Financial Report 2016

SHORT PROFILE

BLG LOGISTICS is a seaport-oriented logistics services provider with an international network. The company's 140-year history is a source of strength. Today, we have a presence in all the world's growth markets, with over 100 locations and offices in Europe, America, Africa and Asia. We offer our customers in industry and retail fully-integrated logistical system services.

Our AUTOMOBILE and CONTAINER Divisions are market leaders in Europe. Our CONTRACT Division is among the leading German providers. Around 10,000 BLG employees assume responsibility each day for ensuring the smooth operation of logistics for high-quality products. This makes us an important interface for the productivity of our customers. Including all its shareholdings, BLG LOGISTICS currently has over 18,000 employees.

CONTINUING OUR SUCCESS IN THE FUTURE

CONTENT

WE OFFER OUR SHARE-HOLDERS A STABLE INVESTMENT AND AN ATTRACTIVE DIVIDEND.

01

To our shareholders

KEY FIGURES FOR THE BLG GROUP[1]

		2016	2015	Change absolute	Change percentage
Revenues and results					
Sales	EUR million	1,045.6	938.6	107.0	11.4%
Return on sales[2]	%	3.7	3.8	-0.1	-2.6%
EBITDA	EUR million	76.2	68.1	8.1	11.9%
EBIT	EUR million	38.5	35.3	3.2	9.1%
EBT	EUR million	30.8	29.7	1.1	3.7%
Asset and capital structure					
Total assets	EUR million	707.9	730.1	-22.2	-3.0%
Investments in non-current intangible assets and fixed assets	EUR million	12.9	37.3	-24.4	-65.4%
Capitalization ratio[2]	%	44.7	46.7	-2.0	-4.3%
Equity-to-fixed-assets ratio (golden rule for balance sheets)[2]	%	104.3	106.8	-2.5	-2.3%
Working capital ratio[2]	%	103.9	110.2	-6.3	-5.7%
Equity	EUR million	219.3	214.0	5.3	2.5%
Equity ratio[2]	%	31.0	29.3	1.7	5.8%
Return on equity ratio[2]	%	14.2	14.3	-0.1	-0.7%
Net debt	EUR million	254.8	299.4	-44.6	-14.9%
Total return on investment capital[2]	%	5.4	5.0	0.4	8.0%
Cash flows[3]					
Cash flow from current operating activities	EUR million	44.1	10.7	33.4	312.1%
Cash flow from investment activities	EUR million	15.7	-6.6	22.3	337.9%
Cash flow from financing activities	EUR million	-48.1	17.2	-65.3	-379.7%
Capital market-oriented key indicators					
Dividend BREMER LAGERHAUS-GESELLSCHAFT – Aktiengesellschaft von 1877 –	EUR	0.40	0.40	0.00	0.0%
Dividend	%	15	15	0	0.0%
Human Resources					
Employees[4]	Annual average	10,046	8,738	1,308	15.0%
Personnel cost ratio	%	50.8	50.7	0.1	0.2%
Jobs worldwide		18,323	16,150	2,173	13.5%

[1] Indicators after reconciliation. The reconciliation is show in the segment reporting on p. 84 et seq.

[2] Please see p. 46 in the management report for information on the calculation of the indicators.

[3] The composition of the cash flows is shown in the cash flow statement on p. 88.

[4] Determined in accordance with Section 267 (5) HGB.

OVERVIEW OF THE DIVISIONS[5]

AUTOMOBILE

The AUTOMOBILE Division includes complete global logistics for vehicles, from the manufacturer to the dealer. This includes handling, storage, technical processing and forwarding and transport logistics via rail, road and inland waterway.

		2016	2015	Change in %
Sales	EUR million	473.7	461.6	2.6
Return on sales	%	3.2	4.0	-20.0
EBIT	EUR million	15.1	18.5	-18.4
Employees	number	2,730	2,638	3.5

SALES 2016

473,7

EUR million

CONTRACT

The CONTRACT Division combines automotive, industrial, retail and seaport logistics, forwarding services and logistics for the offshore wind industry. We have a high level of IT competence and offer our customers individual service packages with a global reach for a wide variety of goods.

		2016	2015	Change in %
Sales	EUR million	574.5	478.8	20.0
Return on sales	%	1.2	0.4	200.0
EBIT	EUR million	7.1	1.7	317.6
Employees	number	5,477	4,280	28.0

574,5

EUR million

CONTAINER

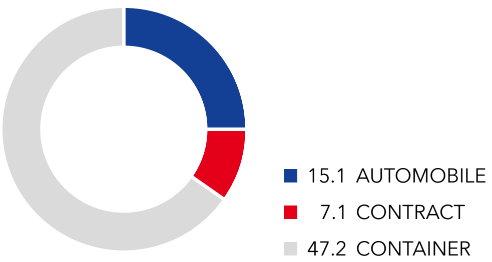
EUROGATE, in which BLG holds a 50 per cent stake, has a European network that currently includes eleven container terminals as well as intermodal transport and cargo-modal services. The focus of this division is on container handling.

		2016	2015	Change in %
Sales	EUR million	319.7	295.7	8.1
Return on sales	%	14.8	14.7	0.7
EBIT	EUR million	47.2	43.4	8.8
Employees	number	1,564	1,571	-0.1

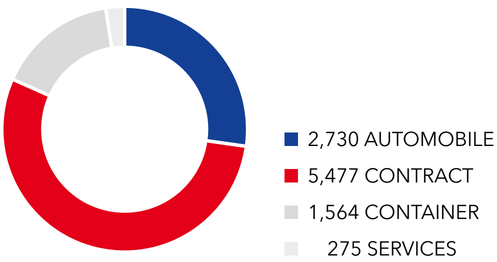
319,7

EUR million

EBIT 2016 (in EUR million)



EMPLOYEES 2016 (Yearly average)



[5] According to segment reporting on p. 84 f.

LETTER OF THE BOARD OF MANAGEMENT

Dear Shareholders,

No one could accuse the world of having been too quiet in 2016. The ongoing wars and conflicts in Syria and Iraq, the tense situation in Turkey, and the unpredictability of election results, such as those in the UK and the US, have made it clear how little we can rely on assumptions about political conditions.

However, these conditions generally have a major impact on economic events during the year. Nevertheless, we achieved our forecasts for the 2016 financial year. We further increased the revenues of the BLG Group to above the billion-euro mark. We reported an EBT result of EUR 30.8 million, slightly above the previous year's level.

Given these results, the statement that we made in the annual report for 2015 still applies: the BLG Group's economic position is stable, but there is room for growth.

We have made tremendous efforts to counteract the adverse political circumstances and cyclical fluctuations. We have intensively studied our operational processes in order to make them more efficient. We have initiated internal restructuring measures which will reduce costs and we seek to make full use of the savings potentials that are identified.

However, 2016 was also a year in which we took major strides into the digital future. The year began with our company being awarded the European logistics price for our project "Stargate junction - Logistics at the interface between humans and robots". Together with our customer engelbert strauss, we are implementing a robotic storage concept in Frankfurt. Intelligent vehicles transport the picking shelves to our employees.

An interdisciplinary innovation team has been established in Bremen to plan new developments and to use them to solve operational problems.

We have tested the use of drones for warehouse control at the Emmerich location. We have taken steps in the area of digital forwarding. We are participating in a project to develop smart containers, which is funded by the Federal Ministry of Economics. We are part of the development of an optical inspection system for recognizing irregularities on vehicles, the first of its kind in the world. It will be tested this year at our automobile terminal in Bremerhaven.

Diversity is the theme of this year's annual report. Diversity is our answer to future challenges. We want to be a partner to our customers and to develop new solutions jointly. We believe this is the way to secure the economic success of the BLG Group and to continue to offer you, the shareholders, a reliable and attractive return. The Managing Board and Supervisory Board are proposing that the Shareholders' Meeting approve a dividend of EUR 0.40 per share for 2016, the same as for the previous year.

We are grateful to you, our shareholders, for the trust you have placed in us.

Frank Dreeke | Jens Bieniek | Michael Blach | Andrea Eck | Dieter Schumacher | Jens Wollesen

From left to right:
Jens Bieniek *Chief Financial Officer* / **Dieter Schumacher** *Industrial Relations Director* / **Michael Blach** *CONTAINER Division* / **Frank Dreeke** *Chairman of the Board* / **Jens Wollesen** *CONTRACT Division* / **Andrea Eck** *AUTOMOBILE Division*

REPORT OF THE SUPERVISORY BOARD FOR 2016

Dr. Stephan-Andreas Kaulvers,
Chairman of the Supervisory Board

Ladies and Gentlemen,

In the 2016 financial year, the Supervisory Board of BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877– (BLG AG) actively engaged in the duties assigned to it by law and the Memorandum and Articles of Association and regularly and extensively discussed the company's situation and development. The Supervisory Board continuously monitored and supported the work of the Board of Management in the financial year. The detailed reports of the Board of Management made in written and oral form constituted the basis for this. In addition, the chairman of the Supervisory Board regularly exchanged information and ideas with the Board of Management, so that the Supervisory Board was always informed promptly and comprehensively about the intended business policy, corporate planning, the current earnings situation, including the risk situation and risk management, as well as the situation of the company and the BLG Group.

In accordance with the legal requirements and the recommendations and suggestions of the German Corporate Governance Code (DCGK), the Supervisory Board supported the Board of Management in the management of the company and advised it on management matters.

Whenever approval was necessary for decisions or measures of the management based on law, the Memorandum and Articles of Association or the rules of procedure, the members of the Supervisory Board prepared by its committees, among others, reviewed the draft resolutions at the meetings or adopted them on the basis of written information. The members of the Board of Management invariably took part in the meetings. The Supervisory Board was intensively involved in decisions of major significance for BLG LOGISTICS from an early stage. The economic and risk situation and the development prospects of the Group described in the reports of the Board of Management, the individual divisions and segments as well as major affiliated companies in Germany and abroad were the subject of detailed discussion.

The Supervisory Board convened at six meetings in 2016. The average attendance rate was 90 per cent; no member of the Supervisory Board took part in fewer than half of the meetings. Average attendance at committee meetings in 2016 was 89 per cent. The members of the Supervisory Board elected by the shareholders and by the employees prepared for the meetings at separate meetings in some cases.

There were no conflicts of interest on the part of members of the Board of Management and the Supervisory Board that required immediate disclosure to the Supervisory Board and about which the Annual Shareholders' Meeting had to be informed.

Issues discussed in the Supervisory Board

The consultations of the Supervisory Board focused on matters regarding the strategy and business activities of the BLG Group and its divisions. In its individual meetings, the Supervisory Board focused on strategic issues such as the recapitalization within the BLG Group, the restructuring of the AUTOMOBILE and CONTRACT Divisions, the expansion of the forwarding business segment, the annual and Group financial statements, and the current earnings position of the company, including the risk management system and the risk-aware management of the company's development. In addition, the Supervisory Board dealt with the amendment of the Articles of Association of BLG AG, the agenda for the 2016 Annual Shareholders' Meeting, and the composition of the Board of Management.

All major business activities, the development of the asset, financial and earnings situation, and the analyses of deviations from corporate planning were promptly and intensively discussed jointly with the Board of Management. Corporate planning as well as short-term profit and financial planning were discussed in detail at the meeting on December 15, 2016.

The following changes were made in the composition of the Supervisory Board of BLG AG since the previous year. Dieter Schumacher resigned as a member of the Supervisory Board effective December 31, 2015. He was replaced by Birgit Holtmann effective January 1, 2016. Dirk Riemers resigned as a member of the Supervisory Board effective May 31, 2016. He was replaced by Stefan Schubert. By order of the District Court of Bremen dated June 3, 2016, Stefan Schubert was appointed as member of the Supervisory Board. Wolfgang Lemke resigned as a member of the Supervisory Board effective June 1, 2016. He was replaced by Klaus Pollok. Klaus Pollok was elected to replace Wolfgang Lemke in 2013 and accepted the office in a letter dated April 20, 2016. The Supervisory Board has ensured that Birgit Holtmann, Stefan Schubert and Klaus Pollok will be able to spend the time required to perform their work in the Supervisory Board. No former members of the Board of Management of BLG AG are represented in the Supervisory Board.

The following changes have been made in the composition of the Board of Management since December 31, 2015: On January 1, 2016, Dieter Schumacher succeeded Hartmut Mekelburg as a member of the Board of Management and as Industrial Relations Director. At the meeting on December 17, 2015, the Supervisory Board appointed Jens Wollesen as a member of the Board of Management of BLG AG. Jens Wollesen assumed responsibility for the CONTRACT Division effective July 1, 2016, succeeding Andreas Wellbrock, who resigned his mandate effective December 31, 2015. Emanuel Schiffer, who is responsible for the CONTAINER Division, did not renew his term of office as a member of the Board of Management of BLG AG and retired effective December 31, 2016.

At the meeting on June 20, 2016, the Supervisory Board resolved to appoint Michael Blach as co-chairman to the Group Management of EUROGATE Beteiligungs-GmbH as successor to Emanuel Schiffer effective January 1, 2017. At the meeting on September 15, 2016, Andrea Eck was appointed to the position of full member of the Board of Management of BLG AG. Andrea Eck assumes responsibility for the AUTOMOBILE Division effective January 1, 2017, and succeeds Michael Blach.

The Supervisory Board would like to thank the members of the Board of Management for their forward-looking, committed and constructive cooperation.

At its meeting on February 9, 2017, the Supervisory Board also decided to extend the agreement with Frank Dreeke as Chairman of the Board of Management for five years.

Work of the committees

To perform its duties efficiently, the Supervisory Board has additionally set up four committees to which separate rules of procedure apply in each case. These committees of the Supervisory Board are the Audit Committee, Human Resources Committee, Investment Committee and Mediation Committee in accordance with Section 27 (3) MitbestG (Co-determination Act). They prepare the resolutions of the Supervisory Board in the plenary session and decide, where permissible, in individual cases in its place. All committees have equal representation.

The **Audit Committee** held three meetings in the 2016 financial year. The subject of the meeting on April 12, 2016 was the extensive discussion and examination of the annual financial statements, the consolidated financial statements and the management reports for the 2015 financial year. In addition, the Audit Committee submitted a resolution to the Supervisory Board on the election of the auditor by the Annual Shareholders' Meeting for the 2016 financial year. The auditors were present at the time the annual financial statements were dealt with and they reported on the results of the audit. In addition, the Audit Committee discussed the appropriation of the balance sheet profit as well as the invitation to the Annual Shareholders' Meeting and submitted resolutions to the Supervisory Board. At the second meeting on September 15, 2016, the Audit Committee dealt with the fulfilment of the financial reporting requirements under the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG) and the review of BLG AG's accounting in the context of a sample audit by the German Accounting Standards Authority. At the meeting on December 13, 2016, the Audit Committee dealt with the DCGK and prepared the declaration of conformity. A further focus of the activity was risk analysis and the further development of the risk management system. Special attention was also given to corporate planning, medium-term profit and loss and financial planning.

The **Human Resources Committee** held six meetings in the reporting year. During its meeting on February 17, 2016, it dealt with questions of remuneration rules. At the meeting on April 12, 2016, the Human Resources Committee dealt with the variable remuneration of the Board of Management for the 2015 financial year. At the meeting on May 24, 2016, the Board of Management discussed personnel matters. At the third meeting, held on June 20, 2016, the Human Resources Committee dealt with succession issues for the Board of Management of the CONTAINER Division and submitted a corresponding resolution to the Supervisory Board. At the meeting on September 15, 2016, the appointment of a new chairman for the AUTOMOBILE Division was decided upon. The object of the meeting on December 15, 2016 was the extension of the term of office of a member of the Board of Management.

The **Investment Committee** and the **Mediation Committee** did not meet during the reporting year.

The meetings and decisions of the committees were prepared on the basis of reports and other information of the Board of Management. Members of the Board of Management regularly took part in the committee meetings. The chairmen of the committees reported to the Supervisory Board on the activities and their results following the meetings and submitted resolutions.

Corporate Governance and Declaration of Conformity

The Supervisory Board – prepared by the Audit Committee – worked on the application of the DCGK in the company. In 2016, the responsible government commission did not announce any changes to the DCGK. The 15th declaration of conformity prepared by the Supervisory Board and the Board of Management pursuant to Section 161 of the German Stock Corporation Act (AktG) on the recommendations of the DCGK corresponds to the version of May 5, 2015, published on June 12, 2015. The joint declaration of conformity is permanently accessible on the BLG LOGISTICS website at **www.blg-logistics.com/ir.**

www.blg-logistics.com/ir

Annual financial statements and consolidated financial statements

The representatives of Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Bremen, the auditing firm duly elected as auditor, were present at the balance sheet meeting of the Supervisory Board and at the preparatory meeting of the Audit Committee and reported in detail on the results of their audit.

The annual financial statements and the management report as well as the financial statement for the purpose of complying with the group accounting obligation of BLG AG and the consolidated financial statements and management report of BLG Logistics have been prepared by the Board of Management in accordance with the statutory provisions and in compliance with generally accepted accounting principles and have been audited by Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Bremen, the auditing company which was elected by the Annual Shareholders’ Meeting, and given an unqualified audit certificate.

The auditor of the financial statements has reviewed the report on relationships with affiliated companies (dependent company report) prepared by the Board of Management for the 2016 financial year and issued the following audit certificate:

"After conducting our examination and assessment in accordance with our obligations, we confirm that

1. the factual statements contained in the report are correct,
2. benefits derived by the Company from the legal transactions specified in the report were not unreasonably high,
3. there were no circumstances calling for an evaluation substantially different to that reached by the Board of Management concerning the measures specified in the report."

The annual financial statements and management report, the financial statement for the purpose of complying with the group accounting obligation, including management report, the consolidated financial statements and Group management report as well as the audit reports of the company's auditor were available to all members of the Supervisory Board in due time.

For its part, the Supervisory Board has reviewed the annual financial statements, the consolidated financial statements, the financial statement for the purpose of complying with the Group accounting obligation, the management reports and the Group management report of the Board of Management as well as the proposal of the Board of Management concerning appropriation of the balance sheet profit. The Supervisory Board agrees with the result of the audit of the annual financial statements, the consolidated financial statements, and the financial statement for the purpose of complying with the group accounting obligation, including the management reports, conducted by the auditor. The Supervisory Board has approved and endorsed the annual financial statements prepared by the Board of Management. The Supervisory Board has also approved the financial statement for the purpose of complying with the Group accounting obligation prepared by the Board of Management and the consolidated financial statements. The Supervisory Board agrees with the management reports and in particular with the evaluation of further development of the BLG Group. This also applies to the dividend policy and the decisions regarding reserves at BLG AG.

Furthermore, the Supervisory Board has reviewed the report of the Board of Management on the relationships with affiliated companies and the result of the audit of this report conducted by the statutory auditor. The Supervisory Board agrees with the result of the audit of the dependent company report conducted by the balance sheet auditor. According to the final result of the review of the dependent company report by the Supervisory Board, there are no objections to the final statement of the Board of Management in the latter report.

The Supervisory Board expresses its gratitude to the members of the Board of Management and all employees for their great commitment and performance and their consistent efforts to keep our company on a path to success. The Supervisory Board is convinced that BLG LOGISTICS will achieve its defined goals for the 2017 financial year and can secure its earnings power on a long-term basis.

Bremen, April 2017

For the Supervisory Board

Dr. Stephan-Andreas Kaulvers
Chairman

CORPORATE GOVERNANCE REPORT

Corporate governance declaration

Corporate Governance encompasses the entire system of managing and monitoring a corporation, including the organization of the company, its business policy principles and guidelines as well as the system of internal and external monitoring and control mechanisms. Corporate Governance structures responsible management and control of the company geared to the principles of a social market economy and sustainable value added.

The scope for shaping Corporate Governance on the part of BREMER LAGERHAUS-GESELLSCHAFT – Aktiengesellschaft von 1877– (BLG AG) is based on German law, in particular the Stock Corporation Act, the Co-Determination Act and capital market law as well as the Memorandum and Articles of Association of the company and the German Corporate Governance Code (DCGK).

A declaration of conformity with the DCGK as amended on May 5, 2015, was issued by the Board of Management on November 22, 2016, and by the Supervisory Board of BLG AG on December 15, 2016. The declaration has been made permanently available to the shareholders on the website at **www.blg-logistics.com/ir.**

www.blg-logistics.com/ir
in section on Corporate Governance under Declaration of Conformity

Code of Ethics

Sustained value creation and responsible corporate management are key elements of the corporate policy of BLG AG. Dealings with customers, business partners, employees and shareholders based on trust form the foundation for these elements. This involves compliance with laws as well as with the Group's standardized Code of Ethics.

The Code is aimed at avoiding inappropriate behavior and fostering ethical conduct as well as exemplary and responsible action. It is directed at the Board of Management, executives and staff members alike and acts as a guide to proper and consistent behavior.

Working approach of the Board of Management and Supervisory Board

BLG AG is a company subject to German law, on which the DCGK is also based. A basic principle of German corporate law is the dual management system, with the management and supervisory boards, in which there is a strict separation in terms of personnel between the management board as the management body and the supervisory board as supervisory body and each has a separate areas of responsibility. The Board of Management and Supervisory Board of BLG AG work closely together in an atmosphere of mutual trust in managing and monitoring the company.

The Board of Management

The Board of Management of BLG AG is responsible for the management of BLG KG and is therefore solely responsible for managing the two companies and represents the companies in transactions with third parties. The Board of Management is obligated to pursue the goal of achieving a sustainable increase in the enterprise value in the interest of BLG LOGISTICS and in line with the stakeholder approach. The departmental responsibilities of the individual members of the Board of Management are listed in the annex on page 166.

The Board of Management fundamentally makes its decisions based on majority resolutions. In the case of a tied vote, the chairman's vote is decisive. The Board of Management reports to the Supervisory Board on all matters relevant to the company in terms of planning, business development, the risk situation, including risk management, and compliance promptly and comprehensively within the framework of the legal provisions on a monthly basis and coordinates the strategic alignment of the company with the Supervisory Board.

Before deciding on certain transactions specified in the Memorandum and Articles of Association of BLG AG, the Board of Management has to obtain the approval of the Supervisory Board. These transactions include acquisition and sale of companies and corporate divisions as well as bond issues and issuance of comparable financial instruments.

The Board of Management of BLG AG consisted of six members in the 2016 financial year.

The following changes have been made in the composition of the Board of Management since December 31, 2015: On January 1, 2016, Dieter Schumacher succeeded Hartmut Mekelburg as a member of the Board of Management and as Industrial Relations Director. At the meeting on December 17, 2015, the Supervisory Board appointed Jens Wollesen as a full member of the Board of Management of BLG AG. Jens Wollesen assumed responsibility for the CONTRACT Division effective July 1, 2016, succeeding Andreas Wellbrock, who resigned effective December 31, 2015. Emanuel Schiffer, who is responsible for the CONTAINER Division, did not renew his term of office as a member of the Board of Management of BLG AG and retired effective December 31, 2016.

At the meeting on June 20, 2016, the Supervisory Board resolved to appoint Michael Blach as co-chairman to the Group Management of EUROGATE Beteiligungs-GmbH as successor to Emanuel Schiffer effective January 1, 2017. At the meeting on September 15, 2016, Andrea Eck was appointed as full member of the Board of Management of BLG AG. Andrea Eck assumes responsibility for the AUTOMOBILE Division effective January 1, 2017, and succeeds Michael Blach. At its meeting on February 9, 2017, the Supervisory Board also decided to renew the agreement with Frank Dreeke as Chairman of the Board of Management for five years.

The relevant legal provisions for appointment and dismissal of members of the Board of Management are Sections 84, 85 of the Stock Corporation Act (AktG). Sections 133, 179 of the Stock Corporation Act (AktG) as well as Section 15 of the Memorandum and Articles of Association apply to amendments to the Memorandum and Articles of Association.

Within the framework of the Act for Equal Participation of Women and Men in Management Positions in the Private Sector and in the Public Sector, on September 15, 2015, the Board of Management set targets for the first two management levels below the Board of Management. In view of the fact that BLG AG does not have any employees of its own apart from the Board of Management, a target of 0 per cent was established for the period up to June 30, 2017.

The Supervisory Board

The Supervisory Board of BLG AG advises and monitors the Board of Management in the management of the company. It appoints and dismisses the members of the Board of Management, decides on the remuneration system for the members of the Board of Management and determines their total remuneration. The Supervisory Board is involved in strategy and planning as well as in all matters of material importance for the company.

In the composition of the Board of Management, the Supervisory Board respects diversity within the meaning of Section 5.1.2 of the DCGK. On September 17, 2015, the Supervisory Board set the target for the proportion of women in the Board of Management of 16.7 per cent. The statutory provisions of the gender ratio are applied to the Supervisory Board itself. The Supervisory Board has established a target of 30 per cent for itself. The Supervisory Board has also decided to establish a deadline for achieving this target of June 30, 2017. As of December 31, 2016, the proportion of women in the Board of Management was 0 per cent and 12.5 per cent in the Supervisory Board. By appointing Andrea Eck as a full member of the Board of Management of BLG AG effective January 1, 2017, we have now reached the target for the women's share of the Board of Management.

Composition of the Supervisory Board

The Supervisory Board is composed of 16 members. Half of the members of the Supervisory Board are elected by the shareholders at the Annual Shareholders' Meeting. The other half of the Supervisory Board consists of the representatives elected by the employees according to the provisions of the Co-Determination Act.

www.blg-logistics.com/ir in section on IR calendar and events under Annual Shareholders' Meeting

The following changes have been made in the composition of the Board of Management since December 31, 2015: Dieter Schumacher resigned from the Supervisory Board effective December 31, 2015. He was replaced by Birgit Holtmann effective January 1, 2016. Dirk Riemers resigned from the Supervisory Board effective May 31, 2016. He was replaced by Stefan Schubert. By order of the District Court of Bremen dated June 3, 2016, Stefan Schubert was appointed as member of the Supervisory Board. Wolfgang Lemke resigned from the Supervisory Board effective June 1, 2016. He was replaced by Klaus Pollok. Klaus Pollok was elected as a replacement member for Wolfgang Lemke in 2013 and accepted the mandate in a letter dated April 20, 2016. The Supervisory Board has ensured that Birgit Holtmann, Stefan Schubert and Klaus Pollok will be able to spend the time required to perform their work in the Supervisory Board. No former members of the Board of Management of BLG AG are represented in the Supervisory Board.

Committees of the Supervisory Board

In addition to the Mediation Committee it is required to form in accordance with Section 27 (3) of the Co-Determination Act, the Supervisory Board formed an Audit Committee, a Human Resources Committee and an Investment Committee. The members of the committees set up by the Supervisory Board are listed in the notes to the financial statements.

The Audit Committee is composed of three representatives of the shareholders and three employee representatives. The chairman of the Audit Committee holding office in the reporting year complies with the statutory requirements in terms of independence and expertise in the fields of accounting and balance sheet audits that a member of the Supervisory Board and of the Audit Committee has to meet. This committee meets regularly twice a year. Its duties include auditing the accounting process, commissioning audit and consultancy services, accounting issues, auditing the annual financial statements prepared by the Board of Management, as well as the management report, and the proposal for the use of the balance sheet profit of BLG AG. Its duties include the audit of the financial statements for the purpose of complying with the Group accounting obligation of BLG AG as well as the consolidated financial statements and management report of BLG LOGISTICS.

On the basis of the reports of the auditor concerning the audit of the annual financial statements, the management report and the financial statement for the purpose of complying with the group accounting obligation of BLG AG and of the consolidated financial statements and management report of BLG LOGISTICS, the Audit Committee elaborates proposals for approval of the financial statements by the Supervisory Board. The Audit Committee is also responsible for the relations between the company and the balance sheet auditor. The committee prepares the auditing contract award to the balance sheet auditor selected by the Annual Shareholders' Meeting, suggests audit focal points and specifies the remuneration of the auditor.

Furthermore, the committee monitors the independence, qualifications, rotation and efficiency of the auditor. The functions of the Audit Committee also entail preparation of decisions made by the Supervisory Board on planning for the following financial year, including operating result, balance sheet, financial and investment planning.

Furthermore, the Audit Committee deals with the Group's internal control system and the methods of risk identification, risk control and risk management. It is additionally responsible for matters of compliance and examines new developments in this field at each of its meetings.

The Human Resources Committee has equal representation and is composed of the chairman of the Supervisory Board, the deputy chairman and six other members of the Supervisory Board. The Human Resources Committee prepares personnel decisions. The Supervisory Board plenary session adopts resolutions for appointment and revocation of the appointment of Board of Management members. The Human Resources Committee, in lieu of the plenary session, decides on employment contracts with members of the Board of Management. It also provides advice on long-term succession planning for the Board of Management.

The Human Resources Committee performs the tasks of the nomination committee as well. It carries out preparatory measures for elections of the representatives of the shareholders to the Supervisory Board. It suggests suitable candidates for the election of the Supervisory Board members of the shareholders to the Supervisory Board so that the latter can propose them for election to the Annual Shareholders' Meeting.

To perform its duties in accordance with Section 27 (3) of the Co-Determination Act, the Supervisory Board forms a Mediation Committee comprising the chairman of the Supervisory Board, the deputy chairman as well as three Supervisory Board members of the employees and three Supervisory Board members of the shareholders, elected in each case by a majority of the votes cast.

The Supervisory Board has also formed an Investment Committee. It has six members, three of them representatives of the shareholders and three employee representatives of the Supervisory Board. The chairman of the Supervisory Board is also chairman of this committee. The committee meets according to need. The Investment Committee is involved in making preparatory decisions and resolutions for specifically defined and urgent investment projects.

Director's Dealings

According to Article 19 of the EU Market Abuse Regulation, the members of the Board of Management and of the Supervisory Board are required as a matter of principle to report and disclose their own transactions with shares of BLG AG or related financial instruments.

The shareholdings of all members of the Board of Management and Supervisory Board amount to less than 1 per cent of the shares issued by BLG AG. There were no purchases and sales requiring disclosure during the reporting year.

Takeover-related disclosures in accordance with Section 315(4) HGB

Composition of the subscribed capital, voting rights and transfer of shares of BLG AG
The subscribed capital amounts to EUR 9,984,000.00 and is divided into 3,840,000 registered shares with voting rights. Transfer of the shares requires the approval of the company in accordance with Section 5 of the Memorandum and Articles of Association.

Every share is accorded one vote. The Board of Management of BLG AG is not aware of any restrictions or agreements between shareholders affecting voting rights. There is no maximum limit for a shareholder's votes and there are no special voting rights. In particular, there are no shares with special rights that confer controlling powers. This means the principle of "one share, one vote" is implemented in full.

The shareholders exercise their co-administration and monitoring rights at the Annual Shareholders' Meeting. Section 19 of the Memorandum and Articles of Association stipulates what requirements have to be met in order to participate in the Annual Shareholders' Meeting as a shareholder and exercise voting rights. Only persons who are entered in the stock record shall be regarded as a shareholder of the company.

Every shareholder entered in the stock record has the right to take part in the Annual Shareholders' Meeting, take the floor there regarding the respective items on the agenda and request information on company matters to the extent this is necessary for proper evaluation of an item on the agenda. The Annual Shareholders' Meeting passes resolutions primarily on formal approval of the Board of Management and Supervisory Board, appropriation of the balance sheet profit, capital measures, authorization for stock buybacks as well as amendments of the Memorandum and Articles of Association.

Shares in capital that exceed 10 per cent of the voting rights
Shareholders whose share in the capital stock exceed 10 per cent are the Free Hanseatic City of Bremen (municipality), the Bremer Landesbank Kreditanstalt Oldenburg –Girozentrale-, Bremen, and the financial holding company of the Sparkasse in Bremen, Bremen. As of January 1, 2017, the 12.6 per cent shareholding of Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale- in BLG AG were transferred to Bremer Verkehrsgesellschaft mbH, Bremen, a subsidiary of the Free Hanseatic City of Bremen (municipality). Details on this can be found in the annex in the section on voting rights disclosures on page 31. For further information on shareholder structure we refer you to the basic features of the Group on page 40.

SHARES

3.84

million

System of control of any employee share scheme where the control rights are not exercised directly by the employees
BLG AG has not introduced any employee stock programs. To the extent that employees hold shares, they are not subject to any system of control. These shares represent insignificant portions of the company capital.

Appointment and dismissal of Board of Management members and amendment of the Memorandum and Articles of Association
We refer to the declaration regarding corporate governance on page 12 in this connection.

Powers of the Board of Management to issue or buy back shares
The Board of Management is currently not authorized by the Annual Shareholders' Meeting to issue or buy back shares.

Significant agreements to which the company is a party and which take effect upon a change of control of the company following a takeover bid and the effects thereof
Agreements on the part of the company subject to the condition of a change of control following a takeover bid have not been made.

No compensation agreements were made by the company with members of the Board of Management or employees for the event of a takeover bid.

Remuneration report

Remuneration of the Board of Management

At the proposal of the Human Resources Committee, the Supervisory Board deliberates and decides on the remuneration system for the Board of Management, including the main elements of the contract, and reviews it regularly. The criteria for the appropriateness of the remuneration of the Board of Management are the duties and personal performance of the respective member of the Board of Management, the economic and financial situation, the size and global alignment of the company as well as sustainable corporate development. The amount of the remuneration is defined such that it is competitive in an international and national comparison and thus offers an incentive for committed and successful work. The Human Resources Committee regularly reviews whether the remuneration of the Board of Management is appropriate while taking into account the earnings, sector and future prospects of the company.

At its meeting on April 16, 2015, on the recommendation of the Human Resources Committee, the Supervisory Board unanimously approved the amended remuneration system for members of the Board of Management of BLG AG. The remuneration system was adjusted to take into account the effects of the changed accounting principles. New and existing contracts with Board of Management members were changed over to this system by mutual agreement and uniformly for all Board of Management members, regardless of the existing contract periods, effective as of January 1, 2015. The new system was approved by a large majority at the Annual Shareholders' Meeting on May 24, 2016 in accordance with Section 120 (4) of the Stock Corporation Act (AktG).

The following statements are based on the remuneration system that has applied since January 1, 2015:

The total remuneration of the members of the Management Board consists of a basic remuneration, a three-year EBT incentive and a sustainability bonus.

The basic remuneration is paid on a proportionate monthly basis as non-performance-based remuneration. Furthermore, the remuneration rules for the members of the Board of Management provide for other customary benefits, such as provision of a company car and allowances for a preventive health care examination. Members of the Board of Management additionally receive remuneration for Supervisory Board activities at Group companies.

The three-year EBT incentive is measured based on the participation rate of the individual member of the Board of Management based on the average EBT (group result before income taxes) for the financial year and the two preceding financial years. The Chairman of the Board of Management participates in the average EBT at a rate of 1.0875 per cent, while the remaining members of the Board of Management have a share of 0.725 per cent. The Supervisory Board has the opportunity to adjust the participation rate on the recommendation of the Human Resources Committee. In the introductory phase, the basis for assessment in 2015 was only the average EBT from 2015, and in 2016, only the EBT from the years 2015 and 2016. Starting in the 2017 financial year, a three-year assessment period is specified.

The sustainability bonus is calculated on the basis of the current financial year and the next two financial years. The target bonus is EUR 100,000 for the chairman of the Board of Management and EUR 66,700 for the remaining members of the Board of Management. The assessment is made by comparing the planned average EBT over the three years with the actual average EBT (target achievement). A threshold of at least 90 per cent of the target must be achieved. The maximum degree of target achievement is 110 per cent. If between 90 per cent and 100 per cent of the target is achieved, between 75 per cent and 100 per cent of the target bonus is granted; if between 100 per cent and 110 per cent of the target is achieved, between 100 per cent and 150 per cent of the target bonus is granted. If the threshold is reached, the payment is made in the financial year following the last plan year.

Contracts concluded with the Board of Management as of January 1, 2011 provide for severance pay in the amount of no more than two years' remuneration in the case of early termination of the position on the Board of Management without good cause. If the remaining term of the contract is less than two years, the compensation shall be calculated proportionately. The amount of the severance pay is determined as a matter of principle according to the sum of the fixed remuneration and variable remuneration components excluding remuneration in kind and other additional benefits for the last full financial year prior to the end of the employment contract. No general compensation agreements were made for the case of early termination of the position on the Board of Management.

The following tables **(01) (02) (03)** show the remuneration granted to each member of the Board of Management for the 2015 and 2016 financial years, including other benefits, and additionally, in the case of variable remuneration portions, the attainable maximum and minimum remuneration (according to sample table 1 in connection with Section 4.2.5 (3) (1st bullet point of the DCGK).

(01) Remuneration granted TEUR	**Frank Dreeke** Chairman of the Board of Management Date of joining Board: 01/01/2013 (Chairman since 06/01/2013)				**Jens Bieniek** Member of the Board of Management Date of joining Board: 06/01/2013			
	2015	**2016**	**2016 (min.)**	**2016 (max.)**	2015	**2016**	**2016 (min.)**	**2016 (max.)**
Fixed remuneration	605	622	622	622	330	344	344	344
Other benefits	43	42	42	42	29	32	32	32
Total	**648**	**664**	**664**	**664**	**359**	**376**	**376**	**376**
EBT incentive	323	329	0	450	216	219	0	300
Multi-year variable remuneration	33	66	0	150	22	44	0	100
Sustainability bonus (01/01/2015-12/31/2017)	33	33	0	100	22	22	0	67
Sustainability bonus (01/01/2016-12/31/2018)	0	33	0	50	0	22	0	33
Total	**1,004**	**1,059**	**664**	**1,264**	**597**	**639**	**376**	**776**
Pension-related expenses	436	161	161	161	148	76	76	76
Total remuneration	**1,440**	**1,220**	**825**	**1,425**	**745**	**715**	**452**	**852**

(02) Remuneration granted TEUR	**Michael Blach** Member of the Board of Management Date of joining Board: 06/01/2013				**Emanuel Schiffer**[1] Member of the Board of Management Date of joining Board: 01/01/1995			
	2015	**2016**	**2016 (min.)**	**2016 (max.)**	2015	**2016**	**2016 (min.)**	**2016 (max.)**
Fixed remuneration	330	344	344	344	550	550	550	550
Other benefits	24	26	26	26	47	46	46	46
Total	**354**	**370**	**370**	**370**	**597**	**596**	**596**	**596**
EBT incentive	216	219	0	300	320	220	0	220
Multi-year variable remuneration	22	44	0	100	0	0	0	0
Sustainability bonus (01/01/2015-12/31/2017)	22	22	0	67	0	0	0	0
Sustainability bonus (01/01/2016-12/31/2018)	0	22	0	33	0	0	0	0
Total	**592**	**633**	**370**	**770**	**917**	**816**	**596**	**816**
Pension-related expenses	189	74	74	74	0	0	0	0
Total remuneration	**781**	**707**	**444**	**844**	**917**	**816**	**596**	**816**

[1] Some of the reimbursement of Mr. Schiffer's amounts were made by EUROGATE GmbH & Co. KGaA, KG.

(03) Remuneration granted TEUR	**Dieter Schumacher** Member of the Board of Management Date of joining Board: 01/01/2016				**Jens Wollesen** Member of the Board of Management Date of joining Board: 07/01/2016			
	2015	**2016**	**2016 (min.)**	**2016 (max.)**	2015	**2016**	**2016 (min.)**	**2016 (max.)**
Fixed remuneration	0	330	330	330	0	165	165	165
Other benefits	0	26	26	26	0	8	8	8
Total	**0**	**356**	**356**	**356**	**0**	**173**	**173**	**173**
EBT incentive	0	219	0	300	0	110	0	300
Multi-year variable remuneration	0	22	0	33	0	11	0	17
Sustainability bonus (01/01/2015-12/31/2017)	0	0	0	0	0	0	0	0
Sustainability bonus (01/01/2016-12/31/2018)	0	22	0	33	0	11	0	17
Total	**0**	**597**	**356**	**689**	**0**	**294**	**173**	**490**
Pension-related expenses	0	12	12	12	0	0	0	0
Total remuneration	**0**	**609**	**368**	**701**	**0**	**294**	**173**	**490**

As of December 31, 2015, Mr. Wellbrock resigned as a member of the Board of Management. In this connection, his performance commitments were agreed separately; they were paid out in the amount of EUR 250,000 in the 2016 financial year.

The following tables **(04) (05) (06)** shows the inflow for each member of the Board of Management in the 2015 and 2016 financial year, consisting of fixed remuneration, three-year EBT incentive and sustainability bonus with differentiation according to the respective reference years (in accordance with sample table 2 in connection with Section 4.2.5 (3) (2nd bullet point) of the DCGK).

Some of the members of the Board of Management were granted pension claims, some of which are against companies of the BLG Group. Otherwise, the claims are against third parties. For purposes of comparability these claims are disclosed here.

The current members of the Board of Management are fundamentally entitled to receive pension benefits after leaving the BLG Group, but not before reaching the age of 63. Defined benefit pension commitments from the time before January 1, 1998 exist vis-à-vis third parties. The annual pension claims from defined benefit pension commitments come to between 40 and 60 per cent of the pensionable annual income, which is substantially below the respective basic annual salary (fixed remuneration of a member of the Board of Management). In the 2016 financial year, this rule applies to Mr. Schiffer.

New pension commitments were agreed for Messrs. Dreeke, Bieniek and Blach in December 2015. The pension commitments provide for a monthly retirement and disability pension of 10 per cent of basic salary. They also provide for a survivor's pension of 60 per cent of the agreed retirement pension. If a retirement pension is claimed before the age of 65, the pensions are reduced by 0.5 percentage points for each full month of early claim, but the maximum reduction is 18 per cent. No waiting period is provided for. **(07)**

Furthermore, it is possible for Board of Management members to acquire defined benefit pension commitments through deferred compensation.

As was the case in the previous year, members of the Board of Management had not been granted any loans or advance payments as of December 31, 2016. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Board of Management.

(04) Inflow
TEUR

	Frank Dreeke Chairman of the Board of Management Date of joining Board: 01/01/2013 (Chairman since 06/01/2013)		**Jens Bieniek** Member of the Board of Management Date of joining Board: 06/01/2013	
	2016	2015	**2016**	2015
Fixed remuneration	622	605	344	330
Other benefits	42	43	32	29
Total	**664**	**648**	**376**	**359**
EBT incentive	323	373	216	249
Sustainability bonus	0	0	0	0
Miscellaneous	0	0	0	0
Total	**987**	**1,021**	**592**	**608**
Pension-related expenses	161	436	76	148
Total remuneration	**1,148**	**1,457**	**668**	**756**

(05) Inflow
TEUR

	Michael Blach Member of the Board of Management Date of joining Board: 06/01/2013		**Emanuel Schiffer**[1] Member of the Board of Management Date of joining Board: 01/01/1995	
	2016	2015	**2016**	2015
Fixed remuneration	344	330	550	550
Other benefits	26	24	46	47
Total	**370**	**354**	**596**	**597**
EBT incentive	216	249	320	340
Sustainability bonus	0	0	0	0
Miscellaneous	0	0	0	0
Total	**586**	**603**	**916**	**937**
Pension-related expenses	74	189	0	0
Total remuneration	**660**	**792**	**916**	**937**

(06) Inflow
TEUR

	Dieter Schumacher Member of the Board of Management Date of joining Board: 01/01/2016		**Jens Wollesen** Member of the Board of Management Date of joining Board: 07/01/2016	
	2016	2015	**2016**	2015
Fixed remuneration	330	0	165	0
Other benefits	26	0	8	0
Total	**356**	**0**	**173**	**0**
EBT incentive	0	0	0	0
Sustainability bonus	0	0	0	0
Miscellaneous	0	0	0	0
Total	**356**	**0**	**173**	**0**
Pension-related expenses	12	0	0	0
Total remuneration	**368**	**0**	**173**	**0**

[1] Some of the reimbursement of Mr. Schiffer's amounts were made by EUROGATE GmbH & Co. KGaA, KG.

(07) Pension commitments [1] TEUR	Present value of pension obligations		Market value of reinsurance coverage		Total addition
	31.12.2016	31.12.2015	**31.12.2016**	31.12.2015	**2016**
Frank Dreeke	681	436	0	0	0
of which, BLG	681	436	0	0	0
of which, third parties	0	0	0	0	0
Jens Bieniek	528	372	149	78	71
of which, BLG	528	372	149	78	71
of which, third parties	0	0	0	0	0
Michael Blach	308	189	0	0	0
of which, BLG	308	189	0	0	0
of which, third parties	0	0	0	0	0
Emanuel Schiffer	5,267	4,736	0	0	0
of which, EUROGATE	2,330	2,057	0	0	0
of which, third parties	2,937	2,679	0	0	0
Dieter Schumacher	210	171	78	69	9
of which, BLG	210	171	78	69	9
of which, third parties	0	0	0	0	0
	6,994	**5,904**	**227**	**147**	**80**

[1] The data relate to the present and market values determined in accordance with IAS 19.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is stipulated in Section 17 of the Memorandum and Articles of Association of BLG AG. Every member of the Supervisory Board receives EUR 5,000 per year, the chairman receives triple that amount while the deputy chairman as well as the chairman of the Audit Committee and the chairman of the Human Resources Committee, provided he is not chairman of the Supervisory Board at the same time, receive double that amount. Members of the Audit Committee and Human Resources Committee receive an additional amount of EUR 1,000 per year.

Members of the Supervisory Board who are on the Board only for part of the financial year receive remuneration proportionate to the period of service on the Board. Furthermore, the members of the Supervisory Board receive variable remuneration based on company success. This is calculated as a function of the Group result (EBT) as follows: If the Group result exceeds the amount of EUR 20 million, the members of the Supervisory Board receive 0.2 per cent of the Group result. Each individual member of the Supervisory Board receives 1/20 of this amount. The chairman of the Supervisory Board receives 3/20, and the deputy chairman as well as the chairman of the Audit Committee and the chairman of the Human Resources Committee, provided he is not chairman of the Supervisory Board at the same time, receive 2/20 of this amount.

In addition, the members of the Supervisory Board receive EUR 500 per meeting, and any expenses going beyond that are refunded in the verified amount.

The members of the Supervisory Board received the following remuneration in the 2016 financial year **(08)**.

In the previous year the Supervisory Board received remuneration totaling EUR 273,000, of which EUR 100,000 was accounted for by fixed components and EUR 60,000 by variable components. The meeting allowances came to EUR 64,000, the remuneration for committee work EUR 14,000 and the allowances for Supervisory Board mandates within the Group was EUR 35,000.

(08) Remuneration of the Supervisory Board
TEUR

	2016					
	Fixed Allowances	Variable Allowances[2]	Committee-activity	Meeting	Other[3]	Total
Dr. Stephan-Andreas Kaulvers	15	9	1	6	9	40
Christine Behle	10	6	1	5	0	22
Karl-Heinz Dammann	5	3	2	8	9	27
Melf Grantz[1]	5	3	1	5	0	14
Martin Günthner[1]	5	3	1	5	0	14
Birgit Holtmann	5	3	0	3	9	20
Wolfgang Lemke (until 06/01/2016)	2	1	1	4	0	8
Karoline Linnert[1]	5	3	1	4	8	21
Dr. Klaus Meier	5	3	1	5	0	14
Dr. Tim Nesemann	5	3	1	3	0	12
Klaus Pollok (from 06/02/2016)	3	2	1	2	0	8
Dirk Reimers (until 05/31/2016)	2	2	0	2	0	6
Stefan Schubert (from 06/03/2016)	3	2	1	2	0	8
Gerrit Schützenmeister	5	3	0	3	0	11
Dieter Strerath	5	3	1	6	0	15
Reiner Thau	5	3	0	3	9	20
Dr. h.c. Klaus Wedemeier	5	3	0	2	0	10
Dr. Patrick Wendisch	10	6	1	5	0	22
	100	**61**	**14**	**73**	**44**	**292**

[1] In accordance with § 5a of the Senate law and §§ 6 and 6a of the Ordinance on secondary activities of the state parliament of Bremen, there is a requirement to surrender remuneration received for Supervisory Board work to the state.

[2] The presentation of the performance-related remuneration reported is based on the business success in the respective reporting year.

[3] Supervisory mandates within the Group.

The Board of Management and the Supervisory Board proposed to the Annual Shareholder's Meeting on May 24, 2016 an adjusted remuneration system for the Supervisory Board which provides for a remuneration that is independent of performance. BLG AG considers fixed remuneration to be more appropriate to take account of the supervisory function of the Supervisory Board, which is to be performed independently of the company's success.

The new regulation stipulates that each member of the Supervisory Board receives a fixed annual remuneration of EUR 8,300.00. The chairman of the Supervisory Board receives three times this remuneration, and the deputy chairman as well as the chairman of the Audit Committee and the chairman of the Human Resources Committee, provided he is not chairman of the Supervisory Board at the same time, receive twice this remuneration. Members of the Supervisory Board who are on the Board for only part of the financial year receive remuneration proportionate to the period of service on the Board. In addition, EUR 1,000.00 is paid annually for membership of the Audit Committee or the Human Resources Committee. The arrangements for the meeting fee remain unchanged. The new system was approved by a large majority at the Annual Shareholders' Meeting on May 24, 2016 and applies to activities from January 1, 2017 onwards.

As of December 31, 2016, members of the Supervisory Board had not been granted any loans or advance payments, as was the case in the previous year. There were no loan re-demptions in the reporting year. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Supervisory Board. Travel expenses were re-imbursed to the customary extent.

THE BLG SHARE

_ BLG share up by more than 27 per cent
_ Earnings per share of EUR 0.45
_ Dividend continuity maintained

GROWTH
IN VALUE
+ 27.8 %

High volatility in the equity markets

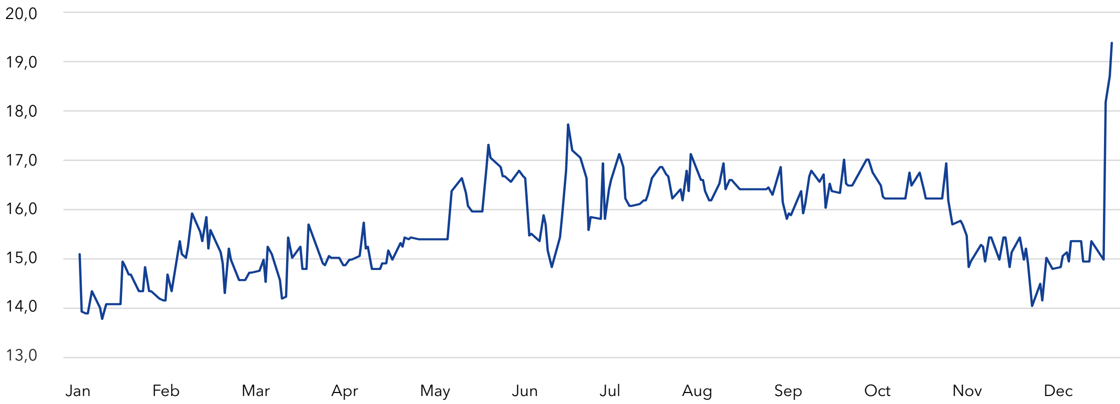
The global economy grew moderately in 2016, but the strength of the growth was comparatively weak and at a below-average level. The start of the year was dominated by concerns about the development of the global economy. This was mainly due to the high volatility in the equity markets, which were overshadowed by weak economic data and turbulence on the exchanges in China as well as the unfavorable sentiment indicators at the beginning of the year. The ongoing geopolitical crises, triggered by an increased threat of terrorism, political turmoil after the referendum in the United Kingdom, and the surprising results of the election in the US caused further uncertainties and crises in the equity markets.

World-wide stimulus measures and positive signals from the German economy brightened sentiment in the equity markets again at the end of the year, despite another interest rate hike by the US Federal Reserve Bank. The German equity index (DAX) began 2016 at 10,743. In the volatile environment, the DAX recorded a gain of 6.9 per cent during the financial year and ended the last trading day at 11,482.

BLG share[1] up by more than 27 per cent

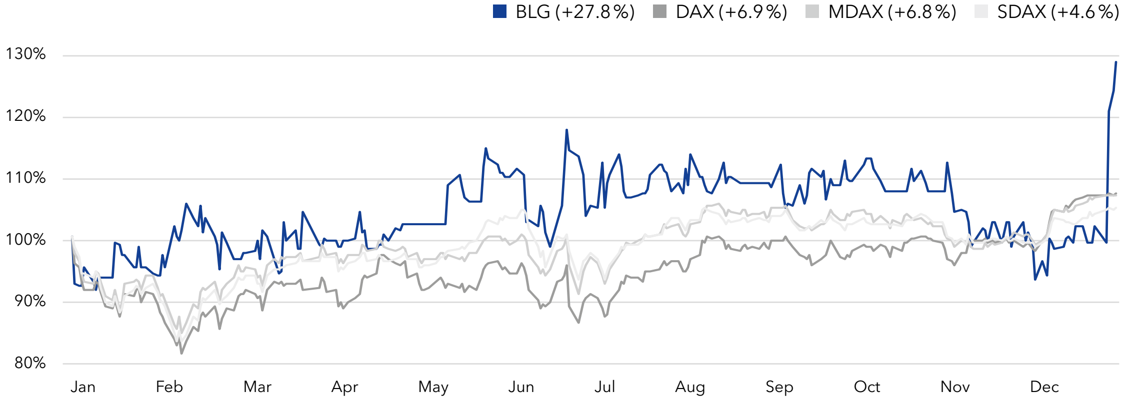
The BLG share showed a positive performance throughout the course of the 2016 financial year. On the first trading day of the financial year it opened with a price of EUR 15.08. Against the backdrop of the volatility of the equity markets, the share price recorded upwards and downwards movements throughout the year. On March 11, the BLG share hit its low for the year of EUR 13.59. The share price reached a high of EUR 20.10 on December 28 and closed at a price of EUR 19.27 on the last trading day, December 30, 2016. This represented a gain of over 27 per cent for the year as a whole. At the end of the year, market capitalization stood at EUR 74.0 million.

BLG SHARE PRICE PERFORMANCE (FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016)



[1] All market prices indicated as average on the listed stock markets.

RELATIVE BLG SHARE PERFORMANCE COMPARED TO THE DAX, MDAX AND SDAX



Key figures for the BLG share

Financial ratios for the BLG share		**2016**	2015	2014	2013	2012
Earnings per share	EUR	0.45	0.44	0.44	0.59	0.69
Dividend per share	EUR	0.40	0.40	0.40	0.40	0.40
Dividend	%	15	15	15	15	15
Dividend yield	%	2.1	2.7	3.1	4.2	4.5
Share price at year-end	EUR	19.27	15.08	12.78	9.48	8.93
Highest price[1]	EUR	20.10	17.39	13.18	9.61	9.25
Lowest price[1]	EUR	13.59	12.29	9.32	8.33	7.89
Dividend total	EUR million	1.5	1.5	1.5	1.5	1.5
Dividend ratio	%	89.5	90.2	91.9	68.3	57.6
Price/Earnings ratio		42.8	34.3	29.1	16.1	12.9
Market capitalization	EUR million	74.0	57.9	49.1	36.4	34.3

Dividend continuity maintained

Our goal is an earnings-related and consistent dividend policy. Our plan is to continue with this strategy in the future and to let our shareholders participate appropriately in the company's success.

The Board of Management and the Supervisory Board of BLG AG decided at their discretion to allocate a partial amount of EUR 180,201.63 from the annual surplus of EUR 1,716,201.63 to retained earnings. As a result, the annual financial statements of BLG AG for financial year 2016 show a balance sheet profit of EUR 1,536,000.00 (previous year: EUR 1,536,000.00). According to German law, this amount forms the basis for the dividend distribution.

In keeping with the policy of maintaining a sustainable dividend, the Board of Management, in consultation with the Supervisory Board, will propose to the Annual General Meeting on May 18, 2017, that a dividend of EUR 0.40 per share (previous year: EUR 0.40 per share)

DIVIDEND PER SHARE

EUR 0.40

be distributed on the dividend-eligible capital stock of EUR 9,984,000.00, corresponding to 3,840,000 shares (registered shares). This represents a payout ratio of 89.5 per cent. Based on the year-end price of EUR 19.27, this results in a dividend yield of 2.1 per cent for the 2016 financial year.

Shareholder structure unchanged in the 2016 financial year

The capital stock of BLG AG amounts to EUR 9,984,000 and is divided into 3,840,000 registered voting shares (registered shares). The transfer of shares requires company approval in accordance with Section 5 of the Articles of Association.

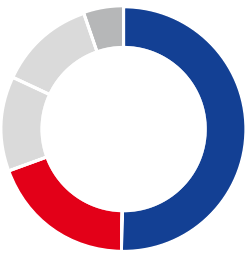
Shareholder structure of BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877– as of December 31, 2016

The Free Hanseatic City of Bremen (municipality) is the main shareholder of the company with a share of 50.4 per cent. Other large institutional investors are the Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale- and the financial holding company of Sparkasse in Bremen, with a share of 12.6 per cent and the Waldemar Koch Foundation in Bremen, with a share of 5.2 per cent. As of January 1, 2017, the 12.6 per cent shareholding of Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale- in BLG AG was transferred to Bremer Verkehrsgesellschaft mbH, Bremen, a subsidiary of the Free Hanseatic City of Bremen (municipality). 19.2 per cent of shares are in free float, corresponding to around 730,000 shares. 1.2 per cent of the free float is held by institutional investors; the remaining 18 per cent is held by private investors.

Investor relations continued intensively

In the 2016 financial year, our investor relations work continued to focus on providing comprehensive information regarding our company performance as well as our investor relations activities. To this end, we focused on dialogue with institutional investors, analysts and private shareholders. However, we also provide information regarding our company to all interested parties and strive to provide as much transparency as possible. Our IR calendar, financial statements and reports and information regarding the BLG share can be found at **www.blg-logistics.com/ir.**

SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2016



50.4%
FREE HANSEATIC CITY OF BREMEN (MUNICIPALITY OF BREMEN)

12.6%
BREMER LANDESBANK KREDITANSTALT OLDENBURG – GIROZENTRALE –

12.6%
FINANZHOLDING DER SPARKASSE IN BREMEN

5.2%
WALDEMAR KOCH STIFTUNG

19.2%
FREE FLOAT

ANNUAL FINANCIAL STATEMENTS BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877–

INCOME STATEMENT

TEUR	**2016**	2015
1. Remuneration of BLG LOGISTICS GROUP AG & Co. KG	2,018	2,394
2. Other operating income	5,081	4,506
	7,099	**6,900**
3. Personnel expenses		
a) Wages and salaries	-3,646	-3,844
b) Social security contributions and expenses for retirement benefits and assistance	-650	-39
	-4,296	**-3,883**
4. Other operating expenses	-1,292	-1,576
5. Other interest and similar income	609	585
6. Interest and similar expenses	-41	0
7. Taxes on income - of which from the development of deferred tax assets TEUR 174 (previous year: TEUR 0)	-363	-324
8. Earnings after taxes / annual net profit	**1,716**	**1,702**
9. Transfer to other revenue reserves	-180	-166
10. Balance sheet profit	**1,536**	**1,536**

BALANCE SHEET

TEUR **Assets**	**12/31/2016**	12/31/2015
A. Current assets		
I. Receivables and other assets		
1. Accounts receivable from affiliated companies	21,485	21,965
2. Other assets	286	18
	21,771	**21,983**
II. Cash in hand, bank balances	17	29
	21,788	**22,012**
B. Deferred tax assets	174	0
	21,962	**22,012**

TEUR **Liabilities**	**12/31/2016**	12/31/2015
A. Equity		
I. Subscribed capital	9,984	9,984
II. Revenue reserves		
1. Legal reserves	999	999
2. Other revenue reserves	6,913	6,733
	7,912	**7,732**
III. Balance sheet profit	1,536	1,536
	19,432	**19,252**
B. Provisions		
1. Provisions for pensions and similar obligations	231	0
2. Provisions for taxes	188	0
3. Other provisions	1,867	2,021
	2,286	**2,021**
C. Liabilities		
1. Trade payables	8	111
2. Other liabilities	236	628
	244	**739**
	21,962	**22,012**

NOTES

Notes for the 2016 financial year

The registered office of BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877- (BLG AG) is in Bremen. The company is entered in the register of the District Court of Bremen under the number HRB 4413.

General disclosures

The annual financial statements have been prepared in accordance with the provisions of Sections 242 et seqq. and 264 et seqq. HGB and the relevant provisions of the German Stock Corporation Act (Aktiengesetz).

The income statement was prepared according to the total cost method (Section 275 (2) HGB).

To improve the clarity of the presentation, disclosures on entries relating to more than one time were made with explanatory notes on a separate line.

Disclosures in respect of accounting and measurement

BLG AG fully complies with the provisions of the German Accounting Directive Implementation Act (BilRUG), which must be complied with as of January 1, 2016. No adjustment to the previous year's figures in this regard was necessary. The redefinition of sales (Section 277 (1) HGB) does not result in any changes for BLG AG, since it receives its remuneration mainly for functions arising from its partnership with BLG LOGISTICS GROUP AG & Co. KG, Bremen, (BLG KG).

In addition, the following accounting and valuation methods remained unchanged for the preparation of the annual financial statements.

The receivables and other assets are reported at their nominal value. Default risks are taken into account by means of specific valuation allowances, wherever necessary.

Bank balances are recognized at their nominal value.

The valuation of pension provisions is based on the projected unit credit method using the 2005 G mortality tables by Dr. Klaus Heubeck. The average market interest rate, which is calculated for an assumed residual term of 15 years, is used as a standard basis for discounting.

The actuarial reserves for the pension provisions are recognized using the asset value of the overall claims reported by the insurance companies. In this respect, the asset value corresponds both to the amortized cost (receipts plus interest and surplus credits) and the fair value as of the balance sheet date.

In accordance with Section 246 (2) sentence 2 HGB, these are netted against the present value of the pension obligations under provisions for pensions and similar obligations.

The actuarial valuation was based on the following parameters:

Actuarial parameters	Pensions
Discount rate	4.01%
Expected development of salaries and wages	2.00%
Expected pension increases	2.00%

The provisions are recognized at the settlement amount necessary to cover all recognizable risks and uncertain liabilities on the basis of prudent business assessment.

Non-current provisions with a residual term of more than one year are discounted using the average market interest rate of the past seven years, as announced by the German Federal Bank. Non-current provisions for pension obligations with a residual term of more than one year are discounted using the average market interest rate of the past ten years, as announced by the German Federal Bank.

The liabilities are accrued at their settlement amounts.

If there are differences between the commercial values of assets, liabilities and deferred income items and their tax values which are expected to be discounted in later financial years, they are valued at the individual tax rates in the period in which the difference is reduced and the resulting tax burden or relief is recognized as deferred taxes.

The estimation of the probability of the reversal of the temporary measurement differences and the utilization of the tax loss carryforwards which resulted in deferred tax assets are crucial to the assessment of the deferred tax assets. This is dependent upon the generation of future taxable profits during the periods in which those temporary tax measurement differences are reversed.

The option of recognizing deferred tax assets pursuant to Section 274 (1) sentence 2 HGB was applied.

Deferred taxes are offset and not discounted.

Disclosures in respect of the balance sheet

Receivables and other assets
The receivables from affiliated companies apply in the full amount to BLG KG. EUR 5,277,000 (previous year: EUR 5,227,000) thereof represents short-term loans. EUR 15,377,000 is attributable to receivables from cash management (previous year: EUR 13,012,000). Another EUR 882,000 (previous year: EUR 3,727,000) relates to trade receivables.

As in the previous year, all receivables have a residual term of up to one year.

Equity
The capital stock amounts to EUR 9,984,000 and is divided into 3,840,000 registered voting shares. Transfer of the shares requires the approval of the company in accordance with Section 5 of the Memorandum and Articles of Association.

Revenue reserves
The legal reserves are allocated in full in an amount of EUR 998,400.

An amount of EUR 180,000 was transferred to other revenue reserves from the net income for the year 2016 (previous year: EUR 166,000).

Existing retained earnings fully cover the amounts blocked for distribution of EUR 363,000 (previous year: EUR 0) in accordance with Section 253 (6) HGB (the difference between the recognition of pension obligations) as well as the amounts blocked for distribution of EUR 174,000 (previous year: EUR 0) in accordance with Section 268 (8) sentence 2 HGB (deferred tax assets).

Provisions for pensions and similar obligations
The provisions reported relate to pension obligations for the members of the Board of Management. In the 2016 financial year, they were transferred from BLG KG to BLG AG.

The net pension obligations presented break down as follows:

in TEUR	12/31/2016
Present value of pension obligations	3.363
- Market value of reinsurance coverage	3.132
= Net pension obligation	231

The amortized cost of reinsurance coverage corresponds to its fair value.

The difference between the recognition of provisions for pension obligations based on the corresponding average market interest rate for the past ten financial years and the recognition of provisions for pension obligations based on the corresponding average market interest rate for the past seven financial years amounts to EUR 363,000.

Interest expenses and interest income from accrued interest were recognized in the amount of EUR 84,000 (previous year: EUR 0).

Other provisions
Other provisions include EUR 1,367,000 (previous year: EUR 1,263,000) for the variable remuneration of the Board of Management.

In the reporting year, other provisions in the amount of EUR 326,000 (previous year: EUR 593,000) were established for costs in connection with the Annual General Meeting, the publication of the annual financial statements and the consolidated financial statements as well as the audit of the annual financial statements and for further consulting costs.

EUR 174,000 was deferred for fixed and variable Supervisory Board remuneration (previous year: EUR 165,000).

Liabilities
As in the previous year, all liabilities have a residual term of up to one year. EUR 219,000 of the other liabilities (previous year: EUR 599,000) relate to taxes.

Deferred taxes
Deferred taxes were valued at a tax rate of 15.825 per cent.

The deferred tax assets are mainly based on differences from pension provisions.

The option of recognizing excess deferred tax assets is applied.

Contingent liabilities
The Company is the general partner of BLG KG. A capital share does not have to be paid in. No risks of being subject to claims are perceptible on the basis of the equity capitalization and the positive results expected for BLG KG in the following years.

Investment holdings
The investment holdings, which must be allocated to the company via its subsidiary BLG KG in accordance with Section 285 sentence 1 no. 11 of the German Commercial Code (HGB), are part of the audited annual financial statements, which are published in the Federal Gazette.

A condensed list of the subsidiaries, joint ventures, associated enterprises and other participations included in the consolidated financial statements is contained in the section "Further Information" on page 163 et seq.

Disclosures in respect of the income statement

Remuneration of BLG KG
The figure includes the liability compensation governed by the partnership agreement (EUR 963,000, previous year: EUR 954,000) and the remuneration (EUR 1,055,000, previous year: EUR 1,440,000) for the activities as general partner of BLG KG.

Other operating income
Other operating income breaks down as follows:

in TEUR	01/01/2016 - 12/31/2016	01/01/2015 - 12/31/2015
Income from the passing on of Board of Management remuneration	3,775	3,978
Income from the adjustment to the calculation of the pension interest rate	363	0
Income from the reimbursement of pension obligations	295	0
Income from the passing on of Supervisory Board remuneration	255	233
Income from the reversal of provisions	157	17
Income from the passing on of expenses	150	204
Other	86	74
Total	**5,081**	**4,506**

Personnel expenses
The personnel expenses relate to the remuneration for the Board of Management.

EUR 650,000 in social security contributions and expenses for retirement benefits and assistance relate to expenses for retirement benefits (previous year: EUR 39,000).

Other operating expenses

Other operating expenses breaks down as follows:

in TEUR	01/01/2016 - 12/31/2016	01/01/2015 - 12/31/2015
Administrative expenses	661	656
Remuneration for the Supervisory Board	255	233
Expenses passed on	150	192
Legal, advisory and audit fees	112	383
Other personnel expenses	97	94
Expenses from prior periods	16	12
Advertising and representation	0	4
Other	1	1
Total	**1,292**	**1,575**

Other interest and similar income

As in the previous year, this figure relates in full to interest income from affiliated companies.

Interest and similar expenses

This figure relates in full to expenses from accrued interest.

Other disclosures

Off-balance-sheet transactions

There were no transactions that were not contained in the balance sheet as of December 31, 2016.

Other financial liabilities

There were no other financial liabilities as of December 31, 2016.

Auditor fees

The total remuneration for the auditors' work in the 2016 financial year amounted to EUR 131,000 (previous year: EUR 163,000). Of this amount EUR 127,000 relates to the audit of the financial statements, which included EUR 23,000 for audits of previous years' financial statements, and EUR 4,000 for other services.

Disclosures on related companies and parties

Transactions with shareholders

Relationships with the Free Hanseatic City of Bremen (municipality)

The Free Hanseatic City of Bremen (municipality) is the majority shareholder of BLG AG, with a 63.03 per cent share of the subscribed capital since January 1, 2017 (previous year: 50.4 per cent). It received a dividend in 2015 as a result of the resolution on the appropriation of the balance sheet profit.

Transactions with affiliated companies, joint ventures and associated enterprises

There were no transactions with affiliated companies, joint ventures and associated enterprises in the reporting year.

Board of Management and Supervisory Board

The disclosures concerning the Board of Management and Supervisory Board have been examined by the statutory auditor. They are reported elsewhere in the annual report: The composition of Board of Management and Supervisory Board as well as memberships of the Supervisory Boards and Management Boards in other bodies within the meaning of Section 125 (1) sentence 5 German Stock Corporation Act can be seen on pages 164 et seqq. Information on the itemized remuneration in accordance with Section 285 sentence 1 no. 9 HGB and the description of the principles of the remuneration systems in the Corporate Governance Report whose remuneration report is at the same time part of the management and group management report is summarized on pages 16 et seqq. The expenses for the emoluments of the Board of Management are assumed in full by BLG KG.

Director´s dealings

According to Article 19 of the EU Market Abuse Regulation, the members of the Board of Management and of the Supervisory Board are required as a matter of principle to disclose their own transactions with shares of BLG AG or related financial instruments.

The shareholdings of all members of the Board of Management and Supervisory Board amount to less than 1 per cent of the shares issued by the company. There were no purchases and sales requiring disclosure during the reporting year.

Disclosures of voting rights

The following disclosures of voting rights from direct or indirect investments in the capital of BLG AG were reported to the Board of Management of BLG AG:

On January 19, 2017, Norddeutsche Landesbank -Girozentrale-, Hanover, notified us pursuant to section 21 (1) WpHG (German Securities Trading Act) that its share of voting rights (held by the subsidiary Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale-, Bremen) in BLG AG fell below the threshold of 10 per cent on January 1, 2017, and at that time amounted to 0.0 per cent (corresponding to 0 voting rights). All voting rights were attributable to Norddeutsche Landesbank -Girozentrale-, Hanover, pursuant to section 22 (1) sentence 1 no. 1 WpHG.

On April 9, 2002, the Free Hanseatic City of Bremen (municipality) notified us pursuant to section 41 (2) sentence 1 WpHG that its share of voting rights amounted to 50.42 per cent (corresponding to 1,936,000 voting rights) as of April 1, 2002.

Bremer Verkehrsgesellschaft mbH, Bremen, a subsidiary of the Free Hanseatic City of Bremen (municipality), informed us on December 23, 2016 pursuant to section 21 (1) WpHG that its share of voting rights in BLG AG exceeded the threshold of 10 per cent on December 13, 2016, and at that time amounted to 12.61 per cent (corresponding to 484,032 voting rights). Pursuant to section 22 (1) sentence 1 no. 1 WpHG, all voting rights are attributable to the Free Hanseatic City of Bremen (municipality), which now has a total voting share of 63.03 per cent (corresponding to 2,420,032 voting rights). The shares were transferred with effect from January 1, 2017.

On November 18, 2016, the Waldemar-Koch Foundation, Bremen, notified us pursuant to section 21 (1) WpHG that its voting rights in BLG AG exceeded the threshold of 5 per cent on November 15, 2016, and at that time amounted to 5.23 per cent (corresponding to 200,814 voting rights). All voting rights are attributable to the Waldemar-Koch Foundation, Bremen.

On April 8, 2002, the financial holding company of the Sparkasse in Bremen, Bremen, notified us pursuant to section 41 (2) sentence 1 WpHG that its share of voting rights in BLG AG amounted to 12.61 per cent (corresponding to 484,032 voting rights) on April 1, 2002.

The current shareholder structure and voting rights disclosures are available on our website at **https://www.blg-logistics.com/en/investor-relations/aktie.**

Appropriation of net profit

The Board of Management in conjunction with the Supervisory Board will submit the following proposal regarding appropriation of net income to the Annual General Meeting on May 18, 2017: distribution of a dividend of EUR 0.40 per registered voting share (which corresponds to around 15 per cent per voting share) for the 2016 financial year, corresponding to the balance sheet profit of EUR 1,536,000.

Consolidated financial statements

The company, together with BLG KG as the joint parent enterprise, prepared voluntary consolidated financial statements as of December 31, 2016 in accordance with IFRS, as is applicable in the European Union, and with the commercial law provisions which must also be applied according to Section 315a (1) HGB. Furthermore, it has issued a financial statement for the purpose of complying with the group accounting obligation (according to Section 315a HGB). Both financial statements are published in the Federal Gazette and are available at the registered office of the company in Bremen.

Corporate Governance Code

A declaration of conformity with the German Corporate Governance Code as amended on May 5, 2015, was issued by the Board of Management on November 22, 2016, and by the Supervisory Board of BLG AG on December 15, 2016. The declaration has been made permanently available on our website: **www.blg-logistics.com/ir.**

Supplementary report

No events of particular significance for the net assets, financial position and results of operations occurred between the end of the financial year ended December 31, 2016, and the preparation of the annual financial statements on March 14, 2017.

MANAGEMENT REPORT FOR THE 2016 FINANCIAL YEAR BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877–

Basic features of the company

BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877–, Bremen (BLG AG), a listed company, is the sole general partner of BLG LOGISTICS GROUP AG & Co. KG, Bremen (BLG KG), and as such has assumed management of BLG KG.

BLG AG does not hold any share capital in BLG KG, nor is it entitled to receive any earnings from the company. All limited partnership shares of BLG KG are held by the Free Hanseatic City of Bremen (municipality). BLG AG receives remuneration for the liability it has assumed and for its business management activities. The business of BLG KG is managed by the Board of Management of BLG AG as a body of the general partner. The Board of Management is fully accountable for managing the business in accordance with Section 76 (1) of the German Stock Corporation Act (Aktiengesetz) and is not subject to instructions from the shareholders.

For the liability it has assumed, BLG AG receives remuneration from BLG KG in the amount of 5 per cent of the equity reported in the annual financial statements for the respective previous year in accordance with Sections 266 et seqq. of the German Commercial Code (HGB). This liability remuneration shall be paid regardless of the year-end results of BLG KG. For its management work, BLG AG receives remuneration in the amount of 5 per cent of the net income of BLG KG prior to deduction of this remuneration. The remuneration for work amounts to a minimum of EUR 256,000 and a maximum of EUR 2,500,000.

In addition, expenses directly incurred by BLG AG in connection with management of BLG KG were reimbursed by the latter. Further information on transactions with affiliated companies and related parties can be found in the notes to the financial statement.

The company maintains a branch office in Bremerhaven.

Business report

Report on earnings, financial and asset situation

In accordance with its corporate function, BLG AG lent all financial facilities available to it to BLG KG for pro rata financing of the working capital necessary for performing its services. This is mainly handled through the central cash management of BLG KG in which the company is included. The interest on the funds provided continues to be based on customary market terms. This financing holds minimal risk.

For performing the general partner function in BLG KG and for managing the BLG GROUP, BLG AG received a liability compensation (EUR 963,000) and remuneration for management work (EUR 1,055,000) for 2016. In addition, expenses directly incurred by the Company in connection with management of BLG KG were reimbursed by the latter.

Earnings per share of EUR 0.45

Earnings per share are calculated by dividing the annual net income of BLG AG by the average number of outstanding shares during the financial year. As in the previous year, there were 3,840,000 registered shares outstanding during the 2016 financial year. In 2016, the annual net profit rose by EUR 14,000 in a year-on-year comparison. The lower management remuneration (2016: EUR 1.1 million, 2015: EUR 1.4 million) was largely offset by lower expenses for the necessary consultancy services. The development of deferred tax assets also had a positive effect on the net income for the year.

EARNINGS PER SHARE

EUR 0.45

BLG AG share

For detailed information on the BLG AG share and in order to avoid duplication, we refer to the respective data in the Annual Report on pages 22 et seqq.

Corporate Governance report

Corporate governance declaration
The disclosures on corporate governance as laid down in Section 289 of the German Commercial Code (HGB) have been examined by the auditor. To avoid duplication, they will be reported elsewhere in the Annual Report together with the corporate governance declaration in accordance with Section 289a HGB; see pages 12 et seqq. in this connection.

Takeover-related disclosures in accordance with Section 289(4) HGB
The takeover-related disclosures are included in the Corporate Governance Report on pages 15 et seq.

Remuneration report

The remuneration report in accordance with Section 289 (3) no. 5 HGB is contained in the Corporate Governance report on pages 16 et seqq.

Risk report

Opportunity and risk management
Corporate activity is accompanied by opportunities and risks. Responsible handling of potential risks is a key element of sound corporate governance for BLG AG. At the same time it is important to identify and take advantage of opportunities. Our opportunities and risk policy aims to increase the company's value without taking any unreasonably high risks.

The Board of Management of BLG AG assumes responsibility for formulating risk policy principles and profit-oriented management of overall risk. The Board of Management regularly reports to the Supervisory Board on decisions holding potential risk in connection with its duty-bound assumption of responsibility under company law.

Potential risk is identified early as part of a continuous risk control process as well as a risk management and reporting system geared to the corporate structure under company law. We give special consideration to possible risks to continuity of operations based on strategic decisions. Currently no risks to continuity of operations and to the future development of our company can be identified on the basis of an overall analysis. Our financial base in connection with extending the range of services in all strategic divisions of the Group continues to offer good opportunities for stable corporate development on the part of BLG AG.

Description of the main features of the internal control and risk management system with regard to the accounting process according to Section 289 (5) HGB
The description of the main features of the internal control and risk management system with regard to the accounting process in accordance with Section 289 (5) HGB was reviewed by the auditor. To avoid duplication, we refer to the respective disclosures in accordance with Section 315 (2) no. 5 HGB in the Group Management Report on pages 60 et seqq.

Risks and opportunities of future development
Risks for the company result from its position as general partner of BLG KG, Bremen. There is no perceptible risk of being subject to claims. There is both a risk and an opportunity from the development of earnings of BLG KG, on which the amount of the company's management remuneration depends. A credit risk results from the receivables from loans and cash management with respect to BLG KG. There is no perceptible credit risk.

Based on what is known at present, the expected exit of the United Kingdom from the European Union and the ongoing phase of low interest rates have no impact on the risk assessment.

Outlook

Report on forecasts and other statements regarding expected development
A slight rise in net income was forecast in the previous year. Annual net income rose by EUR 14,000 in a year-on-year comparison. Please see the Business Report in this regard. For the year 2017 we assume another slight rise in net income based on sound planning. Against this background we want to offer our shareholders an attractive dividend yield. We are aiming to increase the dividend in line with the market, but at a minimum aim to keep it at the level of the previous year.

Apart from historical financial information, this Annual Report contains statements on the future development of the business and the business results of the BLG AG which are based on estimates, forecasts and expectations, and can be identified by wording such as "assume", "expect" and similar terms. These statements may, of course, vary from actual future events or developments. We are not under any obligation to update these future-oriented statements with new information.

Final statement of the Board of Management in accordance with Section 312 (3) of the German Stock Corporation Act (Aktiengesetz).

BLG AG received an appropriate consideration for each legal transaction indicated in the report on relationships with affiliated companies and was not disadvantaged by the measures taken, which were indicated in the report. No measures pursuant to Section 312 AktG were omitted. This assessment is based on the circumstances of which we were aware at the time the reportable transactions were conducted."

ASSURANCE OF THE LEGAL REPRESENTATIVES

We declare according to the best of our knowledge and belief that, in accordance with the accounting principles to be applied, the annual financial statement presents a true and fair view of the net worth, financial position and results of the company and the Management Report conveys a true and fair view of the business trend, including the business result, and of the situation of the company and describes the major opportunities and risks in connection with the expected development of the company.

Bremen, March 14, 2017

THE BOARD OF MANAGEMENT

Frank Dreeke	Jens Bieniek	Michael Blach
Andrea Eck	Dieter Schumacher	Jens Wollesen

AUDIT OPINION

We have audited the annual financial statements, consisting of the balance sheet, income statement and the notes to the financial statements, including the accounting and the Management Report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, for the financial year from January 1 to December 31, 2016. The legal representatives of the company assume responsibility for the accounting and preparation of the annual financial statement and the Management Report in accordance with the provisions of German commercial law. Our responsibility is to submit an evaluation of the annual financial statements, including the accounts, and the Management Report on the basis of the audit conducted by us.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code (HGB), taking into consideration the German principles for the audit of financial statements as stipulated by the German Institute of Public Auditors (IDW). According to these principles, the audit is to be planned and conducted such that any inaccuracies and violations that have a significant impact on the view of the net worth, financial position and results conveyed by the annual financial statement in conformity with generally accepted accounting principles and by the Management Report are identified with adequate certainty. Knowledge of the business activities, economic environment and legal framework of the company as well as the expectations regarding possible errors are taken into account in the definition of the auditing procedures. The effectiveness of the accounting-related system of internal audits as well as documentary evidence for the data in the accounting, annual financial statement and Management Report are predominantly evaluated on the basis of spot checks within the framework of the audit. The audit encompasses evaluation of the accounting principles applied and of the main assessments of the legal representatives as well as an appraisal of the overall presentation of the annual financial statement and the Management Report. We are of the view that our audit forms an adequately reliable basis for our evaluation.

Our audit did not lead to any objections. In our assessment, based on the findings of our audit, the annual financial statements comply with the legal regulations and gives a true and fair view of the net worth, financial position and results of the company in accordance with generally accepted accounting principles. The Management Report is consistent with the annual financial statements, complies with the statutory provisions, in overall terms accurately reflects the position of the company and fairly presents the opportunities and risks associated with future developments.

Bremen, March 17, 2017

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Ludwig Wirtschaftsprüfer	Hantke Wirtschaftsprüfer

WE CONTINUED TO GROW IN 2016 AND AGAIN INCREASED SALES COMPARED TO THE PREVIOUS YEAR.

02

Group Management Report

BASIC GROUP INFORMATION

_ AUTOMOBILE Division: Strong performance by the European automobile logistics segment
_ CONTRACT Division: Excellent logistics solutions for industrial and retail logistics customers
_ CONTAINER Division: Leading terminal operator in Europe

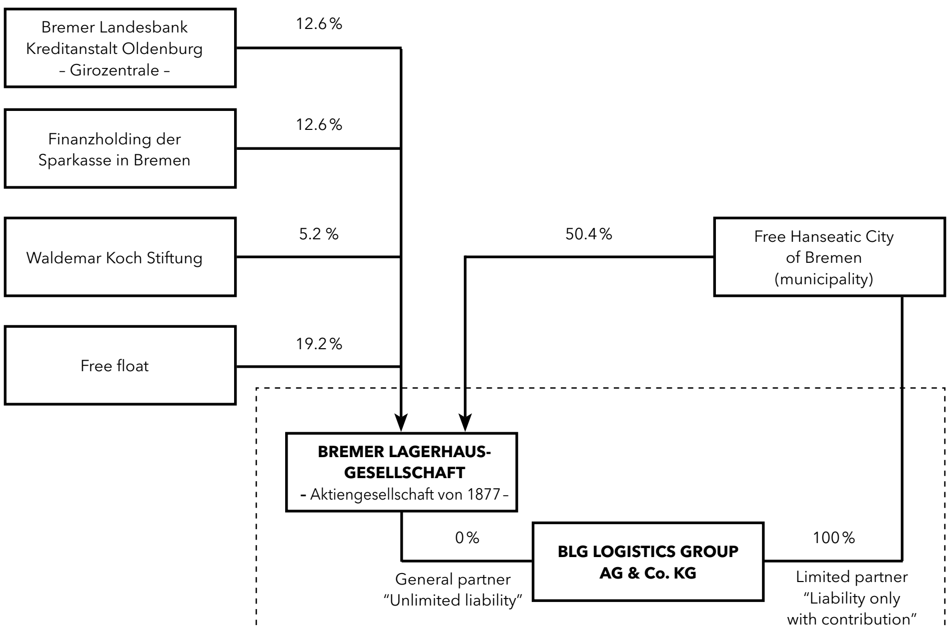
As a general partner of BLG LOGISTICS GROUP AG & Co. KG (BLG KG), the listed company BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877– (BLG AG) has assumed the management of BLG LOGISTICS. These two companies, which are closely linked in legal, commercial and organizational respects, have therefore prepared the Group financial statements jointly.

BLG AG does not hold any share capital in BLG KG and is also not entitled to receive any earnings from the company. It receives remuneration for the liability it has assumed and for its business management activities. All limited partnership shares of BLG KG are held by the Free Hanseatic City of Bremen (municipality). The business of BLG KG is managed by the Board of Management of BLG AG as a body of the general partner. The Board of Management is fully accountable for managing the business in accordance with Section 76 (1) of the German Stock Corporation Act (Aktiengesetz) and is not subject to instructions from the shareholders.

Business model and organizational structure

The BLG Group operates externally under the brand BLG LOGISTICS. BLG LOGISTICS is an international seaport-oriented logistics service provider with over 100

LEGAL STRUCTURE OF THE GROUP AS OF DECEMBER 31, 2016



companies and branch offices in Europe, North and South America, Africa and Asia.

As a strategic management holding company, BLG KG focuses on strategic developments at Group level. As a result, the holding company's influence on the operating business is greater than that of a pure financial holding company, but it is also significantly less than in the case of an operational management holding company. The Boards of Management members of the three AUTOMOBILE, CONTRACT and CONTAINER divisions play a special role as an interface to the operating units. The Board of Management determines the Group strategy by creating strategic guidelines at Group level; together with the operating managers, the divisional Board of Management determines the strategy for the divisions within the framework of these guidelines and is responsible for the strategic management of the division.

In line with our corporate mission statement and our management principles, we maintain clear strategic and financial management guidelines through delegation in decentralized structures. Within these guidelines, corporate responsibility lies with the management teams of the divisions, the divisional managers and the company managers assigned to them. We strive for an efficient and results-oriented relationship between the strategic management holding company and the operating companies, with clear interfaces between them. In addition to the original management tasks, the operational integration depth of the holding company in the business divisions is limited to the support processes. The objective is to increase the synergy potentials between the business divisions - where they are available and useful.

We distinguish between center-of-excellence functions with a focus on providing bundled expert knowledge and shared-service-center functions with a focus on providing scalable services. At the performance level, all synergies must be measured using external benchmarks and comparisons with the competition.

Support functions that require a high level of market knowledge and/or strong knowledge of the value-adding processes under consideration are organized decentrally in the operating companies.

Open and efficient collaboration within defined guidelines is the responsibility of all participants in the process. The Boards of Management are committed to ensuring that the departments continuously improve their processes.

The BLG Group is divided into three divisions. The reporting also follows this division.

The AUTOMOBILE and CONTRACT Divisions are divided into eleven business segments. Operational management of the segments, including profit responsibility, lies with the relevant segment management of the AUTOMOBILE and CONTRACT Divisions, and with the Group Management of the subgroup EUROGATE GmbH & Co. KGaA, KG, for the CONTAINER Division.

AUTOMOBILE Division

The AUTOMOBILE Division comprises the logistics of finished vehicles. This mainly concerns the handling, technical services and the worldwide distribution from the manufacturers to the dealers in the countries of destination. With a volume of 6.3 million vehicles, this division secured its position as one of Europe's leading automotive logistics specialists in 2016.

In addition to the seaport terminals in Bremerhaven (Germany), Gioia Tauro (Italy), Cuxhaven (Germany), Hamburg (Germany), Gdansk (Poland) and in Bronka harbor (Russia), the AUTOMOBILE Division also operates several terminals on the Rhine and the Danube. Eight inland waterway vessels, a fleet of currently around 500 trucks and 1,275 railway wagons, are in operation there to transport cars. We also provide logistics services in Croatia, Poland, Russia, Slovenia, Turkey and Ukraine.

CONTRACT Division

The CONTRACT Division implements comprehensive individual logistics solutions for customers in industry and commerce. Its services focus on car parts logistics, as well as industrial and production logistics, retail and distribution logistics, seaport logistics for conventional goods in Bremen, logistics for the offshore wind energy industry in Bremerhaven and forwarding services.

BLG LOGISTICS provides contract logistics services at logistics centers and special facilities in over 40 locations in Europe and overseas for well-known brands such as Adler Mode, Basler, BMW, Bosch, Daimler, Deutsche Bahn, engelbert strauss, Golf House, Gerry Weber, Griesson - de Beukelaer, Hansgrohe, Konica Minolta, OBI, Siemens and Tchibo.

CONTAINER Division

The CONTAINER Division has been developed by EUROGATE, a joint venture and Europe's leading terminal operator. Its positioning is based on the continental terminal concept, supplemented by container transport-related services. The network encompasses shipments by rail, road and water, as well as logistics services for containerized goods.

The terminal network includes the locations of Bremerhaven, Hamburg, Wilhelmshaven (Germany), La Spezia, Gioia Tauro, Cagliari, Ravenna and Salerno (Italy), Sao Paulo (Brazil), Limassol (Cyprus), Lisbon (Portugal), Tangier (Morocco) and Ust-Luga (Russia).

Changes to the group of consolidated companies

In the reporting year, BLG AutoTerminal Kelheim GmbH & Co. KG, Saal an der Donau was renamed BLG AutoTerminal Deutschland GmbH & Co. KG, and the headquarters moved to Bremen.

As part of the internal restructuring of the Group, the following were removed from the group of consolidated companies: BLG AutoTerminal Duisburg GmbH & Co. KG, Duisburg, due to accrual, and BLG AutoTerminal Hamburg GmbH & Co. KG, Hamburg, due to its merger with BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen. E.H. Harms GmbH & Co. KG Automobile-Logistics, Bremen, was also renamed and now operates as BLG AutoTerminal und Fahrzeuglogistik GmbH & Co. KG, Bremen.

In the reporting year, BLG Automobile Logistics Italia S.r.l., Gioia Tauro, Italy, sold 50 per cent of its holding in BLG AutoTerminal Gioia Tauro S.p.A., Gioia Tauro, Italy. The company was renamed AutoTerminal Gioia Tauro, Italy, and headquarters were moved to San Ferdinando. As a result of the sale of the holdings, the BLG Group lost control of the fully consolidated company. The company had been consolidated using the equity method since July 1, 2016.

Car Logistic JSC, Moscow, Russia, was also removed from the group of consolidated companies during the reporting year due to its merger into BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia.

In the CONTRACT Division, BLG Soluciones Logisticas Integradas España S.L.U., Vitoria, Spain, was deconsolidated due to liquidation and BLG Logistics (UK) Ltd., Felixstowe, United Kingdom, was deconsolidated due to the cessation of business activity. As part of the restructuring, BLG Sports & Fashion Logistikzentrum Erfurt GmbH, Erfurt, was removed from the group of consolidated companies due to the merger with BLG Sports & Fashion Logistics GmbH, Hörsel.

A further change in the group of consolidated companies relates to BLG WindEnergy Logistics GmbH & Co. KG, Bremerhaven, which was founded by the spinoff from BLG Logistics Solutions GmbH & Co. KG, Bremen.

By notarial agreement of June 21, 2016, 100 per cent of the shares in INFORTRA GmbH INTERNATIONAL FORWARDING & TRANSPORT, Niederkrüchten (INFORTRA GmbH), and 60 per cent of the shares in LOGFORTRA GmbH Logistic, Forwarding & Transport, Niederkrüchten (LOGFORTRA GmbH) were acquired by BLG KG. The remaining 40 per cent of LOGFORTRA GmbH is held by INFORTRA GmbH.

Together, the two companies form FORTRAGROUP. The transfer of the shares was carried out on September 6, 2016 as a condition precedent. The companies of FORTAGROUP are fully consolidated and are allocated to the CONTRACT Division.

Management and control

Corporate governance declaration

The disclosures on corporate governance as laid down in Section 315 of the German Commercial Code (HGB) have been examined by the auditor. They are shown on pages 12 et seqq. of this annual report, together with the corporate governance declaration in accordance with Section 289a HGB.

Takeover-related disclosures in accordance with Section 315(4) HGB
The takeover-related disclosures are included in the Corporate Governance Report on pages 15 et seqq.

Remuneration report
The remuneration report in accordance with Section 315(2) No. 2 HGB is included in the Corporate Governance Report on pages 16 et seqq.

Research and development

The business model of BLG LOGISTICS does not require any research and development in the narrow sense. However, we place great importance on technical innovations and process innovations in particular. Together with a major customer, we won the European Logistics Award of the European Logistics Association in 2016 for the innovative project "Stargate - Logistics at the interface between humans and robots". The robot-assisted warehouse concept, in which shelves with the merchandise are driven by the transport vehicles to the employees, is a mobile, scalable and efficient storage and picking solution at our logistics location in Frankfurt.

In a digital flagship project for the automotive industry, a project consortium, to which BLG LOGISTICS also belongs, is developing a smart load carrier – a cyber-physical system, which aims to provide the automotive industry with a lean and robust supply chain without special transports, reworking, production stops or callbacks. The "SaSCh" project – an acronym for "Digitale Services zur Gestaltung agiler Supply Chains" ("Digital Services for the Design of Agile Supply Chains") – is funded by the Federal Ministry of Economics and Energy (BMWi).

In addition, the new "100-Day Projects" initiative, the development of a creative laboratory and the pooling of knowledge and initiatives in the newly created, cross-company innovation team have started serving as catalysts for the further technological development of the BLG Group.

Relevant legal and economic factors

The BLG Group has to observe a wide range of national and international legislation. In addition to regulations under public law, capital market law, employment law including occupational health and safety legislation, transport and customs laws and competition law are particularly relevant to us. Collective pay agreements in Germany are one of the most important economic factors for the BLG Group, as a large proportion of the workforce is employed in Germany and personnel expenses for our own as well as external staff represent the main cost item. Because our business model is capital-intensive in all divisions, the cost of capital also plays a significant role.

Group control

Since the 2014 financial year, the BLG Group has been driven by the following key indicators: operating result (EBIT), EBIT margin, earnings before income taxes (EBT), return on capital employed (ROCE) and free cash flow (FCF).

BUSINESS REPORT

_ Group revenues increase again: EUR 1,045.6 million
_ EBT: EUR 30.8 million
_ CONTRACT Division expands forwarding business segment

Macroeconomic conditions

The downturn in the global economy reached its nadir in 2016 and the economy noticeably picked up steam after the middle of the year. Gross domestic product (GDP) grew by a modest 3.1 per cent in the past year. The high degree of political and economic uncertainty had a considerable influence on this. These uncertainties resulted, among other things, from the conflicts in Syria and Iraq, political developments in Turkey and the United Kingdom's vote, as well as the election in the USA.

Global economic development was influenced by a very mixed environment. In Brazil, the recession persisted in 2016 due to political uncertainties and necessary budgetary reforms. The Russian economy was adversely affected by the fall in oil prices, the devaluation of the rouble and the consequences of the ongoing international sanctions. Nearly all the emerging markets turned in a weak performance, but overall this corresponded to the reduced expectations. The Chinese economy continued its transition to a more consumer and domestic market driven economy, which was accompanied by a steady decline in economic growth rates. The largely unexpected approval of Brexit in June 2016 added to the uncertainty, although the consequences of this in the months that followed were less than originally feared. Global economic development was also influenced by political uncertainties related to the US presidential election.

The development of the major advanced economies was supported by favorable commodity prices and low inflation. Since the middle of the year, an economic recovery could be seen in expanding production, declining inflation rates and stable commodity and energy prices. The USA is still on the upswing and the recovery in the eurozone has continued at a moderate pace due to the continuing expansionary monetary policy and the relatively weak euro.

German GDP rose by 1.9 per cent in 2016

The German economy exceeded expectations last year and turned in a robust performance despite the Brexit vote. Consumer confidence, government spending and a solid labor market contributed significantly to growth. In particular, consumer confidence and low inflation led to GDP growth of 1.9 per cent in 2016. Private consumption spending rose by 2.0 per cent, and government expenditures grew even more, by 4.2 per cent, which is partly due to the sharp rise in spending as a result of the influx of refugees and the significant adjustment in pensions at mid-year.

Investments in equipment increased by 1.7 per cent. However, foreign trade provided no growth impetus, although, according to recent calculations by the federal authorities for the year 2016, exports are heading towards a record result. However, imports increased more than exports last year. The budget surplus was 0.4 per cent in relation to GDP as a result of tax revenues and high savings on interest payments.

The very good situation in the labor market, the strong construction investment and increased state spending played a central role in the strength of the domestic economy. The unemployment rate is currently at its lowest level in 25 years and is expected to stabilize at the 6 per cent mark. In view of the ongoing trends in disposable income in private households and a moderate increase in prices, consumer spending and government expenditures play a leading role. The business climate continued to stabilize at a good level and overall production capacities are well utilized.

Situation in the logistics sector

As a provider of production-related services, the logistics sector acts as a major link between manufacturers, retailers and consumers. In addition to the traditional freight forwarding business, its strengths include the provision of logistics services in connection with the delivery, production and distribution of goods.

As a result, the sector benefits from the increasing demand for logistics services, which is aided by the growth in e-commerce business and returns processing in the business-to-consumer business. To this extent, the logistics sector as reflected in the BLG Group's business model is also highly dependent on economic trends. Challenges in the logistics sector concern in particular continued pressure on margins, demographic trends and the resulting competition for professionals, managers and young talent. Other challenges include difficulties in transport infrastructure, new information technologies, the dynamics of the global economy, the penetration of new business areas, low barriers to market entry, the expansion of the range of services and the requirements for sustainable logistics. In addition, logistics companies are expected to be very willing to invest and highly innovative in the area of outsourcing activities. A key focus here is to invest in transshipment, distribution and order-picking centers in conveniently situated locations. Because contracts with customers frequently only have terms of a few years, space and handling equipment are often rented or leased. This avoids tying up capital in the long-term and significantly increases the flexibility of the logistics service provider.

Increasing customer demand has led to a significantly greater use of consistent information and communication technology along the process chains, particularly due to the strong growth in online business. Logistics service providers must increasingly adapt business models to the changes, such as the rising influence of the progressive digitization of the process chains. The SCI Logistics Barometer for December 2016 reports normal to good capacity utilization in the last months of the reporting year and assumes a positive business situation for the first quarter of 2017.

The volume in the logistics industry in Germany is expected to have risen by around two per cent last year to just under EUR 258 billion. Significant negative impacts in this regard are slowing globalization, weaker growth rates in China and the emerging markets, the consequences of the ongoing geopolitical turmoil, and sluggish infrastructure projects in the eurozone. The experts expect further stable growth in the current year. According to the Fraunhofer SCS figures, around 3 million people were employed in logistics jobs in industry, in retail and at logistics service providers in 2016. This makes the German logistics market the largest sub-sector in Europe by far.

Aside from its economic strength and its large population, the significance of the German market can be partly attributed to the fact that a large share of economic output is accounted for by industry and commerce. Other reasons include the traditionally high export share, its central position in Europe and its associated function as a hub. The quality of its transport infrastructure and its significant logistics expertise also contribute to making Germany highly attractive as a logistics location.

This can also be seen in the Logistics Performance Index (LPI), calculated every two years by the World Bank, which shows Germany to be the leading logistics location once again in 2016. To calculate the total value, six categories are scored on a scale from 1 to 5. Germany is among the top 3 in the categories of infrastructure, tracking and tracing, logistics quality and competence and customs, and also takes first place in the overall ranking with a score of 4.23.

Statement by the Board of Management on the economic situation

GROWTH SUCCESSFULLY MAINTAINED

In the 2016 financial year, the BLG Group solidly maintained its position despite a difficult economic environment and a restrained global economy. We consider business performance to be satisfactory, taking into account the ongoing weakness of China and the emerging economies as well as the difficult political macroeconomic conditions in many regions of the world.

The BLG Group continued to record growth during the financial year. Compared to the previous year, revenues in all business divisions increased again and were within the projected target corridor. The development of earnings in the CONTRACT and CONTAINER Divisions was positive year-on-year. The development of earnings in the AUTOMOBILE division was down slightly. The EBT of the BLG Group was slightly above the previous year's level in 2016.

The BLG Group continued to record growth due to efficient process design, internal restructuring measures and stringent cost management. We continued to pursue a sustainable spending and investment policy and further optimized our existing processes. We continue to regard the BLG Group's economic position as stable, but still capable of growth. This assessment is based on the results of the Group financial statements for 2016 and takes into account business performance up to the time the Group management report for 2016 was drawn up. Business performance at the beginning of 2017 corresponds to our expectations at the time of the preparation of this Group management report.

INCREASE IN SALES OF

11.4 %

Business performance

Revenue situation

In the 2016 financial year, Group revenues once again rose in year-on-year comparison by EUR 107.0 million to EUR 1,045.6 million. This is mainly due to the growth in the CONTRACT Division. **(01) (02) (03)**

The increase in sales of EUR 12.1 million in the AUTOMOBILE Division is the result of the sustained positive development in the German automotive market and the high volume of transfers at domestic terminals. The growth in sales of EUR 95.7 million to EUR 574.5 million in the CONTRACT Division was

(01) Sales by segment (in EUR million)	**2016**	2015	Change absolute	Change percentage
AUTOMOBILE	473.7	461.6	12.1	2.6
CONTRACT	574.5	478.8	95.7	20.0
CONTAINER	319.7	295.7	24.0	8.1
Reconciliation	-322.3	-297.5	-24.8	-8.3
Total Group	**1,045.6**	**938.6**	**107.0**	**11.4**

(02) Indicators for the revenue situation		**2016**	2015	Change absolute	Change percentage
Sales	EUR million	1,045.6	938.6	107.0	11.4
Return on sales	%	3.7	3.8	-0.1	-2.6
EBIT	EUR million	38.5	35.3	3.2	9.1
EBT	EUR million	30.8	29.7	1.1	3.7
Group Net Income	EUR million	30.9	27.0	3.9	14.4

(03) EBIT by segment (in EUR million)	**2016**	2015	Change absolute	Change percentage
AUTOMOBILE	15.1	18.5	-3.4	-18.4
CONTRACT	7.1	1.7	5.4	317.6
CONTAINER	47.2	43.4	3.8	8.8
Reconciliation	-30.9	-28.3	-2.6	-9.1
Total Group	**38.5**	**35.3**	**3.2**	**9.1**

mainly due to the expansion of business with new and existing customers and the expansion of the forwarding business segment. The increase in sales in the CONTAINER Division by EUR 24.0 million to EUR 319.7 million is attributable to one-time effects from the handling of ships at the Hamburg site and the higher revenues generated in the wind power segment.

In line with the development of sales, material expenses also increased by EUR 15.3 million to EUR 477.1 million. The main reason for this was the expansion of the business activities in the CONTRACT Division described above.

Personnel expenses in the reporting year increased to EUR 377.1 million (previous year: EUR 316.6 million). This increase is due to the fact that the number of employees in the Group increased by 1,315 to 8,482, mainly as a result of the expansion of business activities in the CONTRACT Division. In the 2016 financial year, we also made use of the use of third-party personnel to cover our personnel requirements. Expenditure on third-party personnel fell by 3.6 per cent from EUR 159.6 million to EUR 153.9 million.

Scheduled depreciation and amortization increased by EUR 4.9 million to EUR 37.7 million in the 2016 financial year due to higher investments in replacement and expansion.

The balance of other operating expenses and income increased by EUR 23.5 million to EUR 147.1 million. This increase is particularly related to the expansion of the business in the CONTRACT Division. Further explanations can be found in the Group notes in notes 8 and 12 on page 109 f.

EBIT for the BLG Group rose by EUR 3.2 million compared to the previous-year period to EUR 38.5 million. The increase of EUR 5.4 million was mainly due to the improvement in EBIT in the CONTRACT Division. Due to the increase in sales, return on sales for 2016, calculated as EBIT/revenue, is 3.7 per cent (previous year: 3.8 per cent).

The financial result fell by EUR 2.1 million to EUR -7.8 million in the last financial year. This is mainly due to the amortization of financial assets in the CONTRACT Division.

Earnings before taxes (EBT) increased by EUR 1.1 million to EUR 30.8 million.

INCREASE IN GROUP EBT

Income taxes in the reporting year were EUR -0.2 million (previous year: EUR 2.8 million). With regard to EBT, this results in a significantly improved tax rate of -0.5 per cent (previous year: 9.3 per cent). Tax expenses for the reporting year include EUR 3.7 million of current taxes and EUR -3.9 million of deferred taxes. Further disclosures on income taxes can be found in note number 16 on page 112.

Annual net profit for the Group thus rose by an impressive EUR 4.0 million to EUR 30.9 million in a year-on-year comparison.

AUTOMOBILE Division (04)

The AUTOMOBILE Division offers a full range of finished vehicle logistics services to the seaport terminal, inland terminal, intermodal services and Southern and Eastern Europe segments. These include, for example, handling, storage, technical services as well as forwarding and transport logistics by rail, road, inland and

(04) Key indicators AUTOMOBILE		**2016**	2015	Change absolute	Change percentage
Sales	EUR million	473.7	461.6	12.1	2.6
Return on sales	%	3.2	4.0	-0.8	-20.0
EBIT	EUR million	15.1	18.5	-3.4	-18.4
EBT	EUR million	9.4	13.1	-3.7	-28.2

AUTOMOBILE DIVISION
RISING SALES

coastal shipping. This means that the range of logistics services from the vehicle manufacturers to the end customer is largely covered.

At 2.1 million vehicles, car handling at the Bremerhaven automobile terminal is below the previous year's level (2.3 million vehicles). The VW exhaust scandal had a slightly negative effect on the export volume in Bremerhaven.

In the 2016 financial year, the vehicle volume in the network of the AUTOMOBILE Division fell compared with the previous year (7.3 million vehicles) to 6.3 million vehicles. In addition to the re-integration of the logistics activities of a major customer in Slovakia and the Czech Republic, this is due to the shift of export volumes to the Mediterranean ports.

In the seaport logistics segment, the volume of cars handled is at a high level and these are mainly intended for export. Irregular process disruptions caused by low flexibility lead to productivity losses in car handling. Accordingly, the planned productivities could not be reached in the Bremerhaven automobile terminal. In order to counteract this development, the emphasis is on more efficient process design and productivity increases through consistent improvement measures.

Constant high price pressure from customers, as well as from shipowners and car manufacturers, has been a dominant factor. Due to increasing competition with the western ports, it was not possible to counteract cost increases, particularly personnel costs, with the same level of price increases. A slight decline in the handling volume was recorded for the High&Heavy segment. Total volumes and gross profits in technology were at the previous year's level in 2016. The market's high volatility was reflected in the technical services. Strong momentum can be seen in the customer groups and also in the real net output ratios. The customer-initiated trend towards short-term services will also continue in the future.

In line with the sustained positive trend in the German automotive market, the domestic terminal business segment is seeing a very high level of storage utilization at all locations. This has led to losses in productivity resulting from additional transfers, although these were more than offset by greater value creation on the technical side. During 2016, new business was acquired for the locations in Duisburg and Hamburg. High contributions to earnings were achieved from the Kelheim location due to high levels of stock and a significant degree of value-added from technical services.

Traffic in the network developed positively. For rail transport, the available wagon capacities were well utilized due to a high proportion of spot traffic. The volume of truck transports in the vehicle transport segment improved compared to the previous year. This is due to the expansion of business with existing customers as well as the high transfer volume of the domestic terminals.

The business development in Southern/Eastern Europe continues to be negatively influenced by the ongoing market weakness in Russia. In the seaport terminal in Southern Italy, Gioia Tauro, business development is marked by the drop in handling volume. This was because shipowners were increasingly accessing the North African ports directly and the volumes were not being managed as transshipments through the port of Gioia Tauro. Due to the direct entry of a major customer in the forwarding business, earnings contributions for logistics activities from Slovakia and the Czech Republic fell compared to the previous year. Business development in Poland was on track.

EBIT in the AUTOMOBILE Division declined compared to the previous year from EUR 18.5 million to EUR 15.1 million. This is attributable to productivity losses and a lower volume of goods handled at the Bremerhaven automobile terminal as well as to the direct entry of a customer in Eastern Europe in the business described above.

(05) Key indicators CONTRACT		2016	2015	Change absolute	Change percentage
Sales	EUR million	574.5	478.8	95.7	20.0
Return on sales	%	1.2	0.4	0.8	200.0
EBIT	EUR million	7.1	1.7	5.4	317.6
EBT	EUR million	-1.1	-4.1	3.0	-73.2

CONTRACT Division (05)
The CONTRACT Division comprises a wide range of logistics services with the industrial logistics, retail and seaport logistics and forwarding segments.

In the industrial logistics (Europe) segment, the operation in the Bremen logistics center recorded very high volume as well as a complex range of parts. This led to a high level of utilization, which resulted in productivity losses in the operational processes. We responded with appropriate restructuring measures to improve this. Among other things, in order to ensure our process quality, we further increased the share of our core employees in 2016 and significantly expanded our employee retention.

In the industrial logistics (Europe) segment, we successfully acquired a major order for the assembly logistics of an automotive manufacturer in Leipzig at the beginning of the year. At the plant, around 800 BLG employees work along the entire supply chain in an area of approximately 200,000 m²: from goods receipt to warehouse management and picking, right through to volume supply and empties processing. In addition, we launched a new logistics center in Düsseldorf during the 2016 financial year. The results at the site are typical for the start-up of a large project. Accordingly, there were challenges during commissioning, which affected the earnings situation.

At the Wackersdorf site, volumes for a major customer fell compared to the original plans. This is due in particular to a significant reduction in sales in Brazil and Russia. Furthermore, additional costs have resulted from new collective wage agreements reached with the trade union IG-Metall. The earnings development in the business segment's other locations is in line with expectations.

CONTRACT DIVISION
RISING EBIT

The positive development of earnings in the industrial logistics (overseas) segment was marked by the positive trend in business in the USA. In Brazil, the overall weak economic development is weighing on both volumes and results, which is why we have reassessed our activities in Brazil. Sustainable business growth was recorded in South Africa.

The business development in the retail logistics segment is still adversely affected by negotiations with a major customer regarding the range of services and billing-related contract components at the Bremen site. We have arranged appropriate discussions with our customer and are trying to find a mutually agreeable solution for these topics and for future cooperation. Business at the Emmerich and Frankfurt locations developed better than planned. In the fashion logistics segment, the good earnings performance was adversely affected by the reduction in volume of the portfolio business of an anchor customer. New business was acquired in 2016 to compensate for this, but the full impact on earnings will not be felt until the following year.

The earnings position in the forwarding business segment improved compared to the previous year. In September, BLG KG took over the forwarding group FORTRAGROUP. The group is assigned to the CONTRACT Division and has its core competencies

DIVISION CONTAINER
RISING EBT

in international sea and air freight. The takeover is an important milestone in the expansion of the forwarding services segment as a complement to the services in automobile, contract and container logistics. We assume that with the additional know-how and the expertise acquired, it will be possible to win additional jobs in the future.

In wind energy, value-added activities recorded in the 2016 financial year were too low. The reason for this is producer's lack of follow-on contracts for the components for wind energy installations. This resulted in significant negative effects on earnings for the year due to fixed costs not being covered. This segment mainly involved the handling of utility ships for offshore wind parks, the rental business of SPMTs and the transport of components from onshore wind facilities.

In the port logistics segment, the volume handled remains at a lower than expected level. Due to the lack of manufacturers' projects fewer large pipes were handled. The conventional general cargo handling segment continues to record weak volumes. This resulted in significant negative effects on earnings in this segment due to fixed costs not being covered.

The significant increase in sales by EUR 95.7 million compared to the previous year shows the existing potential and the growth opportunities in the CONTRACT Division.

As a result of the business development described, EBIT increased in a year-on-year comparison from EUR 1.7 million to EUR 7.1 million.

CONTAINER Division (06)

The CONTAINER Division of the BLG Group is represented by half of the company shares in the joint venture EUROGATE GmbH & Co. KGaA, KG. This company operates, in some cases with partners, container terminals in Bremerhaven, Hamburg and Wilhelmshaven (Germany), in the Italian locations La Spezia, Gioia Tauro, Cagliari, Ravenna and Salerno, in Sao Paulo (Brazil), Lisbon (Portugal) and in Tangier (Morocco) and Ust-Luga (Russia). The EUROGATE Group also has holdings in several inland terminals and railway transport companies.

The CONTAINER Division’s business mainly involves container handling. It also offers intermodal services as secondary services, such as transporting sea containers to and from the terminals, repairs, warehousing and trading of containers, intermodal freight services and technical services.

The EUROGATE Group achieved sales of EUR 639.4 million in the 2016 financial year (previous year: EUR 591.3 million). The operating result (EBIT) of EUR 101.6 million (previous year: EUR 91.1 million) increased significantly in a year-on-year comparison. The increase in sales led to an improvement in the operating result by 11.5 per

(06) Key indicators CONTAINER		**2016**	2015	Change absolute	Change percentage
Sales	EUR million	319.7	295.7	24.0	8.1
Return on sales	%	14.8	14.7	0.1	0.7
EBIT	EUR million	47.2	43.4	3.8	8.8
EBT	EUR million	42.0	40.1	1.9	4.7

cent. During the reporting period, the sub-group's net profit for the year was up 3.3 per cent to EUR 75.9 million, despite the declining results in interest and income from participations and higher taxes (previous year: EUR 73.5 million).

Comparison of financial performance with the forecast for the 2016 financial year

For 2016, we had forecast an increase in sales and an EBT in the range of EUR 30.0 million to EUR 32.0 million. We achieved our goal of a moderate increase in sales in all three AUTOMOBILE, CONTRACT and CONTAINER divisions. In the 2016 financial year we achieved revenue of EUR 1,045.6 million for the BLG-Group. EBT improved by EUR 1.1 million and we were able to achieve the planned profits for the BLG Group with an EBT of EUR 30.8 million.

Our forecasts were based on assumptions that deviated, in some cases significantly, from the macroeconomic conditions that occurred in the 2016 financial year.

Sales in the AUTOMOBILE Division increased less than expected. In the port handling of High&Heavy cargo, the planned volume could not be reached due to the worldwide decline in production and demand in this segment. Car handling declined due to the shift of export volumes to the Mediterranean ports. An EBT of EUR 9.4 million was achieved despite the continuing poor economic development in Eastern Europe.

In the CONTRACT Division sales developed better than assumed in the previous year. EBT, in contrast, was lower than forecast in the previous year. The main reason for the earnings development was higher than expected losses in the port logistics segment. Significant unplanned earnings charges resulting from uncovered fixed costs arose as a result of the drop in the number of manufacturers' projects. The continuing uncertainties regarding the development of the offshore sector had a negative effect on the operating result. We continue to maintain capacities in both business segments in order to react flexibly to positive market developments. The industrial logistics (Europe) segment developed well once again, due to the high rates of increase in parts logistics for car manufacturers. However, the start-up of a major project created challenges during commissioning, which had an impact on the earnings situation. Unexpected losses from the inventory business in Brazil were suffered in the industrial logistics (overseas) segment. In addition, the earnings situation in the retail logistics segment at the Bremen site were only partly offset by new business acquired and additional business from existing customers.

Sales in the CONTAINER Division also increased more than expected. The main reasons for this are the one-time effects from the handling of ships at the Hamburg site and increased sales for the offshore wind industry. Despite the prevalence of competitive pressure for the container terminals, the declining volumes at the Hamburg site and the failure to fully utilize capacity at the Wilhelmshaven container terminal in 2016, EBT was improved to EUR 42.0 million and is above the planned level.

Asset position

In the reporting year total assets amounted to EUR 707.9 million and were therefore EUR 22.2 million below the figure for the previous year. The decrease of EUR 6.7 million was attributable to non-current assets. The decline is mainly due to the reduction in fixed assets. Current assets decreased by EUR 15.5 million compared to the previous year, mainly due to the decline in current financial receivables.

TARGETS FOR 2016:

☑ **EUR 1,0 billion**
Sales

☑ **EUR 31 million**
Group EBT

(07) Indicators for the asset position		**12/31/2016**	12/31/2015	Change absolute	Change percentage
Total assets	EUR million	707,9	730,1	-22,2	-3,0
Capitalization ratio	%	44,7	46,7	-2,0	-4,3
Working capital ratio	%	103,9	110,2	-6,3	-5,7
Equity	EUR million	219,3	214,0	5,3	2,5
Equity ratio	%	31,0	29,3	1,7	5,8
Net debt	EUR million	254,8	299,4	-44,6	-14,9

EUR million	**Carrying amount 12/31/2016**	**Fair value 12/31/2016**	Carrying amount 12/31/2015	Fair value 12/31/2015
Long-term loans	178,6	181,8	210,8	213,1
Liabilities from finance leases	1,6	1,8	2,5	2,7
Total	180,2	183,6	213,3	215,8

(08) Net debt	**12/31/2016 EUR million**	12/31/2015 EUR million	Change absolute	Change percentage
Non-current borrowings (not including the short-term portion)	157,3	191,7	-34,4	-17,9
Other non-current financial liabilities	27,8	29,7	-1,9	-6,4
Current financial liabilities	87,3	100,2	-12,9	-12,9
Financial liabilities	**272,4**	**321,6**	**-49,2**	**-15,3**
Non-current financial receivables	4,7	6,3	-1,6	-25,4
Cash and cash equivalents	12,9	15,9	-3,0	-18,9
Net debt	**254,8**	**299,4**	**-44,6**	**-14,9**

(09) Financial position	**2016 EUR million**	2015 EUR million	Change absolute	Change percentage
Cash inflow from operating activities	44,0	10,7	33,3	311,2
Cash in/outflow from investment activities	15,7	-6,6	22,3	337,9
Free cash flow	59,7	4,1	55,6	1.356,1
Cash in/outflow from financing activities	-48,1	17,2	-65,3	-379,6
Net change in cash and cash equivalents	**11,6**	**21,3**	**-9.7**	**-45.5**
Effect of exchange rate changes on cash and cash equivalents	1,1	-0,9	2,0	222,2
Cash and cash equivalents at start of financial year	-16,3	-36,7	20,4	55,6
Cash and cash equivalents at end of financial year	**-3,6**	**-16,3**	**12,7**	**77,9**
Composition of cash and cash equivalents				
Liquid funds	12,9	15,9	-3,0	-18,9
Short-term liabilities to banks	-16,5	-32,2	15,7	48,8
Cash and cash equivalents at end of financial year	**-3,6**	**-16,3**	**12,7**	**77,9**

A total of EUR 12.9 million was invested in non-current intangible assets and fixed assets. Divestments of EUR 1.6 million were made, and depreciation and amortization of EUR 37.7 million was recognized. The capitalization ratio fell slightly to 44.7 per cent, a 2.0 per cent decline compared to December 31, 2015.

A detailed breakdown of the fair values of financial assets and liabilities can be found in note 39. The Group's net debt was reduced by EUR 44.6 million to EUR 254.8 million in the 2016 financial year (previous year: EUR 299.4 million).

Based on the earnings before taxes of EUR 30.8 million achieved in 2016, cash flows of EUR 44.0 million were generated from continuing operations (previous year: EUR 10.7 million).

Free cash flow improved significantly by EUR 55.6 million due to the increase in cash inflow from operating activities and the decrease in cash outflow from investing activities. The reduced cash outflow from investment activities is mainly attributable to lower payments for investments in fixed assets and intangible assets in the CONTRACT Division. As a result of repaying existing financial loans and simultaneously avoiding taking out new long-term loans, the inflow of funds from financing activities declined impressively.

Outstanding investments are financed taking into account the operating cash flows generated in the segments, and, subject to the capital market situation, from equity, from long-term loans and through leasing. In addition to bank financing, promissory note loans were also used.

Derivative financial instruments (interest rate swaps) are selectively used to hedge against long-term changes in the interest rates of investment finance.

As of the reporting date, lines of credit to the value of EUR 74.7 million had been agreed but not used.

A detailed statement of cash flows can be found on page 88 of the consolidated financial statements. Disclosures on the statement of cash flows can be found in note 37.

NON-FINANCIAL PERFORMANCE INDICATORS

_ The average number of employees in the Group increases to 8,482 in 2016
_ Focus remains on: Lowering CO_2 emissions by 20 per cent by 2020
_ Further technological development of the BLG Group

Employees

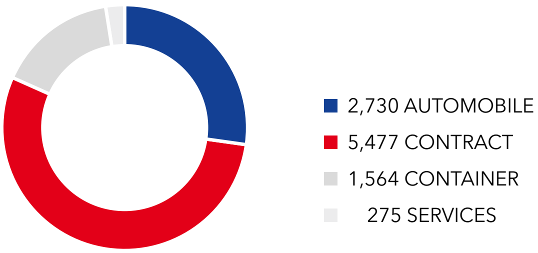
As an international seaport-oriented logistics service provider, BLG LOGISTICS requires committed, motivated and skilled employees in order to be successful in the market over the long term and to meet the continuous challenges of globalization and demographic changes. In order to attract, develop and retain its employees, the BLG Group aims to consistently maintain its image as an attractive employer. That is why our personnel policies include options for maintaining a work-life balance and specific health-management mechanisms, as well as performance-related pay and targeted training opportunities.

The number of persons employed by the Group, excluding the Board of Management and apprentices, is shown below, broken down by division, and in accordance with Section 267(5) HGB (annual average):

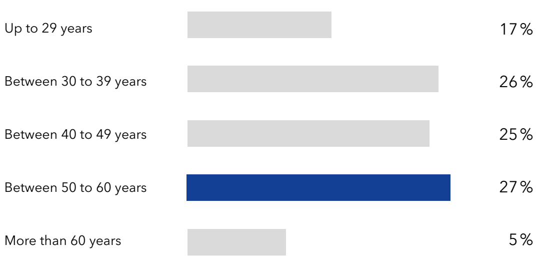
Division	2016	2015	Change in %
AUTOMOBILE	**2,730**	**2,638**	**+ 3.5**
of which blue-collar workers	2,255	2,110	
of which white-collar workers	475	528	
CONTRACT	**5,477**	**4,280**	**+ 28.0**
of which blue-collar workers	4,229	3,161	
of which white-collar workers	1,248	1,119	
CONTAINER	**1,564**	**1,571**	**- 0.1**
of which blue-collar workers	1,121	1,137	
of which white-collar workers	443	434	
Segment employees	**9,771**	**8,489**	**+ 15.1**
of which blue-collar workers	7,605	6,408	
of which white-collar workers	2,166	2,081	
Services	**275**	**249**	**+ 10.4**
of which blue-collar workers	0	1	
of which white-collar workers	275	248	
Reconciliation	**-1,564**	**-1,571**	**+ 0.1**
of which blue-collar workers	-1,121	-1,137	
of which white-collar workers	-443	-434	
Group employees	**8,482**	**7,167**	**+ 18.3**
of which blue-collar workers	6,484	5,272	
of which white-collar workers	1,998	1,895	

In the reporting year, the average number of employees (excluding EUROGATE) rose by 18.3 per cent in a year-on-year comparison to 8,482. This marked increase is mainly attributable to new hires as part of the expansion of the business and the increase in the number of employees in the industrial and commercial logistics segments of the CONTRACT Division. This concerns the locations in Bremen, Düsseldorf, Hörsel and Leipzig.

NUMBER OF EMPLOYEES 2016



EMPLOYEES BY AGE GROUP



Employer brand developed

The development of a BLG employer brand has been successfully concluded. The language in job advertisements is more purposeful and more modern and shorter, in keeping with today's requirements. The BLG values "committed - internationally oriented - creative" have been transferred to the values that apply to all employees - "responsive and reliable - personal and open-minded - courageous and forward-looking".

Furthermore, the job application process for job-seekers has changed. External applicants will receive a final response within 6 weeks after receipt of the application. At the same time, the new BLG LOGISTICS job newsletter keeps job-seekers informed about open positions in the company.

Employee retention strengthened by personnel development

The strategic focus of the human resources department is on adding value. Finding and retaining employees is the key contribution made by the department.

Executive management planning carried out for the first time has systematically contributed to ensuring that the potential for all executives is defined and the development of qualifications has been organized. This instrument is implemented on a regular basis and is used by the new management conferences for the first job level of the BLG Group, including across the different business divisions. This is to facilitate the optimal exchange of resources within the company.

Since 2016, all employees of the BLG Group who take on a management role have also participated in a three-day basic training course. This approach is intended to ensure that all supervisors are able to learn and apply the essential rules and requirements for managerial behavior at BLG LOGISTICS.

Overall, the training program was more comprehensive in 2016 than in any previous year.

Sustainability

Corporate responsibility

The issue of sustainability is of prime importance to BLG LOGISTICS. In 2012 we set ourselves the goal of reducing CO_2 emissions by 20 per cent by 2020 (relative to business activities, base year: 2011). Since then we have reported on progress in our sustainability report, published annually. However, sustainability is more than just an ecological way of thinking and a responsible use of resources. BLG LOGISTICS believes that sustainability is a holistic concept with the company's employees at the core. Our desire is to make economic productivity, social responsibility and concern for our environment consistent with each other.

In the logistics sector, awareness of the different aspects of the topic of sustainability has increased in the last few years. The expectation of customers and the general public with regard to transparency and meaningfulness with regard to sustainability aspects has increased noticeably. The BLG Group is increasingly taking a strategic approach to addressing the topic of sustainability and more firmly anchoring it in its processes. From 2017, companies are legally obliged to take a more targeted approach in handling sustainability aspects and in reporting on the non-financial key indicators. Our sustainability report has been part of the annual report since last year. This underlines the importance of this topic for all areas in which we are active.

In 2016, we set targets in the three sustainability areas of the environment, and social and economic issues, and have defined key areas of action in coordination with stakeholders of the BLG Group. In the sustainability report, we use indicators that we assess to evaluate our progress. Reporting is based on the standards of the Global Reporting Initiative (GRI).

Ecological sustainability

There are intensive interactions between logistics and the environment. As a logistics company, BLG LOGISTICS is therefore also responsible for taking measures to protect the environment and natural resources. For us, this means balancing economic and environmental efficiency. Our customers and the public expect solutions from us that reduce the CO_2 emissions. This has made sustainability relevant to competition. The legal conditions are also increasing the pressure to use resources more efficiently. Last but not least, energy consumption is also a considerable cost factor. The objective of the BLG Group is to: reduce greenhouse gas emissions, increase energy efficiency and make energy consumption and greenhouse gas emissions transparent.

Since 2012, BLG LOGISTICS has collected comprehensive consumption data to determine its annual carbon footprint. Through increased systematization and uniform recording of all consumption, we are continually increasing the transparency and meaningfulness of the data collected. The energy management system, which was introduced extensively in 2015, was successfully continued in the reporting year. In October 2016, 22 locations in the CONTRACT Division successfully completed the ISO 50001 certification process. Energy audits were carried out at a further 21 locations in both divisions. At all locations, we use a structured approach to identify potential and develop site-specific measures that reduce energy consumption and increase energy efficiency.

In addition to the continuous education of our employees and the extensive training of our energy officers, we have carried out numerous individual measures, for example in lighting and heating management. The conversion to LED, driver training, investment in energy-efficient forklifts and the modernization of our vehicle fleet also contributed to the improvement of energy efficiency.

Social sustainability

The BLG Group joined the Diversity Charter in 2016 and is committed to a corporate culture of respect and equal treatment for all employees regardless of gender, age, nationality, ethnicity, sexual orientation, religion or belief.

A traditional and globally active company such as BLG LOGISTICS is expected to take up important social issues and actively address them. For this reason, we have been involved in numerous projects in many of our national and international locations for many years, supporting schools, sports and culture. In 2016, we continued the cooperation established three years ago with the World Food Program (WFP) of the United Nations. For the WFP, we analyze the logistics capacities of seaports in threatened regions free of charge – an efficient link between social responsibility and our core competence of logistics.

Economic sustainability

As a company, we are always faced with competition and must remain competitive. At the same time, a forward-looking and risk-aware financial policy is the basis for our business activities. In order to secure the future of the BLG Group over the long term, we are investing in new developments and expansion. In order to ensure and increase our competitiveness, we place great emphasis on quality, efficiency and innovation. In a digital flagship project for the automotive industry, a project consortium, to which BLG LOGISTICS also belongs, is developing a smart load carrier – a cyber-physical system that digitally captures the quality data of car parts in the supply chain and uses it to control logistic processes. The "SaSCh" project – an acronym for "Digitale Services zur Gestaltung agiler Supply Chains" ("Digital Services for the Design of Agile Supply Chains") – is funded by the BMWi.

In addition, the new "100-Day Projects" initiative, the development of a creative laboratory ("Digilab") and the pooling of knowledge and initiatives in the cross-company innovation team established in 2016 have started serving as catalysts for the further technological development of the BLG Group. When introducing and managing sustainability criteria, we focus on our own, very varied activities and processes. After we successfully introduced lean management standards in some trial locations the year before, we increased their implementation in other processes in 2016.

ECOLOGICAL.
SOCIAL.
ECONOMIC.

RISK REPORT

_ Risk structure unchanged from the previous year
_ No existential risks
_ Active risk management

Opportunity and risk management principles

Corporate activity is accompanied by opportunities and risks. For the BLG Group, the responsible management of possible opportunities and risks is a core element of sound corporate governance. Our opportunities and risks policy aims to increase the company's value without taking any inappropriately high risks.

Here we view risks as possible future developments that are unfavourable to the attainment of short-term strategic goals or that are hazardous or even threaten the existence of the company through a reduction in the company's value. Conversely, opportunities are uncertain events that increase the company's value and may be the outcome of developments that are more favorable than planned.

Risk management in the BLG Group is mainly derived from the goals and strategies of the individual segments. It aims to recognize potential risks in good time, take suitable countermeasures to avert the threat of damage to the company and eliminate any threat to the company's continued existence.

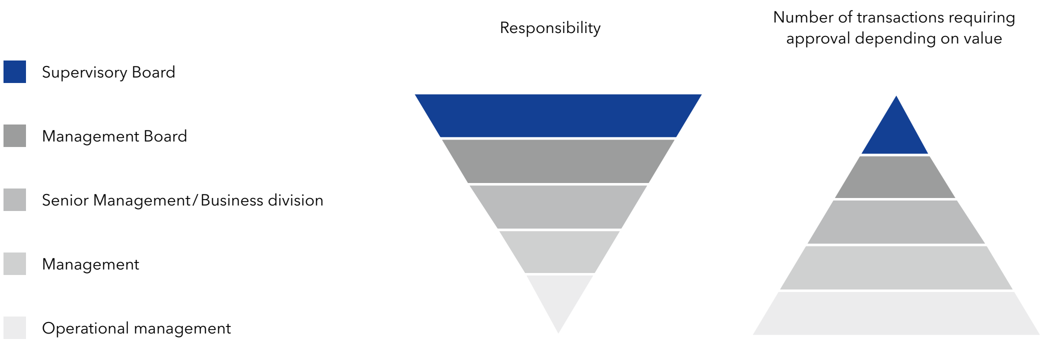
The strategic orientation of the BLG Group, which operates both within Germany and internationally, is highly diversified. Thus the structure of having three divisions together with a number of associated segments leads to a certain degree of autonomy both in terms of economic influences and in terms of individual sectors or major customers. Significant capital expenditure is mainly established and safeguarded through customer agreements.

Opportunity and risk management system

The Board of Management is responsible for the opportunity and risk management system. The Supervisory Board and the Audit Committee monitor and examine the system to ensure it is appropriate and effective. The responsibility for identifying and managing significant risks and opportunities is managed centrally within the BLG Group. Different levels and organizational units are integrated into the system.

The relationship between expertise and frequency of decision-making can be seen in the following diagram:

COMMUNICATION CHANNEL AND RESPONSIBILITIES IN THE BLG GROUP'S OPPORTUNITY AND RISK MANAGEMENT SYSTEM:



In order for us to achieve our goals, for example measured by earnings before taxes (EBT) or return on capital employed (ROCE), the broad spectrum of our logistics services requires the early identification of potential opportunities and risks. The Board of Management and the executives receive monthly reporting on the key indicators of the BLG Group. This is intended to ensure the creation of added value over the long term and to prevent any threat to the company's continued existence. The central components of the opportunity and risk management system are therefore the planning and controlling process, the rules within the Group, and reporting. We give special consideration to opportunities and risks arising from strategic decisions, from the markets, from the operating activities and from financing and liquidity.

The BLG Group's principles of risk management are documented and published in a guideline. Risk managers and risk coordinators are appointed in the divisions and in the central services units of the holding company in order to ensure that the risk management system runs efficiently. This ensures that risks and risk-reduction measures (risk avoidance and reduction, or the transfer of risk through insurance) and opportunities are identified and evaluated in the area of the business where they actually arise. The centrally implemented risk management function is responsible for coordinating the Group-wide gathering and documenting of opportunities and risks. An IT-supported risk management system serves as the basis for this.

The risks and the related measures defined within the strategy which we currently believe could have a material adverse effect on our earnings, financial and asset situation are recorded, assessed and monitored continuously through the creation of a permanent inventory. These are not necessarily the only risks to which the BLG Group is exposed. Other influences of which we are not yet aware or which we do not yet consider to be significant may also affect our business activities but are not included in the risk report.

The internal audit department is also integrated in risk communication within the BLG Group as a process-independent monitoring entity.

As a company with international operations and a broad spectrum of different services, the BLG Group is exposed to a variety of risks. These are analyzed through ongoing monitoring of both the macro-economic environment and, especially, global logistics trends, and are taken into account in business decisions. Services and infrastructure risks as well as financial risks comprise the majority of the overall risks.

Insurance policies are taken out where available and economically viable in order to minimize the financial effects of possible damage. The cover provided and amount insured under these policies is examined on an ongoing basis.

In order to counteract potential risks which could arise in particular under a wide range of geographic, employment, cartel, customs, capital market, tax, contractual, environmental and competition regulations and legislation, the BLG Group bases its decisions and the design of its business processes on comprehensive legal advice, as well as on input from in-house and external experts. To the extent that legal risks relate to past circumstances, necessary balance sheet provisions are created and their appropriateness examined at regular intervals.

Aims and methods of financial risk management

The principal financial instruments used to finance the Group include long-term borrowings, short-term loans and cash, including short-term deposits with banks. The focus is on financing the operations of the BLG Group. The BLG Group has access to a range of other financial instruments, such as trade receivables and payables, that arise directly as part of its operations.

Interest rate derivatives are only used to hedge outstanding risks and are solely used to improve credit terms and to limit the risk of interest rate changes as part of financial matching strategies. Derivatives used to hedge commodity prices are used exclusively to limit risks of price increases. In principle, derivatives are not used for trading or speculative purposes.

The aim of financial risk management is to limit significant risks for the BLG Group arising from financial instruments (credit risks, foreign currency risks, liquidity risks and interest rate risks). The Board of Management adopts guidelines on risk management and monitors compliance with them. At Group level the existing market price risk is also observed for all financial instruments.

Capital risk management

An important capital management goal for the BLG Group is to ensure the continued operations of the company in order to continue to provide earnings to shareholders and to provide other stakeholders with the services to which they are entitled. A further goal is to maintain an optimal capital structure in order to reduce the costs of capital.

The BLG Group monitors its capital using the equity ratio and the debt ratio, calculated as net debt to EBITDA. These two indicators form part of the criteria negotiated with the financing banks for the BLG Group's covenants. The calculation of these indicators normally requires information that does not form part of these consolidated financial statements.

In 2016, the strategy continued to be to secure access to external funds at acceptable costs by complying with the covenants agreed with the banks.

Description of the key characteristics of the internal control and risk management system with regard to the accounting process in accordance with Section 315(2) no. 5 HGB

Definition and elements of the internal control and risk management system

The internal control system of BLG LOGISTICS with regard to the accounting process includes all principles, procedures and measures to ensure that the calculation, preparation and depiction of business matters are financially correct and legally compliant. The aim is to avoid any significant false statements in accounting and external reporting.

Because the internal control system is an integral component of the risk management system, they are presented in a composite form.

The internal monitoring and control systems are components of the internal control system. The Board of Management of BLG LOGISTICS has assigned responsibility for the internal control system to the controlling, finance and accounting departments in particular.

The internal monitoring system comprises controls that are both integrated in and independent of the accounting process. The controls integrated in the process particularly include the dual control principle, the separation of functions from related departments (particularly creditor and treasury management) and IT-supported controls, as well as the involvement of internal departments such as legal or tax and of external experts.

Controls that are independent of the process are carried out by the internal audit department (e.g. compliance with the authority and signature guideline and the purchasing guideline) the quality management department and the Supervisory Board, in the latter case principally through its Audit Committee. The Audit Committee concerns itself in particular with the accounting for the company and the Group, including reporting. The activities of the Audit Committee also focus on the risk situation, the further development of risk management and compliance issues. This also includes the effectiveness of the internal control system.

Audit activities that are independent of the process are also carried out by external auditors such as the auditor of the financial statements or the external tax auditor. In terms of the accounting process, the audit of the annual and consolidated financial statements by the auditor forms the main component of the review that is independent of the process.

Accounting-related risks
Accounting-related risks can arise, for example, through the conclusion of unusual or complex business dealings or the processing of non-routine transactions.

Potential risks also result from discretionary scope in the recognition and valuation of assets and liabilities, or from the effect of estimates on the annual financial statements, such as for provisions or contingent liabilities.

Accounting process and measures to ensure its correctness
Business transactions are mainly accounted for in the individual financial statements of the subsidiaries of BLG LOGISTICS using the standard software SAP R/3. The SAP consolidation module EC-CS is used to prepare the consolidated financial statements. This summarizes the individual financial statements of the companies to be consolidated, if necessary by adjusting them in line with the international financial reporting standards. The inclusion of separate financial statements of foreign subsidiaries and domestic subsidiaries not consolidated in the SAP system is made on the basis of standardized, Excel-based reporting packages, which are audited by auditors, and which are transferred into the EC-CS consolidation system using a flexible upload. This is a standard interface in SAP.

BLG LOGISTICS has issued accounting standards for financial reporting in accordance with International Financial Reporting Standards (IFRS) to ensure consistent recognition; in addition to general principles, these standards cover in particular accounting principles and methods and regulations on the income statement, consolidation principles and special topics. Guidelines on consistent Group-wide accounting have also been prepared for the implementation of consistent, standardized and efficient accounting and reporting. In addition to this, there is a guideline on the notes and management report, which should enable a consistent reconciliation of the computations. Impairment tests for the Group's cash-generating units are carried out centrally. This ensures that consistent and standardized valuation criteria are used, in particular the underlying interest rates. The same applies to the specification of the parameters to be used for the valuation of pension provisions and other provisions based on expert opinions.

When preparing the debt consolidation, internal balances are regularly reconciled in order to clarify and remedy any differences in good time. At Group level, in addition to a validation by the system of the data reported in the separate financial statements, the reporting packages in particular are checked for plausibility and adjusted if necessary.

The disclosures in the notes are mainly produced from the EC-CS consolidation system and enhanced by additional information on the subsidiaries.

Special software is used for tax accounting. This was developed by an audit firm. Current and deferred taxes are calculated at the level of the individual subsidiaries and the recoverability of the deferred tax assets is checked. Current and deferred taxes to be recognized are thus calculated at the Group level in the statement of financial position and in the income statement, taking into account the effects of consolidation.

Qualifying notes
The internal control and risk management system ensures the correctness of the accounting process and compliance with the relevant legal requirements.

Discretionary decisions, controls containing errors, or malicious acts may, however, limit the effectiveness of the internal control and risk management system, with the effect that the systems established cannot guarantee with absolute certainty that the risks will be identified and controlled.

Opportunities

Our business model
As an international Group with three divisions, BLG LOGISTICS is exposed to a wide range of trends in the various national and international markets. Based on the business development described in this report and the company's position, there are various potential opportunities within the current macroeconomic conditions. The effects of sustainable positive economic trends are of overriding importance here.

We also want to make optimum use of opportunities in the various fields of activity that open up to us in future. The basis for this assumption remains our unique network, and the innovative intermodal offer in the AUTOMOBILE Division combined with the further growth in exports indicated to us by car manufacturers.

The established business models in the retail and industrial logistics segments offer the CONTRACT Division a wide range of sales and acquisition opportunities in Germany and the rest of Europe. They benefit from a continued growth market because our customers want to improve their own cost structures and make them more flexible through an increase in outsourcing. The segments are partially dependent on a stable domestic economy and consumer spending in Germany. Our logistical expertise and the locational advantage offered by wharfs at ship height that are capable handling heavy loads creates opportunities for handling further projects in the construction of offshore wind farms in the North Sea and Baltic Sea.

In the CONTAINER Division we expect additional opportunities to arise from the restructuring of the European terminal network of seaports and inland terminals linked to intermodal business activities, particularly through the development of the Wilhelmshaven container terminal.

The consolidation in container shipping as a result of new collaborations and the formation of new consortia should also continue in future. As the container terminals have free capacity, at least in the medium term, the market power of the remaining consortia or shipping companies will increase through consolidation, as well as the associated pressure and requirement to implement sustainable cost reductions at the container terminals. Connected to this cost pressure is the trend towards ever larger container ships. As operator of the only deep-water port in Germany, in Wilhelmshaven (water depth 18 m), the CONTAINER Division offers an excellent alternative for the handling of large container vessels with a corresponding draft (currently up to 16 m).

We see more opportunities than risks in this area, especially as the world's two largest shipping groups, Maersk Line and MSC, are involved, in the form of their "2M alliance", in different configurations at some of our most strategically important terminals, particularly Bremerhaven and Wilhelmshaven.

Strategic opportunities

CONTRACT Division: Expansion of services for e-commerce and fashion logistics in the retail logistics segment
High growth rates can be seen in online retailing. The main areas of logistical expertise required are the ability to turn goods around quickly and the flexible adjustment to large fluctuations in volume. The prerequisite for this is, in turn, excellent knowledge of the processes and the structure and organization of materials handling.

BLG LOGISTICS has acquired the relevant experience and expertise over a number of years and has continuously extended this knowledge to a growing number of customers and locations. In 2013 the online mail-order business was put into operation for a major customer in Bremen. Based on this development, we see good opportunities for the future and are pursuing the goal of further expanding logistics activities in the field of e-commerce and industry 4.0, developing the entire value chain in this area and pushing forward with possible investments and acquisitions. Building on this, we see more potential in expanding the fashion logistics segment.

CONTRACT Division:
Expansion of forwarding activities

Starting with our existing forwarding department in the CONTRACT Division, we aim to offer freight forwarding services to new and existing customers in all segments more intensively in the future as a complementary service. It is intended that the development of these activities will expressly relate to seaport freight forwarding business without the need to invest in our own fleet. To this end, in the CONTRACT Division, the activities are grouped in a separate forwarding segment. To ensure growth and the necessary expertise in handling, a forwarding company was acquired in 2016. Further acquisitions are planned for 2017.

AUTOMOBILE Division: Developing the rail transport segment by further extending the Falkenberg site to include a wagon service and logistics center

With the completed development of the Falkenberg railway station in Brandenburg into a wagon service and logistics center, the BLG Group has expanded its range of services in the area of rail transport for finished vehicles.

Train composition measures have already been implemented in Falkenberg. This means that colorful whole trains will run from the car manufacturers' production sites in Eastern Europe to Falkenberg. There the individual wagons will be coupled together again as entire trains and designated for the relevant seaport (e.g. Bremerhaven, Emden, Cuxhaven or Hamburg). This concept will enable BLG LOGISTICS to achieve high levels of customer loyalty in rail transport. Rail transport was implemented with the opening of the railway station two years ago and extended through the expansion of rail capacity in Falkenberg.

By building a wagon service workshop in Falkenberg, the statutorily prescribed adjustments to the railway wagons can be made in our own workshop. Because over 80 per cent of regular rail transport traffic runs via Falkenberg, this provides opportunities to reduce the inflow and outflow costs relating to trips to workshops. Service and repair intervals can then be managed actively by BLG LOGISTICS. This will avoid waiting times and the associated long wagon downtimes. The Falkenberg train station is located just off one of the main transport hubs for rail connections on the east/west route. This resulted in additional potential to perform wagon repairs and other services for third parties in Falkenberg.

The rental of 200 new flat wagons in 2017 creates new transport capacities for railway transport in the "vans" car segment. These wagons, which are more modern and efficient than those of the existing competition, offer good potential for further expansion of this business.

BLG LOGISTICS will thus be able to develop its range of services in the rail transport segment towards value-adding activities.

Other opportunities

BLG LOGISTICS first developed and set mandatory climate change goals in the 2012 financial year. According to these, its carbon footprint should fall by 20 per cent by 2020 compared to 2011. The planned reduction is based on the current consumption schedule. In future, the main areas for saving energy should be identified from the automated recording of CO_2-related consumption (electricity, gas, fuel, etc.) in the terminals and branch offices. BLG is also now in a position to inform customers of a specific carbon footprint for its entire range of services. This information will become more important in the future. Even today, many companies demand proof of environmentally efficient "green" logistics in their invitations to tender.

In parallel with a schedule of consumption and together with the people responsible for technology in all three divisions, we have started to investigate both practical measures to reduce CO_2 emissions and opportunities to use renewable energy sources.

Risks

Risk categories and individual risks
From the risk types defined for the BLG Group, the material risks for BLG LOGISTICS by risk category are described in the following sections. In the selection of materiality, risks are included that, in the company's estimation, do not threaten the company's continued existence but would have a noticeable effect on the company's net assets, financial position and results of operations if they were to occur. In principle, the assessment is made on the basis of scenarios, taking into account all known influencing factors from opportunities and risks.

The necessary measures or provisions are then derived from the spectrum of the best and worst expectations. A standardization process has been specified for this procedure which involves dividing the risks into the categories of strategic risks, market risks, political, legal and social risks, performance and infrastructure risks, and financial risks. Unless otherwise apparent, the risks shown are linked to the affected segment.

All risks have corresponding opportunities in the event of a positive development.

Strategic risks

Risks from acquisitions and investments
In the last decade, the BLG Group has grown through various acquisitions both in Germany and abroad. For this purpose, the process and quality management department has prepared a consistent guideline (M&A Guideline) on this procedure, which must be complied with in all share purchases. This is used both within the Group and by external advisers. This ensures that all risks associated with an acquisition or investment are observed and assessed.

Despite this, particular political, legal or economic risks associated with share purchases outside the EU cannot be ruled out. The social environment when sourcing employee capacity and integrating the relevant third-party company culture into the structures and processes of BLG LOGISTICS present additional specific challenges. The strategic direction and expansion of the AUTOMOBILE Division towards Eastern Europe poses risks particularly in the area of economic capital maintenance and safeguarding service expertise. This circumstance is taken into account by our own "Southern and Eastern Europe" segment, in which professional, language and consulting abilities are bundled together.

Investments made in the past may require subsequent decisions when continuing the strategic decisions and statements made with the investments. The required subsequent investments associated with these decisions must be considered and evaluated overall under new premises, due to partly changed market and macroeconomic conditions. If these changed conditions continue in the long term, there may be future requirements for BLG LOGISTICS to reduce the value of the entire investment.

The situation in Eastern European markets has changed for the worse due to the conflict between Russia and Ukraine, and has had a negative effect on transport flows in Europe. No significant recovery took place here in the 2016 financial year. Currently there is no end to the conflict in sight and therefore it continues to negatively affect the value of the strategic investments of the AUTOMOBILE Division in this market segment.

The business activities of the CONTRACT Division in Brazil are been adversely affected for an extended period by the economic situation in the country, with considerable losses resulting. For this reason, write-downs on financial assets and the financial commitment of a total of EUR 2.9 million were taken during the year. The remaining valuable financial commitment was EUR 0.2 million on the reporting date. If the opportunities to develop the business in this country continue to stagnate, further options will be reviewed, including an exit from the country.

Market risks

Threat to market position and competitive advantages

The AUTOMOBILE Division continues to devote particular attention to competition with automobile terminal operators at the western European ports.

The contractually agreed prices for seaport cargo handling coupled with the persistently strong competitive pressure as well as the tremendous change in the ratio between export and import business, with consequential effects on employment at this location represent continuous challenges for us.

Another market risk in the AUTOMOBILE Division is that car manufacturers could increasingly move volumes via the Mediterranean ports. Due to the increasing shareholdings of shipping companies in seaport terminals on the Baltic Sea, shifts in transshipment volumes at the expense of the Bremerhaven seaport terminal may take place.

In the CONTRACT Division the principal risks are rapid replaceability and substitutability as a service provider. In the industrial logistics segment and in the retail logistics segment there is a strong dependence on a single large customer in each segment. The logistics services performed there are personnel-intensive as a rule. For customers it is relatively easy to change the service provider. In addition, customers are applying significant price pressure. We meet these challenges through extensive customer-specific optimizations, longer contract periods and the continued development of the customer base.

For seaport logistics in break bulk cargo business and project logistics the risks are essentially connected with the overcapacities in the North Sea ports and the related high competition and price pressure.

The CONTAINER Division continues to feel that deepening the shipping channel in the Outer Weser and Elbe Rivers for the purpose of securing and positioning the German ports in the Northern Range is urgently necessary so the bigger and bigger container vessels can call at Bremerhaven and Hamburg without any problem. Again in the 2016 financial year the nautical problems posed by the constantly rising number of container ships of increasing size intensified further, especially at the Hamburg location. If one of these measures should fail or be delayed further, this may have substantial negative impacts on future cargo handling development at these locations.

After the Hamburg Port Authority (HPA) failed to meet the contractually agreed water depths for the moorings of the EUROGATE Container Terminal Hamburg (mooring basins) in 2015, the situation improved in 2016. This is due to the fact that in early February 2016 a political agreement between the federal states of Hamburg and Schleswig-Holstein was reached with respect to the possibility of shifting dredged material to the silting area in the North Sea year-round. However, in some cases in 2016 there were shoals at a depth of 1.0 to 1.5 meters, although the HPA sought to eliminate these shoals immediately.

Furthermore, modernization of the existing locks, construction of a fifth lock and full capacity expansion of the Kiel Canal (uniform deepening by one meter, adjustments to passing places, curves and locks) are extremely important for the EUROGATE location in the port of Hamburg. Due to the geographical proximity of the port of Hamburg to the Baltic Sea, a large proportion of containers coming from countries bordering the Baltic Sea are handled as transshipment traffic via Hamburg. This traffic generally passes through the Kiel Canal due to the benefits of time, cost and distance. However, the Kiel Canal is increasingly stretched to its limits due to the growth in size of the feeder vessels in the Baltic Sea traffic. But if feeder services are no longer able to be directed through the Kiel Canal, they must opt to take the significantly longer route via Skagen. This would lead to a loss in the natural competitive advantage of German ports compared to western ports and thus to a risk of loss of volumes.

In addition to the macroeconomic trends, there are further influences and risks which affect future handling and transport demand and the associated handling volumes of our container terminals. These include:

- commissioning additional terminal handling capacity in the Northern Range and in the Baltic region,
- commissioning additional large container vessels and related operational challenges in ship handling (peak situations) and
- the market, network and process changes resulting from the changes in the structure of the shipping company consortia.

In terms of customers, possible insolvencies could have an effect on shipowner consortia and on the structure of services and volumes.

2017 will see more extensive changes to the consortia in container shipping and consolidation measures, after consolidation measures had already been completed in the 2016 financial year. As part of the consolidation measures already carried out and those in preparation, major container shipping consortia have separated and formed new alliances.

As the container terminals still have free capacity, at least in the medium term, the market power of the remaining consortia or shipping companies will increase through consolidation, as well as the associated pressure on revenues and requirement to identify and implement sustainable cost reductions at the container terminals.

Dependency on the economic cycle and macroeconomic risks

As a logistics service provider with a global focus, the BLG Group is highly dependent on production and the associated flow of goods in the global economy. The dependency on both the manufacturing industry and on consumer behavior can be viewed as the largest risk. Other influencing factors on our business in this area are high energy and raw material costs, increasing restrictions on international trade, persistent foreign trade imbalances and the increase in political conflicts. The debt problems currently experienced by many developed countries have led to increased instability in the financial and foreign exchange markets and the international banking system. Together with the existing uncertainty of market players and the difficult situation in refinancing markets, this may influence the risk situation for the BLG Group. The risk of a new global recession cannot be ruled out. However, the above-mentioned developments could result in at least a longer phase of below-average growth for the global economy.

Changes to legislation and in taxes or duties in individual countries may also have a significantly damaging effect on international trade and result in considerable risks for the BLG Group. However, due to the diversification referred to and described at the start of the "Risk management" section, there is no risk to the company's continued existence.

The persistent shortage of skilled personnel and an above-average susceptibility to insolvency among both service providers and customers involved in straightforward transport and logistics services, present further general risks for BLG LOGISTICS.

Sector risks

The growth markets in Asia, Africa, South America, the USA and Central and Eastern Europe are particularly important with regard to the global development of finished vehicle logistics. These markets have the greatest potential, but the economic conditions in some countries in these regions are impeding the expansion of the logistics businesses located there.

The risk of transfer, particularly of the transportation of goods by commercial vehicles, to other modes of transport cannot be completely ruled out.

Western Europe is the main market for the BLG Group. Through the opening up of Western Europe to the East, increasing volumes of Eastern European transport capacity have accessed our main market, leading to tough competition and a slump in prices. There is also a dependency on the volume of exports of the automotive industry in Europe to overseas. The markets of China, the USA and Russia are of special significance.

Employment in car parts logistics (industrial segment) is dependent on production in the foreign plants of the German OEMs (original equipment manufacturers) that are supplied with parts via our logistics centers worldwide. There is a tendency in this area to be dependent on just a few major customers.

Major investments were made in the expansion of the wind energy segment in 2011 and 2012, EUR 1,743,000 of which, as announced in 2015 reporting, were to be written down in the 2016 financial year, as further, unquantifiable delays have occurred in their implementation. Business development is directly linked to the delayed growth in the offshore wind energy sector.

Political, legal and social risks

Legal and political environment

The entire set of measures for the Kiel Canal (deepening and widening) to allow access to larger feeder ships in future is neither financed nor has it received final approval from the federal authorities responsible for this area. Hamburg could lose its special status as a Baltic Sea hub for transshipment loading if customers shift the handling of their large container ships and their loads to other ports in the Northern Range due to the lack of required infrastructure.

Nor can it be ruled out that the company could be hit with additional transport costs due to a price increase on the international crude oil markets, tolls, other traffic routing levies or additional tax burdens which cannot be passed on directly to our customers but would be recognized in other comprehensive income.

The trade embargos triggered by the conflict between Russia and Ukraine have resulted in negative commercial effects, particularly for the AUTOMOBILE Division. Especially for activities in Russia, these developments have led partly to losses in the companies there. No further value adjustments beyond those taken in previous years had to be made to the write-downs on the commitment. The extent to which further conflicts will affect the development of BLG LOGISTICS in Eastern Europe cannot yet be definitively estimated or evaluated. However, further reductions in value are still a distinct possibility. The Southern and Eastern Europe segment within the AUTOMOBILE Division, which is responsible for this area, is focusing on this in particular.

Contractual risks

Emissions typically to be found in ports, such as spray mist and rust particles, may lead to huge recourse claims by manufacturers and transport insurers. We will also take all necessary steps in future to counteract this kind of externally caused pollution with preventive measures, although we cannot completely rule out this risk.

Risk provisions have been created for risks from onerous contracts. The size of the risks may increase significantly as a result of changes in circumstances over time. Based on our current estimation, a risk of this kind should be viewed as low.

Significant contract risks result from customer agreements where the terms do not match those which relate to the leasing of property. Customer agreements generally have significantly shorter terms than rental contracts on properties.

The subsequent change to market conditions and related impacts on the logistics processes agreed with customers often has an effect on the contractual relationship agreed with the customer. The range of services offered to the customer and the prices calculated no longer match the services requested and commissioned by the customer. The resulting differences generally lead to risks and, thus, also to losses which can only be clarified with the customer through subsequent lengthy negotiations. Due to the requirement to fulfil the contract and thus provide services, further work is carried out for the customer during negotiations, because otherwise further risks would arise due to compensation for downtime. This circumstance and the dependency on a few major customers at some sites led to increased risks and negative variances from projections again in the 2016 financial year, particularly in the industrial logistics and retail logistics segments.

No-fault liability is still requested by many customers and has led to large compensation payments in the past. We no longer include such clauses in our contracts.

Service and infrastructure risks

Risks from business relationships

In all operating divisions, close customer relationships and the short, demanding contract terms and conditions, especially with some large customers, make it necessary to monitor changes in economic trends and the demand and product life cycles especially closely. Currently this mainly affects the seaport terminals and industrial logistics (overseas) segments.

Infrastructure capacity and security

High fluctuations in volumes at our customers can lead to temporary capacity bottlenecks at our indoor and outdoor facilities. We have proactively investigated the market and have found additional third-party indoor and outdoor capacity. This will be leased for a fee, if required.

In contrast, when there is lower usage of our in-house capacity, no alternative usage is normally generated. This results in a negative effect from fixed costs that is not covered by income.

Indoor and outdoor facilities and transport and handling equipment are regularly serviced and repaired at fixed intervals. This ensures that we can provide services on an ongoing basis.

Personnel risks

Due to the high personnel and capital-intensive nature of our logistics services, there are, in principle, risks relating to the negative effect of high fixed costs when facilities and personnel are not being used.

Our goal is to minimize personnel risks in respect of socio-demographic change, age structure, and the skills and turnover of the workforce. To this end, the acquisition of skilled personnel is coordinated and implemented through measures such as close cooperation with training providers and a consistent staff development policy from the training of first-time employees to the reskilling of the long-term unemployed.

This staff development, which will necessarily take place over the long term, harbors certain personnel cost risks in the event that business development does not occur as planned in the medium term. However, flexibility is achieved through the use of blue-collar workers provided by the GHBV employment agency in Bremen and Hamburg and other agency personnel. This ensures that the personnel requirement can, to a certain extent, be adapted flexibly to the development of the business. The demographic changes in the employment market also have a fundamental influence on the available staff and therefore on the flexibility and availability of qualified personnel at GHBV. These changes can lead to sustained deficits for GHBV, which it may be possible to offset by affiliated member companies and thus essentially also by BLG LOGISTICS.

Demands of workers representatives for structural changes in the use of third-party employees towards permanent employees leads to increased basic costs. At the same time, this leaves only a limited amount of the necessary flexibility in costs to balance out economic fluctuations.

The company has found that competition for skilled personnel is becoming increasingly intense. In order to secure and strengthen our position in this area, we are using our HR management activities to emphasize the attractiveness of BLG LOGISTICS as an employer and are aiming to retain skilled employees and managers in the company over the long term. In addition to performance-related pay and progressive social benefits, we are also focusing particularly on future diversification in the BLG Group through trainee programs, multi-disciplinary career paths, deployment in different Group companies and attractive training and development courses. We limit employee turnover risks by means of timely succession planning.

The entry into force of the amendments in the Law on Temporary Employment on April 1, 2017 results in other possible risks for the BLG Group. The changes mainly relate to the introduction of a maximum employment period and the obligation to treat temporary workers and permanent workers equally, as well as increased documentation requirements. Resulting factors with an impact on profit are assessed internally and countervailing measures are introduced in the area of employee planning and employee management.

IT risks

Information technology is an important success factor for our logistics and service processes. The systems must be accessible and available at all times, and any unauthorized access to data and data manipulation must be eliminated. Delivery of new software with faults or not on time must also be avoided. Our services require the use of permanently updated or even newly developed software. However, delays and insufficient functionality can never be completely ruled out when developing and putting into operation new, complex applications. Efficient project management from design through to launch reduces this risk. We expect there to be only minor effects on a few segments in this respect.

The increasing frequency of Internet attacks (cybercrime), both globally and on specific targets, is a constant threat and danger to BLG LOGISTICS. BLG LOGISTICS is well positioned to address these risks as it uses the latest antivirus software connected to its own structured IT organization. Ongoing monitoring, control, updating and adaptation of these structures and systems is vital.

Financial risks

Credit risk

The Group's credit risk mainly results from trade receivables. The amounts shown in the group statement of financial position do not include impairment losses for probable uncollectable receivables that were estimated on the basis of historical trends and the current economic environment. Due to the ongoing monitoring of receivables by the management, the BLG Group is not currently exposed to any significant credit risks.

The credit risk is limited in respect of liquid funds and derivative financial instruments because these are held at banks that have been awarded high credit ratings from international rating agencies.

Foreign currency risk

With very few exceptions, the Group companies operate in the euro zone and invoice only in euros. In this respect, currency risk could only arise in isolated cases, such as from foreign dividend income or the purchase of goods and services from abroad.

Liquidity risk

Liquidity risks may arise from payment bottlenecks and the resulting higher financing costs. The Group's liquidity is ensured by central cash management at the level of BLG KG. All significant subsidiaries are included in cash management. Due to the control of capital expenditure and credit management, which is also performed centrally, financial resources (loans/leases) can be provided in good time to meet all payment requirements.

Loan liabilities to banks are guaranteed via two covenants, based on two financial indicators usually used by banks - the equity ratio and net debt. The financial indicators are reviewed at six monthly intervals after the end of the reporting period on the basis of the relevant group or interim financial statements.

If the agreed covenants are not adhered to, the conditions state that interest rates will rise in two stages, by 0.5 per cent in both cases, followed by the right to terminate. Any deviations from the agreed covenants are proactively negotiated with the banks. All covenants were adhered to in the 2016 financial year.

Interest rate risk

The interest rate risk to which the BLG Group is exposed arises primarily from long-term loans and other non-current financial liabilities. Interest rate risks are managed with a combination of fixed-interest and variable-interest loan capital. By far the majority of the liabilities to banks have been concluded over the long term or fixed interest rates have been agreed through to the end of the financing term, either originally as part of the loan agreements or via interest rate swaps which have been concluded within micro-hedges for individual variable-interest loans. In addition, against the backdrop of the historically favorable interest rate for the financing requirements of the coming years, interest rate hedges for future loans will be used to some degree by agreeing on forward interest rate swaps.

Interest rate risks are disclosed via sensitivity analyses in accordance with IFRS 7. These show the effects of changes in the market interest rate on interest payments, interest income and expenses, other income items and on equity. The interest rate sensitivity analyses are based on the following assumptions.

With regard to original fixed-interest financial instruments, market interest rate changes only affect the result if these financial instruments are held at fair value. No fixed-interest financial instruments held at amortized cost are subject to interest rate risks within the meaning of IFRS 7. This applies to all fixed-interest loan liabilities of the BLG Group, including finance lease payables. When hedging interest rate risks in the form of cash flow hedge-designated interest rate swaps, changes to the cash flows and to the contributions to earnings induced by changes to the market interest rate of the hedged original financial instruments and the interest rate swaps balance each other out almost completely so that there is no interest rate risk.

The holding recognized in other comprehensive income of hedging instruments at fair value affects the hedge reserve in equity and is therefore included in the equity-related sensitivity calculation. Market interest rate changes on original variable-interest financial instruments whose interest payments are not created initially within cash flow hedges against the risks of interest rate changes have an effect on interest income and are thus included in the calculation of income-related sensitivities.

The same applies to interest payments from interest rate swaps which are, as an exception, not contained in a hedge accounting relationship in accordance with IAS 39. In the case of these interest rate swaps, market interest rate changes also have an effect on the fair value and thus affect the result of the valuation from adjustments to the fair value of the financial assets or financial liabilities and are included in the income-related sensitivity calculation.

From today's perspective, the likelihood of the financial risks described arising in BLG LOGISTICS is estimated to be low.

Further disclosures on the management of financial risks can be found in note 39.

Other risks

There are currently no other perceived risks that could have a long-term negative influence on the company's development. There are currently no potential risks to the company's continued existence such as excessive indebtedness, insolvency or other risks that could significantly influence the company's net assets, financial position and results of operations. The significant risks for the BLG Group result from the continuing sovereign debt crises in the USA and Europe and from the geopolitical unrest with its effect on the real economy.

Assessment of the overall risk situation

The risk structure of BLG LOGISTICS has not changed significantly year-on-year. Based on our risk management system and consistent assessments by the Board of Management, there were no foreseeable risks in the reporting period that could jeopardize the company's continued existence, either individually or as a whole. Based on the medium-term plan, there are currently no strategic or operational risks for future development that pose a threat to the continued existence of the company. The assessment of the overall risk does not include any compensating future opportunities.

OUTLOOK

_ Objective: Further increase profitability in all divisions
_ Continue acquisition activities and the forming of cooperative arrangements
_ Make efficient use of growth potential in the CONTRACT Division

Future direction of the Group

Retention of the business model
A fundamental change in our business model is not currently planned. One strategic focal point will be on developing activities in the CONTRACT Division. Our goal is to be profitable in all segments and to continue to grow. We intend to grow our shares in existing markets, open up new markets and win new customers by continuing our acquisition activities, developing collaborations in a targeted manner and developing strategic partnerships. We will also extend our value chain in the segments. Moreover, we will seek significant improvements in productivity in all areas through consistent process and quality management and strict cost management, and continue to focus on our sustainability goals.

Expected macroeconomic conditions

Macroeconomic outlook
According to the IMF, global economic growth will strengthen in 2017 and remain on its growth path. The risks to the global economy, by contrast, continue to increase. Crucial to this development is the difficult restructuring of the Chinese economy, the expansionary fiscal policies of the industrialized countries and the economic weakness of major emerging and developing countries. Another risk is posed by the strengthening of populist parties in key European countries. The effects of the change in the US presidency and the decision of the United Kingdom to leave the European Union are still difficult to estimate. In addition, the political conflicts in Ukraine and the Middle East remain unresolved.

For 2017, experts predict global economic growth of 3.4 per cent despite the increasing political uncertainty. An increase of 3.6 per cent is forecast for 2018. In the major advanced economies, the economy will continue to turn in a very mixed performance in the forecast period.

Structural growth in the emerging economies continues to be considered the main driver for global economic development in the coming years. In addition, global megatrends such as energy, environment, technology, transport and health are likely to provide further strong growth impetus in the long term.

The moderate recovery in the eurozone is expected to continue in 2017, supported by an expansionary monetary policy and the export-boosting weakness of the euro relative to the US dollar. Factors that could jeopardize the recovery are the structural weaknesses and necessary reforms of some EU member countries. In addition, the development of individual regions within the eurozone, the bilateral economic relations that are to be renegotiated between Britain and the EU and the integration of refugees represent more uncertainties with regard to the development of the European economy. Overall, the IMF predicts growth of 1.6 per cent for the eurozone in 2017.

Germany is forecasted to grow more strongly than the rest of Europe in 2017. The recovery of private and government consumption, high domestic demand, the improved situation in the labor market and rising investments will contribute to this growth. However, considerable risks remain, especially from the external environment. This dampens the outlook for exports and hence companies' propensity to invest in equipment and buildings. All in all, however, no end to this steady upward trend is currently foreseeable. The German government expects a 1.4 per cent increase in price-adjusted GDP for the current year. The slight decline in growth does not reflect a deteriorating economic outlook, but can be attributed in large part to the effect of a lower number of working days compared with the previous year. Adjusted for this effect, the economic growth is 1.6 per cent.

Sector development

Despite the economic and political developments over the past year, logistics experts expect a positive year in 2017 for the German logistics industry.

After another strong sales year in 2016, a further increase of around 2 per cent is forecasted for the current year. Regarding the employment trend, the logistics industry is likely to remain an important job creator in 2017. The industry will employ more than 3 million people in the coming year. Nationwide, logistics service providers expect stable capacity utilization, an increase in new orders, both domestically and abroad, as well as positive business development.

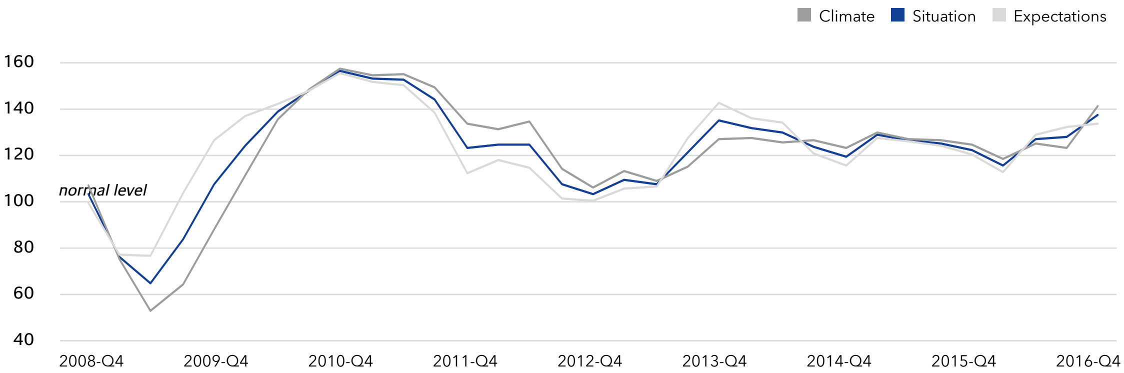
After the lifting of economic sanctions against Iran, the logistics industry continues to have growth opportunities in meeting the pent-up demand in the country. What long-term effects Brexit and the possible protectionist policies of the new US president will have on the industry remains to be seen.

For 2017, logistics service providers expect a high level of capacity utilization, improved business development and order books and further expansion of the workforce, leading to a further escalation in the competition for professionals, managers and young talent. As a result, the economy will also be accompanied and influenced by a personnel shortage, technological complexity and cost increases in the 2017 financial year. Logistics experts in industry, retail, services and academia must counter these factors with more in-depth collaboration and vertical cooperation.

Logistics experts expect a low growth rate for 2017 in terms of freight transport in Germany. Due to the good domestic economy in Germany, the volume of road freight transport is likely to increase further in 2017. This increase will be driven mainly by the favorable situation in the construction industry, but also by domestic demand for high-value goods. Prices and volumes are expected to rise in equal measure in the current year. The logistics industry will continue to benefit from a strong, export-oriented German industry, Germany's excellent position as a logistics center and from the outlook for renewed stability in Europe.

Until the implementation of the Federal Transport Infrastructure Plan 2030, which has now been adopted, the maintenance of Germany's infrastructure remains an increasing challenge. In addition to the Western and Northern European regions, which are very important

BUSINESS CLIMATE AMONG LOGISTICS PROVIDERS



Source: BVL/IfW

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today, Eastern and Southern Europe also likely to become more important again. Increasing production volumes in Eastern Europe should offer interesting prospects for logistics due to the shorter distance through the delivery of high quality primary products from Western Europe.

Key factors for future sector development include increasing customer demands on performance and quality, a functioning transport infrastructure, the attainment of sustainability goals, changing consumer behavior as a result of innovative communications technology, Logistics 4.0, and continued price pressure and the associated need for further process improvements.

The BLG Group considers itself to be well positioned for this, as it has a distinctive service profile and a tightly organized Group and management structure that enables fast and customer-oriented decision-making.

Development of the Group in the following year

AUTOMOBILE Division

In the AUTOMOBILE Division, exports will remain a determining factor for volumes at seaports. Following the decline of the volume handled in the seaport terminal in Bremerhaven in 2016 we expect a further slight decline to about 2.0 million vehicles for 2017. The main reasons for the lower traffic volume are the shift of export volumes to the Mediterranean ports as well as changes in the production locations of OEMs and weaker growth in key export markets, with the exception of China. For 2017, we expect a significant improvement in productivity in car handling. We will achieve this by rigorously applying defined restructuring measures in the current process. Another focus will be on agreeing on measures to compensate for the higher personnel costs for mobile workers.

The trend in previous years, where imported vehicles were not processed in the technical centers or only processed with low technical value added, will continue in 2017 and the following years. At the same time, we intend to exploit the potential for technical value creation with respect to export vehicles. In order to be able to achieve the expected results from technical services, there is an urgent need for flexible deployment of technical staff in all technical areas at the Bremerhaven seaport terminal.

The seaport terminal in Cuxhaven has been expanded in recent years by expanding and optimizing the berth for seagoing vessels. For 2017, we expect a further increase in handling volume, mainly due to continued high volume of exports to Scandinavia and the acquisition of import volumes. The volume is secured by integrating the seaport terminal Cuxhaven into the rail traffic of BLG AutoRail.

The volume growth in the inland terminals and car transport segments is dependent on the development of registrations of new cars in Germany. We expect the same high level as last year and a good capacity utilization of the truck fleet for 2017. In the inland terminals segment, we see further growth potential through more effective integration into the network of BLG LOGISTICS for finished vehicle logistics and the expansion of technical services, in particular for the preparation of newer used vehicles. We expect a difficult market environment in the car transport segment. Competition from Eastern European transport companies has created permanent price pressure, so that cost increases from wage hikes cannot be passed on in full to customers. In contrast, we plan to reduce costs by further optimizing processes and IT systems for efficient capacity planning of truck transport.

The competitive situation for the transport of finished vehicles in the rail transport segment will continue at a comparable level in 2017. BLG's young wagon fleet, with an average age of 6 years, is regularly in competition with the wagons of competing rail logistics companies that have been in use for 40 years. These old cars lead to excess capacity in the logistics market and generate price pressure in the industry. The sophisticated technology of the young BLG wagon fleet enables the internationally flexible use of transport of all passenger car and SUV models, across manufacturers and countries. Due to the outstanding functionality of our wagons, spot traffic, in addition to the agreed regular transport services, makes a regular contribution to the results of our portfolio. Dimensions and weights, particularly among SUVs, will require the rail logistics industry to make a significant investment in wagon fleets in the coming years. In the existing market, this is expected to increasingly go hand in hand with the reduction in excess capacity. With its fleet, BLG is well positioned for the future.

In the Southern/Eastern Europe segment, the contract with an anchor customer in Russia was successfully extended and we expect a slight volume increase in cargo handling. Business developments, however, are still marked by the sharp decline of the market for new vehicles in recent years. In Poland, we assume that economic development will remain constant. For the seaport terminal at the Gioia Tauro site potential for regular overseas transport services are expected to result from the joint venture with the Grimaldi Group.

From 2017, the companies BLG Cargo Logistics GmbH, Bremen, and BLG WindEnergy Logistics GmbH & Co. KG, Bremerhaven, will be allocated to the AUTOMOBILE segment. The companies are presented together with the High&Heavy segment of the Bremerhaven car terminal in the XXL Logistics business segment. This is expected to result in synergy potential in both the business processes and in sales activities. For the High&Heavy segment we assume that volumes will fall slightly due to the continued weak market development. The reason for this is the weak global economic activity in the capital goods industry. There are no signs of a recovery in this sector. BLG Cargo Logistics GmbH, Bremen, has recorded a permanent decline in handling volume. For 2017, a further decline in sales compared to the already very weak level of 2016 is expected. The main reason for this development is that there is no potential in the market for loading large volumes of large pipes in the short to medium term.

The wind power segment will continue to develop at a low level due to the difficult market environment. Limited work from the organization of land transport, the storage of parts, the loan of large appliances and consultancy services is planned for 2017. For offshore wind farms under construction in the North and Baltic Sea, shipments of facility parts will be carried out with a special pontoon in 2017. As part of the development of an offshore terminal in Bremerhaven, we have been awarded the contract for the operation of the terminal. Despite the pending court proceedings and the resulting uncertainty about the start of construction, we are reserving further capacity for the operation of the terminal.

CONTRACT Division

For the CONTRACT Division, price pressure on logistics service providers is expected to remain generally high in the 2017 financial year. Due to the high level of competition, personnel cost increases from wage hikes cannot be passed to customers through price increases or it is possible to do so only to a limited extent. In addition, there is an increasing trend to be as flexible as possible regarding costs, but customers provide no quantity guarantees in return.

Economic trends in the industrial (Europe) segment will be affected in the automotive logistics area by developments in the vehicle markets in China, South Africa and the USA. Similar to the development of export volumes in the area of finished vehicles, car manufacturers are also planning for high volumes in parts logistics in 2017. In Bremen, a major existing contract is being re-tendered. We assume that we can keep most of the business. For our location in Düsseldorf, we expect the optimization of operational processes to be implemented in full and that vacancies in the logistics center will be resolved by new business.

At the site in Kölleda, a major customer awarded a long-standing existing contract to another service provider as of January 1, 2017. At our Berlin/Brandenburg location, a new contract for a major customer will start in the second quarter of 2017. Our business model will enable us to participate in this growth and achieve long-term competitive cost structures through ongoing productivity improvements. We assume that business will develop positively in all locations.

In South Africa there are still great challenges to solid growth. We expect sustained positive business development due to a higher volume. In the USA, a major customer awarded a major contract to another service provider as of January 1, 2017. We expect to maintain the remaining portfolio business and to pursue growth prospects on this basis by acquiring logistics companies in the USA. In India, we assume that the start-up of a new business will make a positive contribution to results. In Malaysia, contracts with anchor customers were extended and we anticipate stable business development. Due to the ongoing market weakness and a sustained low volume at our locations in Brazil, we are reviewing the termination of our commitment there.

In the 2017 financial year, business development in the retail logistics segment will continue to be marked by the continuing high demands of volume fluctuations and timelines for the delivery of the goods by a customer in Bremen. We have conducted intensive and constructive discussions with our contacts there and will strive to keep the customer beyond the end of the contract.

The development of earnings at the sites outside of Bremen is stable at a high level and we assume that more new planned business will be realized. We expect continued strong earnings contributions in the apparel logistics segment. Volume reductions from the insolvency of the Steilmann Group continue to have an effect in 2017. We have already concluded contracts for new business to compensate for this, which will have an impact in full in the current year. In the retail logistics segment we are working on extending the real net output ratio of our business in order to successfully establish all sites over the long term. In this context, we are expecting increased sales and income for all sites in this segment in the 2017 financial year.

In the CONTRACT Division forwarding services will be further expanded. With the takeover of FORTRAGROUP, the expansion of portfolio business and the efficient integration of forwarding activities into the network of the BLG Group, we expect the forwarding segment to record a positive performance in the current year.

CONTAINER Division

There is continued high competitive pressure on container shipowners as the growth in the global economy is not sufficient to fully utilize the shipowners' tonnage and to solve the structural problems of container shipping. Not least due to the large number of newly built container ships, the container terminals are faced with uncertainties. In particular, this can affect the further cooperation and concentration of container shipping companies here. As a result, additional price pressure on the terminals cannot be ruled out.

It is particularly difficult to predict the further development in handling for the Hamburg location because of the current lack of timetables and terminal decisions on the part of shipowners. In addition, achieving reasonable capacity utilization of the EUROGATE Container Terminal in Wilhelmshaven remains of high importance for the EUROGATE Group. In a highly competitive environment, the handling volumes at the Wilhelmshaven site continued to develop positively in the 2016 financial year, but nowhere near enough to allow the company to achieve a balanced result.

Wilhelmshaven is ideal for handling large container ships. Especially in light of the increasing nautical restrictions on the shipping channels of the Outer Weser and Elbe rivers and given the fact that in the next few years the leading container shipping companies will put more ships into operation with a capacity of > 18,000 TEUs, Wilhelmshaven continues to have good chances of acquiring further line services. The forthcoming changes in shipping company alliances will delay their decisions, but, at least in the medium term, will provide good prospects and opportunities.

With effect from April 1, 2017, the newly formed shipping company OCEAN Alliance will add the EUROGATE Container Terminal Wilhelmshaven to its schedules. The project to automate van carriers is expected to be launched in March 2017 with the tender for the pilot test facility. The detailed design of the pilot facility and the first construction work at the Wilhelmshaven location are expected to begin in the second half of the 2017.

Given the aforementioned prospects, a slight decline in volumes handled and a slight decrease in the result are expected for the 2017 financial year. Results in the division will be unchanged, mainly due to the container terminals segment, and handling volumes and rates which are significant influencing factors here.

Planned capital expenditure

We adjust our investment plans to the constantly changing market conditions. Significant expansion, process optimization and replacement investments are planned in the coming year in the AUTOMOBILE Division for the permanent replacement of older trucks in the car transport segment, the expansion of technical facilities in Duisburg and the expansion of capacity at the Kelheim site. In the Bremerhaven seaport terminal, the focus of investment is on the renewal of cargo handling equipment in the High&Heavy segment. In addition, investments will be made in the division in the IT area in order to optimize the network. In the CONTRACT Division, investments relate to the development and expansion of new logistics centers and the expansion of existing businesses in the areas of industrial and retail logistics. In both divisions, a total investment volume of about EUR 54 million is planned for the necessary expansion and replacement investments and investments in process optimization.

This capital expenditure will be mainly financed through borrowing.

Overall statement on the expected development of the Group

The development of the second half of 2016 continued in early 2017: The fairly slow recovery in world economic growth, the impact of Brexit and the US presidential election as well as structural changes in the eurozone continue to limit growth potential. Due to the complex geopolitical environment, economic development in the current year is difficult to forecast.

For 2017, we expect growth in the retail logistics and forwarding segments of the CONTRACT Division. In the AUTOMOBILE Division, we expect positive development of earnings in the inland terminals and car transport segments. In the seaport terminals, however, we expect a slight decline in handling volume due to the continued shift of export volume to the Mediterranean ports. We expect the CONTAINER Division to be significantly influenced by strong competition, the current lack of timetables and terminal decisions on the part of shipowners and by the fact that the EUROGATE Container Terminal in Wilhelmshaven is not yet operating at full capacity.

We expect revenue to grow between 2 to 5 per cent in the AUTOMOBILE Division with a corresponding increase in EBT. We expect a slight decline in revenue for the CONTRACT and CONTAINER Divisions. The restructuring measures for the AUTOMOBILE and CONTRACT Divisions will have positive effects on productivity and thus on results in all divisions in the coming year. In view of the previously described prospects for the CONTAINER Division and the planned start-up losses with stable handling margins for the EUROGATE container terminal in Wilhelmshaven, which are still expected, we envisage a slight fall in EBT for this division in 2017. For the BLG Group, we expect revenues in 2017 to be at the previous year's level of EUR 1.0 billion, with an EBT of EUR 30.0 million.

Against this background we want to offer our shareholders an attractive dividend yield. We are aiming to increase the dividend in line with the market, but at a minimum aim to keep it at the level of the previous year.

This annual report was prepared on the basis of German Accounting Standard 20 (DRS 20) in the current version. Apart from historical financial information, it contains statements on the future development of the business and the business results of the BLG Group which are based on estimates, forecasts and expectations, and can be identified by wording such as “assume”, “expect” or similar terms. These statements may, of course, vary from actual future events or developments. We are not under any obligation to update these future-oriented statements with new information.

WE EXPECT THE BUSINESS DEVELOPMENT WITHIN THE BLG GROUP TO BE POSITIVE.

03

Group Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

TEUR	Notes to the consolidated financial statements	**2016**	2015
Sales	7	1,045,639	938,605
Other operating income	8	47,771	46,679
Cost of materials	9	-477,127	-461,775
Personnel expenses	10	-377,049	-316,595
Depreciation and amortization of non-current intangible assets and fixed assets	11	-37,649	-32,801
Other operating expenses	12	-194,864	-170,324
Income from non-current financial receivables	13	154	167
Other interest and similar income	13	1,428	1,176
Interest and similar expenses	13	-7,965	-7,066
Income from long-term equity investments in associated enterprises	14	31,815	31,557
Income from other long-term equity investments and affiliated companies	14	13	103
Depreciation and amortization of investments and non-current financial receivables	15	-1,391	0
Earnings before taxes		**30,775**	**29,726**
Income taxes	16	166	-2,752
Group net income		**30,941**	**26,974**
Group net income is allocated as follows:			
BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877–		1,716	1,702
BLG LOGISTICS GROUP AG & Co. KG		26,964	23,291
Other minorities		2,261	1,981
		30,941	**26,974**
Earnings per share (diluted and undiluted)	17	**EUR 0,45**	**EUR 0,44**
of which from continued operations		EUR 0,45	EUR 0,44
Dividends of BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877–	18	**EUR 0,40**	**EUR 0,40**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TEUR	Notes to the consolidated financial statements	2016	2015
Group net income		**30,941**	**26,974**
Other comprehensive income after income taxes			
Items that are not subsequently reclassified in the income statement	19		
Revaluation of net pension obligations		-9,184	5,856
Income taxes on items that are not subsequently reclassified in the income statement		1,482	-928
Proportion of consolidated companies accounted for under the equity method for items that are not subsequently reclassified in the income statement		-5,723	4,578
		-13,425	**9,506**
Items that can be transferred to the Income Statement henceforth	19		
Foreign exchange translation		397	-2,036
Change in the measurement of derivative financial instruments		-218	718
Income taxes on items that can subsequently be reclassified in the income statement		35	-112
Proportion of consolidated companies accounted for under the equity method for items that can subsequently be reclassified in the income statement		2,263	-656
		2,477	**-2,086**
Other comprehensive income after income taxes		**-10,948**	**7,420**
Total result		**19,993**	**34,394**
The result is allocated as follows:			
BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877–		1,716	1,702
BLG LOGISTICS GROUP AG & Co. KG		16,015	30,730
Other minorities		2,262	1,962
		19,993	**34,394**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TEUR	Notes to the consolidated financial statements	12/31/2016	12/31/2015
ASSETS			
A. Non-current assets			
I. Intangible assets	20		
1. Goodwill		19,879	16,879
2. Other intangible assets		31,401	33,422
3. Advance payments on intangible assets		1,775	4,174
		53,055	**54,475**
II. Fixed assets	21		
1. Real estate, leasehold rights and buildings, including buildings on third-party real estate		183,097	195,411
2. Technical plant and equipment		61,503	71,960
3. Other property, plant and equipment		16,618	18,240
4. Advance payments and assets under construction		1,855	734
		263,073	**286,345**
III. Investments	22		
1. Interests in subsidiaries		359	343
2. Interests in companies accounted for using the equity method		138,943	123,693
3. Other financial investments		114	143
		139,416	**124,179**
IV. Non-current financial receivables	23	4,716	6,325
V. Other non-current assets	25	20	20
VI. Deferred taxes	16	5,636	1,236
		465,916	**472,580**
B. Current assets			
I. Inventories	24	7,891	7,351
II. Trade receivables	25	181,785	181,959
III. Other assets	23, 25	37,261	50,352
IV. Reimbursement rights from income taxes	26	2,177	1,904
V. Cash and cash equivalents	27	12,867	15,935
		241,981	**257,501**
		707,897	**730,081**

TEUR	Notes to the consolidated financial statements	12/31/2016	12/31/2015
LIABILITIES			
A. Equity	28		
I. Consolidated capital of BREMER LAGERHAUS GESELLSCHAFT –Aktiengesellschaft von 1877–			
1. Subscribed capital		9,984	9,984
2. Revenue reserves			
a. Legal reserves		998	998
b. Other revenue reserves		6,914	6,749
3. Balance sheet profit		1,536	1,521
		19,432	**19,252**
II. Consolidated capital of BLG LOGISTICS GROUP AG & Co. KG			
1. Limited liability capital		51,000	51,000
2. Capital reserve		50,182	50,182
3. Revenue reserves		135,636	129,538
4. Other reserves		-53,559	-40,134
5. Reserve for the fair value measurement of financial instruments		-3,180	-3,308
6. Foreign currency translation reserve		-8,074	-10,383
7. Balance sheet profit		20,428	10,687
		192,423	**187,582**
III. Equity of other minorities		**7,452**	**7,198**
		219,307	**214,032**
B. Non-current liabilities			
I. Non-current borrowings (not including the short-term portion)	29	157,268	191,651
II. Other non-current financial liabilities	30	27,751	29,730
III. Deferred government grants	31	2,357	2,453
IV. Other non-current liabilities	34	788	249
V. Non-current provisions	32	60,769	50,643
VI. Deferred taxes	16	6,737	7,731
		255,670	**282,457**
C. Current liabilities			
I. Trade payables	33	83,166	77,118
II. Other current financial liabilities	30	87,314	100,177
III. Current proportion of government grants	31	85	85
IV. Other current liabilities	34	40,548	35,043
V. Payment obligations from income taxes	35	8,249	8,857
VI. Current provisions	36	13,558	12,312
		232,920	**233,592**
		707,897	**730,081**

SEGMENT REPORTING

TEUR	AUTOMOBILE 2016	AUTOMOBILE 2015	CONTRACT 2016	CONTRACT 2015
Sales with external third parties	**473,714**	**461,616**	**574,574**	**478,842**
Inter-segment sales	1,419	737	1,231	1,116
Result from companies accounted for using the equity method	- 779	18	- 466	- 324
EBITDA	29,753	33,088	29,094	18,921
Depreciation	- 14,651	- 14,585	- 21,969	- 17,235
Segment result (EBIT)	**15,102**	**18,503**	**7,125**	**1,686**
in % of sales	3.2 %	4.0 %	1.2 %	0.4 %
Interest income	351	145	1,225	1,153
Interest expenses	- 6,040	- 5,537	- 8,058	- 6,940
Result from other equity investments	6	7	0	0
Depreciation and amortisation of investments	0	0	- 1,391	0
Segment earnings before taxes (EBT)	**9,419**	**13,118**	**- 1,099**	**- 4,101**
Other information				
Other cash-neutral expenses and income	- 553	- 691	- 1,251	98
Impairments	- 52	- 888	- 1,823	- 12
Interests in companies accounted for using the equity method	5,277	4,300	1,405	1,774
Goodwill included in segment assets	5,084	5,084	11,795	11,795
Segment assets	271,827	285,783	282,753	290,243
Investments in non-current intangible assets and fixed assets	883	30,324	11,546	6,530
Segment liabilities	167,032	144,950	142,361	139,088
Equity	78,022	54,033	44,132	26,737
Employees	2,730	2,638	5,477	4,280

[1] The number of employees relates to companies included on a proportionate basis (50 per cent).

CONTAINER		Total Segments		Reconcilation		Group	
2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
319,687	**295,661**	**1,367,975**	**1,236,119**	**- 322,336**	**- 297,514**	**1,045,639**	**938,605**
2,331	2,904	4,981	4,757	- 4,981	- 4,757	0	0
- 3,588	- 2,112	- 4,833	- 2,418	36,648	33,975	31,815	31,557
73,019	71,949	131,866	123,958	- 55,681	- 55,811	76,185	68,147
- 25,783	- 28,525	- 62,403	- 60,345	24,754	27,544	- 37,649	- 32,801
47,236	**43,424**	**69,463**	**63,613**	**- 30,927**	**- 28,267**	**38,536**	**35,346**
14.8 %	14.7 %	5.1 %	5.1 %	k.A.	k.A.	3.7 %	3.8 %
886	2,650	2,462	3,948	- 880	- 2,605	1,582	1,343
- 6,541	- 6,726	- 20,639	- 19,203	12,674	12,137	- 7,965	- 7,066
404	707	410	714	- 397	- 611	13	103
0	0	- 1,391	0	0	0	- 1,391	0
41,985	**40,055**	**50,305**	**49,072**	**- 19,530**	**- 19,346**	**30,775**	**29,726**
5,652	- 4,267	3,848	- 4,860	- 5,655	4,639	- 1,807	- 221
- 642	- 480	- 2,517	- 1,380	642	480	- 1,875	- 900
103,721	75,763	110,403	81,837	28,540	41,856	138,943	123,693
512	512	17,391	17,391	2,488	- 512	19,879	16,879
380,481	400,376	935,061	976,402	- 373,920	- 373,155	561,141	603,247
9,523	8,813	21,952	45,667	- 9,053	- 8,382	12,899	37,285
189,860	179,983	499,253	464,021	- 224,541	- 197,421	274,712	266,600
209,414	194,682	331,568	275,452	- 112,261	- 61,420	219,307	214,032
1,564 1)	1,571 1)	9,771	8,489	- 1,289	- 1,322	8,482	7,167

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TEUR	I. Consolidated capital of BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877– Subscribed capital	Revenue reserves	Balance sheet profit	Total
As of January 1, 2015	**9,984**	**7,581**	**1,521**	**19,086**
Changes in financial year				
Group net income	0	166	1,536	1,702
Income and expenses recognized directly in equity	0	0	0	0
Total result	**0**	**166**	**1,536**	**1,702**
Dividends/withdrawals	0	0	- 1,536	- 1,536
Other changes	0	0	0	0
As of December 31, 2015	**9,984**	**7,747**	**1,521**	**19,252**
Changes in financial year				
Group net income	0	180	1,536	1,716
Income and expenses recognized directly in equity	0	0	0	0
Total result	**0**	**180**	**1,536**	**1,716**
Dividends/withdrawals	0	0	- 1,536	- 1,536
Other changes	0	-15	15	0
As of December 31, 2016	**9,984**	**7,912**	**1,536**	**19,432**

II. Consolidated capital of BLG LOGISTICS GROUP AG & Co. KG								III. Equity of minorities	
Limited liability capital	Capital reserves	Revenue reserves	Other reserves	Reserve for the fair value measurement of financial instruments	Foreign currency translation reserve	Balance sheet profit	Total	Total	Total
51,000	**50,182**	**116,700**	**- 49,640**	**- 3,847**	**- 7,932**	**20,421**	**176,884**	**6,621**	**202,591**
0	0	12,604	0	0	0	10,687	23,291	1,981	26,974
0	0	0	9,506	539	- 2,606	0	7,439	- 19	7,420
0	**0**	**12,604**	**9,506**	**539**	**- 2,606**	**10,687**	**30,730**	**1,962**	**34,394**
0	0	0	0	0	0	- 20,421	- 20,421	-1,385	- 23,342
0	0	234	0	0	155	0	389	0	389
51,000	**50,182**	**129,538**	**- 40,134**	**- 3,308**	**- 10,383**	**10,687**	**187,582**	**7,198**	**214,032**
0	0	6,536	0	0	0	20,428	26,964	2,261	30,941
0	0	0	-13,425	128	2,350	0	- 10,947	- 1	- 10,948
0	**0**	**6,536**	**-13,425**	**128**	**2,350**	**20,428**	**16,017**	**2,260**	**19,993**
0	0	0	0	0	0	- 10,687	- 10,687	-2,054	- 14,277
0	0	- 448	0	0	- 41	0	- 489	48	-441
51,000	**50,182**	**135,626**	**- 53,559**	**- 3,180**	**-8,074**	**20,428**	**192,423**	**7,452**	**219,307**

CONSOLIDATED STATEMENT OF CASH FLOWS

TEUR	2016	2015
Earnings before taxes	30,775	29,726
Depreciation and amortization of non-current intangible assets, fixed assets, Investments and non-current financial receivables	39,040	32,801
Result from disposals of fixed assets	-1,689	-1,151
Profit/loss from companies accounted for under the equity method	-31,815	-31,557
Result from other long-term equity investments	-13	-103
Interest income	6,383	5,723
Other cash-neutral expenses and income	-1,808	-221
	40,873	**35,218**
Change in trade receivables	2,282	-3,243
Change in other assets	-1,125	856
Change in inventories	-540	-1,856
Change in government grants	-96	1,713
Change in provisions	1,129	-9,134
Change in trade payables	4,279	-4,811
Change in other liabilities	6,887	-1,410
	12,816	**-17,885**
Proceeds from interest	1,576	1,343
Payments for interest	-5,080	-5,101
Payments for taxes on income	-6,126	-2,841
	-9,630	**-6,599**
Cash flow from current operating activities	**44,059**	**10,734**
Proceeds from disposals of fixed tangible assets and intangible assets	3,341	2,356
Payments for investments in fixed tangible assets and intangible assets	-12,899	-37,285
Proceeds from disposals of financial assets	63	3,599
Payments for investments in financial assets	-12,391	-12,578
Payments for granting loans to companies in which long-term equity is held	-159	-64
Proceeds from repayment of loans to companies in which long-term equity is held	235	1,794
Payments for company acquisitions minus liquid funds acquired	-3,126	-9,625
Proceeds from dividends receivedn	40,616	45,172
Cash flow from investment activities	**15,680**	**-6,631**
Proceeds from repayment of loans to company owners	1,256	482
Payments for granting loans to company owners	-1,595	-1,256
Payments to company owners	-14,278	-23,342
Proceeds from issuing promissory note loans	-10,000	0
Proceeds from taking out financial loans	0	70,400
Payments from the repayment of financial loans	-22,650	-30,036
Payments to lessees	-179	0
Proceeds from repayment of leasing receivables	223	175
Taking out leasing liabilities	287	1,126
Payment to repay leasing liabilities	-1,200	-322
Cash flow from financial activities	**-48,136**	**17,227**
Net change in cash and cash equivalents	11,603	21,330
Change in cash and cash equivalents due to currency translation influences	1,140	-938
Cash and cash equivalents at start of financial year	-16,315	-36,707
Cash and cash equivalents at end of financial year	**-3,572**	**-16,315**
Composition of financial resource fund at end of financial year		
Liquid funds	12,867	15,935
Short-term liabilities to banks	-16,439	-32,250
	-3,572	**-16,315**

NOTES TO THE GROUP FINANCIAL STATEMENTS

Principles and methods

1. Principles of Group accounting

BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877–, Bremen, (BLG AG) and BLG LOGISTICS GROUP AG & Co.KG, Bremen, (BLG KG), two companies that are legally, economically and organizationally closely affiliated due to their identical management bodies and special ownership structure, form the head of the BLG Group (BLG LOGISTICS). As BLG AG does not consider control over BLG KG to exist within the meaning of IFRS 10, it is therefore preparing voluntary consolidated financial statements (combined financial statements) together with BLG KG under the name BLG LOGISTICS with BLG AG and BLG KG as a single parent company.

The consolidated financial statements for BLG LOGISTICS for the 2016 financial year were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB), and their interpretations by the International Financial Reporting Interpretations Committee (IFRIC). The use of these standards became mandatory on December 31, 2016. All IFRS and IFRIC were observed that have been published and adopted in the context of the endorsement process of the European Union and whose use is mandatory.

The accounting policies as shown in note number 6 were applied consistently by all Group companies for all periods specified in the consolidated financial statements.

The financial year of BLG AG and BLG KG and of their group subsidiary companies is the calendar year. The reporting date of the consolidated financial statements is the closing date of the group companies.

The companies BLG AG (HRB 4413) and BLG KG (HRA 21448), which are entered in the Commercial Register of the District Court of Bremen, are based in Bremen/ Germany, Präsident-Kennedy-Platz 1.

The consolidated financial statements are prepared in euros. All amounts are in EUR thousand, unless otherwise indicated.

The consolidated financial statements were prepared on the basis of historical acquisition costs; exceptions arise only for derivative financial instruments and financial instruments classified as “available for sale” if the fair value can be reliably determined for such financial instruments.

Judgments and estimates

The preparation of the financial statements in conformity with IFRS requires estimates and the exercise of discretion in individual matters by management that may have an impact on the amounts reported in the consolidated financial statements.

Judgments

Information on judgments in applying the accounting policies that have the greatest material effect on the amounts reported in the consolidated financial statements is included in the following notes:

- Determining whether control exists (notes number 3 and 4)
- Classification of leases (notes number 21, 23, 30 and 41)
- Classification of joint arrangements (note number 22)

Assumptions and estimation uncertainties

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate in particular to the following notes:

- Measurement of goodwill (notes number 6b and 20)
- Accounting for deferred tax assets (notes number 6q and 16)
- Estimation of parameters for impairment (note number 6m)
- Material actuarial assumptions (note number 32)
- Discretion in measuring provisions and contingent liabilities (notes number 36 and 30)

The estimates made were largely based on historical data and other relevant factors, including the going concern principle. Actual results could differ from these estimates.

Determination of fair values

The financial instruments of the Group accounted for at fair value are classified in different categories of the fair value hierarchy based on the valuation technique used; these categories are defined as follows:

- Category 1: Listed (unadjusted) prices in active markets for identical assets and liabilities
- Category 2: Techniques for which all input parameters which have a material effect on the recorded fair value are either directly or indirectly observable
- Category 3: Techniques using input parameters that have a material effect on the recorded fair value and are not based on observable market data

More information on the assumptions made in determining the fair values can be found in note number 39.

Changes in accounting policies

The accounting policies used were essentially unchanged compared with the methods used the previous year. In addition, the Group applied the following new/revised standards and interpretations that are relevant to BLG LOGISTICS and whose use was mandatory for the first time in the 2016 financial year.

Standards	Application required for financial years starting from
Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" (investment entities: application of the exemption on consolidation)	January 1, 2016
Amendments to IFRS 11 "Joint Arrangements" (accounting for the acquisition of shares in joint operations)	January 1, 2016
Amendments to IAS 1 "Presentation of Financial Statements" as part of the Disclosure Initiative	January 1, 2016
Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" (clarification of allowable depreciation methods)	January 1, 2016
Amendments to IAS 19 "Employee Benefits" (defined benefit plans: employee contributions)	February 1, 2015
various standards: Annual Improvements Project 2010-12	February 1, 2015
various standards: Annual Improvements Project 2012-14	January 1, 2016

Effects of changes in accounting policies

The new/revised standards and interpretations that are relevant to BLG LOGISTICS had no material impact. For this reason, no adjustment to figures from the previous year has been made.

The notes contain information on cases where the previous-year amounts are not comparable with the amounts in the reporting year or where they have been corrected in accordance with IAS 8.42.

Non-mandatory application of new or amended standards and interpretations

The application of the following standards and interpretations which were previously adopted, revised or recently issued by the IASB was not yet mandatory in 2016:

Standards/interpretations	Application required for financial years starting from[1]	Adoption by the EU Commission
Amendments to IFRS 2 “Classification and measurement of share-based payment transactions”	January 1, 2018	No
Amendments to IFRS 4 “Insurance contracts” (application of IFRS 9 “Financial instruments” together with IFRS 4 “Insurance contracts”)	January 1, 2018	No
IFRS 9 “Financial Instruments”	January 1, 2018	Yes

Standards/interpretations	Application required for financial years starting from[1]	Adoption by the EU Commission
Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” (sale or transfer of assets between an investor and an associate or joint venture)	open	No
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018	Yes
Clarification of IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018	No
IFRS 16 “Leases”	January 1, 2019	No
Amendments to IAS 7 “Statement of cash flows” as part of the Disclosure Initiative	January 1, 2017	No
Amendments to IAS 12 “Income taxes” (Recognition of deferred tax assets for unrealized losses)	January 1, 2017	No
Amendments to IAS 40 “Investment property” (Transfer of investment property)	January 1, 2018	No
various standards: Annual Improvements Project 2014-16	January 1, 2017 January 1, 2018	No
Interpretations IFRIC 22 “Foreign currency transactions and advance considerations”	January 1, 2018	No

[1] Date of initial application according to EU law, where already adopted in EU law.

BLG LOGISTICS plans to incorporate the new standards and interpretations from the date on which their initial application in the consolidated financial statements is mandatory. The new standards and interpretations that are relevant to the Group's operations will have an impact on the way in which the Group's financial information is published; however, they will not have any material effects on the recognition and the measurement of assets and liabilities or the presentation of the results of operations in the consolidated financial statements, with the following exceptions:

IFRS 9 "Financial Instruments": The standard replaces the previously valid standard IAS „Financial instruments: Recognition and measurement" and is intended to make valuation procedures, risk provisions and hedging transactions more transparent.

IFRS 9 contains provisions for the classification, valuation and impairment of financial instruments and for accounting for hedging instruments.

The BLG Group does not expect the application of the classification and valuation rules to have any significant effects on the consolidated financial statements.

The conversion of impairment losses from the incurred-loss model (does not take into account default expectations up to the time a default event occurs) to the expected loss model is expected to have a one-time effect on the consolidated financial statements; however, this effect is not considered to be material since the trade receivables represent the majority of the financial assets for which a simplified approach requires the recording of a provision for risks in accordance with the expected defaults with respect to the total maturity. According to the new regulations, the creditworthiness of the customers will have a direct impact on the establishment of impairment losses on trade receivables.

When accounting for hedging relationships, the BLG Group assumes that all hedging transactions which are currently designated as effective hedging instruments also meet the criteria for hedge accounting as provided for under IFRS 9.

IFRS 15 "Revenue from Contracts with Customers": IFRS 15 replaces the existing standards and interpretations for the recognition of revenues, including IAS 18 „Revenue" and IAS 11 „Construction Contracts" and establishes uniform basic principles applicable to all sectors and categories of sales transactions. This relates in particular to the determination of the amount and timing or period of the realization of sales revenues, which in the future will involve five steps. In addition to the five-step model, the standard includes a number of additional regulations on matters of detail, such as the depiction of contract costs and contract changes.

According to IFRS 15, control is the decisive criterion for the realization of sales. The transfer of control of the logistics services provided by the BLG Group is based on the provisional assessment for the time period, as customers receive and use the benefits at the same time as the service, i.e. another company does not have to provide the service again if the service obligation is accepted. The BLG Group therefore assumes that the first application of IFRS 15, with the exception of additional disclosures, will not have any material effects. A detailed analysis is planned for the year 2017, which may result in changes to this provisional assessment.

The standard also provides for a complete retrospective application or a modified retrospective application. The BLG Group has not yet decided which of the transitional methods and simplifications available should be used.

IFRS 16 "Leases": The standard replaces the current provisions of IAS 17 „Leases" and the related interpretations IFRIC 4 „Determining Whether an Arrangement Contains a Lease", SIC 15 „Operating Leases - Incentives" and SIC 27 „Evaluating the Substance of Transactions in the Legal Form of a Lease". The main objective of the new standard is in general to report all leases and the related contractual rights and obligations in the balance sheet of the lessee.

Accordingly, in the future, lessees will be required to record a lease liability in their balance sheet for all leases at the beginning of the term of the lease in the amount of the present value of the obligation to make lease payments. At the same time, a right of use is required to be capitalized on the underlying asset which corresponds to the leasing liability, adjusted for advance payments made, leasing incentives and directly attributable costs, as well as estimated costs for restoration, disposal and dismantling. During the term of the leasing contract, the leasing liability is deferred actuarially in a manner similar to that to the regulations under IAS 17 for finance leases, while the right of use is amortized as scheduled. This generally results in higher expenses at the beginning of the term of the lease. There are accounting options for short-term leases and leased items of limited value.

The provisions of the new standard for lessors are essentially the same as the previous requirements under IAS 17. The application of the new standard is expected to lead to a significant increase in the balance sheet. For 2017, the BLG Group plans to assess the impact of IFRS 16 on the consolidated financial statements in detail.

The Board of Management of BLG AG submitted the consolidated financial statements to the Supervisory Board on March 14, 2017. The Supervisory Board has the task of reviewing the consolidated financial statements and stating whether it approves them.

2. Operations of the BLG Group

As an international seaport-oriented logistics service provider with AUTOMOBILE, CONTRACT and CONTAINER Divisions for its customers in trade and industry, the BLG Group is represented in over 100 subsidiaries and offices in Europe, North and South America, Africa and Asia.

The services offered by the company range from seaport terminals in Europe to complex international supply chain management with value-added services.

AUTOMOBILE

The services provided by the AUTOMOBILE Division include cargo handling, storage, technical processing, transport by road, rail and inland waterway, supply chain management and freight forwarding services as well as the entire administrative vehicle handling process, including documentation and customs clearance. In addition, the division handles heavy or bulky goods such as agricultural machinery, buses and HGVs, transformers, locomotives and rail cars. In the 2016 financial year, the focus was on investing in technology in IT in order to optimize the network.

The European network includes car terminals on the North Sea and the Baltic Sea, on the Mediterranean, the Rhine and the Danube River and inland. BLG is represented by several maritime and inland terminals in Poland, Russia and Ukraine.

The car terminals on seas and rivers have HGV, rail and water connections. The inland terminals offer short distances to the European highway network, have their own railway connections and most have a direct connection to the waterways. This network creates reliable logistics chains from car manufacturers around the world to car dealers in the countries of destination. In addition, technical centers for pre-delivery inspections (PDI) and other technical services, such as special builds and conversions, are operated in the terminals. The entire range of services is certified.

CONTRACT

The CONTRACT Division develops customized logistics solutions. The main focal points of the services are car parts logistics, industrial and production logistics, retail and distribution logistics and seaport logistics for conventional cargo in Bremen. In addition, the division also covers logistics activities for fashion logistics and the offshore wind industry.

The industrial logistics segments includes logistics activities for the manufacturing industry. In the car manufacturer segment this includes the procurement logistics of the suppliers, the supply of production lines, as well as packaging and shipping. Complex system services ensure the reliable supply of assembly lines in Germany and abroad. BLG represents the link between suppliers and manufacturers. Consolidation centers and supplier logistics centers are the hubs of global services. With the pre-assembly of vehicle components and production-related work processes, BLG acts as an extended workbench of automobile manufacturers.

In industrial companies in other sectors, BLG designs and optimizes complex goods flows relating to production. The range of services also includes the supply and disposal of production lines, on-site logistics for the optimal design of internal goods flows, empties management and complex assemblies.

Complex logistics processes for retail companies are designed, implemented, managed and executed in the retail logistics segment. In these areas BLG offers transparent and reliable processes and the optimization of material and information flows. Major growth potential is generated in the fashion logistics segment. In all trade logistics segments, solutions are offered to customers from a single source. This applies in particular to the areas of e-commerce, cross-channel retailing, processing and value added services for goods, the collection and processing of returns, as well as the handling of flat and hanging merchandise in the fashion logistics segment. Individual innovative solutions for well-known customers, such as the use of a robot-based logistics concept at the Frankfurt site, ensure that comprehensive information and product movements are available via in-house IT expertise. In addition, the retail logistics segment includes the handling and storage of refrigerated and frozen goods at the Bremerhaven container terminal as well as all related services.

The port logistics segment operates multifunctional terminals in Bremen where customized logistics solutions for goods with special requirements are offered. Specifically this includes the transshipment, storage and proper handling of paper and forest products, tubes, sheets and project cargoes. Logistics for offshore wind energy is integrated into this segment. This area develops customized, comprehensive logistics systems to coordinate and manage the supply chain of wind turbines and their components from production to installation at sea across all value-added stages.

In order to increase the depth of value creation depth and the cross-divisional control the flow of goods with simultaneous expansion of the use of the company's own terminal and logistics capacities, the forwarding business segment will be expanded starting from 2016. A major milestone was achieved in 2016 with the acquisition of FORTRAGROUP.

CONTAINER

The CONTAINER Division is being developed by the joint venture EUROGATE GmbH & Co. KGaA, KG, Bremen, in which BLG holds a 50 per cent share. EUROGATE has its own subsidiaries and investment entities. The EUROGATE Group companies are included in the consolidated financial statements using the equity method.

The focus of the activities of the EUROGATE Group includes handling containers on the European continent. EUROGATE operates, in some cases with partners, container terminals in Bremerhaven, Hamburg and Wilhelmshaven in Germany, in the Italian locations of La Spezia, Gioia Tauro, Cagliari, Ravenna and Salerno, in Lisbon, Portugal and in Tangier, Morocco, Limissol, Cyprus, and Ust-Luga, Russia. In addition, EUROGATE has investments in several inland terminals and rail transport companies.

Secondary services offered include intermodal services (the transport of sea containers from and to the terminals), repairs, depot storage and trading of containers, cargo modal services and technical services.

3. Consolidation principles

The date of initial consolidation is the day on which, in economic terms, the conditions established in IFRS for the existence of a subsidiary, an associate or a joint venture exist for the first time. Similarly, the deconsolidation date is determined by the absence of control, joint control or material influence.

Subsidiaries

Subsidiaries are companies that are controlled by BLG LOGISTICS.

BLG LOGISTICS controls an investment entity if there is an exposure to risk as a result of a claim to variable returns from the investment and the power of disposal over the investment can be used to influence the amount of the returns.

All major subsidiaries are consolidated in the consolidated financial statements.

Subsidiaries are generally fully consolidated in accordance with IFRS 10. Deviating from this, certain companies of BLG LOGISTICS are not consolidated for reasons of materiality (see note number 4).

When a subsidiary is initially consolidated, the acquisition value of the investment is compared with the Group's share in the equity of that company which is revalued in accordance with IFRS 3. In this process, assets and liabilities are recognized at their fair values and previously unrecognized intangible assets that can be accounted for under IFRS and contingent liabilities are recognized at fair value under assets or liabilities. In subsequent consolidations, the hidden assets and liabilities disclosed in this way are carried forward, amortized or reversed in the same way that the corresponding assets and liabilities are treated. Any surplus of the acquisition cost of the investment over the proportionate net fair value of the identifiable assets, liabilities and contingent liabilities (positive difference) resulting from initial consolidation is recognized as goodwill and is subject to an annual impairment test (see note number 6).

If any negative difference remains, another review takes place of the identification and measurement of assets, liabilities and contingent liabilities and the derivation of the purchase price. If any negative goodwill remains after this review, it is recognized immediately in the income statement.

Companies accounted for using the equity method

The companies consolidated using the equity method include investments in joint ventures and associates.

Joint ventures exist when there are arrangements in which BLG LOGISTICS exercises joint control with at least one partner company, whereby the Group has rights to its net assets instead of rights to the assets and obligations from the liabilities of the arrangement. This applies in particular to the CONTAINER Division, which is consolidated using the equity method via the stake in the operational management company EUROGATE GmbH & Co. KGaA, KG, Bremen.

Associates are companies in which BLG LOGISTICS has material influence over the financial and operational policies, but does not exercise control or joint management.

The carrying amounts of the investments consolidated using the equity method are increased or decreased annually by the changes in equity of the joint venture or the associate attributable to the BLG Group. The principles valid for full consolidation are applied accordingly to the allocation and adjustment of a difference included in the proportional approach between the cost of acquisition of the investment and the proportion of equity of the company.

Non-controlling interests

Non-controlling interests include minority interests in the equity of fully consolidated subsidiaries.

Non-controlling interests in acquired companies are measured at their proportionate share of the net assets of the acquired company.

Transactions with non-controlling interests are treated as transactions with equity owners of the BLG Group. Any difference between the consideration paid and the relevant share of the carrying amount of the net assets of the subsidiary arising from the purchase is recognized in equity. Gains and losses which are realized on the disposal of non-controlling interests are also recognized in equity.

Other investments

Other investments are stated at fair value in accordance with IAS 39 or, if the fair value cannot be reliably measured, at cost.

Loss of control

If the BLG Group ceases to have control or material influence over an entity, the remaining shareholding is remeasured at fair value and the resulting difference is recorded in profit or loss. The fair value is the fair value determined during the initial recognition of an associate, joint venture or financial asset.

In addition, all amounts reported in other comprehensive income in respect of that entity are accounted for as would be required if the parent company had sold the corresponding assets and liabilities directly. This means that a gain or loss previously recognized in other comprehensive income is reclassified from equity to income.

If the shareholding in an associate has decreased, but the entity remains an associate, only a proportionate share of gain or loss previously recognized in other comprehensive income is reclassified.

Elimination of transactions as part of consolidation

The effects of intra-Group transactions are eliminated:

Receivables and payables between the consolidated companies are netted against each other, intragroup profits and losses on fixed assets and inventories are eliminated. Intra-Group income is offset against the corresponding expenses. As required by IAS 12 taxes are deferred for temporary differences in consolidation.

The consolidation method is unchanged from the previous year.

4. Group of consolidated companies

In addition to BLG AG and BLG KG, the consolidated financial statements include the companies listed below:

Four companies are included in the consolidated financial statements using the equity method due to immateriality, despite voting majorities, as they are of only minor importance in determining the financial position, financial performance and cash flows of the BLG Group. The determination of materiality is based on the total assets. The cumulative total assets of the four companies consolidated using the equity method was EUR 927,000 in 2016.

A total of 15 companies in which a majority shareholding and voting right exists are not fully consolidated due to immateriality. These are general partner businesses with only limited operations, two companies with no operations as well as one company in liquidation. These companies are of only minor importance in determining the financial position, financial performance and cash flows of the BLG Group and are therefore not included in the consolidated financial state-

Group of consolidated companies	**12/31/2016**	12/31/2015	Change
Number of fully consolidated companies			
Domestic	19	19	0
Foreign	8	12	-4
Number of companies accounted for using the equity method			
Domestic	36	37	-1
Foreign	19	16	3

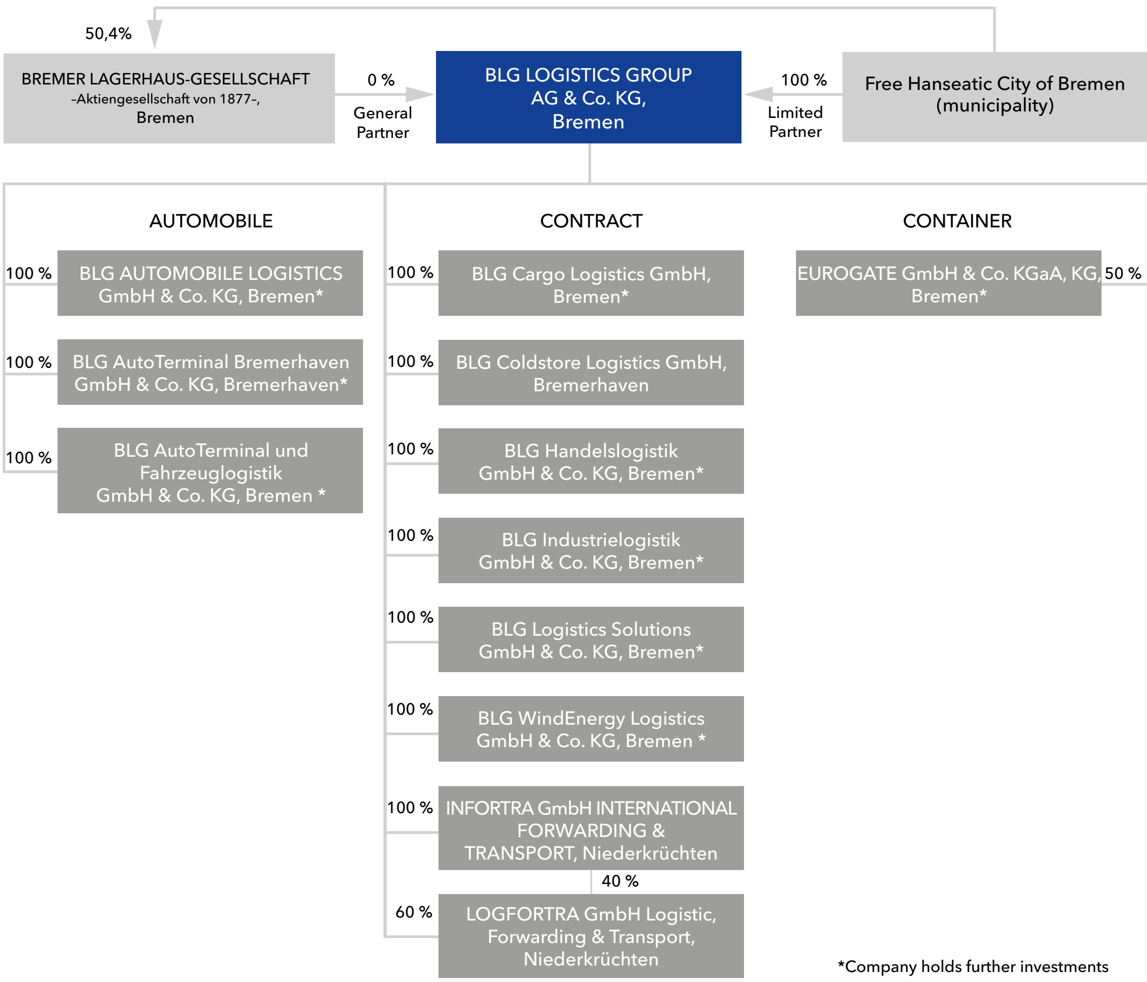
ments. The determination of materiality is based on profit for the year. The cumulative net income of the unconsolidated subsidiaries is EUR 270,000.

The following diagram gives an overview of the group structure with the direct investments of BLG KG in the AUTOMOBILE and CONTRACT divisions and the division accounted for using the equity method, CONTAINER.

A complete list of subsidiaries, joint ventures, associates and other investments is attached to the Group notes on pages 164 et seq.

Number of fully consolidated companies (subsidiaries)

The following table shows the changes in the group of consolidated companies as well as the assumptions for control in companies in which the shareholding does not exceed 50 per cent.



AUTOMOBILE Division
BLG AutoRail GmbH, Bremen
(shareholding: 50 per cent)
The shares in BLG AutoRail GmbH are held by BLG AUTOMOBILE LOGISTICS GmbH & Co. KG. Due to voting commitments in the partnership arrangement, BLG LOGISTICS exercises control over this company. The company is therefore accounted for using the full consolidation method.

BLG RailTec GmbH, Uebigau-Wahrenbrück
(shareholding: 50 per cent)
BLG RailTec GmbH was established as a wholly-owned subsidiary of BLG AutoRail GmbH, Bremen. The indirect shareholding is 50 per cent. Control of BLG AutoRail GmbH, Bremen, exists, so there is also indirect control of the wholly-owned subsidiary BLG RailTec GmbH. As the operational leadership of the company was taken over due to a control and profit and loss transfer arrangement, this company is fully consolidated.

Changes in group of consolidated companies
In the reporting year, BLG AutoTerminal Kelheim GmbH & Co. KG, Saal an der Donau was renamed BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen, and the headquarters moved to Bremen.

Also renamed in the reporting year was E.H. Harms GmbH & Co. KG Automobile-Logistics, Bremen, which now operates as BLG AutoTerminal und Fahrzeuglogistik GmbH & Co. KG, Bremen.

As part of the internal restructuring of the Group, the following were removed from the domestic group of consolidated companies: BLG AutoTerminal Duisburg GmbH & Co. KG, Duisburg, due to accrual, and BLG AutoTerminal Hamburg GmbH & Co. KG, Hamburg, due to its merger with BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen.

In the reporting year, BLG Automobile Logistics Italia S.r.l., Gioia Tauro, Italy, sold 50 per cent of its holding in BLG AutoTerminal Gioia Tauro S.p.A., Gioia Tauro, Italy. The company was renamed AutoTerminal Gioia Tauro, San Ferdinando, Italy, and headquarters were moved to San Ferdinando. As a result of the sale of the holdings, the BLG Group lost control of the fully consolidated company. As a result of the associated deconsolidation effective June 30, 2016 income amounted to EUR 1,452,000, which is reported under other operating income in non-operating results. No result was generated from the revaluation of the retained shareholdings at the time of the loss of control. The company had been consolidated using the equity method since July 1, 2016.

Car Logistic JSC, Moscow, Russia, was also removed from the foreign group of consolidated companies during the reporting year due to its merger into BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia.

CONTRACT Division
Business combinations
In the reporting period, the following business combination took place in the CONTRACT Division:

INFORTRA GmbH INTERNATIONAL FORWARDING & TRANSPORT, Niederkrüchten
LOGFORTRA GmbH Logistic,
Forwarding & Transport, Niederkrüchten
By notarial agreement of June 21, 2016, 100 per cent of the shares in INFORTRA GmbH INTERNATIONAL FORWARDING & TRANSPORT, Niederkrüchten (INFORTRA GmbH), and 60 per cent of the shares in LOGFORTRA GmbH Logistic, Forwarding & Transport, Niederkrüchten (LOGFORTRA GmbH) were acquired. The remaining 40 per cent of LOGFORTRA GmbH is held by INFORTRA GmbH. Together, the two companies form FORTRAGROUP. The transfer of the shares was carried out on September 6, 2016 as a condition precedent.

The acquisition is intended to consistently expand the national and international forwarding services as complementary services for the AUTOMOBILE, CONTRACT and CONTAINER Divisions, in order to offer customers a complete service package. The core competencies of FORTRAGROUP are in international sea and air freight forwarding, supplemented by land transport, project business, customs services and logistics concepts. The companies of FORTRAGROUP are therefore accounted for using the full consolidation method.

In the allocation of the purchase price, goodwill amounted to EUR 3,000,000, which represents intangible assets that could not be separately identified.

The fair values of the identifiable assets and liabilities of the companies acquired essentially corresponded to the carrying amounts. Customer relationships were identified as additional intangible assets, the fair value of which after deduction of deferred taxes amounted to EUR 110,000. They are depreciated in subsequent periods at EUR 68,000 p.a.

At the time of acquisition, the fair values were as follows:

Values at the time of acquisition for 100 per cent
TEUR

	09/06/2016 (date of acquisition)		
	Carrying amount before acquisition	Adjustment	Fair value
Intangible assets	4	159	163
Fixed assets	49	0	49
Investments	3	0	3
Non-current financial receivables	17	0	17
Non-current assets	**73**	**159**	**232**
Trade receivables	2,432	0	2,432
Other assets	203	0	203
Reimbursement rights from income taxes	39	0	39
Cash and cash equivalents	537	0	537
Current assets	**3,211**	**0**	**3,211**
Long-term loans	313	0	313
Deferred tax liabilities	0	49	49
Non-current liabilities	**313**	**49**	**362**
Trade payables	1,881	0	1,881
Current financial liabilities	167	0	167
Other current liabilities	219	0	219
Payment obligations from income taxes	51	0	51
Current provisions	100	0	100
Current liabilities	**2,418**	**0**	**2,418**
Total identifiable assets	**553**	**110**	**663**
Goodwill			3,000
Purchase price			**3,663**

The purchase price consists of provisional amounts of EUR 3,500,000 for the shares in INFORTRA GmbH and EUR 250,000 for the shares in LOGFORTRA GmbH, of which a total of EUR 174,000 (nominal amounts) are attributable to contingent considerations and are dependent on payment claims on overdue receivables. The amount of the contingent consideration recognized of EUR 87,000 corresponds to the amount of the payments expected to be received.

Total purchase price
TEUR

	09/06/2016
Purchase price for shares acquired	3,576
Contingent consideration	87
Total purchase price	**3,663**

The following table provides an overview of the contribution to results of FORTAGROUP in the year of acquisition.

Contribution to result in year of acquisition TEUR	Date of acquisition - 12/31/2016	01/01/2016 - 12/31/2016
Sales	5,024	17,359
EBIT	-546	-1,078
Financial result	-3	-12
EBT	-549	-1,090
Income taxes	60	55
Group Net Income	-489	-1,035

Other changes in group of consolidated companies

As part of the restructuring of the CONTRACT division, BLG Soluciones Logisticas Integradas España S.L.U., Vitoria, Spain, was deconsolidated due to liquidation and BLG Logistics (UK) Ltd., Felixstowe, United Kingdom, was deconsolidated due to the cessation of business activity during the reporting year. This resulted in expenses from the deconsolidation of EUR 12,000, which are reported under other operating expenses in non-operating results.

In addition, BLG Sports & Fashion Logistikzentrum Erfurt GmbH, Erfurt, was removed from the domestic group of consolidated companies due to the merger with BLG Sports & Fashion Logistics GmbH, Hörsel.

A further change in the domestic group of consolidated companies relates to BLG WindEnergy Logistics GmbH & Co. KG, Bremerhaven, which was founded by BLG Logistics Solutions GmbH & Co. KG, Bremen.

Companies accounted for under the equity method

Associates

BLG Logistics of South Africa (Pty) Ltd, Port Elizabeth, South Africa, increased its shareholding in NYK LOGISTICS AND BLG SA Pty. Ltd., Port Elizabeth, South Africa (previously: NYK Logistics & BLL (NLB) of South Africa Pty. Ltd., Port Elizabeth, South Africa), by 2 per cent to 51 per cent in the reporting year. Control of NYK LOGISTICS AND BLG SA Pty. Ltd., Port Elizabeth, South Africa, does not exist since the BLG Group and the joint venture partner have each appointed two managing directors and decide jointly on the main activities of the company.

Non-controlling interests in companies

BLG Logistics of South Africa (Pty) Ltd, Port Elizabeth, South Africa (shareholding: 84.07 per cent)

The BLG Group sold 5.75 per cent of its holdings in BLG Logistics of South Africa (Pty) Ltd, Port Elizabeth, South Africa, on October 31, 2016, decreasing its share from 89.82 per cent to 84.07 per cent. A purchase price of EUR 206,000 was paid by the acquirer of the non-controlling interests. The carrying amount of the net assets of BLG Logistics of South Africa (Pty) Ltd, Port Elizabeth, South Africa amounted to EUR 926,000.

Total purchase price TEUR	10/31/2016
Purchase price paid by the acquirer of non-controlling interests	206
Carrying amount of sold shares	-53
Difference recognized in equity	**153**

The difference recognized in equity is allocated as follows: EUR 122,000 to the balance sheet result and EUR 31,000 for the foreign currency translation reserve.

Non-consolidated structured companies

BLG Unterstützungskasse GmbH, Bremen (shareholding: 100 per cent)

BLG KG owns 100 per cent of the shares of BLG Unterstützungskasse GmbH, Bremen. The purpose of the company is to provide ongoing support to former employees and former Board of Management members of BLG and their survivors. The necessary funds are provided to the company by the Free Hanseatic City of Bremen (municipality), as it has accepted the obligations arising from the pension entitlements. Both exposure to risk as a result of a claim to variable returns from the investment and the opportunity to influence the operations of BLG Unterstützungskasse GmbH, Bremen, are contractually excluded. Accordingly, control does not exist, despite the ownership of 100 per cent of the voting shares, with the result that the company is not consolidated.

The carrying value of the shares is EUR 30,000. They are reported in financial assets under other investments. The maximum exposure to loss is the carrying amount of the investment.

5. Foreign exchange translation

In accordance with IAS 21, the financial statements of consolidated companies prepared in foreign currency are translated into euros in keeping with the concept of functional currencies. The functional currency of all foreign companies of the BLG Group is the local currency, as the companies conduct their business independently in financial, economic and organizational terms. Accordingly, the assets and liabilities are translated at the exchange rate on the reporting date, while expenses and income are in principle translated at the average annual exchange rate. The resulting currency translation differences are recognized directly in equity with no effect on the income statement.

As of December 31, 2016, currency translation differences of EUR 8,074,000 (previous year: EUR 10,383,000) were reported in equity (see also the statement of changes in equity).

In the separate financial statements of the consolidated companies presented in local currency, receinvables and payables are translated at the balance sheet date in accordance with IAS 21. Currency translation differences are recognized in profit or loss as other operating income or expenses. Non-monetary assets and liabilities that are valued on the basis of cost are measured at the exchange rate on the day of the transaction.

Currency translation is based on the following exchange rates:

Unit/Currency EUR	Year-end exchange rate 12/31/2016	Average exchange rate 2016	Year-end exchange rate 12/31/2015	Average exchange rate 2015
1 US Dollar	0,9505	0,9040	0,9169	0,9013
1 Brazilian Real	0,2920	0,2608	0,2315	0,2745
1 British Pound	1,1729	1,2243	1,3572	1,3775
1 Chinese Yuan Renminbi	0,1369	0,1361	0,1412	0,1448
1 Indian Rupee	0,0140	0,0135	0,0139	0,0141
1 Croatian Kuna	0,1325	0,1327	0,1309	0,1314
1 Malaysian Ringgit	0,2119	0,2183	0,2131	0,2320
1 Polish Zloty	0,2270	0,2292	0,2346	0,2391
1 Russian Rouble	0,0155	0,0136	0,0125	0,0149
1 South African Rand	0,0692	0,0617	0,0590	0,0710
1 Czech Koruna	0,0370	0,0370	0,0370	0,0367

6. Accounting policies

a) Income and expense recognition
In accordance with IAS 18, revenue and other income is recognized when the service has been provided and it is sufficiently likely that this will result in economic benefits that can be measured reliably. Income and expenses from the same transactions or events are recognized in accordance with the “matching principle” in the same period.

Services revenues according to the stage of completion method (SoC) in accordance with IAS 18 in conjunction with IAS 11, are recognized according to the stage of completion. The stage of completion is determined on the basis of hours worked in relation to the expected total number of hours of an order.

Interest income is recognized pro rata temporis, taking into account the effective yield of a financial asset.

Profit shares from partnerships are realized immediately at the end of the financial year, unless the partnership arrangement links the existence of a withdrawal claim to a separate partner resolution. By contrast, dividends from corporations are recognized in income only if a profit appropriation resolution exists.

b) Intangible assets

Goodwill represents the excess of the acquisition cost of a company over the fair value of the Group's interests in the net assets of the acquired company at the acquisition date. Goodwill arising from a corporate acquisition is recognized in intangible assets. The goodwill recognized is subject to an annual impairment test and measured at its cost less any accumulated impairment losses. Reversals are not permitted. Gains and losses on the disposal of a company include the carrying amount of the goodwill, which is attributed to the company being deconsolidated.

Acquired intangible assets are capitalized at cost, internally generated intangible assets from which the Group expects to derive future benefit and which can be measured reliably are capitalized at cost and amortized on a straight-line basis over their estimated useful lives. Costs in this context include all direct production costs as well as an appropriate share of production overheads. Financing costs are capitalized if they are attributable to qualifying assets.

Scheduled depreciation is calculated using the straight-line method. The following industry-standard useful lives form the basis: Residual values are usually not taken into account in determining amortization.

If there are indications of impairment and if the recoverable amount is less than the amortized cost, an impairment loss is recognized for the intangible assets. An impairment test is carried out at least once a year on intangible assets with an indefinite useful life including capitalized goodwill regardless of whether there is any indication of impairment (see supplementary note number 6m).

c) Fixed assets

Fixed assets are accounted for at cost less scheduled depreciation based on use. Production costs include both direct costs and an appropriate share of attributable production overheads. Borrowing costs are recognized in production costs, insofar as they relate to qualifying assets. In accordance with IAS 16, demolition obligations are accounted for at present value as incidental acquisition costs. The remeasurement method is not used in the BLG Group.

In accordance with IAS 40, properties are reviewed to see whether they are investment properties. Because the number of investment properties held is of minor importance, IAS 40 does not apply at BLG LOGISTICS.

If the conditions of IAS 16 and IFRIC 1 for the application of the component approach are met, the assets are broken down into their components, which are capitalized individually and depreciated over their useful lives.

Asset-related government grants are deferred and amortized over the useful life of the subsidized asset using the straight line method.

Scheduled depreciation is calculated using the straight-line method. The industry-standard useful lives form the basis: Expected residual values are usually not taken into account in determining amortization.

If there are indications of impairment and if the recoverable amount is less than the amortized cost, an impairment loss is recognized for the fixed assets (see supplementary note 6m).

d) Leases

Finance leases:

In accordance with IAS 17, beneficial ownership of leased property is attributed to the lessee if the lessee bears all the substantial risks and rewards of ownership of the leased asset. If the beneficial ownership is attributable to BLG LOGISTICS, the asset is capitalized on the date the arrangement is concluded either at fair value, or at the present value of the minimum lease payments, if this is less than the fair value.

The depreciation methods and useful lives correspond to those of comparable acquired assets.

These are grouped with acquired assets for reporting purposes, taking into account the asset class.

Operating leases:
All other leases in which the beneficial ownership is not attributable to the lessee, but to the lessor, are considered operating leases. The rental and leasing expenses arising from such agreements are recognized in profit or loss over the term of the agreement.

e) Investments and non-current financial receivables
Financial assets are generally recognized from the date on which the BLG Group becomes a contractual partner and is entitled to the service or is obligated to provide the consideration. If there is a difference between the date of the order and the date of settlement (date of performance) a financial asset is not capitalized until the date of performance.

Shares in associates and joint ventures are generally accounted for under the equity method. Based on the cost at the time of the acquisition of the shares, the carrying amount of the investment is increased or decreased by the changes in equity of the company to the extent these are attributable to the shares of BLG LOGISTICS.

Investments and non-current financial receivables also include investment securities held as permanent assets, loans and other investments.

In accordance with IAS 39, investments are divided into those that are available for sale, those that are held to maturity and other primary or acquired receivables.

Financial assets classified as available for sale are recognized at their fair value to the extent this can be reliably determined. Fluctuations in value between balance sheet dates are generally recognized in other comprehensive income in the reserve from the fair valuation of financial instruments. The reversal of provisions recognized in income takes place either upon disposal or when the fair value falls sustainably below the cost (impairment). Also see note number 6m on unscheduled write-downs.

If the fair value cannot be determined reliably because no public listing exists and the fair value cannot be reliably determined using measurement methods, the measurement takes place at cost.

Financial assets classified as held to maturity are valued at the balance sheet date at amortized cost using the effective interest method. If the recoverable amount is less than the carrying amount, an unscheduled impairment loss is recognized on the income statement (see also note number 6m).

Financial assets classified as loans and receivables which include mainly loans are valued at amortized cost using the effective interest method. Non-current loans and receivables bearing low or no interest are stated at their present value. If the recoverable amount is less than the carrying amount, an impairment loss is recognized on the income statement (see also note number 6m).

Financial assets are generally derecognized when the BLG Group loses control of the underlying rights wholly or in part by selling or discharging them or transferring them to a third party in a manner that qualifies for derecognition. A transfer to a third party qualifies for derecognition when the contractual rights to the cash flows from assets are surrendered, no arrangements on the retention of individual cash flows exist, all the risks and rewards are transferred to the third party and the BLG Group no longer has control over the assets.

f) Inventories
The item inventories comprises raw materials, consumables and supplies, works in progress and finished goods and merchandise. Initial recognition is at acquisition cost, determined on the basis of average prices, or at manufacturing cost. Costs in this context include all direct production costs as well as an appropriate share of production overheads and are determined on the basis of normal capacity utilization. Financing costs are not taken into account. When accounting for services, the stage-of-completion method is used.

The measurement at the balance sheet date takes place at the lower of either acquisition/production costs or net realizable value less costs to sell and, where appropriate, other incurred costs of completion. The net selling price of the final product is generally taken as a basis.

g) Trade receivables

Trade receivables are attributed to the IAS 39 category Loans and receivables and accounted for as at the settlement date. Accordingly, these are measured at amortized acquisition cost using the effective interest method. If the recoverable amount is less than the carrying amount, an unscheduled impairment loss is recognized on the income statement (see also note number 6m). In addition to the individual impairments that may be necessary, general individual impairments are formed for risks from the general credit risk that are identifiable based on historic data; these are recognized in income. Impaired receivables are derecognized if the inflow of cash is unlikely.

Trade receivables are derecognized upon realization (termination) or transfer of the receivables to a third party that qualifies for derecognition in accordance with IAS 39.

h) Other financial assets

Other financial assets include derivative financial instruments (see note number 6i), current financial receivables and, where appropriate, securities classified as current assets.

In accordance with IAS 39, securities classified as current assets are divided into those that are available for sale and those that are held for trading and capitalized from the settlement date.

Financial assets classified as available for sale are recognized at their fair value to the extent this can be reliably determined. Fluctuations in value between balance sheet dates are generally recognized in other comprehensive income in the reserve from the fair valuation of financial instruments. The reversal of the reserve recognized in profit or loss takes place either upon disposal or when the fair value falls sustainably below the cost (see note number 6m).

If the fair value cannot be determined reliably because no public listing exists and the fair value cannot be reliably determined using measurement methods, the measurement takes place at cost.

Financial assets classified as held for trading are generally recognized at their fair value. Fluctuations in value between balance sheet dates are recognized in the financial result.

Other current financial receivables are classified as loans and receivables and accounted for as at the settlement date. Accordingly, these are measured at amortized acquisition cost using the effective interest method. If the recoverable amount is less than the carrying amount, an impairment loss is recognized on the income statement (see note number 6m).

Financial assets are generally derecognized when the BLG Group loses control of the underlying rights wholly or in part by selling or discharging them or transferring them to a third party in a manner that qualifies for derecognition.

i) Derivative financial instruments and financial risk management

Derivative financial instruments are recognized in the statement of financial position from the date the contract is concluded. They are measured at fair value upon acquisition. Subsequent measurement is also at the fair value prevailing at the balance sheet date. If derivative financial instruments are used as hedging instruments and fulfil the requirements for hedge accounting in accordance with IAS 39, the accounting treatment depends on the type of hedging relationship and the hedged item. In the reporting year and in the previous year, the hedging transactions entered into were for the purpose of hedging interest-rate risk arising from floating interest payments on loans (cash flow hedges). The credit spread is not the subject of the hedging relationship. In addition, derivative financial instruments were used to hedge fluctuations in prices during the reporting year and in the previous year. Derivative financial instruments that do not qualify for hedge accounting are classified as held for trading in accordance with IAS 39.

The hedging relationship between the hedged item and the hedging instrument and the objective and strategy of risk management are documented at hedge inception in order to meet the conditions for hedge accounting. This also includes a description of how the effectiveness of the hedging relationship is determined. Effectiveness tests are performed at hedge inception and at each balance sheet date as part of the ongoing review of whether the derivatives used offset the hedged risks from the underlying transaction.

The changes in the fair value of the effective portion of cash flow hedges are recognized directly in equity. The changes in the fair values of the ineffective portion of cash flow hedges and interest rate swaps that are not designated as hedging instruments in hedging relationships are recognized in profit or loss in the income statement.

Like other financial assets, derivatives are derecognized when the BLG Group loses control over the underlying rights wholly or in part by selling or discharging them or transferring them to a third party in a manner that qualifies for derecognition. The amounts recognized in equity are booked to the income statement in the period in which the hedged transaction is settled.

A prerequisite for the use of derivatives is the existence of a risk being hedged. However, open derivative positions may result in conjunction with hedging transactions, in which the underlying transaction no longer exists or does not arise as scheduled. Interest rate derivatives are used exclusively to optimize loan conditions and to limit interest rate risk in the context of matching maturities with financing strategies. Derivatives used to hedge commodity prices are used exclusively to limit risks of price increases. Derivatives are not used for trading or speculative purposes.

j) Other current assets

Other current assets primarily include financial receivables, advance payments and accruals. They are recognized at their nominal value.

k) Netting of financial instruments

Financial assets and liabilities are only netted and the net amount reported in the statement of financial position, when there is a legally enforceable right to do so and there is an intention to settle on a net basis, or to settle the corresponding liability at the same time the relevant asset is sold.

l) Cash and cash equivalents

All cash and cash equivalents are stated at nominal value.

m) Unscheduled impairment loss (Impairments)

Overview

All assets of the Group, with the exception of inventories and deferred tax assets, are examined at the balance sheet date for indications of possible impairments within the meaning of IAS 36 or IAS 39. If such indications are identified, the expected recoverable amount is estimated and compared with the carrying amount.

In addition, the recoverable amount for goodwill, assets with an indefinite useful life and intangible assets not yet completed, are estimated on each balance sheet date regardless of whether there are any indications of impairment.

In accordance with IAS 36, an impairment is recognized in the income statement if the carrying amount of an asset or the related cash-generating unit exceeds its recoverable amount.

If a cash-generating unit is determined to require impairment, the goodwill of the cash-generating unit in question shall first be reduced. If there is need for further impairment, it is uniformly distributed over the carrying amount of the other assets of the cash-generating unit.

Determination of the recoverable amount

The expected recoverable amount is the higher of an asset's net selling price less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The calculations are made in euros on the basis of three-year planning. Foreign currencies are translated using forward rates. The weighted average cost of capital of the Group of 7.2 per cent is used as the discount rate, which is adjusted to the country-specific tax rate and risk premium. The weighted average cost of capital is determined by the debt and equity interests, the risk-free base rate taking inflation into account (2.56 per cent), the market risk premium (6.25 per cent), the industry- and country-specific risk, the country-specific tax rate and borrowing costs.

Reversals

If the reasons for the unscheduled depreciation cease to exist, it must be reversed. The reversal is limited to the scheduled reduction in the acquisition or manufacturing costs that would have resulted without the unscheduled depreciation.

If the unscheduled depreciation is distributed evenly across the assets of a cash-generating unit, the same procedure is used for the increase in the carrying amount.

Reversals of impairments on goodwill are not permitted.

Unscheduled depreciation on financial assets classified as held to maturity and loans and receivables as well as debt instruments classified as available for sale is reversed through the income statement if the reasons for the unscheduled depreciation cease to exist. For equity instruments classified as available for sale, the impairment loss is reversed through and recognized in other comprehensive income via the reserve from the fair valuation of financial instruments.

n) Government grants

Investment grants from the government are not recognized until there is reasonable assurance that the entity will comply with the conditions attached to it, and that the grant will be received. Grants are reported separately under liabilities using the gross method. They are amortized pro rata in accordance with the depreciation of the subsidized assets.

o) Provisions

Pension obligations are post-employment benefits within the meaning of IAS 19. The measurement of pension provisions takes place using the projected unit credit method prescribed in IAS 19 for defined benefit pension plans. In addition to pension obligations existing at the balance sheet date, this method also takes into account the future development of the consideration, expected pension increases and the expected fluctuation. Actuarial gains and losses are fully recognized in other comprehensive income in the period in which they arise (see note number 32). The net interest component, which includes interest expense from the unwinding of the gross pension obligations less the expected return on plan assets, is shown in the financial result. The return on plan assets is carried out with the applied discount rate, which the measurement of the pension obligations is based on.

Anniversary provisions are other long-term benefits within the meaning of IAS 19. They are also measured using the projected unit credit method. The interest component included in the anniversary expenses is shown in the financial result.

Tax provisions and other provisions are formed if a liability to a third party results from a past event which is expected to result in an outflow of assets and can be reliably measured. They represent uncertain liabilities that are recognized at the amount of the best estimate. The amount of the provision also includes the expected cost increases. Non-current provisions with a remaining maturity of more than one year are discounted at the capital market interest rate corresponding to their maturity.

Termination obligations are capitalized when incurred, taking into account future cost increases at the present value of the obligation as incidental acquisition costs of the asset and simultaneously settled in the same amount. The expense is spread across the periods of use through the amortization of the asset and the unwinding of the discount of the provision.

p) Liabilities

Financial liabilities are recognized as liabilities when the BLG Group becomes party to an agreement. For other liabilities, the time at which the liability is recognized is based on the general rules of the IFRS framework.

Liabilities are recognized in the amount of the consideration received or the payment received. They are subsequently measured at amortized historical cost.

Finance lease liabilities are reported at the present value of the lease payments and amortized over the term of the lease. To determine the repayment portion of the lease payments, the payments are divided in such a way that a constant interest rate is applied to the remaining liability.

Liabilities from partial retirement agreements as obligations arising from post-employment benefits (termination benefits) are measured using the projected unit credit method.

Liabilities are derecognized after settlement, decree or expiration.

The claims of shareholders to dividend payments are recognized as a liability in the period in which the corresponding resolution is passed.

q) Deferred taxes

In accordance with IAS 12, deferred taxes are determined using the liability method. Under this method, deferred tax assets are recognized for all accounting and valuation differences between the IFRS carrying amounts and the tax basis if they balance each other out over time (temporary differences). If asset items under IFRS have a higher value than in the tax balance sheet, these are thus temporary differences, and a liability item for deferred taxes is formed.

Deferred tax assets from balance sheet differences and benefits from the future utilization of tax loss carryforwards are capitalized if it is probable that future taxable profit will be generated.

r) Business combinations

Business combinations under IFRS 3 exist when an entity acquires control over one or more business operations through the acquisition of shares or other events. Business operations within the meaning of IFRS 3 are integrated sets of activities and assets that are managed with the aim of generating income or achieving cost reductions or other economic benefits for the shareholders or other owners, interests or stakeholders. The establishment of joint ventures and the combination of entities under common control do not represent business combinations within the meaning of IFRS 3.

In a business combination achieved in stages the previously acquired equity share of the entity is recalculated at the fair value at the time of acquisition. The resulting gain or loss is recorded in the income statement.

In the year under review, a business combination took place in the CONTRACT division, which is described in detail in note number 4.

Summary of selected valuation methods

Balance sheet item	Valuation method
Assets	
Intangible assets	
Goodwill	lower of cost and recoverable amount
Other intangible assets	(amortized) cost
Fixed assets	(amortized) cost
Investments	
Interests in companies accounted for using the equity method	Equity method
Financial receivables	(amortized) cost
Trade receivables	(amortized) cost
Other assets	
Derivatives	fair value
Miscellaneous other assets	(amortized) cost
Cash and cash equivalents	nominal amount
Equity and liabilities	
Provisions for pensions	projected unit credit method
Other provisions	settlement amount
Financial liabilities	
Derivatives	fair value
Other financial liabilities	(amortized) cost
Trade payables	(amortized) cost
Other liabilities	
Partial retirement obligations	projected unit credit method
Miscellaneous other liabilities	(amortized) cost

Notes to the consolidated income statement

7. Sales

TEUR	2016	2015
Forwarding and transport services	516,100	447,784
Revenues from handling	206,166	206,890
Logistics services	84,788	50,731
Technical services and advisory services	74,751	64,851
Rental and storage income	60,269	55,498
Material sales	23,147	18,404
Provision of personnel and equipment	14,879	12,238
Container packing	6,043	5,560
Shipping income	2,752	3,376
Other	56,744	73,273
Total	**1,045,639**	**938,605**

8. Other operating income

TEUR	2016	2015
Insurance reimbursements and other reimbursements	10,726	8,413
Income from the settlement of debts	9,628	9,516
Ground rent and rental income	8,712	8,664
Income from the passing on of expenses	5,462	7,254
Income from prior periods	4,316	3,429
Gain on disposal of fixed assets	1,984	1,883
Income from the provision of personnel	1,638	1,614
Neutral income	1,384	301
Income for discounts and rebates	671	566
Income from recycling	630	557
Income from capital gains	396	1,559
Employment agency grants	19	282
Negative difference from business combinations	0	684
Income from grants	0	131
Other	2,205	1,826
Total	**47,771**	**46,679**

9. Cost of materials

TEUR	2016	2015
Expenses for other purchased services	254,880	235,084
Expenses for external personnel	153,887	159,616
Expenses for raw materials, consumables and supplies	68,279	67,077
Change in inventories of work in progress and services and finished products	81	-2
Total	**477,127**	**461,775**

10. Personnel expenses

TEUR	2016	2015
Wages and salaries	311,155	261,948
Statutory social expenses	59,733	49,901
Expenses for retirement benefits, assistance and anniversaries	6,946	5,338
Other	155	204
	377,989	**317,391**
Own work capitalized for internally generated intangible assets and fixed assets	-940	-796
Total	**377,049**	**316,595**

Amounts resulting from the unwinding of personnel provisions, particularly pension provisions, are not recognized as personnel expenses. These are reported as a component of interest income.

Statutory social expenses include EUR 24,157,000 (previous year: EUR 19,620,000) for contributions to statutory retirement plans. Of this amount EUR 160,000 (previous year: EUR 199,000) is attributable to key management personnel.

In 2016, there was average of 8,482 employees in the Group (previous year: 7,167). Of these employees, 6,484 (previous year: 5,272) were manual workers and 1,998 (previous year: 1,895) worked on the business side. Please refer to the Group management report and the segment reporting for additional information.

11. Depreciation and amortization of non-current intangible assets and fixed assets

TEUR	2016	2015
Scheduled depreciation	35,774	31,901
Unscheduled depreciation	1,875	900
Total	**37,649**	**32,801**

A breakdown of the depreciation and impairment of the individual asset classes can be found in notes number 20 and 21.

12. Other operating expenses

TEUR	2016	2015
Ground rent and rents	102,124	93,295
Expenses for loss events	13,307	8,781
Security costs and other property expenses	11,765	10,867
IT expenses	8,504	7,539
Expenses for insurance premiums	8,140	6,235
Legal, advisory and audit fees	7,660	5,798
Other personnel expenses	5,890	5,166
Other neutral expenses	4,723	3,388
Travel expenses	4,609	4,367
Other taxes	4,013	2,902
Other expenses from prior periods	3,286	2,304
Additions to provisions for onerous contracts	2,916	424
Marketing expenses	2,785	2,818
Administrative expenses and contributions	2,477	2,315
Training expenses	2,054	2,188
Postal and telephone expenses	2,024	1,662
Expenses passed on	1,909	2,430
Expenses for office supplies	1,341	1,319
Expenses for the disposal of assets	295	732
Expenses for warranty risks	77	1,750
Other	4,965	4,044
Other	**194,864**	**170,324**

13. Interest income

TEUR	2016	2015
Income from non-current financial receivables	**154**	**167**
Other interest and similar income		
Interest income on bank deposits	781	804
Interest income from finance leases	208	217
Interest income on interest rate swaps	0	23
Interest income from amortization of other assets	6	0
Other interest income	433	132
	1,428	**1,176**
Interest and similar expenses		
Interest expense on non-current debt and other financial liabilities	-3,577	-3,566
Unwinding of provisions and liabilities	-2,885	-1,965
Interest expense on interest rate swaps	-579	-863
Interest expense on finance leases	-120	-128
Interest expense on current liabilities to banks	-65	-238
Other interest expense	-739	-843
Capitalized borrowing costs	0	537
	-7,965	**-7,066**
Total	**-6,383**	**-5,723**

14. Income from investments

TEUR	2016	2015
Income from companies accounted for using the equity method		
Joint ventures	30,919	30,893
Associates	896	664
	31,815	**31,557**
Result from other equity investments and affiliated companies	**13**	**103**
Total	**31,828**	**31,660**

The income from investment of the CONTAINER Division of EUR 32,833,000 (previous year: EUR 31,667,000) is included in the income from investment from joint ventures.

15. Depreciation and amortization of investments and non-current financial receivables

TEUR	2016	2015
Depreciation and amortization of non-current financial receivables		
Depreciation on loans to associated companies and other investments	-1,391	0
Total	**-1,391**	**0**

16. Income taxes

Key components of income tax expense break down as follows:

TEUR	2016	2015
Current taxes		
Tax expense for the period	4,028	3,357
Tax expense for prior periods	194	741
Income from tax reimbursements	- 490	-411
Total current taxes	**3,732**	**3,687**
thereof		
Tax expense domestic	3,764	3,752
Tax income domestic	- 490	-411
Tax expense foreign	458	346
Tax income foreign	0	0
	3,732	**3,687**
Deferred taxes		
Deferred taxes on temporary differences	-1,250	-1,005
Deferred tax loss carry forwards	-2,648	70
Total deferred taxes	**- 3,898**	**-935**
thereof		
Deferred taxes domestic	- 3,881	-744
Deferred taxes foreign	- 17	-191
	- 3,898	**-935**
Total	**- 166**	**2,752**

The tax expense consists of corporation and trade tax of domestic companies and comparable income taxes for foreign companies.

The taxation applies regardless of whether the income is reinvested or distributed. The implementation of the proposed distribution of net earnings has no effect on the tax expense of the Group.

Deferred taxes result from temporary differences between the tax bases of the companies and the carrying amounts in the group statement of financial position using the liability method, as well as from the impairments from previous years of deferred taxes on temporary differences and loss carryforwards, from the reversal of impairment losses on temporary differences and loss carryforwards, from the use of loss carryforwards on which deferred taxes have been capitalized, from the elimination of loss carryforwards and from the initial recognition of deferred tax assets.

The tax rates valid at the time of realization of the asset or the settlement of the liability are used to calculate deferred tax assets and liabilities. The measurement takes place using the tax rates of the individual Group companies. For domestic partnerships these comprise only trade tax and vary between 13.3 per cent and 16.1 per cent because of different assessment rates.

For domestic corporations a tax rate of 31.9 per cent is applied, comprising the corporate income tax rate plus the solidarity surcharge and the trade tax rate for the main consolidated companies. The income tax rates for foreign Group companies are between 19.0 per cent and 38.0 per cent.

Deferred income taxes

The deferred tax items reported for the various balance sheet dates and the movements of deferred taxes within the reporting year relate to the following items:

Deferred tax assets **TEUR**	**January 1, 2016**	Change: Recognized n the income statement	Change: Recognized in equity	**December 31, 2016**
Recognition of goodwill in the tax balance sheet	438	-81		357
Recognition and measurement of intangible assets	1,598	- 494		1,104
Measurement of fixed assets	6,279	-244	26	6,061
Recognition and measurement of other assets	1,100	299		1,399
Recognition of liabilities from finance leases	129	40		169
Measurement of provisions for personnel	7,810	697	1,482	9,989
Recognition and measurement of miscellaneous other provisions	964	314		1,278
Recognition of derivative financial instruments	400		68	468
Recognition of deferred income	140	36		176
Recognition and measurement of other liabilities	1,307	332		1,639
Depreciation of deferred taxes from temporary differences	-8,154	640		-7,514
Consideration of tax loss carryforwards	2,106	2,648		4,754
Gross deferred taxes	**14,117**	**4,187**	**1,576**	**19,880**
Offset	-12,881			-14,244
Recognized deferred taxes	**1,236**			**5,636**

Deferred tax assets TEUR	January 1, 2016	Change: Recognized in the income statement	Change: Recognized in equity	December 31, 2016
Recognition and measurement of intangible assets	-8,405	981	-48	-7,472
Measurement of fixed assets	-11,555	104		-11,451
Capitalization of finance leases	-56	11		-45
Recognition and measurement of other assets	-225	-849		-1,074
Measurement of provisions for personnel	-35	-323		-358
Recognition and measurement of miscellaneous other provisions	-273	-182		-455
Recognition of derivative financial instruments	0		-32	-32
Recognition and measurement of other liabilities	-63	-31		-94
Gross deferred taxes	**-20,612**	**-289**	**-80**	**-20,981**
Offset	12,881			14,244
Recognized deferred taxes	**-7,731**			**-6,737**

Of the changes in equity EUR 1,482,000 was recognized as revaluation surplus, EUR 26,000 as currency translation differences and EUR -12,000 as other.

The following deferred tax assets have not been capitalized:

TEUR	2016	2015
Deductible temporary differences	7,514	8,154
Loss carryforwards	33,911	36,248
Total	**41,425**	**44,402**

The estimation of the probability of the reversal of the temporary measurement differences and the utilization of the tax loss carryforwards which resulted in deferred tax assets are crucial to the assessment of the recoverability of deferred tax assets. This is dependent upon the generation of future taxable profits during the periods in which those temporary tax measurement differences are reversed and tax loss carryforwards can be claimed. The basis of the measurement is formed by the three-year medium-term plan of the individual Group companies.

For subsidiaries that have suffered losses during the financial year or the previous year, deferred tax assets in the amount of EUR 1,932,000 (previous year: EUR 890,000) were reported due to the improved earnings outlook.

As of December 31, 2016, the Group had tax loss carryforwards of EUR 233,854,000 (previous year: EUR 225,963). As of December 31, 2016, no deferred tax assets were capitalized for the tax loss carryforwards of EUR 202,618,000 (previous year: EUR 213,092,000), by various subsidiaries. No deferred tax assets were recognized for these losses since these losses may not be used to offset taxable profit of other Group companies and arose in subsidiaries that have generated tax losses for some time or will not generate sufficient taxable profits in the foreseeable future.

The deductible differences for which no deferred tax was recognized on December 31, 2016 and December 31, 2015 relate to subsidiaries whose expected taxable income situation is not expected to allow the use of deferred tax assets.

Reconciliation of effective tax rate and the effective income tax expense:

Reconciliation TEUR		2016		2015
Profit for the year before income taxes under IFRS		30,775		29,726
Group tax rate in per cent	16.10 %		16.10 %	
Expected income tax expense in the financial year		**4,955**		**4,786**
Reconciliation items				
Effects of changes in tax rates		181		4
Tax-free earnings/trade tax cuts		-5,057		-6,958
Non-deductible business expenses/trade tax additions/effects of the interest barrier		2,384		1,785
Use of additional special tax operating expenditure		-2,080		-2,616
Current tax expense/income from prior periods		-199		344
Deferred tax expense/income from prior periods		-34		-2,038
Effects of different tax rates		1,213		1,218
Use of previously unrecognized loss carryforwards		-2,628		126
Depreciation of deferred tax assets on current losses		850		4,363
Corrections in recognition of deferred taxes on temporary differences		-640		1,419
Other effects		889		319
Total of the reconciliation items	**-16.6 %**	**-5,121**	**-6.8 %**	**-2,034**
Consolidated income tax expense	**-0.5 %**	**-166**	**9.3 %**	**2,752**

The Group tax rate of 16.1 per cent (previous year: 16.1 per cent) used to calculate the expected income tax expense includes, as in the previous year, only trade tax in Germany on the basis of the trade tax rate applicable to BLG LOGISTICS GROUP AG & Co. KG, which, as a partnership, is not subject to corporation tax or the solidarity surcharge as an independent taxable entity.

17. Earnings per share of BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877–

In accordance with IAS 33, undiluted earnings per share is calculated by dividing the Group net income attributable to BLG AG by the average number of shares. Undiluted earnings per share for the 2016 financial year is EUR 0.45 (previous year: EUR 0.44). This calculation is based on the portion of the Group net income of EUR 1,716,000 (previous year: EUR 1,702,000) attributable to BLG AG and the unchanged number of voting shares of 3,840,000.

In the calculation of diluted earnings per share, the average number of issued shares is adjusted for the number of all potentially dilutive shares. As in the previous year, there was no deviation in amount from the undiluted earnings in the reporting year.

Like undiluted earnings per share, diluted earnings per share are entirely the result of continuing operations.

18. Dividend per share

On May 24, 2016, the Annual General Meeting of BLG AG approved the recommendation of the Board of Management and the Supervisory Board to use the net earnings of EUR 1,536,000 reported on December 31, 2015 to pay a dividend of EUR 0.40 per share. This represents a payout ratio of 90 per cent. The dividend was distributed to shareholders on May 25, 2016.

A distribution of EUR 1,536,000 (previous year: EUR 1,536,000) is proposed for the 2016 financial year. This corresponds to a dividend per share of EUR 0.40, unchanged from the previous year.

Notes to the consolidated statement of comprehensive income

19. Income taxes on income and expenses recognized directly in equity

Notes to the Group statement of

TEUR		**2016**			2015	
	Gross value	**Tax expense/ income**	Net value	Gross value	Tax expense/ income	Net value
Items that are not subsequently reclassified in the income statement						
Revaluation of net pension obligations	-9,184	1,482	-7,702	5,856	-928	4,928
Companies accounted for under the equity method of items that are not subsequently reclassified in the income statement	-5,723	0	-5,723	4,578	0	4,578
	-14,907	**1,482**	**-13,425**	**10,434**	**-928**	**9,506**
Items that can subsequently be reclassified to the income statement						
Foreign exchange translation	397	0	397	-2,036	0	-2,036
Change in fair value of derivative financial instruments (cash flow hedges)	-218	35	-183	718	-112	606
Companies accounted for under the equity method of items that cannot subsequently be reclassified to the income statement	2,263	0	2,263	-656	0	-656
	2,442	**35**	**2,477**	**-1,974**	**-112**	**-2,086**
Total	**-12,465**	**1,517**	**-10,948**	**8,460**	**-1,040**	**7,420**

financial position

20. Intangible assets

2016 financial year TEUR	Goodwill	Licenses, trademarks and similar rights and licenses to such rights and amounts	Advance payments on intangible assets	Total
Acquisition costs				
As at January 1, 2016	19,675	60,837	4,174	84,686
Change in the group of consolidated companies	3,000	-693	0	2,307
Additions	0	3,551	93	3,644
Disposals	0	-1,648	0	-1,648
Reclassifications	0	2,512	-2,492	20
Currency translation differences	0	35	0	35
As at December 31, 2016	**22,675**	**64,594**	**1,775**	**89,044**
Depreciation				
As at January 1, 2016	2,796	27,415	0	30,211
Change in the group of consolidated companies	0	-477	0	-477
Additions	0	7,852	0	7,852
Disposals	0	-1,632	0	-1,632
Reclassifications	0	0	0	0
Currency translation differences	0	35	0	35
As at December 31, 2016	**2,796**	**33,193**	**0**	**35,989**
Carrying amounts as of December 31, 2016	**19,879**	**31,401**	**1,775**	**53,055**

2015 financial year TEUR				
Acquisition costs				
As at January 1, 2015	7,881	29,639	5,915	43,435
Change in the group of consolidated companies	11,794	27,399	0	39,193
Additions	0	1,279	1,246	2,525
Disposals	0	-312	-261	-573
Reclassifications	0	2,726	-2,726	0
Currency translation differences	0	106	0	106
As at December 31, 2015	**19,675**	**60,837**	**4,174**	**84,686**
Depreciation				
As at January 1, 2015	1,908	20,113	0	22,021
Change in the group of consolidated companies	0	2,692	0	2,692
Additions	888	4,852	0	5,740
Disposals	0	-312	0	-312
Reclassifications	0	0	0	0
Currency Translation Differences	0	70	0	70
As at December 31, 2015	**2,796**	**27,415**	**0**	**30,211**
Carrying amounts as of December 31, 2015	**16,879**	**33,422**	**4,174**	**54,475**

In accordance with the accounting policies described in the notes under numbers 6b) and 6m), the Group conducts an annual test to determine whether an impairment of goodwill exists. The recoverable amounts of cash-generating units were determined based on value in use calculations. The tested goodwill and the assumptions underlying the calculations are shown in the following table:

Impairment test

Name of CGU	**BLG AutoRail GmbH, Bremen**	**BLG Logistics Automobile Logistics Russia LTD, Nicosia, Cyprus**	**BLG Sports & Fashion Logistics GmbH, Hörsel**	**FORTRAGROUP, Niederkrüchten**
Division	AUTOMOBILE	AUTOMOBILE	CONTRACT	CONTRACT
Goodwill carrying amount	TEUR 4,288	TEUR 797	TEUR 11,794	TEUR 3,000
Sales growth p.a. (planning period)	0.9 % - 18.4 %	33.5 % - 33.7 %	3.8 % - 5.8 %	6.3 % - 6.5 %
Other parameters for corporate planning	Utilization, price per vehicle, business expansion	Utilization, productivity, price per vehicle	Utilization, productivity, new customers	New customer acquisition, synergy effects
Duration of the planning period	3 years	3 years	3 years	3 years
Sales growth p.a. after the end of the planning period	0.00 %	0.00 %	0.00 %	0.00 %
Discount rate	5.91 %	8.24 %	5.91 %	5.91 %

For BLG AutoRail GmbH, Bremen, the recoverable amount based on the assumptions listed in the above table significantly exceeded the carrying amount of the cash-generating unit. The plans take into account the utilization of rail cars based on the experience of previous years as well as the conversion of spot traffic to portfolio traffic. In 2016, a new transaction was concluded which will result in the expansion of the rail car fleet by an additional 200 flat rail cars in 2017. Even with a substantial reduction in the assumptions for sales growth and other parameters or an increase in the discount rate by one percentage point, the recoverable amount would be above the carrying amount. The sales expectations on which the planning in the AUTOMOBILE Division were based were derived from market forecasts for new car registrations, previous market shares and customer surveys.

The purchase price allocation from the acquisition of 50 per cent of the shares of BLG Automobile Logistics Russia LTD, Nicosia, Cyprus (BLG Cyprus), resulted in the creation of goodwill of EUR 2,954,000 in 2013. In addition, the business combination resulted in goodwill of EUR 639,000 related to Car Logistic JSC, Moscow, Russia (Car Logistic). As the assets of BLG Cyprus were almost exclusively limited to the investments in BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia (BLG St. Petersburg), and Car Logistic, these three companies formed a joint cash-generating unit (BLG Automobile Logistics Russia). Due to the merger of Car Logistic into BLG St. Petersburg in the reporting year and the merger of BLG Cyprus into BLG Automobile Logistics Süd-/Osteuropa GmbH, Bremen, planned for the following year, the value in use of goodwill is now determined exclusively on the basis of BLG St. Petersburg.

The goodwill of the cash-generating unit BLG St. Petersburg was impaired in previous years, with unscheduled depreciation of EUR 2,796,000 on a carrying amount of EUR 797,000. If EBIT declined by 50 per cent, there would currently be no further depreciation requirement. An increase in the discount rate by one percentage point would not lead to any further need for depreciation.

As part of the purchase price allocation from the acquisition of shares in BLG Sports & Fashion Logistics GmbH, Hörsel, goodwill of EUR 11,794,000 was created. For this company, the recoverable amount based on the assumptions listed in the above table significantly exceeded the carrying amount of the cash-generating unit. In addition to a sustained high level of existing business with corresponding contributions to earnings, the plans also take into account growth potential due to new customer acquisition and correspond to the experience gained in previous years. This leads to the almost complete utilization of the company's logistics facilities. Even with a substantial reduction in the assumptions for sales growth and other parameters or an increase in the discount rate by one percentage point, the recoverable amount would be above the carrying amount.

Due to their close ties, the companies INFORTRA GmbH and LOGFORTRA GmbH form the FORTRAGROUP cash generating unit. The goodwill of FORTRAGROUP amounts to EUR 3,000,000. The plans take into account cost savings in connection with the acquisition of shares in the reporting year as well as the expansion of the forwarding services for the AUTOMOBILE Division and, in particular, the CONTRACT division. Even with a 50 per cent reduction in EBIT or an increase in the discount rate by one percentage point, the recoverable amount would be above the carrying amount.

The straight-line method is the sole method used for scheduled depreciation and amortization, which is presented in the income statement in the item "Depreciation and amortization of non-current intangible assets and fixed assets". The following useful lives formed the basis:

	2016	2015
Licenses, trademarks and similar rights	Between 5 and 8 years	Between 5 and 8 years
Software licenses	Between 2 and 5 years	Between 2 and 5 years
Internally generated software	Between 3 and 5 years	Between 3 and 5 years

There was no need for impairment in the financial year.

No financing costs were capitalized for qualifying assets.

Intangible assets also include rented or leased assets under finance leases in the carrying amounts listed below.

Carrying amount TEUR	**2016**	2015
Licenses, trademarks and similar rights and licenses in such assets	16	15
Total	**16**	**15**

The rented or leased assets include leasing obligations in the amount of EUR 17,000 (previous year: EUR 29,000); see note number 30. The terms of the leasing obligations are up to 4 years.

The assets capitalized under finance leases and hire purchase contracts are legally owned by the respective lessors.

21. Fixed assets

2016 financial year TEUR	Land, leasehold rights and buildings including buildings on land belonging to third parties	Technical equipment and machinery	Other facilities, plant and equipment	Advance payments and assets under construction	Total
Acquisition and production costs					
As at January 1, 2016	384,297	195,378	65,804	734	646,213
Change in the group of consolidated companies	-3,018	-638	-694	-61	-4,411
Additions	665	2,945	4,373	1,272	9,255
Disposals	-292	-5,592	-5,224	0	-11,108
Reclassifications	26	0	44	-90	-20
Currency translation differences	13	577	99	0	689
As at December 31, 2016	**381,691**	**192,670**	**64,402**	**1,855**	**640,618**
Depreciation					
As at January 1, 2016	188,886	123,418	47,564	0	359,868
Change in the group of consolidated companies	-1,802	-475	-734	0	-3,011
Additions	11,779	12,083	5,935	0	29,797
Disposals	-277	-4,130	-5,066	0	-9,473
Reclassifications	0	0	0	0	0
Currency translation differences	8	271	85	0	364
As at December 31, 2016	**198,594**	**131,167**	**47,784**	**0**	**377,545**
Carrying amounts as of December 31, 2016	**183,097**	**61,503**	**16,618**	**1,855**	**263,073**

The straight-line method is the sole method used for scheduled depreciation and amortization, which is presented in the Group income statement in the item "Depreciation and amortization of non-current intangible assets and fixed assets".

The useful lives of the main asset classes are as follows:

	2016	2015
Buildings, lightweight	10 years	10 years
Buildings, solid construction	Between 20 and 40 years	Between 20 and 40 years
Open spaces	Between 10 and 20 years	Between 10 and 20 years
Other handling equipment	Between 4 and 34 years	Between 4 and 34 years
Technical equipment and machinery	Between 5 and 20 years	Between 5 and 20 years
Plant and equipment	Between 4 and 20 years	Between 4 and 20 years
Low-value assets	1 year	1 year

2015 financial year TEUR	Land, leasehold rights and buildings including buildings on land belonging to third parties	Technical equipment and machinery	Other facilities, plant and equipment	Advance payments and assets under construction	Total
Acquisition and production costs					
As at January 1, 2015	357,599	174,679	54,306	6,321	592,905
Change in the group of consolidated companies	3,245	12,570	7,891	61	23,767
Additions	19,949	8,786	5,509	516	34,760
Disposals	-289	-2,149	-2,149	73	-4,980
Reclassifications	3,753	2,054	214	-6,021	0
Currency translation differences	40	-242	33	-70	-239
As at December 31, 2015	**384,297**	**195,378**	**65,804**	**734**	**646,213**
Depreciation					
As at January 1, 2015	175,913	104,068	37,101	0	317,082
Change in the group of consolidated companies	1,848	11,011	7,076	0	19,935
Additions	11,348	10,275	5,438	0	27,061
Disposals	-233	-1,768	-2,036	0	-4,037
Reclassifications	0	0	0	0	0
Currency translation differences	10	-168	-15	0	-173
As at December 31, 2015	**188,886**	**123,418**	**47,564**	**0**	**359,868**
Carrying amounts as of December 31, 2015	**195,411**	**71,960**	**18,240**	**734**	**286,345**

In the 2016 financial year, impairment losses of EUR 1,875,000 (previous year: EUR 0) were recorded.

In the CONTRACT Division, impairment losses of EUR 1,743,000 were recorded for non-operational and non-divestible assets and EUR 80,000 as a result of an adjustment in the useful lives of leasing assets for leased convey or technology. The impairment losses were fully attributable to technical equipment and machinery.

In the AUTOMOBILE Division, non-operational trucks were impaired in the amount of EUR 52,000. The impairment losses were attributable to technical equipment and machinery.

Impairment losses are recognized in the item "Depreciation and amortization of non-current intangible assets and fixed assets".
Advance payments and assets under construction of EUR 1,855,000 (previous year: EUR 734,000) relate exclusively to assets under construction.

No financing costs were capitalized for qualifying assets.

Fixed assets also include rented or leased assets under finance leases in the carrying amounts listed below.

Carrying amount TEUR	2016	2015
Buildings	100	124
Technical equipment and machinery	1,217	1,778
Plant and equipment	80	122
Total	**1,397**	**2,024**

The rented or leased assets are linked to leasing obligations in the amount of EUR 1,666,000 (previous year: EUR 2,526,000); see note number 30. The terms of the leasing obligations are up to 5 years.

The assets capitalized under finance leases and hire purchase contracts are legally owned by the respective lessors. There are no other assets reported under fixed assets that are eligible to be used as collateral for long-term loans.

Companies accounted for using the equity method

TEUR	12/31/2016	12/31/2015
Interests in joint ventures	135,280	120,347
Interests in associates	3,663	3,347
Total	**138,943**	**119,431**

22. Investments

2016 financial year TEUR	Interests in afflicted companies	Investments with equity method	Other investments	Securities	Total
Acquisition costs					
As at January 1, 2016	343	124,378	140	3	124,864
Change in the group of consolidated companies	5	2,483	3	0	2,491
Additions	42	13,396	0	0	13,438
Disposals	-31	-2,855	-29	-3	-2,918
Reclassifications	0	0	0	0	0
Currency translation differences	0	2,226	0	0	2,226
As at December 31, 2016	**359**	**139,628**	**114**	**0**	**140,101**
Depreciation					
As at January 1, 2016	0	685	0	0	685
Change in the group of consolidated companies	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Currency translation differences	0	0	0	0	0
As at December 31, 2016	**0**	**685**	**0**	**0**	**685**
Carrying amounts as of December 31, 2016	**359**	**138,943**	**114**	**0**	**139,416**

Interests in associates

Shares in associated companies in the amount of EUR 359,000 (previous year: EUR 343,000) are mainly composed of the non-consolidated general partner businesses of the fully consolidated operational limited partnerships.

Joint ventures

The change in the carrying amount of the interests in joint ventures is primarily the result of increases through pro rata profit for the year (EUR 30,919,000), capital increases (EUR 11,768,000), changes in the group of consolidated companies (EUR 2,483,000) and currency differences (EUR 2,092,000) as well as decreases through distributions (EUR -27,016,000), changes in revaluation reserves (EUR -5,723,000) and currency translation differences (EUR -2,092,000).

2015 financial year TEUR	Interests in afflicted companies	Investments with equity method	Other investments	Securities	Total
Acquisition costs					
As at January 1, 2015	343	120,116	3,715	3	124,177
Change in the group of consolidated companies	0	-2,494	27	0	-2,467
Additions	0	9,921	4	0	9,925
Disposals	0	-2,238	-3,599	0	-5,837
Reclassifications	0	7	-7	0	0
Currency translation differences	0	-934	0	0	-934
As at December 31, 2015	**343**	**124,378**	**140**	**3**	**124,864**
Depreciation					
As at January 1, 2015	0	685	0	0	685
Change in the group of consolidated companies	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Currency translation differences	0	0	0	0	0
As at December 31, 2015	**0**	**685**	**0**	**0**	**685**
Carrying amounts as of December 31, 2015	**343**	**123,693**	**140**	**3**	**124,179**

Information about significant joint ventures is presented below. In the BLG Group this only relates to EUROGATE GmbH Co. KGaA, KG, Bremen.

EUROGATE GmbH & Co. KGaA, KG, Bremen is a joint venture of BLG KG and EUROKAI GmbH & Co. KGaA, KG, Hamburg, which is structured as an independent entity. BLG KG's share of the joint venture is 50 per cent (previous year: 50 per cent) and represents the CONTAINER Division. With this investment, the Group receives rights to the joint venture's net assets rather than the rights to its assets and the obligations arising from its liabilities.

The IFRS unconsolidated financial statements of the EUROGATE Group are consolidated using the equity method. EUROGATE GmbH & Co. KGaA, KG and its subsidiaries are accordingly included in the list of shareholdings under the item "Companies consolidated using the equity method". No market price is available for EUROGATE GmbH & Co. KGaA, KG.

The services of the CONTAINER Division are described in note number 2.

For the properties necessary for its business, BLG KG has transferred to the EUROGATE Group via usage transfer agreements the rights and obligations arising from the heritable building rights of the Free Hanseatic City of Bremen (municipality).

In the usage transfer agreements, BLG KG undertakes to pay compensation to the EUROGATE Group for buildings erected on the properties used at the expiration of the usage transfer agreement or upon extraordinary termination. The compensation is based on the market value of the buildings. In addition, BLG KG irrevocably surrenders its claims for compensation to the EUROGATE Group upon exercise of the right to reversion under the heritable building right contract by the Free Hanseatic City of Bremen (municipality).

The EUROGATE Group provides technical services for the BLG Group and pays for electricity used. This is based on the takeover of the electricity supply network in the Bremen seaport in Bremerhaven by "Sondervermögen Hafen" effective January 1, 2008.

In the segment reporting (Annex 2 and note number 38), this joint venture is represented by the CONTAINER Division.

The following table summarizes the financial information of the IFRS unconsolidated financial statements of EUROGATE GmbH & Co. KGaA, KG, and reconciles this information with the carrying amounts of the shares in joint ventures.

TEUR	2016	2015
Non-current assets	698,634	716,267
Current assets	291,513	252,874
Non-current liabilities	-364,626	-366,411
Current liabilities	-206,693	-213,366
Net assets	**418,828**	**389,364**
Shareholding	**50 %**	**50 %**
Share of net assets	209,414	194,682
of hybrid equity attributable to non-controlling interests	-78,010	-78,010
of other equity attributable to non-controlling interests	-180	-112
Group share of net assets (= equity carrying amount)	**131,224**	**116,560**

Current assets include cash and cash equivalents of EUR 166,183,000 (previous year: EUR 144,596,000).

EUR 163,441,000 of the non-current liabilities (previous year: EUR 190,390,000) and EUR 148,377,000 of the current liabilities (previous year: EUR 170,031,000) are attributable to financial liabilities (in each case excluding trade payables, other liabilities and provisions).

TEUR	2016	2015
Sales	639,373	591,321
Scheduled depreciation	-51,565	-56,090
Other interest and similar income	1,771	5,300
Interest and similar expenses	-13,081	-13,452
Taxes on income and earnings	-8,040	-6,580
Profit for the year	75,930	73,530
Other comprehensive income after income taxes	-6,992	9,259
Total result	**68,938**	**82,789**

The BLG Group accounts for EUR 32,833,000 of the profit for the year (previous year: EUR 31,667,000) and EUR -3,496,000 of other comprehensive income after income taxes (previous year: EUR 4,611,000).

Dividends received by EUROGATE GmbH & Co. KGaA, KG total EUR 26,442,000 (previous year: EUR 39,224,000). Payment is made in the following year.

Cash flows TEUR	2016	2015
Cash flow from current operating activities	143,196	119,876
Cash flow from investment activities	-28,531	-2,433
Cash flow from financing activities	-92,569	-94,636
Net change in cash and cash equivalents	**22,096**	**22,807**
Cash and cash equivalents at start of financial year	144,087	121,280
Cash and cash equivalents at end of financial year	**166,183**	**144,087**
Composition of cash and cash equivalents		
Liquid funds	166,183	144,596
Short-term liabilities to banks	0	-509
Cash and cash equivalents at end of financial year	**166,183**	**144,087**

The individual remaining interests in joint ventures held by the Group are considered immaterial. The following table summarizes the carrying amounts, the share of profit for the year and the share of the other comprehensive income of these interests:

TEUR	2016	2015
Carrying amount of interests in other joint ventures	4,056	3,787
Share of		
Profit for the year	-1,914	-774
Other comprehensive income	175	-487
Proportionate total result	**-1,739**	**-1,261**

The share of profit for the year results in full from continuing operations.

In the 2016 financial year, negative shares of the total result of joint ventures in the amount of EUR 78,000 (previous year: EUR 0) and positive shares in the total result of joint ventures in the amount of EUR 243,000 (previous year: EUR 0) are not included in the Group result. At the reporting date, the cumulative negative shares in the total result in joint ventures not recognized in the Group result total EUR 9,000 (previous year: EUR 0).

Associates

The change in the carrying amount of investments in associates results mainly from increases in the proportionate profit for the year (EUR 896,000) and currency translation differences (EUR 158,000) and decreases due to distributions (EUR -857,000).

The individual interests in associates held by the Group are considered immaterial.

The following table summarizes the carrying amounts, the share of profit for the year attributable to the BLG Group and the share of the other comprehensive income of these interests:

TEUR	2016	2015
Carrying amount of interests in associates	3,663	3,347
Share of		
Profit for the year	896	637
Other comprehensive income	158	-156
Proportionate total result	**1,054**	**481**

The share of profit for the year results in full from continuing operations.

In the 2016 financial year, positive shares in the total result of associates in the amount of EUR 85,000 (previous year: EUR 162,000) are not included in the Group result. At the reporting date, the cumulative negative shares in the total result in associates not recognized in the Group result total EUR 0 (previous year: EUR 82,000).

Other investments

Companies with dormant or only limited operations in which BLG AG or BLG KG is directly or indirectly entitled to at least 20 per cent of the voting rights and which are of only minor importance for giving a true and fair view picture of the net assets, financial position and results of operations of the BLG Group are presented at their acquisition cost or the lower fair value in the consolidated financial statements.

As in the previous year, no impairment losses were recorded on other investments in the reporting year.

23. Financial receivables

2016 financial year
TEUR

	12/31/2016			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Loans to companies consolidated using the equity method	643	170	745	1,558
Other receivables from investments	439	0	0	439
Other receivables from shareholders	1,595	0	0	1,595
Financial receivables from shareholders in companies accounted for under the equity method	26,994	0	0	26,994
Receivables from leasing companies	0	0	0	0
Financial receivables from finance leases	246	1,270	2,403	3,919
Miscellaneous other financial receivables	2,314	108	20	2,442
Total	**32,231**	**1,548**	**3,168**	**36,947**

2015 financial year
TEUR

	12/31/2015			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Loans to companies consolidated using the equity method	681	1,501	900	3,082
Other receivables from investments	0	0	0	0
Other receivables from shareholders	1,256	0	0	1,256
Financial receivables from shareholders in companies accounted for under the equity method	39,825	0	0	39,825
Receivables from leasing companies	200	0	0	200
Financial receivables from finance leases	188	1,201	2,575	3,964
Miscellaneous other financial receivables	1,155	143	5	1,303
Total	**43,305**	**2,845**	**3,480**	**49,630**

Current financial receivables are reported under other assets (note number 25).

Loans to companies consolidated using the equity method are made at interest rates between 3 and 6 per cent.

Due to their fixed interest rates, the loans are subject to an interest rate-linked market price risk, although this is not significant considering the amount and maturity of receivables for the BLG Group.

The maximum exposure to credit risk corresponds to the carrying amount; there are no indications of significant concentrations of credit risk.

In terms of the timely performance by the counterparties and the credit risk, the carrying amounts of financial receivables on the reporting dates can be broken down as follows:

TEUR	12/31/2016	12/31/2015
Neither past due nor impaired financial receivables	36,358	49,042
Past due but not impaired financial receivables	396	530
Impaired financial receivables	194	58
Carrying amounts	**36,948**	**49,630**

Impaired financial receivables TEUR	12/31/2016	12/31/2015
Nominal amounts	2,235	1,140
Impairment losses	-2,041	-1,082
Carrying amounts	**194**	**58**

Impairment losses on financial receivables TEUR	12/31/2016	12/31/2015
Amount as at the beginning of the financial year	1,082	750
Impairment losses for the financial year		
- Additions	1,391	382
- Use/derecognition of receivables	-432	-50
Amount as at the end of the financial year	**2,041**	**1,082**

24. Inventories

TEUR	12/31/2016	12/31/2015
Raw materials, consumables and supplies	7,740	7,178
Finished goods and merchandise	151	173
Total	**7,891**	**7,351**

Inventories are not pledged as collateral for liabilities. Impairment losses on inventories totaling EUR 116,000 (previous year: EUR 100,000) were recorded as of December 31, 2016.

25. Trade receivables and other assets

Trade receivables

TEUR	12/31/2016	12/31/2015
Receivables from third parties	179,478	178,665
Receivables from third parties (stage of completion method)	485	1,174
Accounts receivable from affiliated companies	44	32
Receivables from investment entities	1,778	2,088
Total	**181,785**	**181,959**

Trade receivables are non-interest bearing, payable within one year and are not to be used as collateral for liabilities. The average settlement terms are 63 days (previous year: 70 days). The maximum exposure to credit risk corresponds to the carrying amount; there are no indications of significant concentrations of credit risk.

In terms of the timely performance by the counterparties and the credit risk, the carrying amounts of trade receivables on the reporting dates can be broken down as follows:

TEUR	12/31/2016	12/31/2015
Neither past due nor impaired receivables	153,309	139,417
Past due but not impaired receivables	27,761	35,274
Impaired receivables	715	7,268
Total	**181,785**	**181,959**

Past due but not impaired receivables are broken down into time bands as follows:

TEUR	12/31/2016	12/31/2015
Less than 30 days	19,156	15,016
Between 30 and 60 days	3,248	3,247
Between 61 and 90 days	649	1,879
Between 91 and 180 days	1,441	3,445
Between 181 and 360 days	2,652	3,058
More than 360 days	615	8,629
Total	**27,761**	**35,274**

Impairment losses were taken on impaired trade receivables depending on the individual credit risk.

TEUR	12/31/2016	12/31/2015
Nominal amounts	8,383	12,088
Impairment losses	-7,668	-4,820
Carrying amounts	**715**	**7,268**

Impairment losses on trade receivables developed as follows:

TEUR	12/31/2016	12/31/2015
Amount as at the beginning of the financial year	4,820	3,141
Changes in group of consolidated companies	228	68
Impairment losses for the financial year		
- Additions	4,578	2,613
- Reversals	-1,886	-462
- Changes in exchange rates	5	52
- Use/derecognition of receivables	-77	-592
Amount as at the end of the financial year	**7,668**	**4,820**

In the year under review, derecognition of trade receivables in the amount of EUR 554,000 (previous year: EUR 229,000) was also recorded, which is reported under other operating expenses.

Other assets

2016 financial year TEUR	12/31/2016		12/31/2015	
	current	non-current	current	non-current
Current financial receivables (note number 23)	32,231	--	43,305	--
Receivables from the tax office and customs	2,802	--	4,278	--
Accruals	746	--	986	--
Reimbursement claims from insurance policies	481	--	318	--
Other assets	1,001	20	1,465	20
Total	**37,261**	**20**	**50,352**	**20**

Other assets excluding current financial receivables are non-interest bearing and are not used as collateral for liabilities.

26. Reimbursement rights from income taxes

The tax assets relate to reimbursement rights for the reporting year in the amount of EUR 686,000 (previous year: EUR 841,000) as well as reimbursement rights for previous years in the amount of EUR 1,491,000 (previous year: EUR 1,063,000).

Please see note number 16 with regard to rights from deferred taxes.

27. Cash and cash equivalents

TEUR	12/31/2016	12/31/2015
Overnight loans and short-term deposits	7,921	5,334
Current accounts	4,867	10,466
Cash	79	135
Total	**12,867**	**15,935**

Cash at banks earns interest at floating rates based on daily bank deposits. Short-term deposits are made for periods varying between one day and one month, depending on the immediate cash requirements of the Group. They earn interest at the current short-term deposit interest rate.

28. Equity

The classification of and changes to equity for the 2016 and 2015 financial years is presented as a separate component of the consolidated financial statements as of December 31, 2016 in the group statement of changes in equity.

a) Consolidated capital of the BLG AG

The share capital (subscribed capital) amounts to EUR 9,984,000.00, divided into 3,840,000 registered shares with voting rights. Pursuant to Section 5 of the Articles of Association, any transfer of shares requires the company's consent. The share capital is fully paid as of December 31, 2016.

The retained earnings include the statutory reserve pursuant to section 150 German Stock Corporation Act in the amount of EUR 998,000 (previous year: EUR 998,000), which is allocated in full, as well as other retained earnings of EUR 6,914,000 (previous year: EUR 6,749,000). In the 2016 financial year, EUR 180,000 of Group net income (previous year: EUR 166,000) was allocated to other retained earnings. In addition, EUR 15,000 was reclassified from retained earnings to net earnings.

b) Consolidated capital of BLG LOGISTICS GROUP AG & Co. KG

The capital attributable to the limited partner of BLG KG is recognized. The limited liability capital and the capital reserves were almost exclusively provided by contributions in kind.

The capital reserve includes allocations of capitalized differences from the time before conversion of the consolidated financial statements to IFRS.

Retained earnings include, in addition to undistributed profits from previous years, dividend payments and other withdrawals, previous changes in the scope of consolidation recognized in other comprehensive income, and other changes and shares of Group net income. In addition, retained earnings also include the differences between German HGB and IFRS existing on January 1, 2004 (date of transition). In contrast to the previous year, there is no separate presentation of the net earnings of consolidated companies.

The actuarial gains and losses recognized in other comprehensive income from the measurement of gross pension obligations in accordance with IAS 19 and the difference between the expected and actual return on plan assets are reported in “Other reserves”.

The reserve from the fair valuation of financial instruments (hedge reserve) includes net gains or losses recognized in other comprehensive income from changes in the fair value of the effective portion of the cash flow hedges. Reserves are generally reversed upon settlement of the underlying transaction. In addition, the reserves are reversed on expiration, disposal, termination or exercise of the hedging instrument, in the event of revocation of the designation of the hedging relationship or non-fulfilment of the requirements for a hedge under IAS 39.

TEUR	2016	2015
As at January 1	-3,308	-3,847
Change in reserves	128	539
As at December 31	**-3,180**	**-3,308**

As of the balance sheet date, the reserve essentially consists of the fair values of the interest rate swaps qualifying as hedges of EUR -2,712,000 (previous year: EUR -2,296,000), deferred taxes on this amount not recognized in the income statement of EUR 437,000 (previous year: EUR 402) as well as EUR -905,000 from the fair value of derivative financial instruments at associated companies not recognized in the income statement (previous year: EUR -1,216,000).

The foreign currency translation reserve includes foreign exchange effects from the translation of financial statements of consolidated companies in currencies other than the euro.

The net earnings of EUR 20,428,000 correspond to the disclosure in the financial statements as of December 31, 2016 of BLG KG. Dividend payments are recognized as a liability in the period in which the corresponding resolution is passed.

c) Equity of non-controlling interests

This item includes EUR 7,452,000 (previous year: EUR 7,198,000) for the minority interests in the fully consolidated subsidiaries.

For the development of the individual equity components, please see the separate Group statement of changes in equity (Annex 3).

29. Long-term loans

Non-current loans from banks can be broken down by residual maturity bands and interest rate bands as follows:

12/31/2016
TEUR

		Residual maturities			
	Interest rate	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
	0,588 - 0.999 %	3,600	12,800	3,000	19,400
	1,000 - 1.999 %	15,472	67,323	53,662	136,457
	2,000 - 2.999 %	490	608	0	1,098
	3,000 - 3.999 %	894	0	0	894
	4,000 - 4.360 %	878	19,875	0	20,753
Total		**21,334**	**100,606**	**56,662**	**178,602**

12/31/2015
TEUR

		Residual maturities			
	Interest rate	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
	0,833 - 0.999 %	1,600	6,400	0	8,000
	1,000 - 1.999 %	14,671	85,128	74,329	174,128
	2,000 - 2.999 %	339	685	0	1,024
	3,000 - 3.999 %	879	894	0	1,773
	4,000 - 4.360 %	1,650	23,830	385	25,865
Total		**19,139**	**116,937**	**74,714**	**210,790**

The presentation above includes unsubordinated, unsecured promissory note loans totaling EUR 19.0 million (previous year: EUR 29.0 million). In the reporting year, EUR 10.0 million in promissory note loans was repaid ahead of schedule. The promissory notes of EUR 19.0 million are due in December 2018. EUR 19.0 million of the promissory notes have a fixed interest rate.

In the reporting year, available credit lines were unchanged.

Of the loans taken out from banks, a total of EUR 100.5 million (previous year: EUR 112.1 million) had fixed interest rates and EUR 77.7 million (previous year: EUR 98.7 million) had variable interest rates.

For loan liabilities of EUR 178.2 million (previous year: EUR 205.5 million), banks were granted standard covenants based on the equity ratio and net debt.

If the agreed covenants are not adhered to, the conditions state that interest rates will rise in two stages, by 0.5 per cent in both cases, followed by the right to terminate. In the reporting year, all covenants were complied with.

Non-compliance with a limit of the agreed net debt ratio in the 2015 financial year could have resulted in an interest charge of 0.5 per cent on the share of non-current financial loans and the promissory note loan for the next interest rate periods. All banks with long-term commitments, however, have granted a one-time waiver of the interest rate hike in favor of BLG LOGISTICS. Only for promissory note loans of EUR 19,000,000 were no waivers granted for an interest rate period of six months, since the promissory note loan was placed on the capital market with many different financial institutions, which generally are not in a direct business relationship with BLG LOGISTICS.

Owing to compliance with the covenants in the reporting period, the basis for the rate increase by 0.5 per cent has been eliminated. This is based on the demonstration of compliance with the financial ratios in these audited consolidated financial statements and compliance as of June 30, 2016. The retraction of the interest rate hike was carried out for the obligations under the promissory notes with the interest rate period following June 30, 2016. This means that for financial year 2016, there was only an additional interest expense of EUR 48,000 for exceeding the covenants. The risks in this regard from the interest rate hike reported in the 2015 annual report were not incurred in the forecast amount.

30. Other financial liabilities

Other financial liabilities break down as follows:

TEUR	12/31/2016		12/31/2015	
	current	non-current	current	non-current
Loans BLG Unterstützungskasse GmbH	25,600	--	25,600	--
Short-term portion of non-current borrowings	21,334	--	19,139	--
Bank overdrafts	16,439	--	32,250	--
Obligations under revenue deductions	7,088	140	7,262	278
Cash management with respect to investments	5,275	--	4,300	--
Derivatives with a negative fair value	2,943	--	2,522	--
Outstanding purchase price payments from corporate acquisitions	1,209	14,535	1,779	17,096
Future social concept	1,067	2,806	1,001	2,478
Finance leasing	789	893	1,199	1,327
Accruals and deferrals (liabilities)	443	3,550	238	1,001
Other	5,127	5,827	4,887	7,550
Total	**87,314**	**27,751**	**100,177**	**29,730**

The outstanding purchase prices from the acquisition of companies of EUR 15,744,000 (previous year: EUR 18,875,000) mainly relate to liabilities arising from the purchase of the remaining 49 per cent of the shares of BLG Sports & Fashion Logistics GmbH, Hörsel. Of this amount, EUR 5,051,000 (previous year: EUR 9,065,000) consists of contingent considerations. For further details on contingent considerations please refer to the information in note number 39.

Miscellaneous other financial liabilities include obligations arising from the acquisition of shares in BLG AutoTerminal and Fahrzeuglogistik GmbH & Co. KG, Bremen (previously: E.H. Harms GmbH & Co. KG Automobile-Logistics, Bremen) in the amount of EUR 7,894,000 (previous year: EUR 9,577,000). Of this amount, EUR 5,826,000 is attributable to the non-current segment and EUR 2,068,000 to the current segment.

The carrying amounts, with the exception of liabilities from finance leases, correspond to the fair values of the liabilities.

The average effective interest rates at the balance sheet date of the material groups of current financial liabilities are as follows:

TEUR	12/31/2016	12/31/2015
Overdrafts due to banks	0.60 %	0.69 %

The discounted value of future cash flows from liabilities from finance leases are as follows:

TEUR	12/31/2016			12/31/2015		
	Minimum leasing rates	of which repayment	of which interest	Minimum leasing rates	of which repayment	of which interest
Up to 1 year	873	789	84	1,305	1,200	105
Between 1 and 5 years	1,002	893	109	1,485	1,322	163
More than 5 years	0	0	0	5	5	0
Total	**1,875**	**1,682**	**193**	**2,795**	**2,527**	**268**

31. Deferred government grants

TEUR	12/31/2016		12/31/2015	
	current	non-current	current	non-current
AUTOMOBILE Division	68	2,218	68	2,297
CONTRACT Division	17	139	17	156
Total	**85**	**2,357**	**85**	**2,453**

The items set forth in the table above are deferrals for asset-related grants, which are recognized separately using the gross method. The grants of the AUTOMOBILE Division include EUR 1,518,000 for grants from the Federal Railway Authority for replacements and renovations in the rail infrastructure. The deferrals are reversed in line with the depreciation of the subsidized assets. Total income from the reversal of the deferrals totaling EUR 96,000 (previous year: EUR 56,000) was recorded in 2016.

In addition, further income in the amount of EUR 184,000 was recorded during the year (previous year: EUR 332,000), the full amount of which relates to grants recognized in the income statement.

32. Non-current provisions

TEUR	12/31/2016	12/31/2015
Employee provisions		
Direct commitments	6,521	6,823
Port pensions	20,065	18,212
Future social concept	27,709	19,998
Anniversary provisions	6,460	5,596
	60,755	**50,629**
Other provisions		
Miscellaneous other non-current provisions	14	14
	14	**14**
Total	**60,769**	**50,643**

Non-current benefits to employees TEUR	As at 12/31/2016	Use	Reversal	Addition	Transfer	As at 12/31/2016
Direct commitments	6,823	204	341	1,504	-1,261	6,521
Port pensions	18,212	22	0	1,875	0	20,065
Future social concept	19,998	208	0	7,193	726	27,709
Pension provisions	**45,033**	**434**	**341**	**10,572**	**-535**	**54,295**
Anniversary provisions	5,596	0	0	864	0	6,460
Total	**50,629**	**434**	**341**	**11,436**	**-535**	**60,755**

Non-current benefits to employees TEUR	As at 01/01/2016	Use	Reversal	Addition	Transfer	As at 12/31/2016
Direct commitments	57	57	0	185	0	185
Port pensions	846	846	0	848	0	848
Pension provisions	**903**	**903**	**0**	**1,033**	**0**	**1,033**
Anniversary provisions	975	883	23	398	0	467
Total	**1,878**	**1,786**	**23**	**1,431**	**0**	**1,500**

Provisions for pensions

All the plans of the BLG Group are defined benefit plans within the meaning of IAS 19. There are no minimum funding obligations.

The individual commitments of the Group companies form the legal basis for granting benefits. In addition, there are obligations for the payment of a disability pension and a retirement pension from the collective framework agreement for the port employees of German seaport companies, including the special provisions for the ports in the state of Bremen, of May 12, 1992. On January 1, 1998, the pension obligations of the Free Hanseatic City of Bremen (municipality) existing up to this point were assumed at BLG AG.

There are also pension obligations in accordance with the guidelines of the Siemens pension insurance for employees who were transferred as of October 1, 2001 from SRI Radio Systems GmbH, Durach, as well as for employees who were transferred as of May 1, 2003 by Siemens AG, Berlin, to BLG Logistics Solutions GmbH & Co. KG, Bremen.

Pension obligations exist for employees who were transferred from Schenker AG, Essen, to BLG Industrielogistik GmbH & Co. KG, Bremen, as of April 1, 2015, pursuant to Schenker AG's „Benefit Plan 2000" operating agreement of February 28, 2003 as well as Schenker AG's „Pension component employee participation" comprehensive operating agreement of June 9, 2011.

In addition, there are obligations to grant and pay retirement, disability and survivor's pensions due to a Group agreement on ensuring the social future of March 15, 2005 (future social concept). Substantial parts of this benefit plan are applied again through new fee waivers to be agreed by the participating employee, while the parts of the bonus plan result annually from an employee profit sharing plan established after the end of the financial year.

For parts of the individual commitments and for the obligations within the framework of the future social concept, there are plan assets in the form of qualified insurance contracts within the meaning of IAS 19.8. The plan assets are managed externally by insurance companies, and specifically include reinsurance policies. The asset values determined by the insurance companies are recognized as fair values.

TEUR	12/31/2016	12/31/2015
Reinsurance policies	49,669	44,640
Fair value of plan assets	**49,669**	**44,640**

The provisions are calculated taking into account the respective underlying contractual agreement of qualified actuaries using the projected unit credit method in accordance with IAS 19.

The Group is exposed to various risks in the context of the defined benefit plans. In addition to the general risks of a change in demographic assumptions, these are, in particular, interest rate risk and the capital market or investment risk. There are no concentrations of risk.

Financing status of the pension plans TEUR	**12/31/2016**	12/31/2015
Present value of defined benefit obligations	104,997	90,576
Present value of defined benefit obligations	-49,669	-44,640
Shortfall (net debt)	**55,328**	**45,936**

Present value of pension obligations

The present value of the defined benefit obligations changed as follows:

TEUR	**12/31/2016**	12/31/2015
Balance at beginning of year	90,576	89,943
+ current service cost	3,655	3,814
+ Expense from deferred compensation	3,388	3,003
+ Interest expenses	2,188	1,680
+/- Revaluations		
Experience-based adjustments	-526	347
actuarial gains/losses from changes in financial assumptions	9,721	-6,211
- Use (pension payments)	-3,030	-2,646
+/- Reversals	-439	-6
+/- Transfers	-11	128
+/- Changes in group of consolidated companies	-525	524
Balance at end of year	**104,997**	**90,576**

The weighted average maturity (duration) of the defined benefit obligations is as follows:

Duration	**12/31/2016**	12/31/2015
Direct commitments	17 years	24 years
Port pensions	16 years	15 years
Future social concept	13 years	14 years

Fair value of plan assets

The fair value of the plan assets has changed as follows:

TEUR	**2016**	2015
Balance at beginning of year	44,640	40,634
+ Interest income	979	705
+ Expenses/income from plan assets (excluding interest income)	27	446
+ Additions of the employees included in the plan (e,g, deferred compensation)	2,805	2,975
+ Employer contribution	3,010	1,448
- Use (pension payments)	-1,693	-1,545
+/- Reversals	-98	-26
+/- Transfers	-1	3
+/- Changes in group of consolidated companies	0	0
Balance at end of year	**49,669**	**44,640**

Net pension expense

The part of the net pension expense recognized in profit or loss for the period is made up as follows:

TEUR	**12/31/2016**	12/31/2015
Current service cost	3,655	3,814
Interest expenses	1,209	976
Total	**4,864**	**4,790**

The service cost is recognized in the group income statement as personnel expense, and accrued interest on the expected pension obligations is recognized as interest expense. The expected return on plan assets reduces the interest expense.

The actual income from plan assets as of December 31, 2016 amounts to EUR 1,006,000 (previous year: EUR 1,151,000).

Actuarial parameters

The actuarial valuation of the material defined benefit pension obligations was based on the following parameters (given in the form of weighted average factors):

in %	12/31/2016		
	Direct commit-ments	Port pensions	Future social concept
Discount rate	1,70	1,58	1,60
Rate of salary increases	1,40	0,00	0,00
Rate of pension increases	1,50	1,00	0,00

in %	12/31/2015		
	Direct commit-ments	Port pensions	Future social concept
Discount rate	2,50	2,30	2,30
Rate of salary increases	1,20	0,00	0,00
Rate of pension increases	1,60	1,00	0,00

The mortality rate underlying the calculation of the present value of the material defined benefit pension obligations is based, as in the previous year, on the 2005 G mortality tables by Dr. Klaus Heubeck.

Sensitivity analyses

The present value of the pension obligations depends on a number of factors based on actuarial assumptions. The net expense (or income) used in determining assumptions for pensions includes the discount rate. Any change in these assumptions will impact the carrying amount of the pension obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate used in determining the present value of expected future cash outflows required to settle the obligation. In determining the discount rate, the Group uses as its basis the interest rates of top-rated corporate bonds that are denominated in the currency in which the benefits are paid and with maturities corresponding to those of the pension obligation.

An increase or decrease in the principal actuarial assumptions in the amount of the expected future development would have the following effects compared to the parameters actually applied to the present value of pension obligations **(see table below).**

The sensitivity calculations are based on the average maturity of the pension obligations determined as of December 31, 2016. The calculations were carried out on an isolated basis for actuarial assumptions which have been identified as significant to separately illustrate the potential impact on the calculated present value of pension obligations. As the average duration of the expected pension liabilities is based on the sensitivity analyses and consequently the expected payment dates are not taken into consideration, they only result in approximate information or statements about trends.

Funding of pension obligations

The funding of the pension contracts and agreements entered into for the Board of Management and senior executives for the future social concept are fully hedged through reinsurance policies pledged in favor of the beneficiaries. The pension contracts are solely funded by the employer; the future social concept is funded by

TEUR	12/31/2016		12/31/2015	
	higher	lower	higher	lower
Discount rate (50 basis points)	-7,228	7,521	-5,835	6,487
Rate of salary increase (50 basis points)	53	-50	66	-62
Rate of pension increase (50 basis points)	1,733	-1,583	1,569	-1,440

contributions made by the employee and a performance bonus paid by the employer. There is no obligation to participate in the future social concept. The port pension does not contain any plan assets.

The company expects payments to the defined benefit plans in 2016 totaling EUR 2,176,000 (previous year: EUR 1,893,000).

Anniversary provisions

Provisions for anniversaries take into consideration the contractually guaranteed rights of Group employees to receive anniversary bonuses. Recognition is based on actuarial reports, which make calculations based on a discount rate of 1.24 per cent (previous year: 1.92 per cent). Accrued interest of EUR 118,000 is included in the addition of the reporting year in the amount of EUR 1,262,000.

34. Other liabilities

Other non-current liabilitie TEUR	12/31/2016	12/31/2015
Partial retirement obligations	424	107
Other	364	142
Total	**788**	**249**

A liability is recognized for partial retirement obligations based on collective bargaining and individual agreements. Recognition, which includes outstanding settlement amounts from current partial retirement arrangements and supplementary amounts, is based on actuarial reports. The obligations were not discounted in the reporting year despite a weighted average maturity of 2.3 years (previous year: around 1 year), since the interest rate effect is insignificant.

Other non-current provisions TEUR	As at 01/01/2016	Use	Reversal	Addition	Reclassification	As of 12/31/2016
Other	14	0	0		0	14
Total	**14**	**0**	**0**	**0**	**0**	**14**

33. Trade payables

TEUR	12/31/2016	12/31/2015
Liabilities to third parties	58,963	58,040
Obligations from outstanding invoices	19,889	15,944
Liabilities to investment entities	3,916	2,971
Liabilities to affiliated companies	398	163
Total	**83,166**	**77,118**

As a logistics company, the BLG Group does not receive an appreciable amount of goods and services from individual non-Group companies.

Other current liabilities TEUR	12/31/2016	12/31/2015
Obligations from outstanding holiday leave	10,578	8,488
VAT liabilities	9,520	8,332
Liabilities to employees from wages and salaries	8,691	7,076
Liabilities from reinsurance policies Future social concept	3,974	47
Advance payments	1,723	756
Current employee benefits	1,500	1,878
Obligations to employees from restructuring	1,057	1,013
Advance duties	1,035	217
Advance payments received for orders	776	385
Accruals and deferrals	545	3,357
Other	1,149	3,494
Total	**40,548**	**35,043**

35. Payment obligations from income taxes

TEUR	12/31/2016	12/31/2015
Corporation and trade tax for the reporting year	898	1,236
Corporation and trade tax for previous years	7,351	7,621
Obligations from current income taxes	**8,249**	**8,857**

For information on obligations arising from deferred taxes, please see note number 16.

36. Current provisions

The insurance contributions primarily result from services provided by the liability claim compensation of German metropolitan areas.

For warranty risks from possible warranty liabilities and fair-dealing obligations, provisions of EUR 2,200,000 have been carried forward from previous years. Overall, there is broad discretion in measuring these provisions, as there are no comparable items or other values based on experience.

Miscellaneous other provisions include other operating taxes in the amount of EUR 1,492,000 (previous year: EUR 1,247,000).

Provisions are primarily due in the amount recognized during 2017.

TEUR	As at 01/01/2016	Use	Reversal	Reclassification	Addition	Change in group of consolidated companies	As at 12/31/2016
Insurance contributions	547	463	404	-5,222	611	0	291
Onerous contracts	2,450	200	50	0	2,858	0	5,058
Warranty risks	3,701	1,400	101	0	0	0	2,200
Restructuring	85	85	0	0	0	0	0
Miscellaneous other provisions	5,529	334	1,076	0	3,023	-1,133	6,009
Total	**12,312**	**2,482**	**1,631**	**-5,222**	**6,492**	**-1,133**	**13,558**

The provision for onerous contracts is allocated as follows: EUR 2,200,000 to BLGKG and EUR 2,858,000 to the CONTRACT Division. The provision at BLG KG concerns the expected use of a guarantee for the bank liabilities of an investment. Provisions in the CONTRACT Division totaled EUR 2,188,000 on customer contracts for which the estimated costs are not expected to be covered by the agreed revenues. The size of the risks from onerous contracts may increase significantly as a result of changes in circumstances over time. Based on our current estimation, a risk of this kind should be viewed as low.

Notes to the Group statement of cash flows

37. Notes to the Group statement of cash flows

The Group statement of cash flows has been prepared in accordance with IAS 7 and is classified into cash flows from operating, investing and financing activities. Disclosure of cash flows is intended to clarify the sources and uses of cash and cash equivalents.

Cash and cash equivalents are defined as the difference between liquid funds and current liabilities to banks. Liquid funds consist of cash on hand, demand deposits and short-term, highly liquid financial resources that can be converted into cash at any time and are subject to only minor fluctuations in value.

The change in cash due to foreign currency translation effects is shown separately in accordance with IAS 7.28.

Composition of cash and cash equivalents TEUR	**12/31/2016**	12/31/2015
Cash and cash equivalents on statement of financial position	12,867	15,935
Current liabilities to banks [1]	-16,439	-32,250
Total	**-3,572**	**-16,315**

[1] Disclosure in the balance sheet in the item „Current financial liabilities" (see also note number 30)

Notes on segment reporting

38. Notes on segment reporting

In accordance with IFRS 8, segmentation is based on the internal control and reporting structure. With respect to the BLG Group, this means that segment reporting is based on business divisions according to the Group structure, i.e. the CONTAINER Division is still reported as a separate segment in segment reporting and then eliminated in the reconciliation column. In parallel to this, the results from companies accounted for using the equity method, primarily comprising the results of the CONTAINER Division, will be reported as part of EBIT in accordance with internal control. This also applies to the other companies which are accounted for using the equity method.

Entire companies are assigned to the AUTOMOBILE, CONTRACT and CONTAINER Divisions. These companies each represent operating segments that are summarized for reporting according to the divisions as they operate in a similar economic environment and are very similar in their services, processes and customer groups. The respective Boards of Management are responsible for the success of the divisions and they report to the Group Board of Management of BLG AG.

The AUTOMOBILE Division essentially comprises the companies BLG AutoTerminal Bremerhaven GmbH & Co. KG, BLG AutoTerminal Deutschland GmbH & Co. KG, BLG AutoTransport GmbH & Co. KG and BLG AutoRail GmbH.

The significant companies of the CONTRACT Division are BLG Industrielogistik GmbH & Co. KG, BLG Handelslogistik GmbH & Co. KG, BLG Sports & Fashion Logistics GmbH and BLG Cargo Logistics GmbH.

The CONTAINER Division includes the 50 per cent stake in the operational management company EUROGATE GmbH & Co. KGaA, KG, of the EUROGATE Group. Through this participation, the companies of the EUROGATE Group were proportionately consolidated in the consolidated financial statements up to the year 2012. The introduction of IFRS 11 requires inclusion, retrospective from January 1, 2013, under the equity method. In order to ensure transparency, the CONTAINER Division is presented separately in the reconciliation of the total of the reportable segments with the data of the BLG Group.

The operations of the divisions are described in detail in note number 2.

BLG AG and BLG KG, as a management and financial holding company of the BLG Group, are not an operating segment as defined by IFRS 8. These central areas, with their assets, liabilities and results, are included in the reconciliation column. Regarding information employees, the central areas are called "Services". The relevant disclosures can be found on page 54 in the group management report.

The BLG Group is predominantly active in Germany. EUR 962,244,000 of Group revenue (previous year: EUR 862,334,000) is attributable to Germany and EUR 83,395,000 (previous year: EUR 76,271,000) to other countries. The basis for this allocation is the location at which the Group performs services. EUR 311,543,000 of the non-current intangible assets and the Group's fixed assets (previous year: EUR 335,067,000) are in Germany and EUR 4,585,000 (previous year: EUR 5,753,000) are in other countries.

At least 22 per cent of total Group revenues were generated with Group's largest customer. Of this amount, EUR 188,488,000 (previous year: EUR 179,388,000) is attributable to domestic business and EUR 50,409,000 (previous year: EUR 45,326,000) to foreign business.

Control of the BLG Group is on the basis of the financial data of the operating segments determined in accordance with IFRS; the accounting policies described in note number 6 apply to the segments in the same way as for the entire Group. Key indicators for the success of the segments are earnings before taxes (EBT), return on capital employed (ROCE), EBIT (operating result), EBIT margin and free cash flow (FCF).

Depreciation and amortization relate to the permanent assets of the segment.

Segment assets do not include shares in companies accounted for using the equity method, or deferred or current taxes. There are no segment assets not required for operations.

Segment liabilities include those necessary for financing current liabilities, and provisions excluding interest-bearing loans.

Investments are additions to fixed assets and non-current intangible assets.

The reconciliation of the total of the reportable segments with the Group data is as follows for the main items of segment reporting:

Revenue with external third parties TEUR	**2016**	2015
Total of the reportable segments	1,367,975	1,236,119
Central areas / other revenues	0	0
CONTAINER Division	-319,687	-295,661
Consolidation	-2,649	-1,853
Group revenues	**1,045,639**	**938,605**

EBIT TEUR	**2016**	2015
Total of the reportable segments	69,463	63,613
Central areas / other EBIT	-14,352	-15,872
CONTAINER Division	-47,236	-43,424
Consolidation	30,661	31,029
Group EBIT	**38,536**	**35,346**

Segment earnings/Earnings before taxes (EBT) TEUR	**2016**	2015
Total of the reportable segments	50,305	49,072
Central areas / other EBT	42,455	30,266
CONTAINER Division	-41,985	-40,055
Consolidation	-20,000	-9,557
Group segment earnings (EBT)	**30,775**	**29,726**

Assets TEUR	2016	2015
Total of the reportable segments	935,061	976,402
Central areas / other assets	613,234	677,937
Interest in companies accounted for under the equity method	138,943	123,693
Deferred tax assets	5,636	1,236
Reimbursement rights from income taxes	2,177	1,904
CONTAINER Division	-380,481	-400,375
Consolidation	-606,673	-650,716
Group assets (assets)	**707,897**	**730,081**

Debts TEUR	2016	2015
Total of the reportable segments	499,253	464,021
Central areas / other liabilities	136,615	132,451
Equity	219,307	214,032
Non-current borrowings (not including the short-term portion)	157,268	191,651
Other non-current financial liabilities	27,751	29,730
Deferred tax liabilities	6,736	7,731
Short-term portion of non-current borrowings	21,334	19,139
Short-term portion of finance leases	789	1,199
CONTAINER Division	-189,860	-179,983
Consolidation	-171,296	-149,890
Group liabilities (liabilities)	**707,897**	**730,081**

Other notes

39. Financial instruments

Aims and methods of financial risk management

The principal financial instruments used to finance the Group include long-term borrowings, short-term loans and cash, including short-term deposits with banks. The focus is on financing the operations of the BLG Group. The BLG Group has access to a range of other financial instruments, such as trade receivables and payables, that arise as part of its operations.

Interest rate derivatives are only used to hedge outstanding risks and are solely used to improve credit terms and to limit the risk of interest rate changes as part of financial matching strategies. Derivatives used to hedge commodity prices are used exclusively to limit risks of price increases. In principle, derivatives are not used for trading or speculative purposes.

The material risks for the Group resulting from financial instruments are credit risks, foreign currency risks, liquidity risks and interest rate risks. The management creates risk management guidelines for each of these risks, which are summarized below, and verifies compliance with these guidelines.

At Group level the existing market price risk is also observed for all financial instruments. The derivatives accounting policies of the Group are presented in note number 6 i).

Credit risk

The Group's credit risk mainly results from trade receivables. The amounts in the group statement of financial position are shown net of impairment losses for probable uncollectable receivables that were estimated on the basis of historical trends and the current economic environment. Due to the ongoing monitoring of receivables by the management, the BLG Group is not currently exposed to any significant credit risks. A breakdown of the carrying amounts of trade receivables with respect to timely settlement by the counterparty and credit risk is included in note number 25.

The credit risk is limited in respect of liquid funds and derivative financial instruments because these are held at banks that have been awarded high credit ratings from international rating agencies.

The maximum credit risk of the Group is represented by the carrying amounts of the financial assets recognized in the statement of financial position (including derivative financial instruments with positive fair value). At the reporting date, there are no significant credit risk mitigation agreements or hedges. The Group is also exposed to credit risk through the acquisition of financial guarantees; at the balance sheet date, this amounts to a maximum of EUR 2,181,000 (previous year: EUR 2,173,000).

There are no significant concentrations of credit risk in the Group.

Carrying amounts and fair values of financial instruments by classes, balance sheet items and valuation categories under IAS 39

In the tables shown on the following pages, the financial instruments are listed according to the above criteria, including the indication of their level in the fair value hierarchy. The valuation categories are set out in notes number 6e, 6g, 6h and 6i.

The classification in the levels of the fair value hierarchy is based on the assessment procedures used and is described in note number 1 in the section "Determination of fair values".

The tables do not contain fair values for financial assets and financial liabilities not measured at fair value, for which no significant effects result from measurement at fair value due to the short maturity and the carrying amount thus represents a reasonable approximation of fair value.

Non-current financial assets include available-for-sale financial assets in the amount of EUR 473,000 (previous year: EUR 486,000) which relate to shares in partnerships and corporations for which no active market exists. As future cash flows cannot be reliably determined, the fair value cannot be calculated using a valuation model. The investments are presented at cost.

In the reporting year, the shares in AUTOMOBILE LOGISTICS CZECH s.r.o. i. L., Nošovice, Czech Republic, were derecognized when the company was liquidated. In addition, BLG AutoTerminal Duisburg Beteiligungs-GmbH, Duisburg, was merged into BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen, as part of the internal restructuring of the Group. In addition, no investments in these corporations and partnerships were derecognized or sold. There are no plans to sell or derecognize parts of the reported investments in the near future.

With the exception of non-current bank loans and finance lease liabilities there are no significant differences between the carrying amounts and fair values of the financial instruments.

The following significant methods and assumptions were used in determining the fair values:

The fair values are determined using the discounted cash flow method based on the expected future cash flows and current interest rates for comparable borrowing arrangements that are either directly or indirectly observable on the market.

The yield curve of risk-free German government bonds plus a company-specific, similar maturity risk premium is used as the market interest rate. With instalment payment arrangements, the risk premium over the average maturity is taken into account.

The level 2 fair value of derivative financial instruments is based on the fair value information from banks. The fair values of the interest rate swaps are checked for plausibility by discounting the expected future cash flows using market interest rates for similar instruments. The forward rates of the reference interest rates of the hedging instruments used, are used to determine the variable cash flow. The credit spread is not the subject of the hedging relationship.

Carrying amounts of financial instruments classified by balance sheet item, classes and categories TEUR	Carrying amounts							Fair values	
12/31/2016	Loans and receivables	Financial liabilities at cost	Available for sale	Classified as fair value – through profit or loss	Held for trading	Fair value hedging	Total carrying amount	Fair value level	Fair value
ASSETS									
Financial assets measured at fair value									
current									
Hedged derivatives	--	--	--	--	--	201	201	2	201
Unhedged derivatives	--	--	--	--	--	--	--	2	--
	0	**0**	**0**	**0**	**0**	**201**	**201**		
Financial assets not measured at fair value									
non-current									
Interests in subsidiaries and other investments	--	--	473	--	--	--	473		n.r.m.
Other financial investments	--	--	--	--	--	--	0		n.r.m.
Other non-current financial receivables	4,716	--	--	--	--	--	4,716	2	4,716
Miscellaneous other non-current assets	20	--	--	--	--	--	20	2	20
current									
Trade receivables	181,785	--	--	--	--	--	181,785		n.i.
Current financial receivables	32,231	--	--	--	--	--	32,231		n.i.
Miscellaneous other current assets	1,281	--	--	--	--	--	1,281		n.i.
Cash and cash equivalents	12,867	--	--	--	--	--	12,867		n.i.
	232,900	**0**	**473**	**0**	**0**	**0**	**233,373**		

n.r.m. = not reliably measurable n.i. = no information

Carrying amounts of financial instruments classified by balance sheet item, classes and categories TEUR	Carrying amounts							Fair values	
12/31/2016	Loans and receivables	Financial liabilities at cost	Available for sale	Classified as fair value – through profit or loss	Held for trading	Fair value hedging	Total carrying amount	Fair value level	Fair value
LIABILITIES									
Financial liabilities measured at fair value									
non-current									
Contingent considerations	--	--	--	3,827	--	--	3,827	3	3,827
current									
Hedged derivatives	--	--	--	--	--	2,943	2,943	2	2,943
Unhedged derivatives	--	--	--	--	--	--	0	2	--
Contingent considerations				1,209		--	1,209	3	1,209
	0	**0**	**0**	**5,036**	**0**	**2,943**	**7,979**		
Financial liabilities not measured at fair value									
non-current									
Long-term loans	--	157,268	--	--	--	--	157,268	2	160,477
Finance lease liabilities	--	893	--	--	--	--	893	2	951
Other non-current financial liabilities	--	23,031	--	--	--	--	23,031	2	23,031
Miscellaneous other non-current liabilities	--	364	--	--	--	--	364	2	364
current									
Trade payables	--	83,151	--	15	--	--	83,166		n.i.
Current financial liabilities to banks	--	37,773	--	--	--	--	37,773	2	37,785
Finance lease liabilities	--	789	--	--	--	--	789	2	813
Other current financial liabilities	--	44,600	--	--	--	--	44,600		n.i.
Other current liabilities	--	10,415	--	--	--	--	10,415		n.i.
	0	**358,284**	**0**	**15**	**0**	**0**	**358,299**		

n.r.m. = not reliably measurable n.i. = no information

Carrying amounts of financial instruments classified by balance sheet item, classes and categories TEUR	Carrying amounts							Fair values	
12/31/2015	Loans and receivables	Financial liabilities at acquisition cost	Available for sale	Classified as fair value – through profit or loss	Held for trading	Fair value hedging	Total carrying amount	Fair value level	Fair value
ASSETS									
Financial assets measured at fair value									
current									
Hedged derivatives	--	--	--	--	--	--	--	2	--
Unhedged derivatives	--	--	--	--	--	--	--	2	--
	0	**0**	**0**	**0**	**0**	**0**	**0**		
Financial assets not measured at fair value									
non-current									
Interests in subsidiaries and other investments	--	--	483	--	--	--	483		n.v.b.
Other financial investments	--	--	3	--	--	--	3		n.v.b.
Other non-current financial receivables	6,325	--	--	--	--	--	6,325	2	6,325
Miscellaneous other non-current assets	20	--	--	--	--	--	20	2	20
current									
Trade receivables	181,959	--	--	--	--	--	181,959		n.i.
Current financial receivables	43,305	--	--	--	--	--	43,305		n.i.
Miscellaneous other current assets	1,783	--	--	--	--	--	1,783		n.i.
Cash and cash equivalents	15,935	--	--	--	--	--	15,935		n.i.
	249,327	**0**	**486**	**0**	**0**	**0**	**249,813**		

n.r.m. = not reliably measurable n.i. = no information

Carrying amounts of financial instruments classified by balance sheet item, classes and categories TEUR	**Carrying amounts**							**Fair values**	
12/31/2015	Loans and receivables	Financial liabilities at acquisition cost	Available for sale	Classified as fair value – through profit or loss	Held for trading	Fair value hedging	Total carrying amount	Fair value level	Fair value
LIABILITIES									
Financial liabilities measured at fair value									
non-current									
Contingent considerations	--	--	--	7,286	--	--	7,286	3	7,286
current									
Hedged derivatives	--	--	--	--	--	2,522	2,522	2	2,522
Unhedged derivatives	--	--	--	--	--	--	0	2	--
Contingent considerations	--	--	--	1,779	--	--	1,779	3	1,779
	0	**0**	**0**	**9,065**	**0**	2,522	**11,587**		
Financial liabilities not measured at fair value									
non-current									
Long-term loans	--	191,651	--	--	--	--	191,651	2	193,932
Finance lease liabilities	--	1,327	--	--	--	--	1,327	2	1,418
Other non-current financial liabilities	--	21,117	--	--	--	--	21,117	2	21,117
Miscellaneous other non-current liabilities	--	142	--	--	--	--	142	2	142
current									
Trade payables	--	77,118	--	--	--	-	77,118		n.i.
Current financial liabilities to banks	--	51,389	--	--	--	--	51,389	2	51,466
Finance lease liabilities	--	1,199	--	--	--	--	1,199	2	1,239
Other current financial liabilities	--	43,288	--	--	--	--	43,288		n.i.
Other current liabilities	--	11,645	--	--	--	--	11,645		n.i.
	0	**398,876**	**0**	**0**	**0**	**0**	**398,876**		

n.r.m. = not reliably measurable n.i. = no information

The level 3 fair value for contingent considerations in connection with the acquisition of shares in BLG Sports & Fashion Logistics GmbH is determined on the basis of the medium-term planning using the discounted cash flow method. The main inputs in the valuation, which are based on unobservable market data, are the pro rata annual profits for the reporting year and the subsequent years which are attributable to the seller, as well as the - partially weighted - expected pre-tax results from the existing business and the new business of BLG Sports & Fashion Logistics GmbH. In the calculation of the contingent considerations, collateral haircuts were recorded for individual components to take account of non-fulfilment risks. The valuation was carried out using discount rates of 5.21 to 5.29 per cent for matching maturities.

The following table shows the reconciliation of liabilities from contingent considerations at fair value.

TEUR	2016	2015
As at January 1	9,065	--
Contingent considerations from business combinations	87	8,489
Payments of contingent considerations	-1,751	--
Realized changes to fair value recognized in the income statement	-560	0
of which included in income from the settlement of debts	-560	
Unrealized changes to fair value recognized in the income statement	-1,790	576
of which recognized in income from the settlement of debts	-1,989	
of which recognized in other non-operating expenses		405
of which recognized in interest income	199	171
As at December 31	**5,051**	**9,065**

The contingent considerations of EUR 5,036,000 (previous year: EUR 9,065,000) mainly result from the acquisition of the shares in BLG Sports & Fashion Logistics GmbH, Hörsel. Of this amount, EUR 5,036,000 (previous year: EUR 7,970,000) are attributable to the present value of future dividend payments and EUR 0 (previous year: EUR 1,095,000) to additional purchase prices, which are dependent on the achievement of agreed operational targets. The expected range of possible payments related to this part of the contingent consideration is nominally between EUR 0 and EUR 4,500,000. There is no limit to the amount of a portion of the contingent considerations.

The reduction in the fair value of liabilities from contingent considerations is recognized in the income statement for the reporting year, primarily based on the medium-term planning of the previous year, the changed expectations with regard to the planning results of the following years and shifts between the expected pre-tax results from the existing business and the new business of BLG Sports & Fashion Logistics GmbH.

A significant increase (decrease) in the profits for the year or the pre- tax results from the existing business and the new business of BLG Sports & Fashion Logistics GmbH would result in a higher (lower) fair value of liabilities from contingent considerations, while a significant increase (decline) in the discount rates would result in a lower (higher) fair value of the liabilities.

For the fair value of the contingent considerations, a possible change in one of the key input factors based on unobservable market data, while retaining the other input factors, would have had the following effects on the amount of the contingent consideration.

TEUR	12/31/2016		12/31/2015	
	higher	lower	higher	lower
Profit for the years 2015 - 2019 (10% change)	504	-504	882	-882
Total plan EBT for existing business in the period under review (10% change)	0	0	82	-1,095
Total plan EBT for new business in the period under review (10% change)	0	0	0	0
Discount rates for matching maturities (1% change)	-73	75	-183	190

Movements between the different levels of the fair value hierarchy are recognized at the end of the reporting period in which they occur. In the reporting year, no movements occurred.

Net result by measurement category

The following net results are attributable to the measurement categories of the financial instruments:

2016 **TEUR**	Subsequent measurement				
	Interest	Fair value	Impairment	Disposals	Net
Loans and receivables (lar)	1,582	0	-4,083	-554	-3,055
Available-for-sale financial assets (afs)	0	0	0	-3	-3
Financial instruments held for trading (hft)	0	0	0	0	0
Hedging	-579	0	0	0	-579
Financial liabilities at amortised cost (flac)	-5,851	0	0	0	-5,851
Financial liabilities at fair value through profit and loss (flpl)	-199	2,549	0	0	2,350
Total	**-5,047**	**2,549**	**-4,083**	**-557**	**-7,138**

2015 **TEUR**	Subsequent measurement				
	Interest	Fair value	Impairment	Disposals	Net
Loans and receivables (lar)	1,320	0	-2,151	-229	-1,060
Available-for-sale financial assets (afs)	0	0	0	401	401
Financial instruments held for trading (hft)	-29	52	0	0	23
Hedging	-811	0	0	0	-811
Financial liabilities at amortised cost (flac)*	-4,960	0	0	0	-4,960
Financial liabilities at fair value through profit and loss (flpl)	-171	-405	0	0	-576
Total	**-4,651**	**-353**	**-2,151**	**172**	**-6,983**

* In accordance with IAS 8.42, the previous year's figures have been changed.

Foreign currency risk

With very few exceptions, the Group companies operate in the euro zone and invoice only in euros. In this respect, currency risk could only arise in isolated cases, such as from foreign dividend income or the purchase of goods and services from abroad.

As of December 31, 2016 and December 31, 2015 there were no significant currency risks in the Group.

Capital risk management

An important capital management goal for the BLG Group is to ensure the continued operations of the company in order to continue to provide earnings to shareholders and to provide other stakeholders with the services to which they are entitled. A further goal is to maintain an optimal capital structure in order to reduce the costs of capital.

The BLG Group monitors its capital using the equity ratio and the debt ratio, calculated as net debt to EBITDA. These two indicators form part of the criteria negotiated with the financing banks for the BLG Group's covenants. The calculation of these indicators normally requires information that does not form part of these consolidated financial statements.

In 2016, the strategy continued to be to secure access to external funds at acceptable costs by complying with the covenants agreed with the banks.

Liquidity risk

Liquidity risks may arise from payment bottlenecks and the resulting higher financing costs. The Group's liquidity is ensured by central cash management at the level of BLG KG. All significant subsidiaries are included in cash management. Due to the control of capital expenditure and credit management, which is also performed centrally, financial resources (loans/leases) can be provided in good time to meet all payment requirements.

The Group's liquidity needs are covered by liquid funds and committed credit lines. As of December 31, 2016, the Group had unused current account credit lines of about EUR 75 million (previous year around: EUR 61 million).

The following tables show the contractually arranged (undiscounted) interest payments and principal repayments of non-current financial liabilities and derivative financial instruments (interest rate swaps).

12/31/2016 **TEUR**		**Cash flows**		
		Non-current loans banks	Liabilities Finance leases	Interest rate swaps
Cash flows 2017	Fixed interest rate	2,045	84	491
	Floating interest rate	766	0	69
	Repayment	21,334	789	0
Cash flows 2018	Fixed interest rate	1,999	93	463
	Floating interest rate	644	0	64
	Repayment	43,888	700	0
Cash flows 2019 - 2021	Fixed interest rate	2,641	16	1,832
	Floating interest rate	1,272	0	-91
	Repayment	56,718	193	0
Cash flows 2022 - 2026	Fixed interest rate	1,013	0	3,592
	Floating interest rate	226	0	-3,224
	Repayment	56,662	0	0
Cash flows 2027 et seqq.	Fixed interest rate	0	0	3,843
	Floating interest rate	0	0	-4,234
	Repayment	0	0	0
Total		**189,208**	**1,875**	**2,805**
Carrying amount (derivatives offset)		**178,602**	**1,682**	**-2,742**

12/31/2015 **TEUR**		**Cash flows**		
		Non-current loans banks	Liabilities Finance leases	Interest rate swaps
Cash flows 2016	Fixed interest rate	2,493	106	521
	Floating interest rate	1,221	0	-33
	Repayment	19,139	1,199	0
Cash flows 2017	Fixed interest rate	2,036	69	491
	Floating interest rate	1,128	0	-31
	Repayment	25,953	498	0
Cash flows 2018 - 2020	Fixed interest rate	3,963	94	1,303
	Floating interest rate	2,069	0	-84
	Repayment	90,984	825	0
Cash flows 2021 - 2025	Fixed interest rate	1,682	0	232
	Floating interest rate	598	0	-15
	Repayment	74,714	4	0
Cash flows 2026 et seqq.	Fixed interest rate	0	0	0
	Floating interest rate	0	0	0
	Repayment	0	0	0
Total		**225,980**	**2,795**	**2,384**
Carrying amount (derivatives offset)		**210,790**	**2,526**	**-2,522**

All non-current financial instruments held at the balance sheet date and for which payments have been contractually arranged are included here. Budget figures for future new liabilities are not included, current liabilities with maturities of up to one year are disclosed in the notes to the individual balance sheet items.

The variable interest payments from financial instruments were calculated using the last interest rate fixed before the balance sheet date.

Loan liabilities to banks are guaranteed via two covenants, based on two financial indicators usually used by banks, the equity ratio and net debt. The financial indicators are reviewed at six monthly intervals after the end of the reporting period on the basis of the relevant group or interim financial statements.

If the agreed covenants are not adhered to, the conditions state that interest rates will rise in two stages, by 0.5 per cent in both cases, followed by the right to terminate.

All covenants were adhered to in the 2016 financial year. For further details on the covenants please see our comments in note number 29.

Interest rate risk

The interest rate risk to which the BLG Group is exposed arises primarily from long-term loans and other non-current financial liabilities.

Interest rate risks are managed with a combination of fixed-interest and variable-interest loan capital. By far the majority of the liabilities to banks have been concluded over the long term or fixed interest rates have been agreed through to the end of the financing term, either originally as part of the loan agreement or via interest rate swaps which have been concluded within micro-hedges for individual variable-interest loans. In addition, against the backdrop of the historically favorable interest rate for the financing requirements of the coming years, interest rate hedges for future loans will be used to some degree by agreeing on forward interest rate swaps.

Interest rate risks are disclosed via sensitivity analyses in accordance with IFRS 7. These show the effects of changes in the market interest rate on interest payments, interest income and expenses, other income items and on equity. The interest rate sensitivity analyses are based on the following assumptions.

With regard to original fixed-interest financial instruments, market interest rate changes only affect the result if these financial instruments are held at fair value. All fixed-interest financial instruments held at amortized cost are not subject to interest rate risks within the meaning of IFRS 7. This applies to all fixed-interest loan liabilities of the BLG Group, including finance lease payables.

When hedging interest rate risks in the form of cash flow hedge-designated interest rate swaps, changes to the cash flows and to the contributions to earnings induced by changes to the market interest rate of the hedged original financial instruments and the interest rate swaps balance each other out almost completely so that there is no interest rate risk. The holding recognized in other comprehensive income of hedging instruments at fair value affects the hedge reserve in equity and is therefore included in the equity-related sensitivity calculation.

Market interest rate changes on original variable-interest financial instruments whose interest payments are not created initially within cash flow hedges against the risks of interest rate changes have an effect on interest income and are thus included in the calculation of income-related sensitivities.

The same applies to interest payments from interest rate swaps which are, as an exception, not contained in a hedge accounting relationship in accordance with IAS 39. In the case of these interest rate swaps, market interest rate changes also have an effect on the fair value and thus affect the result of the valuation from adjustments to the fair value of the financial assets or financial liabilities and are included in the income-related sensitivity calculation.

If the market interest rate at each balance sheet date had been 100 basis points higher (lower), it would have had the following effects on pre-tax profits and equity (before deferred taxes):

TEUR	**12/31/2016**		12/31/2015	
	higher	lower	higher	lower
Effect on profit	-2,431	2,431	-2,512	2,512
Effect on equity (excluding effect on profit)	6,070	-7,358	1,114	-1,129

Fixed interest financial instruments

Fixed interest rates have been agreed for the following loans and other financial instruments. The Group is thus exposed to interest rate risk for the fair value.

12/31/2016 **TEUR**	**Residual maturities**			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Non-current loans from banks	10,109	59,620	31,162	100,891
Interest rate swaps	2,000	18,000	3,000	23,000
Finance lease liabilities	789	893	0	1,682
Total	**12,898**	**78,513**	**34,162**	**125,573**

12/31/2015 **TEUR**	**Residual maturities**			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Non-current loans from banks	8,153	63,025	40,914	112,092
Interest rate swaps	2,000	8,000	15,000	25,000
Finance lease liabilities	1,199	1,323	4	2,526
Total	**11,352**	**72,348**	**55,918**	**139,618**

In the reporting year, fixed-interest liabilities of EUR 4,231,000 to banks for which the fixed interest period expired before the maturity date were fully amortized before maturity.

Floating rate financial instruments

Floating interest rates have been agreed for the following financial instruments. The Group is thus exposed to interest rate risk for the cash flows. The corresponding interest rate swaps are shown with a negative sign, as the interest rate risk offsets the interest rate risk from the loans taken out.

Derivative financial instruments

To reduce the interest rate risk of existing bank liabilities, as of the balance sheet date, there were interest rate swaps in a total amount of EUR 23,000,000 (previous year: EUR 25,000,000), which allow the interest rate to be hedged over the longer term at the relatively low interest rate level that prevailed when the swaps were concluded.

12/31/2016 TEUR	**Residual maturities**			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Non-current loans from banks	11,225	40,986	25,500	77,711
Interest rate swaps	-2,000	-8,000	-3,000	-13,000
Total	**9,225**	**32,986**	**22,500**	**64,711**

12/31/2015 **TEUR**	**Residual maturities**			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Non-current loans from banks	10,986	53,912	33,800	98,698
Interest rate swaps	-2,000	-8,000	-5,000	-15,000
Total	**8,986**	**45,912**	**28,800**	**83,698**

There is also an interest rate swap for a nominal amount of EUR 10,000,000 for a call money line and various interest rate swaps for future loans to be included in the section „Derivative financial instruments".

The Group's other financial instruments, which are not included in the above tables, are not subject to significant interest rate risk.

The interest rate swaps involve the exchange of floating interest payments for fixed-rate payments. The Group is payer of the fixed amounts and recipient of the floating amounts. In accordance with the risk management strategy, the swaps were entered into solely for hedging purposes.

The main conditions of the interest rate swaps are as follows:

Nominal amount (reference figure) 12/31/2016 TEUR	**Hedged underlying transaction**	**Variable interest rate**	**Fixed interest rate**	**Maturity to**	**Fair value 12/31/2016 TEUR**
13,000	Loans	3/6M EURIBOR	1,32 - 1.55 %	2023	-658
10,000	Call money lines	EONIA	3.085 %	2021	-1,516
0	planned Loans	6M EURIBOR	1,045 - 1.974 %	2034	-568
23,000					**-2,742**

Nominal amount (reference figure) 12/31/2015 **TEUR**	**Hedged underlying transaction**	**Variable interest rate**	**Fixed interest rate**	**Maturity to**	**Fair value 12/31/2015 TEUR**
15,000	Loans	3/6M EURIBOR	1,32 - 1.55 %	2023	-674
10,000	Call money lines	EONIA	3.085 %	2021	-1,651
25,000					**-2,325**

The nominal amounts represent the gross volume of all purchases and sales. This figure serves as a benchmark for determining mutually agreed payments, but is not a receivable or liability that can appear on the balance sheet.

It is measured at fair value on the statement of financial position. To determine the fair value of a swap, the expected cash flows are discounted on both sides of the swap based on the current yield curve. The difference between the two amounts is the net fair value of the swap. This market valuation of financial derivatives is the price at which one party would assume the existing contractual rights and obligations of the other party. The fair values were determined based on market conditions existing at the balance sheet date.

The commodity swaps for diesel oil, which were concluded to hedge future purchases in the face of rising diesel prices in the previous year were derecognized at the end of their term in July 2016.

The effectiveness of the hedging relationship between the interest rate swaps and hedged items is measured prospectively by the critical terms match method in accordance with IAS 39.AG108. The effectiveness is reviewed retrospectively at each balance sheet date using an effectiveness test according to the hypothetical derivative method.

Of the interest rate swaps existing as of December 31, 2016, interest swaps in the nominal volume of EUR 23,000,000 (previous year: EUR 25,000,000) meet the criteria for cash flow hedges.
The changes in the fair value of the effective portion of cash flow hedges were recognized directly in equity, taking into account deferred taxes (EUR 128,000, previous year: EUR 539,000).

The changes in the fair value of the ineffective portion of cash flow hedges were recognized profit or loss, taking into account deferred taxes. No ineffective portions were recorded in the reporting year (previous year: EUR +52,000).

Since the reference amounts are reduced with the repayment of the underlying loans in parallel with the loan proceeds, no gains or losses take place as long as the financial instruments are not sold. No sale is planned.

The fair value of the interest rate swaps is recorded under other current assets (EUR 201,000, previous year: EUR 0) and under current financial liabilities (EUR 2,943,000 previous year: EUR 2,522,000).

The remaining maturities of the interest rate swaps are as follows:

12/31/2016 Nominal amounts in TEUR	**Residual maturities**			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
for outstanding loans	2,000	8,000	3,000	13,000
for call money lines	0	10,000	0	10,000
Total	**2,000**	**18,000**	**3,000**	**23,000**

12/31/2015 Nominal amounts in **TEUR**	**Residual maturities**			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
for outstanding loans	2,000	8,000	5,000	15,000
for call money lines	0	0	10,000	10,000
Total	**2,000**	**8,000**	**15,000**	**25,000**

40. Contingent liabilities

The existing contingencies in the BLG Group in favor of investment entities are presented in the following section.

TEUR	12/31/2016	12/31/2015
Overall share of contingent liabilities		
of joint ventures	386	515
of associates	2,000	2,000
Total	**2,386**	**2,515**

Contingent liabilities are stated at their nominal amounts. Maximum guarantees are recognized at their maximum amount. Based on the relationships at the balance sheet date, the actual existence of contingent liabilities on the basis of the underlying liabilities amounted to a total of EUR 2,181,000 (previous year: EUR 2,173,000).

Contingent liabilities primarily relate to the collateralization of credit lines. In addition, in a letter of comfort a Group company has undertaken to equip an associate company with sufficient financial resources to ensure the continuity of business operations.

Taking into account the knowledge gained up to the time this document was prepared, it can currently be assumed that all obligations underlying the contingent liabilities can be met by the respective principal debtors. The risk of a claim is considered low.

41. Other financial liabilities

TEUR	12/31/2016	12/31/2015
Purchase commitments	25,996	14,068
Minimum lease payments under operating leases	155,155	174,654
The minimum payment obligations under leases for land, buildings and wharfs	617,972	637,764
Total	**799,123**	**826,486**

Other financial obligations are stated at their nominal amounts.

The purchase commitments result from contracts entered into for the purchase of fixed assets. Most of the net obligations arising from the purchase commitments are due within the next two years.

Operating leases relate in particular to industrial trucks, conveyor systems, HGVs, tractor trucks and railroad cars and mainly have maturities of between three and ten years. Obligations from **operating leases** are broken down by due dates as follows:

TEUR	12/31/2016	12/31/2015
Due up to one year after the balance sheet date	34,199	32,648
Due in between one and 5 years	86,467	93,649
Due in more than 5 years	34,489	48,357
Total	**155,155**	**174,654**

The shorter contractual terms compared to the industry-standard useful life allows greater flexibility than purchasing with respect to the development of order volume and as regards more rapid adaptation to technical progress. The leases also serve to reduce capital commitments and result in a medium-term improvement in the liquidity situation.

The minimum payment obligations under **leases for land, buildings and wharfs** also represent operating leases pursuant to IAS 17, but are shown separately due to their great importance to the Group. They relate mainly to heritable building rights in the ports of Bremen and Bremerhaven and have terms of up to 32 years. The Group thus secures long-term usage rights to the land required for operations. The obligations are broken down by maturity as follows:

TEUR	12/31/2016	12/31/2015
Due up to one year after the balance sheet date	47,551	43,245
Due in between one and 5 years	123,287	125,450
Due in more than 5 years	447,134	469,069
Total	**617,972**	**637,764**

Claims arising from operating leases - Group as lessor

Obligations under operating leases are offset by the following payment claims from **leases as a sublessor** of land, buildings, wharfs and operating equipment:

TEUR	12/31/2016	12/31/2015
Due up to one year after the balance sheet date	7,753	7,753
Due in between one and 5 years	31,548	31,281
Due in more than 5 years	239,953	247,975
Total	**279,254**	**287,009**

The terms of these sub-leases substantially correspond with those of the main leases.

In the reporting year, payments from leases in the amount of EUR 98,280,000 (previous year: EUR 91,208,000) and from subletting agreements in the amount of EUR 7,874,000 (previous year: EUR 8,773,000) were recognized in the income statement.

42. Disclosures of voting rights

The following disclosures of voting rights from direct or indirect investments in the capital of BLG AG were reported to the Board of Management of BLG AG:

On January 19, 2017, Norddeutsche Landesbank -Girozentrale-, Hannover, notified us pursuant to section 21 (1) WpHG (German Securities Trading Act) that its share of voting rights (held by the subsidiary Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale-, Bremen) in BLG AG fell below the threshold of 10 per cent on January 1, 2017, and amounted to 0.0 per cent (corresponding to 0 voting rights) at this time. All voting rights were attributable to Norddeutsche Landesbank -Girozentrale-, Hannover, pursuant to section 22 (1) sentence 1 no. 1 WpHG.

On April 9, 2002, the Free Hanseatic City of Bremen -municipality- notified us pursuant to section 41 (2) sentence 1 WpHG that its share of voting rights amounted to 50.42 per cent (corresponding to 1,936,000 voting rights) as of April 1, 2002.

Bremer Verkehrsgesellschaft mbH, Bremen, a subsidiary of the Free Hanseatic City of Bremen -municipality-, informed us on December 23, 2016 pursuant to section 21 (1) WpHG that its share of voting rights in BLG AG exceeded the threshold of 10 per cent on December 13, 2016, and at that time amounted to 12.61 per cent (corresponding to 484,032 voting rights). Pursuant to section 22 (1) sentence 1 no. 1 WpHG, all voting rights are attributable to the Free Hanseatic City of Bremen -municipality- , which now has a total voting share of 63.03 per cent (corresponding to 2,420,032 voting rights). The shares were transferred with effect from January 1, 2017.

On November 18, 2016, the Waldemar-Koch Foundation, Bremen, notified us pursuant to section 21 (1) WpHG that its share of voting rights in BLG AG exceeded the threshold of 5 per cent on November 15, 2016, and at that time amounted to 5.23 per cent (corresponding to 200,814 voting rights). All voting rights are attributable to the Waldemar-Koch Foundation, Bremen.

On April 8, 2002, the financial holding company of the Sparkasse in Bremen, Bremen, notified us pursuant to section 41 (2) sentence 1 WpHG that its share of voting rights in BLG AG amounted to 12.61 per cent (corresponding to 484,032 voting rights) on April 1, 2002. All voting rights are attributable to the financial holding company of Sparkasse in Bremen, Bremen.

The current shareholder structure and voting rights disclosures are available on our website at **www.blg-logistics.com/en/investor-relations/aktie**.

43. Related party disclosures

Identification of related parties

According to IAS 24, relationships with related parties that control the BLG Group or are controlled by it or on which the BLG Group can exercise significant influence must be disclosed.

Related parties represent in particular majority shareholders, subsidiaries, provided that they are not already included as consolidated companies in the consolidated financial statements, joint ventures, associates or intermediary companies.

In addition, the Board of Management and the Supervisory Board of BLG AG and level 1 executives also represent related parties as defined in IAS 24; these also include family members of the aforementioned groups. A list of the composition of the Board of Management and the Supervisory Board as well as further information about these groups is provided in note number 44. There were no reportable transactions between members of the Board of Management, the Supervisory Board, level 1 executives and their family members and the BLG Group during the 2016 financial year.

Material transactions with shareholders: Relationships with the Free Hanseatic City of Bremen (municipality of Bremen)

The Free Hanseatic City of Bremen (municipality) is the majority shareholder of BLG AG, with a 50.4 per cent share of the subscribed capital. In accordance with Article 148 of the Constitution of the Free Hanseatic City of Bremen, the Bremen Senate is both the state government and statutory body of the municipality of Bremen. Due to the fact that the statutory bodies of the Free Hanseatic City of Bremen (municipality) and the Free Hanseatic City of Bremen (state) are identical, this body is consequently considered a related party or ultimate controlling party within the meaning of IAS 24.

[1] As of January 1, 2017, the 12.6 per cent shareholding of Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale- in BLG AG was transferred to Bremer Verkehrsgesellschaft mbH, an investment of the Free Hanseatic City of Bremen -municipality-. See also the comments in note number 42.

The Free Hanseatic City of Bremen (municipality) has provided BLG KG with heritable building rights with a remaining term of up to 32 years for the land used by the company and its subsidiaries. BLG Group paid a total of EUR 14.9 million (previous year: EUR 14.9 million) for ground rent in 2016.

Transactions with affiliates of the Free Hanseatic City of Bremen (municipality) and (state)

Individual companies of the BLG Group maintain ongoing business relationships with affiliates of the Free Hanseatic City of Bremen (municipality).

BLG has taken out various loans from Bremer Landesbank Kreditanstalt Oldenburg-Girozentrale[1]. As of December 31, 2016, the loan liabilities amounted to EUR 42,462,000. Loan liabilities of EUR 6,116,000 were repaid in the reporting year. Current accounts are maintained for ongoing business. As at the reporting date, bank overdrafts amounted to EUR 8,959,000. In addition, four interest rate swaps were concluded to hedge the interest rate risk from variable rate liabilities, of which two interest rate swaps were concluded in the reporting year. All transactions are conducted at arm's length conditions.

BLG KG took out several loans from BLG Unterstützungskasse GmbH, Bremen. The loan liabilities amounted to EUR 25,600,000 as of December 31, 2016. In the reporting year, no loan liabilities were repaid and no new loan liabilities were taken out. In addition, BLG Unterstützungskasse GmbH has been included in the central cash management of BLG KG since September 1, 2012. The interest on the funds provided is based on unchanged customary market terms. At the balance sheet date, liabilities from cash management were EUR 1,076,000.

Relationships with unconsolidated subsidiaries, joint ventures and associates

Transactions by the Group companies with joint ventures, associates and unconsolidated companies all arose in the ordinary course of business. The extent of the business relationships of the joint ventures and associates is shown in the following overview.

Receivables from unconsolidated affiliates, joint ventures and associated companies were, as in the previous year, neither impaired nor derecognized.

Balance as of December 31, 2016

TEUR	Income	Expenditure	Receivables	Liabilities
Affiliates	13	22	0	278
Joint ventures	43,997	18,405	27,087	1,046
Associates	819	3,503	686	61

Balance as of December 31, 2015

TEUR	Income	Expenditure	Receivables	Liabilities
Affiliates	14	26	0	302
Joint ventures	58,069	18,825	45,459	923
Associates	1,169	2,121	966	415

44. Information on the Supervisory Board and the Board of Management

The disclosures concerning the Supervisory Board and the Board of Management have been examined by the auditor of the consolidated financial statements. In order to avoid duplication they are reported at another position in the Annual Report: The composition of Board of Management and Supervisory Board as well as memberships of the Executive Board and the Supervisory Board in other bodies within the meaning of section 125 paragraph 1 sentence 5 German Stock Corporation Act can be seen on page 166 and page 164 et seqq.

Transactions with the Board of Management and the Supervisory Board

Transactions with the Board of Management and Supervisory Board were limited to services rendered in connection with positions within the committee and the contractual arrangements and the remuneration paid for these services.

For BLG AG as a listed stock corporation, in the interests of clarity and transparency both the information on the itemized remuneration and the description of the principles of the remuneration systems are summarized on page 12 et seqq. of the Corporate Governance Report whose remuneration report is at the same time part of the management and Group management report.

45. Exercise of exemption options by subsidiaries

The following subsidiaries, which are fully consolidated in the consolidated financial statements, use the option of exemptions pursuant to section 264 (3) of the German Commercial Code (Handelsgesetzbuch) and section 264b of the German Commercial Code:

- BLG LOGISTICS GROUP AG & Co. KG, Bremen
- BLG AUTOMOBILE LOGISTICS GmbH & Co. KG, Bremen
- BLG Industrielogistik GmbH & Co. KG, Bremen
- BLG AutoRail GmbH, Bremen
- BLG AutoTec GmbH & Co. KG, Bremerhaven
- BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven
- BLG AutoTerminal Cuxhaven GmbH & Co. KG, Cuxhaven
- BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen
- BLG AutoTerminal und Fahrzeuglogistik GmbH & Co. KG, Bremen
- BLG AutoTransport GmbH & Co. KG, Bremen
- BLG Cargo Logistics GmbH, Bremen
- BLG Handelslogistik GmbH & Co. KG, Bremen
- BLG Logistics Solutions GmbH & Co. KG, Bremen
- BLG RailTec GmbH, Uebigau-Wahrenbrück
- BLG Sports & Fashion Logistics GmbH, Hörsel
- BLG WindEnergy Logistics GmbH & Co. KG, Bremerhaven

46. Events after the balance sheet date

On February 6, 2017, BLG Automobile Logistics Süd-/Osteuropa GmbH, Bremen, increased its shareholding in the company Autoterminal Slask Logistic Sp. z o. o., Dabrowka Gornicza, Poland, which was previously included under the equity method, from 50 per cent to 100 per cent. In the future, the company will therefore be accounted for using the full consolidation method.

With its central location in Europe, the site in Southern Poland is viewed as a key pillar in the strategy for Eastern Europe. The acquisition of the shares is intended to create the conditions in the medium term to form a strategic partnership with a competitor and thereby generate additional vehicle volume for the terminal.

The share purchase was made with cash in the amount of EUR 469,000. The fair values of the identifiable assets essentially correspond to the carrying amounts at the acquired company. The purchase price allocation had not been completed at the time of preparation of the consolidated financial statements.

47. Group auditor's fees

The fee of the Group auditor pursuant to Section 314 (1) No. 9 of the German Commercial Code for the 2016 financial year is broken down as follows:

TEUR	2016
Audits	417
Other certifications	62
Tax advisory services	5
Other services	6
Total	**490**

48. Corporate Governance Code

A declaration of conformity with the German Corporate Governance Code as amended on May 5, 2015, was issued by the Board of Management on November 22, 2016, and by the Supervisory Board of BLG AG on December 15, 2016. The declaration has been made permanently available on our website:
www.blg-logistics.com/ir.

Bremen, March 14, 2017

BREMER LAGERHAUS-GESELLSCHAFT
-Aktiengesellschaft von 1877-

THE BOARD OF MANAGEMENT

WE WANT TO ACHIEVE THE HIGHEST POSSIBLE DEGREE OF TRANS-PARENCY. WE ARE IN CONTINUOUS DIALOGUE WITH OUR STAKEHOLDERS.

04

Further Information

THE SUPERVISORY BOARD AND ITS MANDATES

Name	Town	Function / Profession
Dr. Stephan-Andreas Kaulvers	Bremen	**Chairman**
appointed since June 21, 2006		Former Chairman of the Management Board of
		Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen
Christine Behle	Berlin	**Deputy Chairwoman**
appointed since May 23, 2013		Member of the Executive Committee of the trade union ver.di
		Vereinte Dienstleistungsgewerkschaft, Berlin
Karl-Heinz Dammann	Langen	Chairman of the corporate works council of EUROGATE GmbH & Co. KGaA, Bremen
appointed since July 1, 2009		Chairman of the works council of EUROGATE Container Terminal Bremerhaven GmbH, Bremerhaven
Melf Grantz	Bremerhaven	Mayor of the city of Bremerhaven, Bremerhaven
appointed since March 1, 2011		
Martin Günthner	Bremerhaven	Senator of Economics, Labor and Ports as well as
appointed since May 1, 2010		Senator of Justice and Constitution of the Free Hanseatic City of Bremen, Bremen
Birgit Holtmann	Schwanewede	Human Resources / Legal Director
appointed since January 1, 2016		EUROGATE GmbH & Co. KGaA, KG, Bremen
Wolfgang Lemke	Geestland	Former Chairman of the Group Works Council
appointed since June 30, 2003		BLG LOGISTICS GROUP AG & Co. KG, Bremen
until June 1, 2016		
Karoline Linnert	Bremen	Mayor and Senator for Finance of
appointed since September 11, 2007		Free Hanseatic City of Bremen, Bremen
Dr. Klaus Meier	Bremen	Managing partner of wpd Windmanager GmbH & Co. KG, Bremen
appointed since May 31, 2012		Lawyer
Dr. Tim Nesemann	Bremen	Chairman of the Board of Management of Finanzholding der Sparkasse in Bremen
appointed since April 1, 2011		Chairman of Die Sparkasse Bremen AG, Bremen
Klaus Pollok	Hambergen	Chairman of the Works Council
appointed since June 2, 2016		BLG AutoTerminal Bremerhaven GmbH & Co. KG
Dirk Reimers	Lehrte	former regional secretary at ver.di Vereinte Dienstleistungsgewerkschaft
appointed since February 1, 2011		district of Niedersachsen-Bremen, Bremen
until May 31, 2016		
Stefan Schubert	Bremen	Department Manager at ver.di Vereinte Dienstleistungsgewerkschaft
appointed since June 3, 2016		district of Niedersachsen-Bremen, Bremen
Gerrit Schützenmeister	Bremerhaven	Member of the Works Council
appointed since June 5, 2008		BLG AutoTec GmbH & Co. KG, Bremerhaven
Dieter Strerath	Bremen	Chairman of the Group Works Council
appointed since March 1, 2011		BLG LOGISTICS GROUP AG & Co. KG, Bremen
Reiner Thau	Schenefeld	Chairman of the Works Council
appointed since October 15, 2013		EUROGATE Container Terminal Hamburg GmbH, Hamburg
Dr. h.c. Klaus Wedemeier	Bremen	Retired senator of the Free Hanseatic City of Bremen, Bremen
appointed since May 30, 2014		
Dr. Patrick Wendisch	Bremen	Managing Partner of Lampe & Schwartze KG, Bremen
appointed since June 5, 2008		

1) The information relates to memberships in legally required Supervisory Boards as well as membership in comparable domestic and foreign control bodies of business enterprises.

Committees				
Audit Committee	**Personnel Committee**	**Investment Committee**	**Committee established by Section 27(3) of the German Codetermination Act (MitbestG)**	**Mandate[1]**
	■ Chairman	■ Chairman	■ Chairman	EWE Aktiengesellschaft, Oldenburg
				EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
	■ deputy	■	■ deputy	Deutsche Lufthansa AG, Cologne, Deputy Supervisory Board Chairman
	Chairman		Chairman	Bochum-Gelsenkirchener-Straßenbahn AG, Bochum
				Hapag Lloyd AG, Hamburg, Deputy Supervisory Board Chairman
■	■		■	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
				EUROGATE Container Terminal Bremerhaven GmbH, Bremerhaven
	■		■	no membership in other bodies
	■	■	■	swb AG, Bremen
				Weser-Elbe-Sparkasse, Bremerhaven
				EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
■	■	■	■	no membership in other bodies
■		■		Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -, Bremen (until June 30, 2016)
				EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
	■		■	Chairman, Deutsche Windtechnik AG, Bremen
				Chairman, wpd AG, Bremen
■				Chairman, Freie Internationale Sparkasse S.A., Luxembourg
				GEWOBA Aktiengesellschaft Wohnen und Bauen, Bremen
	■	■	■	no membership in other bodies
■				no membership in other bodies
■				hanseWasser Bremen GmbH, Bremen (until October 31, 2016)
				no membership in other bodies
■	■	■	■	no membership in other bodies
				EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
				EUROGATE Container Terminal Hamburg GmbH, Hamburg
				no membership in other bodies
■ Chairman				OAS Aktiengesellschaft, Bremen

THE BOARD OF MANAGEMENT AND ITS MANDATES

Name	Town	Function / Departments	Mandates[1]
Frank Dreeke	Ganderkesee	Chairman	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen,
born 1959		Compliance	2nd Deputy Chairman
appointed until December 31, 2022		Executive Staff	
		Board of Management Coordination	
		Sustainability/New Technologies	
		Corporate Communications	
		Corporate Strategy	
		Transport Policy	
		CONTRACT Division (on a temporary basis from January 1, 2016 until June 30, 2016)	
Jens Bieniek	Delmenhorst	Controlling / Risk Management	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
born 1964		Corporate Services	
appointed until May 31, 2021		Purchasing	
		International Corporate Finance / M&A	
		IT	
		Legal	
		Treasury	
Michael Blach	Bremen	AUTOMOBILE Division	AutoTerminal Gioia Tauro S.p.A., San Ferdinando, Italy
born 1964		(until December 31, 2016)	Chairman
appointed until May 31, 2021		CONTAINER Division	
		(since January 1, 2017)	
Andrea Eck	Bremen	AUTOMOBILE Division	Chairman
born 1963			
appointed since January 1, 2017			
appointed until December 31, 2019			
Emanuel Schiffer	Bremerhaven	CONTAINER Division	EUROGATE Container Terminal Bremerhaven GmbH,
born 1951			Bremerhaven, Chairman
appointed until December 31, 2016			EUROGATE Container Terminal Hamburg GmbH,
			Hamburg, Chairman
			EUROGATE Technical Services GmbH,
			Hamburg, Chairman
Dieter Schumacher	Bremen	Occupational Safety	no membership in other bodies
born 1955		Human Resources[2]	
appointed until December 31, 2018		Audit	
		Environmental	
Jens Wollesen	Lilienthal	CONTRACT Division	no membership in other bodies
born 1967			
appointed since July 1, 2016			
appointed until June 30, 2019			

[1] The information relates to memberships in legally required Supervisory Boards as well as membership in comparable domestic and foreign control bodies of business enterprises.

[2] Industrial Relations Director.

ADVISORY BOARD

A body of renowned external experts advises BLG LOGISTICS in its strategic international development.

Name	Funktion / Organisation
Prof. Dr.-Ing. Frank Straube	Chairman
	Managing Director / Head of Logistics
	Technical University Berlin
Dr. Ottmar Gast	Management spokesman
	Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG, Hamburg
Prof. Dr. Bernd Gottschalk	Managing Director
	AutoValue GmbH, Frankfurt
Hans-Jörg Hager	President
(until October 28, 2016)	Unternehmer-Colloquium Spedition (UCS (Forwarding - Entrepreneur Colloquium), Stuttgart
Ewald Kaiser	Member of the Management Board
	Schenker AG, Essen
Dr. Stephan-Andreas Kaulvers	Former Chairman of the Management Board
	Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen
	Chairman of the Supervisory Board
	BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen
Andreas Kellermann	Head of the worldwide production network for rear-wheel-drive vehicles (S, E, C class)
	Daimler AG, Sindelfingen
Volker Lange	Retired senator
	Honorary President of the Association of International Motor Vehicle Manufacturers, Bad Homburg
Dr. Karl May	Head of Program Flexibility Management, Reorientation Planning and Ordering Process
	BMW AG, Munich
Dr. Florian Schupp	Head of Automotive Purchasing and After-Market
	Schaeffler Group, Herzogenaurach
Carsten Sieling	Mayor and President of the Senate
(since February 15, 2016)	Free Hanseatic City of Bremen, Bremen
Martin Weber	Managing Director
	DVV Media Group GmbH, Hamburg
Michael Westhagemann	CEO Northern Region
	Siemens AG, Hamburg
Prof. Dr.-Ing. Katja Windt	President
	Jacobs University Bremen gGmbH, Bremen
Thomas Zernechel	Head of Group Logistics
(until October 17, 2016)	Volkswagen AG, Wolfsburg

ASSURANCE OF THE LEGAL REPRESENTATIVES

We declare according to the best of our knowledge and belief that, in accordance with the accounting principles to be applied, the consolidated financial statements present a true and fair view of the net worth, financial position and results of the Group and the Group Management Report conveys a true and fair view of the business trend, including the business result, and of the situation of the Group and describes the major opportunities and risks in connection with the expected development of the Group.

Bremen, March 14, 2017

THE BOARD OF MANAGEMENT

Frank Dreeke	Jens Bieniek	Michael Blach
Andrea Eck	Dieter Schumacher	Jens Wollesen

AUDIT OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the Consolidated Financial Statements prepared by BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, and BLG LOGISTICS GROUP AG & Co. KG, Bremen consisting of the Income Statement, Statement of Comprehensive Income, Balance Sheet, Group Statement of Changes in Equity, Cash Flow Statement and Notes to the Group Financial Statements as well as the Group Management Report for the financial year from January 1 to December 31, 2016. The legal representatives of the company are responsible for preparing the Consolidated Financial Statements and the Group Management Report in accordance with the IFRS, as applicable in the EU, and in accordance with the provisions of German commercial law to be applied additionally pursuant to Section 315a (3) of the German Commercial Code (HGB) in conjunction with Section 315a (1) HGB. Our responsibility is to submit an evaluation of the Consolidated Financial Statements and of the Group Management Report based on our audit.

We conducted our audit of the Consolidated Financial Statements in accordance with Section 317 of the German Commercial Code (HGB), taking into consideration German principles relating to the audit of financial statements as stipulated by the German Institute of Public Auditors (IDW). According to these principles, the audit is to be planned and conducted such that any inaccuracies and violations that have a significant impact on the view of the net worth, financial position and results conveyed by the Group Financial Statement in conformity with generally accepted accounting principles and by the Group Management Report are identified with adequate certainty. Knowledge of the business activities, economic environment and legal framework of the Group as well as the expectations regarding possible errors are taken into account in the definition of the auditing procedures. The effectiveness of the accounting-related internal control system as well as documentary evidence for the data in the Consolidated Financial Statements and Group Management Report are primarily evaluated on the basis of random tests within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, determining the scope of consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, and evaluating the overall presentation of the Consolidated Financial Statements and the Group management report. We are of the view that our audit forms an adequately reliable basis for our evaluation.
Our audit did not lead to any objections.

In our assessment the Consolidated Financial Statements conforms to the IFRS, as they have to be applied in the EU, and to the provisions of German commercial law to be applied additionally in accordance with Section 315a (3) of the German Commercial Code (HGB) in connection with Section 315a (1) HGB, on the basis of the findings gained through the audit and presents a true and fair view of the net worth, financial position and results of the Group in compliance with these provisions. The Group Management Report is consistent with the Consolidated Financial Statements, complies with the statutory provisions, in overall terms accurately reflects the position of the Group and fairly presents the opportunities and risks associated with future developments.

Bremen, March 17, 2017

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Ludwig	Hantke
Auditor	Auditor

TERMS OF ENGAGEMENT, LIABILITY AND RESTRICTIONS ON USE

We, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, conducted our audit of these Group accounts on behalf of the company. In addition to the statutory function of disclosure (Section 325 HGB) in the case of statutory audits, the audit opinion is intended exclusively for the company and has been issued for its internal use. It is not to be used for any other third party purposes or as a basis for any decisions made by such third parties. The result of voluntary audits, summarized in the audit opinion, is therefore not intended to be the basis for decisions by third parties and should not be used for purposes other than those intended.

Our activity is based on our letter confirming our engagement for the purpose of auditing the Group financial statements, including the „General terms of engagement for auditors and auditing firms" in the version dated January 1, 2002, published by the German Institute of Auditors.

For clarification purposes, we would like to point out that we do not assume any responsibility, liability or other obligations to third parties, unless we have concluded a written agreement with the third party or if such a liability exemption would be invalid.

We expressly point out that we will not update the audit opinion with respect to events or circumstances occurring after the date on which it is issued, provided that no legal obligation exists.

Any party that takes note of the results of our activities summarized in the above opinion shall itself be responsible for determining whether and in what form this result is useful and suitable for its purposes and whether it should be extended, verified or updated by its own investigations.

INVESTMENTS

Condensed list of the investment holdings of BLG LOGISTICS for the consolidated financial statements

Cons. no.	Name, registered	Share in %	held through cons. no.
1	BLG LOGISTICS GROUP AG & Co. KG, Bremen	0,00	
	Companies included on basis of full consolidation		
2	BLG Cargo Logistics GmbH, Bremen	100,00	1
3	BLG Coldstore Logistics GmbH, Bremerhaven	100,00	1
4	BLG Handelslogistik GmbH & Co. KG, Bremen	100,00	1
5	BLG Logistics Solutions Italia S.r.l., Mailand, Italy	100,00	4
6	BLG Sports & Fashion Logistics GmbH, Hörsel	51,00	4
7	BLG Industrielogistik GmbH & Co. KG, Bremen	100,00	1
8	BLG Automotive Logistics of South America Ltda., São Paulo, Brazil	100,00	7
9	BLG Logistics, Inc., Atlanta, USA	100,00	7
10	BLG Logistics of South Africa (Pty) Ltd, Port Elizabeth, South Africa	84,07[1]	7
11	BLG Logistics Solutions GmbH & Co. KG, Bremen	100,00	1
12	BLG WindEnergy Logistics GmbH & Co. KG, Bremerhaven	100,00	1
13	INFORTRA GmbH INTERNATIONAL FORWARDING & TRANSPORT, Nieder-krüchten	100,00	1
14	LOGFORTRA GmbH Logistic, Forwarding & Transport, Niederkrüchten	100,00	1
15	BLG AUTOMOBILE LOGISTICS GmbH & Co. KG, Bremen	100,00	1
16	BLG AutoRail GmbH, Bremen	50,00	15
17	BLG RailTec GmbH, Uebigau-Wahrenbrück	50,00	16
18	BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven	100,00	1
19	BLG Automobile Logistics Italia S.r.l., Gioia Tauro, Italy	98,97	18
20	BLG Automobile Logistics Süd-/Osteuropa GmbH, Bremen	100,00	18
21	BLG Automobile Logistics Russia LTD, Nicosia, Cyprus	100,00	20
22	BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia	100,00	21
23	BLG AutoTerminal Gdansk Sp. z o.o., Gdansk, Poland	100,00	20
24	BLG AutoTec GmbH & Co. KG, Bremerhaven	100,00	18
25	BLG AutoTerminal und Fahrzeuglogistik GmbH & Co. KG, Bremen (previously E.H. Harms GmbH & Co. KG Automobile-Logistics, Bremen)	100,00	1
26	BLG AutoTerminal Cuxhaven GmbH & Co. KG, Cuxhaven	100,00	25
27	BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen (previously BLG AutoTerminal Kelheim GmbH & Co. KG, Saal an der Donau)	100,00	25
28	BLG AutoTransport GmbH & Co. KG, Bremen	100,00	25
	Companies included on basis of equity method		
29	EUROGATE GmbH & Co. KGaA, KG, Bremen	50,00	1
30	ZLB Zentrallager Bremen GmbH & Co. KG, Bremen	33,33	1
31	dbh Logistics IT AG, Bremen	27,32	53
32	AutoLogistics International GmbH, Bremen	50,00	7
33	BLG SWIFT LOGISTICS Sdn. Bhd., Kuala Lumpur, Malaysia (previously BLG MILS Logistics Sdn. Bhd., Kuala Lumpur, Malaysia)	60,00[2]	7
34	BLG Parekh Logistics Pvt. Ltd., Mumbai, India	50,00	7
35	BMS Logistica Ltda., São Paulo, Brazil	50,00	8
36	NYK LOGISTICS AND BLG SA Pty. Ltd., Port Elizabeth, South Africa (previously NYK Logistics & BLL (NLB) of South Africa Pty. Ltd., Port Elizabeth, South Africa)	42,88	10

[1] The share of voting rights amounts to 75.04 per cent; non-voting preference shares are additionally held.

[2] The share of voting rights amounts to 40 per cent; non-voting preference shares are additionally held.

Cons. no.	Name, registered	Share in %	held through cons. no.
37	OLB Offshore Logistics Bremerhaven GmbH, Bremerhaven	42,50	12
38	BLG-ESF Warehouse GmbH, Bremen	50,00	2
39	DCP Dettmer Container Packing GmbH & Co. KG, Bremen	50,00	2
40	Hansa Marine Logistics GmbH, Bremen	100,00	2
41	ICC Independent Cargo Control GmbH, Bremen	50,00	2
42	Schultze Stevedoring GmbH & Co. KG, Bremen	50,00	2
43	AutoTerminal Gioia Tauro S.p.A., San Ferdinando, Italy (previously BLG AutoTerminal Gioia Tauro S.p.A., Gioia Tauro, Italy)	49,49	19
44	BLG-Cinko Auto Logistics (Tianjin) Co., Ltd., Tianjin, People's Republic of China	50,00	15
45	BLG Logistics Consulting (Beijing) Co., Ltd., Beijing, People's Republic of China	100,00	15
46	Automobile Logistics Slovakia s.r.o., Bratislava, Slovakia	50,00	18
47	Autoterminal Slask Logistic Sp. z o.o., Dabrowka Gornicza, Poland	50,00	20
48	ATN Autoterminal Neuss GmbH & Co. KG, Neuss	50,00	25
49	BLG CarShipping Koper d.o.o., Koper, Slovenia	100,00	28
50	BLG Interrijn Auto Transport RoRo B.V., Rotterdam, Netherlands	50,00	28
51	BLG LOGISTIKA ADRIATIC d.o.o., Ploče, Croatia	100,00	28
	Companies not included		
52	ZLB Zentrallager Bremen GmbH, Bremen	33,33	1
53	Interessengemeinschaft Datenbank Umschlagbetriebe GbR, Bremen	96,00	1
54	Ausbildungsverbund Bremerhaven gemeinnützige Gesellschaft mbH, Bremerhaven	33,40	1
55	Alexander von Humboldt II GmbH & Co. KG, Düsseldorf	7,20	1
56	Alexander von Humboldt II Verwaltung GmbH, Düsseldorf	7,20	1
57	EUROGATE Beteiligungsgesellschaft mbH, Bremen	50,00	1
58	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen	50,00	1
59	BLG Handelslogistik Beteiligungs GmbH, Bremen	100,00	1
60	BLG Logistics (UK) Ltd., Felixstowe, Great Britain	100,00	4
61	BLG Industrielogistik Beteiligungs-GmbH, Bremen	100,00	1
62	BLG Logistics Solutions Beteiligungs-GmbH, Bremen	100,00	1
63	BLG WindEnergy Logistics Beteiligungs-GmbH, Bremerhaven	100,00	1
64	Paul Günther Italia S.r.l. i. L., Genua, Italy	90,00	11
65	DCP Dettmer Container Packing GmbH, Bremen	50,00	39
66	Schultze Stevedoring Beteiligungs-GmbH, Bremen	50,00	2
67	BLG AUTOMOBILE LOGISTICS Beteiligungs-GmbH, Bremen	100,00	1
68	BLG AutoTerminal Bremerhaven Beteiligungs-GmbH, Bremerhaven	100,00	1
69	BLG AutoTec Beteiligungs-GmbH, Bremerhaven	100,00	18
70	BLG ViDi LOGISTICS TOW, Kiew, Ukraine	50,00	20
71	BLG AutoTerminal und Fahrzeuglogistik Beteiligungs-GmbH, Bremen (vormals E.H. Harms Automobile-Logistics Beteiligungs-GmbH, Bremen)	100,00	1
72	BLG AutoTerminal Deutschland Beteiligungs-GmbH, Bremen (vormals BLG AutoTerminal Kelheim Beteiligungs-GmbH, Saal an der Donau)	100,00	25
73	BLG AutoTransport Beteiligungs-GmbH, Bremen	100,00	25
74	BLG CarShipping Beteiligungs-GmbH, Bremen	100,00	25
75	ATN Autoterminal Neuss Verwaltungs-GmbH, Neuss	50,00	48
76	BLG AutoTerminal Cuxhaven Beteiligungs-GmbH, Cuxhaven	100,00	28
77	Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven	50,00	28
78	Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven	50,00	28

GLOSSARY

Commercial glossary

Amortization
Return flow of invested capital by means of sales.

at equity/equity method
Method for recognition of investment companies that are not included in the group financial statements on the basis of full consolidation with all assets and liabilities. The carrying amount of the participation is increased or decreased by the development of the proportionate equity of the participation. This change goes into the income statement of the parent company.

Available for sale
Category of financial instruments in accordance with IFRS.

Cash flow
Key figure that describes the addition to cash and cash equivalents within the financial year.

Compliance
The totality of measures taken to ensure compliance with all legal obligations, provisions and directives relevant for a company as well as with corporate governance. Another objective of compliance is to achieve harmonization between corporate actions and social values.

Corporate Governance
Rights and obligations of the various parties involved in the company, in particular the shareholders, Board of Management and Supervisory Board.

Covenant
Special binding commitment of the borrower to the lender.

DBO
Defined Benefit Obligation = benefit-oriented pension liability for pension claims earned and measured as of the applicable date, including probable future increases of pensions and salaries.

Derivative financial instruments
Financial instruments that are classically used to hedge existing investments or liabilities and whose value is derived from a reference investment (e.g. share or bond).

Discounted cash flow method
Measurement method: future payment surpluses or deficits are discounted with the help of capital costs on the measurement date. Taxes due are included in the measurement. The present value determined in this way is the discounted cash flow.

EBIT
Earnings before interest and taxes = operating result.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

EBT
Earnings before taxes.

Leasehold
Right of the leaseholder to have a building on third-party land in return for payment of consideration (so-called ground rent).

Finance leasing
Method for financing investments in intangible or tangible assets that involves a series of payments over the entire expected period of use of an investment. The investment appears on the assets side, the leasing liability on the liabilities side of the balance sheet of the lessee.

Forward interest rate swap
A forward interest rate swap is an agreement on a swap in the future whose terms are defined immediately.

Functional currency
The currency in which a company carries out the majority of its business activities and reports its financial results to the parent company.

Hedging
A strategy of protection against interest rate, currency and price risks through derivative financial instruments (options, swaps, forward transactions, etc.).

Held for trading
Category of financial instruments in accordance with IFRS.

Held to maturity
Category of financial instruments in accordance with IFRS.

Hybrid loan
Loan allocated to equity, with above average interest, without a defined term and is the last of all liabilities served in the event of insolvency.

Hypothetical derivative method
Method of measuring the effectiveness of derivative financial instruments by comparing the change in market value of the derivative to that of a hypothetical derivative that perfectly hedges against the risk to be hedged against.

IAS
International Accounting Standards (see also IFRS).

IASB
International Accounting Standards Board: body which develops and publishes international accounting regulations.

IFRIC
International Financial Reporting Interpretations Committee: body which publishes interpretations regarding the IFRS accounting standards. After approval by the IASB the interpretations are binding for all IFRS users.

IFRS
International Financial Reporting Standards (up to 2001 IAS): international accounting regulations that are published by an international independent body (IASB) with the aim of creating a transparent and comparable accounting system that can be applied by companies and organizations all over the world.

Impairment test
Test to determine change in value in accordance with IFRS.

Investment properties
Land, buildings and/or parts of buildings that are maintained to earn rental income and/or for the purpose of value enhancement.

Joint venture
Legally and organizationally independent company that is jointly established or acquired by at least two independent partners.

Current account
Designation for an account on which all transactions of two business partners are conducted and the mutual receivables are set off (balanced) against each other at regular intervals.

Overdraft
Credit limit contractually pledged to a customer by the bank up to which the customer may overdraw beyond his credit balance.

Liability method
Method of measurement of deferred tax claims and deferred tax liabilities. A measurement is carried out on the basis of the tax rate that is expected at the time when the future tax burden or relief arises.

Line-by-line method
IFRS: Method for recognizing joint ventures on a proportionate consolidation basis.

Matching principle
IFRS: Recognition of income and expenses of the same events in the same period.

Operate leasing
Method of renting intangible or tangible assets for a certain period that is shorter than the expected life of the asset. In the case of operate leasing, neither the asset nor a liability appears in the balance sheet of the lessee.

Other comprehensive income
The totality of all income and expenses that are not contained in the net income for the year. It includes, for example, foreign currency gains and losses from the conversion of foreign financial statements that are reported directly in equity in accordance with IAS 21.

Other long-term benefits
Additional long-term benefits to employees that are reported under long-term provisions.

Percentage of completion method (PoC)
IFRS: Allocation of order costs incurred according to degree of completion to order proceeds.

Post-employment benefits
Benefits after termination of employment contract.

Pro rata temporis
Proportionate to the period.

Projected unit credit method
Special method for measurement of pension and similar liabilities in accordance with IFRS.

Recoverable amount
Amount presumed to be achievable through use or sale of an asset.

ROCE
Return on capital employed. Key economic parameter for measuring the effectiveness and profitability of the capital employed by a company, calculated as a quotient of EBIT and total capital minus short-term, non-interest-bearing liabilities and liquid funds.

Sale and leaseback
Special form of leasing in which intangible or tangible assets are sold to a leasing company and at the same time leased back for further use.

Promissory note loan
Large long-term loan similar to a security.

Stage of completion method (SoC)
IFRS: Recognition of service orders according to their progress.

Profit retention
Retention of profits.

Full consolidation
Method for recognition of subsidiaries that are included in the group financial statements with all assets and liabilities.

Working capital
Difference between short-term assets and short-term liabilities. Used to evaluate the liquidity of the company.

Cash Generating Unit
Smallest identifiable group of assets that, by virtue of continued use, generates inflow of liquidity, which, in turn, is extensively independent of the cash inflows of other assets.

Interest rate swap
An interest rate swap describes a contractual agreement on the exchange of interest payment flows in the same currency where the cash flows are based on a defined amount of capital.

Logistics glossary

Barge
Cargo vessel without an engine that is pushed by a motor vessel.

Car carriers
Ships specially designed for overseas transport of automobiles.

Cargo-modal services
Services such as storage, customs clearance, distribution logistics and supply chain management.

Distribution
All processes carried out in the sales channel between producers and dealers all the way to the consumer.

GHBV
Gesamthafenbetriebsverein im Lande Bremen e.V./Gesamthafenbetriebs GmbH Hamburg: Special personnel provider for the transport and warehousing sector, particularly for port operation companies. Enterprises that employ GHB staff members pay contributions into the GHB guaranteed wage fund.

Hub port
Seaport with regional distribution function.

Intermodal chain of transport
Use of different means of transportation (air, water, rail, road) for a shipment.

Order picking
Putting together the articles requested according to a customer's order or an equipment order.

Finishing
Formation of units ready for sale.

Outsourcing
Assignment of logistics functions to external suppliers.

RFID transponder
Radio communication device that enables automatic identification and localization of objects (radio frequency identification), thus facilitating data acquisition.

Ro-ro
Roll-on/Roll-off = transport of vehicles (with or without load) on vessels in which the vehicles go on board and leave the vessel on their own power.

Self-Propelled Modular Transporter (SPMT)
Special vehicles for the transport of very large and massive loads or of project cargo on land.

TEU
Twenty-foot container equivalent unit. Standardized container unit with a length of 20 feet (1 foot = 30 cm).

FINANCIAL CALENDAR 2017

Financial Calendar 2017

2017 Annual Shareholders' Meeting	May 18, 2017
Payment of the dividend for the 2016 financial year	May 23, 2017
Interim report Januar to Juni 2017	September 29, 2017

Forward-looking statements

This financial report contains forward-looking statements that are based on management's current estimates of future developments. Such statements are subject to risks and uncertainties that are beyond BLG AG's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the successful integration of acquired businesses, the achievement of expected synergies and the actions of government regulators. If one of these or other uncertain factors should occur or if the assumptions on which these statements are based prove incorrect the actual results could deviate significantly from the results explicitly stated or implicitly contained in these statements. BLG AG is neither obligated nor intends to update forward-looking statements in order to adapt them to events or developments after the date of this report.

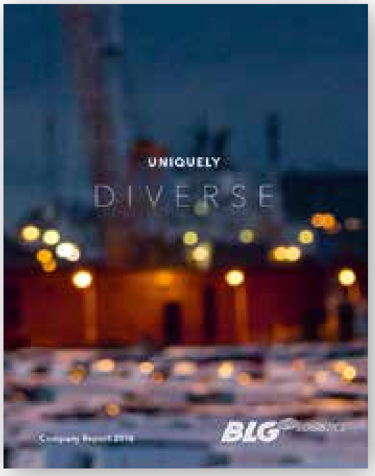
Legal notice

The designations contained in this document may be trademarks whose use by third parties for their own purposes could violate the rights of the owner.

Deviations for technical reasons

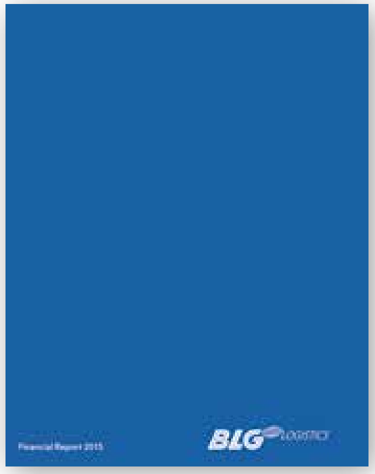
For technical reasons (e.g. conversion of electronic formats), deviations may occur between the accounting documents contained in this financial report and those submitted to the Federal Gazette. In this case, the valid version is the version submitted to the Federal Gazette.

REPORTING 2016



/ *Company report* /

/ *Sustainability report* /



/ *Financial report* /

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