEUs). Consequently, the company's half-yearly earnings also deteriorated correspondingly year-on-year.

OJSC Ust-Luga Container Terminal of Ust-Luga, Russia, in which the EUROGATE Group has a shareholding of 20%, handled 36,869 TEUs in the period under review, which due to

the ongoing Russia crisis was a slight drop over the previous year (38,690 TEUs). Despite positive effects from cost-cutting measures, half-yearly earnings were also down on the previous year as a result of exchange rate differences, leading to a slight loss.

The 16.34% shareholding LISCONT Operadores de Contentores S.A. of Lisbon, Portugal, posted a substantial volume decrease of nearly 50% compared to the previous year, with a handling figure of 53,960 TEUs (previous year: 105,810 TEUs), due to ongoing strikes in the reporting period. Correspondingly, the company closed the first half-year of 2016 with only a barely break-even result.

Significant events during the financial year

In February 2016, YILPORT Holding INC. of Istanbul, Turkey, part of the YILDIRIM Group, acquired 100% of the shares in the Portuguese Tertir S.A. of Linda-a-Velha, Portugal. With a shareholding of 82.95%, Tertir S.A. remains the majority shareholder of LISCONT Operadores de Contentores S.A. EUROGATE International GmbH continues to hold an equity interest of 16.34%.

On 25 April 2016, the Cypriot Transport Ministry and a consortium led by EUROGATE signed the contract for the takeover of Limassol Container Terminal. The concession period is 25 years and will commence when the current transition period ends on 29 January 2017. In March 2016, the partners in the consortium, EUROGATE International GmbH (60%), Interorient Navigation Company Ltd. (20%) and East Med Holdings S.A. (20%) founded the "EUROGATE Container Terminal Limassol Limited" joint venture. Limassol Container Terminal currently has an annual handling capacity of 500,000 standard containers (TEUs), a high share of which is local cargo that supplies the island state of Cyprus. The addition of Limassol brings the EUROGATE Group's network to 12 container ports.

Following the container gantry accident in May 2015 and the subsequent investigations, a total of ten container gantries were taken out of service at the Bremerhaven terminal at the end of June for safety reasons. These are to undergo thorough technical checks as a purely precautionary measure. This has led to temporary capacity reductions and operational restrictions at the Bremerhaven terminal. It is currently uncertain when the gantries can be put back into service and what further repercussions may result.

Results of operations

To show the results of operations, the following table uses an earnings statement based on operational management:

| | 1 January to 30 June 2016 | | 1 January to 30 June 2015 | | Change EUR '000 |
|--|---------------------------------|------------|---------------------------------|------------|--------------------|
| | EUR '000 | % | EUR '000 | % | |
| Revenues | 166.378 | | 162.750 | | 3.628 |
| Other operating income | 3.317 | | 3.713 | | -396 |
| Total operating income | 169.695 | 100 | 166.463 | 100 | 3.232 |
| Cost of materials | -49.766 | -29 | -54.617 | -33 | 4.851 |
| Personnel expenses | -65.728 | -39 | -64.118 | -39 | -1.610 |
| Amortisation/depreciation | -15.265 | -9 | -15.161 | -9 | -104 |
| Other operating expenses | -19.133 | -11 | -20.110 | -12 | 977 |
| Operating expenses | -149.892 | -88 | -154.006 | -93 | 4.114 |
| Earnings before investment result, interest and income tax (EBIT) | 19.803 | 12 | 12.457 | 7 | 7.346 |
| Interest and similar income | 291 | | 535 | | -244 |
| Finance costs | -1.856 | | -1.845 | | -11 |
| Income from associates | 21.955 | | 19.178 | | 2.777 |
| Other financial result | 20 | | 37 | | -17 |
| Earnings before income tax (EBT) | 40.213 | | 30.362 | | 9.851 |
| Income tax | -9.177 | | -8.408 | | -769 |
| Consolidated net profit for the period | 31.036 | | 21.954 | | 9.082 |
| Thereof attributable to: | | | | | |
| Equity holders of the parent | 24.920 | | 21.255 | | |
| Non-controlling interest | 6.116 | | 699 | | |
| | <u>31.036</u> | | <u>21.954</u> | | |

The EUROKAI Group's external revenue in the period under review stood at EUR 166.4 million (previous year: EUR 162.8 million). Of this, EUR 161.4 million (previous year: EUR 158.0 million) was generated by the CONTSHIP Italia Group and EUR 5.0 million (previous year: EUR 4.8 million) from revenues of EUROKAI GmbH & Co. KGaA connected with the cost transfer to EUROGATE Group companies of rents for premises and quay walls at the Hamburg terminal. Group earnings (EBIT) stood in the first half-year of 2016 at EUR 19.8 million and, due to the positive handling and earnings trend of the CONTSHIP Italia Group were considerably higher than the previous year's level (EUR 12.5 million).

The increase in the results from associated companies to EUR 22.0 million results mainly from the significant rise in the pro rata earnings of the EUROGATE Group to EUR 20.1 million (previous year: EUR 13.7 million) and running counter to this the decline in the pro rata earnings of J. F. Müller & Sohn AG to EUR 0.8 million (previous year: EUR 3.5 million) due to a one-off item included in the previous year's result.

Thus net Group profit for the half-year, standing at EUR 31.0 million, significantly improved on the previous year (EUR 22.0 million).

Net assets

The asset and capital structure showed the following course in the first half-year of 2016:

| | 30 June 2016 | | 31 Dec 2015 | | Change |
|---|-----------------|------------|----------------|------------|---------------|
| | EUR '000 | % | EUR '000 | % | EUR '000 |
| Intangible assets | 60.937 | 9 | 62.257 | 9 | -1.320 |
| Property, plant and equipment | 191.143 | 30 | 195.306 | 30 | -4.163 |
| Financial assets | 147.158 | 22 | 136.956 | 21 | 10.202 |
| Deferred income tax assets | 16.758 | 3 | 15.704 | 2 | 1.054 |
| Other financial and non-financial receivables and assets | 19.494 | 3 | 20.244 | 3 | -750 |
| Non-current assets | 435.490 | 67 | 430.467 | 65 | 5.023 |
| Inventories | 11.375 | 2 | 11.597 | 2 | -222 |
| Trade receivables | 84.627 | 12 | 76.015 | 11 | 8.612 |
| Other financial and non-financial assets and current recoverable income taxes | 68.896 | 10 | 77.945 | 13 | -9.049 |
| Cash and cash equivalents | 57.816 | 9 | 59.391 | 9 | -1.575 |
| Current assets | 222.714 | 33 | 224.948 | 35 | -2.234 |
| Total assets | 658.204 | 100 | 655.415 | 100 | 2.789 |
| | | | | | |
| | 30 June 2016 | | 31 Dec 2015 | | Change |
| | EUR '000 | % | EUR '000 | % | EUR '000 |
| Issued capital | 13.468 | 2 | 13.468 | 2 | 0 |
| Equity attributable to the Personally Liable General Partner and Reserves | 82.975 | 13 | 78.414 | 12 | 4.561 |
| Accumulated profit | 230.334 | 35 | 238.892 | 36 | -8.558 |
| Non-controlling interest | 74.319 | 11 | 76.943 | 12 | -2.624 |
| Capital and reserves | 401.096 | 61 | 407.717 | 62 | -6.621 |
| Non-current financial liabilities, net of current portion | 77.742 | 13 | 68.186 | 10 | 9.556 |
| Non-current portion of deferred government grants | 7.315 | 1 | 8.004 | 1 | -689 |
| Other financial and non-financial liabilities | 4.233 | 1 | 4.428 | 1 | -195 |
| Deferred income tax liabilities | 17.640 | 3 | 17.953 | 3 | -313 |
| Provisions | 30.020 | 5 | 28.123 | 5 | 1.897 |
| Liabilities and provisions | 136.950 | 23 | 126.694 | 20 | 10.256 |
| Current portion of non-current financial liabilities | 35.632 | 5 | 33.524 | 5 | 2.108 |
| Trade payables | 43.165 | 6 | 46.538 | 7 | -3.373 |
| Current portion of deferred government grants | 1.504 | 0 | 1.710 | 0 | -206 |
| Other financial and non-financial liabilities and income tax obligations | 36.746 | 5 | 36.326 | 6 | 420 |
| Provisions | 3.111 | 0 | 2.906 | 0 | 205 |
| Current liabilities and provisions | 120.158 | 16 | 121.004 | 18 | -846 |
| Total equity and liabilities | 658.204 | 100 | 655.415 | 100 | 2.789 |

Total equity and liabilities of the EUOKAI Group increased in the first six months of 2016 by EUR 2.8 million to stand at EUR 658.2 million.

Financial assets rose by EUR 10.2 million to EUR 147.2 million. This was accounted for by a rise in the value of shareholdings recognised using the equity method, and in particular an increase in the carrying amount of the equity investment in EUROGATE GmbH & Co. KGaA, KG of EUR 6.4 million to EUR 100.6 million. This, in turn, results from the reinvestment of 30% of the distributed previous year's profits to strengthen the equity base, as well as the purchase of additional shares in a publicly listed bond in the amount EUR 3.2 million.

Due to end-of-period effects, trade receivables rose by EUR 8.6 million as a result of the increased volume of business, coupled with a rise in the average period of payment; by contrast, other current non-financial assets and tax receivables fell by EUR 9.0 million due to lower receivables from EUROGATE GmbH & Co. KGaA, KG as of the cut-off date.

Financial liabilities rose by EUR 11.7 million to a total of EUR 113.4 million through the take-up of new investment loans within the CONTSHIP Italia Group amounting to EUR 23.9 million with scheduled repayments of EUR 12.1 million.

Trade receivables decreased by EUR 3.4 million to EUR 43.2 million due to end-of-period effects.

Financial position

The following cash flows were recorded in the first half-year of 2016 and 2015:

| | 1 January to 30 June 2016 EUR '000 | 1 January to 30 June 2015 EUR '000 |
|--|---|---|
| Net cash flows from operating activities | 10.749 | 288 |
| Net cash flows used in investing activities | 16.543 | 13.559 |
| Net cash flows used in financing activities | <u>-22.597</u> | <u>-16.606</u> |
| Net increase/decrease in cash and cash equivalents | 4.695 | -2.759 |
| Cash and cash equivalents at January 01 | <u>48.176</u> | <u>41.916</u> |
| Cash and cash equivalents at the end of the period | <u><u>52.871</u></u> | <u><u>39.157</u></u> |
| <u>Composition of cash and cash equivalents</u> | | |
| Cash and cash equivalents | 57.816 | 68.721 |
| Bank liabilities/overdrafts due on demand | <u>-4.945</u> | <u>-29.564</u> |
| Cash and cash equivalents at the end of the period | <u><u>52.871</u></u> | <u><u>39.157</u></u> |

Based on the pre-tax profit for the first half-year of 2016 of EUR 40.2 million (previous year: EUR 30.4 million), cash flows from ordinary operating activities of EUR 10.7 million (previous year: EUR 0.3 million) were generated.

Personnel and welfare

The following shows average employee numbers (excluding Management Board, temporary staff and trainees) for the Group in the first half-year of 2016:

| | 1st half-year 2016 | 1st half-year 2015 |
|------------------|-------------------------------|-------------------------------|
| Industrial staff | 1,723 | 1,694 |
| Office staff | 728 | 717 |
| | <u>2,451</u> | <u>2,411</u> |

At the end of the year, there will be changes in the membership of the EUROGATE Management Board. Emanuel Schiffer, Co-Chairman of the EUROGATE Group Management Board is due to retire on 31 December 2016. He will be succeeded by Michael Blach, currently responsible on the Management Board of BLG Logistics Group, Bremen, for the Automotive segment. Mr Blach will take up his new role in charge of the German container terminals, technology and IT as of 1 January 2017.

Furthermore, Ms. Ulrike Riedel, currently a member of the Management Board and HR Director at Hamburger Hochbahn AG, will assume responsibilities as HR Director at EUROGATE effective 1 March 2017 and additionally be responsible on the Group Management Board for HR, Legal Affairs, Purchasing and Auditing.

Report on post-balance sheet date events

No events of material importance have taken place since the accounting cut-off date of 30 June 2016.

Opportunities and risks of future developments

No material changes to the EUROKAI Group's risk position have emerged requiring revision to the statements made in the Management Report for the fiscal year 2015. We have set out potential opportunities and risks in the following "Report on forecasts and other statements relating to anticipated development" and in the Management Report for the fiscal year 2015 in Section "10. Expected developments".

Report on forecasts and other statements relating to expected development

The main forecasts and other statements relating to the anticipated development of the Group in the business year 2016 given in the Group Management Report as of 31 December 2015 have so far been confirmed in the period under review.

No risks posing a threat to the continued existence of the company as a going concern, such as overindebtedness, insolvency or other risks with a substantial effect on its net assets, financial position and results of operations currently exist.

Global economic growth will not suffice to overcome the structural problems in container shipping, so that competitive pressure for the shipping lines is likely to remain high. Container terminals continue to face an uncertain future, not least because of the large number of new container vessels being built.

Here, already announced continued collaborations and consolidation among the container shipping lines and increasing price pressure on the terminals could have an impact.

Since there are free capacities at the container terminals – at least in the medium term – the market power of the remaining consortia/shipping lines is increasing in the wake of their consolidation, and with it the pressure on earnings, as well as the need to implement sustainable cost reductions at the container terminals.

Following the extension of the operator licence for La Spezia Container Terminal S.p.A. until the end of 2065, the planned capacity increase of La Spezia Container Terminal from currently 1 million TEUs p.a. to 1.8 million TEUs p.a. is of particular importance for the CONTSHIP Italia Group.

In the 2016 financial year, the EUROGATE Group will once again focus on the successful marketing and an adequate capacity utilisation of the EUROGATE Container Terminal in Wilhelmshaven. In an environment exposed to fierce competition, handling volumes in Wilhelmshaven have continued to show encouraging development. However, some of the handling volume is currently accounted for by vessels making unplanned and therefore irregular calls as a result of operating and nautical problems experienced by customers at other ports in the North Range.

The number of large container vessels (> 10,000 TEUs) in service continued to increase, leading to constant pressure on sea freight rates among the container shipping lines. The navigational difficulties in the approach and departure of these container ships to and from the German North Sea ports of Hamburg and Bremerhaven, particularly given ongoing delays to the deepening of the Outer Weser and Elbe shipping channels, have further intensified for these ports. This in turn, however, continues to mean very good prospects for the Wilhelmshaven terminal.

From today's perspective, the "CONTSHIP Italia" segment is again expected to post a significant increase in its operating result compared with the previous year.

Contrary to the original forecast for 2016, which anticipated stable handling volumes for the EUROGATE Group compared to the previous year, these have seen gratifying increases at all German terminals in the first six months of 2016. For EUROGATE, this has more than offset the effects on earnings for the previous year and so far declining trend for 2016 resulting from wind turbine business. Even if the trend in container throughput at individual German terminals were to slow down in the second half-year, the earnings situation of the EUROGATE Group for the 2016 financial year can be expected to improve over the previous year's result.

Consequently, the EUOKAI Group can also continue to anticipate a rise in net Group profit for 2016.

On the whole, due to its diversified European orientation, the EUOKAI Group is and will remain relatively independent and continues to be excellently positioned in the competitive landscape.

Given the unforeseeable nature of current trends, the actual course of business may deviate from expectations based on assumptions and estimates made by the corporate management. We undertake no obligation to update our forward-looking statements in the light of new information.

Report on significant transactions with closely related entities

No significant changes are to be recorded in relations with closely related entities or in the type and volume of transactions with these in the first half-year of 2016 in comparison with the financial year 2015.

Hamburg, August 2016

The Personally Liable General Partner

Kurt F. W. A. Eckelmann GmbH, Hamburg

Cecilia E. M. Eckelmann-Battistello

Thomas H. Eckelmann

Responsibility Statement

Declaration by legal representatives:

“We hereby declare, to the best of our knowledge, that, in conformity with the accounting principles applicable to the production of interim financial reports, the Interim Group Financial Statement gives an accurate picture of the assets, financial position and earnings of the Group, and that the Interim Group Management Report presents the course of business in the Group, including its business results and position, in such a way as to convey an accurate picture, and that it sets out the main risks and opportunities involved in the Group’s anticipated development in the remaining business year.”

Hamburg, August 2016

The Personally Liable General Partner

Kurt F. W. A. Eckelmann GmbH, Hamburg

Thomas H. Eckelmann

Cecilia E. M. Eckelmann-Battistello