

Notes to the Income Statement

8. Revenue

Detailed information about revenue can be found in the [Segment Report](#) and in the Notes to the Segment Report under ► Note 44, page 131.

9. Changes in Inventories

Changes in Inventories

in € thousand	2016	2015
	266	- 1,417

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

10. Own Work Capitalised

Own Work Capitalised

in € thousand	2016	2015
	6,473	9,331

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	2016	2015
Income from reimbursements	27,691	6,993
Income from other accounting periods	8,720	6,679
Income from reversal of other provisions	3,384	5,843
Income from compensation	1,998	3,124
Income from exchange rate differences	1,355	2,274
Proceeds on disposal of property, plant and equipment	1,179	3,250
Other	13,142	13,075
	57,469	41,238

Income from reimbursements relates primarily to the effect of terminating the lease for the Übersee-Zentrum and costs which were passed on in connection with leases.

Income from other accounting periods includes income from reversal of other liabilities from previous periods.

Income from the reversal of other provisions arose mainly in connection with the termination of the Übersee-Zentrum lease.

Other operating income includes income from outsourcing of personnel of € 4,445 thousand (previous year: € 4,004 thousand).

12. Cost of Materials

Cost of Materials

in € thousand	2016	2015
Raw materials, consumables and supplies	83,123	90,106
Purchased service	266,844	271,594
	349,967	361,700

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

13. Personnel Expenses

Personnel Expenses

in € thousand	2016	2015
Wages and salaries	306,591	294,508
Social security contributions and benefits	79,246	53,724
Staff deployment	50,287	46,838
Service expense	6,834	5,881
Other retirement benefit expenses	44	624
	443,002	401,575

The direct remuneration paid to members of the Executive Board totalled € 3,143 thousand for the 2016 financial year (previous year: € 2,925 thousand). More details on the remuneration paid to the Executive Board and the Supervisory Board can be found in ► Note 48, page 142.

Social security contributions include payments towards the public pension scheme amounting to € 26,794 thousand (previous year: € 26,005 thousand) and payments to the German pension insurance scheme. Personnel expenses increased in the year under review, primarily due to restructuring-related expenses in connection with the discontinuation of project and contract logistics activities, potential expenses for planned phased early retirement obligations and changes to the group of consolidated companies. There were no further significant expenses from the termination of employment.

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

Average Number of Employees

	2016	2015
Fully consolidated companies		
Employees receiving wages	2,777	2,646
Salaried staff	2,575	2,554
Trainees	95	116
	5,447	5,316

In addition, the Group used an annual average of 558 employees (previous year: 562) of Gesamthafenbetriebs-Gesellschaft m.b.H., Hamburg (GHB).

14. Other Operating Expenses

Other Operating Expenses

in € thousand	2016	2015
Leasing costs	62,872	53,350
Consultancy, services, insurance and auditing expenses	34,778	32,820
External maintenance services	34,686	36,592
Venture expenses	4,566	1,528
Travel expenses, advertising and promotional costs	3,440	3,107
Other taxes	2,646	1,685
External and internal cleaning costs	2,270	2,043
Losses on the disposal of property, plant and equipment	1,800	527
Other personnel expenses	1,755	2,083
Postage and telecommunications costs	1,585	1,559
Expenses from exchange rate differences	1,319	2,471
Expenses from other accounting periods	546	1,701
Other	10,203	6,832
	162,466	146,298

Leasing expenses were largely responsible for the increase in other operating expenses. Detailed information is available in ► Note 45.

15. Depreciation and Amortisation

Depreciation and Amortisation

in € thousand	2016	2015
Intangible assets	10,794	12,636
Property, plant and equipment (without finance lease)	95,698	93,107
Assets classified as finance lease	6,496	9,830
Investment property	9,443	9,285
	122,431	124,858

A classification of the depreciation and amortisation by asset category is shown in the fixed asset movement schedule. Impairment losses totalling € 1,125 thousand (previous year: € 2,981 thousand) were recognised in the reporting year, see ► Note 23, page 110.

16. Financial Result

Financial Result

in € thousand	2016	2015
Earnings from associates accounted for using the equity method	4,677	3,728
Income from exchange rate differences	4,205	13,800
Income from adjustment of settlement obligations to shareholders with non-controlling interests	2,932	804
Interest income from non-affiliated companies and non-consolidated affiliated companies	1,812	1,333
Interest income from bank balances	169	414
Income from interest rate hedges	45	155
Other	0	230
Interest income	9,163	16,736
Interest portion of pension provisions	9,167	7,849
Interest expenses on bank liabilities	7,314	8,710
Expenses from exchange rate differences	6,429	21,761
Interest included in lease payments	5,446	5,550
Interest expenses to non-affiliated companies and non-consolidated affiliated companies	1,655	4,059
Interest portion of other provisions	1,651	1,762
Expenses from interest rate hedges	164	411
Other	1	0
Interest expenses	31,827	50,102
Net interest income	- 22,664	- 33,366
Income from other equity investments	0	944
Other financial result	0	944
	- 17,987	- 28,694

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, page 114.

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

Please refer to ► Note 6, page 91 for details of income from the adjustment of settlement obligations to non-controlling interests, which totalled € 2,932 thousand (previous year: € 804 thousand).

see ► Note 38, page 126 for information about the interest expenses associated with amounts due to banks.

17. Research Costs

Research costs of € 149 thousand (previous year: € 71 thousand) were incurred in the 2016 financial year. These primarily related to research for software development.

18. Income Tax

Paid or outstanding income taxes and deferred taxes are shown under the item income taxes. Income taxes are made up of corporation tax, solidarity surcharge and trade tax. Companies domiciled in Germany pay corporation tax of 15.0 % and a solidarity surcharge of 5.5 % of the corporation tax expense. These companies and German-based subsidiaries in the form of limited partnerships are also liable for trade tax, which is imposed at different local rates. Trade tax does not reduce the amount of a company's profits on which corporation tax is payable.

Components of Income Tax Expenses

Deferred taxes and current income tax in € thousand	2016	2015
Deferred taxes on temporary differences	- 6,017	- 1,948
Of which Domestic	- 6,045	- 1,510
Of which Foreign	28	- 438
Deferred taxes on losses carried forward	- 26	- 71
Of which Domestic	0	0
Of which Foreign	- 26	- 71
Total deferred taxes	- 6,043	- 2,019
Current income tax expense	47,004	34,021
Of which Domestic	31,268	21,138
Of which Foreign	15,736	12,883
Income tax expense recognised in the income statement	40,961	32,002

Current income tax expenses include tax expenditure from other accounting periods amounting to € 1,164 thousand (previous year: tax income of € 67 thousand).

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

Deferred Taxes

in € thousand	Deferred tax assets		Deferred tax liabilities	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Intangible assets	0	0	1,953	1,662
Property, plant and equipment and finance leases	0	0	13,220	9,903
Investment property	0	0	11,098	10,761
Financial assets	0	0	1,673	1,258
Inventories	554	317	0	0
Receivables and other assets	268	395	206	434
Pension and other provisions	90,677	67,405	1,973	2,181
Liabilities	6,820	6,540	5,277	6,034
Tax losses carried forward	0	26	0	0
	98,319	74,683	35,400	32,233
Netted amounts	- 15,599	- 13,287	- 15,599	- 13,287
	82,720	61,396	19,801	18,946

Reconciliation between the Income Tax Expenses and Hypothetical Tax Expenses based on the IFRS Result and the Group's

Applicable Tax Rate

in € thousand	2016	2015
Profit after tax	146,023	127,845
Income tax expense at hypothetical income tax rate of 32.28 % (previous year: 32.28 %)	47,136	41,268
Tax income (-), tax expenses (+) for prior years	831	- 288
Effect of tax rate change	232	0
Tax-free income	- 213	- 1,011
Non-deductible expenses	1,606	919
Trade tax additions and reductions	- 803	1,245
Permanent differences	- 948	- 247
Differences in tax rates	- 10,071	- 9,302
Impairment losses in deferred tax assets	2,033	952
Other tax effects	1,158	- 1,534
Actual income tax expenses	40,961	32,002

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 2016 and 2015. This is made up of corporation tax at 15.0 %, 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 the offsetting and reconciliation under differences in tax rates.

Deferred tax assets are recognised on tax loss carry-forwards and temporary differences if it is sufficiently certain that they can be realised in the near future. The Group has no domestic corporation tax loss carry-forwards, no domestic trade tax loss carry-forwards, and no foreign tax loss carry-forwards (previous year: € 135 thousand) for which deferred taxes have been capitalised (previous year: € 26 thousand). No deferred tax assets are recognised for domestic corporation tax loss carry-forwards of € 4,057 thousand (previous year: € 5,392 thousand), domestic trade tax loss carry-forwards of € 4,271 thousand (previous year: € 3,632 thousand) and foreign tax loss carry-forwards of € 19,546 thousand (previous year: € 13,811 thousand). Under current legislation, tax losses can be carried forward in Germany without restriction.

Deferred tax assets of € 27,041 thousand (previous year: € 12,405 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

in € thousand	Gross		Taxes		Net	
	2016	2015	2016	2015	2016	2015
Actuarial gains/losses	- 45,441	25,149	14,661	- 7,833	- 30,780	17,316
Cash flow hedges	231	381	- 74	- 130	157	251
Unrealised gains/losses on available-for-sale financial assets	- 164	- 11	49	12	- 115	1
	- 45,374	25,519	14,636	- 7,951	- 30,738	17,568

19. Share of Results Attributable to Non-Controlling Interests

Profits due to non-controlling interests in the amount of € 32,032 thousand (previous year: € 29,165 thousand) primarily relate to non-controlling interests in CTA. This share of earnings increased year-on-year, mainly because a higher level of interest income arising from the measurement of the settlement obligation was attributable to the co-partner.

20. Earnings per Share

Basic earnings per share in €

	Group		Port Logistics Subgroup		Real Estate Subgroup	
	2016	2015	2016	2015	2016	2015
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	73,030	66,678	63,720	58,935	9,310	7,743
Number of common shares in circulation	72,753,334	72,753,334	70,048,834	70,048,834	2,704,500	2,704,500
	1.00	0.92	0.91	0.84	3.44	2.86

Basic earnings per share are calculated in accordance with IAS 33 by dividing the net profit for the Group attributable to the shareholders of the parent company by the average number of shares.

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

21. Dividend per Share

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

A resolution was passed at the Annual General Meeting held on 16 June 2016 to distribute a dividend of € 46,062 thousand to holders of common shares in the reporting year for the 2015 financial year (previous year: € 40,482 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 € 0.59 per Class A share and € 1.75 per Class S share. The remaining undistributed profit was carried forward to new account.

In 2017, dividends per share of € 0.59 for the Port Logistics subgroup and € 2.00 for the Real Estate subgroup are due to be paid. Based on the number of dividend-entitled shares as of 31 December 2016, this is equivalent to a distribution of € 41,329 thousand for the Port Logistics subgroup and of € 5,409 thousand for the Real Estate subgroup.