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EUROKAI

ANNUAL REPORT
2011

Abbreviated Version

Balance Sheet Figures and Corporate Data

Figures in accordance with IFRS

	2011	2010
	EUR '000	EUR '000
Revenue	604,209	592,145
Net profit for the year	36,378	58,468
Total assets	959,652	908,333
Equity attributable to equity holders	451,100	434,890
Equity ratio	47 %	48 %
Investment in PPE and intangible assets	56,885	39,221
Depreciation, amortisation and write-downs	66,744	69,359
Cash flow from continuing operations	81,392	111,843
Personnel expenses	279,450	282,220
Employees	3,903	3,880
Earnings per share in EUR (according to IAS 33)	1.80	2.49

Development of Eurokai Container Handling

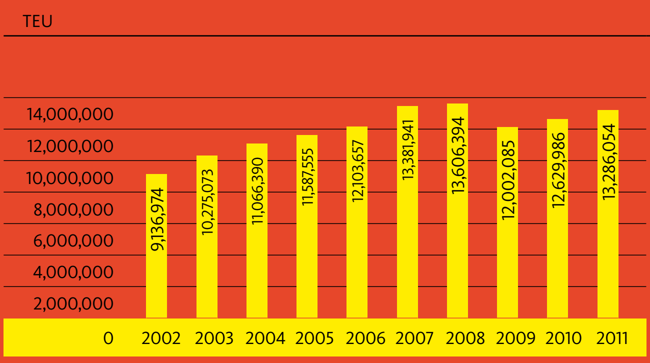
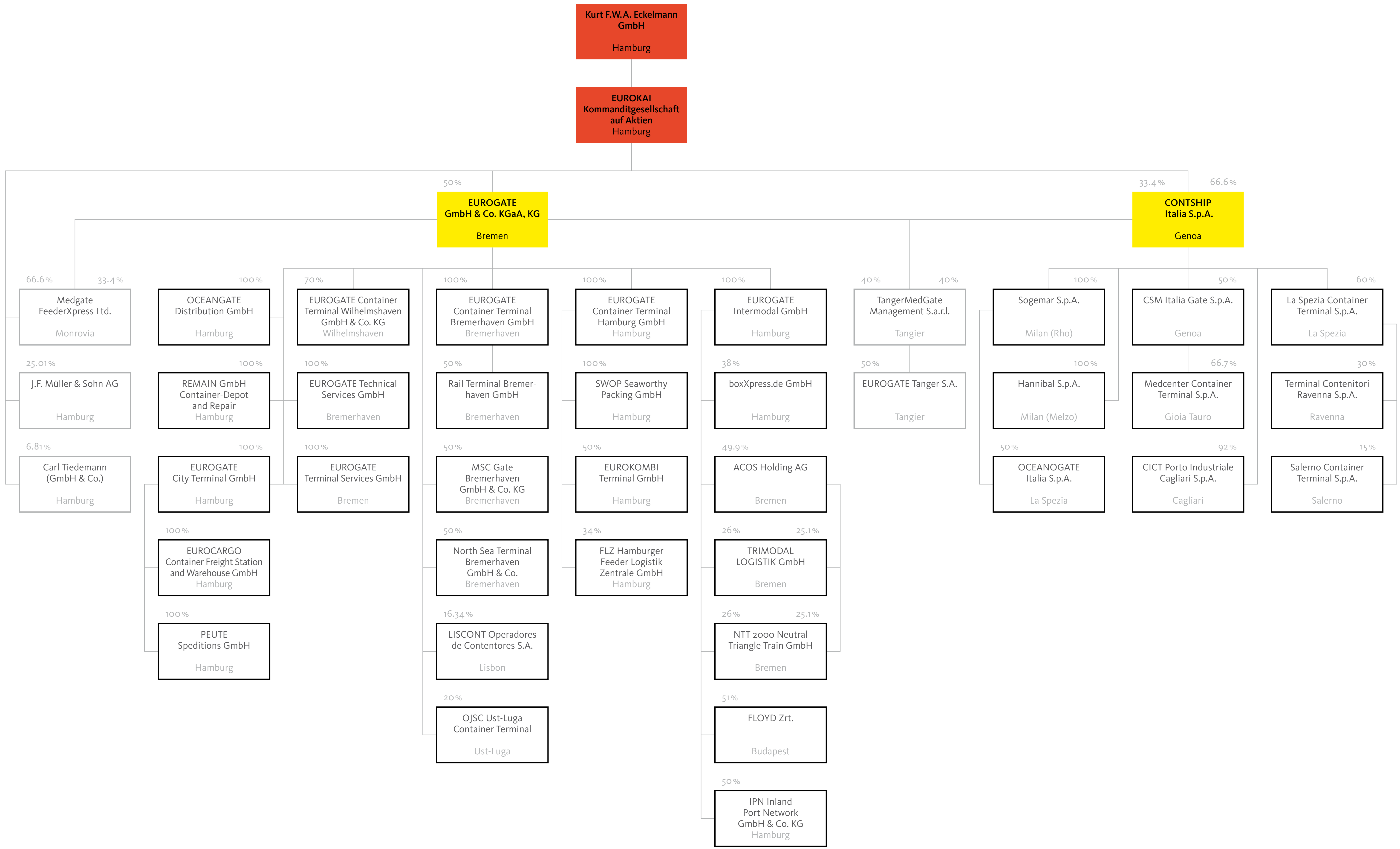


Chart Development of EUROKAI Preference Shares

EUROKAI Group

Extract from the Organisational Chart



As of April 2012

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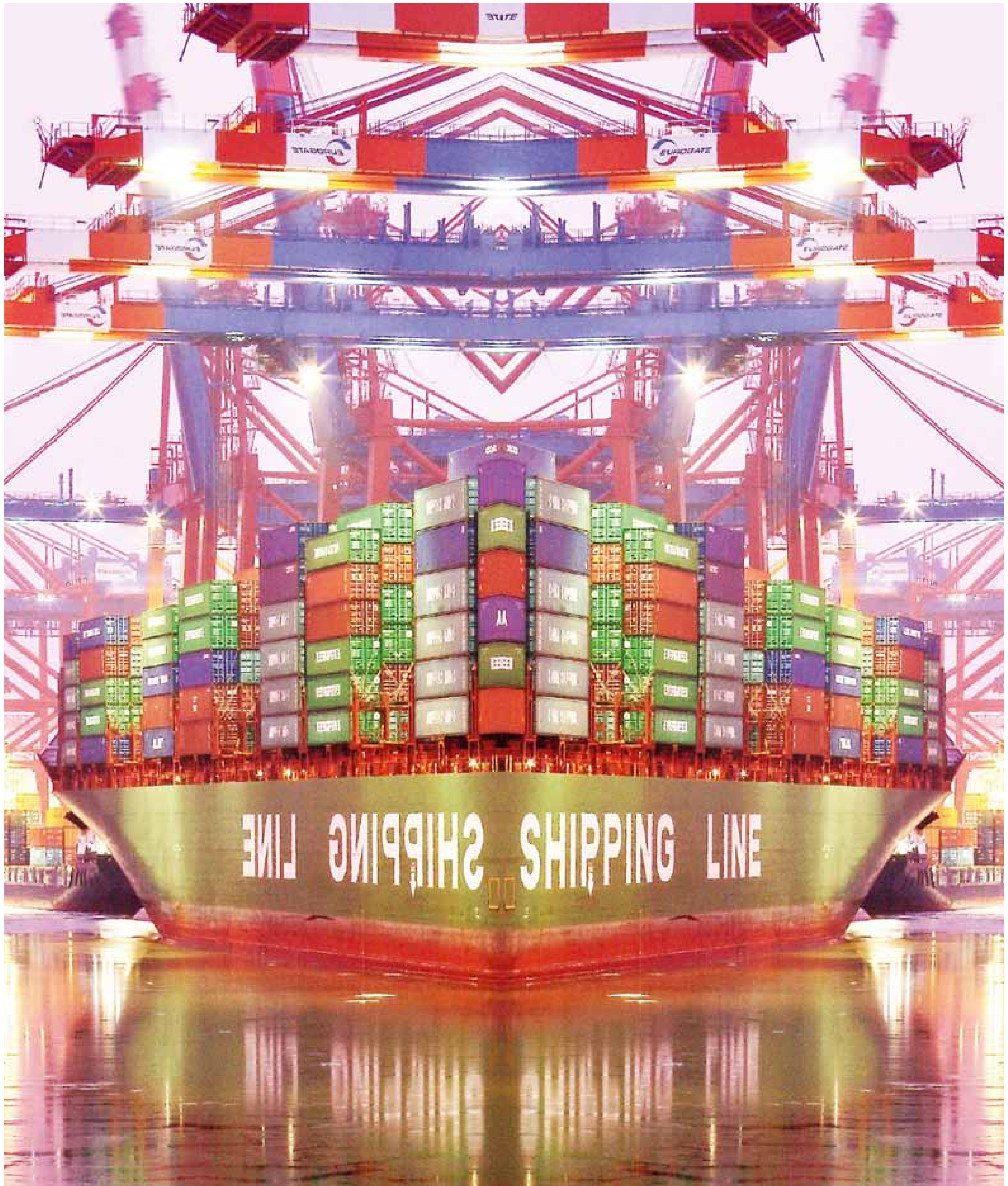


A container ship from the China Shipping Line at the EUROGATE Container Terminal Hamburg.

To all our shareholders,

Against the backdrop of a moderate economic recovery, the overall business development of the EUROKAI Group in fiscal 2011 was marked by rising container handling volumes. Furthermore, thanks to the consistent and foresighted cost management implemented in the past few years, the subsidiaries and holdings in the EUROKAI Group in the 50th year since its foundation successfully defended their position in a market environment characterised by overcapacities and the tense earnings situation of the container lines.

Consolidated revenue rose to EUR 604 million (previous year: EUR 592 million) in the 2011 fiscal year. Group profit for the year declined as expected by 38% to EUR 36 million (previous year EUR 59 million) due to the non-recurring events included in the previous year's result.

By contrast, the year-end result of EUROKAI KGaA increased by 25% to EUR 30 million (previous year: EUR 24 million) due to a significant rise in income from investments.

Against this background as well as the sound balance sheet structure with high retained profits brought forward and a Group equity ratio of over 47%, the Supervisory Board and Management Board of the Personally Liable General Partner propose that for fiscal 2011 the General Meeting approves a dividend distribution of 100% on ordinary and preference shares, equivalent to a dividend distribution of EUR 1 per ordinary and preference share.

The losses incurred on the stock markets in the second half of 2011, uncertainties regarding the future development of world trade and the difficult situation in the container shipping sector have also taken their toll on the market price of EUROKAI preference shares. However, the price has stabilised since the beginning of 2012. While the price at year's end 2011 had dropped to EUR 15.65, it has in the meantime recovered by around 25% and shares are currently trading at just under EUR 20.00.

Global economy: prevailing climate of uncertainty

The economic development in 2011 was characterised by the government debt crisis in Europe. While a generally feared collapse similar to what happened after the Lehman Brothers' insolvency in 2008 has not occurred, the global economy is still driven by a climate of uncertainty. Growth is sluggish and susceptible to setbacks. World trade is on the rise – albeit slowly. What is lacking is quite simply momentum.

The container transport market is decisively influenced by the development of the following three factors: oil price development, transport capacities of the container ships and economic growth in the different regions of the world.

Thomas H. Eckelmann,
Chairman of the Management Board

The price of oil rose sharply in 2011 as a result of the global political situation. Whereas in 2009 a barrel of crude oil cost USD 61.80, in 2011 the price was USD 104.00.[1] The surge in crude oil prices drove up the operating costs of the container lines. This, coupled with the downturn in freight rates, drove the results of many shipping lines into the red. Alphaliner Weekly 2012[2] estimates that in December 2011 the shipping lines on the Far East–Northern Europe routes suffered losses of USD 550.00 per transported standard container. To compensate, the shipping companies are planning to raise their freight rates from spring 2012. However, analysts believe this will only have the desired effect over the medium term if the shipping companies succeed in utilising their freight transport space to 90% capacity.[3] So far, freight volumes have remained positively stable. Given the sluggish world economy, however, this is an equation with unknown factors. As things currently stand, no one can predict the full impact of the European government debt crisis.

Container lines: trend towards ever larger shipping units >10,000 TEUs

In this uncertain market environment, the EUROKAI container terminals are continuing to manoeuvre "by sight". Although the volume of containers handled and the earnings situation are encouragingly positive, the growing overcapacities coupled with the strained economic situation of the liner container ship-

[1] The World Bank, Global Economic Prospects, volume 4, January 2012, table 1.
[2] Alphaliner Weekly, issue 11, 06.03.2012 to 12.03.2012.
[3] Alphaliner Weekly, issue 06, 31.01.2012 to 06.02.2012.

ping companies are suppressing our economic development. To our advantage, the subsidiaries and holding companies in the EUROKAI Group responded early on to the trend of the shipping lines towards bigger and bigger shipping units. Here, we are pinning our hopes in particular on the EUROGATE Container Terminal Wilhelmshaven, which as Germany's only deep-water port is intended to secure the competitiveness of the German North Sea ports. Thanks to a navigation channel with a water depth of 18 metres, this will be the only German port accessible to the new generation of mega container vessels with transport capacities of 18,000 TEUs and a draught of over 16.50 m at all times independent of the tides.

189 ships with a capacity >10,000 TEUs had already been delivered by the end of last year. From 2012 to 2015 another 148[5] are set to follow. Not least the high price of oil has meant that these megacarriers are the most economical for the shipping companies. They are deployed above all on the busy Far East–Europe trade route. With our services offering for shipowners we are therefore right on track. We need Wilhelmshaven, in order to prevent container lines from shifting scheduled services from the German North Sea ports to the West ports, which from 2013 will also be able to offer new handling capacities.

Container terminals: ready to take on the competition and the megacarriers

Competition at the container terminals has generally become tougher. However, the EUROGATE container terminals have so far succeeded outstandingly in defending their position in their respective market environment.

EUROGATE Container Terminal Hamburg continues to have concerns over the still outstanding deepening of the River Elbe navigation channel. Although the terminal has the necessary equipment on site to handle ultra-large container ships with 23 rows on deck, the considerable restrictions caused by the approach route are increasingly hindering operations. As things currently stand, work on the deepening of the channel is unlikely to start before 2013. The planning approval decision for the proposed westward expansion of the EUROGATE Container Terminal Hamburg is expected to be granted in Q2 2012.

In Bremerhaven the container terminals have taken an unusual step in preparation for handling even higher numbers of megacarriers. At the EUROGATE Container Terminal Bremerhaven and at MSC Gate special-purpose vehicles have moved a total of six container gantries, so that now 23 of the biggest container cranes capable of extending over 22 rows on deck are standing side by side. At MSC Gate as well as at the EUROGATE Container Terminal Bremerhaven ultra-large container ships can now be cleared in parallel with the required number of gantries for vessels of this size.

EUROGATE Container Terminal Bremerhaven is the only terminal in Europe to offer transhipment and storage of components for on- and off-shore wind turbines in addition to container handling. This brings advantages for both the terminal and for customers. The terminal is able to make optimum use of capacities and customers are provided with an adequate terminal area for storage and handling of the oversized cargo. For example, for RWE Innogy, the renewable energy specialist, a 400 m section at the south end of the Bremerhaven quay is reserved for loading wind turbine components onto specialised cargo vessels.

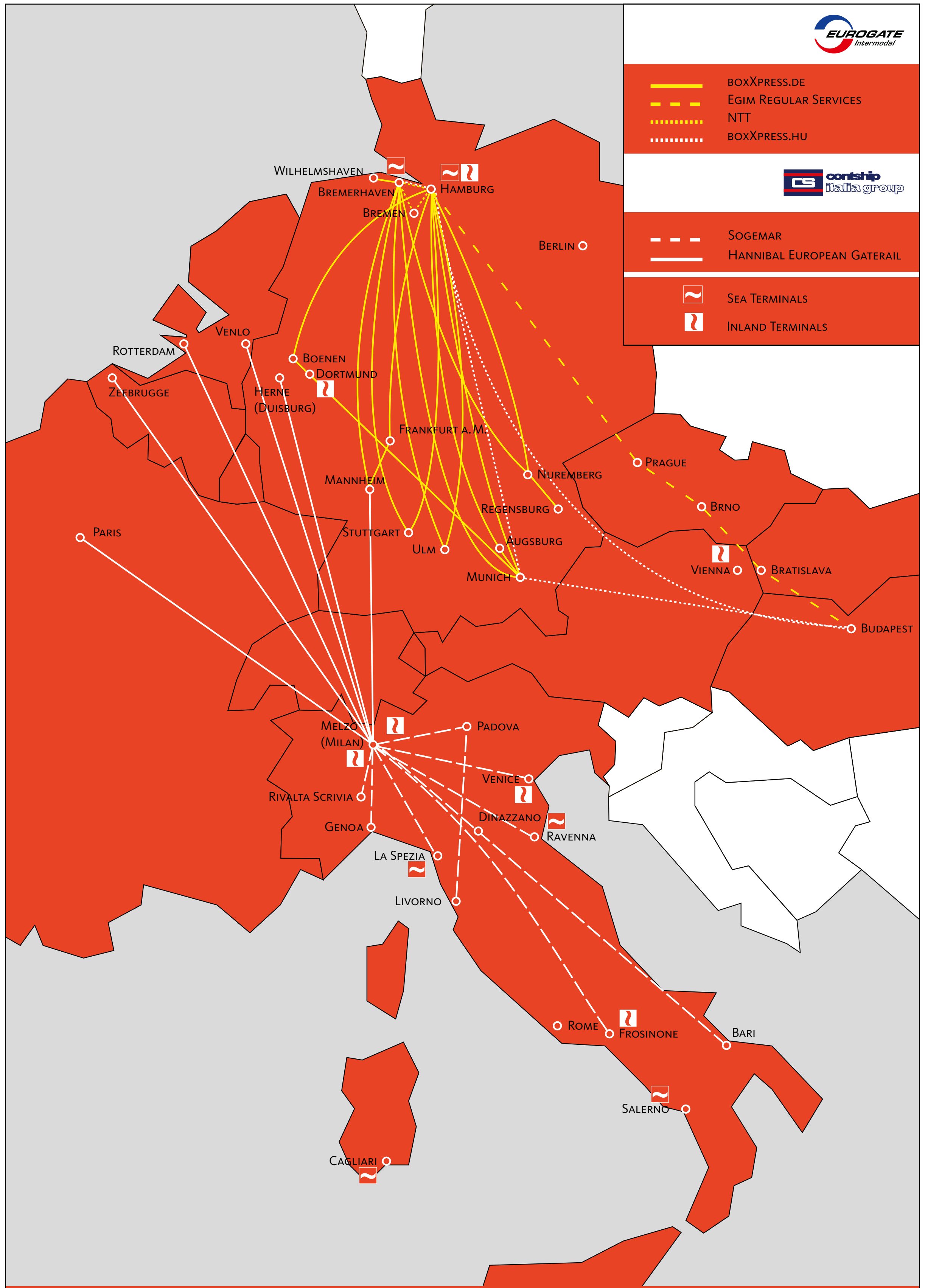
EUROGATE Container Terminal Wilhelmshaven is scheduled to start operations in August 2012. In fiscal 2011, EUROGATE stepped up its marketing activities for this new terminal location, for example by launching a roadshow in spring 2011 to present Germany's only deep-water port in nine Asian cities. In early 2012 this roadshow was also taken to ten European industrial and logistics centres and met with great interest, attracting over 3,000. shippers and logistics specialists. In addition to excellent nautical accessibility, this terminal location can boast direct motorway and railway connections as well as a high availability of space – factors much appreciated by forwarders and logistics providers.

In early March of this year the first four of an initial eight container gantries for the first 1,000-m section of quay wall arrived in Wilhelmshaven accompanied by a large media presence. Upon completion, 16 of the world's largest container cranes will grace the quay wall. These cranes are an investment in the future. They are capable of handling ships with 25 rows on deck, in other words vessels that have yet to come onto the market. Thanks to these investments, the EUROGATE Container Terminal Wilhelmshaven will be able to keep up with the anticipated increasing sizes of vessels being built.

The Medcenter Container Terminal in Gioia Tauro, Italy, has also positioned itself with a view to optimising the clearance of megacarriers by repositioning six container gantries. The cranes can handle container vessels with 23 rows on deck. Gioia Tauro is currently the only container port in the Mediterranean with the capacity to clear three megacarriers at the same time. The entrance to the port has also been widened, greatly facilitating manoeuvrability for large container vessels in the port. In August 2011 the Medcenter Container Terminal set a new record with a crane productivity level of 40.5 movements/hour.

In January of this year, the CONTSHIP Italia Group entered into a new partnership at the container terminal in Gioia Tauro. CONTSHIP Italia sold 50% of the shares in CSM Italia-Gate S.p.A., which holds 66.7% of the shares in the Medcenter Container Terminal, to Terminal Investments Limited (TIL), a related company to Mediterranean Shipping Company S.A. (MSC), the

[4] Source: Alphaliner Weekly, 01.01.2012.
[5] Source: PR News Service, March 2012.



The Intermodal Transport Network

world's second-largest container shipping line. This partnership is expected to bring sustained positive impulses for the further development of the Calabrian handling facility by better utilising the geostrategic advantage of the transhipment hub, where the transatlantic and Far East routes converge.

Modernisation work was also carried out at La Spezia Container Terminal (LSCT). In total ten container cranes are now available at LSCT. Three of these can handle container vessels with a breadth of 20 rows on deck, making LSCT the only container terminal on the Ligurian Sea with the capacity to clear 14,000-TEU ships.

After completion of construction work for the first development stage, the OJSC Ust-Luga Container Terminal, Russia, in which EUROGATE holds a 20% stake, went into operation in December 2011 with a handling capacity of 440,000 TEUs p.a.

EUROKAI: experience and success with "greenfield" projects

The Ust-Luga Container Terminal is a greenfield project, like many other EUROKAI projects including the Medcenter Container Terminal in Gioia Tauro, the EUROGATE container terminal in Tangier and the new deep-water container terminal in Wilhelmshaven. We have a proven track record in such projects, where the focus is on developing a completely new terminal-related superstructure. We have proved our capabilities in this field on a number of occasions in the past.

Energy management: measurable targets defined for the first time

In order to stand up against ever tougher competition the EUROKAI container terminals have taken further steps to ensure their sustainability. Cost management also encompasses energy management and protection of resources. Energy resources are precious. By introducing an energy management system in compliance with DIN EN 16001, EUROGATE has taken a step towards steadily rationalising energy utilisation at the EUROGATE container terminals. The target is to utilise 20% less energy per container and to reduce CO_2 emissions per container by 25% by 2020. With this step, measurable and traceable target values have for the first time been defined that in future will be regularly monitored.

Dr Hans-Joachim Röhler: the long-standing associate and Chairman of the Supervisory Board of EUROKAI KGaA steps down

I wish to express my very special thanks to Dr Hans-Joachim Röhler. After 32 years – for 31 of those as Chairman – he is stepping down from the Supervisory Board. Dr Röhler has played a decisive role in shaping the fortunes of EUROKAI. Without him, we would not be where we are today. He has participated in and contributed to many fundamental decisions concerning the development and Europeanisation of the ECKELMANN-EUROKAI Group. He is a long-standing associate and a friend. It is among other things largely thanks to his commitment that negative initiatives for the development of our container terminals, such as that proposed by the European Commission's "Port Package", ultimately failed. I wish him all the best for his retirement. Dr Winfried Steeger will succeed him as Chairman of the Supervisory Board. I look forward to trusting and close cooperation with him.

It also goes without saying that I thank all employees of the ECKELMANN-EUROKAI Group, who have once again proved that they are up for the challenge and without whose commitment we would not have been able to achieve these results.

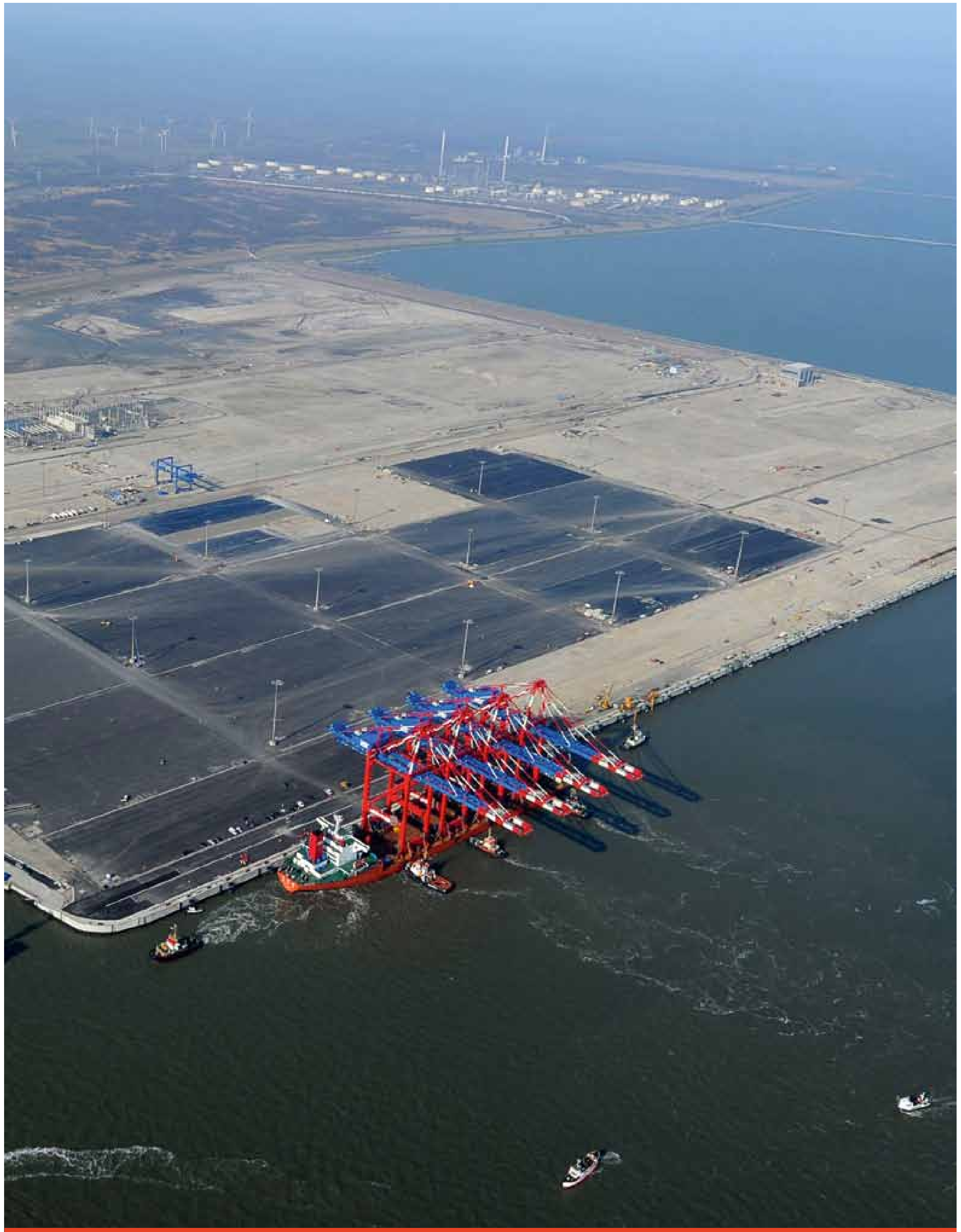
I would also like to express my thanks to the shareholders of EUROKAI KGaA for the trust they have placed in us.

Hamburg, Germany, April 2012

Yours sincerely

Thomas Eckelmann

Thomas H. Eckelmann
Chairman of the Management Board



Valuable cargo from Shanghai: the transport vessel "Zenhua 23" carrying four container gantries at the EUROGATE Container Terminal Wilhelmshaven, March 2012.

02 A Long-Standing Associate Takes His Leave

Dr Hans-Joachim Röhler (left) at the farewell celebration for Kurt Eckelmann on 16 January 1987. At the centre Thomas Eckelmann, on the right Kurt Eckelmann.

Dr Hans-Joachim Röhler to step down from the Supervisory Board after 32 years

He has presided over the fortunes of EUROKAI KGaA for 32 years and lent the Management Board continuous advisory support based on his many years of expertise and experience. He was an active Supervisory Board Chairman who was not afraid of a challenge and acted at all times and in all situations for the greater good of the company. His commitment has helped EUROKAI to develop into a European terminal operator beyond the city limits of Hamburg.

As of the end of the Annual General Meeting in June 2012, Dr Hans-Joachim Röhler is to resign from the EUROKAI Supervisory Board. He has been a member of the EUROKAI KGaA Supervisory Board for 32 years, for 31 of those as Chairman. He was appointed to the Supervisory Board on 28 August 1980 and was made Chairman exactly one year later, on 27 August 1981. For five years he steered the course of EUROKAI together with Kurt Eckelmann. During this time important decisions were taken, such as the initial listing of the preference shares and participation certificates in 1984 as well as the establishment of the LISCONT container terminal in Portugal in 1985, which was Kurt Eckelmann's last entrepreneurial act.

On 3 August 1986, Kurt Eckelmann's son, Thomas Eckelmann, took over as Chairman of the EUROKAI Management Board. For the past 26 years, Dr Hans-Joachim Röhler and Thomas Eckelmann have together shaped the company's strategy. One of the highlights of the early years was the expansion of business activities to Italy, with the acquisition of a holding in La Spezia Container Terminal in 1986. Others included the takeover of the neighbouring Hamburg businesses Holzmüller and Paetz in 1987, the splitting of the ECKELMANN-EUROKAI Group in 1990 and the acquisition of the concession for the Medcenter Container Terminal in Gioia Tauro in 1993.

The mid-1990s saw the container shipping lines consolidate to form global alliances. This required EUROKAI to reconsider its strategy and in 1999, after a long period of negotiations, led to the foundation of EUROGATE and the acquisition of CONTSHIP Italia. EUROKAI developed into a corporate group whose core business is container handling, but which also provides intermodal transport and cargomodal services. 1999 was unquestionably the most successful year in the company's history to date.

Political developments have frequently confronted EUROKAI with major challenges. There have been a number of initiatives on the part of the European Commission in Brussels that proved to be more of a threat than a support to port undertakings. Constructive collaboration with those responsible for making policy is one of the tasks of a supervisory board chairman. The failure of "Port Package I" and "Port Package II" in the European Parliament in 2003 and 2006 is largely associated with the name of Dr Hans-Joachim Röhler.

Dr Röhler with Cecilia Eckelmann-Battistello at the EUROKAI General Meeting in 2005.

Expansion of the existing terminal facilities and capacity adjustments were the major topics in the boom years up to 2008. When Dr Röhler joined the Supervisory Board in 1980, the Hamburg EUROKAI facility handled 149,684 TEUs. At the close of the just completed 2011 financial year the Europe-wide EUROKAI container terminals recorded a handling volume of 13.3 million TEUs.

Within the scope of its growth strategy EUROKAI has invested in greenfield projects and has gained a proven track record in this area. New greenfield projects were planned and implemented. In 2008, the EUROGATE Tanger Terminal in Morocco on the Strait of Gibraltar went into operation. December 2011 saw the startup of the Ust-Luga Container Terminal in Russia. And on 5 August 2012, almost 32 years to the day after Dr Röhler joined the Supervisory Board, one of the most important projects of all is scheduled for completion: the EUROGATE Container Terminal Wilhelmshaven, Germany's only deep-water container terminal.

Dr Hans-Joachim Röhler has made a major contribution to the development of EUROKAI. He has been a long-standing associate who is now taking his leave in order to enjoy well-earned retirement. The Management Board, the staff and all EUROKAI shareholders would like to extend a debt of gratitude to him.

03 Management Commentary

Efficient energy management: photovoltaic systems at the EUROGATE Container Terminal Hamburg.

1. Report on economic position

The main business of all entities incorporated in the EUROKAI Group is that of container handling on the continent of Europe. These companies, working partly with partners, operate container terminals in La Spezia, Gioia Tauro, Cagliari, Ravenna and Salerno (Italy), in Hamburg and Bremerhaven (Germany), in Lisbon (Portugal), in Tangier (Morocco) and in Ust-Luga (Russia) and also have a stake in the operating company of Germany's deep-water container terminal in Wilhelmshaven. The EUROKAI Group also has ownership interests in a number of inland terminals and railway transport companies.

Secondary services are also available in the shape of intermodal services (carriage of sea containers to and from terminals), repair, storage of containers, their sale and purchase as well as cargomodal services, technical services and IT services.

EUROKAI Kommanditgesellschaft auf Aktien (hereinafter called "EUROKAI KGaA") has a 66.6 % interest in the CONTSHIP Italia Group via two intermediate holding companies, Borgo Supermercati S.r.l. of Genoa, Italy, and MIKA S.r.l. of Genoa, Italy, and a 16.7 % interest via EUROGATE GmbH & Co. KGaA, KG of Bremen. Thus EUROKAI KGaA has a total interest of 83.3 % in the CONTSHIP Italia Group.

EUROKAI KGaA has a 50 % interest in the EUROGATE Group via EUROGATE GmbH & Co. KGaA, KG and its subsidiaries and ownership interests. 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 its personally liable general partner, EUROGATE Beteiligungs-GmbH, Bremen.

Driven by a sustained upturn in the economy, increasing container handling volumes again characterised the business development of the EUROKAI Group in the reporting period. The handling volumes at the various sites developed at different paces.

EUROKAI Group container terminals – including the terminals in Italy, Portugal and Morocco – handled a total of 13.286 million TEUs (previous year: 12.630 million TEUs), which was an increase of 5.2 %. The table on page 12 shows the handling statistics for the container terminals in the EUROKAI Group.

CONTSHIP Italia Group

CONTSHIP Italia S.p.A. of Genoa, Italy, is the CONTSHIP Italia Group's holding company; it determines corporate strategy and coordinates operating activities. Its main ownership interests continue to be 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 Lucernate di Rho, Milan, and Hannibal S.p.A. of Melzo, Milan, which are engaged in intermodal business (all in Italy).

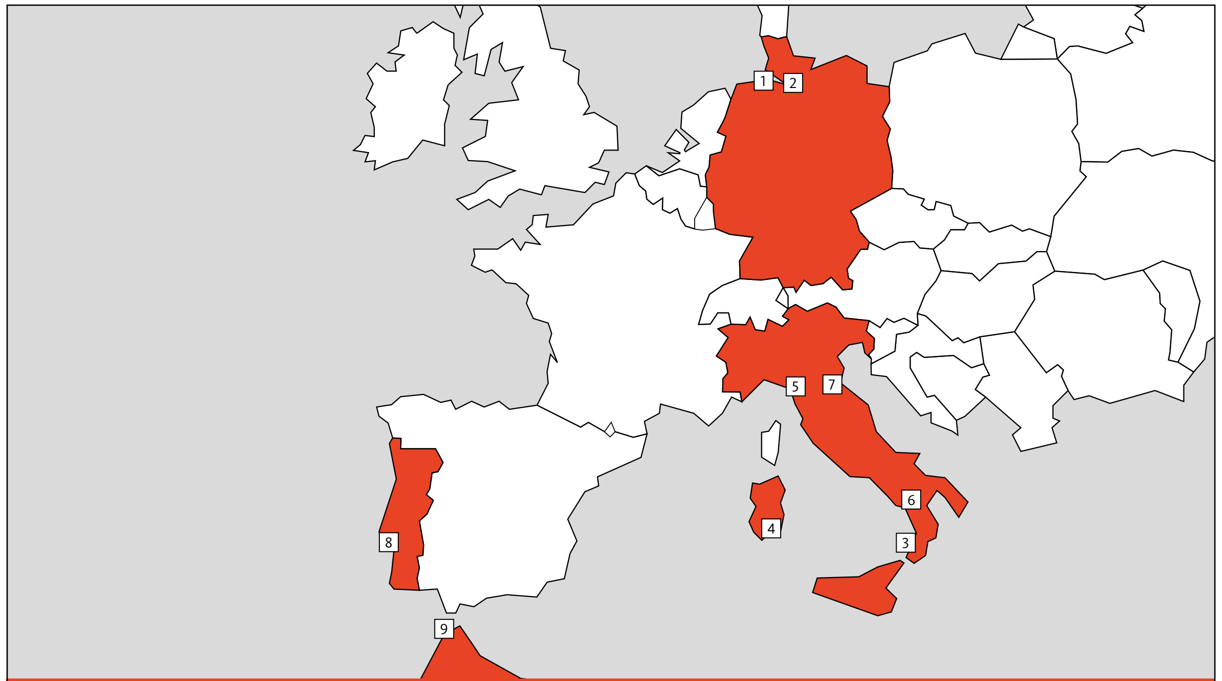
The Italian terminals of the CONTSHIP Italia Group recorded a decrease in handling volumes of 10.2 % to 4.243 million TEUs (previous year: 4.728 million TEUs) mainly due to the decline in handling volumes at the Medcenter Container Terminal in Gioia Tauro.

The year-end result of the CONTSHIP Italia Group in fiscal 2011 reflected the sharp drop in handling and earnings performance of the Medcenter Container Terminals as well as the unrealised gain from the disposal of the 50 % holding in the Terminal Darsena Toscana S.r.l., Livorno, recognised in the previous year and showed a corresponding downward trend. Net profit for the year in the reporting period amounted to EUR 6.3 million (previous year: EUR 27.1 million incl. EUR 10.6 million paper profit from the sale of Livorno).

At 2.265 million TEUs, handling figures at Medcenter Container Terminal S.p.A. in fiscal 2011 were significantly lower than the previous year's figure of 2.788 million TEUs with a deviation of –18.8 %. Mærsk Line discontinued its scheduled container services from Gioia Tauro completely in the second half of 2011. Due to declining handling volumes in conjunction with similarly declining average revenue as well as surplus capacity the Company again posted even higher negative net profit compared to the previous year.

La Spezia Container Terminal S.p.A. is a 60 % holding of CONTSHIP Italia S.p.A. Despite a 2.7 % increase in handling volumes to 1,069 million TEUs (previous year: 1,041 million TEUs), the Company recorded a slightly lower, yet still very positive, year-end result year-over-year due to the extremely high capacity utilisation. In fiscal 2011, La Spezia Container Terminal S.p.A. recorded the highest handling volume in the company's history to date.

With a total of 0.540 million TEUs, Cagliari International Container Terminal – CICT Porto Industriale Cagliari S.p.A. – actually handled 2.3 % fewer containers in fiscal 2011 (previous year: 0.553 million TEUs), but due to a rise in average revenue nevertheless posted a significantly higher operating result year-over-year.



Throughput figures of the EUROKAI container terminals

Site	2011	2010	Change
	TEUs	TEUs	%
Germany			
Bremerhaven (1)	5,900,341	4,871,297	+21.1
Hamburg (2)	2,054,421	2,119,628	–3.1
Total Germany	**7,954,762**	**6,990,925**	**+13.8**
Italy			
Gioia Tauro (3)	2,264,798	2,788,039	–18.8
Cagliari (4)	539,840	552,557	–2.3
La Spezia (5)	1,069,274	1,041,483	+2.7
Salerno (6)	170,961	171,473	–0.3
Ravenna (7)	198,410	174,073	+14.0
Total Italy	**4,243,283**	**4,727,625**	**–10.2**
Other			
Lisbon (8)	244,002	230,641	+5.8
Tangier (9)	844,007	680,795	+24.0
Total Other	**1,088,009**	**911,436**	**+19.4**
Total EUROKAI	**13,286,054**	**12,629,986**	**+5.2**

The figures include total handling at the terminal in question.

Sogemar S.p.A. provides rail and road carriage and operates inland terminals with in-and-out container storage, container repair, customs handling and warehousing. Due to a 9.2 % rise in the transport volume to 0.231 million TEUs (previous year: 0.211 million TEUs) compared to the previous year together with a rise in handling at the inland terminals, the Company showed a significant increase in profits and once again recognised positive comprehensive income year-over-year.

Despite a 5.6 % increase in intermodal transport volume to 18,900 TEUs (previous year: 17,900 TEUs), Hannibal S.p.A. posted a slightly degressive positive year-end result compared to the previous year owing to declining specific revenue.

The market share of the CONTSHIP Italia Group in container handling in Italy fell in fiscal 2011 to 43.8 % (previous year: 48.8 %). The CONTSHIP Italia Group nevertheless continued to defend its market leadership among Italy's container handling companies.

EUROGATE Group

The upward trend in container handling, combined with the positive effect of extensive cost-cutting measures, had a favourable impact on the business performance of the EUROGATE Group.

Against this background, with a rise in Group revenue of 9.6 % to EUR 656.8 million (previous year: EUR 599.6 million), the EUROGATE Group achieved a significantly improved operating result (EBIT) of EUR 99.3 million (previous year: EUR 83.3 million). Consolidated profit for the year increased to EUR 78.0 million (previous year: EUR 61.6 million).

Handling figures at the German locations developed inconsistently in the 2011 fiscal year. While the container terminals in Bremerhaven showed a rise of 21.1 % to 5.900 million TEUs (previous year: 4.871 million TEUs), handling volumes at EUROGATE Container Terminal Hamburg declined by 3.1 % and at 2.054 million TEUs fell slightly short of the previous year's figure of 2.120 million TEUs. The container terminals in Germany thus handled a total of 7.955 million TEUs (previous year: 6.991 million TEUs), corresponding to a rise of 13.8 %.

The comprehensive income of the companies in Germany that operate container terminals developed as follows:

With a handling figure of 2.054 million TEUs, EUROGATE Container Terminal Hamburg GmbH recorded a drop in handling volumes of –3.1 %. Due to the slightly regressive volume development, the Company's year-end result before profit transfer to EUROGATE GmbH & Co. KGaA, KG ("EUROGATE Holding") was down on the previous year. EUROGATE Container Terminal Hamburg GmbH nevertheless continues to have the highest profit contribution within the EUROGATE Group.

EUROGATE Container Terminal Bremerhaven GmbH recorded a growth of 30.1 % with a handling figure of 0.938 million TEUs (previous year: 0.721 million TEUs). Due to the positive handling trend in conjunction with the effects of the implemented flexibilisation and cost-saving measures, the Company again posted a significantly higher year-end result compared to the prior period before profit transfer to the EUROGATE Holding.

North Sea Terminal Bremerhaven GmbH & Co., a dedicated terminal for Mærsk Line, posted a volume figure 12.7 % above that of the previous year (2,960 million TEUs) in the fiscal year 2011, with 3.337 million TEUs handled. Thus the profit for the period once again improved significantly compared to the previous year.

With a handling volume of 1.625 million TEUs (previous year 1.190 million TEUs; +36.6 %), MSC Gate Bremerhaven GmbH & Co. KG, a joint venture between EUROGATE Holding and Terminal Investment Ltd., St. Peter Port, Guernsey, UK, a related company to Mediterranean Shipping Company S.A., Geneva, again recorded a significant rise compared to the previous year. Thus the Company once again clearly improved on the previous year's result.

LISCONT Operadores de Contentores S.A., Lisbon, Portugal, recorded a rise in handling volume over 2010 of 5.8 % with a total of 0.244 million TEUs handled. The Company's net earnings dipped slightly due to a non-recurring event recognised in the previous year.

Handling volumes of EUROGATE Tanger in Morocco increased in the third year of operation by 24.0 % to 0.844 million TEUs (previous year: 0.681 million TEUs), once again showing a clearly positive improvement over the previous year's result.

Key events in the course of the fiscal year

CONTSHIP Italia Group

In June 2011, CONTSHIP Italia S.p.A. founded CSM Italia-Gate S.r.l. and contributed its 66.7 % holding in the Medcenter Container Terminal S.p.A. to the Company.

Also in June 2011, Sogemar S.p.A. started with the expansion and upgrading of the inland terminal in Melzo (Milan). In the course of optimising this intermodal transhipment facility the terminal area will be increased by 80,000 m² and the railway tracks extended, thus expanding the handling capacity of the site.

With the installation of Super Post-Panamax container gantry cranes in conjunction with excavation work to deepen the access channel to the Medcenter Container Terminal S.p.A., a decisive interim step towards improving the terminal infrastructure was taken in July 2011. As a result, the Medcenter Container Terminal will be the only container terminal in the Mediterranean capable of handling three mega container vessels with a capacity of over 14,000 TEUs at the same time. This measure, combined with the more efficient utilisation of space and equipment capacities, made it possible to significantly increase productivity in ship clearance compared to the first six months of 2011.

Following the successful completion of measures to convert and raise a further container crane in December 2011 within the scope of a modernisation programme to improve handling capacities launched in 2010, La Spezia Container Terminal S.p.A. now has a total of ten gantry cranes for the handling of container vessels, three of which are capable of clearing ships with a width of 20 rows on deck. La Spezia Container Terminal is thus the only container terminal on the Ligurian Sea capable of handling ships with a capacity of 14,000 TEUs.

In September 2011, CONTSHIP Cagliari S.p.A., which previously held 72% of the shares in CICT Porto Industriale Cagliari S.p.A., merged with CONTSHIP Italia S.p.A. CONTSHIP Italia S.p.A., which already held 20% of the shares in CICT, now directly controls 92% of the shares.

OCEANOGATE Italia S.r.l., a joint venture between Sogemar S.p.A. and the Italian Ferrovie Emilia Romagna (FER) S.r.l., started operating as a rail transport undertaking in December 2011. It is planned to further expand the Company's activities in fiscal 2012.

EUROGATE Group

EUROGATE Container Terminal Bremerhaven GmbH expanded its activities in the wind power business segment in fiscal 2011. Activities focus on the elaboration of transhipment concepts and participation in associated tendering procedures of manufacturers of wind turbine components. In this context a working group was set up with a heavy lift company – with success, as following the successful letting of space the working group was also awarded a contract by a renowned German company in the wind power segment for the handling and storage of wind turbine components. In the field of wind power, Bremerhaven also recorded a significant increase in the handling volume of wind turbine components in 2011, with especially high volumes in Q4.

At the end of August 2009, the planning approval procedure was initiated for the expansion westward of the EUROGATE Container Terminal Hamburg. In addition to the complete filling of the Petroleumhafen, the project foresees the direct extension of the Predöhlkai by some 650 m as well as the creation of an additional 400 m of berths at the Bubendey waterside. This will provide an additional area of approx. 400,000 m². The expansion westward will increase the current handling capacity of the EUROGATE Container Terminal Hamburg by 1.9 million TEUs from its current 4.1 million TEUs to almost 6 million TEUs.

Another major goal of the measures being pursued with the planning approval procedure is the enlargement of the turning basin at the Waltershof Harbour to provide a turning radius of 600 m. Initial partial areas of the expansion westward were supposed to be available from 2014, but from the present-day perspective the project is not expected to be fully completed before 2017/2018.

The public hearing within the scope of the planning approval procedure was held in Q3 2011. The objections voiced at the public hearing and other comments were examined by the project sponsors in Q4 2011 and additional statements were drawn up for submission to the planning approval authority. From the present-day perspective the planning approval decision is expected to be adopted in the first half of 2012. The start of implementation depends on whether any opponents bring action against the measure.

Environmental associations have lodged an appeal with the Federal Administrative Court in Leipzig against the planning approval decision in favour of the deepening of the Outer Weser adopted in 2011. Public hearings are scheduled for May 2012. The project cannot start until a decision of the Federal Administrative Court has been reached.

Construction work on fabrication of the superstructure for EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG for the German deep-water port in Wilhelmshaven is running to schedule. Thus from the present point of view the container terminal is expected to go into operation in August 2012 as planned.

EUROGATE KV-Anlage Wilhelmshaven GmbH is investing in the multimodal railway station at the Wilhelmshaven site. In December 2011, the Company received the grant approval notice from the German Federal Railway Authority to fund the first development stage of the multimodal railway within the scope of the funding directive for intermodal transport.

After completion of construction work for the first development stage of the container terminal with a handling capacity of 440,000 TEUs p. a. the OJSC Ust-Luga Container Terminal, Ust-Luga, Russia, in which EUROGATE International GmbH has a 20% interest, went into operation in December 2011.

2. Earnings

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

	2011		2010		Change	
	EUR '000	%	EUR '000	%	EUR '000	%
Revenue	604,209		592,145		12,064	2
Other operating income	41,927		37,411		4,516	12
Total operating income	**646,136**	**100**	**629,556**	**100**	**16,580**	**3**
Cost of materials	–186,692	–29	–165,728	–26	–20,964	13
Personnel expenses	–279,450	–43	–282,220	–45	2,770	–1
Depreciation/amortisation/write-downs	–66,744	–11	–69,359	–11	2,615	–4
Other operating expenses	–52,892	–8	–47,799	–8	–5,093	11
Operating expenses	**–585,778**	**–91**	**–565,106**	**–90**	**–20,672**	**4**
Net operating income	**60,358**	**9**	**64,450**	**10**	**–4,092**	**–6**
Proceeds from the disposal of ownership interests in consolidated companies	0		10,598		–10,598	
Profit/loss from interest and investments	–9,683		–1,313		–8,370	
Earnings before taxes (EBT)	**50,675**		**73,735**		**–23,060**	
Income tax	–17,214		–15,698		–1,516	
Deferred tax charges	2,917		431		2,486	
Consolidated profit for the year	**36,378**		**58,468**		**–22,090**	
Thereof attributable to:						
Equity holders of the parent	28,597		39,463			
Hybrid capital holders	4,995		4,995			
Other shareholders	2,786		14,010			
	36,378		**58,468**			

External revenue of the EUROKAI Group amounted to EUR 604.2 million (previous year: EUR 592.1 million). EUR 271.0 million (previous year: EUR 287.6 million) of this was generated by the CONTSHIP Italia Group and EUR 328.4 million (previous year: EUR 299.8 million) by the 50% of the EUROGATE Group included in the consolidated financial statements.

Operating income (EBIT) for the fiscal year 2011 amounts to EUR 60.4 million (previous year: EUR 64.5 million), which shows a slight decrease of 6.4% (EUR 4.1 million) over the previous year. This results principally from the drop in handling volumes and earnings at the Medcenter Container Terminal S.p.A., Gioia Tauro, while the handling volume and earnings trend of the EUROGATE terminals at the Bremerhaven location showed a very positive development.

Income from interest and investments fell by EUR –8.4 million to EUR –9.7 million. The main reason for this is the non-recurring event in the amount of EUR 10.1 million from the associate J.F. Müller & Sohn AG, Hamburg recognised in the previous year, which realised a significant book gain from the disposal of a financial investment.

Due to the non-recurring events included in the previous year from the disposal of the 50% share in the Terminal Darsena Toscana S.r.l., Livorno, in the CONTSHIP Italia Group in the amount of EUR 10.6 million, as well as the non-recurring event from J.F. Müller & Sohn AG, Hamburg, in the amount of EUR 10.1 million – i.e. EUR 20.7 million altogether – pre-tax profit (EBT) as expected also showed a corresponding downturn, decreasing by –31.3 % on a year-over-year basis to EUR 50.7 million (previous year: EUR 73.7 million).

Principally as a consequence of the aforementioned non-recurring events included in the previous year, consolidated profit for the year declined compared to the previous year by EUR 22.1 million to EUR 36.4 million (–37.8 %).

3. Financial position

The following cash flows were posted in 2011 and 2010:

	2011	2010
	EUR '000	EUR '000
Net cash flows from operating activities	81,392	111,843
Cash flows used in investing activities	–40,634	–17,216
Cash inflows/outflows from financing activities	1,811	–67,115
Net increase/decrease in cash and cash equivalents	42,569	27,512
Cash and cash equivalents at 1 January	63,230	35,718
Cash and cash equivalents at the end of the period	**105,799**	**63,230**

Composition of cash and cash equivalents		
Cash and cash equivalents	108,109	67,649
Bank liabilities/overdrafts due on demand	–2,310	–4,419
Cash and cash equivalents at the end of the period	**105,799**	**63,230**

Based on the pre-tax profit for 2011 of EUR 50.7 million (previous year: EUR 73.7 million), cash flows from ordinary operating activities of EUR 81.4 million (previous year: EUR 111.8 million) were generated.

Unless stated otherwise, the figures given in the following paragraphs refer to the CONTSHIP Italia Group as a whole (100 %) and to the 50 % interest in the EUROGATE Group held by the EUROKAI Group.

Investment and finance

Investments by the Group in intangible assets and property, plant and equipment increased compared to the previous year and amounted in 2011 to EUR 56.9 million (previous year: EUR 39.2 million).

Investments by the CONTSHIP Italia Group of EUR 19.0 million (previous year: EUR 27.2 million) mainly covered the procurement and modernisation of giant equipment as well as the purchase and rehabilitation of land.

Pro rata investments by the EUROGATE Group amounted to EUR 37.9 million in 2011 (previous year: EUR 12.1 million). These mainly included investments in extending and surfacing terminal areas, power supply systems, rebuilding and upgrading of buildings and sheds, railway tracks, container cranes, straddle carriers and various items of handling equipment.

Financing of investments in giant handling equipment as well as fixtures and fittings and office equipment partly carried out in preceding years was secured in 2011 by new borrowings from banks totalling EUR 62.6 million.

During the same period, the Group made amortisation bank loan repayments of EUR 30.6 million.

4. Net assets

The structure of assets and equity in 2011 was as follows:

Assets	2011		2010		Change
	EUR '000	%	EUR '000	%	EUR '000
Intangible assets	60,747	7	63,092	7	–2,345
Property, plant and equipment	536,043	56	551,633	61	–15,590
Financial assets	50,848	5	48,551	5	2,297
Deferred income tax assets	11,725	1	9,284	1	2,441
Other assets	18,812	2	20,017	2	–1,205
Non-current assets	**678,175**	**71**	**692,577**	**76**	**–14,402**
Inventories	16,647	2	15,991	2	656
Trade receivables	93,591	10	96,776	11	–3,185
Other assets and recoverable income taxes	62,624	6	35,340	4	27,284
Assets classified as held for sale	506	0	0	0	506
Cash and cash equivalents	108,109	11	67,649	7	40,460
Current assets	**281,477**	**29**	**215,756**	**24**	**65,721**
Total assets	**959,652**	**100**	**908,333**	**100**	**51,319**

Equity and Liabilities	2011		2010		Change
	EUR '000	%	EUR '000	%	EUR '000
Issued capital	13,468	1	13,468	1	0
Personally Liable General Partner's capital and reserves	294	0	294	0	0
Capital reserves	1,801	0	1,801	0	0
Reserves from fair-value accounting	–781	0	–753	0	–28
Retained earnings	68,057	7	60,557	7	7,500
Accumulated profits	227,905	24	217,139	24	10,766
Reserve of exchange differences on translation	–19	0	–12	0	–7
Equity attributable to hybrid capital holders	77,010	8	77,010	9	0
Equity attributable to non-controlling shareholders	63,365	7	65,386	7	–2,021
Equity and liabilities	**451,100**	**47**	**434,890**	**48**	**16,210**
Non-current financial liabilities net of current portion	125,579	13	90,375	10	35,204
Non-current portion of deferred government grants	43,090	4	35,098	4	7,992
Other liabilities	59,276	6	68,299	8	–9,023
Deferred income tax liabilities	16,710	2	17,186	2	–476
Provisions	56,368	6	59,333	6	–2,965
Non-current liabilities	**301,023**	**31**	**270,291**	**30**	**30,732**
Current portion of non-current financial liabilities	38,683	4	41,720	5	–3,037
Trade payables	62,937	7	57,543	6	5,394
Current portion of deferred government grants	3,434	0	3,333	0	101
Other liabilities and income tax charges	93,115	10	88,027	10	5,088
Provisions	9,360	1	12,529	1	–3,169
Current liabilities	**207,529**	**22**	**203,152**	**22**	**4,377**
Total equity and libilities	**959,652**	**100**	**908,333**	**100**	**51,319**

With depreciation of EUR 62.6 million and retirements at residual book value of EUR 7.7 million, as well as investments amounting to EUR 55.1 million, property, plant and equipment decreased by EUR –15.6 million to EUR 536.0 million.

As in the previous year, non-current assets were covered in full by equity and non-current financial liabilities at the balance sheet date.

The increase in other assets and recoverable income taxes of EUR 27.3 million is attributable to higher claims for government grants, interest-bearing fixed term deposits and higher input tax reimbursement claims.

The rise in cash and cash equivalents by EUR 40.5 million to EUR 108.1 million reflects the positive liquidity position of the Group.

The change in accumulated profits is accounted for largely by the appropriation based on resolutions of the General Meeting of EUR 7.5 million to retained earnings and the dividend distribution of EUR 10.3 million to the shareholders, as well as the profit of EUR 28.6 million earned by the Group in 2011 and attributable to the equity holders of the parent.

Equity and liabilities increased in the fiscal year 2011 by EUR 16.2 million to EUR 451.1 million (previous year: 434.9 million), a rise of 3.7%. The equity ratio of the Group thus remained essentially stable at a steady 47% (previous year: 48%) despite the investments made.

Equity attributable to hybrid capital holders relates to the 50% pro rata interest apportionable to the EUROKAI Group of a subordinated, undated loan issued by EUROGATE GmbH & Co. KGaA, KG in the fiscal year 2007 with a total nominal amount of EUR 150 million, including the remaining entitlement to profits of the hybrid capital holders.

The rise in non-current financial liabilities, including current portion, resulted from the balance between the take-up of new loans to finance investments and amortisation payments already made.

The change in government grants is mainly due to grant approval notices from the German Federal Railway Authority under the funding directive for intermodal transport, less the pro rata reversal of the special reserve for government grants related to non-current assets over the period of use of the assets for which the grant had been received.

The decrease in other non-current liabilities results principally from the change in liabilities arising from financial leasing.

The change in trade payables results from high liabilities at the balance sheet date on account of investments.

5. Personnel and welfare

Once again in 2011, Group companies provided their staff with further training courses, both internal and external, in order to further increase their standard of qualification.

The following shows average employee numbers in the Group:

	2011	2010
Industrial workers	2,729	2,701
Office staff	1,174	1,179
	3,903	3,880

These figures contain 50% of staff belonging to the EUROGATE Group.

6. Report on post-balance sheet date events

In January 2012, by selling off 50% of the shares in CSM Italia-Gate S.p.A. (the legal form of the company was changed on 9 January 2012; previously: CSM Italia-Gate S.r.l.), the CONTSHIP Italia Group indirectly sold 33.35% of the shares in the Medcenter Container Terminal S.p.A. to Terminal Investment Limited (TIL). Terminal Investment Limited belongs indirectly to the Mediterranean Shipping Company S.A., Geneva, and is also EUROGATE's joint venture partner in MSC Gate Bremerhaven GmbH & Co. KG. The disposal of the shares and the associated long-term connection of the world's second-largest container shipping line with MCT in Gioia Tauro is a favourable development for the CONTSHIP Italia Group.

7. Sustainability report

Sustainable thinking and action are fundamental principles within the EUROKAI Group. Every container crane, every straddle carrier and every new building is a long-term investment in which energy efficiency, occupational safety and workplace convenience play an important role.

For many years, beyond the scope of its social responsibility, EUROKAI has gone that extra mile for the staff employed in our Group companies, as well as for the Company as a whole. A wide range of training and advanced training courses or various health programmes are just some examples of this.

Conserving the environment and resources has high priority and a long tradition within the EUROKAI Group. For us this is not merely a question of corporate responsibility; successful environmental protection is also an elementary component of our long-term corporate success. It is our declared goal through MAXIMUM EFFICIENCY, MINIMUM EMISSIONS and MAXIMUM SAFETY AND PRECAUTIONS to make protecting the environment a central mark of quality.

For example with the introduction of an energy management system in compliance with DIN EN 16001 from the 2012 fiscal year, EUROGATE has taken a step towards steadily rationalising specific energy utilisation at the EUROGATE container terminals.

With these basic principles in mind, additional measures were taken in 2011 to further reduce our ecological footprint.

Maximum efficiency

One central focus lies in systematically improving energy efficiency. The Group Management Board has set itself the clear target by 2020 to utilise 20% less energy per container and to reduce CO_2 emissions by 25% compared to 2008.

The EUROGATE Group has operated a CHP unit with an efficiency rating of 90.6% at the terminal in Bremerhaven since 1987. This company-own generation is a textbook example of efficiency, since conventional power plants operate with energy losses of over 50%. For 2012 it is planned to construct a further CHP unit at the Hamburg location. Another example of efficient utilisation of energy and resources are the woodscrap-fired heating stations built in 2006 and 2008, which convert shredded dunnage scrap to heat.

Terminal House, currently under construction at the Wilhelmshaven site, will also meet the highest energy standards. This is made possible among other things thanks to state-of-the-art heating and ventilation technology, at the heart of which is a CHP unit, as well as the integration of photovoltaic systems for solar power generation. It is also planned to install an additional photovoltaic system on the roof of the workshop building.

Further improvements in efficiency were implemented in the lighting technology sector in the 2011 fiscal year. Thanks to a complex lighting plan for the Container Terminal Wilhelmshaven, it will be possible to reduce energy consumption per m^2 to around 20% below the present standard. Furthermore, after extensive testing, a decision was taken that from 2011 all new vehicles in Hamburg are to be equipped exclusively with LED lighting systems.

Minimum emissions

As the main handling vehicles at our container terminals straddle carriers have for decades undergone continuous technological improvement. While earlier carriers emitted high levels of nitrogen oxides and fine particulate matter, modern equipment produces barely more than a third of the former values. Currently, the companies in the EUROKAI Group are participating actively in technical research into how future equipment can store braking and lowering energy and operate with significantly smaller engines and over the long term be powered with hydrogen.

A further step towards reducing emissions are the existing photovoltaic plants, which at the German sites alone produced approx. 40,000 kWh of environmentally friendly electricity in 2011 available for direct use.

Maximum safety and precautions

Sustainability is not a coincidence. It is the consequence of targeted, future-oriented planning and action. This includes systematic analysis and regular implementation of improvements. Our container terminals in Bremerhaven and Hamburg are environmental partners to the Free Hanseatic City of Bremen and the Free and Hanseatic City of Hamburg. In 2011, EUROGATE Container Terminal Hamburg GmbH was also project partner to the “Environment Capital Hamburg 2011”.

The companies in the EUROKAI Group systematically record and balance their energy consumption and CO_2 emissions. In 2011 binding reduction targets for the year 2020 were derived from this. By 2020 our aim is to chalk up 20% less energy and 25% less CO_2 per container than in 2008. In order to achieve this, EUROGATE began in 2011 to prepare the introduction of an energy management system. As part of this elaborate process, all areas are examined with regard to further potential for improvement.

8. Risk report and outlook

Risk management system

Risk management is regarded within the EUROKAI Group as a permanent task of management and is practised in all the Group's companies and organisational units as an “experiential” system. As such, risk management has for years been an integral part of management control. The main aims of risk management within the Group are to recognise and identify critical developments – as well as opportunities – at any early stage, to take measures to remove such risks, and to promote risk-aware and opportunity-led thinking at all levels within the Group. In general, the risk policy is characterised by a conservative approach.

Risk positions

Via the CONTSHIP Italia Group as well as the EUROGATE Group, the EUROKAI Group is principally exposed to strategic risks, market risks, financial risks and operational risks.

Strategic risks, market risks and operational risks

As a financial holding company, EUROKAI Holding is exposed via its subsidiaries to the individual risks of the various business fields. Risks are identified and inventoried as part of the process of preparing the annual financial statements and report. The subsequent assessment of the impact of these risks on the overriding corporate objectives defined for EUROKAI, combined with an estimate of their probability of occurrence, is condensed into a risk portfolio for each undertaking. The risks documented therein encompass the entire spectrum of operational activities, especially those arising from the operation of several container terminals.

The EUROKAI Group continues to hold that a deepening of the Outer Weser and Elbe is urgently necessary to secure and position the German seaports in the North Range so that ever-larger container vessels can operate without problems into and out of Hamburg and Bremerhaven. In fiscal 2011, the nautical problems encountered by the ever-growing number of mega container ships further intensified. Should either of these schemes – or both – fail to materialise, or should they be seriously delayed, this may have a highly adverse effect on future developments in handling volumes.

Furthermore, the modernisation of the existing locks, construction of the fifth lock and completion of the modernisation of the Kiel Canal (Nord-Ostsee-Kanal) (deepening by one metre along the entire length, modifications at the berthing places, bends and locks) is of key importance. Due to the geographical proximity of the port of Hamburg to the Baltic, a high proportion of the container flows to and from the neighbouring Baltic states is handled as transhipment traffic via Hamburg. Because of the advantages it offers in terms of time, costs and distance, this traffic as a rule passes through the Kiel Canal. However, due to the growing size of the feeder ships serving the Baltic, the Kiel Canal is rapidly reaching the limits of its capacity. If feeder services can no longer be directed through the Kiel Canal, however, they must sail the much longer route via Skagen. This leads to a loss of the natural competitive advantages of the German ports compared to the West Ports and consequently the risk of volume losses. Given these considerations, increasing the capacity of the Kiel Canal is urgently necessary so that traffic flows between the North Sea and the Baltic can continue to be handled efficiently via the Canal in the future. According to current redevelopment plans, the Canal should be cleared for traffic by early 2018.

A cumulative factor in terms of market risk is the fact that in the next three to four years additional port capacities will become available in the North Range (Wilhelmshaven, Maasvlakte II Rotterdam, Port 2000 Le Havre). These and other terminal capacity expansions may lead to changes in load flows and customer structure with a negative impact on the structure and level of freight rates. This applies in particular and unchangedly to feeder traffic.

The consolidation in the container shipping industry is expected to persist. From Q4 2011, new cooperations and consortiums were formed. Since there are free capacities at the container terminals – at least in the medium term – the consolidation is increasing the market power of the remaining consortiums/shipping lines, and consequently the earnings pressure, as well as the need for the container terminals to further implement sustainable cost reductions.

Financial risks

Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise loans, finance leases and hire purchase contracts, as well as cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments, such as trade receivables and payables, which arise directly from its operations.

Derivatives for hedging interest rates are only used for the purposes of hedging open risks. Interest derivatives are used exclusively to optimise loan terms and minimise interest rate risks as part of matching-maturity financing strategies. Derivatives are not used for trading or speculation.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Management Board reviews and agrees policies for managing each of these risks, and they are summarised below. The market price risk is also monitored for all financial instruments at Group level. The Group's accounting and valuation policies in relation to financial instruments, as well as quantitative details relating to the financial instruments used within the Group, are set out in Sections 3 and 37 of the Notes to the consolidated financial statements.

Interest rate risk

The Group's exposure to interest rate risks relates primarily to the Group's non-current loans and non-current financial liabilities.

The Group's policy is to manage its interest rate risks using a mix of fixed and floating rate debt. The vast majority of the liabilities to banks are non-current, i.e. interest rates have been fixed up to the end of the financing period. Furthermore, interest rates were and are to a certain extent hedged for loans to be taken up in the future by agreement of forward interest rate swaps.

Values relating to financial instruments are presented in Section 37 of the Notes to the consolidated financial statements for 2011.

Foreign currency risk

All Group entities – with the exception of FLOYD ZRt., which is recorded in Hungarian forint (HUF) – currently invoice exclusively in EUR. Consequently, currency risks can only arise in specific cases, e.g. as a result of foreign dividend income or purchase of goods and services abroad. Currently there are no noteworthy currency risks in the Group arising from such specific cases.

Credit risk

The Group's credit risk principally results from trade receivables. The amounts disclosed in the balance sheet exclude bad debt allowances for expected uncollectible receivables estimated on the basis of past experience and the current economic environment. Ongoing monitoring of receivables by the Management Board reduces the exposure of the Group to any significant credit risk.

Credit risk is limited for cash and cash equivalents and derivatives, as these are held at banks or transacted with banks which are awarded a high credit rating by international rating agencies.

The Group's maximum credit risk for financial assets corresponds to the carrying amount for these financial instruments disclosed in the balance sheet.

Liquidity risk

EUROKAI Group's liquidity is ensured by autonomous and independent cash pooling of the subsidiaries with the respective holding companies of the sub-groups, both within CONTSHIP Italia Group and EUROGATE Group, as well as by centralised cash management functions within the respective corporate groups.

Centralised investment control and credit management at holding level also ensure the timely provision of funds (loans/leases/rent) to meet all payment obligations.

There are currently no significant concentrations of financial risk within the Group.

No risks currently exist which would have the capacity to place the Company in financial jeopardy, such as overindebtedness, insolvency or other risks with particular effect on its net assets, financial position and income from operations.

Reporting-related internal control system

The objective of the internal control system (ICS) for the reporting process is to guarantee with reasonable certainty that the financial statements are drawn up in compliance with the applicable regulations.

With respect to the reporting process, the following structures and processes are implemented within the EUROKAI Group:

- The principles, operational and organisational structure, as well as processes underlying the reporting-related internal control and risk management system are laid down in directives and operating procedures that are adapted to reflect ongoing internal and external developments.
- The EUROKAI Group has a clear management and corporate structure.
- The functions of the main divisions involved in the reporting process – finances, accounting and controlling – are clearly separated. The spheres of responsibility are clearly allocated. The separation of functions and the two-man rule are key principles of control in the reporting process.
- The IT systems used for financial reporting are protected against unauthorised access by means of corresponding security systems.
- Uniform reporting practice is guaranteed in particular through Group-wide terms of reference (e.g. investment guideline, purchasing guideline, travel expenses guideline). These are regularly updated.
- Reporting-relevant processes are regularly reviewed by external auditors.

The Management Board of the Personally Liable General Partner bears overall responsibility for the internal control and risk management system with respect to the reporting process within the company. This integrates all divisions via a predetermined management and reporting organisation.

To enable a rapid response to unexpectedly arising negative developments, regular – at least once monthly – reports to the Management Board form part of the control and risk management system.

The expectations and goals form the basis of annual medium-term planning, which is presented to the Supervisory Board. Reporting also covers the operating income of the Company's investees.

9. Disclosure requirements pursuant to Section 315 (4) of the German Commercial Code (HGB) and explanatory report

Issued capital

The issued capital of EUR 13,468,494.00 has been fully paid up. It is divided into 6,759,480 ordinary voting shares with a nominal value of EUR 1.00 each, 6,708,494 non-voting preference shares with a nominal value of EUR 1.00 each, and one preference voting share with a nominal value of EUR 520.00.

The ordinary voting shares are made out to bearer.

The preference voting share is registered and carries a preference dividend of 15% of the residual profit for the year in accordance with the internal balance sheet pursuant to Section 16 of the Articles of Association, which ranks above dividends from other share classes.

A nominal value of EUR 1.00 of the voting shares confers a single vote.

The non-voting preference shares are made out to bearer and are endowed with a preference profit participation within the scope of Section 139 of the German Joint Stock Companies Act (AktG), which comprises an advance dividend of 5% (Section 5 (1) of the Articles of Association).

The following entities directly or indirectly hold more than 10% of the voting shares:

- Eighteen Sixty five GmbH, Hamburg
- Nineteen Sixty one GmbH, Hamburg
- Thomas H. Eckelmann GmbH, Hamburg
- Twenty two Eleven Beteiligungs GmbH & Co. KG, Hamburg
- J.F. Müller & Sohn AG, Hamburg

For disclosures relating to the shareholders of the Company pursuant to the provisions of the German Securities Trading Act (WpHG) we refer to the information contained in Section 27 of the Notes to the consolidated financial statements.

Capital attributable to the Personally Liable General Partner

As at 31 December 2011, the Personally Liable General Partner, Kurt F.W.A. Eckelmann GmbH, Hamburg, made a capital contribution of EUR 294,083.65 pursuant to Section 5 of the Articles of Association. The participating share of the fixed deposit amounting to EUR 282,321.38 participates in the profit for the year proportional to the fixed contribution to the share capital of EUROKAI KGaA, which is calculated on the basis of an internal balance sheet prepared in accordance with Section 16 of the Articles of Association. In the case of future increases in share capital, under Section 5 of the Articles of Association the Personally Liable General Partner is authorised at any time to raise the fixed contribution by up to 20% of the respective amount of the capital increase.

The Personally Liable General Partner may instead of or in addition to the fixed capital contribution also acquire preference shares of the Company or convert the already paid in contribution wholly or in part into preference shares of the Company.

Appointment and termination of management mandates and amendment to the Articles of Association

In the case of a Kommanditgesellschaft auf Aktien (partnership limited by shares), the duties of the Management Board of a joint stock company are incumbent upon the Personally Liable General Partner. In accordance with Section 278 (2) of the Joint Stock Companies Act (AktG) in conjunction with Section 164 HGB, and lacking any specific provisions in the Articles of Association of EUROKAI KGaA, management is thus incumbent upon the Personally Liable General Partner, Kurt F.W.A. Eckelmann GmbH, represented by its management. The appointment and termination of management mandates is governed by Section 6 of the Articles of Association of the Personally Liable General Partner. Under these provisions, the Administrative Board of the Personally Liable General Partner appoints the management for a maximum period of five years. Reappointments or extensions of the term of office – in each case for a maximum of five years – are also permitted. In the case of extraordinary business acts, the Personally Liable General Partner must seek the prior endorsement of the Supervisory Board.

Amendments to the Articles of Association affecting the organisational framework of the Company are made in accordance with Sections 285 and 179 AktG in conjunction with Sections 161 and 119 HGB. Pursuant to Section 179 AktG in conjunction with Section 19 of the Articles of Association, the Supervisory Board has the powers to decide on amendments and additions to the Articles of Association provided these affect this version only.

10. Outlook

While economic institutes are anticipating slightly weakened but still above 3% growth for the world economy, for Germany they are projecting only marginal growth of 0.8%. Italy is expected to show a slightly declining economic development. However, there is still a great deal of uncertainty as to whether and to what extent the debt crises in a number of European countries will impact the European and the global economy.

The strong competitive pressure among container shipping lines, caused not least by the high number of new container vessels being built, also creates considerable uncertainties for the container terminals. The container shipping lines are currently sustaining very heavy losses in almost all trade lanes, but above all on the Asia–Europe route. In Q4 2011 and at the beginning of 2012, a number of collaborations were therefore announced between our customers. It is not yet clear how this will impact the container terminals in our Group. However, all in all it is likely to increase competitive pressure on the container terminals, so that declining revenue and volume levels cannot be ruled out.

Globalisation and world trade continue to offer good medium- and long-term prospects for logistics companies and container terminal operators. As a result of stronger global economic integration of the emerging economies in Asia and central and eastern Europe, as well as globalisation, we are confident that we are well-placed to profit again from the sustained upturn in the economy in the medium term.

The focus for the CONTSHIP Italia Group in the 2012 fiscal year is on reorganisation and further strengthening of the Medcenter Container Terminal in Gioia Tauro with the goal to achieve a positive development of handling volumes and earnings over the short term. An important milestone in this direction has already been reached with the indirect equity interest of the Mediterranean Shipping Company S.A.

Within the EUROGATE Group 2012 will see completion of the superstructure for the first construction stage of the EUROGATE Container Terminal Wilhelmshaven, the first deep-water port in Germany with a water depth of 18 metres. The start of operations is scheduled for August 2012.

Taking into account the anticipated changes in the structures of scheduled container services and the possible repercussions this may have for individual terminals within our corporate Group, a decline in handling volumes for the fiscal year 2012 cannot be ruled out. In conjunction with the anticipated planned startup losses of the EUROGATE container terminal in Wilhelmshaven and the corresponding impact on Group earnings, for 2012 we are currently anticipating a decline in consolidated net profit for the year compared to 2011. For 2013 we are expecting handling volumes to pick up again and this to be reflected in an improved result over 2012.

Based on continued sound balance sheet ratios and with an equity ratio of 47%, the EUROKAI Group is well prepared to field the challenges still to come.

11. Management Statement pursuant to Section 289 a of the German Commercial Code (HGB)

The Management Statement is published on our website at www.eurokai.de.

12. Closing remarks

The Personally Liable General Partner has drawn up a Dependency Report on legal and business relations with affiliated companies, containing the following closing remarks:

“Our Company received due and proper remuneration for all legal transactions listed in the report on relations with affiliated companies, as far as we were aware at the time when said transactions were made. No other transactions to the debit or credit of our Company have been either undertaken or omitted.”

Hamburg, Germany, 26 March 2012

The Personally Liable General Partner
Kurt F.W.A. Eckelmann GmbH, Hamburg

Thomas H. Eckelmann
Cecilia E. M. Eckelmann-Battistello

04 Report of the Supervisory Board

Première: clearance of the "Mærsk Vancouver" at the newly opened Ust-Luga Container Terminal, March 2012.

Once again in 2011 the Supervisory Board carried out the duties required of it by law, by the Company's Articles of Association, and by the German Corporate Governance Code. It monitored the conduct of the Management Board of the Personally Liable General Partner and acted in an advisory capacity.

In the course of the 2011 fiscal year, the Supervisory Board was informed regularly, promptly and comprehensively by the Management Board of the Personally Liable General Partner, through both written and verbal reports, about the current situation and all matters relating to EUROKAI KGaA and its subsidiaries, as well as joint enterprises included in the consolidated group, with respect to the business policy, corporate planning, in particular financial, investment and personnel planning, as well as the business development, the financial, earnings and risk situation, risk management, the internal control system, internal auditing including compliance, strategic development, as well as all major business transactions and business projects affecting these companies.

The key focuses of extensive information and discussion in 2011 were in particular

- the development of the EUROGATE Container Terminal in Wilhelmshaven,
- the development of the Ust-Luga Container Terminal in Ust-Luga, Russia,
- the development of the EUROGATE Tanger Container Terminal in Tangier, Morocco
- the report on the risk management system and internal auditing activities within the EUROKAI Group
- the indirect disposal of 33.35% of the shares in Medcenter Container Terminal S.p.A. by the CONTSHIP Italia Group
- the status report on the initiated and implemented cost-cutting measures in the subsidiaries and holdings of the EUROKAI Group
- the competitive position of the subsidiaries and holdings in the relevant markets

The Supervisory Board also consulted in-depth with the Management Board on the development of world trade resulting from the general market recovery, as well as the possible repercussions for the world economy due to the ongoing global financial crisis. In-depth consideration was also given to the consequences of the increasing deployment of ever-larger container vessels (ULCS) as well as the development of terminal capacities, the development of the flows of forwarding loads in the North Range and the Mediterranean, the resulting sea-side and shore-side consequences as well as the conclusions to be drawn.

Dr. Hans-Joachim Röhler,
Chairman of the Supervisory Board

Although the planning approval decision for the deepening of the navigation channel of the River Elbe drafted at the beginning of the year marked an important milestone, the Supervisory Board continues to view the deepening of the Outer Weser and the Elbe rivers, as well as an increase in the capacity of the Kiel Canal, to be absolutely imperative.

The Supervisory Board approved and monitored adherence to the Management Board's corporate planning and to the actions and objectives contained therein. It held detailed consultative discussions with the Management Board of the Personally Liable General Partner and took decisions on such business actions of the Management Board subject to its approval by law or under the Company's Articles of Association relating to corporate strategy and its implementation, business deviations from the plans and targets, as well as material business transactions based on the written and verbal reports. The Supervisory Board gave its approval on all actions and all business requiring its authorisation, following joint examination and discussion with the Management Board of the Personally Liable General Partner.

Based on the comprehensive reporting on the internal control system, risk management and internal auditing system, including compliance, the Supervisory Board is of the opinion that these systems are applied within the EUROKAI Group in a reliable and efficient manner.

The results of the self-evaluation performed in the previous year were also the subject of the discussions of the Supervisory Board.

On appointing the auditor, the Supervisory Board further defined the main focuses for the audit of the 2011 annual financial statements as well as the audit fee.

Members of the Supervisory Board and members of the Management Board of the Personally Liable General Partner were involved in no conflicts of interest. The Supervisory Board is of the opinion that it has a sufficient number of independent members.

The Management Board of the Personally Liable General Partner kept the Chairman of the Supervisory Board constantly informed of all business actions and pending decisions of material importance, also between meetings of the Supervisory Board.

Four regular meetings were held altogether, two per half-year. One resolution to approve unscheduled investments at EUROGATE Container Terminal Hamburg GmbH was passed by written procedure. No member participated at less than half of the sessions. The Management Board of the Personally Liable General Partner was represented at all the meetings.

In order to perform its duties more effectively, the Supervisory Board has set up a Financial Audit Committee and a Human Resources Committee. The Financial Audit Committee held one meeting during the 2011 fiscal year. The Financial Audit Committee discussed the half-yearly financial report with the Management Board of the Personally Liable General Partner within the scope of a telephone conference. The Human Resources Committee did not meet during the reporting period.

The financial statements and the management report of the Company for the last fiscal year were drawn up in accordance with the requirements of the German Commercial Code (HGB) and the consolidated financial statements and Group management commentary were prepared in accordance with International Financial Reporting Standards (IFRS), as applied in the EU, in conjunction with the supplementary requirements pursuant to the provisions of Section 315a (1) of the German Commercial Code (HGB) and the supplementary provisions of the Articles of Association. The financial statements and management report of the Company and the consolidated financial statements and management commentary of the EUROKAI KGaA Group, including the accounts on which they are based, for the fiscal year 2011 have been examined by the auditor, Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Hamburg, in accordance with German auditing regulations and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) (IDW PS 450) and each been issued an unqualified audit opinion. The auditors also confirmed that the Management Board of the Personally Liable General Partner has installed an appropriate monitoring system as required pursuant to Section 91 (2) of the Joint Stock Companies Act (AktG), which is suitable in its design and handling to identify at an early stage developments which could place the continued existence of the EUROKAI Group at risk.

The auditor has issued the following unqualified opinion for the report by the Management Board on relations with affiliated companies (Dependency Report) in accordance with Section 312 of the Joint Stock Companies Act (AktG):

“After due and proper examination and assessment, we hereby confirm that

1. all information contained in the report is correct,
2. payment made by the Company for all legal transactions stated in the report was not inappropriately high.”

Immediately following preparation, the annual financial statements and the management report of the Company, the consolidated financial statements and Group management commentary, the proposal for the distribution of profits, the report on relations with affiliated companies and the auditors’ reports were submitted in good time to all the members of the Supervisory Board.

Following a detailed preliminary assessment by the Financial Audit Committee, in the presence of the auditor and the Management Board of the Personally Liable General Partner, the Supervisory Board at its meeting of 17 April 2012 examined the annual financial statements of the Company and the consolidated financial statements of the Group as at 31 December 2011, as well as the management report/commentary, the proposal for the distribution of profits, the report on relations with affiliated companies for the fiscal year 2011 and the results of the audit of the annual financial statements and the report on relations with affiliated companies by the auditors. At this meeting, the above documents were discussed in detail with the Management Board of the Personally Liable General Partner in the presence of the auditor.

Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Hamburg, reported to the Supervisory Board on the course of its audits and on their main results. The auditor also reported on the main focal points of its audit. Following this report, all the Supervisory Board’s questions were answered in full by the Management Board of the Personally Liable General Partner and the auditor.

Following the comprehensive examination by the Financial Audit Committee and the Supervisory Board, the Supervisory Board concurred with the financial statements and management report of the Company, the consolidated financial statements and Group management commentary, the proposal for the distribution of profits, the report on relations with affiliated companies, including the closing remarks of the Management Board of the Personally Liable General Partner contained therein and the results and report of the auditors. It approves the financial statements of EUROKAI KGaA and of the Group drawn up by the Management Board as at 31 December 2011. The Supervisory Board agrees to the proposed appropriation of profits.

Based on the recommendation of the Audit Committee, the Supervisory Board proposes that Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg be appointed as auditor for the 2012 fiscal year. To this end, the auditor issued a declaration of autonomy.

The Supervisory Board, jointly with the Management Board of the Personally Liable General Partner, resolved upon the text and issue of the Management Statement pursuant to Section 289 a HGB (German Commercial Code) including the Statement of Compliance, pursuant to Section 161 of the Joint Stock Companies Act (AktG) for the 2011 financial year.

At its meeting of 13 December 2010, the Supervisory Board empowered EUROKAI KGaA to grant Thomas H. Eckelmann GmbH – the sole shareholder of Eckelmann GmbH – which holds 75.47 % of the share capital of EUROKAI KGaA, a credit line of up to EUR 20 million at terms usual for third parties (interest rate, collateral). A corresponding loan contract was signed on 3 January 2011. The loan was taken up for the first time on 5 January 2011 and was made available up to 31 December 2011 with EUR 1.7 million. Eckelmann GmbH holds 38.76 % of the preference shares of EUROKAI KGaA as well as the voting preference share no. 00001.

Pursuant to Section 11 of the Articles of Association, the Supervisory Board is composed of six members. With the end of the 2011 General Meeting, Dr Claus Gerckens stepped down from the Supervisory Board. Dr Winfried Steeger, managing director of Jahr Holding GmbH & Co. KG, Hamburg, was appointed as his successor for the remainder of the original period of office of Dr Claus Gerckens until the end of the 2012 General Meeting. Mr Jochen Döhle and Mr lic. oec. Raetke Müller were reelected at the 2011 General Meeting until the end of the 2015 General Meeting. The period of office of Dr Hans-Joachim Röhler and Mr Max Warburg terminates with the end of the 2012 General Meeting, that of Mr Bertram Rickmers with the end of the 2013 General Meeting.

The Supervisory Board would like to thank the Management Board of the Personally Liable General Partner and all employees in the affiliated companies of EUROKAI KGaA in Germany and abroad for their work in 2011. Through their commitment they made a valuable contribution to successfully overcoming the challenges in the just completed financial year.

Hamburg, Germany, 17 April 2012
The Chairman of the Supervisory Board

Dr. Röhler

Dr Hans-Joachim Röhler

05 Corporate Governance Report

Great prospects: storage of components for wind turbines at the EUROGATE Container Terminal Bremerhaven.

Management Statement including Corporate Governance Report and Statement of Compliance

Joint report of the Personally Liable General Partner and the Supervisory Board pursuant to Section 289 a of the German Commercial Code (HGB) and Figure 3.10 of the German Corporate Governance Code in the amended version from 26 May 2010.

As a company listed on the German stock exchange and having its head office in Germany, the general Corporate Governance framework for EUROKAI KGaA is governed by the applicable laws, the internal guidelines and the German Corporate Governance Code. Apart from justified exceptions, EUROKAI KGaA complies with the main recommendations of the Corporate Governance Code.

EUROKAI KGaA is a partnership limited by shares and as such an independent legal entity pursuant to Section 278, (1) of the German Joint Stock Companies Act (AktG), in which at least one partner is generally liable with the entirety of its assets vis-à-vis the company's creditors (Personally Liable General Partner) and the others have a stake in the authorised capital, which is divided into shares, without being personally liable for the Company's liabilities (partnership shareholders).

The Personally Liable General Partner of EUROKAI KGaA responsible for running the business of the KGaA is Kurt F.W.A. Eckelmann GmbH, Hamburg. It is represented by the Managing Directors Mr Thomas H. Eckelmann (Chairman) and Ms Cecilia Eckelmann-Battistello. The Managing Directors are appointed and withdrawn by the Administrative Board of Kurt F.W.A. Eckelmann GmbH. The Administrative Board also concludes the senior executive agreements with the Managing Directors and determines the assignment of duties/rules of procedure of the Management Board.

EUROKAI KGaA is a financial holding company. Its principal ownership interests are the indirect 66.6 % holding in the share capital of CONTSHIP Italia S.p.A., Genoa, Italy, via the intermediate holding companies Borgo Supermercati S.r.l., Genoa, and MIKA S.r.l., Genoa, as well as the 50 % interest in the joint venture EUROGATE GmbH & Co. KGaA, KG, Bremen, the holding company of the EUROGATE Group, in which BLG Logistics Group AG & Co. KG, Bremen also holds 50 %. The EUROGATE Group, in turn, has a 33.4 % stake in CONTSHIP Italia S.p.A. Thus EUROKAI KGaA effectively holds a total 83.3 % interest in the CONTSHIP Italia Group. Ms Cecilia Eckelmann-Battistello is CEO of CONTSHIP Italia S.p.A. and Mr Thomas H. Eckelmann is Chairman of the Group Management Board of EUROGATE GmbH & Co. KGaA, KG as well as a member of the Board of Directors of CONTSHIP Italia S.p.A.

EUROKAI KGaA has no employees of its own. Tasks not related to the management structure of EUROKAI KGaA, such as finances, controlling and accounting are handled by EUROGATE GmbH & Co. KGaA, KG within the scope of a service agreement.

Shareholders and the General Meeting

The shareholders of EUROKAI KGaA exercise their rights at the General Meeting, in particular the Annual General Meeting. This decides on all matters determined by law and the Articles of Association. Thus, pursuant to Section 286, (1) of the Joint Stock Companies Act (AktG), the General Meeting rules on the approval of the annual financial statements. This ruling requires the approval of the Personally Liable General Partner. Under the provisions of Section 285, (2) AktG, resolutions of the General Meeting also require the approval of the Personally Liable General Partner.

In voting procedures each voting share is entitled to one vote per share.

Every shareholder who registers in due time is eligible to attend the General Meeting. Provided they have registered in due time and have a participation card, shareholders who are unable to personally attend the General Meeting may assign their voting rights by proxy to a chosen representative, for example a bank, a shareholders' association or the company's nominated proxy, to vote on their behalf.

The invitation to the General Meeting as well as the reports and information required for the passing of resolutions are published in compliance with the requirements under stock corporation law and made available on the EUROKAI KGaA website.

Cooperation between Personally Liable General Partner and Supervisory Board

The Personally Liable General Partner and the Supervisory Board of EUROKAI KGaA give high priority to responsible and transparent management committed to corporate responsibility and geared towards long-term success, as well as to the appropriate management of risks. The Personally Liable General Partner informs the Supervisory Board regularly, promptly and comprehensively regarding all matters relevant to the Company relating to the corporate strategy, business policy, planning, business development, financial position and financial performance, planning deviations, the risk situation, risk management, the internal control and auditing system and compliance. Furthermore, it ensures compliance with legal requirements; in particular the measures stipulated in Section 91, (2) of the German Joint Stock Companies Act (AktG), and uses its influence to ensure their compliance within the Group companies.

The Supervisory Board advises and supervises the Personally Liable General Partner in the running of the Company. In the case of exceptional business transactions, the Personally Liable General Partner must obtain the prior approval of the Supervisory Board pursuant to Section 7 of the Articles of Association. Furthermore, it must submit a budget plan/earnings statement as well as an annual investment and financial plan to the Supervisory Board for approval and report on their implementation on a three-monthly basis. The Supervisory Board examines and approves the financial statements and the management report of the Company as well as the consolidated financial statements and Group management commentary and management's proposal on the appropriation of net retained profits.

The Supervisory Board has drawn up internal rules of procedure to govern its work. The Chairman of the Supervisory Board coordinates work performed by the Board, chairs its meetings and represents the Board's interests vis-à-vis third parties.

For more information we refer to the Report of the Supervisory Board on page 24 of our Annual Report. The Annual Report is also published on our website www.eurokai.de.

Composition of the Supervisory Board

Pursuant to Section 11 of the Articles of Association, the Supervisory Board of EUROKAI KGaA is composed of six members, who are elected by the shareholders. They are appointed for a term of four years. In compliance with the recommendations of the German Corporate Governance Code, Supervisory Board members are elected individually.

Former managing directors of the Personally Liable General Partner of EUROKAI KGaA whose appointed term ended less than two years ago are not represented on the Supervisory Board. In its own estimation, the Supervisory Board has a sufficient number of independent and internationally experienced members.

Based on its self-evaluation, the Supervisory Board believes that as a group it possesses the necessary integrity, commitment and professionalism as well as the knowledge, ability and expert experience required to properly complete its tasks in a company operating at an international level.

Recommendations by the Supervisory Board to the General Meeting shall take the selection criteria of Sub-sections 5.4.1, 5.4.2 and 5.4.5 of the German Corporate Governance Code (DCGK) into account in its decisions. However, the Supervisory Board and the General Meeting must continue to be free in their decision to select whoever is the most suitable candidate to perform the duties of a member of the Supervisory Board in an internationally operating company in terms of their knowledge, skills, professional experience, personal integrity, motivation, professionalism, independence, international experience and time budget. Against this background, the Supervisory Board refrains from identifying concrete objectives regarding its composition, since in all instances priority is given exclusively to an impartial, gender-unbiased decision oriented towards the interests of the Company. In this respect, the recommendations pursuant to Sub-section 5.4.1, para. 2 and 3 of the German Corporate Governance Code (DCGK) are not complied with (cf. separate statement of compliance in accordance with Section 161 of the Joint Stock Companies Act (AktG) below).

Committees of the Supervisory Board

The Supervisory Board of EUROKAI KGaA has set up a Financial Audit Committee and a Human Resources Committee, which are each composed of three members of the Supervisory Board. The committees prepare decisions that are deliberated at the meetings of the Supervisory Board and complement the work of the Supervisory Board. The Supervisory Board can, in as far as the law and the Articles of Association permit, form additional advisory and decision-making committees as and where necessary.

The principal tasks of the Audit Committee are to discuss the half-yearly financial report with the Management Board of the Personally Liable General Partner, to audit the disclosures included in the annual financial statements and consolidated financial statements, management commentaries, Dependency Report and – in consultation with the auditor – the auditors' findings and reports; additionally to prepare the decision of the Supervisory Board on the approval of the annual financial statements and the consolidated financial statements, the appointment of the auditor, as well as the proposal of the Personally Liable General Partner for the distribution of accumulated profits. Furthermore, the Audit Committee monitors the accounting process, the effectiveness of the internal control system, the risk management system, the auditing system and the annual audit, and in particular the independence of the auditor and any services additionally provided by the auditor.

The Chairman of the Audit Committee is independent and has gained extensive professional know-how and experience in the application of accounting principles and internal control procedures.

Compensation of the Supervisory Board

The compensation of the Supervisory Board is specified in Section 13 (1) of the Articles of Association, which has the following wording:

"In addition to reimbursement of all necessary expenses and an attendance fee of EUR 500.00 for each meeting attended, every member of the Supervisory Board shall receive annual compensation in the amount of EUR 3,000.00. The Deputy Chairman of the Supervisory Board shall receive 1.5 times and the Chairman of the Supervisory Board three times this amount."

For information regarding the remuneration of the statutory organs of the company, we refer to No. 39 and No. 45 of the Notes to the Consolidated Financial Statements.

Transparency

EUROKAI KGaA informs the general public regularly and promptly about the economic situation of the Group. The Annual Report, half-yearly financial report as well as the first- and third-quarterly interim statements are published within the statutory periods (www.eurokai.de under the heading "Financial Reports"). Newsworthy events and new developments are reported in press releases and, where necessary, ad-hoc announcements (www.eurokai.de under the heading "Investor Relations"). Information with reference to 2011 published in compliance with certain securities-related regulations can be found on the website under "Annual Documents in Compliance with Section 10 WpPG" (German Securities Prospectus Act). The legally stipulated reports, documents and information required for the General Meeting are published on the Internet together with the agenda of the General Meeting and any counter-motions or nominations on the part of the shareholders that the Company is obliged to make accessible to the public.

The planned dates for the main recurring events and publications – such as General Meeting, Annual Report, half-yearly financial report and interim statements – are listed in a financial calendar which is published sufficiently in advance and made permanently available on the EUROKAI KGaA website.

Risk Management

EUROKAI KGaA regards the responsible management of business risks as an important principle of good and sustainable corporate governance. Early identification of risks and minimisation of risk positions form an integral part of this. EUROKAI KGaA employs an internal control system, a risk management system and an internal auditing system, which identify, assess and control risks. Continuous adaptation of the systems, in particular of the manual pertaining to the early risk identification system of the EUROGATE and the CONTSHIP Italia Group, to changed general conditions as well as monitoring their effectiveness is a permanent task for the Personally Liable General Partner and the Supervisory Board.

The Personally Liable General Partner informs the Supervisory Board regularly and promptly of existing risks and their development.

For further details, we refer to the risk report and outlook under No. 8 of the Group management commentary.

Reporting and Audit of the Annual Financial Statements

EUROKAI KGaA prepares its consolidated annual financial statements in accordance with International Financial Reporting Standards (IFRS) as applied in the EU. The single-entity annual financial statements are prepared according to the requirements of the German Commercial Code (HGB). They are audited by the auditor as well as by the Supervisory Board. The half-yearly financial report is examined by the Audit Committee together with the Personally Liable General Partner prior to being published.

The consolidated financial statements and single entity financial statements of EUROKAI KGaA were audited and each issued an unconditional audit certificate by the auditors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, who were appointed by the 2011 General Meeting.

Statement of Compliance of EUROKAI KGaA under the Terms of the German Corporate Governance Code

The Personally Liable General Partner and the Supervisory Board of EUROKAI KGaA hereby declare, in accordance with Section 161, (1) of the Joint Stock Companies Act (AktG), that the recommendations of the Government Commission on the German Corporate Governance Code in the version of 18 June 2009, as published in the electronic version of the Federal Gazette (Bundesanzeiger), have in general been followed.

The following recommendations are not and have not been applied:

Shareholders and General Meeting

2.3.1 and 2.3.3 Postal Vote

Opinion:
No postal vote is offered. In light of the high level of attendance of the shareholders at the General Meeting, the Company does not anticipate any rise in attendance through the introduction of a postal vote. The appointment of a nominated company proxy some time ago facilitates the personal exercising of shareholders' rights.

Cooperation between Management Board and Supervisory Board

3.8 Deductible for D&O (directors and officers' liability insurance) policy for the Management Board and Supervisory Board.

Opinion:
The KGaA does not have a Management Board. The Administrative Board of the Personally Liable General Partner, Kurt

F.W.A. Eckelmann GmbH, appoints the Managing Directors and concludes their senior executive agreements. The Supervisory Board of EUROKAI KGaA has no influence of the decision of the Administrative Board.

Neither the Personally Liable General Partner nor the Supervisory Board believe that the motivation and responsibility which the Supervisory Board brings to the exercise of its duties can be improved by any such deductible.

Management Board

4.1.5 When filling managerial positions in the enterprise the Management Board shall take diversity into consideration and, in particular, aim for an appropriate consideration of women.

Opinion:
The Personally Liable General Partner shall take diversity into account in its personnel decisions. However, when filling executive positions the Personally Liable General Partner must continue to be free in their decision to select whoever is personally and professionally the most suitable candidate.

4.2.2 At the proposal of the committee dealing with Management Board contracts, the full Supervisory Board determines the total compensation of the individual Management Board members and shall resolve and regularly review the Management Board compensation system.

4.2.3 The compensation structure must be oriented toward sustainable growth of the enterprise.

Opinion on 4.2.2 and 4.2.3:
Since the Management Board of the Personally Liable General Partner Kurt F.W.A. Eckelmann GmbH does not receive any compensation for its work from EUROKAI KGaA, there is no need for consideration of a compensation system and a compensation structure.

4.2.4 The total compensation of each one of the members of the Management Board is to be disclosed by name, divided into fixed and variable compensation components. The same applies to promises of benefits that are granted to a Management Board member in case of premature or statutory termination of the function of a Management Board member or that have been changed during the financial year. Disclosure may be dispensed with if the General Meeting has passed a resolution to this effect by three-quarters majority.

Opinion:
The members of the Management Board of the Personally Liable General Partner receive no remuneration from EUROKAI KGaA for their work, fringe benefits or benefits granted to a Management Board member in case of premature or statutory termination of the function of a Management Board member. Furthermore, a resolution was passed by the Annual General Meeting of 7 June 2007 pursuant to Section 286, (5) of the German Commercial Code (HGB), which was renewed at the General Meeting of 18 August 2010.

Supervisory Board

5.1.2 When appointing the Management Board, the Supervisory Board shall also respect diversity and, in particular, aim for an appropriate consideration of women.

Opinion:
The appointment of Managing Directors is the responsibility of the Administrative Board of Kurt F.W.A. Eckelmann GmbH. The Supervisory Board has no influence over the appointment of Managing Directors of the Personally Liable General Partner. The Management Board of the Personally Liable General Partner is currently composed of one male and one female member. The female member is a British national.

5.3.3 The Supervisory Board shall form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the General Meeting.

Opinion:
The Personally Liable General Partner and the Supervisory Board are of the opinion that a nomination committee is not required since the Supervisory Board is composed of only six members and is therefore in a position to directly, competently and efficiently make election recommendations to the General Meeting.

5.4.1 Composition of the Supervisory Board

Opinion:
Recommendations by the Supervisory Board to the General Meeting shall take the selection criteria of Sub-sections 5.4.1, 5.4.2 and 5.4.5 of the German Corporate Governance Code (DCGK) into account in its decisions. However, the Supervisory Board and the General Meeting must continue to be free in their decision to select whoever is the most suitable candidate to perform the duties of a member of the Supervisory Board in an internationally operating company in terms of their knowledge, skills, professional experience, personal integrity, motivation, professionalism, independence, international experience and time budget. Against this background, the Supervisory Board refrains from identifying concrete objectives regarding its composition, since in all instances priority is given exclusively to an impartial, gender-unbiased decision oriented towards the interests of the Company.

5.4.1 Specifying an age limit for members of the Supervisory Board

Opinion:
The Personally Liable General Partner and the Supervisory Board consider such a fixed limit to be an unwelcome infringement of the rights of the shareholders to elect the members of the Supervisory Board.

5.4.6 Compensation of the members of the Supervisory Board

Opinion:
The compensation of the Supervisory Board is determined in Section 13 of the Articles of Association of EUROKAI KGaA. It is not performance-related.

Neither the Personally Liable General Partner nor the Supervisory Board believe that the motivation and responsibility which the members of the Supervisory Board bring to the exercise of their duties can be improved by performance-related compensation.

Compensation for the chairmanship or simple membership on a committee may be waived. The practical activities of the Supervisory Board have shown that committee meetings are usually held close together with the actual meetings of the Supervisory Board.

A proposal to introduce separate remuneration for the chairperson and the members of the Financial Audit Committee is to be submitted to the General Meeting on 20 June 2012.

Transparency

6.6 The ownership of shares in the company or related financial instruments by Management Board and Supervisory Board members shall be reported if these directly or indirectly exceed 1% of the shares issued by the company. If the entire holdings of all members of the Management Board and Supervisory Board exceed 1% of the shares issued by the company, these shall be reported separately according to Management Board and Supervisory Board.

The aforesaid disclosures shall be included in the Corporate Governance Report.

Stellungnahme:
Both the Personally Liable General Partner and the Supervisory Board consider the regulations contained in Section 20 of the Joint Stock Companies Act (AktG), Section 315 (4) No. 3 of the German Commercial Code (HGB) and Sections 15a and 21 ff. of the German Securities Trading Act (WpHG) to be adequate. A separate declaration has not been made in the Corporate Governance Report.

Reporting and Audit of the Annual Financial Statements

7.1.2 The Consolidated Financial Statements shall be publicly accessible within 90 days of the end of the financial year; interim reports shall be publicly accessible within 45 days of the end of the reporting period.

Opinion:
The consolidated financial statements are published pursuant to the requirements in Section 15 of the Company Disclosure Act (PublG) and Section 325 (4) of the German Commercial Code (HGB) and the interim reports pursuant to the requirements in Sections 37 w f. of the German Securities Trading Act (WpHG).

Hamburg, Germany, April 2012

The Personally Liable General Partner
Kurt F.W.A. Eckelmann GmbH, Hamburg

Thomas H. Eckelmann (Chairman)
Cecilia E. M. Eckelmann-Battistello

Supervisory Board

06 Consolidated Financial Statements in accordance with IFRS

Fit for the future: the Medcenter Container Terminal in Gioia Tauro, Italy.

Consolidated Income Statement

	2011	2010
	EUR '000	EUR '000
Revenue	604,209	592,145
Other operating income	41,927	48,009
Cost of materials	–186,692	–165,728
Personnel expenses	–279,450	–282,220
Deprecation, amortisation and write-downs	–66,744	–69,359
Other operating expenses	–52,892	–47,799
Profit before realised investment gains (losses, interest and taxes (EBIT))	**60,358**	**75,048**
Interest and similar income	2,194	1,548
Net finance costs	–14,954	–15,025
Income from associates	1,140	10,203
Income from other investees	1,927	2,306
Other financial income (costs)	10	–345
Profit before income tax (EBT)	**50,675**	**73,735**
Income tax expense	–14,297	–15,267
Consolidated profit for the year	**36,378**	**58,468**
Profit attributable to:		
Equity holders of the parent	28,597	39,463
Hybrid capital holders	4,995	4,995
Non-controlling interest	2,786	14,010
	36,378	**58,468**
Diluted and basic earnings per share (in EUR)	**1.80**	**2.49**

	2011	2010
	EUR '000	EUR '000
Consolidated net profit for the year	**36,378**	**58,468**
Income and expense directly recognised in equity		
Valuation adjustments of financial instruments	82	675
Valuation adjustments of available-for-sale financial assets	–120	255
Exchange differences on translation	–7	6
Deferred tax on valuation adjustments of available-for-sale financial assets directly recognised in equity	38	–82
Deferred tax on valuation adjustments of financial instruments directly recognised in equity	35	–210
Total comprehensive income directly recognised in equity	**28**	**644**
Total recognised income and expense	**36,406**	**59,112**
Attributable to:		
Equity holders of the parent	28,562	39,935
Hybrid capital holders	4,995	4,995
Non-controlling interest	2,849	14,182
	36,406	**59,112**

Container gantries at the EUROGATE Container Terminal Hamburg.

ASSETS	31.12.11	31.12.10
	EUR '000	EUR '000
Non-current assets		
Intangible assets		
Goodwill	512	512
Other intangible assets	60,235	62,580
	60,747	**63,092**
Property, plant and equipment		
Land, land rights and buildings including buildings on third-party land	175,122	187,997
Plant and machinery	308,679	344,487
Other equipment, furniture and fixtures	11,673	11,594
Prepayments and assets under construction	40,569	7,555
	536,043	**551,633**
Financial assets		
Investments in associates	39,057	36,590
Long-term investors and investees	3,854	3,804
Other financial assets	7,937	8,157
	50,848	**48,551**
Deferred income tax assets	11,725	9,284
Other non-current financial assets	423	948
Other non-current non-financial assets	18,389	19,069
Total Non-current assets	**678,175**	**692,577**
Current assets		
Inventories	16,647	15,991
Trade receivables	93,591	96,776
Other current financial assets	29,293	21,562
Other current non-financial assets	30,764	11,421
Current recoverable income taxes	2,567	2,357
Cash and cash equivalents	108,109	67,649
Total Current assets	**280,971**	**215,756**
Assets held for sale	**506**	**0**
Total Assets	**959,652**	**908,333**

EQUITY AND LIABILITES	31.12.11	31.12.10
	EUR '000	EUR '000
Capital and reserves		
Issued capital	13,468	13,468
Capital attributable to the Personally Liable General Partner	294	294
Capital reserves	1,801	1,801
Reserve from the fair-value measurement of financial derivatives	–994	–1,048
Reserve from the fair-value measurement of available-for-sale financial assets	213	295
Reserve of exchange differences on translation	–19	–12
Revenue reserve	68,057	60,557
Accumulated profit	227,905	217,139
Equity attributable to equity holders of the parent	**310,725**	**292,494**
Equity attributable to the hybrid capital holders	77,010	77,010
Equity attributable to non-controlling shareholders	63,365	65,386
Total Capital and reserves	**451,100**	**434,890**
Liabilities and provisions		
Non-current liabilities and provisions		
Non-current liabilities, net of current portion	125,579	90,375
Government grants	43,090	35,098
Other non-current financial liabilities	54,378	62,932
Other non-current non-financial liabilities	4,898	5,367
Deferred income tax liabilities	16,710	17,186
Provisions		
Provisions for employee benefits	38,624	39,208
Other provisions	17,744	20,125
	301,023	**270,291**
Current liabilities and provisions		
Current portion of non-current financial liabilities	38,683	41,720
Trade payables and other liabilities	62,937	57,543
Government grants	3,434	3,333
Other current financanl liabilities	69,052	63,404
Other current non-financial liabilities	14,113	13,745
Current tax payables	9,950	10,878
Provisions		
Provisions for employee benefits	4,730	8,114
Other provisions	4,630	4,415
	207,529	**203,152**
Total Liabilities and provisions	**508,552**	**473,443**
Total Equity and Liabilities	**959,652**	**908,333**

	2011	2010
	EUR '000	EUR '000
1. Cash flows from operating activities		
Profit before income tax	50,675	73,735
Depreciation, amortisation and impairment losses	66,744	69,359
Gains (losses) on disposals of intangible assets and PPE	–485	–206
Forgeign exchange gain (loss)	1	410
Profit (loss) on the disposal of fully consolidated subsidiaries	0	–10,598
Non-cash acquisition/disposal of shares in associates	–1,140	–10,203
Gains (losses) on long-term investments and other financial assets	–1,927	–2,306
Interest	12,760	13,477
Operating profit before changes in assets carried as working capital	**126,628**	**133,668**
Increase (decrease) in trade receivables	3,185	–10,529
Net change in other financial and non-financial assets	–22,439	–3,828
Increase (decrease) in inventories	–805	302
Increase (decrease) in government grants	–3,268	–4,617
Increase (decrease) in provisions which affects income excluding addition of accrued interest and additions from capitalised demolition costs	–4,938	–3,319
Increase (decrease) in trade payables and other financial assets and non-financial assets	10,669	24,745
Cash flows from changes in assets carried as working capital	**–17,596**	**2,754**
Interest received	1,896	1,232
Interest paid	–11,726	–12,562
Income taxes paid/received	–17,810	–13,249
Interest and income taxes paid	**–27,640**	**–24,579**
Net cash generated from operating activities	**81,392**	**111,843**

	2011	2010
	EUR '000	EUR '000
2. Cash flows from investing activities		
Proceeds from sales of property, plant and equipment and intangible assets	4,073	6,808
Cash outflows for investments in property, plant and equipment and intangible assets	–55,529	–36,531
Proceeds from the disposal of investments in fully consolidated subsidiaries less liquid assets	0	8,595
Proceeds from government grants	6,965	6,900
Cash outflows for long-term investments and other non-current financial assets	–114	–20
Cash outflows for investments in and capital contributions to associates	0	–6,750
Dividends received	3,971	3,782
Net cash used in investing activities	**–40,634**	**–17,216**
3. Cash flows from financing activities		
Dividends paid to equity holders	–10,331	–6,660
Proceeds/payments from the granting of shareholder loans	–1,665	0
Deferred supplier payments	–1,440	–1,440
Dividends paid to hybrid capital holders	–4,995	–4,995
Proceeds from issuance of non-current financial liabilities	62,617	15,164
Repayment of non-current financial liabilities	–30,559	–57,170
Incurred lease liabilities	110	222
Repayment of finance lease liabilities	–7,056	–6,437
Dividends paid to non-controlling interests	–4,870	–5,799
Net cash used in financing activities	**1,811**	**–67,115**
Net increase/decrease in cash and cash equivalents (subtotal of 1 to 3)	42,569	27,512
Cash and cash equivalents at 1 January	63,230	35,718
Cash and cash equivalents at the end of the period	**105,799**	**63,230**
Composition of cash and cash equivalents		
Cash and cash equivalents	108,109	67,649
Bank liabilities/overdrafts due on demand	–2,310	–4,419
Cash and cash equivalents at the end of the period	**105,799**	**63,230**

Segment Reporting

For purposes of corporate management, the Group is organised into business units according to services and geographical segments and has the following three business segments that are subject to segment reporting:

- The "EUROKAI" business segment includes the EUROKAI KGaA business entity, whose focus is on the leasing of operating areas in Germany.
- The "CONTSHIP Italia" business segment comprises the business entities of the Italian CONTSHIP Group.
- The "EUROGATE" business segment comprises the pro rata (50%) EUROGATE Group.

The operating result of the business units is monitored separately by the management to enable it to take decisions relating to the distribution of resources and determine the profitability of the units. Profitability of the segments is assessed on the basis of the operating result. Inter-segment transfers between business segments are accounted for at competitive market prices.

Segment assets and liabilities include all operating assets and liabilities that are used by or result from a segment's operating activities and whose positive or negative balance determines the operating result. Segment assets include principally intangible assets, property, plant and equipment and interests in companies shown using the equity method, as well as trade and other receivables and inventories. Segment liabilities principally consist of liabilities to banks, government grants, trade and other payables as well as provisions. Segment investments comprise additions to intangible assets and property, plant and equipment.

On consolidation, eliminations of intra-group transactions across segments are adjusted.

Inter-segment revenues are recognised at prices corresponding to fair market prices.

31.12.2011	CONTSHIP Italia	EUROGATE	EUROKAI	Reconciliation	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Revenue	271,012	328,407	9,521	–4,731	604,209
thereof with other segments	0	0	4,731	–4,731	0
thereof with other customers	271,012	328,407	4,790	0	604,209
Interest revenue	711	966	585	–68	2,194
Interest expense	–3,572	–10,840	–533	–9	–14,954
Comprehensive income from entities accounted for using the equity method	1,568	–70	–358	0	1,140
Depreciation, amortisation and write-downs	–29,861	–36,859	–2	–22	–66,744
EBT	11,310	40,718	–483	–870	50,675
Segment assets	332,419	417,249	44,865	–18,226	776,307
Segment liabilities	192,815	301,003	3,000	–17,688	479,130
Investments	19,042	37,840	3	0	56,885

31.12.2010	CONTSHIP Italia	EUROGATE	EUROKAI	Reconciliation	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Revenue	287,641	299,775	9,382	–4,653	592,145
thereof with other segments	0	0	4,653	–4,653	0
thereof with other customers	287,641	299,775	4,729	0	592,145
Interest revenue	621	677	250	0	1,548
Interest expense	–3,275	–11,407	–307	–36	–15,025
Comprehensive income from entities accounted for using the equity method	1,024	–946	10,125	0	10,203
Depreciation, amortisation and write-downs	–32,346	–36,990	–1	–22	–69,359
EBT	33,476	31,034	10,903	–1,678	73,735
Segment assets	349,724	412,019	39,797	–14,949	786,591
Segment liabilities	181,487	273,486	2,492	–14,659	442,806
Investments	27,161	12,058	3	0	39,222

							Generated equity					
	Issued capital	Personally Liable General Partner's capital	Share premium	Reserve from the fair value measurement of financial derivatives	Reserve of exchange differences through translation	Reserve from the fair value measurement of available-for-sale financial assets	Retained earnings	Accumulated profit	Equity attributable to equity holders of the parent	Equity attributable to the hybrid capital holders	Equity attributable to non-controlling shareholders	Total equity
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Balance at 31 December 2009	**13,468**	**294**	**1,801**	**–1,430**	**0**	**122**	**53,057**	**191,836**	**259,148**	**77,010**	**72,350**	**408,508**
Changes in 2010 fiscal year												
Income and expense directly recognised in equity	0	0	0	311	–12	173	0	0	472	0	172	644
Consolidated profit for the year	0	0	0	0	0	0	0	39,463	39,463	4,995	14,010	58,468
Net profit for the period	**0**	**0**	**0**	**311**	**–12**	**173**	**0**	**39,463**	**39,935**	**4,995**	**14,182**	**59,112**
Dividends paid to equity holders	0	0	0	0	0	0	0	–6,660	–6,660	0	0	–6,660
Dividends paid to non-controlling interests	0	0	0	0	0	0	0	0	0	0	–5,799	–5,799
Transfer to retained earnings	0	0	0	0	0	0	7,500	–7,500	0	0	0	0
Compensation for the holders of hybrid capital	0	0	0	0	0	0	0	0	0	–4,995	0	–4,995
Changes in the composition of the Group	0	0	0	71	0	0	0	0	71	0	–15,347	–15,276
Balance at 31 December 2010	**13,468**	**294**	**1,801**	**–1,048**	**–12**	**295**	**60,557**	**217,139**	**292,494**	**77,010**	**65,386**	**434,890**
Changes in 2011 fiscal year												
Income and expense directly recognised in equity	0	0	0	54	–7	–82	0	0	–35	0	63	28
Consolidated profit for the year	0	0	0	0	0	0	0	28,597	28,597	4,995	2,786	36,378
Net profit for the period	**0**	**0**	**0**	**54**	**–7**	**–82**	**0**	**28,597**	**28,562**	**4,995**	**2,849**	**36,406**
Dividends paid to equity holders	0	0	0	0	0	0	0	–10,331	–10,331	0	0	–10,331
Dividends paid to non-controlling interests	0	0	0	0	0	0	0	0	0	0	–4,870	–4,870
Transfer to retained earnings	0	0	0	0	0	0	7,500	–7,500	0	0	0	0
Compensation for the holders of hybrid capital	0	0	0	0	0	0	0	0	0	–4,995	0	–4,995
Balance at 31 December 2011	**13,468**	**294**	**1,801**	**–994**	**–19**	**213**	**68,057**	**227,905**	**310,725**	**77,010**	**63,365**	**451,100**

	Historical costs						Accumulated amortisation and impairment losses					Carrying amounts	
	1.1.2011	Additions	Disposals	Reclassifications	Assets classified as held for sale	31.12.2011	1.1.2011	Additions	Disposals	Assets classified as held for sale	31.12.2011	31.12.2011	31.12.2010
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Intangible assets													
Goodwill	512	0	0	0	0	512	0	0	0	0	0	512	512
Concessions, software, rights and prepayments	109,634	1,763	–1,767	0	0	109,630	–47,054	–4,096	1,755	0	–49,395	60,235	62,580
	110,146	**1,763**	**–1,767**	**0**	**0**	**110,142**	**–47,054**	**–4,096**	**1,755**	**0**	**–49,395**	**60,747**	**63,092**
Property, plant and equipment													
Land, land rights and buildings	311,503	4,402	–4,963	442	–422	310,962	–123,506	–13,290	776	180	–135,840	175,122	187,997
Machinery	675,899	10,353	–12,605	2,609	–226	676,030	–331,412	–45,795	9,718	138	–367,351	308,679	344,487
Other equipment, furniture and fixtures	66,811	3,958	–5,776	102	–219	64,876	–55,217	–3,563	5,387	190	–53,203	11,673	11,594
Prepayments and assets under construction	7,555	36,409	–242	–3,153	0	40,569	0	0	0		0	40,569	7,555
	1,061,768	**55,122**	**–23,586**	**0**	**–867**	**1,092,437**	**–510,135**	**–62,648**	**15,881**	**508**	**–556,394**	**536,043**	**551,633**
Financial assets													
Investments in associates	36,729	1,273	–2,079	3,273	0	39,196	–139	0	0	0	–139	39,057	36,590
Investments	4,254	50	0	0	0	4,304	–450	0	0	0	–450	3,854	3,804
Other financial assets	8,157	3,173	–120	–3,273	0	7,937	0	0	0	0	0	7,937	8,157
	49,140	**4,496**	**–2,199**	**0**	**0**	**51,437**	**–589**	**0**	**0**	**0**	**–589**	**50,848**	**48,551**
Total non-current assets	**1,221,054**	**61,381**	**–27,552**	**0**	**–867**	**1,254,016**	**–557,778**	**–66,744**	**17,636**	**508**	**–606,378**	**647,638**	**663,276**

07 Financial Statements of EUROKAI KGaA, Hamburg

Ready for megacarriers: in Bremerhaven 23 of the biggest container gantries stand side by side.

Abbreviated version in accordance with the German Commercial Code (HGB)

The following disclosures are based on the single-entity financial statements of EUROKAI KGaA, which have been prepared according to the requirements of the German Commercial Code (HGB), as opposed to the consolidated financial statements, which are based on IFRS.

The detailed financial statements as at 31 December 2011, for which Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft issued an unqualified opinion, and the management report of EUROKAI KGaA for 2011 are published in the electronic version of the Federal Gazette (Bundesanzeiger) and deposited in the Commercial Register.

	2011		2010	
	EUR '000	%	EUR '000	%
Income statement				
Sales	9,521		9,382	
Other operating income	105		227	
Operating income	**9,626**	**100**	**9,609**	**100**
Cost of materials	–9,327	–97	–9,190	–96
Personnel expenses	–43	0	–49	–2
Depreciation/amortisation/write-downs	–2	0	–1	0
Other operating expenses	–1,366	–14	–1,320	–23
Other taxes	–6	0	–5	0
Operating expenses	**–10,744**	**–112**	**–10,565**	**–116**
Operating income/loss	**–1,118**	**–12**	**–956**	**–16**
Financial result	48		19	
Investment result	37,692		30,762	
Extraordinary result	0		–267	
Taxes on income	–6,665		–5,576	
Net income for the year	**29,957**		**23,982**	
Balance sheet				
Assets				
Fixed assets	165,900	73	155,562	75
Recievables from long-term investees and investors	35,360	15	28,788	14
Other assets, prepaid expenses and deferred income and liquid funds	26,920	12	23,358	11
	228,180		**207,708**	
Equity and liabilities				
Equity	219,460	96	199,835	96
Provisions	7,875	4	7,217	3
Other liabilities	845	0	656	0
	228,180		**207,708**	

Results of operations

EUROKAI KGaA is a financial holding company and, as such, no longer carries on any operating activities, but restricts itself to the administration of its financial holdings and to the subletting of quay walls and properties leased from the Free and Hanseatic City of Hamburg/Hamburg Port Authority.

This subletting brings rental income from quay walls and other premises of EUR 9.5 million (previous year: EUR 9.4 million) – which, however, is counterbalanced by almost equal initial rental expenses. The fiscal year 2011 showed income from investments of EUR 37.7 million (previous year: EUR 30.8 million) which with EUR 35.5 million (previous year: EUR 28.9 million) in the fiscal year 2011 relates to profit attributable to EUROGATE GmbH & Co. KGaA, KG, Bremen. Taking administrative costs, net interest income and taxes on income into account, EUROKAI KGaA showed net income for the year of EUR 30.0 million (previous year: 24.0 million).

Other operating expenses mainly cover the passing on of recovered rental and lease costs, the profit share attributable to the Personally Liable General Partner, legal and consulting fees, administrative costs and compensation of the Supervisory Board and Administrative Board.

The rise in income from investments is principally accounted for by the higher profit share attributable to EUROGATE GmbH & Co. KGaA, KG, Bremen, for the year under review of EUR 35,539,000 (previous year: EUR 28,904,000). Income from investments additionally includes the dividend from J.F. Müller & Sohn AG, Hamburg, amounting to EUR 1,148,000 (previous year: EUR 180,000) and from Medgate FeederXpress Ltd., Monrovia, Liberia, of EUR 999,000 (previous year: EUR 1,678,000).

Financial position

Based on the results of EUR 29,957,000 (in the previous year before extraordinary result) posted in 2011 (previous year: EUR 24,249,000) a cash flow was generated from ordinary operations of EUR 24,667,000 (previous year: EUR 17,819,000).

Net assets

The increase in fixed assets at EUR 8,671,000 results mainly from the reinvestment of previously withdrawn profits in EUROGATE GmbH & Co. KGaA, KG, Bremen.

The increase in receivables from long-term investees and investors is principally accounted for by the higher profit share attributable to EUROGATE GmbH & Co. KGaA, KG, Bremen, for the 2011 fiscal year.

Other receivables and other assets, prepaid expenses and deferred income and liquid funds mainly include receivables from the tax authority of EUR 547,000 (previous year: EUR 960,000) as well as money at call and bank balances amounting to EUR 26,372,000 (previous year: EUR 22,376,000).

The Company's equity ratio at the end of the fiscal year 2011 was 96% (previous year: 96%).

Proposed appropriation of profits

The Personally Liable General Partner will propose to the Supervisory Board and the General Meeting that for 2011 a 100% dividend payment (previous year: 50%) be made from the net retained profits of EUROKAI KGaA of EUR 122,377,000 on the nominal value of ordinary and non-voting preference shares and an amount of EUR 7,500,000 be allocated to other revenue reserves.

Energy efficiency at the container terminal: optimised fuel consumption and lighting.

08 Other Disclosures

Other disclosures

Personally Liable General Partner

Personally Liable General Partner of EUROKAI is Kurt F.W.A. Eckelmann GmbH, Hamburg with a share capital of EUR 100,000. Managing Directors of the Personally Liable General Partner are:

Thomas H. Eckelmann, Hamburg, Germany
Chairman

Cecilia E. M. Eckelmann-Battistello, Limassol, Cyprus

Supervisory Board

The following persons were members of the Supervisory Board during the fiscal year 2011:

Dr Hans-Joachim Röhler, Burgwedel, Germany
Chairman
- Lawyer, sole lawyer

Bertram R. C. Rickmers, Hamburg, Germany
Deputy Chairman
- General manager Rickmers Reederei GmbH & Cie. KG, Hamburg, Germany

Jochen Döhle, Hamburg, Germany
- Personally liable general partner Peter Döhle Schiffahrts KG, Hamburg, Germany

Dr Claus Gerckens, Augsburg, Germany (until 15 June 2011)
- Managing director GVG Industrieverwaltungs-GmbH, Augsburg, Germany

Raetke H. Müller, Hamburg, Germany
- Management Board member J.F. Müller & Sohn AG, Hamburg, Germany

Dr Winfried Steeger, Hamburg, Germany (from 15 June 2011)
- Managing director Jahr Holding GmbH & Co. KG, Hamburg, Germany

Max M. Warburg, Hamburg, Germany
- Personally liable general partner M.M. Warburg & CO KGaA, Hamburg, Germany

The members of the Personally Liable General Partner's Management Board and the Supervisory Board are also members of the following supervisory boards:

Thomas H. Eckelmann
- EUROGATE Container Terminal Bremerhaven GmbH, Bremerhaven, Germany, Member of the Supervisory Board
- EUROGATE Container Terminal Hamburg GmbH, Hamburg, Germany, Member of the Supervisory Board
- EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG, Wilhelmshaven, Germany, Member of the Advisory Board
- J.F. Müller & Sohn AG, Hamburg, Germany, Member of the Supervisory Board
- CONTSHIP Italia S.p.A., Genoa, Italy, Member of the Board of Directors
- Medcenter Container Terminal S.p.A., Gioia Tauro, Italy, Member of the Board of Directors
- Sogemar S.p.A., Luzernate di Rho (Mi), Italy, Chairman of the Board of Directors
- boxXpress.de GmbH, Hamburg, Germany, Deputy Chairman of the Advisory Board

Cecilia E. M. Eckelmann-Battistello
- CONTSHIP Italia S.p.A., Genoa, Italy, Chairwoman of the Board of Directors
- Medcenter Container Terminal S.p.A., Gioia Tauro, Italy, Chairwoman of the Board of Directors
- La Spezia Container Terminal S.p.A., La Spezia, Italy, Deputy Chairwoman of the Board of Directors
- Sogemar S.p.A., Luzernate di Rho (Mi), Italy, Member of the Board of Directors
- CICT Porto Industriale Cagliari S.p.A., Cagliari, Italy, Chairwoman of the Board of Directors
- Terminal Contenitori Ravenna S.p.A., Ravenna, Italy, Member of the Board of Directors

Dr Hans-Joachim Röhler
- EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen, Germany, Member of the Supervisory Board
- Kurt F.W.A. Eckelmann GmbH, Hamburg, Germany, Member of the Administrative Board

Bertram R. C. Rickmers
- EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen, Germany, Member of the Supervisory Board
- Kurt F.W.A. Eckelmann GmbH, Hamburg, Germany, Member of the Administrative Board
- Mankiewicz Gebr. & Co., Hamburg, Germany, Member of the Advisory Board
- Hafen-Klub Hamburg, Germany, Chairman of the Advisory Board
- Hellmann Worldwide Logistics GmbH & Co. KG, Osnabrück, Germany, Member of the Advisory Board

Jochen Döhle
- EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen, Germany, Member of the Supervisory Board
- Kurt F.W.A. Eckelmann GmbH, Hamburg, Germany, Member of the Administrative Board
- Deutsche Schiffsbank AG, Bremen, Germany, Member of the Advisory Board
- HCI Capital AG, Hamburg, Germany, Member of the Supervisory Board
- J.J. Sietas Schiffswerft GmbH & Co., Hamburg, Germany, Member of the Advisory Board
- Splosna Plovba, Portoroz, Slowenia, Member of the Supervisory Board

Raetke H. Müller
- KBH-Kommunikations-Beteiligungs-Holdings-GmbH, Hannover, Germany, Chairman of the Advisory Board
- Intelligent Apps GmbH, Hamburg, Germany, Member of the Advisory Board
- Vevention GmbH, Hamburg, Germany, Member of the Advisory Board
- Metechon AG, Munich, Germany, Member of the Advisory Board

Dr Winfried Steeger
- Druck und Verlagshaus Gruner + Jahr AG, Hamburg, Germany, Deputy Chairman of the Supervisory Board
- Verwaltungsgesellschaft Otto mbH (co-determined GmbH of the Otto Group), Hamburg, Germany, Member of the Supervisory Board
- Hemmoor Zement AG i. L., Hemmoor, Germany, Member of the Supervisory Board
- August Prien Verwaltung GmbH, Hamburg, Germany, Chairman of the Supervisory Board
- Kurt F.W.A. Eckelmann GmbH, Hamburg, Germany, Deputy Chairman of the Administrative Board (from 19 April 2011)

Max M. Warburg
- Warburg Invest Kapitalanlageges. mbH, Frankfurt am Main, Germany, Chairman of the Supervisory Board
- EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen, Germany, Second Deputy Chairman of the Supervisory Board
- Bankhaus Hallbaum AG & Co. KG, Hannover, Germany, Deputy Chairman of the Supervisory Board
- Private Life BioMed AG, Hamburg, Germany, Deputy Chairman of the Supervisory Board
- M.M. Warburg & CO Luxembourg S.A., Luxemburg, Chairman of the Administrative Board
- M.M. Warburg Bank (Schweiz) AG, Zurich, Switzerland, Member of the Administrative Board
- Kurt F.W.A. Eckelmann GmbH, Hamburg, Chairman of the Administrative Board
- Warburg Alternative Investments AG, Zurich, Switzerland, Chairman of the Administrative Board
- Robert Vogel GmbH & Co., Hamburg, Germany, Member of the Advisory Board

Retired Supervisory Board member 2011:

Dr Claus Gerckens
- Francotyp-Postalia Holding AG, Birkenwerder, Germany, Member of the Supervisory Board
- Kurt F.W.A. Eckelmann GmbH, Hamburg, Germany, Deputy Chairman of the Administrative Board (until 19 April 2011)

Supervisory Board remuneration amounted to EUR 35,750 in fiscal year 2011. Dr Röhler received EUR 11,000 thereof, Mr Rickmers EUR 6,000, Mr Müller EUR 5,000, Dr Gerckens EUR 2,000, Mr Döhle EUR 4,500, Dr Steeger EUR 3,250 and Mr Warburg EUR 4,000.

Audit and consulting fees

The Group auditor's fees, which are recognised as an expense and relate to the parent and subsidiaries as well as the proportionately consolidated entities, amounted to EUR 154,000 for the audit of the single entity and consolidated financial statements, EUR 160,000 for tax consulting services and EUR 26,000 for other services.

Corporate Governance

The declaration of compliance with the recommendations of the "Government Commission on the German Corporate Governance Code" as required pursuant to Section 161 of the Joint Stock Companies Act (AktG) was issued by the Management Board and the Supervisory Board of the Personally Liable General Partner and made accessible to the shareholders in the electronic version of the Federal Gazette (Bundesanzeiger) and on EUROKAI KGaA's website (www.eurokai.de).

Hamburg, Germany, 26 March 2012

The Personally Liable General Partner
Kurt F.W.A. Eckelmann GmbH, Hamburg

Thomas H. Eckelmann
Cecilia E. M. Eckelmann-Battistello

09 Auditor's Report, Affirmation of the Statutory Agent

Auditor's Report

We have audited the Group financial statements drawn up by EUROKAI Kommanditgesellschaft auf Aktien, Hamburg – which comprise consolidated income statement, statement of comprehensive income, consolidated statement of financial position, consolidated cash flow statement, statement of changes in equity and notes – and the Group management commentary for the fiscal year from 1 January to 31 December 2011. Responsibility for the preparation and fair presentation of the consolidated financial statements and Group management commentary in accordance with IFRS rules as applied in the EU in conjunction with the supplementary requirements under commercial law set out in Section 315a (1) of the German Commercial Code (HGB), lies with the legal representatives of the Company. Our responsibility is to express an opinion on the consolidated financial statements and Group management commentary based on our audit.

We conducted our audit of the consolidated financial statements in accordance with the provisions of Section 317 of the German Commercial Code and the generally accepted auditing principles as laid down by the Institut der Wirtschaftsprüfer (Institute of German Independent Auditors). Those standards require that we plan and perform the audit such that misstatements and violations having a material effect on the presentation of the net assets, financial position and results of operations as conveyed by the consolidated financial statements in compliance with German accepted accounting principles and by the Group management commentary can be detected with reasonable assurance. In determining audit procedures, the auditor is guided by his understanding of the business activities concerned, of the commercial and legal environment in which the Group operates and his assessment of the risks of material misstatements. The auditor considers, primarily on a random basis, the effectiveness of internal control relevant to the entity's preparation and fair presentation of the financial statements and evidence supporting the amounts and disclosures in the consolidated year-end financial statements and the Group management commentary. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, the definition of the reporting entity structure, the appropriateness of the accounting and consolidation policies applied and the reasonableness of the material estimates made by the legal representatives of the Company, as well as evaluating the overall presentation of the consolidated financial statements and the Group management commentary. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Our audit did not lead to any objections.

In our opinion, based on the information obtained in our audit, the consolidated financial statements comply with the IFRS as applied in the EU and the supplementary requirements under commercial law set out in Section 315a (1) of the German Commercial Code and provide a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The Group management commentary is consistent with the consolidated financial statements and on the whole provides a true and fair view of the Group's position and accurately presents the significant risks and opportunities of future development.

Hamburg, Germany, 26 March 2012

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Jöns
Auditor

Borghaus
Auditor

Affirmation of the statutory agent (Group)

We hereby affirm that to the best of our knowledge the consolidated financial statements pursuant to the applicable accounting standards present a true and fair view of the net assets, financial position and results of operations of the Group and that the Group management commentary presents a true and fair view of the course of business, including the business performance and the situation of the Group, as well as a description of the key opportunities and risks affecting the projected development of the Group.

Hamburg, Germany, 26 March 2012

The Personally Liable General Partner
Kurt F. W. A. Eckelmann GmbH, Hamburg

Thomas H. Eckelmann
Cecilia E. M. Eckelmann-Battistello

This Annual Report contains an abbreviated version of the Consolidated Financial Statements.

The full version can be obtained – in German – from:

EUROKAI KGaA

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