BLG LOGISTICS

Financial Report 2017

SHORT PROFILE

BLG LOGISTICS is a seaport-oriented logistics services provider with an international network. The company's more than 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 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 around 18,500 employees.

MAKING LOGISTICS EASY

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WE OFFER OUR SHAREHOLDERS A STABLE INVESTMENT AND AN ATTRACTIVE DIVIDEND.

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KEY FIGURES FOR THE BLG GROUP[1]

		2017	2016	Change absolute	Change percentage
Sales and profit					
Sales	EUR million	1,087.8	1,045.6	42.2	4.0 %
Return on sales	%	3.8	3.7	0.1	2.7 %
EBITDA	EUR million	84.6	76.2	8.4	11.0 %
EBIT	EUR million	41.0	38.5	2.5	6.5 %
EBT	EUR million	33.5	30.8	2.7	8.8 %
EBT margin[2]	%	3.1	2.9	0.2	6.9 %
Asset and capital structure					
Balance sheet amount	EUR million	708.6	707.9	0.7	0.1 %
Investments in long-term intangible and tangible assets	EUR million	19.7	12.9	6.8	52.7 %
Capitalization ratio	%	42.2	44.7	-2.5	-5.6 %
Equity to fixed assets ratio (golden balance sheet rule)	%	98.0	104.3	-6.3	-6.0 %
Working capital ratio	%	95.5	103.9	-8.4	-8.1 %
Equity	EUR million	235.6	219.3	16.3	7.4 %
Equity ratio	%	33.2	31.0	2.2	7.1 %
Return on equity	%	14.7	14.2	0.5	3.5 %
Net indebtedness	EUR million	230.0	254.8	-24.8	-9.7 %
Return on total assets	%	5.8	5.4	0.4	7.4 %
Cash flows[3]					
Cash flow from current operating activities	EUR million	41.7	44.1	-2.4	-5.4 %
Cash flow from investment activities	EUR million	8.9	15.7	-6.8	-43.3 %
Cash flow from financing activities	EUR million	-61.1	-48.1	-13.0	-27.0 %
Capital-market-oriented key figures					
Dividend of 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]	Yearly average	9,685	10,046	-361	-3.6 %
Personnel cost ratio	%	46.7	50.8	-4.1	-8.1 %
Jobs worldwide		18,500	18,323	177	1.0 %

1 Indicators after reconciliation. The reconciliation is shown in the segment reporting on page 88 f.

2 Please see page 49 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 page 92.

4 Determined in accordance with Section 267 (5) HGB; incl. the CONTAINER Division.

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. Another focus of our services is seaport logistics for conventional cargo.

		2017	2016	Change in %
Sales	EUR million	550.2	473.7	16.1
EBT	EUR million	13.1	9.4	39.4
EBT margin	%	2.4	2.0	20.0
Employees	number	2,929	2,730	7.3

SALES 2017

550.2

EUR million

CONTRACT

The CONTRACT Division comprises automotive parts, industrial and production logistics, trade and distribution logistics as well as forwarding services. We have a high level of process competence and offer our customers individual service packages with a global reach for a wide variety of goods.

		2017	2016	Change in %
Sales	EUR million	547.8	574.5	-4.6
EBT	EUR million	4.6	-1.1	n.a.
EBT margin	%	0.8	-0.2	n.a.
Employees	number	4,885	5,477	-10.8

547.8

EUR million

CONTAINER

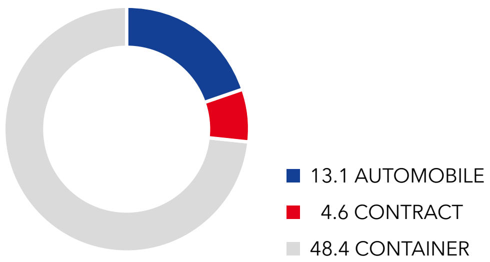
EUROGATE, in which BLG holds a 50 percent stake, has a European network that currently includes twelve container terminals as well as intermodal transports and cargo-modal services. The focus of this division is on container handling.

		2017	2016	Change in %
Sales	EUR million	304.0	319.7	-4.9
EBT	EUR million	48.4	42.0	15.2
EBT margin	%	15.9	13.1	21.4
Employees	number	1,578	1,564	0.9

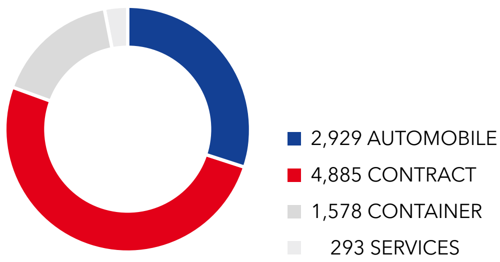
304.0

EUR million

EBT 2017 (in EUR million)



EMPLOYEES 2017 (Yearly average)



[5] According to segment reporting on page 88 f.

LETTER OF THE BOARD OF MANAGEMENT

Dear Shareholders,

We can look back on a financial year 2017 that turned out significantly better than many originally assumed. The scepticism at the beginning of the year that protectionist tendencies and ongoing crises would lead to economic turbulence was not confirmed. Nearly all the major economies are experiencing significant growth. In Germany, the unemployment rate is at its lowest level since reunification.

We have kept pace with this improvement in the business climate. We increased sales revenues by more than 4 percent and totalled more than EUR 1 billion in the AUTOMOBILE and CONTRACT Divisions. We are reporting an EBT result of EUR 33.5 million, which is almost 9 percent higher than in the previous year. We succeeded in significantly increasing the equity ratio and significantly reducing net debt.

We were thus able to prove the economic stability of the BLG Group for another year. However, we not only benefited from the good economic situation, we were also able to reap the fruits of our internal efforts. Our operational processes have become more efficient. Our restructuring measures have succeeded as planned. We have won a number of significant new business contracts. And we have steadily pursued our goal of expanding the Forwarding Division. Two medium-sized companies are now under our umbrella, helping to ensure that BLG is known in markets around the world for its forwarding and transport services.

Making it simple is a complex matter. Which is why we have made this the title of this year's Annual Report. We make logistics easier for our customers, allowing them to be more successful in doing their job. This title explicitly describes the challenge we face. Because the more individual and diverse the logistics service needed is, the more complex it becomes to offer a reliable solution.

A successful company needs clear goals. Goals that are more than economic in nature. We believe that understanding common values and a culture of respectful and appreciative interaction with one another are fundamental to success. And in this respect, too, we took a considerable step forward in 2017.

In our last Annual Report, we reported to you in detail on our paths to the digital future. We have found that innovation requires a smart process above all. Ideas have to be organized. The numerous suggestions from inside and outside the company must be evaluated and channelled. And in the end, of course, we want to implement the best ideas. There is a growing awareness within the company that a great deal of change is necessary for us to remain what we were and are: a successful logistics service provider.

In order to be able to continue to offer you, our shareholders, a reliable and attractive return, the Board of Management and the Supervisory Board will propose to the Annual General Meeting for 2017 a dividend of EUR 0.40 per share, unchanged from the previous year.

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

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

REPORT OF THE SUPERVISORY BOARD FOR 2017

Ladies and Gentlemen,

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

In the 2017 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 four meetings in 2017. The average attendance rate was 91 percent; no member of the Supervisory Board took part in fewer than half of the meetings. Average attendance at committee meetings in 2017 was 96 percent. 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

https://www.blg-logistics.com/en/investor-relations/ir-calendar/annual-general-meeting

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 expansion of the forwarding business, the implementation of digitization activities within the BLG Group, 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 also dealt with the agenda for the 2017 Annual General Meeting, the preparation of the non-financial Group Declaration within the meaning of Section 315b HGB and the selection process for the auditor for the years 2018 to 2022.

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 14, 2017. In addition, the heads of the Internal Audit and Compliance departments reported to the Supervisory Board for the first time at the meeting.

The following change was made in the composition of the Supervisory Board of BLG AG since the previous year. Gerrit Schützenmeister resigned as a member of the Supervisory Board effective June 30, 2017. He was replaced by Andreas Wopp. Andreas Wopp was elected to replace Gerrit Schützenmeister in 2013 and accepted the office in a letter dated May 29, 2017. The Supervisory Board has satisfied itself that Andreas Wopp will be able to spend the expected time as a member of 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, 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 assumed responsibility for the AUTOMOBILE Division effective January 1, 2017, and succeeded Michael Blach.

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.

At its meeting on February 23, 2018, the Supervisory Board also decided to extend the agreement with Dieter Schumacher for two years.

Work of the committees

To perform its duties efficiently, the Supervisory Board has additionally set up four committees. 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. Separate rules of procedure apply to the Audit Committee and the Investment Committee. All committees have equal representation.

The **Audit Committee** held two meetings in the 2017 financial year. The subject of the meeting on April 3, 2017 was the extensive discussion and examination of the annual financial statements, the consolidated financial statements and the management reports for the 2016 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 2017 financial year. The auditors were present when the annual financial statements were addressed 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 its meeting on December 12, 2017, the Audit Committee dealt with corporate planning and the selection process of the auditor for the years 2018 to 2022. The Audit Committee will make a recommendation to the Supervisory Board regarding the election of the auditor. 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 two meetings in the reporting year. At its meeting on April 3, 2017, it dealt with the variable component of the remuneration of the Board of Management for financial year 2016 and personnel matters relating to the Board of Management. The meeting on September 15, 2017 dealt with questions relating to the remuneration 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

https://www.blg-logistics.com/en/investor-relations/corporate-governance

The Supervisory Board worked on the application of the DCGK in the company. The 16th 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 April 24, 2017, published on February 7, 2017. The joint declaration of conformity is permanently accessible on the BLG LOGISTICS website at **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 balance sheet auditor has reviewed the report on relationships to affiliated companies (dependent company report) prepared by the Board of Management for the 2017 financial year and issued the following auditors' report:

"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.

https://www.blg-logistics.com/
en/our-company/sustainability

Non-financial report

In accordance with the provisions of the Act to Strengthen Non-Financial Reporting by Companies in their Management Reports and Group Reports (CSR Directive Implementation Act), BLG LOGISTICS has issued a non-financial Group Declaration within the meaning of Section 315b HGB for the first time for the 2017 financial year. This declaration is integrated as a separate non-financial report in the Sustainability Report and its content has been reviewed by the Supervisory Board. The audit did not give rise to any objections.

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 2018 financial year and can secure its earnings power on a long-term basis.

Bremen, April 2018

For the Supervisory Board

Dr. Stephan-Andreas Kaulvers

Chairman

CORPORATE GOVERNANCE REPORT

Declaration pursuant to Section 161 of the German Stock Corporation Act

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 AktG, 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).

The 16th Declaration of Conformity with the DCGK as amended on February 7, 2017, was issued by the Board of Management on August 29, 2017, and by the Supervisory Board of BLG AG on September 15, 2017. The declaration has been made permanently available to the shareholders on the website at **www.blg-logistics.com/ir**.

https://www.blg-logistics.com/en/investor-relations/corporate-governance

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 shall serve as an orientation for proper and consistent behavior.

Compliance

In 2014, we introduced a compliance management system, which we have been continuously developing since that time in order to make a decisive contribution to securing our sustainable success.

Key components of our compliance system include our Code of Conduct and Anti-Corruption Policy as well as the Compliance Directive, which came into force at the beginning of 2017 and which also details the cooperation between the central departments of BLG LOGISTICS GROUP AG & Co. KG, Bremen (BLG KG), and the operational areas.

Our rules and regulations apply to all domestic companies in which BLG KG directly or indirectly holds more than 50 percent of the shares or controls the management of the company. Companies that are not subject to German law must apply these guidelines in accordance with their national law.

Our business activities are based on our values and standards. Our compliance system makes it clear that we will not tolerate corruption in any way. We do not allow discrimination of any kind. Occupational safety and health protection are a top priority for us. We use our resources responsibly and face fair competition. We treat the personal data of our employees and customers in strict confidentiality. The Code of Conduct and the Anti-Corruption Policy are binding for all Board of Management members, managing directors, executives, employees, temporary employees and consultants. They serve as concrete support for our employees in dealing with one another and are intended to protect them from incorrect actions when dealing with customers and to prevent damage to the company. The guidelines provide orientation and security in everyday tasks and show our employees whether their conduct is correct or in violation of compliance rules.

As Chief Compliance Officer, the CEO of BLG AG is head of our compliance system. A compliance officer appointed by the Board of Management develops the compliance strategy further in consultation with the Board of Management and informs it regularly on all relevant compliance matters. As a neutral contact person, he is available to employees for questions regarding the Code of Conduct and for information on legal violations. An externally appointed ombudsman also offers both employees and third parties the possibility of anonymously reporting compliance violations.

Further information and the BLG Code of Conduct are available at **www.blg-logistics.com/compliance**.

Prevention
The BLG Group's Board of Management and executives set an example in the implementation of and compliance with the Code of Conduct and anti-corruption guidelines. They are responsible for ensuring that all employees in their area of responsibility are familiar with the rules and strictly observe them. Employees are obliged to point out serious grievances or suspected violations of the law. A basic part of the prevention of corruption is to increase employee awareness and to openly discuss the dangers of corruption. For their own protection and for the protection of the company, the dual control principle is to be applied in all legally relevant business processes. Every action and every decision must be transparent, impartial and based on objective criteria. Regular training minimizes the risk of corruption and increases employees' awareness of compliance issues.

Corruption is not a minor offence, but a criminal offence. The violation of applicable law can lead to considerable damage to the company. We therefore include crimes such as unfair advantage, embezzlement, fraud and agreements restricting competition among possible risk factors. As an internal control system, Internal Audit also regularly examines the possibility of compliance violations during audits. Since the 2017 financial year, the Compliance Officer has also personally informed the Supervisory Board in a yearly internal report.

Compliance in the supply chain
Our General Terms and Conditions of Contract and Purchasing also take compliance into account. We require our suppliers and service providers to comply with the principles of the United Nations Global Compact. See also: **www.blg-logistics.com/en/gtcbcr**.

Diversity

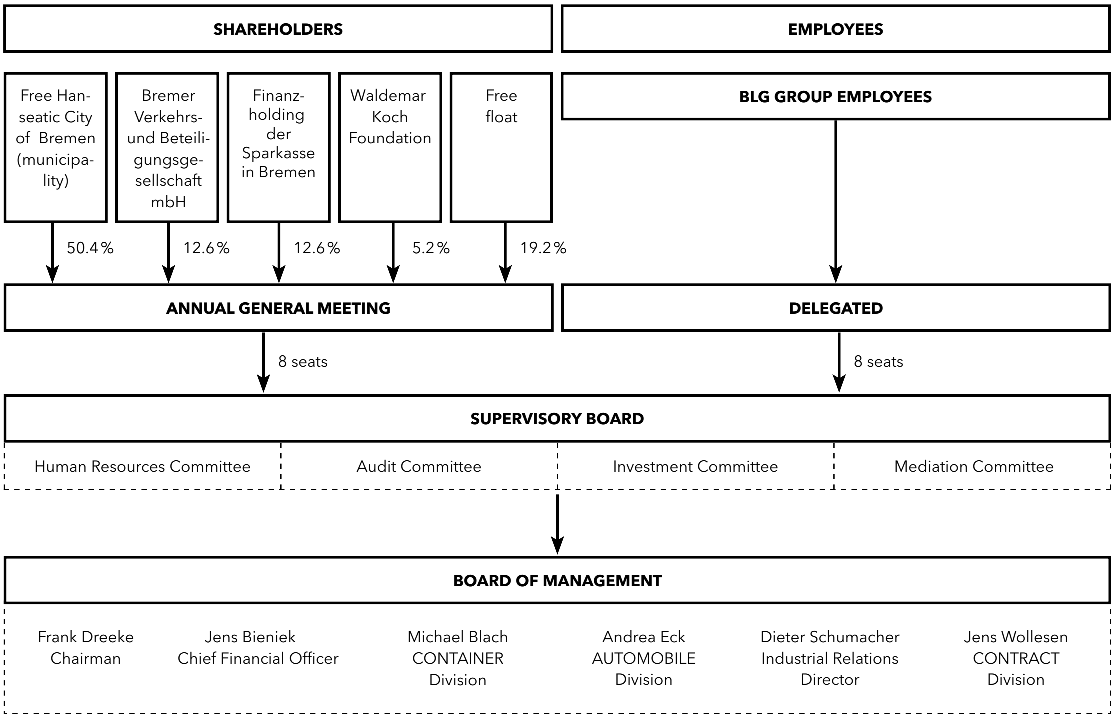
Diversity plays an important role at BLG. The company's diversity concept includes the entire group and thus goes beyond the levels of management and supervision. BLG sees diversity as an important factor in its success and as an enrichment for its corporate, management, project and co-determination culture. For BLG, diversity management means taking a holistic approach to the diverse characteristics of employees. The diversity characteristics of gender, cultural diversity, work-life balance, people with disabilities, demographic change and sexual orientation are treated with respect. Each of these characteristics is controlled by appropriate approaches, projects and measures. Diversity management is based on the Code of Industrial Relations, the Compliance Directive, reference to the Diversity Charter and other supplementary agreements. The principles of these regulations are implemented in BLG's recruitment decisions and qualification measures.

Within BLG, the Human Resources department is responsible for diversity and general equal treatment. The Human Resources department is responsible for the strategic orientation of diversity management, its conceptual development and for advising and supporting the Board of Management. In addition, the Human Resources department is the contact for employees in all matters relating to diversity. The Human Resources department gives impulses and a voice to everyone in the company. The Human Resources department understands organizations and people – and brings them together. This is what BLG is committed to: A relationship based on cooperation and respect.

https://www.blg-logistics.com/en/gtcbcr

Working approach of the Board of Management and Supervisory Board

GOVERNANCE STRUCTURE



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 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 the BLG Group and in line with the stakeholder approach. The departmental responsibilities of the individual members of the Board of Management are listed in the notes on page 166.

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 assumed responsibility for the AUTOMOBILE Division effective January 1, 2017, and succeeded 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. At its meeting on February 23, 2018, the Supervisory Board also decided to extend the agreement with Dieter Schumacher for two years.

https://www.blg-logistics.com/en/our-company/board-of-management

The relevant legal provisions for appointment and dismissal of members of the Board of Management are Sections 84, 85 of the AktG. Sections 133, 179 of the 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, and in a subsequent resolution on February 7, 2017, 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, 2022.

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. Furthermore, the Supervisory Board of BLG AG also reviews the contents of the non-financial report.

Diversity

In the composition of the Board of Management, the Supervisory Board respects diversity (see also above) within the meaning of Section 5.1.2 of the DCGK. On September 17, 2015, and subsequently on April 4, 2017, the Supervisory Board set the target for the proportion of women in the Board of Management of 16.7 per cent. As of December 31, 2017, the proportion of women in the Board of Management was 16.7 per cent and the target had thus been achieved.

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, 2022. The proportion of women on the Supervisory Board on December 31, 2017 was 18.8 per cent. Thus, the previously set target figure was not achieved within the set deadline (June 30, 2017). The forthcoming elections to the Supervisory Board in May 2018 are aimed at meeting the gender quota in accordance with legal requirements. At BLG, the minimum quota must be met separately by both the shareholders and the employees (separate fulfilment).

Competence profile

At its meeting on February 23, 2018, the Supervisory Board defined a competence profile that is to be taken into account in the forthcoming election to the Supervisory Board. Based on their knowledge, skills and experience, the candidates proposed for election to the Supervisory Board should be in a position to perform the duties of a Supervisory Board member in an international company and to maintain the reputation of the BLG Group in the public eye. Particular attention shall be paid to the personality, integrity, motivation and professionalism of the persons proposed for election.

The aim is to ensure that the Supervisory Board as a whole has all the knowledge and experience that is considered essential in view of the activities of the BLG Group. This includes knowledge and experience in the areas of management/personnel (incl. diversity concept), accounting/controlling/risk management, technology/IT/digitalization (incl. IT security), ports/logistics and legal/governance (incl. compliance). In addition, the Supervisory Board should have knowledge and experience from the business areas important to the BLG Group. The members of the Supervisory Board should be generally familiar with the sector in which the BLG Group operates. At least one independent member of the Supervisory Board should have expertise in the areas of accounting and auditing as well as special knowledge and experience in the application of accounting principles and internal control procedures.

In the event of a forthcoming replacement on the Supervisory Board, it must be examined in each case which area of knowledge should be strengthened in the Supervisory Board. In the context of the forthcoming election to the Supervisory Board in May 2018, all of the above principles and the necessary knowledge and experience are to be taken into account.

Independence/age limit

The Supervisory Board also includes an appropriate number of independent members. Significant, and not only temporary conflicts of interest, for example through board functions or advisory tasks for major competitors of the company, should be avoided. Assuming that the exercise of the Supervisory Board mandate as employee representative alone cannot give rise to any doubts as to whether the independence criteria pursuant to Section 5.4.2 DCGK have been fulfilled, the Supervisory Board shall comprise a total of at least ten members who are independent within the meaning of the Code. In any case, the Supervisory Board shall be composed in such a way that a total of at least two independent shareholder representatives as defined in Section 5.4.2 DCGK is achieved.

The Supervisory Board shall not include more than two former members of the Board of Management.

The members of the Supervisory Board shall have sufficient time to perform their mandate so that they can exercise it with due regularity and care.

In compliance with the age limit laid down by the Supervisory Board in the rules of procedure, as a rule only persons who are not older than 70 years shall be proposed for election as members of the Supervisory Board. The aim is to ensure that the Supervisory Board has an appropriate experience and age structure.

The above principles will also be taken into account in the context of the election to the Supervisory Board in May 2018.

In the opinion of the Supervisory Board, the following shareholder representatives on the Supervisory Board are currently to be regarded as independent within the meaning of the DCGK: Dr. Stephan-Andreas Kaulvers, Dr. Klaus Meier and Dr. Patrick Wendisch.

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.

The following changes have been made in the composition of the Board of Management since December 31, 2016:

Gerrit Schützenmeister resigned as a member of the Supervisory Board effective June 30, 2017. He was replaced by Andreas Wopp. Andreas Wopp was elected to replace Gerrit Schützenmeister in 2013 and accepted the office in a letter dated May 29, 2017.

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 that 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, carrying out the selection and tendering process for the auditor, monitoring the independence of the auditor, commissioning and controlling 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 balance sheet 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 the 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 for the latter's election proposal 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, and level 1 executives 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 these persons 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 315a (1) 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.

SHARES

3.84

million

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 monitoring 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 Verkehrs- und Beteiligungsgesellschaft mbH (formerly Bremer Verkehrsgesellschaft mbH), and the Finanzholding der Sparkasse Bremen, Bremen. As of January 1, 2017, the 12.6 per cent shareholding of Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale- in BLG AG was transferred to Bremer Verkehrs- und Beteiligungsgesellschaft mbH (formerly: Bremer Verkehrsgesellschaft mbH), Bremen, a subsidiary of the Free Hanseatic City of Bremen (municipality). Details on this can be found in the notes to the consolidated financial statements in the section on voting rights disclosures on page 160. For further information on shareholder structure we refer you to the basic features of the Group on page 46.

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-related and future prospects of the company.

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.

Sustainability bonus
On the basis of a comparison of the planned and actual EBT for the financial year and the next two years

Performance Fee
Based on the average EBT for the financial year and the two preceding years

Basic remuneration plus other benefits
Fixed remuneration; monthly payment

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 show the remuneration granted to each member of the Board of Management for the 2016 and 2017 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			
	2016	**2017**	**2017 (min.)**	**2017 (max.)**	2016	**2017**	**2017 (min.)**	**2017 (max.)**
Fixed remuneration	622	645	645	645	344	360	360	360
Other benefits	42	41	41	41	32	35	35	35
Total	**664**	**686**	**686**	**686**	**376**	**395**	**395**	**395**
EBT incentive	329	341	0	450	219	227	0	300
Multi-year variable remuneration	66	106	0	150	44	71	0	100
Sustainability bonus (01/01/2015-12/31/2017)	33	40	0	50	22	27	0	34
Sustainability bonus (01/01/2016-12/31/2018)	33	33	0	50	22	22	0	33
Sustainability bonus (01/01/2017-12/31/2019)	0	33	0	50	0	22	0	33
Total	**1,059**	**1,133**	**686**	**1,286**	**639**	**693**	**395**	**795**
Pension-related expenses	161	152	152	152	76	72	72	72
Total remuneration	**1,220**	**1,285**	**838**	**1,438**	**715**	**765**	**467**	**867**

(02) Remuneration granted **TEUR**	**Michael Blach[1]** Member of the Board of Management Date of joining Board: 06/01/2013				**Andrea Eck** Member of the Board of Management Date of joining Board: 01/01/2017			
	2016	**2017**	**2017 (min.)**	**2017 (max.)**	2016	**2017**	**2017 (min.)**	**2017 (max.)**
Fixed remuneration	344	510	510	510	0	330	330	330
Other benefits	26	55	55	55	0	22	22	22
Total	**370**	**565**	**565**	**565**	**0**	**352**	**352**	**352**
EBT incentive	219	380	0	380	0	227	0	300
Multi-year variable remuneration	44	3	0	22	0	22	0	33
Sustainability bonus (01/01/2015-12/31/2017)	22	3	0	22	0	0	0	0
Sustainability bonus (01/01/2016-12/31/2018)	22	0	0	0	0	0	0	0
Sustainability bonus (01/01/2017-12/31/2019)	0	0	0	0	0	22	0	33
Total	**633**	**948**	**565**	**967**	**0**	**601**	**352**	**685**
Pension-related expenses	74	97	97	97	0	0	0	0
Total remuneration	**707**	**1,045**	**662**	**1,064**	**0**	**601**	**352**	**685**

[1] From the 2017 financial year, some of the reimbursement of Mr. Blach'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			
	2016	**2017**	**2017 (min.)**	**2017 (max.)**	2016	**2017**	**2017 (min.)**	**2017 (max.)**
Fixed remuneration	330	335	335	335	165	335	335	335
Other benefits	26	33	33	33	8	24	24	24
Total	**356**	**368**	**368**	**368**	**173**	**359**	**359**	**359**
EBT incentive	219	227	0	300	110	227	0	300
Multi-year variable remuneration	22	44	0	66	11	44	0	66
Sustainability bonus (01/01/2015-12/31/2017)	0	0	0	0	0	0	0	0
Sustainability bonus (01/01/2016-12/31/2018)	22	22	0	33	11	22	0	33
Sustainability bonus (01/01/2017-12/31/2019)	0	22	0	33	0	22	0	33
Total	**597**	**639**	**368**	**734**	**294**	**630**	**359**	**725**
Pension-related expenses	12	11	11	11	0	0	0	0
Total remuneration	**609**	**650**	**379**	**745**	**294**	**630**	**359**	**725**

The following table shows the inflow for each member of the Board of Management in the 2016 and 2017 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).

(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	
	2017	2016	**2017**	2016
Fixed remuneration	645	622	360	344
Other benefits	41	42	35	32
Total	**686**	**664**	**395**	**376**
EBT incentive	329	323	219	216
Sustainability bonus	0	0	0	0
Miscellaneous	0	0	0	0
Total	**1,015**	**987**	**614**	**592**
Pension-related expenses	152	161	72	76
Total remuneration	**1,167**	**1,148**	**686**	**668**

(05) Inflow TEUR	Michael Blach[1] Member of the Board of Management Date of joining Board: 06/01/2013		Andrea Eck Member of the Board of Management Date of joining Board: 01/01/2017	
	2017	2016	**2017**	2016
Fixed remuneration	510	344	330	0
Other benefits	55	26	22	0
Total	**565**	**370**	**352**	**0**
EBT incentive	219	216	0	0
Sustainability bonus	0	0	0	0
Miscellaneous	0	0	0	0
Total	**784**	**586**	**352**	**0**
Pension-related expenses	97	74	0	0
Total remuneration	**881**	**660**	**352**	**0**

[1] From the 2017 financial year, some of the reimbursement of Mr. Blach's amounts were made by EUROGATE GmbH & Co. KGaA, KG.

(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	
	2017	2016	**2017**	2016
Fixed remuneration	335	330	335	165
Other benefits	33	26	24	8
Total	**368**	**356**	**359**	**173**
EBT incentive	219	0	110	0
Sustainability bonus	0	0	0	0
Miscellaneous	0	0	0	0
Total	**587**	**356**	**469**	**173**
Pension-related expenses	11	12	0	0
Total remuneration	**598**	**368**	**469**	**173**

Some of the members of the Board of Management were granted pension claims, some of which are against companies of the BLG Group. 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.

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) Pension commitments[1] TEUR	Present value of pension commitment		Market value of reinsurance coverage	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
Frank Dreeke	786	681	386	0
of which, BLG	786	681	386	0
of which, third parties	0	0	0	0
Jens Bieniek	562	528	220	149
of which, BLG	562	528	220	149
of which, third parties	0	0	0	0
Michael Blach	496	308	126	0
of which, BLG	0	308	0	0
of which, EUROGATE	496	0	126	0
Dieter Schumacher	215	210	87	78
of which, BLG	215	210	87	78
of which, third parties	0	0	0	0
	2,059	**1,727**	**819**	**227**

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

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, 2017. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Board of Management.

Total remuneration of former members of the Board of Management

In the 2017 financial year, the former members of the Board of Management received total remuneration (in particular pension payments) of EUR 163,000. The present value of pension obligations pursuant to IAS 19 for former members of the Board of Management totalled EUR -3,254,000 as of December 31, 2017.

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. On May 24, 2016, the Annual General Meeting approved an adjusted remuneration system for the Supervisory Board for activities from January 1, 2017, which provides for exclusively non-performance-related remuneration. Accordingly, 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.

In addition, the members of the Supervisory Board receive EUR 500.00 per meeting, and any expenses going beyond that are refunded to the verified amount.

The members of the Supervisory Board received the following remuneration in the 2017 financial year:

(08) Remuneration of the Supervisory Board
TEUR

	2017				
	Fixed remuneration	Committee work	Meeting allowance	Other[2]	Total
Dr. Stephan-Andreas Kaulvers	26	1	3	7	37
Christine Behle	18	1	3	0	22
Karl-Heinz Dammann	8	2	4	8	22
Melf Grantz[1]	8	1	2	0	11
Martin Günthner[1]	8	1	2	0	11
Birgit Holtmann	8	0	2	9	19
Karoline Linnert[1]	8	1	3	9	21
Dr. Klaus Meier	8	1	2	0	11
Dr. Tim Nesemann	8	1	3	0	12
Klaus Pollok	8	1	3	0	12
Stefan Schubert	8	1	3	0	12
Gerrit Schützenmeister (until 06/30/2017)	4	0	1	0	5
Dieter Strerath	8	2	4	0	14
Reiner Thau	8	0	2	9	19
Dr. h.c. Klaus Wedemeier	8	0	2	0	10
Dr. Patrick Wendisch	18	1	3	0	22
Andreas Wopp (from 07/01/2017)	4	0	1	0	5
	166	**14**	**43**	**42**	**265**

[1] In accordance with Section 5a of the Senate law and Sections 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] Supervisory mandates within the Group.

In the previous year the Supervisory Board received remuneration totalling EUR 292,000, of which EUR 100,000 was accounted for by fixed components and EUR 61,000 by variable components. The meeting allowances came to EUR 73,000, the remuneration for committee work EUR 14,000 and the allowances for in-Group Supervisory Board seats EUR 44,000.

As of December 31, 2017, 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 redemptions 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 reimbursed to the customary extent.

THE BLG SHARE

_ BLG share at previous year’s level
_ Earnings per share of EUR 0.60
_ Dividend continuity is ensured

Positive development on the equity markets

In 2017, the mood and growth of the global economy as a whole improved significantly. Good economic developments in key industrial nations, the improved situation on the US labor market and the results of the elections in the Netherlands and France had a particularly positive effect. The withdrawal negotiations following the Brexit vote and the protectionism expected as a result of the outcome of the US presidential elections had almost no noticeable impact on the financial markets.

The German economy also experienced a strong upswing in 2017. The high demand for labor in large parts of the economy resulted in record employment. This is also reflected in the German equity index (DAX), which began 2017 at 11,426 against the backdrop of persistently low interest rates. In the environment described above, the DAX recorded a gain of 13.1 per cent during the financial year and ended the last trading day at 12,918.

BLG share[1] at previous year's level

In December 2016, the BLG share price rose significantly and on the first trading day of the 2017 financial year it opened at EUR 18.63. The highest closing price of the year was EUR 19.27 on January 11, 2017. In March 2017, the share price moved in the opposite direction, reaching an annual low of EUR 12.87 on March 15, 2017. Despite the good business development, the development of the BLG share was negative overall in the 2017 financial year due to the high price level at the turn of the year 2016/2017. Later in the financial year, the share price fluctuated upwards and downwards and closed at EUR 14.49 on the last trading day, December 19, 2017. The share price is thus back at a comparable level as at the beginning of the previous year. At the end of the year, market capitalization stood at EUR 55.6 million.

BLG SHARE PRICE PERFORMANCE (FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2017)

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

https://www.blg-logistics.com/en/investor-relations/share

Key figures for the BLG share

Financial ratios for the BLG share		2017	2016	2015	2014	2013
Earnings per share	EUR	0.60	0.45	0.44	0.44	0.59
Dividend per share	EUR	0.40	0.40	0.40	0.40	0.40
Dividend	%	15	15	15	15	15
Dividend yield	%	2.8	2.1	2.7	3.1	4.2
Share price at year-end	EUR	14.49	19.27	15.08	12.78	9.48
Highest price[1]	EUR	19.27	20.10	17.39	13.18	9.61
Lowest price[1]	EUR	12.87	13.59	12.29	9.32	8.33
Distribution amount	EUR million	1.5	1.5	1.5	1.5	1.5
Distribution ratio	%	66.3	89.5	90.2	92.0	68.0
Price/Earnings ratio		24.0	42.8	34.3	29.1	16.1
Market capitalization	EUR million	55.6	74.0	57.9	49.1	36.4

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

DIVIDEND PER SHARE

EUR 0.40

Dividend continuity maintained

Our goal is an earnings-related and consistent dividend policy.

The Board of Management and the Supervisory Board of BLG AG decided at their discretion to allocate a partial amount of EUR 779,305.08 from the annual surplus of EUR 2,315,305.08 to retained earnings. As a result, the annual financial statements of BLG AG for financial year 2017 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 24, 2018, that a dividend of EUR 0.40 per share (previous year: EUR 0.40 per share) 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 66.3 per cent. Based on the year-end price of EUR 14.49, this results in a dividend yield of 2.8 per cent for the 2017 financial year.

If the economic performance in the following financial year proceeds in line with our expectations, we will enable our shareholders to participate appropriately in this development.

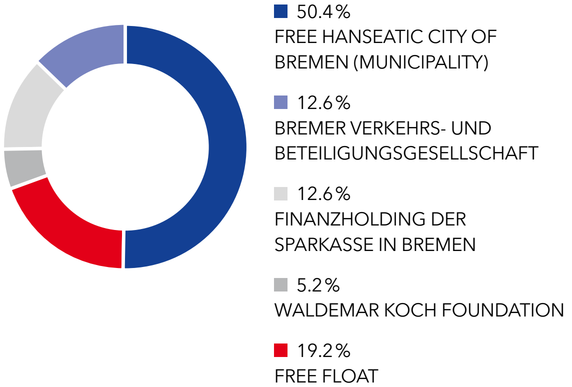
Shareholder structure unchanged since January 1, 2017

The capital stock of BLG AG amounts to EUR 9,984,000.00 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, 2017

The Free Hanseatic City of Bremen (municipality) is the main shareholder of the company with a share of 63.0 per cent. Of this amount, 12.6 percent is attributable to Bremer Verkehrs- und Beteiligungsgesellschaft mbH (formerly Bremer Verkehrsgesellschaft mbH), Bremen, an investment of the Free Hanseatic City of Bremen (municipality). The shares were transferred by Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale- (now: Norddeutsche Landesbank -Girozentrale-, Hannover) on January 1, 2017. Other large institutional investors are the Finanzholding der 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. 19.2 per cent of shares are in free float, corresponding to around 730,000 shares. 0.9 per cent of the free float is held by institutional investors; the remaining 18.3 per cent is held by private investors.

SHAREHOLDER STRUCTURE AS OF DECEMBER 31, 2017



Investor relations continued intensively

In the 2017 financial year, our investor relations activity 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**.

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

INCOME STATEMENT

TEUR	2017	2016
1. Remuneration of BLG LOGISTICS GROUP AG & Co. KG	3,097	2,018
2. Other operating income	5,100	5,081
	8,197	**7,099**
3. Personnel expenses		
a) Wages and salaries	-4,058	-3,646
b) Social security contributions and expenses for pension scheme and support	-549	-650
	-4,607	**-4,296**
4. Other operating expenses	-1,401	-1,292
5. Other interest and similar income	622	609
6. Interest and similar expenses	-40	-41
7. Taxes on income and earnings - of which from the recognition of deferred tax assets EUR 38,000 (previous year: EUR 174,000)	-456	-363
8. Earnings after taxes / annual net profit	**2,315**	**1,716**
9. Transfer to other revenue reserves	-779	-180
10. Balance sheet profit	**1,536**	**1,536**

BALANCE SHEET

TEUR Assets	12/31/2017	12/31/2016
A. Current assets		
I. Receivables and other assets		
1. Accounts receivable from affiliated companies	23,556	21,485
2. Receivables from companies in which investments are held	36	0
3. Other assets	0	286
	23,592	**21,771**
II. Cash in hand, bank balances	18	17
	23,610	**21,788**
B. Deferred tax assets	212	174
	23,822	**21,962**

TEUR Liabilities	12/31/2017	12/31/2016
A. Equity		
I. Subscribed capital	9,984	9,984
II. Revenue reserves		
1. Legal reserves	999	999
2. Other revenue reserves	7,692	6,913
	8,691	**7,912**
III. Balance sheet profit	1,536	1,536
	20,211	**19,432**
B. Provisions		
1. Provisions for pensions and similar obligations	88	231
2. Provisions for taxes	0	188
3. Other provisions	2,401	1,867
	2,489	**2,286**
C. Liabilities		
1. Trade payables	222	8
2. Other liabilities	900	236
	1,122	**244**
	23,822	**21,962**

NOTES

Notes for the 2017 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 ff and 264 ff HGB and the relevant provisions of the AktG.

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

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	3.68 %
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 accounts receivable from affiliated companies apply to the full amount to BLG LOGISTICS GROUP AG & Co. KG, Bremen, (BLG KG). EUR 5,227,000 (previous year: EUR 5,227,000) thereof represents short-term loans. EUR 14,931,000 is attributable to receivables from cash management (previous year: EUR 15,377,000). Another EUR 3,398,000 (previous year: EUR 882,000) 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 9,984,000.00 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 998,400.00.

An amount of EUR 779,000 was transferred to other revenue reserves from the net income for the year 2017 (previous year: EUR 180,000).

Existing retained earnings fully cover the amounts blocked for distribution of EUR 485,000 (previous year: EUR 363,000) 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 212,000 (previous year: EUR 174,000) 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.

The net pension obligations presented break down as follows:

TEUR	12/31/2017
Present value of pension obligation	3,741
- Market value of reinsurance coverage	3,653
= Net pension obligation	**88**

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 485,000.

Interest expenses and interest income from accrued interest were recognized in the amount of EUR 92,000 (previous year: EUR 84,000).

Other provisions
Other provisions include EUR 1,809,000 (previous year: EUR 1,367,000) for the variable remuneration of the Board of Management.

In the reporting year, other provisions in the amount of EUR 412,000 (previous year: EUR 326,000) 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.

EUR 180,000 was deferred for fixed Supervisory Board remuneration (previous year: EUR 174,000).

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

EUR 882,000 of the other liabilities (previous year: EUR 219,000) relate to taxes.

Deferred taxes

Deferred taxes were valued at a tax rate of 15.825 percent.

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 HGB are part of the audited annual financial statements, which are published in the Federal Gazette.

A condensed list of the subsidiaries included in the consolidated financial statement, joint ventures, associated enterprises and other participations is contained in the section “Further Information” on page 174 f.

Disclosures in respect of the income statement

Remuneration of BLG KG

The figure includes the liability compensation governed by the partnership agreement (EUR 972,000, previous year: EUR 963,000) and the remuneration (EUR 2,126,000, previous year: EUR 1,055,000) for the activities as general partner of BLG KG.

Other operating income

Other operating income breaks down as follows:

TEUR	01/01/2017 - 12/31/2017	01/01/2016 - 12/31/2016
Income from the passing on of Board of Management remuneration	4,216	3,775
Income from the reimbursement of pension obligations	547	295
Income from the passing on of Supervisory Board remuneration	226	255
Income from the passing on of expenses	36	150
Income from the adjustment to the calculation of the pension interest rate	0	363
Income from the reversal of provisions	0	157
Other	75	86
Total	**5,100**	**5,081**

Personnel expenses

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

EUR 549,000 in social security contributions and expenses for retirement benefits and assistance relate to expenses for retirement benefits (previous year: EUR 650,000).

Other operating expenses

Other operating expenses break down as follows:

TEUR	01/01/2017 - 12/31/2017	01/01/2016 - 12/31/2016
Administrative expenses	895	661
Remuneration for the Supervisory Board	226	255
Legal, advisory and audit fees	134	112
Other personnel expenses	115	97
Expenses passed on	29	150
Expenses from prior periods	0	16
Other	2	1
Total	**1,401**	**1,292**

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, 2017.

Other financial liabilities

There were no other financial liabilities as of December 31, 2017.

Auditor fees

The total remuneration for the auditors' work in the 2017 financial year amounted to EUR 154,000 (previous year: EUR 131,000). Of this amount EUR 131,000 relates to the audit of the financial statements, which included EUR 20,000 for audits of previous years' financial statements, and EUR 23,000 for other services.

Disclosures on affiliated 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 percent share of the subscribed capital since January 1, 2017 (previous year: 50.4 percent). Of this amount, 12.61 percent is attributable to Bremer Verkehrs- und Beteiligungsgesellschaft mbH (formerly Bremer Verkehrsgesellschaft mbH), Bremen, a subsidiary of the Free Hanseatic City of Bremen (municipality). The Free Hanseatic City of Bremen (municipality) received a dividend in 2016 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 conducted at non-standard market conditions.

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 ff. 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 18 ff. 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, and level 1 executives are required as a matter of principle to disclose their own transactions with shares of BLG AG or related financial instruments.

The shareholdings of these persons amount to less than 1 percent 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:

https://www.blg-logistics.com/en/investor-relations/share

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 percent on January 1, 2017, and amounted to 0.0 percent (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 percent (corresponding to 1,936,000 voting rights) as of April 1, 2002.

Bremer Verkehrs- und Beteiligungsgesellschaft mbH (formerly 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 percent on December 13, 2016, and at that time amounted to 12.61 percent (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 percent (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 percent on November 15, 2016, and at that time amounted to 5.23 percent (corresponding to 200,814 voting rights). All voting rights are attributable to the Waldemar Koch Foundation, Bremen.

On April 8, 2002, the Finanzholding der 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 percent (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/share**.

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 Shareholders' Meeting on May 24, 2018: distribution of a dividend of EUR 0.40 per bearer voting share (which corresponds to around 15 percent per voting share) for the 2017 financial year, corresponding to the balance sheet profit of EUR 1,536,000.00.

Consolidated financial statements

The company, together with BLG KG as the joint parent enterprise, prepared a voluntary group financial statement as of December 31, 2017 in accordance with IFRS, as is applicable in the European Union, and with the provisions based on commercial law to be additionally applied according to Section 315e (3) HGB in conjunction with Section 315e (1) HGB. Furthermore, it has issued a financial statement for the purpose of complying with the group accounting obligation (according to Section 315e HGB). Both financial statements are published in the Federal Gazette and are available at the headquarters of the company in Bremen.

Corporate governance code

The 16th declaration of conformity with the DCGK as amended on February 7, 2017, was issued by the Board of Management on August 29, 2017, and by the Supervisory Board of BLG AG on September 15, 2017. 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, 2017, and the preparation of the annual financial statements on March 20, 2018.

MANAGEMENT REPORT BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen

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 and is also not 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 percent of the equity reported in the annual financial statements for the respective previous year in accordance with Sections 266 ff. 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 percent 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 essentially takes place via the central cash management of BLG KG in which the company is included. The interest on the funds provided is based on unchanged attractive conditions. This financing holds minimal risk.

In the year under review, BLG AG received liability compensation (EUR 972,000) and remuneration for work (EUR 2,126,000) from BLG KG.

Earnings per share of EUR 0.60

The 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. Unchanged from the previous year, there were 3,840,000 registered shares with voting rights outstanding during the 2017 financial year. In 2017, the annual net profit rose by EUR 599,000 in year-on-year comparison. This was mainly due to the significantly higher management remuneration (2017: EUR 2.1 million, 2016: EUR 1.1 million). On the other hand, there was less neutral income (in particular income from the reversal of provisions) in the year under review than in the previous year.

BLG AG share

For detailed information on the BLG AG share we refer to the respective data in the Annual Report on ▸pages 25 ff. in order to avoid duplication.

Corporate governance report

Corporate governance declaration
In accordance with German law, only the information on corporate governance within the meaning of Section 289 HGB was audited by the auditors. To avoid duplication, they will be reported elsewhere in the Annual Report together with the declaration on corporate management in accordance with Section 289f HGB; see ▸pages 12 ff. in this connection.

Takeover-related disclosures in accordance with Section 289a (1) HGB
The takeover-related disclosures are included in the corporate governance report on ▸pages 17 f.

Remuneration report

The remuneration report in accordance with Section 289a (2) HGB is contained in the corporate governance report on ▸pages 18 ff.

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 dutiful assumption of responsibility based on company law.

Early identification of potential risk takes place within the framework of continuous risk controlling as well as of a risk management and reporting system geared to the corporate structure based on 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 (4) 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 (4) HGB was reviewed by the auditor. To avoid duplication, we refer to the respective disclosures in accordance with Section 315 (4) HGB in the group management report on ▸pages 63 ff.

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. A risk as well as an opportunity arise from the development of earnings of BLG KG, including its shareholdings, on which the amount of the company's remuneration for work depends. Market, macroeconomic, political and other risks (e.g. high competitive pressure, economic development) can have a direct impact. In this regard, we also refer to the group management report prepared by BLG AG and BLG KG as part of their jointly prepared voluntary consolidated financial statements for the 2017 financial year. 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. Net income increased significantly by EUR 599,000 compared to the previous year, partly as a result of higher remuneration. Please see the Business Report for further details.

Based on sound planning, we assume net income will be at a similar level in 2018. If the economic performance in the following financial year proceeds in line with our expectations, we will enable our shareholders to participate appropriately in this development.

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 20, 2018

Board of Management

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

INDEPENDENT AUDITORS' REPORT

For BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-

Report on the audit of the financial statements and the management report

Audit opinion

We have audited the financial statements of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen – comprising the balance sheet as of December 31, 2017 and the income statement for the financial year from January 1, 2017 to December 31, 2017 and the notes, including the presentation of the accounting and valuation methods. In addition, we have audited the management report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- for the financial year from January 1, 2017 to December 31, 2017. In accordance with German law, we have not examined the content of the corporate governance statement contained in the "Corporate Governance Report" section of the management report.

In our opinion based on the findings of our audit

- the accompanying annual financial statements comply in all material respects with German commercial law regulations applicable to corporations and give a true and fair view of the net assets and financial position of the company as of December 31, 2017 and its results of operations for the financial year from January 1, 2017 to December 31, 2017 in accordance with German generally accepted accounting principles; and

- the attached management report provides an overall accurate picture of the Company's position. In all material respects, this management report is consistent with the financial statements, complies with German law and accurately presents the opportunities and risks of future development. Our audit opinion on the management report does not extend to the content of the corporate governance statement contained in the "Corporate Governance Report" section of the management report.

In accordance with Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections regarding the correctness of the annual financial statements and the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and management report in accordance with Section 317 HGB and the EU Auditor Regulation (No. 537/2014; here-inafter "EU-APrVO") and German generally accepted standards relating to the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Our responsibility in accordance with these regulations and principles is further described in the section "Responsibility of the auditor for the audit of the financial statements and the management report". This section provides our audit opinion. We are independent of the company in accordance with European and German commercial and professional regulations and have fulfilled our other German professional duties in accordance with these requirements. In addition, we declare in accordance with Article 10 (2) letter f) EU-APrVO that we have not provided any prohibited non-audit services pursuant to Article 5 (1) EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the annual financial statements and management report.

Particularly important audit issues in the audit of the annual financial statements

Particularly important audit issues are those which, in the auditor's judgement, were most significant in the audit of the annual financial statements for the current reporting period. We have determined that there are no particularly important audit issues to be disclosed in our audit opinion.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the legal representatives are responsible for the other information. Other information includes the corporate governance statement contained in the "Corporate Governance Report" section of the management report as of the date of this audit report and the other parts of the financial report expected to be made available to us after this date, with the exception of the audited consolidated financial statements of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, and BLG LOGISTICS GROUP AG & Co. KG, Bremen, which were voluntarily audited jointly, and the management report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, as well as our associated audit certificates.

Our opinion on the annual financial statements and management report does not extend to other information, and accordingly we do not express an audit opinion or any other form of conclusion.

In connection with our audit, we have the responsibility to read the other information and to assess whether the other information

- is free of material inconsistencies with the annual financial statements, the management report or our knowledge gained during the audit, or
- otherwise appears to be materially misrepresented.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report

The legal representatives are responsible for the preparation and fair presentation of the annual financial statements in accordance with German commercial law in all material respects, and for ensuring that the annual financial statements provide an honest and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. In addition, the legal representatives are responsible for the internal controls they have determined necessary in accordance with generally accepted German accounting principles to enable the preparation of annual financial statements that are free from material misstatements, whether intentional or not.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They are also responsible for disclosing, where relevant, matters relating to the continuation of the company's activities. In addition, they are responsible for accounting for the continuation of the company's activities on the basis of the accounting principles, unless this is contrary to actual or legal circumstances.

In addition, the legal representatives are responsible for the preparation of the management report, which as a whole provides a suitable view of the company's position in accordance with the annual financial statements in all material respects, and complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the management report.

The Supervisory Board is responsible for monitoring the company's accounting process for the preparation of the annual financial statements and the management report.

Responsibility of the auditor for the audit of the annual financial statements and the management report
Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatements, whether intended or not, and whether the management report as a whole provides a suitable view of the Company's position and, in all material respects, is in accordance with the annual financial statements and the findings of our audit, in accordance with German law and suitably presents the opportunities and risks of future development, and to provide an audit opinion on the annual financial statements and the management report.

Adequate assurance is a high degree of certainty, but no guarantee that an audit conducted in accordance with Section 317 HGB and EU-APrVO, and taking into account the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW), will always reveal a material misstatement. Misstatements may result from violations or inaccuracies and are considered material if they could reasonably be expected to influence the economic decisions of users, individually or collectively, made on the basis of these annual financial statements and the management report.

During the audit we exercise due discretion and maintain a critical attitude. In addition,

- we identify and assess the risks of material misstatements, whether intentional or not, in the annual financial statements and in the management report, plan and perform audit procedures in response to these risks, and obtain audit evidence sufficient and appropriate to support our audit opinion. The risk that material misrepresentations are not detected is higher in the case of violations than in the case of inaccuracies, since violations may involve fraudulent collaboration, forgery, intentional incompleteness, misleading representations or the abrogation of internal controls;

- we gain an understanding of the internal control system relevant to the audit of the annual financial statements and of the arrangements and measures relevant to the audit of the management report that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems;

- we assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values and related disclosures presented by the legal representatives;

- we draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the evidence obtained, whether there is a material uncertainty in connection with events or circumstances that could raise significant doubts about the company's ability to continue as a going concern. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and management report in our audit report or, if this information is inappropriate, to modify our audit opinion. We draw our conclusions based on evidence obtained as of the date of our audit opinion. However, future events or circumstances may prevent the company from continuing its operations;

- we express an opinion on the overall presentation, structure and content of the annual financial statements, including the notes, and whether the annual financial statements present the underlying business transactions and events such that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting;

- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it conveys of the company's position;

- we perform audit procedures on the forward-looking statements presented by the legal representatives in the management report. On the basis of sufficient suitable audit evidence, we review in particular the significant assumptions underlying the future-oriented statements made by the legal representatives and assess the appropriateness of the future-oriented statements derived from these assumptions. We do not express an independent opinion on these forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events could differ materially from the forward-looking statements.

We discuss with those responsible for monitoring, inter alia, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system, which we identify during our audit.

We make a statement to the supervisors that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be expected to affect our independence and the safeguards taken to that end.

From the matters we have discussed with those responsible for supervision, we determine those matters that were most significant in the audit of the annual financial statements for the current reporting period and are therefore particularly important audit matters. We describe these matters in the auditor's report, unless laws or other legal provisions exclude public disclosure of the facts.

Other legal requirements

Other information referred to in Article 10 EU-APrVO
We were elected as auditors by the Annual General Meeting on May 18, 2017. We were appointed by the Supervisory Board on August 30, 2017. We have been the auditors of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- without interruption since the 2013 financial year.

We declare that the audit opinions contained in this audit opinion are consistent with the additional report to the Audit Committee under Article 11 EU-APrO (Audit Report).

In addition to the audit of the audited entity and the entities controlled by the audited entity, we have provided the following services not disclosed in the financial statements or management report: voluntary audits of the financial statements, agreed investigation procedures and project assistance in the introduction of new accounting standards and project assistance in the preparation of the non-financial statement.

Responsible auditor
The auditor responsible for the audit is Christian Hantke.

Bremen, March 23, 2018

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Ludwig	Hantke
Auditor	Auditor

WE SIGNIFICANTLY INCREASED OUR EARNINGS COMPARED WITH THE PREVIOUS YEAR.

02

Group Management Report

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BASIC GROUP INFORMATION

_ AUTOMOBILE Division: strong performance as automotive logistics provider confirmed
_ CONTRACT Division: tailor-made logistics solutions for our customers
_ CONTAINER Division: Europe's leading terminal operator

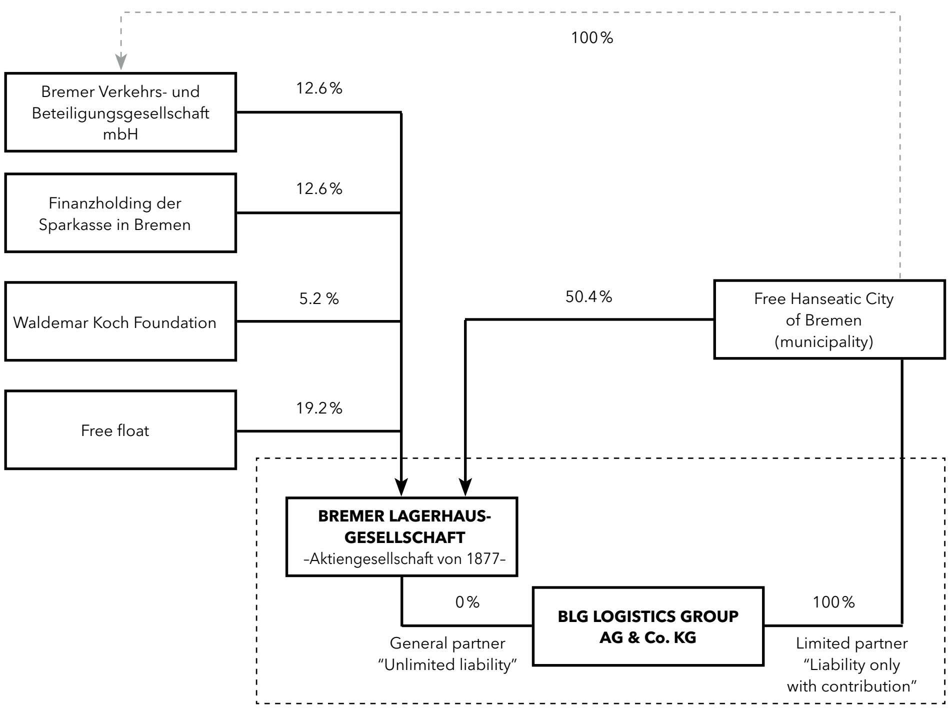
As a general partner of BLG LOGISTICS GROUP AG & Co. KG (BLG KG), the listed company BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877– (BLG AG) has assumed the management of BLG LOGISTICS. These two companies, which are closely linked in legal, commercial and organizational respects, have therefore 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 companies and branch offices in Europe, North and South America, Africa and Asia.

LEGAL STRUCTURE OF THE GROUP AS OF DECEMBER 31, 2017



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 responsible members of the Boards of Management of the three divisions AUTOMOBILE, CONTRACT and CONTAINER play a special role as an interface to the operating units. The Board of Management determines the Group strategy with vision and mission 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 this Group strategy and is responsible for the strategic management of the division.

In accordance with our corporate values and our management principles, we manage the company by delegating tasks and responsibilities. We understand efficiency and market success as a common goal and consider BLG LOGISTICS as a whole consisting of all central areas and business segments, taking into account clearly defined roles and responsibilities. Synergies between and within the divisions are actively exploited.

With a focus on long-term, successful business relationships, we are constantly optimizing our services in order to strengthen profitability and competitiveness. We focus on innovative solutions and develop sustainable solutions with and for our customers – where desired and possible.

The BLG Group's operations are divided into three divisions. The reporting also follows this division.

The AUTOMOBILE and CONTRACT Divisions are sub-divided into ten 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 2017. Another focus of our services is seaport logistics for conventional cargo.

In addition to the seaport and inland terminals in Bremerhaven, Hamburg, Cuxhaven (Germany), Gdansk (Poland), Gioia Tauro (Italy) 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 around 1,500 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 customized logistics solutions for customers in industry and commerce. The focus of its services is on automotive parts, industrial and production logistics, trade and distribution logistics as well as 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 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 is represented by EUROGATE, a joint venture and Europe's leading terminal operator. Its market position 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), Limassol (Cyprus), Lisbon (Portugal), Tangier (Morocco) and Ust-Luga (Russia).

Changes to the group of consolidated companies

In the AUTOMOBILE Division, the shareholding in Autoterminal Slask Logistic Sp. z o.o., Dabrowka Gornicza, Poland, was increased from 50 per cent to 100 per cent as of February 6, 2017. 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 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 CONTRACT Division holds 100 per cent of the limited partner shares in Kitzinger & Co. (GmbH & Co. KG), Hamburg, which in turn holds 100 per cent of the limited partner shares in Arno Rosenlöcher (GmbH & Co. KG), Hamburg. Together, the two companies form the Kitzinger Group. The acquisition represents a key element in the further expansion of the forwarding business segment. The Kitzinger Group focuses on sea and air freight, supplemented by temperature-controlled transport services. Complementary storage services are also provided.

A further change in the group of consolidated companies results from the sale of 51 per cent of the shares in BLG Coldstore Logistics GmbH, Bremerhaven. The joint venture now doing business as Kloosterboer BLG Coldstore GmbH aims to position itself jointly with the largest Dutch cold storage operator in the area of temperature-controlled logistics in Northern Germany.

The other changes in the group of consolidated companies relate in particular to the merger of companies and internal restructuring within the Group and did not have a material impact on the net assets, financial position and results of operations of the BLG Group.

Management and control

Corporate governance declaration

In accordance with German law, only the information on corporate governance within the meaning of Section 315d HGB was audited by the auditors. They are shown on pages 12 ff. of this annual report, together with the corporate governance declaration in accordance with Section 315d HGB.

Takeover-related disclosures in accordance with Section 315a (1) HGB

The takeover-related disclosures are included in the corporate governance report on pages 17 f.

Remuneration report

The remuneration report in accordance with Section 315 (2) HGB is included in the corporate governance report on pages 18 ff.

Research and development

The business model of the BLG Group does not require any research and development in the narrow sense. However, we place great importance on technical innovations and process innovations in particular. This is demonstrated, among other things, by our award-winning project “Stargate – Logistics at the interface between humans and robots”, for which we and our customer engelbert strauss received the German Logistics Award in 2015 and the European Logistics Award in 2016. A robot-supported storage and order picking system was developed, in which the shelves with the goods are guided to employees by transport vehicles. The mobile, scalable and efficient logistics solution is in use at our 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 the second half of 2017, BLG LOGISTICS, together with scientific partners and technology companies, started work on three further ambitious joint projects. The “Isabella” research project develops IT tools for planning and controlling the BLG AutoTerminal Bremerhaven. In the future, simulated scenarios and visualization on a multi-touch table will support the planning teams in ensuring the optimal allocation of resources. The planned control of vehicle movements via smartphone app promises a significant increase in productivity. In the “IRiS” research project, a prototype for the automatic unloading of cartons from containers and swap bodies is being developed. The “Kali” project team is dedicated to the complex task of using exoskeletons to make the work of employees in contract logistics easier. “Isabella”, “IRiS” and “Kali”, with total budgets of EUR 7.5 million, are funded by the Federal Ministry of Transport and Digital Infrastructure (BMVI) as part of the IHATEC (Innovative Port Technologies) funding program.

In addition, the BLG Group’s cross-company innovation team provided impetus for further technological development. The team bundles all progressive ideas and organizes innovations, technical innovations as well as digitalization and automation. This is also the location of BLG’s “100-day projects” and its creative laboratory in Bremen, the “DigiLab”.

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

Financial key indicators

BLG LOGISTICS realigned its Group management in the year under review. As part of the development of a mission and vision and the sharpening of strategic guidelines, the management system was designed to be as clear and transparent as possible. Internal reporting and remuneration systems are designed stringently for the entire BLG Group according to uniform measurement variables.

The key performance indicators of the BLG Group are earnings before taxes (EBT), sales and the resulting **EBT margin**.

EBT

Earnings before taxes (EBT) is the starting point for determining profitability, irrespective of tax effects that cannot be influenced. It is also suitable for measuring profitability in an international comparison.

Sales

Group sales are derived from the consolidated income statement and do not include the sales of the CONTAINER Division.

EBT margin

The division of EBT by sales results in the EBT margin. It is an indicator of a company’s efficiency and profitability.

The following table compares the expected key performance indicators with the key figures achieved in the financial year and shows the forecast for the following financial year. For the corresponding explanations of business development, please refer to the business report starting on page 54 and to the outlook starting on page 76.

		2016 Actual	2017 Outlook	2017 Actual	Target Achievement	2018 Outlook
EBT	EUR million	30.8	30.0	33.5	exceeded	↗
Sales	EUR million	1,045.6	1,000.0	1,087.8	exceeded	→
EBT margin	in %	2.9	3.0	3.1	exceeded	↗

Non-financial key indicators

The non-financial key figures are individual control variables depending on the operating business unit. This includes measurement variables such as vehicle handling, processed quantities and container handling. In order to assess future developments, we rely on a continuous dialogue with customers and closely monitor overall economic developments in order to be able to react to changes at an early stage.

Non-financial performance indicators

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.

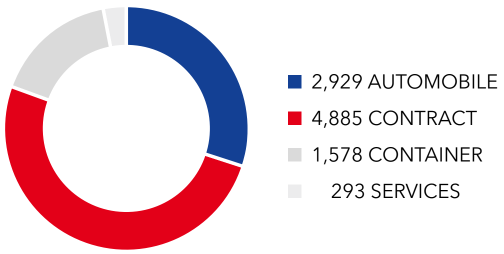
The successful implementation of a clear and forward-looking strategy largely depends on BLG managers. Our leadership principles and our corporate values support the achievement of a shared understanding of leadership at all levels.

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):

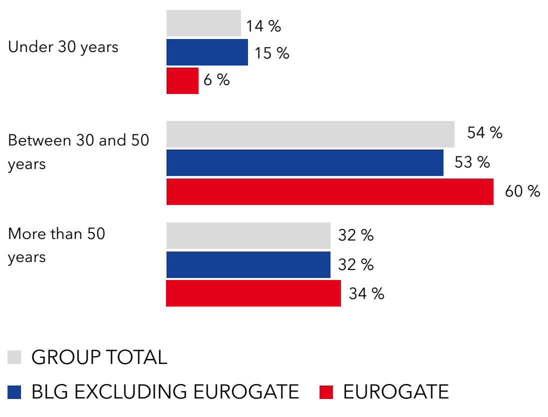
Division	2017	2016	Change percentage
AUTOMOBILE Division	**2,929**	**2,730**	**7.3**
of which blue-collar workers	2,411	2,255	
of which white-collar workers	518	475	
CONTRACT Division	**4,885**	**5,477**	**-10.8**
of which blue-collar workers	3,680	4,229	
of which white-collar workers	1,205	1,248	
CONTAINER Division	**1,578**	**1,564**	**0.9**
of which blue-collar workers	1,133	1,121	
of which white-collar workers	445	443	
Segment employees	**9,392**	**9,771**	**-3.9**
of which blue-collar workers	7,224	7,605	
of which white-collar workers	2,168	2,166	
Services Division	**293**	**275**	**6.5**
of which blue-collar workers	0	0	
of which white-collar workers	293	275	
Employees incl. CONTAINER Division	**9,685**	**10,046**	**-3.6**
of which blue-collar workers	7,224	7,605	
of which white-collar workers	2,461	2,441	
Reconciliation (excluding CONTAINER Division)	**-1,578**	**-1,564**	**-0.9**
of which blue-collar workers	-1,133	-1,121	
of which white-collar workers	-445	-443	
Group employees	**8,107**	**8,482**	**-4.4**
of which blue-collar workers	6,091	6,484	
of which white-collar workers	2,016	1,998	

In the reporting year, the average number of employees (excluding the CONTAINER Division) fell by 4.4 per cent in a year-on-year comparison to 8,107. This decline is mainly due to the change of service provider by a major customer in the US (CONTRACT Division). Further changes resulted primarily from new hires as part of the expansion of business and reorganizations between the AUTOMOBILE and CONTRACT Divisions. In this regard, we also refer to note number 3 (Notes on segment reporting) in the notes to the consolidated financial statements.

NUMBER OF EMPLOYEES IN 2017



EMPLOYEES BY AGE GROUP



Non-financial report

In accordance with the provisions of the Act to Strengthen Non-Financial Reporting by Companies in their Management Reports and Group Reports (CSR Directive Implementation Act), BLG LOGISTICS has issued a non-financial Group Declaration within the meaning of Section 315b HGB for the first time for the 2017 financial year. This declaration is integrated in the Sustainability Report as a separate non-financial report, which can be downloaded from **www.blg-logistics.com/sustainability**. Our Sustainability Report also reports in detail on other non-financial topics.

FROM ANALYTIC TO PREDICTIVE COMPANY MANAGEMENT

For around one year, Antonios Sygkos has been supporting the Finance Department on behalf of the Board of Management. During that time, he has been focusing intensively on data streams, interconnection, and the possible shape of the Finance Department in the future.

Mr. Sygkos, what is your task as a consultant to the CFO?

Together with BLG CFO Jens Bieniek, we've resolved to continuously align our financial operations with the latest state of development so we can react to future challenges. Today's steadily advancing digitalization gives us new opportunities for working together, cross-linking activities, and exchanging information. We want to make the most of this. That means no longer thinking just in individual departments, but working in a result and process-oriented way. My task is coordinating the many subprojects in the various areas and guiding them toward a common goal: digital financial operations.

What will the finance department of the future be like?

It will be systematically geared to data streams. The difference between a data stream and static data is that nothing can be deleted, and new data can be added constantly. So we have access to not only financial data, but also operational figures such as vehicles processed, customer data like contract periods, or resource data like area capacities. These facts continually flow into the data stream at very short intervals. We want to make the data available to the BLG divisions so they can use it. That will allow them to make decisions according to rules based on clear factors. To give an example: they would know how their business would change under certain conditions. And they could retrieve sales figures on the same day. According to our vision of a digital finance department, company control transitions from a reactive to an active system, and from analytic to predictive management. This cross-links data and makes it available to enable more comprehensive, dynamic, and effective management

„According to our vision of a digital finance department, company control transitions from a reactive to an active system, and from analytic to predictive management."

„Digital transformation offers great opportunities for each one of us. We need to draw on all our rich reserves of expertise and experience, but also create completely new roles in this exciting area."

Antonios Sygkos,
consultant to the CFO

What challenges does the Finance Department currently face?

The challenges result first from the demands of the various divisions for fast access to data, and second from a commonly derived, unchangeable data source that provides the same basis for all areas. What's more, the requirements of stakeholders from customers to capital providers change constantly. New business models used by our customers aren't just increasingly complex. They're also more dynamic and volatile in their development. Right now, our job is to always provide fast, high-quality information despite all this. That's important because the data available is increasingly the basis of possible new business and services we want to offer our customers so they can be even more successful.

What are the objectives for the coming years, and how do you want to achieve them?

We want to establish a process-oriented finance department driven by data streams by 2020. To achieve this, we're taking various steps such as introducing state-of-the-art software and drawing up a data governance system that defines how we deal with the future massive volume of data. We're also testing robot-controlled process automation. This means a software robot takes over time-consuming, repetitive tasks. For instance, it automatically creates master data when you send it a corresponding email. That's how we can free up our employees so they can focus on new tasks. After all, human beings play a crucial role in our mission. To make sure we can adjust rapidly and effectively to new requirements, we need an attitude in the company that embraces change. Digital transformation offers great opportunities for each one of us. We need to draw on all our rich reserves of expertise and experience, but also create completely new roles in this exciting area. Our employees are a key factor that will help us achieve our ambitious goal.

What are the different roles the Finance Department faces within the company?

Well, we always have to walk a tightrope between legal frameworks on the one side and innovators on the other. We see ourselves as service providers inside the company, and as such we have a clear mission: We provide the divisions with the current, controlling-relevant information they need to support business development. That enables the individual BLG divisions to support their customers in the best possible way.

BUSINESS REPORT

_ Group revenues increase again: EUR 1,087.8 million
_ EBT: increase to EUR 33.5 million
_ CONTRACT Division continues to expand the forwarding business segment

Macroeconomic conditions

The global economy is currently experiencing a strong upswing. Almost all major economies are recording economic growth. Global gross domestic product (GDP) grew by 3.6 percent in the past year. (IMF, World Economic Outlook, October 2017) All GDP components – private consumption, investment, net exports and, to a lesser extent, government spending – contributed to growth in structural terms. The forecast risks – mainly political risks – did not occur in this form.

The economic policy risks fueled by the Brexit vote and the resulting difficult exit negotiations, as well as the outcome of the presidential elections in the United States and the expected protectionism, had little noticeable impact on the financial markets or the real economy. The elections held in France and the Netherlands in the spring of 2017 also failed to strengthen parties critical of Europe.

The Latin American economy recovered only modestly. Nevertheless, there were clear drivers in commodity exports, as a positive price trend was recorded here. The Russian economy also benefited slightly from the positive development of commodity prices. The Chinese economy continued to grow strongly in 2017, albeit at a more moderate pace than in previous years. This is primarily due to the Chinese government's focus on strengthening domestic demand.

German GDP rose by 2.2 percent in 2017

The German economy is in a steady and broad-based upswing with a solid domestic economic foundation. Capacities are well-utilized, employment continues to rise and consumer prices are stable. A longer-term view shows that German economic growth of 2.2 percent in 2017 was almost one percentage point above the average of the last ten years. Consumer confidence, government spending and a solid labor market contributed significantly to growth. Private consumer spending rose by 2.0 percent. Government consumption also rose moderately by 1.4 percent. In particular, investments in equipment increased by 3.0 percent. German exports increased further in 2017. Exports of goods and services were 4.7 percent higher than in the previous year. Imports rose more strongly in the same period and grew by 5.2 percent compared to the previous year. (Destatis, January 2018)

The unemployment rate is currently at its lowest level since reunification and is expected to stabilize at the current level of 5.7 percent. (Destatis, January 2018) 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 improve 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. In this respect, the logistics sector is strongly dependent on the economy. Challenges concern in particular continued pressure on margins, demographic trends and the resulting competition for professionals, managers and young talents. Other challenges include bottlenecks in transport infrastructure, new information technologies and the associated increased risk of cyber crime. 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 often have terms of only 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 2017 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 2018. The volume in the logistics industry in Germany is expected to have risen by around 2 percent last year to just under EUR 264 billion. The consequences of the ongoing geopolitical unrest and the sluggish development of infrastructure projects in the eurozone had little impact. The experts expect further stable growth in 2018. According to the Fraunhofer SCS figures, around three million people were employed in logistics jobs in industry, in retail and at logistics service providers in 2017. This makes the German logistics market the largest sub-sector in Europe by far. (BVL Logistics Indicators, 10/2017)

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.

Statement by the Board of Management on the economic situation

The 2017 financial year was a good year for BLG LOGISTICS in many respects, which is also reflected in the results. Taking into account the current economic development and the difficult and unclear political and macroeconomic conditions in many regions of the world, we consider the business performance to be satisfactory overall.

The BLG Group continued on its successful path during the financial year. Compared to the previous year, Group sales increased and were slightly above the forecast target of EUR 1.0 billion. The development of results in all divisions was positive compared to the previous year. In 2017, the BLG Group's EBT will be above both the previous year's level and the forecast figure.

The BLG Group continued on its successful path 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. Nevertheless, we believe that the economic situation of the BLG Group can continue to improve and that we are well positioned for the future. This assessment is based on the results of the group financial statements for 2017 and takes into account business performance up to the time the group management report for 2017 was drawn up. The business development at the beginning of 2018 is in line with our expectations.

Business performance

Revenue situation (01) (02) (03)

In the 2017 financial year, Group revenues once again rose in year-on-year comparison by EUR 42.2 million to EUR 1,087.8 million. The significant growth in the AUTOMOBILE Division compensated for declines in the CONTRACT and CONTAINER Divisions.

The increase in sales of EUR 76.5 million in the AUTOMOBILE Division is the result of the continued positive development in the German automotive market and the high volume of transfers at domestic terminals. The decline in sales by EUR 26.7 million to EUR 547.8 million in the CONTRACT Division is mainly due to the decline in business in the US due to a change of service provider by a major customer. The expansion of business with existing and new customers in the industrial logistics business segment and the expansion of the forwarding business segment had the opposite effect. The decline in sales in the CONTAINER Division by EUR 15.7 million to EUR 304.0 million is due to the significantly lower volume of cargo handled at the Hamburg location, despite volume-related increases in revenues at the Bremerhaven location and at the subsidiaries providing secondary services.

At EUR 48.3 million, the cost of materials rose more strongly (+10.1 percent) to EUR 525.4 million than revenues (+4.0 percent) in the year under review. The main reason for this was the expansion of the forwarding business segment in the CONTRACT Division by purchasing transport services, which is common in the forwarding business.

Personnel expenses in the reporting year fell to EUR 365.5 million (previous year: EUR 377.1 million). The main reason for the decline is the transfer of employees in the US (CONTRACT Division) to another service provider. The average number of employees within the Group fell by 375 to 8,107 in the year under review. In the 2017 financial year, we also made use of third-party personnel to cover our personnel requirements. Expenditure on third-party personnel fell by 7.5 percent from EUR 153.9 million to EUR 142.3 million.

Depreciation and amortization increased by EUR 5.9 million to EUR 43.6 million in the 2017 financial year. Of this, EUR 9.4 million was accounted for by unscheduled depreciation. In the 2017 financial year, a major customer in the CONTRACT Division (trade logistics business segment) terminated its contractual relationship with effect from December 31, 2018. This event necessitated the reduction in the value of the customer base.

The balance of other operating expenses and income decreased by EUR 7.4 million to EUR -154.5 million. The increase is particularly related to the expansion of the business in the AUTOMOBILE Division. Further explanations can be found in the Group notes in notes 5 and 9 on page 101 f.

Based on the previous explanations, EBITDA increased by EUR 8.4 million in the 2017 financial year.

(01) Sales by segment (in EUR million)	**2017**	2016	Change absolute	Change percentage
AUTOMOBILE	550.2	473.7	76.5	16.1
CONTRACT	547.8	574.5	-26.7	-4.6
CONTAINER	304.0	319.7	-15.7	-4.9
Reconciliation	-314.2	-322.3	8.1	2.5
Total Group	**1,087.8**	**1,045.6**	**42.2**	**4.0**

(02) Indicators for the revenue situation		**2017**	2016	Change absolute	Change percentage
Sales	EUR million	1,087.8	1,045.6	42.2	4.0
EBIT	EUR million	41.0	38.5	2.5	6.5
EBT	EUR million	33.5	30.8	2.7	8.8
EBT margin	%	3.1	2.9	0.2	6.9
Group net income	EUR million	32.0	30.9	1.1	3.6

(03) EBT by segment (in EUR million)	**2017**	2016	Change absolute	Change percentage
AUTOMOBILE	13.1	9.4	3.7	39.4
CONTRACT	4.6	-1.1	5.7	518.2
CONTAINER	48.4	42.0	6.4	15.2
Reconciliation	-32.6	-19.5	-13.0	-66.7
Total Group	**33.5**	**30.8**	**2.7**	**8.8**

The financial result slightly improved by EUR 0.2 million last year to EUR -7.6 million. This is mainly due to improved net interest income.

Earnings before taxes (EBT) increased significantly by EUR 2.7 million to EUR 33.5 million. The increase in sales in 2017 resulted in an EBT margin of 3.1 percent (previous year: 2.9 percent).

Income taxes in the reporting year were EUR 1.6 million (previous year: EUR -0.2 million). With regard to EBT, this results in a tax rate of 4.7 percent (previous year: -0.5 percent). Tax expenses for the reporting year include EUR 4.3 million of current taxes and EUR -2.7 million of deferred taxes. Further disclosures on income taxes can be found in note number 34 on page 147.

Annual net profit for the Group rose by EUR 1.1 million to EUR 32.0 million in year-on-year comparison.

AUTOMOBILE Division (04)

The AUTOMOBILE Division offers a full range of finished vehicle logistics services in its seaport terminal, inland terminal, XXL Logistics, car transport, AutoRail 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 coastal shipping. This means that the range of logistics services from the vehicle manufacturers to the end customer is largely covered. Another focus of our services is seaport logistics for conventional (general) cargo.

In the 2017 financial year, the vehicle volume in the network of the AUTOMOBILE Division was at the level of the previous year (6.3 million vehicles).

In the seaport terminal segment, the volume of cars handled is at a high level and these are mainly intended for export. A continuous improvement in productivity in car handling was achieved in the AutoTerminal Bremerhaven, especially in the second half of the year, even though this is currently still slightly behind target. For this reason, the focus will continue to be on efficient process design and productivity increases through the consistent implementation of 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.

The XXL Logistics Division recorded a higher handling volume compared to the previous year. The significant increase in handling at the Neustadt port in Bremen and the highest volume of handling to date in the High & Heavy segment contributed in particular to this. In wind energy, value-added activities recorded in the 2017 financial year were also 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 handled the rental business of SPMTs, the transport of components for offshore wind farms in the North and Baltic Seas and the transport of components for onshore wind facilities.

The total volume of technology in the seaport terminals in 2017 was slightly below the previous year's level. 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.

(04) Key indicators AUTOMOBILE		**2017**	2016	Change absolute	Change percentage
Sales	EUR million	550.2	473.7	76.5	16.1
EBIT	EUR million	17.8	15.1	2.7	17.9
EBT	EUR million	13.1	9.4	3.7	39.4
EBT margin	%	2.4	2.0	0.4	20.0

In line with the continuing positive development in the German automotive market, the domestic terminals business segment is experiencing very high storage utilization with high volumes and high technical value creation. Higher contributions to earnings were achieved in particular at the Kelheim location due to high levels of stock and a significant depth of value creation from technical services.

Traffic in the network remains at a high level. It was not possible to use rail transport capacities as planned. This was caused by track closures as a direct result of storms. The volume of car transports in the vehicle transport segment improved slightly compared to the previous year. This is mainly due to the expansion of business with existing customers. In addition, the pairing of truck traffic was further optimized within the network. This led to better utilization of existing truck capacities.

In the Southern/Eastern Europe business segment, business development is benefiting from rising volumes and higher value creation in Russia, where BLG has succeeded in taking over the operation itself by moving to the Bronka port of entry, thus increasing the depth of value added. At the seaport terminal in Southern Italy, Gioia Tauro, new business for handling and storage began in the fourth quarter. Business development in Poland was worse than planned due to low volumes.

Due to the productivity improvements described above and the high volumes in the AUTOMOBILE Division, EBT increased in year-on-year comparison from EUR 9.4 million to EUR 13.1 million.

CONTRACT Division (05)

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

In the industrial logistics (Europe) business segment, capacities at the Bremen logistics center are fully utilized. This was boosted by the extension of important existing business and the start of new business in 2017. Productivities at the Bremen and Wackersdorf sites were also continuously improved.

In addition, we successfully won a major order in this business area in 2016 for the assembly logistics of an automotive manufacturer in Leipzig. 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. Earnings at this location were negatively impacted by volume declines and changes in prices in the year under review. In addition, we launched a new logistics center in Düsseldorf in the previous year. Higher volumes and improved productivity led to improved earnings contributions in the 2017 financial year in this area.

Earnings at the Eisenach site are adversely affected by low volumes and low capacity utilization. Initial measures to reduce costs have already been implemented. The earnings development in the business segment's other locations is in line with expectations.

Earnings development in the industrial logistics (overseas) business segment is characterized by stable business development at a high level in South Africa. In the US, we lost a major contract from our anchor customer as of December 31, 2016. For this reason, too, revenues in the CONTRACT Division fell in the year under review (EUR -26.7 million). The focus of activities in the US in the year under review was therefore on the consolidation of the company and the acquisition of new business. New business was successfully acquired during the year under review, but this will only take effect in subsequent years. Business development in India and Malaysia was stable in the financial year. In Brazil, the overall weak economic development is weighing on both volumes and results, which is why we are closely assessing our activities in Brazil.

(05) Key indicators CONTRACT		**2017**	2016	Change absolute	Change percentage
Sales	EUR million	547.8	574.5	-26.7	-4.6
EBIT	EUR million	10.9	7.1	3.8	53.5
EBT	EUR million	4.6	-1.1	5.7	n.a.
EBT margin	%	0.8	-0.2	1.0	n.a.

The business development in the retail logistics segment is still affected by negotiations with a major customer regarding the range of services and billing-related contract components at the Bremen site. Nevertheless, the fiscal year was positive overall, mainly due to volume growth and productivity improvements at the Bremen and Emmerich sites. Earnings at other locations were largely stable.

The performance in the forwarding business segment remained positive. In May, BLG KG acquired Kitzinger & Co. (GmbH & Co. KG) and its subsidiary Arno Rosenlöcher (GmbH & Co. KG), which have been known in the market for many years under the umbrella brand KICO. Following the takeover of FORTRAGROUP in the 2016 financial year, this is the next important building block in the expansion of the forwarding business segment.

As a result of the development described, EBT increased solidly in year-on-year comparison by EUR 5.7 million to EUR 4.6 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, Lisbon (Portugal) and in Tangier (Morocco), Limassol (Cyprus), 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.

Overall, the EUROGATE Group achieved sales of EUR 607.9 million in the 2017 financial year (previous year: EUR 639.4 million). EBT of EUR 96.8 million (previous year: EUR 84.0 million) increased significantly in a year-on-year comparison. This also had an impact on subgroup net profit, which rose from EUR 75.9 million to EUR 85.2 million. Despite declining handling volumes, this was increased in particular due to special effects from equipment rental and personnel provision, as well as a significant improvement in investment income.

Comparison of financial performance with the forecast for the 2017 financial year

For 2017, we had forecast sales at the previous year's level and EBT of EUR 30.0 million. Overall, we more than achieved our goal of maintaining sales at a constant level in all three divisions AUTOMOBILE, CONTRACT and CONTAINER. Sales of EUR 1,087.8 million in 2017 exceeded the forecast sales of EUR 1,000.0 million. With EBT of EUR 33.5 million, we not only achieved but exceeded our forecast target of EUR 30.0 million.

Our forecasts were based on assumptions that deviated in part from the conditions that occurred in the 2017 financial year.

Sales in the AUTOMOBILE Division increased less than expected. In the AutoRail segment, various track closures due to storms had a negative impact. Earnings in the XXL Logistics segment are well above expectations. Despite the transfer of export volumes to the Mediterranean ports, the volume of car transshipments stabilized at the previous year's level. By improving productivity in the operating processes, it was possible to achieve improvements in earnings compared with the previous year. Compared with 2016, economic developments in the Southern/Eastern Europe business segment improved. Overall, EBT in the AUTOMOBILE Division increased from EUR 9.4 million in 2016 to EUR 13.1 million in 2017.

(06) Key indicators CONTAINER		**2017**	2016	Change absolute	Change percentage
Sales	EUR million	304.0	319.7	-15.7	-4.9
EBIT	EUR million	52.4	47.2	5.2	11.0
EBT	EUR million	48.4	42.0	6.4	15.2
EBT margin	%	15.9	13.1	2.8	21.4

RESULTS IN 2017

33.5 million	**1.1 billion**	**3.1 %**
EBT	Sales	EBT margin

In the CONTRACT Division sales developed better than assumed in the previous year. The industrial logistics (Europe) segment developed well once again, due to the generally high rates of increase in parts logistics for car manufacturers. Higher than planned losses from the delayed start-up of new business were incurred in the industrial logistics (overseas) business segment. In addition, the earnings situation in the retail logistics segment was improved through process improvements and price adjustments. The main event in the forwarding business segment was the takeover of Kitzinger & Co. The focus was on consolidation and organizational integration. This results in EBT of EUR 4.6 million for the CONTRACT Division.

Revenues in the CONTAINER Division fell slightly in the year under review. This is mainly due to the significantly lower handling volume at the Hamburg location. 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 2017, EBT improved to EUR 48.4 million and is well above the planned level, in particular due to special effects from equipment rental and the provision of personnel, as well as a significant improvement in investment income.

Asset position (07) (08)
In the reporting year total assets amounted to EUR 708.6 million and were therefore EUR 0.7 million above the figure for the previous year. Current assets increased by EUR 29.7 million in the year under review. This was mainly due to the increase in receivables from shareholder accounts for participations in the amount of EUR 20.8 million and the increase in trade receivables in the amount of EUR 6.5 million.

In contrast, non-current assets decreased by EUR 29.0 million, offset by an increase of EUR 19.7 million due to investments in non-current intangible assets and property, plant and equipment, divestments of EUR 2.9 million and depreciation and amortization of EUR 43.6 million. The capitalization ratio fell slightly to 42.2 percent, a 2.5 percent decline compared to December 31, 2016.

A detailed breakdown of the fair values of financial assets and liabilities can be found in note 33. The Group's net debt was reduced by EUR 24.8 million to EUR 230.0 million in the 2017 financial year (previous year: EUR 254.8 million).

Financial position (09)
Based on the earnings before taxes of EUR 33.5 million achieved in 2017, cash flows of EUR 41.6 million were generated from continuing operations (previous year: EUR 44.0 million).

Free cash flow of EUR 50.6 million is EUR 9.1 million below the previous year's figure of EUR 59.7 million.

In both the year under review and the previous year, payments received from dividends and disposals of financial assets together significantly exceeded payments for investments in property, plant and equipment and financial assets, thus generating a positive cash flow from investing activities in both financial years. Compared to the previous year, the cash flow from investing activities developed negatively, totalling EUR 6.7 million. This is mainly due to the significant increase in investments.

The cash outflow in cash flow from financing activities was EUR 13.0 million higher than in the previous year. The change is mainly due to the EUR 10.1 million increase in payments to company owners and the EUR 4.3 million higher repayments of promissory notes and financial loans.

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.

(07) Indicators for the asset position		12/31/2017	12/31/2016	Change absolute	Change percentage
Total assets	EUR million	708.6	707.9	0.7	0.1
Capitalization ratio	%	42.2	44.7	-2.5	-5.6
Working capital ratio	%	95.5	103.9	-8.4	-8.1
Equity	EUR million	235.6	219.3	16.3	7.4
Equity ratio	%	33.2	31.0	2.2	7.1
Net debt	EUR million	230.0	254.8	-24.8	-9.7

EUR million	Carrying amount 12/31/2017	Fair value 12/31/2017	Carrying amount 12/31/2016	Fair value 12/31/2016
Long-term loans	141.8	143.8	178.6	181.8
Finance lease liabilities	1.4	1.5	1.6	1.8
Total	143.2	145.3	180.2	183.6

(08) Net debt	12/31/2017 EUR million	12/31/2016 EUR million	Change absolute	Change percentage
Non-current borrowings (not including the short-term portion)	102.3	157.3	-55.0	-35.0
Other non-current financial liabilities	25.7	27.8	-2.1	-7.6
Current financial liabilities	117.0	87.3	29.7	34.0
Financial liabilities	**245.0**	**272.4**	**-27.4**	**-10.1**
Non-current financial receivables	0.7	4.7	-4.0	-85.1
Cash and cash equivalents	14.3	12.9	1.4	10.9
Net debt	**230.0**	**254.8**	**-24.8**	**-9.7**

(09) Financial position	2017 EUR million	2016 EUR million	Change absolute	Change percentage
Cash inflow from operating activities	41.6	44.0	-2.4	-5.5
Cash in/outflow from investment activities	9.0	15.7	-6.7	-42.7
Free cash flow	50.6	59.7	-9.1	-15.2
Cash in/outflow from financing activities	-61.1	-48.1	-13.0	-27.0
Net cash change in cash and cash equivalents	**-10.5**	**11.6**	**-22.1**	**-190.5**
Effect of exchange rate changes on cash and cash equivalents	0.0	1.1	-1.1	-100.0
Cash and cash equivalents at start of financial year	-3.6	-16.3	12.7	77.9
Cash and cash equivalents at end of financial year	**-14.1**	**-3.6**	**-10.5**	**-291.7**
Composition of cash and cash equivalents				
Liquid funds	14.3	12.9	1.4	10.9
Short-term liabilities to banks	-28.4	-16.5	-11.9	-72.1
Cash and cash equivalents at end of financial year	**-14.1**	**-3.6**	**-10.5**	**-291.7**

Derivative financial instruments (interest rate swaps) are used selectively to hedge the long-term interest rate level of investment financing and to hedge the interest rate level for planned future financing requirements.

As of the reporting date, lines of credit to the value of EUR 55.4 million had been agreed but not used.

A detailed statement of cash flows can be found on page 92 of the consolidated financial statements. Disclosures on the statement of cash flows can be found in note 38.

RISK REPORT

_ Use early identification of opportunities and threats for decisions
_ No risks jeopardizing the existence of the company
_ Active risk management continued

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 favourable 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.

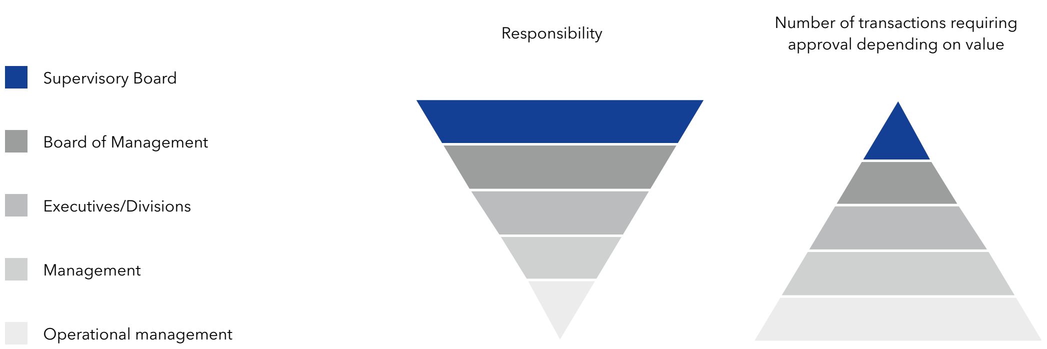
The strategic orientation of the BLG Group, which operates both within Germany and internationally, is highly diversified. Thus the structure of having three divisions together with a number of associated segments leads to a certain degree of autonomy both in terms of economic influences and in terms 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), 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 affect 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. 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 2017, 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 main features of the internal control and risk management system with regard to the accounting process in accordance to Section 315 (4) 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. 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. The development of innovative solutions for our customers in the context of future-oriented research projects also has a high priority. In this context, we refer to the section "Research and Development" on page 48.

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. Our logistical expertise and the locational advantage offered by wharfs at ship height that are capable of handling heavy loads creates opportunities for handling further projects in the construction of offshore wind farms in the North Sea and Baltic Sea.

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.

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.

If one or both of these measures should fail or be delayed further, this may have substantial negative impacts on future cargo handling development at these locations.

However, the EUROGATE Group can offer its customers an excellent alternative with the only German deep-water port, the EUROGATE Container Terminal Wilhelmshaven, and its facilities for the handling of container ships with corresponding deep-water access.

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 more flexible use of employees.

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.

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 developing the entire value chain in this area. Building on this, we see more potential in expanding the fashion logistics segment.

CONTRACT Division: Expansion of forwarding activities

With the further development of our forwarding activities 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. The expansion of these activities will focus in particular on international sea and air freight forwarding business. Another focus is the development of European overland transport without the need to invest in our own fleets. To this end, in the CONTRACT Division, the activities are grouped in a separate forwarding segment. In order to ensure growth with the necessary processing expertise, forwarding companies were acquired both in 2016 and 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 whole trains will run to Falkenberg from the car manufacturers' production sites in Eastern Europe. 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 created 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 improved slightly from the previous year, and has begun to ease pressure on transport flows in Europe. This slight improvement has not yet had a positive effect on the value of the strategic investments of the AUTOMOBILE Division in this market segment.

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 the Bremerhaven 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, the internal optimization of shipping companies may result in further shifts in transshipment volumes at the expense of the Bremerhaven seaport terminal.

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.

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. 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.

In the CONTAINER Division, 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. As in the previous years, 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.

Due to the economic pressure associated with the core issues mentioned above, there are already considerable consequences on the market and in competition in the container handling industry. Following the completion of corresponding restructuring and mergers in 2017, three major alliances now determine East-West traffic, namely:

- 2M (Maersk Line, MSC and Hyundai Merchant Marine)
- OCEAN Alliance (CMA-CGM, COSCO Shipping, EVERGREEN and OOCL)
- THE Alliance (Hapag-Lloyd, K-Line, MOL, NYK and YANGMING)

The takeover of the German container shipping company Hamburg-Süd by Maersk Line was completed in November 2017. Effective April 1, 2018, the Japanese shipping companies K-Line, MOL and NYK will operate their container liner services as Ocean Network Express ("ONE"). In addition, the integration of OOCL into COSCO Shipping is imminent.

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 behaviour 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.

The ongoing delay in the development of the offshore wind energy sector has led to a change in the structure of the Wind Energy Division to the XXL Logistics Division. The bundling of expertise and infrastructure for all heavy goods makes efficient use of the investments made in previous years and allows further markets to be opened up.

Political, legal and social risks

Legal and political environment
It cannot 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 economic losses and declines in earnings in recent years caused by the trade embargo triggered by the Russian-Ukrainian conflict, particularly for the AUTOMOBILE Division, did not continue in the financial year and a slight recovery occurred. The extent to which further developments will affect BLG LOGISTICS in Eastern Europe cannot yet be definitively estimated or evaluated. The Southern and Eastern Europe segment within the AUTOMOBILE Division, which is responsible for this area, is focusing on this in particular.

The wreck of the container bridge in Bremerhaven in 2015 has resulted in numerous legal disputes, the outcome of which cannot yet be reliably estimated.

Contractual risks

Emissions typically to be found in ports, such as spray mist and soot particles, may lead to huge recourse claims by manufacturers and transport insurers. We will also take all necessary steps in future to counteract these kinds 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 2017 financial year, particularly in the industrial logistics and retail logistics segments.

No-fault liability is still requested by many customers and has in some cases led to large compensation payments in the past.

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 retraining 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.

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 programes, 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.

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 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 (cyber crime), 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. In addition, the CONTAINER Division has insurance against cyber risks, as economic damage caused by a cyber attack cannot be ruled out despite the costly security measures. For the AUTOMOBILE and CONTRACT Divisions, a corresponding insurance policy is under tender.

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 eurozone 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 2017 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 33.

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 productivity and profitability in all divisions
_ Continuation of acquisition and cooperation activities
_ 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 continue to strengthen in 2018 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 volatility of major emerging and developing countries. Another risk that is difficult to assess is the tough and difficult exit negotiations between the United Kingdom and the EU. The future political, fiscal and trade orientation of the US also remains uncertain. In addition, the political conflicts in Ukraine and the Middle East remain unresolved. All this could have a dampening effect on the willingness to invest and consumer confidence in some parts of the world.

For 2018, experts predict global economic growth of 3.9 percent despite the continued political uncertainty. An increase of 3.6 percent is forecast for 2019. In the major advanced economies, the economy will continue to turn in a very mixed performance in the forecast period. (IfW Kiel, Global economy in the winter, December 2017)

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, health and digitalization are likely to provide further strong growth impetus in the long term.

The steady pace of expansion in the eurozone is expected to continue in 2018, supported by an expansionary monetary policy. Factors that could jeopardize the recovery appear to have receded, as the elections held in the Netherlands and France did not lead to a strengthening of eurocritical tendencies. 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 uncertainties with regard to the development of the European economy. Overall, the IMF predicts growth of 1.9 percent for the eurozone in 2018. (IMF, World Economic Outlook, October 2017)

Germany is forecasted to grow slightly more strongly than the rest of Europe in 2018. 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. All in all, however, no end to this steady upward trend is currently foreseeable. The German government expects a 2.2 percent increase in price-adjusted GDP for the current year. (BMWi, January 2018)

Sector development
Logistics experts are forecasting a positive year for the German logistics sector in 2018.

After another strong sales year in 2017, a further increase of around 2 percent is forecasted for the current year. Regarding the employment trend, the logistics industry is likely to remain an important job creator in 2018. The industry will employ more than three million people in the coming year. Nationwide, logistics service providers expect stable capacity utilization and positive business development.

For 2018, 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 logistics sector will also be accompanied and influenced by a personnel shortage, technological complexity, digitalization and cost increases in the 2018 financial year. Logistics experts in industry, services and academia must counter these factors with more in-depth collaboration and vertical cooperation.

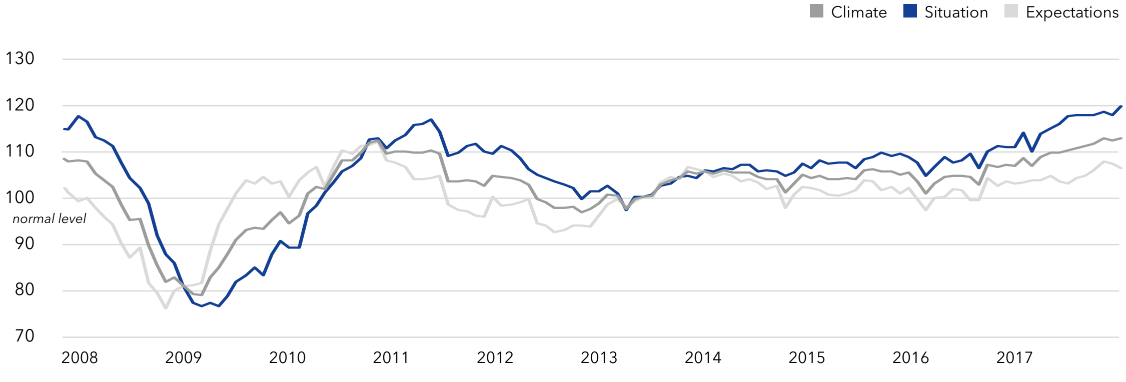
Logistics experts expect a moderate growth rate for 2018 in terms of freight transport in Germany. Due to the good domestic economy in Germany, the volume of road freight transport is likely to increase further in 2018. This increase will be driven mainly by the favorable situation in the construction 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 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 behaviour 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.

BUSINESS CLIMATE AMONG LOGISTICS PROVIDERS



Source: BVL/IfW

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 a slight increase in handling volume at the Bremerhaven seaport terminal in 2017, we expect the volume to stabilize at the current level in 2018. Shifts in export volumes to the Mediterranean ports and changes in the OEMs' production sites were largely offset by higher volumes from other manufacturers. For 2018, we expect a significant improvement in productivity in car handling. We will achieve this by rigorously applying defined restructuring measures in the current process.

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 2018 and the following years. 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 2018, we expect a continued high level of handling volume, mainly due to continued high volume of exports to Scandinavia and the acquisition of import volumes.

The volume growth in the Inland Terminals and Car Transport Segments is largely dependent on the development of registrations of new cars in Germany. Here we expect a similar level for 2018 as in the previous year. In the Inland Terminals Segment we see further growth potential in the effective integration of finished vehicle logistics into the network of BLG LOGISTICS. We expect a continued 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 2018. 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. BLG currently owns around 1,500 car transport wagons. 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 past financial year, BLG was able to expand its fleet by another 200 flat wagons. With its fleet, BLG is well positioned for the future.

In the Southern/Eastern Europe Business Segment, BLG has succeeded in taking over port handling operations itself by moving to the Russian port of entry Bronka, thus increasing the depth of value creation. We expect volume growth from new port handling business. A positive market trend in new vehicle registrations continues in Russia. In Poland, we assume that economic development will remain constant. For the seaport terminal at the Gioia Tauro site potential for regular transport services are expected to result from the joint venture with the Grimaldi Group.

Since the 2017 financial year, the companies BLG Cargo Logistics GmbH (excluding the forwarding business segment), Bremen, and BLG WindEnergy Logistics GmbH & Co. KG, Bremerhaven, will be allocated to the AUTOMOBILE Division. 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 generate synergy potential both in operational processes and in sales activities. Handling volumes increased in 2017 in both the High & Heavy and Neustadt ports. In the High & Heavy Segment, the highest volume handled to date was 1.35 million tons in 2017. The Cargo Logistics Division recorded growth of 33 per cent to 1.32 million tons in the year under review. The Wind Power Segment will continue to develop at a low level. There are no major projects for the construction of offshore wind farms in the North and

Baltic Seas in the near future. 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 2018 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 a growing tendency to make all costs as variable as possible. In return, however, no quantity guarantees are provided by the customers.

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 2018. In Bremen, a major existing contract was extended on a long-term basis. New business also got off to a successful start. This means that the capacities at the site are also fully utilized in the long term. For our Eisenach site, we expect the vacant space in the logistics center to be sold.

Following the loss of a major customer in the USA to another service provider, we expect overall stable business development. The contract for an SKD business was extended and we expect to maintain the remaining portfolio business and to pursue growth prospects on this basis by acquiring logistics companies in the USA. The locations in Brazil are characterized by the continuing market weakness and sustained low volumes. We expect a steady development at the locations in India and Malaysia.

The stable development in the Retail Logistics Division in the financial vear 2018 is due to the process improvements implemented in 2017, which have already led to earnings improvements. The development at the locations outside Bremen is stable at a high level. The termination of an anchor customer in the Textile Logistics Segment as of December 31, 2018 is expected to reduce earnings in subsequent years due to the delayed start of new business. 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 the CONTRACT Division forwarding services will be further expanded. With the takeover of FORTRAGROUP and Kitzinger & Co., 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 coming year.

Our business model will continue to enable us to be successful in the market and achieve long-term competitive cost structures through ongoing productivity improvements. We assume that business will develop solidly in all locations.

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.

Following the decline in volumes in 2017, it is currently difficult to predict the further development of cargo handling at the Hamburg location. In this respect, further measures may become necessary in the short term to adapt the process and organizational structure.

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 very positively in the 2017 financial year, but nowhere near enough to allow the company to achieve a balanced result. Wilhelmshaven seems to be increasingly predestined for the handling of large container ships, especially against the background of the increase in the size of ships and the associated tightening nautical restrictions of the shipping channels of the Outer Weser and Elbe Rivers. In view of the fact that the leading container shipping companies will put additional vessels with capacities of up to 22,000 TEU into operation in the coming years, Wilhelmshaven continues to have a good chance of acquiring further liner services.

The STRADegy project to automate straddle carriers has made further progress. The active test phase of the pilot test facility is expected to start at the end of 2018/beginning of 2019.

In view of the outlooks described above and the expected losses still to be incurred by EUROGATE Container Terminal Wilhelmshaven in 2018, a significant decline in earnings is expected for the 2018 business year with a slight increase in handling volumes. This is due in particular to the operational development of the container terminals in Bremerhaven and Hamburg, which was included in the consolidated result for 2017 and is higher than originally planned.

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 Business Segment. In the Bremerhaven seaport terminal, investments will focus on the renewal of LED lighting at the Bremerhaven car terminal and on 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, an investment volume of about EUR 73 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 2017 continued in early 2018: The global economy has so far remained unaffected by the continued unstable conditions. The feared negative effects of a protectionist-oriented US administration and the imminent withdrawal of the UK from the EU have so far failed to materialize. China is on a stable growth path thanks to an expansionary economic policy.

In the AUTOMOBILE Division, we expect positive development of earnings in the XXL logistics and AutoRail Segments in 2018. We expect the volume of seaport terminals to remain constant due to the sustained positive development in the past financial year. For the

CONTRACT Division, we expect growth in the business areas of industrial logistics, retail logistics and freight forwarding in 2018. We expect the CONTAINER Division to be significantly influenced by strong competition, the further cooperation and concentration of container shipping companies, the difficult-to-predict development of cargo handling at the Hamburg location and by the fact that the EUROGATE Container Terminal in Wilhelmshaven is not yet operating at full capacity.

2018 FORECAST

↗	→	↗
EBT + 5–8 %	Sales at previous year’s level	EBT margin + 5–8 %

We expect revenue to grow slightly in the AUTOMOBILE Division with a corresponding increase in EBT. We also anticipate a slight increase in sales for the CONTRACT Division. The ongoing restructuring measures for the AUTOMOBILE and CONTRACT Divisions will have positive effects on productivity and thus on results in all divisions. In view of the previously described prospects for the CONTAINER Division and the planned start-up losses with slightly higher handling margins for the EUROGATE container terminal in Wilhelmshaven, we envisage a slight fall in EBT for this division in 2018. This is also due to special effects from equipment rental and personnel provision that boosted earnings in 2017. Against this backdrop, we expect BLG Group sales in 2018 to be at the previous year’s level, EBT to increase by 5 to 8 percent and the EBT margin to increase accordingly.

Against this background we want to offer our shareholders an attractive dividend yield. If the economic performance in the following financial year proceeds in line with our expecta-tions, we will enable our shareholders to participate appropriately in this development.

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

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

TEUR	Group notes	2017	2016
Sales	4	1,087,817	1,045,639
Other operating income	5	45,654	47,771
Cost of materials	6	-525,407	-477,127
Personnel expenses	7	-365,544	-377,049
Depreciation and amortization of non-current intangible assets and fixed assets	8	-43,579	-37,649
Other operating expenses	9	-200,177	-194,864
Income from non-current financial receivables		131	154
Other interest and similar income	11	1,005	1,428
Interest and similar expenses	11	-6,792	-7,965
Income from long-term equity investments in associated enterprises	10	42,245	31,815
Income from other long-term equity investments and affiliated companies		93	13
Depreciation and amortization of investments and non-current financial receivables	12	-1,918	-1,391
Earnings before taxes		**33,528**	**30,775**
Income taxes	34	-1,571	166
Group net income		**31,957**	**30,941**
Group net income is allocated as follows:			
BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-		2,315	1,716
BLG LOGISTICS GROUP AG & Co. KG		27,235	26,964
Other minorities		2,407	2,261
		31,957	**30,941**
Earnings per share (diluted and undiluted)	22	**EUR 0.60**	**EUR 0.45**
of which from continued operations		EUR 0.60	EUR 0.45
Dividend of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-	23	**EUR 0.40**	**EUR 0.40**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TEUR	Group notes	2017	2016
Group net income		**31,957**	**30,941**
Other comprehensive income after income taxes			
Items that are not subsequently reclassified in the income statement	35		
Revaluation of net pension obligations		4,403	-9,184
Income taxes on items that are not subsequently reclassified in the income statement		-746	1,482
Proportion of consolidated companies accounted for under the equity method for items that are not subsequently be reclassified in the income statement		2,152	- 5,723
		5,809	**-13,425**
Items that can be transferred to the income statement henceforth	35		
Foreign exchange translation		987	397
Change in the measurement of derivative financial instruments		812	-218
Income taxes on items that can subsequently be reclassified in the income statement		-40	35
Proportion of consolidated companies accounted for under the equity method for items that can subsequently be reclassified in the income statement		-577	2,263
		1,182	**2,477**
Other comprehensive income after income taxes		**6,991**	**-10,948**
Total result		**38,948**	**19,993**
Total result is allocated as follows:			
BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-		2,315	1,716
BLG LOGISTICS GROUP AG & Co. KG		34,235	16,015
Other minorities		2,398	2,262
		38,948	**19,993**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TEUR			
ASSETS	Group notes	**12/31/2017**	12/31/2016
A. Non-current assets			
I. Intangible assets	13		
1. Goodwill		25,629	19,879
2. Other intangible assets		16,250	31,401
3. Advance payments on intangible assets		1,681	1,775
		43,560	**53,055**
II. Fixed assets	14		
1. Real estate, leasehold rights and buildings, including buildings on third-party real estate		177,314	183,097
2. Technical plant and equipment		61,148	61,503
3. Other property, plant and equipment		15,476	16,618
4. Advance payments and assets under construction		1,615	1,855
		255,553	**263,073**
III. Investments	16		
1. Interests in subsidiaries		340	359
2. Interests in companies accounted for using the equity method		133,076	138,943
3. Other financial investments		218	114
		133,634	**139,416**
IV. Non-current financial receivables	17	706	4,716
V. Other non-current assets	19	15	20
VI. Deferred taxes	34	3,486	5,636
		436,954	**465,916**
B. Current assets			
I. Inventories	18	8,687	7,891
II. Trade receivables	19	188,295	181,785
III. Other assets	17,19	58,763	37,261
IV. Reimbursement rights from income taxes	36	1,604	2,177
V. Cash and cash equivalents	20	14,338	12,867
		271,687	**241,981**
		708,641	**707,897**

TEUR

LIABILITIES	Group notes	12/31/2017	12/31/2016
A. Equity	21		
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		7,693	6,914
3. Balance sheet profit		1,536	1,536
		20,211	**19,432**
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		143,307	135,626
4. Other reserves		-47,572	-53,559
5. Reserve for the fair value measurement of financial instruments		-2,083	-3,180
6. Foreign currency translation reserve		-7,009	-8,074
7. Balance sheet profit		20,076	20,428
		207,901	**192,423**
III. Equity of other minorities		**7,484**	**7,452**
		235,596	**219,307**
B. Non-current liabilities			
I. Non-current borrowings (not including the short-term portion)	24	102,255	157,268
II. Other non-current financial liabilities	25	25,703	27,751
III. Deferred government grants	26	2,313	2,357
IV. Other non-current liabilities	29	512	788
V. Non-current provisions	27	55,016	60,769
VI. Deferred taxes	34	2,698	6,737
		188,497	**255,670**
C. Current liabilities			
I. Trade payables	28	86,570	83,166
II. Other current financial liabilities	25	116,964	87,314
III. Current proportion of government grants	26	85	85
IV. Other current liabilities	29	50,698	40,548
V. Payment obligations from income taxes	37	6,775	8,249
VI. Current provisions	30	23,456	13,558
		284,548	**232,920**
		708,641	**707,897**

SEGMENT REPORTING

TEUR	AUTOMOBILE 2017	AUTOMOBILE 2016	CONTRACT 2017	CONTRACT 2016
Sales with external third parties	**550,220**	**473,714**	**547,827**	**574,574**
Inter-segment sales	5,308	1,419	4,922	1,231
Result from companies accounted for using the equity method	397	-779	907	-466
EBITDA[1]	34,207	29,753	37,293	29,094
Depreciation	-16,406	-14,651	-26,426	-21,969
Segment result (EBIT)[1]	**17,801**	**15,102**	**10,867**	**7,125**
Interest income	49	351	1,075	1,225
Interest expenses	-4,130	-6,040	-6,118	-8,058
Result from other equity investments	3	6	82	0
Depreciation and amortization of investments	-568	0	-1,350	-1,391
Segment earnings before taxes (EBT)[1]	**13,155**	**9,419**	**4,556**	**-1,099**
EBT margin	**2.4 %**	**2.0 %**	**0.8 %**	**-0.2 %**
Other information				
Other cash-neutral expenses and income	1,958	-553	2,244	-1,251
Impairments	0	-52	-9,359	-1,823
Interests in companies accounted for using the equity method	5,941	5,277	3,317	1,405
Goodwill included in segment assets	5,084	5,084	11,795	11,795
Segment assets	290,727	271,827	239,663	282,753
Investments in non-current intangible assets and fixed assets	13,913	883	4,735	11,546
Segment liabilities	158,161	167,032	161,484	142,361
Equity	96,590	78,022	26,016	44,132
Employees	2,929	2,730	4,885	5,477

[1] This item includes special effects related to the termination of contractual relationships by a major customer. Please refer to note 3.

[2] The number of employees relates to companies included on proportionate basis (50 percent).

CONTAINER		Total Segments		Reconcilation		Group	
2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
303,954	**319,687**	**1,402,001**	**1,367,975**	**-314,184**	**-322,336**	**1,087,817**	**1,045,639**
2,376	2,331	12,606	4,981	-12,606	-4,981	0	0
2,218	-3,588	3,522	-4,833	38,723	36,648	42,245	31,815
75,389	73,019	146,889	131,866	-62,301	-55,681	84,588	76,185
-23,029	-25,783	-65,861	-62,403	22,282	24,754	-43,579	-37,649
52,360	**47,236**	**81,028**	**69,463**	**-40,019**	**-30,927**	**41,009**	**38,536**
1,155	886	2,279	2,462	-1,143	-880	1,136	1,582
-5,456	-6,541	-15,704	-20,639	8,912	12,674	-6,792	-7,965
313	404	398	410	-305	-397	93	13
0	0	-1,918	-1,391	0	0	-1,918	-1,391
48,372	**41,985**	**66,083**	**50,305**	**-32,555**	**-19,530**	**33,528**	**30,775**
15.9 %	**13.1 %**	**4.7 %**	**3.7 %**	**n.a.**	**n.a.**	**3.1 %**	**2.9 %**
2,474	5,652	6,676	3,848	-5,765	-5,655	911	-1,807
-344	-642	-9,703	-2,517	344	642	-9,359	-1,875
113,890	103,721	123,148	110,403	9,928	28,540	133,076	138,943
512	512	17,391	17,391	8,238	2,488	25,629	19,879
341,493	380,481	871,883	935,061	-301,408	-373,920	570,475	561,141
12,741	9,523	31,389	21,952	-11,660	-9,053	19,729	12,899
213,554	189,860	533,199	499,253	-231,223	-224,541	301,976	274,712
123,005	209,414	245,611	331,568	-10,015	-112,261	235,596	219,307
1,578[2]	1,564[2]	9,392	9,771	-1,285	-1,289	8,107	8,482

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, 2016	**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	0	0
As of December 31, 2016	**9,984**	**7,912**	**1,536**	**19,432**
Changes in financial year				
Group net income	0	779	1,536	2,315
Income and expenses recognized directly in equity	0	0	0	0
Total result	**0**	**779**	**1,536**	**2,315**
Dividends/withdrawals	0	0	-1,536	-1,536
Other changes	0	0	15	0
As of December 31, 2017	**9,984**	**8,691**	**1,536**	**20,211**

II. Consolidated capital of BLG LOGISTICS GROUP AG & Co. KG								III. Equity of other minorities	
Limited liability capital	Capital reserves	Revenue reserves	Other reserves	Reserve for the fair value measure-ment of financial instruments	Foreign currency translation reserve	Balance sheet profit	Total	Total	Total
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**
0	0	7,159	0	0	0	20,076	27,235	2,407	31,957
0	0	0	5,814	1,097	89	0	7,000	-9	6,991
0	**0**	**7,159**	**5,814**	**1,097**	**89**	**20,076**	**34,235**	**2,398**	**38,948**
0	0	0	0	0	0	-20,428	-20,428	-2,366	-24,330
0	0	522	173	0	976	0	1,671	0	1,671
51,000	**50,182**	**143,307**	**- 47,572**	**-2,083**	**-7,009**	**20,076**	**207,901**	**7,484**	**235,596**

CONSOLIDATED STATEMENT OF CASH FLOW

TEUR	2017	2016
Earnings before taxes	33,528	30,775
Depreciation of long-term intangible fixed assets, tangible fixed assets, financial assets and long-term financial receivables	45,497	39,040
Result from disposals of fixed assets	456	-1,689
Profit/loss from companies accounted for under the equity method	-42,245	-31,815
Result from other long-term equity investments	-93	-13
Interest income	5,656	6,383
Other cash-neutral expenses and income	911	-1,808
	43,710	**40,873**
Change in trade receivables	5,120	2,282
Change in other assets	-854	-1,125
Change in inventories	-866	-540
Change in government grants	-43	-96
Change in provisions	5,549	1,129
Change in trade payables	-1,475	4,279
Change in other liabilities	-1,810	6,887
	5,621	**12,816**
Proceeds from interest	1,135	1,576
Payments for interest	-4,501	-5,080
Payments for taxes on income	-4,325	-6,126
	-7,691	**-9,630**
Cash flow from current operating activities	**41,640**	**44,059**
Proceeds from disposals of fixed tangible assets and intangible fixed assets	1,608	3,341
Payments for investments in fixed tangible assets and intangible fixed assets	-19,729	-12,899
Proceeds from disposals of financial assets	11,825	63
Payments for investments in financial assets	-8,122	-12,391
Payments for granting loans to companies in which long-term equity is held	-1,156	-159
Proceeds from repayment of loans to companies in which long-term equity is held	508	235
Payments for company acquisitions minus liquid funds acquired	-2,696	-3,126
Proceeds from dividends received	26,717	40,616
Cash flow from investment activities	**8,955**	**15,680**
Proceeds from repayment of loans to company owners	1,595	1,256
Payments for granting loans to company owners	-1,325	-1,595
Payments to company owners	-24,330	-14,278
Payments from the repayment of promissory note loans	0	-10,000
Payments from the repayment of financial loans	-36,902	-22,650
Payments to lessees	0	-179
Proceeds from repayment of leasing receivables	117	223
Taking out leasing liabilities	411	287
Payment to repay leasing liabilities	-692	-1,200
Cash flow from financial activities	**-61,126**	**-48,136**
Net change in cash and cash equivalents	-10,531	11,603
Change in cash and cash equivalents due to currency translation influences	11	1,140
Cash and cash equivalents at start of financial year	-3,572	-16,315
Cash and cash equivalents at end of financial year	**-14,092**	**-3,572**
Composition of financial resource fund at end of financial year		
Liquid funds	14,338	12,867
Short-term liabilities to banks	-28,430	-16,439
	-14,092	**-3,572**

NOTES TO THE GROUP FINANCIAL STATEMENTS

Principles

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 2017 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, 2017. 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 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 (TEUR), 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 39 and 40)
- Classification of leases (notes number 15, 17 and 25)
- Classification of joint arrangements (notes number 16 and 40)

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:

- Valuation of goodwill (note number 13)
- Recognition of deferred tax assets (note number 34)
- Estimation of parameters for impairment (note number 13)
- Material actuarial assumptions (note number 27)
- Discretion in measuring provisions and contingent liabilities (notes number 30 and 25)

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 33.

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 2017 financial year.

Standards	Application required for financial years starting from
Amendments to IAS 7 "Statement of cash flows" as part of the Disclosure Initiative	January 1, 2017
Amendments to IAS 12 "Income taxes" (Recognition of deferred tax assets for unrealized losses)	January 1, 2017
various standards: Annual Improvements Project 2014-2016 (Amendments to IFRS 12 "Disclosure of Interests in Other Entities")	January 1, 2017

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 2017:

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	Yes
Amendments to IFRS 4 "Insurance contracts" (Application of IFRS 9 "Financial instruments" together with IFRS 4 "Insurance contracts")	January 1, 2018	Yes
IFRS 9 "Financial Instruments"	January 1, 2018	Yes
Amendments to IFRS 9 "Financial Instruments" (Early redemption rules with negative settlement payments)	January 1, 2019	No
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	Yes
IFRS 16 "Leases"	January 1, 2019	Yes
IFRS 17 "Insurance contracts"	January 1, 2021	No
Amendments to IAS 19 "Employee Benefits" (Plan amendments, curtailments or settlements)	January 1, 2019	No
Amendments to IAS 40 "Investment property" (Transfer of investment property)	January 1, 2018	No
Amendments to IAS 28 "Investments in Associates and Joint Ventures" (Long-term investments in associates and joint ventures)	January 1, 2019	No
various standards: Annual Improvements Project 2014-2016 (Amendments to IFRS 1 "Initial Application of International Financial Reporting Standards" and IAS 28 "Investments in Associates and Joint Ventures")	January 1, 2018	Yes
various standards: Annual Improvements Project 2015-2017	January 1, 2019	No
Interpretations		
IFRIC 22 "Foreign currency transactions and advance considerations"	January 1, 2018	No
IFRIC 23 "Uncertainty over Income Tax Treatment"	January 1, 2019	No

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.

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

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 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-time application of IFRS 15, with the exception of the separate disclosure of contract assets and liabilities and extended quantitative and qualitative disclosures in the notes, will not have any material effects. A detailed analysis was carried out in the year under review to support this preliminary assessment.

BLG LOGISTICS intends to adopt the modified retrospective approach as the transitional method for the first-time application of IFRS 15 "Revenue from contracts with customers". Under this approach, the cumulative effect of the first-time application of IFRS 15 is recognized as an adjustment to the opening balance sheet value of retained earnings as of January 1, 2018. The standard is only applied to contracts that have not yet been fulfilled at the time of first-time application. The comparative information is not adjusted and is further presented in accordance with IAS 18 "Revenue" and IAS 11 "Construction Contracts".

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 will lead to a significant balance sheet extension with reference to the obligations from operating leases described in note number 15. The BLG Group will continue the detailed analysis of the effects of IFRS 16 on the consolidated financial statements in 2018, which began in 2017.

The Board of Management of BLG AG submitted the consolidated financial statements to the Supervisory Board on March 20, 2018. The Supervisory Board has the task of reviewing the consolidated financial statements and stating whether it approves them.

Segment reporting and operating result

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 AUTOMOBILE Division offers a full range of finished vehicle logistics services in its seaport terminal, inland terminal, XXL Logistics, car transport, AutoRail and Southern and Eastern Europe Segments. In the XXL Logistics Business Segment, the focus is on port handling of project cargo and conventional goods, as well as logistical activities for producers of wind turbines.

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. In addition to passenger car handling and traditional warehouse logistics, terminal logistics services also includes a large number of technical services such as pre-delivery inspection (PDI), special installations, conversions and the preparation of newer used vehicles.

The locations of the Seaport Terminal Business Segment serve as hubs and are export ports for European vehicle production overseas such as China, the US, Australia, South Africa, Russia and Scandinavia. As import ports, these terminals offer all services for the European vehicle market.

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, through its Southern and Eastern Europe Segment, BLG is represented by several maritime and inland terminals in Poland, Russia and Ukraine.

The XXL Logistics Business Segment offers tailor-made logistics solutions for goods with special requirements. These include the handling, storage and proper treatment of paper and forest products, pipes, sheet metal and project cargo, as well as the handling of other heavy or bulky goods such as agricultural machinery, buses and trucks, transformers and locomotives and wagons. Logistics for offshore and onshore 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 and land across all value-added stages.

The car transport and AutoRail Business Segments offer transport by road, rail and inland waterways. The services also include individual transports, heavy transports and special shuttle concepts. We are constantly investing in the modernization of our fleets in order to be able to offer our customers low-emission transport chains.

CONTRACT

The CONTRACT Division develops customized logistics solutions. The focus of its services is on automotive parts, industrial and production logistics, trade and distribution logistics as well as forwarding services.

The Industrial Logistics Segment 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 consolidation, processing, packaging and shipping in order to supply production plants. 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. 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 drone-based operational processes at the Emmerich 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 forwarding segment serves to increase the depth of value creation and the cross-divisional control of the flow of goods with simultaneous expansion of the use of the company's own terminal and logistics capacities. Following the acquisition of FORTRAGROUP in the previous year, the acquisition of the Kitzinger Group in 2017 was a key element in the further expansion of this Business Segment.

CONTAINER

The CONTAINER Division is being developed by the joint venture EUROGATE GmbH & Co. KGaA, KG, Bremen, in which BLG holds a 50 percent share. EUROGATE has its own subsidiaries and investment entities. The EUROGATE Group companies are included in the consolidated financial statements utilizing 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, Ust-Luga, Russia and Limassol, Cyprus. In addition, EUROGATE has investments in several inland terminals and rail transport companies.

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

3. 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 in line with the Group structure for the AUTOMOBILE, CONTRACT and CONTAINER Divisions. At the same time the results from companies accounted for using the equity method were reported as part of EBIT in accordance with internal control (see Annex 2).

The termination of the contractual relationship by a major customer in textile logistics had a negative impact of around EUR 7 million on the Group result for 2017. The full disclosure of this special effect in the operating result of the CONTRACT Division would have resulted in a presentation that contradicts the actual business success of the division. In accordance with the internal management and the strategic importance of the subsidiary, the negative result is therefore allocated to the parent company. This has a negative impact on the result in the reconciliation column and improves the result of the CONTRACT Division.

With one exception, 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 AUTOMOBILE and CONTRACT Divisions are subdivided into ten business segments. Operational management of the segments, including profit responsibility, operates 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.

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 and BLG Sports & Fashion Logistics GmbH.

The CONTAINER Division includes the 50 percent stake in the operational management company EUROGATE GmbH & Co. KGaA, KG, of the EUROGATE Group.

The operations of the divisions are described in detail in note number 2. Segment reporting is presented on page 88 f.

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. Please refer to the “Services” central areas for information on employees. The relevant disclosures can be found on page 50 in the group management report.

The BLG Group is predominantly active in Germany. EUR 1,041,160,000 of Group revenue (previous year: EUR 962,244,000) is attributable to Germany and EUR 46,657,000 (previous year: EUR 83,395,000) to other countries. The basis for this allocation is the location at which the Group performs services. EUR 295,167,000 of the non-current intangible assets and the Group’s fixed assets (previous year: EUR 311,543,000) are in Germany and EUR 3,947,000 (previous year: EUR 4,585,000) are in other countries.

At least 16 percent of total Group revenues were generated with Group’s largest customer. Of this amount, EUR 172,349,000 (previous year: EUR 188,488,000) is attributable to Germany and EUR 7,403,000 (previous year: EUR 50,409,000) to other countries.

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 apply to the segments in the same way as for the entire Group. The key performance indicators for the segments are earnings before taxes (EBT), revenue and EBT margin.

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	2017	2016
Total of the reportable segments	1,402,001	1,367,975
CONTAINER Division	-303,954	-319,687
Consolidation	-10,230	-2,649
Group revenues	**1,087,817**	**1,045,639**

EBIT TEUR	2017	2016
Total of the reportable segments	81,028	69,463
Central areas/other EBIT	-23,697	-14,352
CONTAINER Division	-52,360	-47,236
Consolidation	36,038	30,661
Group EBIT	**41,009**	**38,536**

Segment earnings/ Earnings before taxes (EBT) TEUR	2017	2016
Total of the reportable segments	66,083	50,305
Central areas/other EBT	37,538	42,455
CONTAINER Division	-48,372	-41,985
Consolidation	-21,721	-20,000
Group segment earnings (EBT)	**33,528**	**30,775**

Assets TEUR	2017	2016
Total of the reportable segments	871,883	935,061
Central areas/other assets	594,221	613,234
Proportion of consolidated companies accounted for under the equity method	133,076	138,943
Deferred tax assets	3,486	5,636
Reimbursement rights from income taxes	1,604	2,177
CONTAINER Division	-341,493	-380,481
Consolidation	-554,136	-606,673
Group assets (assets)	**708,641**	**707,897**

Debts TEUR	2017	2016
Total of the reportable segments	533,199	499,253
Central areas/other liabilities	131,224	136,615
Equity	235,596	219,307
Non-current borrowings (not including the short-term portion)	102,255	157,268
Other non-current financial liabilities	25,703	27,751
Deferred tax liabilities	2,698	6,736
Short-term portion of non-current borrowings and finance leases	40,414	22,123
CONTAINER Division	-213,554	-189,860
Consolidation	-148,894	-171,296
Group debts (liabilities)	**708,641**	**707,897**

4. Revenue

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.

TEUR	2017	2016
Forwarding and transport services	557,077	516,100
Handling income	208,170	206,166
Technical services and advisory services	82,023	74,751
Rental and storage income	72,285	60,269
Logistics services	48,065	84,788
Material sales	31,784	23,147
Provision of personnel and equipment	18,571	14,879
Container packing	8,619	6,043
Shipping income	4,240	2,752
Other	56,983	56,744
Total	**1,087,817**	**1,045,639**

5. Other operating income

TEUR	2017	2016
Income from the settlement of debts	10,071	9,628
Ground rent and rental income	9,870	8,712
Income from the passing on of expenses	7,310	5,462
Insurance reimbursements and other reimbursements	6,855	10,726
Income from prior periods	4,741	4,316
Gain on disposal of fixed assets	1,145	1,984
Income from the provision of personnel	1,136	1,638
Neutral income	1,125	1,384
Income from recycling	715	630
Income for discounts and rebates	699	671
Income from capital gains	77	396
Income from grants	34	0
Other	1,876	2,224
Total	**45,654**	**47,771**

6. Cost of materials

TEUR	2017	2016
Expenses for other purchased services	309,066	254,880
Expenses for external personnel	142,333	153,887
Expenses for raw materials, consumables and supplies	73,972	68,279
Change in inventories of work in progress and services and finished products	36	81
Total	**525,407**	**477,127**

7. Personnel expenses

TEUR	2017	2016
Wages and salaries	301,982	311,155
Statutory social expenses	58,557	59,733
Expenses for retirement benefits, support and anniversaries	4,625	6,946
Other	380	155
	365,544	**377,989**
Own work capitalized for internally generated intangible assets and fixed assets	0	-940
Total	**365,544**	**377,049**

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 25,764,000 (previous year: EUR 24,157,000) for contributions to statutory retirement plans. Of this amount EUR 173,000 is attributable to key management personnel (previous year: EUR 160,000).

In 2017, there was average of 8,107 employees in the Group (previous year: 8,482). Of these employees, 6,091 (previous year: 6,484) were manual workers and 2,016 (previous year: 1,998) worked on the business side. Please refer to the Group management report and the segment reporting for additional information.

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

TEUR	2017	2016
Scheduled depreciation	34,220	35,774
Unscheduled depreciation	9,359	1,875
Total	**43,579**	**37,649**

A breakdown of the depreciation and impairment of the individual asset classes can be found in notes number 13 and 14.

9. Other operating expenses

TEUR	2017	2016
Ground rent and rents	105,084	102,124
Security costs and other property expenses	12,629	11,765
Expenses for loss events	10,839	13,307
IT expenses	9,213	8,504
Expenses for insurance premiums	8,691	8,140
Legal, advisory and audit fees	5,429	7,660
Other personnel expenses	5,286	5,890
Additions to provisions for contingent losses	5,178	2,916
Other neutral expenses	5,140	4,723
Travel expenses	4,279	4,609
Other taxes	3,696	4,013
Other expenses from prior periods	3,834	3,286
Expenses passed on	2,571	1,909
Marketing expenses	2,366	2,785
Administrative expenses and contributions	2,277	2,477
Postal and telecommunications costs	2,184	2,024
Training expenses	1,956	2,054
Expenses for the disposal of assets	1,601	295
Expenses for office supplies	1,279	1,341
Archiving expenses	687	0
Expenses for guarantee obligations	500	77
Expenses for losses	454	82
Other	5,004	4,883
Total	**200,177**	**194,864**

10. Income from long-term equity investments in associated enterprises

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.

TEUR	2017	2016
Income from companies accounted for using the equity method		
Joint ventures	40,781	30,919
Associates	1,464	896
Total	**42,245**	**31,815**

The income from investment of the CONTAINER Division of EUR 40,461,000 (previous year: EUR 32,833,000) is included in the income from investment from joint ventures.

Financial result

11. Interest income

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

TEUR	2017	2016
Income from non-current financial receivables	**131**	**154**
Other interest and similar income		
Interest income on bank deposits	897	781
Interest income from finance leases	44	208
Interest income from amortization of other assets	1	6
Other interest income	63	433
	1,005	**1,428**
Interest and similar expenses		
Interest expense on non-current debt and other financial liabilities	-3,037	-3,577
Unwinding of provisions and liabilities	-2,291	-2,885
Interest expense on interest rate swaps	-563	-579
Interest expense on finance leases	-83	-120
Interest expense on current liabilities to banks	-62	-65
Other interest expense	-756	-739
	-6,792	**-7,965**
Total	**-5,656**	**-6,383**

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

TEUR	2017	2016
Depreciation and amortization of investments		
Depreciation on financial assets of affiliated companies	-363	0
Depreciation on loans to associated companies and other investments	-205	0
	-568	**0**
Depreciation and amortization of non-current financial receivables		
Depreciation on loans to associated companies and other investments	-1,350	-1,391
Total	**-1,918**	**-1,391**

Assets and leases

13. Intangible assets

Intangible assets include not only acquired and internally generated intangible assets but also goodwill arising from company acquisitions.

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. 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.

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 industry-standard normal time periods form the basis:

	2017	2016
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

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 time period including capitalized goodwill regardless of whether there is any indication of impairment (see supplementary notes in the section "Unscheduled impairment loss [Impairments]".

In the CONTRACT Division, following the termination by a major customer, the value of the customer base to which the customer was assigned was adjusted. This resulted in impairment losses of EUR 9,042,000. As in the previous year, no further impairment losses were recognized on intangible assets.

Impairment losses are recognized in the item "Depreciation and amortisation of non-current intangible assets and fixed assets".

2017 financial year TEUR	Goodwill	Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets	Advance payments on intangible financial assets	Total
Acquisition costs				
As at January 1, 2017	22,675	64,594	1,775	89,044
Change in the group of consolidated companies	5,750	298	0	6,048
Additions	0	859	0	859
Disposals	0	-364	0	-364
Reclassifications	0	94	-94	0
Currency translation differences	0	-129	0	-129
As at December 31, 2017	**28,425**	**65,352**	**1,681**	**95,458**
Depreciation				
As at January 1, 2017	2,796	33,193	0	35,989
Change in the group of consolidated companies	0	88	0	88
Additions	0	16,139	0	16,139
Disposals	0	-201	0	-201
Reclassifications	0	0	0	0
Currency translation differences	0	-117	0	-117
As at December 31, 2017	**2,796**	**49,102**	**0**	**51,898**
Carrying amounts as of December 31, 2017	**25,629**	**16,250**	**1,681**	**43,560**

2016 financial year TEUR	Goodwill	Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets	Advance payments on intangible financial 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**

No financing costs were capitalized for qualifying assets.

The assets leased or rented under finance leases included in intangible assets are shown in note number 15.

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 7.71 percent 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 (3.14 percent), the market risk premium (6.25 percent), the industry- and country-specific risk, the country-specific tax rate and borrowing costs.
The recoverable amounts of cash-generating units are 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 St. Petersburg Co. Ltd., St. Petersburg, Russia**	**BLG Sports & Fashion Logistics GmbH, Hörsel**	**FORWARDING**
Division	AUTOMOBILE	AUTOMOBILE	CONTRACT	CONTRACT
Goodwill carrying amount	EUR 4,288,000	EUR 797,000	EUR 11,794,000	EUR 8,750,000
Sales growth p.a. (planning period)	0.7 % – 1.9 %	19.0 % – 33.5 %	see continuous text	2.9 % – 5.2 %
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	7.71 %	9.38 %	7.71 %	7.71 %

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 utilisation of rail cars based on the experience of previous years as well as the conversion of spot traffic to portfolio traffic. 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.

With the merger of BLG Automobile Logistics Russia LTD, Nicosia, Cyprus, with BLG Automobile Logistics Süd-/Osteuropa GmbH, Bremen, and the merger of Car Logistic JSC, Moscow, Russia, with BLG Logistics Automobile St. Petersburg Co. Ltd. St. Petersburg, Russia (BLG St. Petersburg), in the previous year, the determination of goodwill is now based exclusively on 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 percent, 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 exceeded the carrying amount of the cash-generating unit. In the financial year, one major customer terminated its contractual relationship with effect from December 31, 2018. In addition to the remaining existing business with corresponding contributions to earnings, the planning also includes the acquisition of new customers, high-volume "anchor customers", in line with the values seen in previous years. In the future, this will lead to the almost complete utilization of the company's logistics facilities. On this basis, a decline in sales of 43.2 percent p.a. was initially assumed for the planning period 2019 and sales growth of 55.0 percent p.a. for the following year.

A reduction of the assumptions for earnings development (EBIT –50 percent) and the other parameters would result in an impairment risk of approximately EUR 4,500,000. If the discount rate were increased by even one percentage point, the recoverable amount would still be higher than the carrying amount.

The companies INFORTRA GmbH and LOGFORTRA GmbH (combined: FORTRAGROUP) and the companies of the Kitzinger Group, additionally acquired in 2017, form the cash-generating unit FORWARDING due to their close ties. 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. With a 50 percent reduction in EBIT or an increase in the discount rate by one percentage point, the carrying amount would be above the recoverable amount, assuming the other parameters were unchanged.

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.

14. 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.

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 industry-standard useful time periods form the basis:

	2017	2016
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

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 number 13, section "Unscheduled impairment loss [Impairments]").

In the 2017 financial year, impairment losses of EUR 317,000 (previous year: EUR 1,875,000) were recorded.

In the CONTRACT Division, an impairment loss of EUR 317,000 was recognized for a closed conveyor system. The impairment losses were fully 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 1,615,000 (previous year: EUR 1,855,000) relate exclusively to assets under construction.

No financing costs were capitalized for qualifying assets.

The assets leased or rented under finance leases included in fixed assets are shown in note number 15. There are no other assets reported under fixed assets that are eligible to be used as collateral for long-term loans.

2017 financial year TEUR	**Land, land rights and buildings including buildings on third-party land**	**Technical equipment and machinery**	**Other equipment, factory and office equipment**	**Advance payments and facilities under construction**	**Total**
Acquisition and production costs					
As at January 1, 2017	381,691	192,670	64,402	1,855	640,618
Change in the group of consolidated companies	3,441	-330	524	-55	3,580
Additions	2,906	10,178	4,427	1,359	18,870
Disposals	-146	-3,959	-1,382	-1,299	-6,786
Reclassifications	96	9	130	-235	0
Currency translation differences	-50	-107	-125	-10	-292
As at December 31, 2017	**387,938**	**198,461**	**67,976**	**1,615**	**655,990**
Depreciation					
As at January 1, 2017	198,594	131,167	47,784	0	377,545
Change in the group of consolidated companies	555	-369	304	0	490
Additions	11,558	10,116	5,766	0	27,440
Disposals	-57	-3,543	-1,282	0	-4,882
Reclassifications	0	-7	7	0	0
Currency translation differences	-26	-51	-79	0	-156
As at December 31, 2017	**210,624**	**137,313**	**52,500**	**0**	**400,437**
Carrying amounts as of December 31, 2017	**177,314**	**61,148**	**15,476**	**1,615**	**255,553**

2016 financial year TEUR	Land, land rights and buildings including buildings on third-party land	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments and facilities 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**

15. Leasing

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.

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

TEUR	2017	2016
Licenses, trademarks and similar rights and licenses in such assets	0	16
Total	**0**	**16**

The rented or leased assets include leasing obligations in the amount of EUR 0 (previous year: EUR 17,000); see note number 25.

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

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

TEUR	2017	2016
Buildings	76	100
Technical plant and equipment	881	1,217
Plant and equipment	38	80
Total	**995**	**1,397**

The rented or leased assets include leasing obligations in the amount of EUR 1,382,000 (previous year: EUR 1,666,000); see note number 25. The terms of the leasing obligations are up to five years.

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

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 income over the term of the agreement.

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	12/31/2017	12/31/2016
Due up to one year after the balance sheet date	33,289	34,199
Due in between one and 5 years	69,358	86,467
Due in more than 5 years	28,738	34,489
Total	**131,385**	**155,155**

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 31 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	12/31/2017	12/31/2016
Due up to one year after the balance sheet date	49,648	47,551
Due in between one and 5 years	130,813	123,287
Due in more than 5 years	399,240	447,134
Total	**579,701**	**617,972**

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	12/31/2017	12/31/2016
Due up to one year after the balance sheet date	7,847	7,753
Due in between one and 5 years	32,191	31,548
Due in more than 5 years	234,396	239,953
Total	**274,434**	**279,254**

The terms of these subleases substantially correspond with those of the main leases.

In the reporting year, payments from leases in the amount of EUR 101,498,000 (previous year: EUR 98,280,000) and from subletting agreements in the amount of EUR 8,448,000 (previous year: EUR 7,874,000) were recognized in the income statement.

16. Investments

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 include investment securities held as permanent assets 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. The BLG Group has no held-to-maturity financial assets.

Financial assets classified as "available for sale" are recognised 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).

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. In the BLG Group, this relates to shares in partnerships and corporations for which no active market exists.

Impairment losses on debt instruments classified as "available for sale" are reversed in the income statement if the reasons for the impairment no longer apply. 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.

2017 financial year **TEUR**	**Interests in affiliated companies**	**Financial assets at equity**	**Other participations**	**Securities**	**Total**
Acquisition costs					
As at January 1, 2017	359	139,628	114	0	140,101
Change in the group of consolidated companies	0	-78	104	0	26
Additions	386	1,743	0	0	2,129
Disposals	-25	-8,312	0	0	-8,337
Reclassifications	-17	1,917	0	0	1,900
Currency translation differences	0	-932	0	0	-932
As at December 31, 2017	**703**	**133,966**	**218**	**0**	**134,887**
Depreciation					
As at January 1, 2017	0	685	0	0	685
Change in the group of consolidated companies	0	0	0	0	0
Additions	363	205	0	0	568
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Currency translation differences	0	0	0	0	0
As at December 31, 2017	**363**	**890**	**0**	**0**	**1,253**
Carrying amounts as of December 31, 2017	**340**	**133,076**	**218**	**0**	**133,634**

2016 financial year **TEUR**	**Interests in affiliated companies**	**Financial assets at equity**	**Other participations**	**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
Reclassifications	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 340,000 (previous year: EUR 359,000) are mainly composed of the non-consolidated general partner businesses of the fully consolidated operational limited partnerships.

Companies accounted for using the equity method

TEUR	12/31/2017	12/31/2016
Interests in joint ventures	128,936	135,280
Interests in associates	4,140	3,663
Total	**133,076**	**138,943**

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 40,781,000), changes in the group of consolidated companies (EUR -77,000) and currency differences (EUR -932,000) as well as losses through distributions (EUR -46,996,000), changes in revaluation reserves (EUR -2,148,000) and the fair value measurement of financial instruments (EUR 326,000).

Information about significant joint ventures is presented below.

EUROGATE GmbH & Co. KGaA, KG, Bremen is a joint venture of BLG KG and EUROKAI GmbH & Co. KGaA, Hamburg, which is structured as an independent entity. BLG KG's share of the joint venture is 50 percent (previous year: 50 percent) 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 (page 88 f. and note number 3), 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	2017	2016
Non-current assets	694,183	698,634
Current assets	237,359	291,513
Non-current liabilities	-418,840	-364,626
Current liabilities	-266,692	-206,693
Net assets	**246,010**	**418,828**
Shareholding	**50 %**	**50 %**
Share of net assets	123,005	209,414
Of hybrid equity attributable to non-controlling interests	0	-78,010
Of other equity attributable to non-controlling interests	-245	-180
Group share of net assets (= equity carrying amount)	**122,760**	**131,224**

Current assets include cash and cash equivalents of EUR 111,737,000 (previous year: EUR 166,183,000).

EUR 227,988,000 of the non-current liabilities (previous year: EUR 163,441,000) and EUR 203,987,000 of the current liabilities (previous year: EUR 148,377,000) are attributable to financial liabilities (in each case excluding trade payables, other liabilities and provisions).

TEUR	2017	2016
Sales	607,908	639,373
Scheduled depreciation	-46,059	-51,565
Other interest and similar income	2,310	1,771
Interest and similar expenses	-10,913	-13,081
Taxes on income and earnings	-11,587	-8,040
Profit for the year	85,156	75,930
Other comprehensive income after income taxes	3,053	-6,992
Total result	**88,209**	**68,938**

The BLG Group accounts for EUR 40,461,000 of the profit for the year (previous year: EUR 32,833,000) and EUR 1,527,000 of other comprehensive income after income taxes (previous year: EUR -3,496,000).

Dividends received by EUROGATE GmbH & Co. KGaA, KG total EUR 46,584,000 (previous year: EUR 26,442,000). Payment is made in the following year.

Cash flows TEUR	2017	2016
Cash flow from current operating activities	139,673	143,196
Cash flow from investment activities	-38,276	-28,531
Cash flow from financing activities	-155,843	-92,569
Net change in cash and cash equivalents	**-54,446**	**22,096**
Cash and cash equivalents at start of financial year	166,183	144,087
Cash and cash equivalents at end of financial year	**111,737**	**166,183**
Composition of cash and cash equivalents		
Liquid funds	111,737	166,183
Cash and cash equivalents at end of financial year	**111,737**	**166,183**

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:

The share of profit for the year results in full from continuing operations.

TEUR	2017	2016
Carrying amount of interests in other joint ventures	6,176	4,056
Share of		
Profit for the year	320	-1,914
Other comprehensive income	18	175
Proportionate total result	**338**	**-1,739**

In the 2017 financial year, negative shares of the total result of joint ventures in the amount of EUR 0 (previous year: EUR 78,000) and positive shares in the total result of joint ventures in the amount of EUR 4,000 (previous year: EUR 243,000) 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 341,000 (previous year: EUR 9,000).

Associates

The change in the carrying amount of investments in associates results mainly from increases in the proportionate profit for the year (EUR 1,463,000) and currency translation differences (EUR -3,000) and decreases due to distributions (EUR -968,000).

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	2017	2016
Carrying amount of interests in associates	4,140	3,663
Share of		
Profit for the year	1,407	896
Other comprehensive income	-4	158
Proportionate total result	**1,403**	**1,054**

The share of profit for the year results in full from continuing operations.

In the 2017 financial year, positive shares in the total result of associates in the amount of EUR 140,000 (previous year: EUR 85,000) 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 0).

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 percent 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.

17. Financial receivables

Financial receivables are classified as "loans and receivables" and are measured 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.

Impairment losses on financial assets classified as "loans and receivables" are reversed in the income statement if the reasons for the impairment no longer apply.

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.

Current financial receivables are reported under other assets (note number 19).

Loans to companies consolidated using the equity method are made at interest rates between 3 and 6 percent.

Due to their fixed interest rates, the loans are subject to an interest rate-linked market price risk; this is not significant considering the amount and maturity of receivables for the BLG Group.

2017 financial year
TEUR

	12/31/2017			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Loans to companies consolidated using the equity method	511	0	345	856
Other receivables from investments	0	0	0	0
Other loans	73	140	0	213
Other receivables from shareholders	1,325	0	0	1,325
Financial receivables from non-controlling interests in companies accounted for under the equity method	47,770	0	0	47,770
Financial receivables from cash management in companies accounted for under the equity method	297	0	0	297
Financial receivables from finance leases	594	53	0	647
Miscellaneous other financial receivables	1,714	149	19	1,882
Total	**52,284**	**342**	**364**	**52,990**

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 loans	0	0	0	0
Other receivables from shareholders	1,595	0	0	1,595
Financial receivables from non-controlling interests in companies accounted for under the equity method	26,994	0	0	26,994
Financial receivables from cash management in companies accounted for under the equity method	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**

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	12/31/2017	12/31/2016
Neither past due nor impaired financial receivables	52,702	36,358
Past due but not impaired financial receivables	288	395
Impaired financial receivables	0	194
Carrying amounts	**52,990**	**36,947**

Impaired financial receivables TEUR	12/31/2017	12/31/2016
Nominal amounts	3,391	2,235
Impairment losses	-3,391	-2,041
Carrying amounts	**0**	**194**

Impairment losses on financial receivables TEUR	12/31/2017	12/31/2016
Amount as at the beginning of the financial year	2,041	1,082
Impairment losses for the financial year		
- Additions	1,350	1,391
- Use/derecognition of receivables	0	-432
Amount as at the end of the financial year	**3,391**	**2,041**

18. 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 due and, where appropriate, other incurred costs of completion. The net selling price of the final product is generally taken as a basis.

TEUR	12/31/2017	12/31/2016
Raw materials, consumables and supplies	8,666	7,740
Finished goods and merchandise	21	151
Total	**8,687**	**7,891**

Inventories are not pledged as collateral for liabilities. Impairment losses on inventories totalling EUR 127,000 (previous year: EUR 116,000) were recorded as of December 31, 2017.

19. Trade receivables and other assets

Trade receivables

Trade receivables are attributed to the IAS 39 category "Loans and Receivables" accounted for as at the settlement date. Accordingly, these are measured at amortised 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. 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.

TEUR	12/31/2017	12/31/2016
Receivables from third parties	185,292	179,478
Receivables from third parties (stage of completion method)	528	485
Accounts receivable from affiliated companies	52	44
Receivables from investment entities	2,423	1,778
Total	**188,295**	**181,785**

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 62 days (previous year: 63 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	12/31/2017	12/31/2016
Neither past due nor impaired receivables	153,912	153,309
Past due but not impaired receivables	31,955	27,761
Impaired receivables	2,428	715
Total	**188,295**	**181,785**

Past due but not impaired receivables are broken down into time bands as follows:

TEUR	12/31/2017	12/31/2016
Less than 30 days	23,387	19,156
Between 30 and 60 days	3,561	3,248
Between 61 and 90 days	2,932	649
Between 91 and 180 days	1,406	1,441
Between 181 and 360 days	384	2,652
More than 360 days	285	615
Total	**31,955**	**27,761**

Impairment losses were taken on impaired trade receivables depending on the individual credit risk.

TEUR	12/31/2017	12/31/2016
Nominal amounts	11,440	8,383
Impairment losses	-9,012	-7,668
Carrying amounts	**2,428**	**715**

Impairment losses on trade receivables developed as follows:

TEUR	12/31/2017	12/31/2016
Amount as at the beginning of the financial year	7,668	4,820
Changes in group of consolidated companies	106	228
Impairment losses for the financial year		
- Additions	2,089	4,578
- Reversals	-669	-1,886
- Changes in exchange rates	-10	5
- Use/derecognition of receivables	-172	-77
Amount as at the end of the financial year	**9,012**	**7,668**

In the year under review, write-offs of trade receivables in the amount of EUR 429,000 (previous year: EUR 554,000) was also recorded, which is reported under other operating expenses.

Other assets

Other assets mainly comprise current financial receivables. Other financial assets include derivative financial instruments (see note number 33), and, where appropriate, securities classified as current assets. Securities held as current assets are only held to a very limited extent in the BLG Group.

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.

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.

Other assets excluding current financial receivables are non-interest bearing and are not used as collateral for liabilities. They are recognized at their nominal value.

TEUR	12/31/2017		12/31/2016	
	current	non-current	current	non-current
Current financial receivables (note number 17)	52,284	--	32,231	--
Receivables from the tax office and customs	4,154	--	2,802	--
Accruals	1,030	--	746	--
Other assets	1,295	15	1,482	20
Total	**58,763**	**15**	**37,261**	**20**

20. Cash and cash equivalents

TEUR	12/31/2017	12/31/2016
Current accounts	8,602	4,867
Overnight loans and short-term deposits	5,644	7,921
Cash	92	79
Total	**14,338**	**12,867**

All cash and cash equivalents are stated at nominal value.

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.

Capital structure

21. Equity

The classification of and changes to equity for the 2017 and 2016 financial years is presented as a separate component of the consolidated financial statements as of December 31, 2017 in the group statement of changes in equity.

a) Consolidated capital of 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, 2017.

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 7,693,000 (previous year: EUR 6,914,000). In the 2017 financial year, EUR 779,000 of Group net income (previous year: EUR 180,000) was allocated to other retained earnings.

b) Consolidated capital of BLG 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). 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	2017	2016
As at January 1	-3,180	-3,308
Change in reserves	1,097	128
As at December 31	**-2,083**	**-3,180**

As of the balance sheet date, the reserve consists of the fair values of the interest rate swaps qualifying as hedges of EUR -1,900,000 (previous year: EUR -2,712,000), deferred taxes on this amount not recognized in the income statement of EUR 396,000 (previous year: EUR 437,000) as well as EUR -579,000 from the fair value of derivative financial instruments at associated companies not recognized in the income statement (previous year: EUR -905,000).

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 20,076,000 correspond to the disclosure in the financial statements as of December 31, 2017 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 7,484,000 (previous year: EUR 7,452,000) for the equity interests in the fully consolidated subsidiaries.

For the development of the individual equity components, please see the separate group statement of changes in equity.

22. Earnings per share BLG AG

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 2017 financial year is EUR 0.60 (previous year: EUR 0.45). This calculation is based on the portion of the Group net income of EUR 2,315,000 (previous year: EUR 1,716,000) 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.

23. Dividend per share

On May 18, 2017, 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, 2016 to pay a dividend of EUR 0.40 per share. This represents a payout ratio of 89.5 percent. The dividend was distributed to shareholders on May 23, 2017.

A distribution of EUR 1,536,000 (previous year: EUR 1,536,000) is proposed for the 2017 financial year. This corresponds to a dividend per share of EUR 0.40, unchanged from the previous year.

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

24. Long-term loans

Non-current loans from banks can be broken down by residual maturity bands and interest rate bands as follows:

12/31/2017
TEUR

		Residual maturities			
	Interest rate	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
	0.569 – 0.999 %	3,600	11,200	1,000	15,800
	1.000 – 1.999 %	15,595	68,121	21,794	105,510
	2.000 – 2.999 %	468	140	0	608
	3.000 – 3.999 %	0	0	0	0
	4.000 – 4.360 %	19,875	0	0	19,875
Total		**39,538**	**79,461**	**22,794**	**141,793**

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**

The presentation above includes unsubordinated, unsecured promissory note loans totalling EUR 19.0 million (previous year: EUR 19.0 million), which bear full fixed interest and mature in December 2018.

The available credit lines were reduced by EUR 7.7 million in the year under review.

Of the loans taken out from banks, a total of EUR 90.8 million (previous year: EUR 100.5 million) had fixed interest rates and EUR 51.0 million (previous year: EUR 77.7 million) had variable interest rates.

For loan liabilities of EUR 141.5 million (previous year: EUR 178.2 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 percent in both cases, followed by the right to terminate.

In the reporting year, all covenants were complied with.

25. Other financial liabilities

Financial liabilities are recognized as liabilities when the BLG Group becomes party to an agreement.

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.

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.

Liabilities are derecognized after settlement, decree or expiration.

Other financial liabilities break down as follows:

TEUR	**12/31/2017**		12/31/2016	
	current	non-current	current	non-current
Loans BLG Unterstützungskasse GmbH	25,600	--	25,600	--
Short-term portion of non-current borrowings	39,538	--	21,334	--
Bank overdrafts	28,430	--	16,439	--
Obligations under revenue deductions	7,136	--	7,088	140
Cash management with respect to investments	4,312	--	5,275	--
Derivatives with a negative fair value	2,373	--	2,943	--
Outstanding purchase price payments from corporate acquisitions	1,136	12,479	1,209	14,535
Future social concept	1,056	2,848	1,067	2,806
Finance leasing	876	506	789	893
Accruals and deferrals (liabilities)	738	2,804	443	3,550
Other	5,769	7,066	5,127	5,827
Total	**116,964**	**25,703**	**87,314**	**27,751**

The outstanding purchase prices from the acquisition of companies of EUR 13,615,000 (previous year: EUR 15,744,000) mainly relate to liabilities arising from the purchase of the remaining 49 percent of the shares of BLG Sports & Fashion Logistics GmbH, Hörsel. Of this amount, EUR 2,326,000 (previous year: EUR 5,051,000) consists of contingent considerations. For further details on contingent considerations please refer to the information in note number 33.

Other financial liabilities includes obligations from the acquisition of shares of E.H. Harms Automobile-Logistics in the amount of EUR 6,099,000 (previous year: EUR 7,894,000). Of this amount, EUR 3,990,000 is attributable to the non-current segment and EUR 2,109,000 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 as of the balance sheet date of current account liabilities to banks amounted to 0.6 percent (previous year: 0.6 percent).

The discounted value of future cash flows from liabilities from finance leases are as follows:

TEUR	**12/31/2017**			12/31/2016		
	Minimum leasing rates	of which repayment	of which interest	Minimum leasing rates	of which repayment	of which interest
Up to 1 year	981	876	105	873	789	84
Between 1 and 5 years	536	506	30	1,002	893	109
More than 5 years	0	0	0	0	0	0
Total	**1,517**	**1,382**	**135**	**1,875**	**1,682**	**193**

26. Deferred 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.

TEUR	**12/31/2017**		12/31/2016	
	current	non-current	current	non-current
AUTOMOBILE Division	68	2,191	68	2,218
CONTRACT Division	17	122	17	139
Total	**85**	**2,313**	**85**	**2,357**

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 1,465,000 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 totalling EUR 96,000 (previous year: EUR 96,000) was recorded in 2017.

In addition, further income in the amount of EUR 257,000 was recorded during the year (previous year: EUR 184,000), the full amount of which relates to grants recognized in the income statement.

27. Non-current 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. 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.

TEUR	12/31/2017	12/31/2016
Employee provisions		
Direct commitments	5,551	6,521
Port pensions	18,688	20,065
Future social concept	24,189	27,709
Anniversary provisions	6,574	6,460
	55,002	**60,755**
Other provisions		
Miscellaneous other non-current provisions	14	14
	14	**14**
Total	**55,016**	**60,769**

Long-term benefits to employees

TEUR	As at 01/01/2017	Utilization	Solution	Supply	Transfer	As at 12/31/2017
Direct commitments	6,521	62	939	109	-78	5,551
Port pensions	20,065	20	1,120	328	-565	18,688
Future social concept	27,709	71	3,753	511	-207	24,189
Pension provisions	**54,295**	**153**	**5,812**	**948**	**-850**	**48,428**
Anniversary provisions	6,460	0	109	322	-99	6,574
Total	**60,755**	**153**	**5,921**	**1,270**	**-949**	**55,002**

Current benefits to employees TEUR	As at 01/01/2017	Utilization	Solution	Supply	Transfer	As at 12/31/2017
Direct commitments	185	170	15	192	0	192
Port pensions	848	848	0	270	565	835
Pension provisions	**1,033**	**1,018**	**15**	**462**	**565**	**1,027**
Anniversary provisions	467	397	70	335	0	335
Total	**1,500**	**1,415**	**85**	**797**	**565**	**1,362**

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, as of April 1, 2015, and from Kühne+Nagel (AG & Co.) KG as of January 1, 2016, to BLG Industrielogistik GmbH & Co. KG, Bremen, 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. 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	12/31/2017	12/31/2016
Reinsurance policies	52,690	49,669
Fair value of plan assets	**52,690**	**49,669**

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	12/31/2017	12/31/2016
Present value of defined benefit obligations	102,145	104,997
Fair value of plan assets	-52,690	-49,669
Shortfall (net debt)	**49,455**	**55,328**

Present value of pension obligations

The present value of the defined benefit obligations changed as follows:

TEUR	12/31/2017	12/31/2016
Balance at beginning of year	104,997	90,576
+ Current service cost	2,326	3,655
+ Expense from deferred compensation	2,769	3,388
+ Interest expenses	1,691	2,188
+/- Revaluations		
Experience-based adjustments	74	-526
Actuarial gains/losses from changes in financial assumptions	-4,478	9,721
- Use (pension payments)	-3,289	-3,030
+/- Reversals	-1,131	-439
+/- Transfers	-22	-11
+/- Changes in group of consolidated companies	-792	-525
Balance at end of year	**102,145**	**104,997**

The weighted average maturity (duration) of the defined benefit obligations is as follows:

Duration	12/31/2017	12/31/2016
Direct commitments	17 years	17 years
Port pensions	15 years	16 years
Future social concept	13 years	13 years

Fair value of plan assets

The fair value of the plan assets has changed as follows:

TEUR	2017	2016
Balance at beginning of year	49,669	44,640
+ Interest income	743	979
+ Expenses/income from plan assets (excluding interest income)	629	27
+ Additions of the employees included in the plan (e.g. deferred compensation)	2,343	2,805
+ Employer contribution	1,963	3,010
- Use (pension payments)	-2,118	-1,693
+/- Reversals	-10	-98
+/- Transfers	-55	-1
+/- Changes in group of consolidated companies	-474	0
Balance at end of year	**52,690**	**49,669**

Net pension expense

The part of the net pension expense recognized in profit or loss for the period is made up as follows:

TEUR	12/31/2017	12/31/2016
Current service cost	2,326	3,655
Interest expenses	948	1,209
Total	**3,274**	**4,864**

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, 2017 amounts to EUR 1,372,000 (previous year: EUR 1,006,000).

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 %	12/31/2017		
	Direct commit-ments	Port pensions	Future social concept
Discount rate	2.00	1.90	1.90
Rate of salary increases	1.40	0.00	0.00
Rate of pension increases	1.10	1.00	0.00

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

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 Prof. 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:

TEUR	12/31/2017		12/31/2016	
	higher	lower	higher	lower
Discount rate (50 basis points)	-6,472	7,173	-7,228	7,521
Rate of salary increase (50 basis points)	60	-59	53	-50
Rate of pension increase (50 basis points)	1,602	-1,467	1,733	-1,583

The sensitivity calculations are based on the average maturity of the pension obligations determined as of December 31, 2017. 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 favour of the beneficiaries. The pension contracts are solely funded by the employer; the future social concept is funded by 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 2018 totalling EUR 2,186,000 (previous year: EUR 2,176,000).

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 1.54 percent (previous year: 1.24 percent). Accrued interest of EUR 81,000 is included in the addition of the reporting year in the amount of EUR 657,000.

Other non-current provisions
In the reporting year, other non-current provisions amount to EUR 14,000 (previous year: EUR 14,000).

Non-current provisions with a remaining maturity of more than one year are discounted at the capital market interest rate corresponding to their maturity.

28. Trade payables

TEUR	12/31/2017	12/31/2016
Liabilities to third parties	60,188	58,963
Obligations from outstanding invoices	21,155	19,889
Liabilities to investment entities	4,805	3,916
Liabilities to affiliated companies	422	398
Total	**86,570**	**83,166**

29. Other liabilities

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

A liability is recognized based on collective bargaining and individual agreements. Recognition, which includes payments in arrears from current partial retirement arrangements and amounts for building reserves, is based on actuarial reports.

Other non-current liabilities TEUR	12/31/2017	12/31/2016
Liabilities for variable remuneration	333	267
Partial retirement obligations	93	424
Other	86	97
Total	**512**	**788**

Other current liabilities TEUR	12/31/2017	12/31/2016
VAT liabilities	12,210	9,520
Obligations from outstanding holiday leave	11,752	10,578
Liabilities to employees from wages and salaries	9,286	8,691
Advance duties	9,117	1,035
Advance payments received for orders	1,716	776
Advance payments	1,423	1,723
Obligations to employees from restructuring	1,367	1,057
Current employee benefits	1,362	1,500
Partial retirement obligations	262	0
Liabilities from reinsurance policies: Future social concept	0	3,974
Other	2,203	1,694
Total	**50,698**	**40,548**

30. Current provisions

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.

The insurance contributions primarily result from obligations with respect to the liability claim compensation of German metropolitan areas.

The provision for onerous contracts is allocated as follows: EUR 3,273,000 to BLG KG and EUR 6,289,000 to the CONTRACT Division. The provision at BLG KG in the amount of EUR 3,050,000 relates to the expected use of guarantees for bank liabilities of two investments. The full amount of provisions in the CONTRACT Division is attributable to 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.

For warranty risks from possible warranty liabilities and fair-dealing obligations, provisions of EUR 2,100,000 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 1,167,000 (previous year: EUR 1,492,000) and archiving costs in the amount of EUR 1,336,000 (previous year: EUR 666,000).

TEUR	As of 01/01/2017	Exercise	Reversal	Reclassifi-cation	Addition	Change in group of consoli-dated companies	As of 12/31/2017
Insurance contributions	291	139	133	0	1,425	-10	1,434
Onerous contracts	5,058	1,312	1,312	0	7,128	0	9,562
Warranty risks	2,200	0	100	0	500	0	2,600
Miscellaneous other provisions	6,009	1,956	1,111	35	6,516	367	9,860
Total	**13,558**	**3,407**	**2,656**	**35**	**15,569**	**357**	**23,456**

31. Contingent liabilities

The existing contingencies in the BLG Group in favour of investment entities are presented in the following section.

TEUR	12/31/2017	12/31/2016
Overall share of contingent liabilities		
of joint ventures	352	386
of associates	630	2,000
Total	**982**	**2,386**

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 752,000 (previous year: EUR 2,181,000).

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.

32. Other financial liabilities

TEUR	12/31/2017	12/31/2016
Purchase commitments	19,256	25,996
Minimum lease payments under operating leases	131,385	155,155
The minimum payment obligations under leases for land, buildings and wharfs	579,701	617,972
Total	**730,342**	**799,123**

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.

Further information on operating leases is given in note number 15.

33. 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 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. 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 Board of 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 the section "Derivative financial instruments".

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. 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 19.

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 752,000 (previous year: EUR 2,181,000).

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 measurement categories are described in notes 16 and 19 and in the section "Derivative financial instruments".

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.

Carrying amounts of financial instruments classified by balance sheet item, classes and categories TEUR	**Carrying amounts**						**Fair values**	
12/31/2017	Loans and receivables	Financial liabilities at acquisition cost	Available for sale	Classified as fair value in income	Fair value hedging	Total carrying amount	Fair value level	Fair value
ASSETS								
Financial assets measured at fair value								
Current								
Hedged derivatives	--	--	--	--	442	442	2	442
Unhedged derivatives	--	--	--	--	--	--	2	--
	0	**0**	**0**	**0**	**442**	**442**		
Financial assets not measured at fair value								
Non-current								
Interests in associates and other investments	--	--	558	--	--	558		n.r.m.
Other financial investments	--	--	--	--	--	0		n.r.m.
Other non-current financial receivables	706	--	--	--	--	706	2	706
Miscellaneous other non-current assets	15	--	--	--	--	15	2	15
Current								
Trade receivables	188,295	--	--	--	--	188,295		n.i.
Current financial receivables	52,284	--	--	--	--	52,284		n.i.
Miscellaneous other current assets	852	--	--	--	--	852		n.i.
Cash and cash equivalents	14,338	--	--	--	--	14,338		n.i.
	256,490	**0**	**558**	**0**	**0**	**257,048**		

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	
12/31/2017	Loans and receivables	Financial liabilities at acquisition cost	Available for saler	Classified as fair value in income	Fair Value – Hedging	Total carrying amount	Fair value level	Fair value
LIABILITIES								
Financial liabilities measured at fair value								
Non-current								
Contingent considerations	--	--	--	1,190	--	1,190	3	1,190
Current								
Hedged derivatives	--	--	--	--	2,373	2,373	2	2,373
Unhedged derivatives	--	--	--	--	--	0	2	--
Contingent considerations	--	--	--	1,136	--	1,136	3	1,136
	0	**0**	**0**	**2,326**	**2,373**	**4,699**		
Financial liabilities not measured at fair value								
Non-current								
Long-term loans	--	102,255	--	--	--	102,255	2	103,713
Finance lease liabilities	--	506	--	--	--	506	2	519
Other non-current financial liabilities	--	24,007	--	--	--	24,007	2	24,007
Miscellaneous other non-current liabilities	--	419	--	--	--	419	2	419
Current								
Trade payables	--	86,570	--	--	--	86,570		n.i.
Current financial liabilities to banks	--	67,968	--	--	--	67,968	2	68,566
Finance lease liabilities	--	876	--	--	--	876	2	949
Other current financial liabilities	--	44,611	--	--	--	44,611		n.i.
Other current liabilities	--	12,060	--	--	--	12,060		n.i.
	0	**339,272**	**0**	**0**	**0**	**339,272**		

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 acquisition cost	Available for sale	Classified as fair value in income	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**	**201**	**201**		
Financial assets not measured at fair value								
Non-current								
Interests in associates 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**	**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 acquisition cost	Available for saler	Classified as fair value in income	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**	**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**	**358,299**		

n.r.m. = not reliably measurable n.i. = no information

Non-current financial assets include available-for-sale financial assets in the amount of EUR 558,000 (previous year: EUR 473,000) 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, BLG CarShipping Beteiligungs-GmbH, Bremen, was merged into BLG Automobile Logistics GmbH & Co. KG, Bremen (formerly: BLG Auto-Terminal und Fahrzeuglogistik GmbH & Co. KG, Bremen). 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.

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 of BLG Sports & Fashion Logistics GmbH which are attributable to the seller. The valuation was carried out using discount rates of 5.18 to 5.23 percent for matching maturities. In the previous year, the fair values of possible additional purchase prices were also determined on the basis of the – in some cases weighted – expected pre-tax results from the existing business and new business of BLG Sports & Fashion Logistics GmbH. The additional purchase prices can no longer be achieved due to the termination by a major customer.

The following table shows the reconciliation of liabilities from contingent considerations at fair value.

TEUR	2017	2016
As at January 1	5,051	9,065
Contingent considerations from business combinations	0	87
Payments of contingent considerations	-1,208	-1,751
Realized changes to fair value recognized in the income statement	-127	-560
of which recognized in income from the settlement of debts	-127	-560
Unrealized changes to fair value recognized in the income statement	-1,390	-1,790
of which recognized in income from the settlement of debts	-1,704	-1,989
of which recognized in other non-operating expenses	--	--
of which recognized in interest income	314	199
As at December 31,	**2,326**	**5,051**

The contingent consideration results from the acquisition of the shares in BLG Sports & Fashion Logistics GmbH, Hörsel, and relates in full to the present value of future dividend payments.

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 of BLG Sports & Fashion Logistics GmbH.

A significant increase (decrease) in the profits for the year 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	12/31/2017		12/31/2016	
	higher	lower	higher	lower
Profit for the years 2015 – 2019 (10 % change)	233	-233	504	-504
Discount rates for matching maturities (1 % change)	-11	11	-73	75

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:

2017 TEUR	Subsequent measurement				
	from interest rates	Fair value	Value adjustment	from disposal	Net profit
Loans and receivables	1,136	0	-2,770	-429	-2,063
Financial assets available for sale	0	0	-360	0	-360
Hedging instruments	-563	0	0	0	-563
Financial liabilities at acquisition cost	-4,880	0	0	0	-4,880
Financial liabilities measured at fair value recognized in the income statement	-314	1,831	0	0	1,517
Total	**-4,621**	**1,831**	**-3,130**	**-429**	**-6,349**

2016 TEUR	Subsequent measurement				
	from interest rates	Fair value	Value adjustment	from disposal	Net profit
Loans and receivables	1,582	0	-4,083	-554	-3,055
Financial assets available for sale	0	0	0	-3	-3
Hedging instruments	-579	0	0	0	-579
Financial liabilities at acquisition cost	-5,851	0	0	0	-5,851
Financial liabilities measured at fair value recognized in the income statement	-199	2,549	0	0	2,350
Total	**-5,047**	**2,549**	**-4,083**	**-557**	**-7,138**

Foreign currency risk

With very few exceptions, the Group companies operate in the eurozone 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, 2017 and December 31, 2016 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 2017, 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, 2017, the Group had unused current account credit lines of about EUR 55 million (previous year: around EUR 75 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/ 2017 TEUR		**Cash flows**		
		Long-term loans banks	Finance lease obligations	Interest rate swaps
Cash flows 2018	Fixed interest rate	1,980	105	463
	Floating interest rate	478	0	66
	Repayment	39,538	876	0
Cash flows 2019	Fixed interest rate	993	19	514
	Floating interest rate	401	0	56
	Repayment	17,611	208	0
Cash flows 2020 – 2022	Fixed interest rate	1,984	11	2,081
	Floating interest rate	689	0	-711
	Repayment	61,850	298	0
Cash flows 2023 – 2027	Fixed interest rate	525	0	6,371
	Floating interest rate	4	0	-5,923
	Repayment	22,794	0	0
Cash flows 2028 ff.	Fixed interest rate	0	0	5,545
	Floating interest rate	0	0	-6,352
	Repayment	0	0	0
Total		**148,847**	**1,517**	**2,110**
Carrying amount (derivatives offset)		**141,793**	**1,382**	**-1,931**

12/31/2016 TEUR		Cash flows		
		Long-term loans banks	Finance lease obligations	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 ff.	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**

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 percent in both cases, followed by the right to terminate. All covenants were adhered to in the 2017 financial year. For further details on the covenants please see our comments in note number 24.

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. 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	**12/31/2017**		12/31/2016	
	higher	lower	higher	lower
Effect on profit	-2,086	2,086	-2,431	2,431
Effect on equity (excluding effect on profit)	8,774	-9,832	6,070	-7,358

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.

12/31/2017 TEUR	Residual maturities			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Non-current loans from banks	31,388	37,611	21,794	90,793
Interest rate swaps	2,000	18,000	1,000	21,000
Finance lease liabilities	876	506	0	1,382
Total	**34,264**	**56,117**	**22,794**	**113,175**

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**

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.

12/31/2017 TEUR	Residual maturities			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Non-current loans from banks	8,150	41,850	1,000	51,000
Interest rate swaps	-2,000	-8,000	-1,000	-11,000
Total	**6,150**	**33,850**	**0**	**40,000**

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**

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.

Derivative financial instruments

Derivative financial instruments are entered into 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. 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. 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 are not used for trading or speculative purposes.

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 21,000,000 (previous year: EUR 23,000,000), 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.

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) 12/31/2017 TEUR	Hedged underlying transaction	Variable interest rate	Fixed interest rate	Maturity until	Fair value 12/31/2016 TEUR
11,000	Loans	3/6M EURIBOR	1.32 – 1.55 %	2023	-437
10,000	Call money lines	EONIA	3.085 %	2021	-1,122
0	planned loans	6M EURIBOR	1.045 – 1.974 %	2034	-372
21,000					**-1,931**

Nominal amount (reference figure) 12/31/2016 TEUR	Hedged underlying transaction	Variable interest rate	Fixed interest rate	Maturity until	Fair value 12/31/2015 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**

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 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, 2017, interest swaps in the nominal volume of EUR 21,000,000 (previous year: EUR 23,000,000) 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 1,772,000, previous year: EUR 128,000).

The changes in the fair value of the ineffective portion of cash flow hedges were recognized directly in equity, taking into account deferred taxes. As in the previous year, no ineffective portions were recorded in the reporting year.

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 442,000, previous year: EUR 201,000) and under current financial liabilities (EUR 2,373,000 previous year: EUR 2,943,000) were reported due to the improved earnings outlook.

The remaining maturities of the interest rate swaps are as follows:

12/31/2017 Nominal amounts TEUR	**Residual maturities**			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
for outstanding loans	2,000	8,000	1,000	11,000
for call money lines	0	10,000	0	10,000
Total	**2,000**	**18,000**	**1,000**	**21,000**

12/31/2016 Nominal amounts **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**

Income taxes

34. Income 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, 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.

Key components of income tax expense break down as follows:

TEUR	**2017**	2016
Current taxes		
Tax expense for the period	4,277	4,028
Tax expense for prior periods	252	194
Income from tax reimbursements	-235	-490
Total current taxes	**4,294**	**3,732**
thereof		
Tax expense domestic	4,200	3,764
Tax income domestic	-235	-490
Tax expense foreign	329	458
Tax income foreign	0	0
	4,294	**3,732**
Deferred taxes		
Deferred taxes on temporary differences	-6,072	-1,250
Deferred tax loss carry forwards	3,349	-2,648
Total deferred taxes	**-2,723**	**-3,898**
thereof		
Deferred taxes domestic	-2,813	-3,881
Deferred taxes foreign	90	-17
	-2,723	**-3,898**
Total	**1,571**	**-166**

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 percent and 16.45 percent because of different assessment rates.

For domestic corporations a tax rate of 32.3 percent 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 15.0 percent and 31.4 percent.

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:

		Change			
Deferred tax assets TEUR	**January 1, 2017**	Changes in the group of consolidated companies	Recognized in the income statement	Recognized in equity	**December 31, 2017**
Recognition of goodwill in the tax balance sheet	357		-15		342
Recognition and measurement of intangible assets	1,104		496		1,600
Measurement of fixed assets	6,061		-105		5,956
Recognition and measurement of other assets	1,399		-69	-26	1,304
Recognition of liabilities from finance leases	169		-91		78
Measurement of provisions for personnel	9,989	-58	169	-682	9,418
Recognition and measurement of miscellaneous other provisions	1,278		974	-2	2,250
Recognition of derivative financial instruments	468		0	-83	385
Recognition of deferred income	176		-142		34
Recognition and measurement of other liabilities	1,639		271		1,910
Write-down of deferred taxes arising from temporary differences	-7,514	58	407		-7,049
Consideration of tax loss carryforwards	4,754		-3,349		1,405
Gross deferred taxes	**19,880**	**0**	**-1,454**	**-793**	**17,633**
Offset	-14,244				-14,147
Recognized deferred taxes	**5,636**				**3,486**

Of the changes in equity EUR -747,000 was recognized as revaluation surplus and EUR -87,000 as other.

Deferred tax liabilities TEUR	January 01, 2017	Change: Changes in the group of consolidated companies	Change: Recognized in the income statement	December 31, 2017
Recognition and measurement of intangible assets	-7,472	4,025		-3,447
Measurement of fixed assets	-11,451	515		-10,936
Capitalization of finance leases	-45	8		-37
Recognition and measurement of other assets	-1,074	-132		-1,206
Measurement of provisions for personnel	-358	-150		-508
Recognition and measurement of miscellaneous other provisions	-455	-104		-559
Recognition of derivative financial instruments	-32	0	-41	-73
Recognition and measurement of other liabilities	-94	15		-79
Gross deferred taxes	**-20,981**	**4,177**	**-41**	**-16,845**
Offset	14,244			14,147
Recognized deferred taxes	**-6,737**			**-2,698**

The following deferred tax assets have not been capitalized:

TEUR	2017	2016
Deductible temporary differences	7,049	7,514
Loss carryforwards	37,430	33,911
Total	**44,479**	**41,425**

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 117,000 (previous year: EUR 1,932,000) were reported due to the improved earnings outlook.

As of December 31, 2017, the Group had tax loss carryforwards of EUR 240,236,000 (previous year: EUR 233,854,000). As of December 31, 2017, no deferred tax assets were capitalized for the tax loss carryforwards of EUR 230,345,000 (previous year: EUR 202,618,000), 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, 2017 and December 31, 2016 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:

The Group tax rate of 16.45 percent (previous year: 16.1 percent) 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.

Reconciliation **TEUR**		**2017**		2016
Profit for the year before income taxes under IFRS		33,528		30,775
Group tax rate in percent	16.45 %		16.10 %	
Expected income tax expense in the financial year		**5,515**		**4,955**
Reconciliation items				
Effects of changes in tax rates		-41		181
Tax-free earnings/trade tax cuts		-6,926		-5,057
Non-deductible business expenses/trade tax additions/effects of the interest barrier		1,807		2,384
Use of additional special tax operating expenditure		-1,972		-2,080
Current tax expense/income from prior periods		16		-199
Deferred tax expense/income from prior periods		-527		-34
Effects of different tax rates		-654		1,213
Change in the valuation of losses carried forward from previous years		1,911		-2,628
Depreciation of deferred tax assets on current losses		2,570		850
Corrections in recognition of deferred taxes on temporary differences		-407		-640
Other effects		279		889
Total of the reconciliation items	**-11.8 %**	**-3,944**	**-16.6 %**	**-5,121**
Consolidated income tax expense	**4.7 %**	**1,571**	**-0.5 %**	**-166**

35. Income tax on income and expenses recognized directly in equity

TEUR	Gross value	2017 Tax expense/ income	Net value	Gross value	2016 Tax expense/ income	Net value
Items that are not subsequently reclassified in the income statement						
Revaluation of net pension obligations	4,409	-747	3,662	-9,184	1,482	-7,702
Proportion of consolidated companies accounted for under the equity method of items that are not subsequently reclassified in the income statement	2,199	-47	2,152	-5,723	0	-5,723
	6,608	**-794**	**5,814**	**-14,907**	**1,482**	**-13,425**
Items that can subsequently be reclassified to the income statement						
Foreign exchange translation	982	0	982	397	0	397
Change in fair value of derivative financial instruments (cash flow hedges)	812	-40	772	-218	35	-183
Proportion of consolidated companies accounted for under the equity method of items that cannot subsequently be reclassified to the income statement	-577	0	-577	2,263	0	2,263
	1,217	**-40**	**1,177**	**2,442**	**35**	**2,477**
Total	**7,825**	**-834**	**6,991**	**-12,465**	**1,517**	**-10,948**

36. Reimbursement rights from income taxes

The tax assets relate to reimbursement rights for the reporting year in the amount of EUR 515,000 (previous year: EUR 686,000) as well as reimbursement rights for previous years in the amount of EUR 1,089,000 (previous year: EUR 1,491,000).

Please see note number 34 with regard to rights from deferred taxes.

37. Payment obligations from income taxes

TEUR	12/31/2017	12/31/2016
Corporation and trade tax for the reporting year	725	898
Corporation and trade tax for previous years	6,050	7,351
Obligations from current income taxes	**6,775**	**8,249**

For information on obligations arising from deferred taxes, please see note number 34.

Notes to the group statement of cash flows

38. 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 current 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	**12/31/2017**	12/31/2016
Cash and cash equivalents on statement of financial position	14,338	12,867
Current liabilities to banks [1]	-28,430	-16,439
Total	**-14,092**	**-3,572**

[1] Disclosure in the balance sheet in the item "Current financial liabilities" (see also note number 25)

The following table shows the changes in liabilities and related financial assets included in the cash flow from financing activities:

TEUR	**12/31/2016**	**Cash flow**	**non-cash changes**			**12/31/2017**
			Business acquisition	Deconso-lidation	Exchange rate differences	
Finance lease receivables	3,919	-117	0	-3,163	0	639
Financial assets from financing activities	**3,919**	**-117**	**0**	**-3,163**	**0**	**639**
Long-term loans	178,602	-36,902	93	0	0	141,793
Finance lease liabilities	1,682	-281	0	0	-19	1,382
Liabilities from financing activities	**180,284**	**-37,183**	**93**	**0**	**-19**	**143,175**

Group structure and consolidation principles

39. Group of consolidated companies

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

Group of consolidated companies	12/31/2017	12/31/2016	Change
Number of fully consolidated companies			
Domestic	19	19	0
Foreign	7	8	-1
Number of companies accounted for using the equity method			
Domestic	36	36	0
Foreign	19	19	0

Five 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 five companies consolidated using the equity method was EUR 2,011,000 in 2017.

A total of 13 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, one company with no operations as well as two companies 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 statements. The determination of materiality is based on profit for the year. The cumulative net income of the unconsolidated subsidiaries is EUR 23,000.

The structure of the BLG Group with the AUTOMOBILE, CONTRACT and CONTAINER Divisions included at equity is shown in note number 3.

A complete list of subsidiaries, joint ventures, associates and other investments is attached to the Group notes as Annex 1.

Hereafter, the assumptions for control in companies in which the shareholding does not exceed 50 percent are shown.

BLG AutoRail GmbH, Bremen (shareholding: 50 percent)
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 percent)
BLG RailTec GmbH was established as a wholly-owned subsidiary of BLG AutoRail GmbH, Bremen. The indirect shareholding is 50 percent. 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.

40. 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 39).

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 13).

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. Intragroup 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.

41. Changes in group of consolidated companies

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 gradual business combination, 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.

CONTRACT Division

Kitzinger & Co. (GmbH & Co. KG), Hamburg
By notarial agreement of May 3, 2017, 100 percent of the limited partnership shares in Kitzinger & Co. (GmbH & Co. KG), Hamburg (KiCo), were acquired, which in turn holds 100 percent of the limited partnership shares in Arno Rosenlöcher (GmbH & Co. KG), Hamburg (Rosenlöcher). Together, the two companies form the Kitzinger Group.

In addition, 100 percent of the shares in Kispe Speditions G.m.b.H. (Kispe) were acquired. The transfer of the shares was carried out on May 30, 2017 as a condition precedent. The companies KiCo and Rosenlöcher are included using the full consolidation method, while Kispe, as a general partner with low business activity, is not included due to immateriality.

The acquisition represents a key element in the further expansion of the forwarding business segment. The Kitzinger Group focuses on sea and air freight, supplemented by temperature-controlled transport services. Complementary storage services are also provided.

In the allocation of the purchase price, goodwill amounted to EUR 5,750,000, 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 102,000. They are depreciated in subsequent periods at EUR 34,000 p.a.

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

Values at the time of acquisition for 100 percent TEUR	**05/30/2017 (date of acquisition)**		
	Carrying amount before acquisition	Adjustment	Fair value
Intangible assets	96	122	218
Fixed assets	283	0	283
Investments	29	0	29
Non-current assets	**408**	**122**	**530**
Trade receivables	12,055	-74	11,981
Other assets	27	0	27
Reimbursement rights from income taxes	85	0	85
Cash and cash equivalents	4,331	0	4,331
Current assets	**16,498**	**-74**	**16,424**
Long-term loans	6	0	6
Deferred tax liabilities	0	20	20
Non-current liabilities	**6**	**20**	**26**
Trade payables	4,700	0	4,700
Current financial liabilities	124	0	124
Other current liabilities	10,060	0	10,060
Payment obligations from income taxes	25	0	25
Current provisions	742	0	742
Current liabilities	**15,651**	**0**	**15,651**
Total identifiable assets	**1,249**	**28**	**1,277**
Goodwill			5,750
Purchase price			**7,027**

The total purchase price consists of provisional amounts of EUR 6,500,000 for the shares in KiCo and adjustment mechanisms.

Total purchase price **TEUR**	**05/30/2017**
Purchase price for shares acquired	6,500
Purchase price adjustment	527
Total purchase price	**7,027**

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

Contribution to result in year of acquisition **TEUR**	**Date of acquisition – 12/31/2017**	**01/01/2017 - 12/31/2017**
Sales	33,897	55,790
EBIT	758	948
Financial result	69	42
EBT	827	990
Income taxes	685	641
Group net income	1,512	1,631

Other changes in group of consolidated companies

AUTOMOBILE Division

Number of fully consolidated companies (subsidiaries)

As part of an internal group restructuring, BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven, as a whole, including its shareholdings in BLG AutoTec GmbH & Co. KG, Bremerhaven, and BLG AutoTec Beteiligungs-GmbH, Bremerhaven, were transferred to the newly founded BLG AutoHaven GmbH & Co. KG, Bremerhaven, Germany, by way of a spin-off.

Subsequently, BLG AutoTerminal und Fahrzeuglogistik GmbH & Co. KG, Bremen, and BLG AUTOMOBILE LOGISTICS GmbH & Co. KG, Bremen, were merged into BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven.

In connection with the restructuring, BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven, was renamed BLG Automobile Logistics GmbH & Co. KG, and its registered office was moved to Bremen. BLG AutoHaven GmbH & Co. KG, Bremerhaven, was also renamed; it now does business as BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven.

BLG Automobile Logistics Russia LTD, Nicosia, Cyprus, was merged into BLG Automobile Logistics Süd-/Osteuropa GmbH, Bremen.

Companies accounted for under the equity method

Associates

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, from 50 percent to 100 percent. 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 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.

Joint ventures

Automobile Logistics Slovakia s.r.o. i. L., Bratislava, Slovakia, and BLG-ESF Warehouse GmbH i. L., Bremen, were deconsolidated in the year under review as a result of their entry into liquidation.

CONTRACT Division

Number of fully consolidated companies (subsidiaries)

In the year under review, BLG KG sold 51 percent of its shares in BLG Coldstore Logistics GmbH, Bremerhaven. The company was renamed BLG Coldstore GmbH, Bremerhaven, after the sale of shares. 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 February 10, 2017, income amounted to EUR 201,000, which is reported under other operating income in non-operating results. The result from the revaluation of the retained shareholdings at the time of the loss of control in the amount of EUR -50,000 was offset against this. The company had been consolidated using the equity method since February 10, 2017.

Companies accounted for under the equity method

Associates

In February 2017, BLG Logistics of South Africa (Pty) Ltd, Port Elizabeth, South Africa, together with a partner, founded Hizotime (Pty) Ltd, East London, South Africa. The object of the company is the processing of the scrap metal business for a customer.

42. Non-consolidated structured companies

BLG Unterstützungskasse GmbH, Bremen (shareholding: 100 percent)

BLG KG owns 100 percent 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 percent 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.

43. Currency 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, 2017, currency translation differences of EUR 7,009,000 (previous year: EUR 8,074,000) were reported in equity (see also the statement of changes in equity).

Currency translation is based on the following exchange rates:

Unit/Currency EUR	Year-end exchange rate 12/31/2017	Average exchange rate in 2017	Year-end exchange rate 12/31/2016	Average exchange rate in 2016
1 US Dollar	0.8338	0.8852	0.9505	0.9040
1 Brazilian Real	0.2517	0.2774	0.2920	0.2608
1 British Pound	1.1271	1.1407	1.1729	1.2243
1 Chinese Yuan Renminbi	0.1281	0.1311	0.1369	0.1361
1 Indian Rupee	0.0131	0.0136	0.0140	0.0135
1 Croatian Kuna	0.1344	0.1340	0.1325	0.1327
1 Malaysian Ringgit	0.2060	0.2061	0.2119	0.2183
1 Polish Zloty	0.2394	0.2349	0.2270	0.2292
1 Russian Rouble	0.0144	0.0152	0.0155	0.0136
1 South African Rand	0.0675	0.0664	0.0692	0.0617
1 Czech Koruna	0.0392	0.0380	0.0370	0.0370

In the separate financial statements of the consolidated companies presented in local currency, receivables 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.

44. 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 46. 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 2017 financial year.

Material 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 percent share of the subscribed capital.[1] 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. The Free Hanseatic City of Bremen (municipality) has provided BLG KG with heritable building rights with a remaining term of up to 31 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 2017.

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 KG took out several loans from BLG Unterstützungskasse GmbH, Bremen. The loan liabilities amounted to EUR 25,600,000 as of December 31, 2017. 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 1,179,000.

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:

[1] As of January 1, 2017, the 12.6 percent shareholding of Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale- in BLG AG was transferred to Bremer Verkehrs- und Beteiligungsgesellschaft mbH (formerly: Bremer Verkehrsgesellschaft mbH), an investment of the Free Hanseatic City of Bremen (municipality). See also the comments in note number 45.

Balance as of December 31, 2017 **TEUR**	**Income**	**Expenditure**	**Receivables**	**Liabilities**
Affiliates	10	22	0	225
Joint ventures	63,076	21,726	48,894	1,981
Associates	2,279	3,937	1,359	131

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

Receivables from unconsolidated affiliates, joint ventures and associated companies were, as in the previous year, neither impaired nor derecognized.

Other notes

45. 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 percent on January 1, 2017, and amounted to 0.0 percent (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 percent (corresponding to 1,936,000 voting rights) as of April 1, 2002.

Bremer Verkehrs- und Beteiligungsgesellschaft mbH, Bremen (formerly Bremer Verkehrsgesellschaft mbH), 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 percent on December 13, 2016, and at that time amounted to 12.61 percent (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 percent (corresponding to 2,420,032 voting rights).

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 percent on November 15, 2016, and at that time amounted to 5.23 percent (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 percent (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/share**.

46. Information on the Supervisory Board and the Board of Management

The disclosures concerning the Board of Management and the Supervisory Board 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 (1) sentence 5 German Stock Corporation Act can be seen on page 166 ff.

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 18 ff. of the Corporate Governance Report whose remuneration report is at the same time part of the management and group management report.

47. 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:

- Arno Rosenlöcher (GmbH & Co. KG), Hamburg
- 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 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 WindEnergy Logistics GmbH & Co. KG, Bremerhaven
- Kitzinger & Co. (GmbH & Co. KG), Hamburg

48. Events after the balance sheet date

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, 2017, and the preparation of the consolidated financial statements on March 20, 2018.

49. Group auditor's fees

The fee of the Group auditor pursuant to Section 314 (1) no. 9 of the German Commercial Code for the 2017 financial year is broken down as follows:

TEUR	2017
Audits	478
of which for previous years	57
Other certifications	14
Other services	24
Total	**516**

50. Corporate Governance Code

The 16th declaration of conformity with the DCGK as amended on February 7, 2017, was issued by the Board of Management on August 29, 2017, and by the Supervisory Board of BLG AG on September 15, 2017. The declaration has been made permanently available on our website: **www.blg-logistics.com/ir**.

www.blg-logistics.com/ir

Bremen, March 20, 2018

BREMER LAGERHAUS-GESELLSCHAFT
-Aktiengesellschaft von 1877-

THE BOARD OF MANAGEMENT

WE TAKE THE INTERESTS OF OUR STAKEHOLDERS ADEQUATELY INTO ACCOUNT IN SETTING OUR OBJECTIVES.

04

Further Information

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AUDIT OPINION ON THE GROUP FINANCIAL STATEMENTS

Name	Town	Function/Profession
Dr. Stephan-Andreas Kaulvers	Hatten	**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
Karoline Linnert	Bremen	Mayor and Senator for Finance of the Free Hanseatic City of Bremen, Bremen
appointed since September 11, 2007		
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	Bremerhaven	Chairman of the Works Council
appointed since June 2, 2016		BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven (until March 13, 2018)
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
(until June 30, 2017)		
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		
Andreas Wopp	Bochum	Member of the Works Council
appointed since July 1, 2017		BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen

[1] The information relates to memberships in legally required Supervisory Boards as well as memberships in comparable domestic and foreign control bodies of business enterprises.

Committees				
Audit Committee	Human Resources Committee	Investment Committee	Committee acc. to Section 27 (3) MitbestG	Mandates[1]
	■ Chairman	■ Chairman	■ Chairman	EWE Aktiengesellschaft, Oldenburg (until May 16, 2017)
				EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
	■ deputy	■	■ deputy	Deutsche Lufthansa AG, Cologne, Deputy Supervisory Board Chairwoman
	Chairwoman		Chairwoman	Bochum-Gelsenkirchener-Straßenbahn AG, Bochum
				Hapag Lloyd AG, Hamburg, Deputy Supervisory Board Chairwoman Executive Committee
■	■		■	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
■		■		EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
	■		■	Chairman of Supervisory Board of Deutsche Windtechnik AG, Bremen
				Chairman of Supervisory Board of wpd AG, Bremen
■				Chairman of Supervisory Board of Freie Internationale Sparkasse S.A., Luxembourg
				GEWOBA Aktiengesellschaft Wohnen und Bauen, Bremen
	■	■	■	no membership in other bodies
■				no membership in other bodies
				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
				no membership in other bodies

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 12/31/2022		Executive Staff	
		Communication	
		Board of Management Coordination	
		Sustainability/New Technologies	
		Audit (from January 1, 2018)	
		Corporate Strategy	
		Transport Policy	
Jens Bieniek	Delmenhorst	Controlling/Risk Management	dbh Logistics IT AG, Bremen
born 1964		Purchasing	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
appointed until 05/31/2021		International Corporate Finance/M&A	
		IT	
		Accounting/Taxes/Customs/	
		Investor Relations/Insurance	
		Legal	
		Treasury	
Michael Blach	Bremen	CONTAINER Division	AutoTerminal Gioia Tauro S.p.A., San Ferdinando, Italy
born 1964			Chairman
appointed until 05/31/2021			EUROGATE Container Terminal Bremerhaven GmbH, BHV
			Chairman
			EUROGATE Container Terminal Hamburg GmbH, Hamburg
			Chairman
			EUROGATE Technical Services GmbH, Hamburg
			Chairman
Andrea Eck	Bremen	AUTOMOBILE Division	no membership in other bodies
born 1963			
appointed until 12/31/2019			
Dieter Schumacher	Bremen	Human Resources[2]	no membership in other bodies
born 1955		Audit (until December 31, 2017)	
appointed until 12/31/2020		Safety/Environmental Protection	
Jens Wollesen	Lilienthal	CONTRACT Division	no membership in other bodies
born 1967			
appointed until 06/30/2019			

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	Function/Organisation
Prof. Dr.-Ing. Frank Straube	Chairman
	Managing Director/Head of Logistics
	Technical University Berlin, Berlin
Dr. Ottmar Gast	Management spokesman
	Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG, Hamburg
Prof. Dr. Bernd Gottschalk	Managing Director
	AutoValue GmbH, Frankfurt
Ewald Kaiser	Member of the Board of Management
	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	Logistics, Head of Program Flexibility Management, Reorientation Planning and Ordering Process
	BMW AG, Munich
Prof. Dr. Karl Nowak	President Corporate Sector Purchasing and Logistics
(since 05/05/2017)	Robert Bosch GmbH, Stuttgart
Dr. Florian Schupp	Head of Automotive Purchasing and After-Market
	Schaeffler Group, Herzogenaurach
Dr. Carsten Sieling	Mayor and President of the Senate
	Free Hanseatic City of Bremen, Bremen
Martin Weber	Managing Director
	DVV Media Group GmbH, Hamburg
Prof. Dr. Yasmin Mei-Yee Weiß	Managing Director, Institute for Chinese-German Cooperation, Munich
(since 05/05/2017)	Business Professor at Nuremberg Technical University, Nuremberg
Michael Westhagemann	formerly CEO Northern Region
(until 10/19/2017)	Siemens AG, Hamburg
Prof. Dr.-Ing. Katja Windt	President
	Jacobs University Bremen gGmbH, Bremen (until January 14, 2018)
	Managing Director in the Digital Solutions and Electronics and Automation departments
	SMS group GmbH, Düsseldorf (from April 1, 2018)

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 group financial statement presents 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 20, 2018

Board of Management

Frank Dreeke

Jens Bieniek

Michael Blach

Andrea Eck

Dieter Schumacher

Jens Wollesen

INDEPENDENT AUDITORS' REPORT

for BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG

Report on the audit of the consolidated financial statements and the group management report

Audit opinion

We have audited the consolidated financial statements of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, and BLG LOGISTICS GROUP AG & Co. KG, Bremen, and its subsidiaries (the Group) – comprising the consolidated balance sheet as of December 31, 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1, 2017 to December 31, 2017 and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, and BLG LOGISTICS GROUP AG & Co. KG, Bremen, for the financial year from January 1, 2017 to December 31, 2017. In accordance with German law, we have not examined the content of the non-financial Group Declaration contained in the "Non-financial report" section of the group management report and the Group Declaration on Corporate Governance contained in the "Management and Control" section of the group management report.

In our opinion based on the findings of our audit

- the accompanying consolidated financial statements comply in all material respects with IFRS as adopted by the EU and the additional requirements of Section 315e (1) HGB in conjunction with Section 315e (3) HGB and gives a true and fair view of the net assets, financial position and results of operations of the Group as of December 31, 2017, and its results of operations for the financial year from January 1, 2017 to December 31, 2017 in accordance with these requirements; and

- the attached group management report provides an overall accurate picture of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German law and accurately presents the opportunities and risks of future development. Our audit opinion on the group management report does not extend to the content of the non-financial Group Declaration contained in the "Non-financial report" section of the group management report nor to the content of the Group Declaration on Corporate Governance contained in the "Management and Control" section of the group management report.

In accordance with Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections regarding the correctness of the consolidated financial statements and the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB, taking into account German generally accepted standards relating to the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Our responsibility in accordance with these regulations and principles is further described in the section "Responsibility of the auditor for the audit of the consolidated financial statements and the group management report" of our audit opinion. We are independent of the Group companies in accordance with German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements and the group management report.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the legal representatives are responsible for the other information. Other information includes the non-financial statement contained in the “Non-financial report” section of the group management report and the corporate governance statement contained in the “Management and Control” section of the group management report as well as the other parts of the financial report expected to be available to us after this date, with the exception of the audited consolidated financial statements of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, and BLG LOGISTICS GROUP AG & Co. KG, Bremen, which were voluntarily audited jointly, and the management report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, as well as our associated audit certificates.

Our opinion on the consolidated financial statements and the group management report does not extend to other information, and accordingly we do not express an audit opinion or any other form of conclusion.

In connection with our audit, we have the responsibility to read the other information and to assess whether the other information

- is free of material inconsistencies with the consolidated financial statements, the group management report or our knowledge gained during the audit, or

- otherwise appears to be materially misrepresented.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the group management report

The legal representatives are responsible for the preparation of the consolidated financial statements in accordance with IFRS, as adopted by the EU, and the additional applicable German legal provisions of Section 315e (1) HGB in conjunction with Section 315e (3) HGB in all material respects and ensuring that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group. In addition, the legal representatives are responsible for the internal controls they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether intentional or not.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group’s ability to continue as a going concern. They are also responsible for disclosing, where relevant, matters relating to the continuation of the company’s activities. In addition, they are responsible for accounting on the basis of the going concern principle, unless there is an intention to liquidate the Group or to discontinue operations or there is no realistic alternative.

In addition, the legal representatives are responsible for the preparation of the group management report, which as a whole provides a suitable view of the Group’s position, is in accordance with the consolidated financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a group management report in accordance with the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the group management report.

The Supervisory Board is responsible for monitoring the Group’s accounting process for the preparation of the consolidated financial statements and the group management report.

Responsibility of the auditor for the audit of the consolidated financial statements and the group management report
Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatements, whether intended or not, and whether the group management report as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development in all material respects in accordance with German law and with the findings of our audit, as well as to confirm the suitability of the consolidated financial statements and the group management report.

Adequate assurance is a high degree of certainty, but no guarantee that an audit conducted in accordance with Section 317 HGB and taking into account the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW) will always reveal a material misstatement. Misstatements may result from violations or inaccuracies and are considered material if they could reasonably be expected to influence the economic decisions of users, individually or collectively, made on the basis of these consolidated financial statements and the group management report.

During the audit we exercise due discretion and maintain a critical attitude. In addition,

- we identify and assess the risks of material misstatements, whether intentional or not, in the consolidated financial statements and in the group management report, plan and perform audit procedures in response to these risks, and obtain audit evidence sufficient and appropriate to support our audit opinion. The risk that material misrepresentations are not detected is higher in the case of violations than in the case of inaccuracies, since violations may involve fraudulent collaboration, forgery, intentional incompleteness, misleading representations or the abrogation of internal controls;

- we gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of the arrangements and measures relevant to the audit of the group management report that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems;

- we assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values and related disclosures presented by the legal representatives;

- we draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the evidence obtained, whether there is a material uncertainty in connection with events or circumstances that could raise significant doubts about the Group’s ability to continue as a going concern. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the related information in the consolidated financial statements and the group management report in our audit opinion or, if this information is inappropriate, to modify our audit opinion. We draw our conclusions based on evidence obtained as of the date of our audit opinion. However, future events or circumstances may prevent the Group from continuing its operations;

- we assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements are prepared in accordance with IFRS, as adopted by the EU, and the supplementary German provisions of Section 315e (1) HGB in conjunction with Section 315e (3) HGB and provide a true and fair view of the net assets, financial position and results of operations of the Group;

- we obtain sufficient and appropriate audit evidence for the accounting information of the companies or business activities in the Group to express an opinion on the consolidated financial statements and the group management report. We are responsible for the guidance, monitoring and implementation of the annual Group audit. We are solely responsible for our audit opinions;

- we assess the consistency of the group management report with the consolidated financial statements, its compliance with the law and the picture it conveys of the Group's position;

- we perform audit procedures on the forward-looking statements presented by the legal representatives in the group management report. On the basis of sufficient suitable audit evidence, we review in particular the significant assumptions underlying the future-oriented statements made by the legal representatives and assess the appropriateness of the future-oriented statements derived from these assumptions. We do not express an independent opinion on these forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events could differ materially from the forward-looking statements.

We discuss with those responsible for monitoring, inter alia, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system, which we identify during our audit.

Bremen, March 23, 2018

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, 2017, 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 relating to the consolidated financial statements of BLG LOGISTICS

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 Automobile Logistics GmbH & Co. KG, Bremen	100.00	1
	(previously BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven)		
3	BLG Cargo Logistics GmbH, Bremen	100.00	1
4	BLG Handelslogistik GmbH & Co. KG, Bremen	100.00	1
5	BLG Industrielogistik GmbH & Co. KG, Bremen	100.00	1
6	BLG Logistics Solutions GmbH & Co. KG, Bremen	100.00	1
7	BLG WindEnergy Logistics GmbH & Co. KG, Bremerhaven	100.00	1
8	INFORTRA GmbH INTERNATIONAL FORWARDING & TRANSPORT, Niederkrüchten	100.00	1
9	Kitzinger & Co. (GmbH & Co. KG), Hamburg	100.00	1
10	LOGFORTRA GmbH Logistic, Forwarding & Transport, Niederkrüchten	100.00	1
11	BLG Automobile Logistics Italia S.r.l., Gioia Tauro, Italy	98.97	2
12	BLG Automobile Logistics Süd-/Osteuropa GmbH, Bremen	100.00	2
13	BLG AutoRail GmbH, Bremen	50.00	2
14	BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven	100.00	2
	(established as BLG AutoHaven GmbH & Co. KG, Bremerhaven)		
15	BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen	100.00	2
16	BLG AutoTransport GmbH & Co. KG, Bremen	100.00	2
17	BLG Logistics Solutions Italia S.r.l., Milan, Italy	100.00	4
18	BLG Sports & Fashion Logistics GmbH, Hörsel	51.00	4
19	BLG Automotive Logistics of South America Ltda., São Paulo, Brazil	100.00	5
20	BLG Logistics, Inc., Atlanta, USA	100.00	5
21	BLG Logistics of South Africa (Pty) Ltd, Port Elizabeth, South Africa	84.07[1]	5
22	Arno Rosenlöcher (GmbH & Co. KG), Hamburg	100.00	9
23	BLG AutoTerminal Gdansk Sp. z o.o., Gdansk, Poland	100.00	12
24	BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia	100.00	12
25	BLG RailTec GmbH, Uebigau-Wahrenbrück	50.00	13
26	BLG AutoTec GmbH & Co. KG, Bremerhaven	100.00	14
27	BLG AutoTerminal Cuxhaven GmbH & Co. KG, Cuxhaven	100.00	14
	Companies included on basis of equity method		
28	dbh Logistics IT AG, Bremen	27.32	1
29	EUROGATE GmbH & Co. KGaA, KG, Bremen	50.00	1
30	Kloosterboer BLG Coldstore GmbH, Bremerhaven	49.00	1
	(previously BLG Coldstore Logistics GmbH, Bremerhaven)		
31	ZLB Zentrallager Bremen GmbH & Co. KG, Bremen	33.33	1
32	BLG-Cinko Auto Logistics (Tianjin) Co., Ltd., Tianjin, People's Republic of China	50.00	2
33	BLG Logistics Consulting (Beijing) Co., Ltd., Beijing, People's Republic of China	100.00	2
34	DCP Dettmer Container Packing GmbH & Co. KG, Bremen	50.00	3
35	Hansa Marine Logistics GmbH, Bremen	100.00	3

[1] The share of voting rights amounts to 75.04 percent; non-voting preference shares are additionally held.

36	ICC Independent Cargo Control GmbH, Bremen	50.00	3
37	Schultze Stevedoring GmbH & Co. KG, Bremen	50.00	3
38	AutoLogistics International GmbH, Bremen	50.00	5
39	BLG Parekh Logistics Pvt. Ltd., Mumbai, India	50.00	5
40	BLG SWIFT LOGISTICS Sdn. Bhd., Kuala Lumpur, Malaysia	60.00[2]	5
41	OLB Offshore Logistics Bremerhaven GmbH, Bremerhaven	42.50	7
42	AutoTerminal Gioia Tauro S.p.A., San Ferdinando, Italy	49.49	11
43	Autoterminal Slask Logistic Sp. z o.o., Dabrowka Gornicza, Poland	100.00	12
44	ATN Autoterminal Neuss GmbH & Co. KG, Neuss	50.00	15
45	BLG CarShipping Koper d.o.o., Koper, Slovenia	100.00	16
46	BLG Interrijn Auto Transport RoRo B.V., Rotterdam, Netherlands	50.00	16
47	BLG LOGISTIKA ADRIATIC d.o.o., Ploče, Croatia	100.00	16
48	BMS Logistica Ltda., São Paulo, Brazil	50.00	19
49	Hizotime (Pty) Ltd, East London, South Africa	41.19	21
50	NYK LOGISTICS AND BLG SA Pty. Ltd., Port Elizabeth, South Africa	42.88	21
	Companies not included		
51	BLG Automobile Logistics Beteiligungs-GmbH, Bremen	100.00	1
	(previously BLG AutoTerminal Bremerhaven Beteiligungs-GmbH, Bremerhaven)		
52	BLG Handelslogistik Beteiligungs GmbH, Bremen	100.00	1
53	BLG AutoTransport Beteiligungs-GmbH, Bremen	100.00	1
54	BLG Logistics Solutions Beteiligungs-GmbH, Bremen	100.00	1
55	BLG WindEnergy Logistics Beteiligungs-GmbH, Bremerhaven	100.00	1
56	EUROGATE Beteiligungs-GmbH, Bremen	50.00	1
57	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen	50.00	1
58	Kispe Speditions G.m.b.H., Hamburg	100.00	1
59	ZLB Zentrallager Bremen GmbH, Bremen	33.33	1
60	Automobile Logistics Slovakia s.r.o. i. L., Bratislava, Slovakia	50.00	2
61	BLG AutoTerminal Deutschland Beteiligungs-GmbH, Bremen	100.00	2
62	BLG AutoTransport Beteiligungs-GmbH, Bremen	100.00	2
63	BLG-ESF Warehouse GmbH i. L., Bremen	50.00	3
64	Schultze Stevedoring Beteiligungs-GmbH, Bremen	50.00	3
65	BLG Logistics (UK) Ltd. i. L., Felixstowe, Great Britain	100.00	4
66	BLG ViDi LOGISTICS TOW, Kiev, Ukraine	50.00	12
67	BLG AutoTec Beteiligungs-GmbH, Bremerhaven	100.00	14
68	BLG AutoTerminal Cuxhaven Beteiligungs-GmbH, Cuxhaven	100.00	14
69	BLG Logistics of Alabama, LLC, Vance, USA	100.00	20
70	DCP Dettmer Container Packing GmbH, Bremen	50.00	34
71	ATN Autoterminal Neuss Verwaltungs-GmbH, Neuss	50.00	44

[2] The share of voting rights amounts to 40 percent; non-voting preference shares are additionally held.

GLOSSARY

Commercial glossary

Amortization
Return flow of invested capital by means of sales.

At equity/equity method
Method for recognition of affiliated companies that are not included in the consolidated 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.

Cash flow
Key figure that describes the addition to cash and cash equivalents within the financial year.

Cash-generating unit
Smallest identifiable group of assets that, by virtue of continued use, generates inflows of liquidity, which, in turn, are largely independent of the cash inflows of other assets.

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 a 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.

Current account
Designation for an account in which all transactions of two business partners are conducted and the mutual receivables are set off (netted) against each other at regular intervals.

Current account credit
Credit limit contractually pledged to a customer by the bank up to which the customer may overdraw beyond his credit balance.

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).

Digitalization
Digitalization is not limited to the conversion of analogue information into digital formats, but in a broader sense represents changes that result from the constantly growing possibilities of using information technology. This concerns, for example, the development of innovative business models and the use of intelligent technologies with the aim of increasing the networking of production, logistics and finance and the associated increase in efficiency and the standardization of processes. Digital change (digital transformation) is not an end in itself, but is intended to ensure the future viability of companies.

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.

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.

Full consolidation
Method for recognition of subsidiaries that are included in the consolidated financial statements with all assets and liabilities.

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 protecting against interest rate, currency and price risks through derivative financial instruments (options, swaps, forward transactions, etc.).

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 the risk to be hedged against.

IAS
International Accounting Standards (see also IFRS).

IASB
International Accounting Standards Board: Body that develops and publishes international accounting standards.

IFRIC
International Financial Reporting Interpretations Committee: Body that 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 which can be applied by companies and organisations all over the world.

Impairment test
Test to determine change in value in accordance with IFRS.

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.

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.

Leasehold
Right of the leaseholder to have a building on third-party land in return for payment of consideration (so-called ground rent).

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.

Matching principle
IFRS: Recognition of income and expenses of the same events in the same period.

Operating 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 translation 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.

Post-employment benefits
Benefits after termination of employment contract.

Pro rata temporis
Proportionate to the period.

Projected unit credit method
Special method for measuring pension and similar liabilities in accordance with IFRS.

Promissory note loan
Large long-term loan similar to a security.

Profit retention
Retention of profits.

Recoverable amount
Amount presumed to be achievable through use or sale of an asset.

Stage of completion method (SoC)
IFRS: Recognition of service orders according to their progress.

Working capital
Difference between short-term assets and short-term liabilities. Used to evaluate the liquidity of the company.

Logistics glossary

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.

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.

Outsourcing
Assignment of logistics functions to external suppliers.

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 bulky cargo or of project cargo onshore.

TEU
Twenty-foot container equivalent unit. Standardized container unit with a length of 20 feet (1 foot = 30 cm).

FINANCIAL CALENDAR 2018

Financial calendar 2018

2018 Annual Shareholders' Meeting	May 24, 2018
Payment of the dividend for the 2017 financial year	May 29, 2018
Interim Report of BLG AG January to June 2018	September 28, 2018

Forward-looking statements

This Annual Report contains forward-looking statements based on management's current assessments of future developments. Such statements are subject to risks and uncertainties that are beyond BLG AG's control that it is not possible for BLG AG to precisely estimate, such as the future market environment and economic conditions, the behavior of other market participants, the successful integration of new acquisitions and the realization of expected synergy effects as well as measures by government agencies. Should any of these or other uncertainties and unknowns materialize, or should the assumptions on which these statements are based prove incorrect, actual results may be materially different from those expressed or implied by such statements. BLG AG neither intends nor assumes a separate obligation to update forward-looking statements to reflect events or developments after the date of this report.

Legal notice

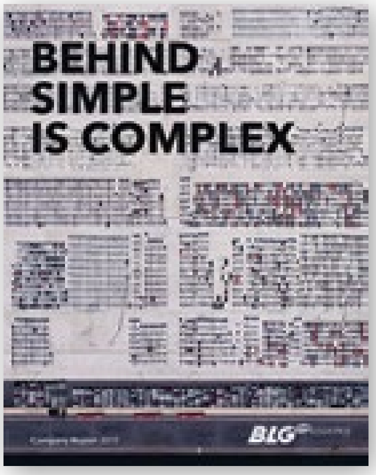
The terms used in this document may be trademarks, the use of which by third parties for their own purposes may infringe the rights of their owners.

Deviations for technical reasons

For technical reasons (e.g. conversion of electronic formats) there may be differences between the accounting documents contained in this financial report and those submitted to the Federal Gazette. In this case, the version submitted to the Federal Gazette shall be deemed to be the binding version.

REPORTING IN 2017

www.blg-logistics.com/annual-report



/ *Company Report* /

/ *Sustainability Report* /

/ *Financial Report* /

Our contribution to environmentally compatible production of these reports:
All reports are printed on 100 percent recycled waste paper certified with the EU Ecolabel. The printing shop uses a climate-neutral printing process.

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