Hapag-Lloyd

INTERIM GROUP REPORT I H1 2011

HAPAG-LLOYD HOLDING AG · 1 JANUARY TO 30 JUNE 2011

SUMMARY OF HAPAG-LLOYD KEY FIGURES | INTERIM GROUP REPORT H1 2011

KEY OPERATING FIGURES		1/4/ – 30/6/ 2011	1/4/ – 30/6/ 2010	1/1/ – 30/6/ 2011	1/1/ – 30/6/ 2010	H1'11 vs. H1'10 absolute
Total vessels, of which:		**144**	127	**144**	127	+17
own vessels		**58**	59	**58**	59	-1
leased vessels		**9**	9	**9**	9	0
chartered vessels		**77**	59	**77**	59	+18
Aggregate capacity of vessels	TTEU	**651**	571	**651**	571	+80
Aggregate container capacity	TTEU	**1,040**	1,006	**1,040**	1,006	+34
Bunker price (average for the period)	USD/t	**609**	458	**561**	456	+105
Freight rate (average for the period)	USD/TEU	**1,531**	1,536	**1,546**	1,481	+65
Transport volume	TTEU	**1,337**	1,279	**2,534**	2,453	+81
Revenue	m EUR	**1,484**	1,615	**2,967**	2,889	+78
Transport expenses	m EUR	**1,282**	1,212	**2,546**	2,293	+253
EBITDA	m EUR	**85.0**	306.6	**169.6**	398.4	-228.8
EBIT	m EUR	**16.5**	224.0	**28.8**	242.4	-213.6
EBIT adjusted	m EUR	**26.0**	211.3	**42.1**	218.1	-176.0
Group profit/loss	m EUR	**-10.6**	172.1	**-32.7**	174.9	-207.6
Cash flow from operating activities	m EUR	**111.3**	164.6	**145.8**	183.0	-37.2
Investment in property, plant and equipment	m EUR	**67.6**	174.4	**82.9**	375.2	-292.3
KEY RETURN FIGURES						
EBITDA margin (EBITDA / revenue)	%	**5.7**	19.0	**5.7**	13.8	-8.1pp
EBIT margin (EBIT / revenue)	%	**1.1**	13.9	**1.0**	8.4	-7.4pp
EBIT margin adjusted	%	**1.8**	13.1	**1.4**	7.6	-6.2pp
KEY BALANCE SHEET FIGURES AS AT 30 JUNE						
Total equity and liabilities	m EUR	**6,114**	6,570*	**6,114**	6,570*	-456
Equity	m EUR	**3,260**	3,443*	**3,260**	3,443*	-183
Equity ratio (equity / balance sheet total)	%	**53.3**	52.4*	**53.3**	52.4*	+0.9pp
Borrowed capital	m EUR	**2,854**	3,127*	**2,854**	3,127*	-273
KEY FINANCIAL FIGURES AS AT 30 JUNE						
Financial liabilities	m EUR	**1,613**	1,878*	**1,613**	1,878*	-265
Cash and cash equivalents	m EUR	**590**	752*	**590**	752*	-162
Net financial position (cash and cash equivalents – financial liabilities)	m EUR	**-1,023**	-1,126*	**-1,023**	-1,126*	+103
Gearing	%	**31.4**	32.7*	**31.4**	32.7*	-1.3pp
NUMBER OF EMPLOYEES AS AT 30 JUNE						
Employees at sea		**1,301**	1,283	**1,301**	1,283	+18
Employees on land		**5,544**	5,527	**5,544**	5,527	+17
HAPAG-LLOYD TOTAL		**6,845**	6,810	**6,845**	6,810	+35

* Figures as at 31/12/2010

Disclaimer: This interim report contains statements concerning future developments at Hapag-Lloyd. Due to market fluctuations, the development of the competitive situation, world market prices for commodities, and changes in exchange rates and the economic environment, the actual results may differ considerably from these forecasts. Hapag-Lloyd neither intends nor undertakes to update forward-looking statements to adjust them to events or developments which occur after the date of this report.

This report was published on 11 August 2011.

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HAPAG-LLOYD'S CAPITAL MARKET ACTIVITIES

Risks of a slowdown in growth and debt crisis weigh on global capital markets

High commodity prices and the possible negative impact on the global economic upturn dampened the upswing in share prices on international stock markets in the second quarter. According to information provided by Ben Bernanke, Chairman of the Federal Reserve, the US economy grew less in the first six months of 2011 than was originally forecast. Growth in the world's largest economy is not expected to strengthen until 2012. Investors were also perturbed by the USA's high budget deficit and the worsening of the debt crisis in Europe. The good earnings trends experienced by many companies and the high liquidity at hand had little impact on the course of the international stock markets. As a result, on 30 June 2011 the most important international stock market indices closed below their yearly highs reached in May.

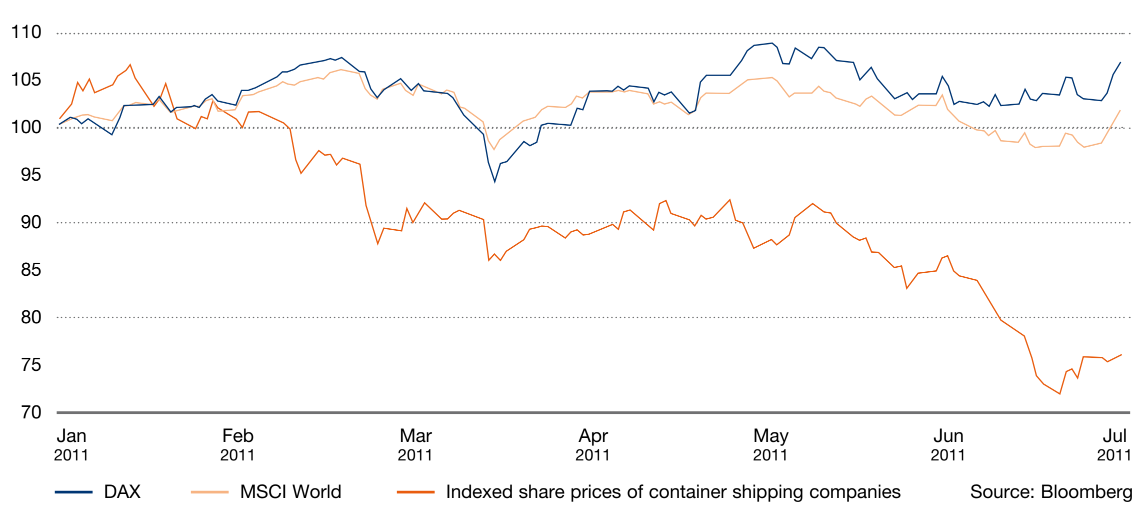
DEVELOPMENTS IN THE MOST IMPORTANT INDICES

Indices	**30/6/2011**	31/12/2010	30/6/2010
Dow Jones Industrial	12,414	11,577	9,774
MSCI World	1,331	1,280	1,041
Euro Stoxx 50	2,848	2,793	2,573
DAX Index	7,376	6,914*	5,965
Nikkei 225	9,816	10,229*	9,382

Source: Bloomberg, *Prices from 30/12/2010

Investors were extremely reserved regarding shares in the shipping sector. This was prompted by the high oil price and ensuing increase in cost as well as the considerable ramping up of capacity by some companies in the industry. Shares in the listed container liner shipping companies also experienced falling prices.

Indexed share prices of container shipping companies



Inflation also remained above the European Central Bank's (ECB) target of no higher than 2.0% at 2.7% in June 2011. Together with uncertainty surrounding the USA's future credit rating and Greece's ongoing need for extensive financial assistance, this led to a disparate overall picture on the bond markets again in Q2 2011. Investors' restraint also impaired the performance of corporate bonds, which saw some sharp price declines, especially in the high-yield segment.

Hapag-Lloyd's bonds

On 30 June 2011, Hapag-Lloyd AG's bonds were traded at 102.25% (EUR tranche) and 102.69% (USD tranche). They both therefore remained above their respective initial issuing prices.

KEY BOND DATA

	Issue volume (total)	Maturity*	Coupon	Issue price	Price** on **30/6/2011**
EUR tranche	EUR 480m	15/10/2015	9.00%	99.50%***	102.25%
USD tranche	USD 250m	15/10/2017	9.75%	99.37%	102.69%

*Callable; **Price data: Bloomberg; ***Price of the first issue, increase of EUR 150 million to 103.38%

Open and transparent communication

The focus of Hapag-Lloyd's investor relations activities is on communicating promptly with all investors and capital market operators. In August 2011, the Company continued its reporting activities by presenting its interim report for the first half of 2011. Published reports can also be found on the Hapag-Lloyd website – www.hapag-lloyd.com/IR.

INTERIM GROUP MANAGEMENT REPORT

BUSINESS AND COMPANY FUNDAMENTALS

GROUP STRUCTURE

Hapag-Lloyd Holding AG is the parent company of the Hapag-Lloyd Group and holds all of the shares in Hapag-Lloyd AG (Hapag-Lloyd subgroup). A total of 49 direct and indirect subsidiaries and five consolidated equity-accounted investees belonged to the group of consolidated companies of Hapag-Lloyd Holding AG as at the balance sheet date. The equity-accounted investees include two strategic shareholdings in container terminals in Hamburg and Montreal.

On 3 March 2011, the Supervisory Board of TUI AG approved the sale of an 11.3% stake in Hapag-Lloyd to the “Albert Ballin“ consortium. Following the completion of this sale on 31 May, TUI holds 38.4% of the shares in Hapag-Lloyd Holding AG. As at 30 June 2011, 61.6% of the shares in Hapag-Lloyd Holding AG were held by Hamburgische Seefahrtsbeteiligung “Albert Ballin“ GmbH & Co. KG (“Albert Ballin“ consortium) and 38.4% by the TUI Group.

Shareholding in %	
TUI AG / TUI-Hapag Beteiligungs GmbH	**38.4%**
Kühne Holding AG	24.6%
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	23.6%
IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe	5.5%
HSH Nordbank AG	3.2%
Hanse Merkur AG	1.5%
Group of investors managed by M. M. Warburg & CO Gruppe KGaA	3.2%
Hamburgische Seefahrtsbeteiligung “Albert Ballin“ GmbH & Co. KG	**61.6%**
Total	**100.0%**

Corporate management
At the end of the first quarter of 2011, “Albert Ballin“ Holding GmbH & Co. KG was converted into Hapag-Lloyd Holding AG. In Q2 2011, employee representatives were appointed to the Supervisory Board of Hapag-Lloyd Holding AG, thus completing the board.

The Supervisory Board of Hapag-Lloyd Holding AG consists of twelve members. As at 30 June 2011, they were:

Dr Michael Frenzel	**Chairman of the Supervisory Board** Chairman of the Executive Board TUI AG, Hannover
Horst Baier	**Member of the Supervisory Board** Member of the Executive Board TUI AG, Hannover
Renate Commerell	**Member of the Supervisory Board** Commercial clerk Hapag-Lloyd AG, Hamburg
Karl Gernandt	**Member of the Supervisory Board** President of the Supervisory Board Kühne Holding AG, Schindellegi, Switzerland
Manfred Kade	**Member of the Supervisory Board** Member of the Marine Works Council Hapag-Lloyd AG, Hamburg
Rainer Klemmt-Nissen	**Member of the Supervisory Board** Managing Director HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg
Ulrich Leitermann	**Member of the Supervisory Board** Member of the Executive Board IDUNA Vereinigte Lebensversicherung aG, Hamburg
Arnold Lipinski	**Member of the Supervisory Board** Director of Human Resources, Marine Hapag-Lloyd AG, Hamburg
Martina Neumann	**Member of the Supervisory Board** Commercial clerk Hapag-Lloyd AG, Hamburg
Dr Andreas Reuß	**Member of the Supervisory Board** Managing Director HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg
Wolfgang Rose	**Member of the Supervisory Board** District Chairman ver.di, Hamburg
Dietmar Stretz	**Member of the Supervisory Board** Director of Cargo and Traffic ver.di, Hamburg

OPERATING ACTIVITIES

Hapag-Lloyd is Germany's largest container liner shipping company and is one of the world's leading liner shipping companies in terms of global market coverage. The Hapag-Lloyd fleet consists of 144 container ships. Hapag-Lloyd currently has around 300 sales offices in 114 countries and offers its customers worldwide access to a network of 76 liner services. In the first six months of 2011, Hapag-Lloyd served 16,115 customers around the world. The functional currency used by the international container liner shipping industry – and therefore also by the Hapag-Lloyd subgroup – is the US dollar. Payment flows in currencies other than the US dollar are hedged to the US dollar. However, the reporting currency of Hapag-Lloyd Holding AG is the euro. The translation of individual balance sheet items from foreign currencies, such as fixed assets and financial liabilities, results in some cases in significant valuation effects. These are recognised directly in the Group's cumulative other equity.

COMPANY OBJECTIVES AND STRATEGY

The Hapag-Lloyd Group's prime objective is long-term profitable growth. Increasing global demand for container transport forms the basis for this planned organic growth. According to current forecasts, the volume of global container transport is expected to grow largely in line with world trade over the next few years. Hapag-Lloyd believes that selling transport services at viable prices is more important than expanding volume at any cost. Sustainable operating cash flows along with solid liquidity and equity are also of considerable importance in conducting business successfully. In order to utilise the medium-term market opportunities, between July 2012 and November 2013 Hapag-Lloyd will launch a total of ten new container ships into service, each with a storage space capacity of 13,200 TEU.

BUSINESS DEVELOPMENT

GENERAL ECONOMIC CONDITIONS

According to economic experts, the worldwide economic upturn is expected to continue in the quarters to come. The International Monetary Fund (IMF) anticipates global economic growth of 4.3% in the current year and growth of 4.5% in 2012. However, the IMF also believes that the risk of a possible deterioration in the prospects for global growth have increased considerably. Although the rate of growth remains good overall at a global level, there are still huge imbalances in regional economic developments. The newly industrialising countries in Asia and Latin America are still making an above-average contribution to the international economic upswing. However, below-average increases are expected in the economic output of the world's largest economy – the USA – and many eurozone countries over the next few quarters. Furthermore, the sharp rise in commodity prices could curb growth.

DEVELOPMENTS IN GLOBAL ECONOMIC GROWTH (GDP) AND WORLD TRADING VOLUME

(in %)	2012e	2011e	2010
Global economic growth	4.5	4.3	5.1
Industrialised countries	2.6	2.2	3.0
Developing and newly industrialising countries	6.4	6.6	7.4
World trading volume (goods and services)	6.7	8.2	12.4

Source: IWF

The further economic upswing could also be impaired by the escalating debt crisis in Europe, the USA's high budget deficit and a possible slowdown in China's economic growth. On the other hand, the Japanese economy seems to be gradually recovering from the consequences of the natural and environmental disaster. Nevertheless, a lack of components and energy shortages are still restricting production in the Japanese automotive, mechanical engineering and electrical industries.

SECTOR-SPECIFIC CONDITIONS

Demand for container transport services can be expected to rise in tandem with growth in the world trading volume. For instance, IHS Global Insight Industry Intelligence (June 2011) expects a 6.6% increase in the global cargo volume this year and growth of 7.4% for 2012. The projected increase in the global transport volume for container shipping should therefore largely match the growth rates in world trade.

With the total capacity of the world container ship fleet estimated at 15.6 million TEU at the beginning of 2011, the supply capacity could see increases totalling 1.6 million TEU in 2011 (Transmodal July 2011) and approximately 1.5 million TEU in 2012 due to new vessels. Despite an increase in orders for new vessels, the tonnage of the commissioned container ships is currently equivalent to 27% of the global container fleet's capacity. It therefore remains well below the highest level seen to date, 56% in 2008. The heightened trend towards larger vessels is reflected in the distribution of the orders. Some 70% of the newbuild orders are for vessels with a capacity of over 8,000 TEU.

In the future too, the actual growth in the global container fleet's transport capacity is expected to be lower than the projected increase as old and inefficient vessels are scrapped, deliveries of newbuilds are postponed and slow steaming (reducing the speed at which services operate) is used.

The relatively small number of laid-up – i.e. idle – vessels illustrates the good overall deployment rate for container ships at present. At 120,000 TEU (Alphaliner July 2011), the idle capacity corresponds to less than 1% of the global container fleet's total capacity.

Although the prospects for growth remain positive in the medium term, we may see temporary imbalances in supply and demand, which could have a substantial impact on the respective transport volumes and freight rates. For example, the effect of new vessels going into service and the return of idle capacity into service resulting in a sharp increase in transport capacities is currently affecting the development of freight rates, especially on services from and to Asia. Uncertainty regarding short-term industry developments is generated primarily by the soaring transport expenses seen in recent months. This is chiefly attributable to the escalating oil price.

Since May 2011, the European Commission has been examining whether EU competition law has been violated since the exemption regulation for liner conferences was abolished in October 2008. Hapag-Lloyd is also affected by the investigations. The Company believes that the transport services were provided in line with EU competition regulations. Hapag-Lloyd is cooperating fully with the investigating body.

IMPORTANT PERFORMANCE INDICATORS

Efficient fleet

Hapag-Lloyd's fleet currently comprises 144 container ships, which are all certified in accordance with the ISM (International Safety Management) Code and have a valid ISSC (ISPS) certificate. The majority of the vessels are also certified as per ISO 9001 (quality management) and ISO 14001 (environmental management). There are ten ships on the order book, which will be equipped with state-of-the-art technology and have a storage space capacity of up to 13,200 TEU each. The Hapag-Lloyd fleet's total storage space capacity currently amounts to approximately 651 TTEU. Hapag-Lloyd also owns or leases 642,063 containers with a capacity of 1.04 million TEU for transporting cargo.

STRUCTURE OF HAPAG-LLOYD'S CONTAINER SHIP FLEET

	30/6/2011	31/12/2010	30/6/2010
Number of vessels	144	137	127
Of which			
own vessels	58	59	59
leased vessels	9	9	9
chartered vessels	77	69	59
Aggregate capacity of vessels (TTEU)	651	605	571
Aggregate container capacity (TTEU)	1,040	1,025	1,006
Number of services	76	77	76

Transport volumes and freight rates

Freight rates and transport volumes are among the main performance indicators used to gauge corporate development at the Hapag-Lloyd Group. Both indicators developed positively overall in comparison with the average figures from recent years.

In the second quarter of 2011, Hapag-Lloyd transported 1,337 TTEU worldwide. This corresponds to growth of 4.5% compared with the same period of the previous year. In the first six months 2011, the transport volume therefore increased by 3.3% year on year to 2,534 TTEU. Trends in transport volumes were largely positive in almost all shipping areas during the period under review. The transport volume in the Far East shipping area was unique in falling short of the previous year's levels. This was due to the waiving of low-margin transport volume.

DEVELOPMENTS IN TRANSPORT VOLUME BY SHIPPING AREA

TTEU	**H1 2011**	H1 2010	H1 2009	H1 2008
Atlantic	582	574	530	685
Latin America	559	523	408	454
Far East	549	563	522	631
Transpacific	560	518	501	565
Australasia	284	276	345	416
Total	**2,534**	**2,453**	**2,307**	**2,752**

The average freight rate in the second quarter of 2011 was nearly on a par with the previous year's figure at USD 1,531/TEU. Pressure on freight rates increased in Q2 2011. In the first half of the current financial year, Hapag-Lloyd recorded an average freight rate of USD 1,546/TEU. This was still 4.4% up on last year's figure. Higher freight rate levels were attained in almost all shipping areas in the first six months, although rising bunker prices were also reflected in the improved freight rates. Growing competition maintained the pressure on freight rates in the reporting period – especially in the Far East shipping area.

DEVELOPMENTS IN FREIGHT RATES BY SHIPPING AREA

USD/TEU	**H1 2011**	H1 2010	H1 2009	H1 2008
Atlantic	1,758	1,528	1,455	1,675
Latin America	1,364	1,312	1,253	1,503
Far East	1,454	1,576	1,055	1,679
Transpacific	1,708	1,633	1,480	1,596
Australasia	1,327	1,229	874	1,164
Total (weighted average)	**1,546**	**1,481**	**1,247**	**1,554**

Selling services at viable prices is more important to Hapag-Lloyd than purely quantitative growth in volumes.

Quality and sustainability

Using scarce resources sustainably is increasingly becoming a competitive factor in many industries, including container liner shipping. Some 90% of the world trading volume is transported by sea. In 2007, the world trade fleet's total CO_2 emissions came to approximately 870 million tonnes. This was about 2.7% of global CO_2 emissions. As awareness of environmental issues grows, customers are increasingly requesting eco-friendly transport services when they invite companies to tender for transport contracts. Hapag-Lloyd made its pledge to uphold sustainable business practices as early as 1996. Both its vessels and its land-based operations are certified in line with ISO 9001 quality standards and the environmental norm ISO 14001. Hapag-Lloyd is also a long-standing member of the Clean Cargo Working Group and has taken major steps to cut its vessels' CO_2 emissions – such as slow steaming – at an early stage. During the period under review, Hapag-Lloyd attended a Clean Cargo Group meeting in Seoul. The port operator Port Metro Vancouver named Hapag-Lloyd as one of the most environmentally friendly shipping companies serving Vancouver and presented the Company with its Blue Circle Award in recognition of this in May.

Customers

Long-term, close business relations with clients are also important in driving value for corporate development. Relationships with major customers are managed by a special key account team. This enables the Company to establish and maintain long-standing, sustainable customer relationships. In the first six months of the 2011 financial year, transport contracts were completed for 16,115 customers.

Employees

The Hapag-Lloyd Group employed a workforce of 6,845 as at 30 June. The number of employees rose by 35 compared to the previous year. Of the land-based employees, some 78% worked outside Germany as at 30 June 2011.

NUMBER OF EMPLOYEES

	30/6/2011	31/12/2010	30/6/2010
Marine division	1,204	1,179	1,190
Land division	5,466	5,457	5,439
Apprentices	175	236	181
Total	**6,845**	**6,872**	**6,810**

1,204 people were employed in the marine division as at 30 June 2011 (30 June 2010: 1,190). The number of staff in the land division rose by 27 to 5,466.

At the end of the reporting period, the number of full-time equivalent employees (FTE) at the Group rose from 6,670 (30 June 2010) to 6,713.

GROUP EARNINGS POSITION

CONSOLIDATED INCOME STATEMENT

in million EUR	**Q2 2011**	Q2 2010	**H1 2011**	H1 2010
Revenue	1,484.2	1,615.4	2,967.3	2,888.5
Other operating income	27.1	48.8	109.9	78.9
Transport expenses	1,282.2	1,211.7	2,545.7	2,293.4
Personnel expenses	79.1	72.0	175.5	139.5
Depreciation, amortisation and impairment	68.5	82.6	140.8	156.0
Other operating expenses	62.7	76.2	193.8	146.6
Operating result	**18.8**	**221.7**	**21.4**	**231.9**
Share of profits of equity-accounted investees	1.0	6.7	7.9	14.9
Other financial result	-3.3	-4.4	-0.5	-4.4
Group earnings before interest and tax (EBIT)	**16.5**	**224.0**	**28.8**	**242.4**
Net interest result	-25.1	-50.7	-55.3	-65.8
Income taxes	2.0	1.2	6.2	1.7
Group profit/loss	**-10.6**	**172.1**	**-32.7**	**174.9**
EBITDA	**85.0**	**306.6**	**169.6**	**398.4**
EBITDA margin (%)	**5.7**	**19.0**	**5.7**	**13.8**
EBIT adjusted	**26.0**	**211.3**	**42.1**	**218.1**
EBIT margin (%) adjusted	**1.8**	**13.1**	**1.4**	**7.6**
EBIT	**16.5**	**224.0**	**28.8**	**242.4**
EBIT margin (%)	**1.1**	**13.9**	**1.0**	**8.4**

Hapag-Lloyd generated consolidated revenue totalling EUR 2,967.3 million in the first six months of the 2011 financial year (previous year: EUR 2,888.5 million). This increase of approximately 3% vis-à-vis the first half of 2010 was achieved in spite of negative factors in the second quarter. These factors included heightened competition, especially in the second quarter, caused by rising shipping capacities putting greater pressure on prices. At the same time, demand for transport services dwindled on the Japanese routes following the natural and environmental disaster.

The US dollar was substantially weaker in the second quarter of 2011 than in the same period of the previous year. This prompted a fall in revenue reported in euros and invoiced in US dollars, therefore squeezing the operating result. The translated revenue of USD 2,136.3 million in the second quarter of 2011, was approximately 3% higher than in the second quarter of 2010.

TRANSPORT EXPENSES

in million EUR	**Q2 2011**	Q2 2010	**H1 2011**	H1 2010
Expenses for raw materials, supplies and purchased goods	291.3	290.2	590.3	521.0
Cost of purchased services	990.9	921.5	1,955.4	1,772.4
Transport expenses	**1,282.2**	**1,211.7**	**2,545.7**	**2,293.4**

Transport expenses rose by a total of EUR 252.3 million in the first half of 2011. This corresponds to an increase of 11% on the same period of last year. As in the first three months, the cost of raw materials, supplies and purchased goods continued to rise in the second quarter. This trend was due to a sharp rise in the average bunker price since the first half of 2010 to USD 561 per tonne (previous year: USD 456 per tonne). Higher income from hedges partly compensated for this increase, meaning that the cost of raw materials, supplies and purchased goods only edged up slightly on balance in the second quarter. The cost of purchased services was also up, due in particular to higher transport volumes and additional chartered vessels along with an increase in bunker costs in the first half (after hedging). Higher energy prices and inflation-related cost increases also had an impact on transport expenses.

At EUR 109.9 million, other operating income was significantly higher than in the previous year (EUR 78.9 million). This was chiefly due to positive contributions of EUR 79.2 million to earnings from derivative financial instruments.

Personnel expenses in the first half were EUR 36.0 million higher than in the previous year. This was attributable in particular to valuation effects on provisions for personnel expenses due to the higher USD/EUR exchange rate on the reporting date and the ending of the temporary salary reduction agreement on 31 December 2010.

The change in the USD/EUR exchange rate from 1.3386 to 1.4477 led to a sharp rise in other operating expenses and the therein included exchange rate losses in the first half of 2011. Other operating expenses totalled EUR 193.8 million in the first half of 2011 (previous year: EUR 146.6 million).

The other financial result of EUR -0.5 million includes changes to the fair value of currency options amounting to EUR -18.7 million, effects of EUR 17.9 million from the early repayment of a shareholder loan, and exchange rate effects of EUR 0.3 million in conjunction with this.

The USD/EUR exchange rate had an adverse effect on earnings. Together with the currently high bunker and energy prices and increased other transport expenses, this led to a sharp fall in the Group operating profit before interest and taxes (EBIT). EBIT was EUR 213.6 million down on the first half of 2010 at EUR 28.8 million in the first half of 2011.

Adjusted for special items from the purchase price allocation and non-recurring factors, the Group profit before interest and taxes amounted to EUR 42.1 million in the first six months (adjusted EBIT).

The improvement in the interest result compared with the first half of the previous year was attributable in particular to the interest expenses and charges recorded in the second quarter of 2010 in connection with the syndicated loan agreement which was, however, terminated almost immediately in the third quarter. These expenses had a one-off impact on the interest result last year. In total, a negative interest result of EUR 55.3 million was posted for the first half of 2011 (previous year: EUR 65.8 million).

In the first half of 2011 the Group posted a loss of EUR 32.7 million (previous year: profit of EUR 174.9 million).

GROUP FINANCIAL AND NET ASSET POSITION

CONDENSED CASH FLOW STATEMENT

in million EUR	**Q2 2011**	Q2 2010	**H1 2011**	H1 2010
Cash flow from operating activities	111.3	164.6	145.8	183.0
Cash flow from investing activities	-19.3	-114.0	-27.3	-295.6
Cash flow from financing activities	-195.1	-61.2	-235.1	67.6
Changes in cash and cash equivalents	**-103.1**	**-10.6**	**-116.6**	**-45.0**

Cash flow from operating activities

Although the Group result decreased considerably, the Company's cash flow from operating activities was clearly positive in the first half of 2011 at EUR 145.8 million (first half 2010: EUR 183.0 million).

Cash flow from investing activities

The cash outflow from investing activities amounted to EUR 27.3 million in the first half of 2011. This was well below the figure from the same period of the previous year owing to final payments for newly built vessels made in the previous year.

Cash flow from financing activities

On balance, the Group's financing activities resulted in a cash outflow of EUR 235.1 million. This reflects regular interest and redemption payments along with the repayment of a shareholder loan worth EUR 161.7 million made in the second quarter.

DEVELOPMENTS IN CASH AND CASH EQUIVALENTS

in million EUR	**Q2 2011**	Q2 2010	**H1 2011**	H1 2010
Cash and cash equivalents at beginning of period	**704.7**	**398.0**	**751.8**	**413.3**
Changes due to changes in consolidated companies	0.0	0.0	0.1	0.0
Changes due to exchange rate fluctuations	-11.5	27.3	-45.2	46.4
Net changes	-103.1	-10.6	-116.6	-45.0
Cash and cash equivalents at end of period	**590.1**	**414.7**	**590.1**	**414.7**

Overall, the aggregate outflow totalled EUR 116.6 million in the first half, such that after accounting for exchange rate effects at the end of the reporting period, cash and cash equivalents of EUR 590.1 million were reported.

Sound financing structure

The Group was able to further improve its financing structure somewhat in comparison to year-end 2010. The net financial position improved by EUR 102.6 million compared with 31 December 2010. Equity remains at a consistently high level and the ratio of non-current liabilities to the balance sheet total fell again.

in million EUR	**30/6/2011**	31/12/2010
Cash and cash equivalents	590.1	751.8
Financial liabilities	1,613.2	1,877.5
Net financial position	**-1,023.1**	**-1,125.7**
Gearing (%)	**31.4**	**32.7**

CHANGES IN THE ASSET STRUCTURE		
in million EUR	**30/6/2011**	31/12/2010
Assets		
Non-current assets	4,695.3	5,057.1
Current assets	1,418.4	1,512.4
Of which cash and cash equivalents	590.1	751.8
Total assets	**6,113.7**	**6,569.5**
Equity and liabilities		
Equity	3,259.6	3,442.8
Borrowed capital	2,854.1	3,126.7
Of which non-current liabilities	1,629.1	1,878.8
Of which current liabilities	1,225.0	1,247.9
Of which financial liabilities	1,613.2	1,877.5
Of which non-current financial liabilities	1,432.7	1,673.9
Of which current financial liabilities	180.5	203.6
Total equity and liabilities	**6,113.7**	**6,569.5**
Cash ratio I	*48.2%*	*60.2%*
Net financial position	*-1,023.1*	*-1,125.7*
Equity ratio	*53.3%*	*52.4%*

The Group's balance sheet total shrank by 6.9% as compared with the end of the 2010 financial year and came in at EUR 6,113.7 million. This was largely due to the stronger USD/EUR exchange rate of 1.4477 on the closing date (year-end 2010: 1.3386).

The main reductions seen within non-current assets affected the carrying amounts of property, plant and equipment and intangible assets, which fell to EUR 4,261.4 million as a result of depreciation/amortisation and exchange rate effects of EUR 335.8 million on the reporting date. However, increases in the market value of non-current derivative financial instruments had the opposite effect, as did charges accrued within other assets for a financing commitment in connection with the orders for newbuild ships.

Within current assets, raw materials, supplies and purchased goods grew by EUR 29.2 million due to soaring bunker prices in the course of the first half. The market value of the current financial derivatives associated with fuel and currency hedges also rose by EUR 58.5 million.

Cash and cash equivalents fell by a total of EUR 161.7 million compared to 31 December 2010 due to outflows of EUR 116.6 million and currency valuation effects of EUR 45.1 million.

On the liabilities side, equity shrank by EUR 183.2 million compared with 31 December 2010 and totalled EUR 3,259.6 million. The positive effects from changes in the market value of hedges reported in the reserve for cash flow hedges served to boost equity. However, they were counteracted by currency translation effects and the Group loss. The equity ratio remained virtually unchanged at 53.3%, taking it just above the figure of 52.4% from 31 December 2010.

The fall in non-current and current liabilities resulted primarily from exchange rate effects on the reporting date and the repayment of a shareholder loan including interest in the second quarter of 2011. Furthermore, the movement in financial liabilities was offset by the setting up of a securitisation programme for receivables worth USD 100 million (EUR 69.1 million).

Taking cash and cash equivalents and financial liabilities into account, the net financial position as at 30 June 2011 was EUR -1,023.1 million (31 December 2010: EUR -1,125.7 million).

For further information on significant changes to specific balance sheet items, please refer to the Notes beginning on page 31.

RISK AND OPPORTUNITY REPORT

Please refer to the 2010 Annual Report for details of specific opportunities and risks. At the time of reporting, there were no risks which threatened the ongoing existence of the Hapag-Lloyd Group. From today's perspective, we do not anticipate any fundamental changes to the risk position.

Since May 2011, the European Commission has been examining whether EU competition law has been violated since the exemption regulation for liner conferences was abolished in October 2008. The Company believes that the transport services were provided in line with EU competition regulations.

The ramifications of the natural and environmental disaster in Japan may give rise to both risks and opportunities for container shipping.

Due to the present industrial production stoppages in Japan, transport volumes could remain lower than expected over the next few months, especially on services to and from Japan. In the medium term, however, transport volumes could be higher than anticipated on services to Japan if reconstruction work in the Japanese provinces affected picks up pace over the coming quarters.

There were no other major changes to the external environment or the Company’s internal conditions in the first six months of 2011.

EVENTS AFTER THE BALANCE SHEET DATE

There were no significant transactions after the balance sheet date.

OUTLOOK

The statements made in the “Outlook” section of the Group management report for 2010 generally remain valid as regards the medium-term growth prospects for container shipping. However, the short-term prospects for the industry remain shrouded in uncertainty due to increasing imbalances in global economic developments. Growth is primarily being curbed by the escalating debt crisis in the EU and the USA’s high budget deficit. In addition to this, the inflation rate remains high in major newly industrialising countries, which may prove a negative factor. Furthermore, competition is becoming tougher due to the impact of very large container ships going into service. This affects Asia-related shipping areas in particular. Combined with the ongoing sharp rise in crude oil prices, this can be expected to have a significant adverse effect on the industry and therefore also on business developments at Hapag-Lloyd in the current financial year.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT OF HAPAG-LLOYD HOLDING AG
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2011

in million EUR	**Q2 2011**	Q2 2010	**H1 2011**	H1 2010
Revenue	1,484.2	1,615.4	2,967.3	2,888.5
Other operating income	27.1	48.8	109.9	78.9
Transport expenses	1,282.2	1,211.7	2,545.7	2,293.4
Personnel expenses	79.1	72.0	175.5	139.5
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	68.5	82.6	140.8	156.0
Other operating expenses	62.7	76.2	193.8	146.6
Operating result	**18.8**	**221.7**	**21.4**	**231.9**
Share of profit of equity-accounted investees	1.0	6.7	7.9	14.9
Other financial result	-3.3	-4.4	-0.5	-4.4
Earnings before interest and tax (EBIT)	**16.5**	**224.0**	**28.8**	**242.4**
Interest income	2.7	4.6 1)	4.8	7.5 1)
Interest expenses	27.8	55.3 1)	60.1	73.3 1)
Earnings before income taxes	**-8.6**	**173.3**	**-26.5**	**176.6**
Income taxes	2.0	1.2	6.2	1.7
Group profit/loss	**-10.6**	**172.1**	**-32.7**	**174.9**
thereof attributable to shareholders of Hapag-Lloyd Holding AG	-10.6	168.2	-32.7	167.1
thereof interest on hybrid capital III	0.0	3.9 1)	0.0	7.8 1)

1) The presentation for 2010 has been adjusted.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF HAPAG-LLOYD HOLDING AG FOR THE PERIOD 1 JANUARY TO 30 JUNE 2011

in million EUR	**Q2 2011**	Q2 2010	**H1 2011**	H1 2010
Group profit/loss	**-10.6**	**172.1**	**-32.7**	**174.9**
Cash flow hedges (no tax effect)	-49.8	-0.5	60.7	-1.2
Addition to other comprehensive income (OCI)	20.0	-0.5	167.3	-1.2
Reclassification to income statement due to realisation	-69.8	-	-106.6	-
Actuarial gains (+) and losses (-) from pension provisions and related fund assets, after tax	0.1	-0.1	0.2	-0.1
Actuarial gains (+) and losses (-) from pension provisions and related fund assets, before tax	0.1	-0.2	0.2	-0.2
Tax effect	-	0.1	-	0.1
Currency translation (no tax effect)	-48.8	300.6	-207.1	495.4
Other comprehensive income	**-98.5**	**300.0**	**-146.2**	**494.1**
Total comprehensive income	**-109.1**	**472.1**	**-178.9**	**669.0**
thereof attributable to shareholders of Hapag-Lloyd Holding AG	-109.1	468.2	-178.9	661.2
thereof interest on hybrid capital III	-	3.9[1)]	-	7.8[1)]

1) The presentation for 2010 has been adjusted.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HAPAG-LLOYD HOLDING AG
AS OF 30 JUNE 2011

in million EUR	**30/6/2011**	31/12/2010
Assets		
Goodwill	631.7	691.2
Other intangible assets	682.7	773.8
Property, plant and equipment	2,947.0	3,198.3
Investments in equity-accounted investees	306.3	324.8
Other assets	57.3	20.5
Derivative financial instruments	59.3	36.9
Deferred tax assets	11.0	11.6
Non-current assets	**4,695.3**	**5,057.1**
Inventories	173.2	144.0
Trade accounts receivable	392.3	401.5
Other assets	101.8	110.1
Derivative financial instruments	143.8	85.3
Income tax receivables	17.2	16.6
Cash and cash equivalents	590.1	751.8
Assets classified held for sale	0.0	3.1
Current assets	**1,418.4**	**1,512.4**
Total assets	**6,113.7**	**6,569.5**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HAPAG-LLOYD HOLDING AG AS OF 30 JUNE 2011

in million EUR	**30/6/2011**	31/12/2010
Equity and liabilities		
Capital provided by limited partners	0.0	3,086.6
Subscribed capital	60.0	0.0
Capital reserves	3,026.6	0.0
Retained earnings	-41.4	0.0
Cumulative other equity	-147.9	-1.7
Hybrid capital	362.0	357.6
Equity attributable to the shareholders of Hapag-Lloyd Holding AG	**3,259.3**	**3,442.5**
Non-controlling interests	0.3	0.3
Equity	**3,259.6**	**3,442.8**
Provisions for pensions and similar obligations	91.7	90.4
Other provisions	95.0	103.6
Financial liabilities	1,432.7	1,673.9
Other liabilities	5.0	5.3
Deferred tax liabilities	4.7	5.6
Non-current liabilities	**1,629.1**	**1,878.8**
Provisions for pensions and similar obligations	5.8	6.8
Other provisions	125.7	152.4
Income tax liabilities	11.2	9.2
Financial liabilities	180.5	203.6
Trade accounts payable	808.3	752.1
Other liabilities	93.5	123.8
Current liabilities	**1,225.0**	**1,247.9**
Total equity and liabilities	**6,113.7**	**6,569.5**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF HAPAG-LLOYD HOLDING AG FOR THE PERIOD 1 JANUARY TO 30 JUNE 2011

in million EUR	Proportion attributable to shareholders of Hapag-Lloyd Holding AG										Hybrid capital	Non-controlling interests	Total equity
	Capital provided by the limited partners	Subscribed capital	Capital reserves	Retained earnings	Reserve for cash flow hedges	Actuarial gains and losses	Translation reserve	Cumulative other equity	Hybrid capital	Total			
As of 1/1/2010	**2,384.8**	**-**	**-**	**-401.9**	-	-6.0	-223.6	**-229.6**	**697.7**	**2,451.0**	**314.1**	**0.4**	**2,765.5**
Total comprehensive income	**-**	**-**	**-**	**167.1**1)	-1.2	-0.1	495.4	**494.1**	**-**	**661.2**	**7.8**1)	**-**	**669.0**
Transactions with shareholders	**353.0**	**-**	**-**	**-**	**-**	**-**	-	-	**-**	**353.0**	**-**	**-**	**353.0**
of which										-			
Capital increase	353.0			-	-	-	-	-	-	353.0	-	-	353.0
As of 30/6/2010	**2,737.8**	**-**	**-**	**-234.8**	-1.2	-6.1	271.8	**264.5**	**697.7**	**3,465.2**	**321.9**	**0.4**	**3,787.5**
As of 1/1/2011	**3,086.6**	**-**	**-**	**0.0**	36.1	-15.4	-22.4	**-1.7**	**357.6**	**3,442.5**	**-**	**0.3**	**3,442.8**
Total comprehensive income	**-**	**-**	**-**	**-32.7**	60.7	0.2	-207.1	**-146.2**	**-**	**-178.9**	**-**	**-**	**-178.9**
Transactions with shareholders	**-3,086.6**	**60.0**	**3,026.6**	**-8.7**	**-**	-	-	**-**	**4.4**	**-4.3**	**-**	**-**	**-4.3**
of which													
Paid interest Hybrid I	-	-	-	-	-	-	-	-	-4.3	-4.3	-	-	-4.3
Interest from Hybrid II	-	-	-	-8.7	-	-	-	-	8.7	-	-	-	-
Change of legal form	-3,086.6	60.0	3,026.6	-	-	-	-	-	-	-	-	-	-
As of 30/6/2011	**-**	**60.0**	**3,026.6**	**-41.4**	96.8	-15.2	-229.5	**-147.9**	**362.0**	**3,259.3**	**-**	**0.3**	**3,259.6**

1) The presentation for 2010 has been adjusted.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF HAPAG-LLOYD HOLDING AG FOR THE PERIOD 1 JANUARY TO 30 JUNE 2011

in million EUR	**Q2 2011**	Q2 2010	**H1 2011**	H1 2010
Cash inflow from operating activities	111.3	164.6	145.8	183.0
Cash inflow(+)/outflow(-) from investing activities	-19.3	-114.0	-27.3	-295.6
Cash inflow(+)/outflow(-) from financing activities	-195.1	-61.2	-235.1	67.6
Net change in cash and cash equivalents	**-103.1**	**-10.6**	**-116.6**	**-45.0**
Cash and cash equivalents at beginning of the period	**704.7**	**398.0**	**751.8**	**413.3**
Change in cash and cash equivalents due to a change in consolidated companies	0.0	0.0	0.1	0.0
Change in cash and cash equivalents due to exchange rate fluctuations	-11.5	27.3	-45.2	46.4
Net change in cash and cash equivalents	-103.1	-10.6	-116.6	-45.0
Cash and cash equivalents at the end of the period	**590.1**	**414.7**	**590.1**	**414.7**

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES ON THE PRINCIPLES AND METHODS UNDERLYING THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

General notes

As of 31 March 2011 “Albert Ballin“ Holding GmbH & Co. KG was converted to Hapag-Lloyd Holding AG by a change of its legal form.

The presented condensed interim consolidated financial statements of Hapag-Lloyd Holding AG and its subsidiaries, hereinafter referred to as Hapag-Lloyd Group, were prepared for the interim report according to the International Financial Reporting Standards (IFRS) and the relevant interpretations by the International Accounting Standards Board (IASB) as they are to be applied in the European Union (EU). Therefore, these financial statements to the interim report in accordance with IAS 34 do not contain all information and notes that are necessary according to IFRS for complete consolidated financial statements at the end of a financial year.

The presented interim consolidated financial statements comprise the period from 1 January to 30 June 2011. The underlying accounting principles and methods in the interim consolidated financial statements are the same as those used for the last consolidated financial statements as at the end of the financial year.

Results of interim periods are not necessarily indicative of results that can be expected for future periods or the entire financial year. The earnings position of the Hapag-Lloyd Group is principally shaped by the seasonality of transport volumes and freight rates in the container shipping business. Fluctuations result from the usually higher demand for transport services in the container shipping business during the second and third quarters.

The interim consolidated financial statements are presented in euros (EUR). All amounts recognised for the financial year are reported in million euros (EUR million) unless otherwise stated.

The functional currency of Hapag-Lloyd AG and its subsidiaries is the US dollar. For purposes of integration into the financial statements of the Hapag-Lloyd Group assets and liabilities are translated into euros as of the reporting date (closing date rate) using the middle rate of that day. Expenses, income and earnings are translated at the average exchange rate for the reporting period. The resulting differences are recognised directly in cumulative other equity.

The translation of individual balance sheet items such as fixed assets and financial liabilities results in part in significant valuation effects due to the strengthening of the euro compared to the US dollar as of the reporting dates (closing rate: 30 June 2011 USD/EUR 1.4477; 31 December 2010 USD/EUR 1.3386; average rate: first half 2011 USD/EUR 1.4035; first half 2010 USD/EUR 1.3285).

Segment reporting

Since the Hapag-Lloyd Holding AG at the time of the preparation of the interim financial statements as of 30 June 2011 neither traded bonds or equity instruments on any public market nor presented the consolidated financial statements to regulatory authorities for the emission of instruments, there was no obligation to prepare any segment reporting as of the reporting date.

Accounting principles applied for the first time

The following new standards and changes of existing standards published by the IASB, for which the endorsement has already been made, had to be applied for the first time in the interim financial statements presented; however, there was no significant effect due to the first-time application on the net asset, financial and earnings position of the Hapag-Lloyd Group:

- IAS 24: Related Party Disclosures
- Amendments to IAS 32: Classification of Rights Issues
- IFRIC 14: Prepayments of a Minimum Funding Requirement
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments
- Improvements to IFRS (2010)

Due to the revision of IAS 24 "Related Party Disclosures" the definition of related companies and individuals was fundamentally amended. Relief provisions regarding "government-related entities" of sections 25 to 27 have already been applied ahead of schedule by the Hapag-Lloyd Group in the annual financial statements for the financial year 2010. These regulations implement exemptions for the reporting of business with national institutions or companies; only the names and relations to national institutions and companies must be reported, as well as any significant transactions.

IAS 32 "Classification of Rights Issues" has been amended such that rights issues, options and subscription warrants must be reported as equity instruments on a fixed number of own shares against a fixed amount in any currency in so far as these are granted solely to owners of the same category.

The amendment of IFRIC 14 "Prepayments of a Minimum Funding Requirement" relates to pension plans which include a minimum funding requirement and for which the company pays contributions in advance. The economic benefit from these prepayments, which reduce future premium payments due to the minimum funding requirements, is capitalised as an asset.

The newly published interpretation of IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" regulates the accounting for the liable party if newly negotiated contract terms result in financial liabilities being extinguished through the issuance of own equity instruments in part or in full and if the creditor is an independent third party. Equity instruments are to be valued at fair value and the difference to the carrying amount of the extinguished liability is to be recorded affecting net income.

As part of the 2010 improvements to IFRS several smaller changes to the IFRS have been carried out. These concern IFRS 1 in relation to the use of the revaluation basis as a substitute for acquisition and production costs; IFRS 7 in connection with disclosures on the type and scope of risks arising from financial instruments; IAS 1 in relation to equity offsetting and reconciliation; disclosures in the notes about significant business transactions as defined by IAS 34; and the valuation of bonus credits in IFRIC 13.

Consolidated companies

The consolidated financial statements include all significant subsidiaries and investments accounted for using the equity method. Within the interim financial statements as of 30 June 2011 Hapag-Lloyd Holding AG and 49 companies were fully consolidated, and five additional companies were included using the equity method.

As of 1 January 2011, "Albert Ballin" Terminal Holding GmbH, Hamburg, left the group of consolidated companies due to its merger into Hapag-Lloyd AG, Hamburg. Hapag-Lloyd Nederland B.V., Rotterdam, was also liquidated in the first half of 2011.

Hapag-Lloyd Guatemala S.A., Guatemala City, and Hapag-Lloyd Special Finance Ltd., Dublin, were fully consolidated for the first time on 28 February 2011 and 30 April 2011 respectively after commencing operations.

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

Revenue was primarily generated from the rendering of transport services. The increase in revenue compared with the first half of the previous year is mainly due to higher transport volumes and increased freight rates.

Revenue includes proportional income from unfinished voyages as at the reporting date.

Transport expenses mainly comprise fuel costs, port and terminal costs, container transport costs, chartering, leases and container rental, maintenance and repair costs, and other services. The increase compared to last year is attributable to higher transport volumes, a rise in the cost of purchased services due to the use of additional chartered vessels, elevated energy prices and inflation-related increases in costs.

Interest result essentially comprises interest expenses for bank loans and bonds as well as loan interest on shareholder loans.

SELECTED NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill

Goodwill fell by EUR 59.5 million compared with 31 December 2010. Of this decline, EUR 52.1 million was accounted for by the change in USD/EUR exchange rates, while EUR 7.5 million resulted from the repayment of a cash deposit for sales collateral by TUI AG, Hannover, which was originally recorded within goodwill.

Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT

in million EUR	**30/6/2011**	31/12/2010
Vessels	2,230.5	2,473.4
Containers, chassis	234.6	272.3
Other equipment	120.4	123.2
Prepayments on account and assets under construction	361.5	329.4
Total	**2,947.0**	**3,198.3**

The changes in property, plant and equipment primarily arose from exchange rate effects and scheduled depreciation/amortisation.

Prepayments on account and assets under construction increased in the first half of 2011 owing to prepayments for newbuild vessels on order.

An older vessel was sold in the first quarter of 2011. On 31 December 2010, this was classified as an asset held for sale as per IFRS 5 at a carrying amount of EUR 3.1 million because of its intended disposal.

Derivative financial instruments

Derivative financial instruments include positive market values from commodity and currency options. The sharp rise resulted largely from the higher bunker price and current trends in the USD/EUR exchange rate.

Equity

On the balance sheet date of 31 December 2010, the Hapag-Lloyd Group (formerly "Albert Ballin" Holding GmbH & Co. KG) had limited liability capital of EUR 3,086.6 million.

"Albert Ballin" Holding GmbH & Co. KG was converted into Hapag-Lloyd Holding AG effective 31 March 2011 by means of a change in its legal form. On this date, Hapag-Lloyd Holding AG had share capital of EUR 60 million. This equity capital is divided into 60 million no-par shares with the equal rights.

The former paid-in limited liability capital of EUR 3,026.6 million which exceeded share capital was transferred to capital reserves.

Changes in market values from cash flow hedges which were offset directly against equity caused an increase of EUR 60.7 million in equity in the first half of 2011 (first half 2010: decrease of EUR 1.2 million).

The effects arising from currency translation recorded in the first six months of 2011 totalled EUR -207.1 million (first half 2010: EUR 495.4 million). This contains differences from the translation of subsidiary financial statements prepared in a foreign currency and from the conversion of goodwill carried in foreign currency.

Other provisions

During the purchase price allocation, existing contracts were identified, the contractual terms of which at the time of acquisition substantiated negative fair values compared with the current market conditions. The amortisation of these items in the first half of the financial year 2011 essentially led to a reduction in transport expenses.

Financial liabilities

FINANCIAL LIABILITIES

in million EUR	**30/6/2011**	31/12/2010
Liabilities to banks	976.6	1,053.6
Bonds	635.2	646.8
Other financial liabilities	1.4	177.1
Total	**1,613.2**	**1,877.5**

FINANCIAL LIABILITIES BY CURRENCY EXPOSURE

in million EUR	**30/6/2011**	31/12/2010
Financial liabilities denoted in USD (before IFRS adjustments)	968.0	1,052.7
Financial liabilities denoted in EUR (before IFRS adjustments)	666.2	856.6
Interest payable	19.3	17.3
Accounting for transaction costs	-40.3	-49.1
Total	**1,613.2**	**1,877.5**

As of 8 April 2011, a shareholder loan totalling EUR 161.7 million, including interest, was repaid to TUI-Hapag Beteiligungs GmbH.

Financial liabilities decreased due primarily to scheduled repayments of bank loans and the effect on exchange rates of the weaker US dollar.

Furthermore, the movement in financial liabilities was offset by the setting up of a securitisation programme for receivables worth USD 100 million (EUR 69.1 million).

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Ordinary business activities resulted in an inflow of cash and cash equivalents totalling EUR 145.8 million (first half 2010: EUR 183.0 million).

The cash outflow from investing activities amounted to EUR 27.3 million in the first half of the 2011 financial year (first half 2010: EUR 295.6 million). EUR 73.7 million (first half 2010: EUR 348.8 million) was paid for investments in property, plant and equipment and other non-current assets in the first six months of the financial year. The outlays relate in particular to prepayments made for newly built vessels and essential classification costs (expenses for repairs and maintenance in conjunction with the classification docking conducted every five years). These were partly offset by incoming payments from the sale of property, plant and equipment, intangible assets and other non-current assets plus dividends received totalling EUR 46.4 million (first half 2010: EUR 53.2 million).

The outflow of cash and cash equivalents from financing activities came in at EUR 235.1 million in the first half of 2011 (first half 2010: inflow of EUR 67.6 million). This was largely due to the repayment of a shareholder loan to TUI-Hapag Beteiligungs GmbH and the scheduled repayment of bank loans.

OTHER NOTES

Legal disputes

At Hapag-Lloyd Mexico in 2009, tax audits were completed for the financial years 2002 and 2003. The assessments were received on 21 January 2010 and 26 February 2010 respectively. These oblige the company to make additional corporate income tax and income tax payments and to pay fines and additional sums for inflation and other charges. Furthermore, the tax office is demanding that the company allow its employees to share in the additional profits that were identified. The lawyers handling the case are of the opinion that the tax assessments are not lawful. The company has lodged objections to the tax assessments for 2002 and 2003.

Since May 2011, the European Commission has been examining whether EU competition has been violated since the exemption regulation for liner conferences was abolished in October 2008. There are no grounds to suggest that Hapag-Lloyd AG violated competition regulations.

Other financial obligations

The Group's other financial obligations contain, in particular, the purchase obligations for investments in container ships, charter and lease agreements for ships and containers, and rental payments for business premises, in particular for part of the central administration building in Rosenstrasse. The agreements have terms of between one year and 20 years and some include prolongation and purchase options as well as price adjustment clauses. In the first half of 2011, lease payments of EUR 325.9 million (first half 2010: EUR 255.2 million) were posted to expenses.

The total other financial obligations can be broken down as follows:

in million EUR	30/6/2011	31/12/2010
Vessels and containers	1,110.9	1,143.9
Administrative buildings	126.4	130.0
Other	106.0	123.0
Rent	1,343.3	1,396.9
Purchase commitments	708.4	807.8
Total	**2,051.7**	**2,204.7**
Fair value	**1,840.2**	**1,953.8**

The fair value of the other financial obligations was ascertained by discounting the future expenses using a market interest rate of 4.7% p.a.

Related party transactions

In carrying out its ordinary business activities, the Hapag-Lloyd Group maintains indirect or direct relationships with related companies and individuals and with its own subsidiaries included in the consolidated financial statements. All of the transactions with related parties were executed on the basis of international price comparison methods in accordance with IAS 24 on terms that are also usual with non-Group third parties. Further information on related parties is included in the notes to the consolidated financial statements for 2010 under "Other notes".

SIGNIFICANT TRANSACTIONS AFTER THE BALANCE SHEET DATE

There were no significant transactions after the balance sheet date.

Hamburg, August 2011

Hapag-Lloyd Holding AG
The Executive Board

Michael Behrendt

Peter Ganz	Ulrich Kranich	Jesper Praestensgaard

FINANCIAL CALENDAR 2011

August 2011	Publication of interim report for second quarter/first six months of 2011
November 2011	Publication of interim report for third quarter/first nine months of 2011

IMPRINT

Hapag-Lloyd AG
Ballindamm 25
20095 Hamburg

Investor Relations
Telephone: +49 (0)40 3001-9150
Fax: +49 (0)40 3001-9155

Group Communication
Telephone: +49 (0)40 3001-2529
Fax: +49 (0)40 335360

www.hapag-lloyd.com

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Hapag-Lloyd AG · Ballindamm 25 · 20095 Hamburg · www.hapag-lloyd.com