Logwin AG

Annual Financial Report 2014

Your Logistics

Key Figures 1 January – 31 December 2014

Earnings position *In thousand EUR*	**2014**	**2013**
Revenues		
Group	1,129,426	1,219,709
Change on 2013	*–7.4%*	
Solutions	479,537	600,649
Change on 2013	*–20.2%*	
Air + Ocean	648,062	618,126
Change on 2013	*4.8%*	
Operating result (EBITA)		
Group	25,132	11,977
Margin	*2.2%*	*1.0%*
Solutions	3,633	–5,772
Margin	*0.8%*	*–1.0%*
Air + Ocean	31,214	27,096
Margin	*4.8%*	*4.4%*
Net result		
Group	13,837	–2,865

Financial position *In thousand EUR*	**2014**	**2013**
Operating cash flows	16,201	21,518
Net cash flow	13,666	32,323

Net asset position	**31 Dec 2014**	**31 Dec 2013**
Equity ratio	27.9%	26.3%
Net liquidity *(in thousand EUR)*	50,817	37,931

	31 Dec 2014	**31 Dec 2013**
Number of employees	4,298	4,514

Group Management Report

General information on the Logwin Group

Business model

The Logwin Group The Logwin Group provides its customers with comprehensive logistics and transport solutions – from procurement logistics and production-related services to distribution. As an integrated logistics service provider, Logwin combines the advantages of an internationally established logistics group with those of a flexible medium-sized company. With its business segments Solutions and Air + Ocean, the Logwin Group offers a range of logistical services for customer-specific requirements and manages supply chains between suppliers and consumers either partially or as a whole. The Logwin Group can take care of supply chain management, warehousing, value added services and worldwide transportation by road, rail, air or sea freight on behalf of its customers. Here it makes use of its own specialized networks as well as transportation partners in proven partnerships.

Logwin AG is listed on the Frankfurt Stock Exchange. The majority shareholder is DELTON Vermögensverwaltung AG, Bad Homburg, Germany.

Solutions business segment As a specialist in contract logistics, the Solutions business segment offers individual customer- and industry-oriented solutions in the retail sector as well as in the area of industrial contract logistics with a focus on the chemical and automotive sectors. The solutions range from supply chain management, transportation and warehousing through to logistical value added services and complete outsourcing projects. The business also maintains special networks for the fashion and consumer goods industries ("Retail Network") and for the media sector.

Air + Ocean business segment The Air + Ocean business segment provides worldwide transportation and logistics solutions with a focus on intercontinental air and sea freight, frequently in connection with upstream and downstream value added services. The Air + Ocean business segment draws on an international network that is divided into the five regions Europe Middle East, Americas, Africa, South East Asia and Far East Asia.

Financial performance management

A number of key control parameters are of central importance for financial performance management within the Logwin Group. Operating result before goodwill impairment (EBITA) measures the profitability of the Group and of the individual business segments. Additional key control indicators are net result and net cash flow (operating cash flows plus investing cash flows). These three indicators are the fundamental elements of the remuneration system as well. Discounted cash flow (DCF) analyses are used as the basis for assessing the benefits of large investments.

Research and development

Development activities in the Logwin Group concentrate on service and process innovations. These innovations are developed with customers as preparation for large assignments in order to ensure improved operational and administrative processes. The specialists in the Tender Management/ Logistics Engineering, Process Development and IT units of the Solutions business segment in particular are entrusted with this type of work for complex contract logistics projects.

Corporate Governance

Members of the Board of Directors and the Executive Committee

Dr. Antonius Wagner (*1961)
Chairman of the Board of Directors and the Executive Committee since 9 April 2014
Previously Deputy Chairman of the Board of Directors and the Executive Committee
Chairman of the Management Board of DELTON AG, Bad Homburg v. d. Höhe (GER)

Dr. Yves Prussen (*1947)
Deputy Chairman of the Board of Directors since 9 April 2014
Non-executive member of the Board of Directors
Attorney in Luxembourg (LU)

Marcus Cebulla (*1969)
Member of the Executive Committee since 1 October 2014
Aschaffenburg (GER)

Thomas Eisen (*1971)
Member of the Executive Committee
Salzburg (AUT)

Sebastian Esser (*1974)
Member of the Board of Directors since 9 April 2014
Member of the Executive Committee (Chief Financial Officer) since 1 January 2014
Aschaffenburg (GER)

Dr. Michael Kemmer (*1957)
Non-executive member of the Board of Directors
Chief Executive Bundesverband Deutscher Banken
Berlin (GER)

Hauke Müller (*1964)
Member of the Executive Committee
Hamburg (GER)

Tomas Sonntag (*1960)
Member of the Executive Committee since 1 January 2014
Hong Kong (CHN)

The previous Chairman of the Board of Directors and the Executive Committee Berndt-Michael Winter relinquished his position at Logwin AG with effect from the end of the Annual General Meeting on 9 April 2014.

The Board of Directors of Logwin AG has adopted a Corporate Governance Charter, which is available on the internet at http://www.logwin-logistics.com/investors/governance.html.

Information in accordance with Article 11 of the Luxembourg Takeover Act dated 19 May 2006

Lit (a): Details on the equity structure of the Logwin Group are included in note 27 on page 59 of the notes to the consolidated financial statements. As of 31 December 2014, there were 146,257,596 fully paid up, no-par voting shares issued and admitted for trading on the Frankfurt Stock Exchange, of which 72,695 shares were held as treasury shares of Logwin AG as of 31 December 2014 and therefore did not have voting rights or dividend rights.

Lit (b): There are no restrictions on the transfer of the shares.

Lit (c): The majority shareholder of Logwin AG is DELTON Vermögensverwaltung AG, Bad Homburg, Germany, which is a wholly owned subsidiary of DELTON AG, Bad Homburg, Germany. The sole shareholder of DELTON AG is Stefan Quandt. For further details please refer to notes 1 and 40 on pages 27 and 78 of the notes to the consolidated financial statements.

Lit (d): There are no shares that give the holders any special rights of control.

Lit (e): There are no employee stock ownership schemes in the Logwin Group.

Lit (f): There are no restrictions on voting rights in the Logwin Group.

Lit (g): As of 31 December 2014, Logwin AG is unaware of any understandings with shareholders that restrict the transfer of shares or voting rights in accordance with Directive 2004/109/EC.

Lit (h): Rules governing the appointment and replacement of members of the Board of Directors and changes to the Articles and Memorandum of Association are contained in articles 8, 16 and 17 of the Articles and Memorandum of Association of Logwin AG and in chapter 8 of the Corporate Governance Charter. Both documents can be downloaded from www.logwin-logistics.com/investors.html.

In particular, the following applies:

- The members of the Board of Directors are appointed by the General Meeting of shareholders for a period not exceeding six years. They may be dismissed by the General Meeting at any time. The repeated appointment of a member of the Board of Directors is permitted.
- If a member of the Board of Directors (including executive members of the Board) retires prematurely, the remaining members may co-opt a new member to the Board in accordance with the legal provisions on a provisional basis. Final election will take place when the shareholders next meet for their General Meeting.
- The General Meeting of shareholders may change the company's Articles and Memorandum of Association at any time, taking into account the legal provisions governing minimum attendance and majority voting.

Lit (i): The powers of the Board of Directors, in particular relating to the empowerment to issue or withdraw shares, are regulated in articles 5, 8, 9, 10, 11, 18, 19 and 23 of the Articles and Memorandum of Association of Logwin AG and in chapter 3 of the Corporate Governance Charter. Both documents can be downloaded from www.logwin-logistics.com/investors.html.

In particular, the following applies:

- The Board of Directors is responsible for the management of the company.
- The Board of Directors is vested with the powers to perform all acts of administration and disposal in the interests of the company. The Board of Directors may appoint a committee of directors charged with performing the daily management of the company (hereinafter referred to as "Executive Committee").
- The Board of Directors defines the scope of activity of the Executive Committee and of the individual committees. It also authorizes the procedures that are to be used for the Executive Committee and the individual committees.
- The daily management of the company is performed by the Executive Committee under the supervision of the Board of Directors. The Board of Directors decides on the signatory powers of the members of the Executive Committee.
- The Board of Directors is authorized until 31 March 2015 to increase the company's registered capital by issuing on one or more occasions up to 76,692,378 new no-par bearer shares with or without an issue premium ("prime d'emission") in exchange for cash and/or non-cash capital contributions.
- The company may repurchase its own shares in accordance with the provisions of the law.

Lit (j): There are finance agreements containing clauses that grant lenders the right to terminate the agreement prematurely in the event that the number of shares held by the majority shareholder of Logwin AG falls below certain thresholds.

Lit (k): There are no agreements between Logwin AG and members of its Board of Directors or other employees that provide for compensation in the event of termination of employment without cause or in the event of a takeover bid.

Economic report

Overall conditions

Global economy The global economy fell short of expectations in 2014. Global economic growth slowed down noticeably during the summer. The euro zone was affected particularly by a decline in economic growth, which was attributable to the great uncertainty about the future development of the Russian economy. In light of the drop in oil prices, a slight recovery in global economic growth has been seen at the end of 2014.

German (logistics) industry After a good start into 2014, the German economy cooled down significantly during the summer months. The German economy seemed to be gradually overcoming its period of weakness at the end of the year and made a cautiously optimistic start to the new year. In this context, the economy benefited noticeably from the drop in crude oil prices and from low interest rates at the end of the year. It was also supported by foreign trade, as exports strengthened due to the devaluation of the euro against the US dollar. However, the positive signals still have been overshadowed by the risk of geopolitical crises and the persistently weak euro zone economy into 2015.

The logistics industry continued to be confronted with difficult conditions in 2014. Weak demand in the euro zone meant that transported volumes of goods only grew moderately overall. In the fourth quarter, the situation in the German logistics industry was somewhat improved on the prior months.

Competition and market The international logistics business in 2014 was defined by the efforts of air and sea freight carriers to counter the effects of prevailing overcapacities. In the sea freight industry in particular, these efforts came in the shape of new alliances and mergers among large shipping companies, while in the air freight industry capacity reductions on important transport routes served to counter the persistently strong margin pressure. Compared with the prior year, the air freight market exhibited slight growth, which was a little more pronounced in the sea freight market and the contract logistics market. Sea freight rates remained volatile in 2014, but volatility was lower and rates were at a higher level overall than in the prior year. Air freight rates were more stable than in the prior year, albeit at a lower level.

Business performance

In light of the difficult economic and competitive conditions, the Logwin Group showed a positive development in financial year 2014.

In the Air + Ocean business segment, the focus on sales, the standardization of operating processes and investments in future and growth markets continued to pay off. Despite the persistently high competitive pressure due to low growth impulses, the Air + Ocean business segment was able to outperform the sea freight market and increase its revenues. Customer success is reflected in higher profitability in the financial year 2014.

In the Solutions business segment, rigorous steps were taken to improve profitability through a cost-efficient organization and improved operating processes. On the customer side, the focus was on retaining existing customers. As a result of disposals and discontinued business activities in the prior year, revenues decreased in line with expectations. The necessary steps aimed at increasing efficiency and reducing structural and administrative costs led to an overall improvement in EBITA.

Earnings position

Revenues In financial year 2014, the Logwin Group generated revenues of EUR 1,129.4m compared with EUR 1,219.7m in the prior year. The 7.4% decline in revenues was primarily due to the disposal or discontinuation of various business activities in the Solutions business segment in the prior year and was in line with the Group's expectations.

Solutions
At EUR 479.5m, revenues in the Solutions business segment declined by 20.2% in financial year 2014 and therefore fell considerably short of the prior-year figure of EUR 600.6m. The planned decline due to the disposal of various activities in the course of the prior year was increased slightly by the discontinuation of certain transportation activities, while some encouraging revenue increases with existing customers in the automotive and chemical sectors had an offsetting effect.

Air + Ocean
The Air + Ocean business segment generated revenues of EUR 648.1m in financial year 2014 (prior year: EUR 618.1m), an increase of 4.8%. The business segment recorded encouraging growth rates, in particular in the sea freight industry. Air freight volumes also increased slightly on the prior year. In addition, the business segment's revenues increased due to freight rates, which rose on average over the year. Currency exchange rates had an offsetting effect due to the strength of the euro during the course of 2014.

Gross margin and gross profit The gross margin of the Logwin Group improved to 7.6% in financial year 2014 from the prior-year figure of 7.2%. Gross profit decreased from EUR 88.3m in 2013 to EUR 86.1m in 2014 due to the reduced group revenues.

Selling, general and administrative costs Selling, general and administrative costs decreased from EUR 71.8m in the prior year to EUR 60.9m in financial year 2014. The decline also resulted from the disposals made in the prior year as well as a change in the allocation of expenses to cost of sales.

EBITA In financial year 2014, the Logwin Group generated an operating result before goodwill impairment (EBITA) of EUR 25.1m and thus significantly exceeded the EBITA recorded in the prior year by EUR 13.1m (prior year: EUR 12.0m). The EBITA margin improved from 1.0% in 2013 to 2.2% in 2014, mainly as a result of improved profitability in the Solutions business segment due to the focus on core activities in the Solutions business segment implemented in the prior year. Additionally, the increased result of the Air + Ocean business segment contributed to the improved margin.

Solutions
At EUR 3.6m, EBITA in the Solutions business segment was well above the prior-year figure of EUR −5.8m. In the reporting period, non-recurring expenses in connection with steps aimed at increasing efficiency and capacity adjustments were offset by positive effects from the disposal of business activities at the beginning of 2014. The improvement in EBITA on the prior year is attributable to the non-recurrence of effects from the disposal of business activities (EUR −2.9m) in 2013 as well as the increased profitability that drove the discontinuation of unprofitable locations and the focus on core activities. On the contrary EBITA of the business segment was negatively impacted in the reporting period by an impairment loss on real estate totaling EUR −1.0m in the reporting period.

Air + Ocean
The Air + Ocean business segment improved its EBITA by 15.2% to EUR 31.2m (prior year: EUR 27.1m). The very encouraging increase in earnings is primarily attributable to subsidiaries in Europe Middle East and South East Asia. The operating margin increased from 4.4% in the prior year to 4.8% in the financial year due to improved cost efficiency. This development was apparent at nearly all group companies, with an especially strong improvement in margins recorded in the South East Asia region.

Financial result and income taxes At EUR −4.0m, the financial result in the year 2014 improved considerably on the prior year (EUR −5.8m). The reduction in expenses related to the full repayment of a long-term loan in the prior year and was achieved despite a non-recurring effect from the closing out of an interest rate hedge. On account of the earnings, income tax expense increased from EUR −5.1m in the prior year to EUR −7.3m in 2014.

Net result The Logwin Group's net result for the period came to EUR 13.8m in financial year 2014, up from the net result for the prior year of EUR −2.9 m.

Financial position

Financial management in the Logwin Group The operating entities of the Logwin Group primarily finance themselves from operating cash flows and via Logwin AG, which provides funds in the form of intragroup loans. The Logwin Group finances itself from equity capital and also through a factoring program for major German group companies. In addition, the Logwin Group has several bilateral credit facilities at its disposal.

The Logwin Group reduced its financial liabilities from EUR 20.7m as of 31 December 2013 to EUR 16.1m as of the end of financial year 2014. Financial liabilities relate almost exclusively to finance lease obligations.

Operating cash flows The Logwin Group recorded cash inflows from operating activities of EUR 16.2m in financial year 2014 (prior year: EUR 21.5m). It should be noted that the operating cash flow was negatively impacted to the tune of EUR −6.0m in the financial year (prior year: EUR 0.0m) by the repayment of the factoring facility. The operating cash flow was influenced by end-of-period fluctuations in working capital and period-related non-recurring effects.

Investing cash flows The Logwin Group generated cash flows from investing activities of EUR −2.5m in 2014 (prior year: EUR 10.8m) including the sale of assets and business activities. Particularly, lower proceeds of EUR 2.7m (prior year: EUR 16.6m) from disposals of non-current assets, consolidated companies and other business operations had a material impact in this context.

Net cash flow Overall, the Logwin Group thus generated a net cash flow of EUR 13.7m (prior year: EUR 32.3m).

Financing cash flows Cash flows from financing activities in 2014 amounted to EUR −7.6m (prior year: EUR −25.3m) and, in addition to the cash outflows for the repayment of current loans and borrowings, primarily comprise payments for the acquisition of non-controlling interests in a subsidiary.

Net asset position

Total assets The Logwin Group's total assets increased from EUR 345.4m as of the reporting date of the prior year to EUR 365.2m as of 31 December 2014. The increase in total assets is primarily attributable to higher receivables as a result of cut off effects as well as higher cash and cash equivalents compared with the prior year.

Non-current assets decreased from EUR 137.0m as of the reporting date of the prior year to EUR 132.8m as of 31 December 2014. Goodwill of EUR 75.3m (prior year: EUR 74.9m) continues to constitute the most significant item under non-current assets. Non-current assets also include property, plant and equipment of EUR 34.2m (prior year: EUR 39.1m), deferred tax assets of EUR 16.6m (prior year: EUR 16.9m) and other intangible assets of EUR 4.7m (prior year: EUR 3.9m).

The Logwin Group's current assets came to EUR 232.4m as of 31 December 2014 compared with EUR 208.4m as of the end of the prior year. The largest items under current assets are trade accounts receivable of EUR 141.4m (prior year: EUR 125.6m). Trade accounts receivable were reduced in the prior year by the amount used under the factoring facility of EUR 6.0m. In contrast, the factoring facility was not utilized as of 31 December 2014.

Equity At the end of financial year 2014, the Logwin Group reported equity of EUR 102.1 m (prior year: EUR 90.9m). The increase in equity mainly reflects the positive net result for financial year 2014 of EUR 13.8m. The equity ratio increased from 26.3% as of the reporting date of the prior year to 27.9% as of 31 December 2014. Equity as of 31 December 2014 was reduced by treasury shares of EUR 0.1m. The treasury shares were acquired by Logwin AG in the fourth quarter of 2014 under a share buyback program.

Liabilities Non-current liabilities increased in 2014 mainly due to the increase in pension provisions due to the considerably reduced discount rate and came to EUR 50.6m as of 31 December 2014 (prior year: EUR 46.0 m). Current liabilities increased as of 31 December 2014 from EUR 208.4m to EUR 212.6m and are primarily made up of trade accounts payable of EUR 152.2m (prior year: EUR 142.6m).

Cash and net liquidity Cash and cash equivalents of the Logwin Group came to EUR 67.0m at the end of financial year 2014 (prior year: EUR 58.6m). Due to higher cash and cash equivalents and a further reduction in current loans and borrowings, the Group's net liquidity increased significantly again from EUR 37.9m at the end of the prior year to EUR 50.8m as of 31 December 2014.

Employees

The Logwin Group had 4,298 employees worldwide as of 31 December 2014 compared with 4,514 employees as of the end of the prior year. Headcount fell by 216 mainly due to the sale of various Eastern European group companies taking effect in January 2014. As of the reporting date, the Solutions business segment therefore had 256 fewer employees than at the end of the prior year. The number of employees in the Air + Ocean business segment increased by 82 on the prior year.

The number of employees in the Logwin Group in Germany fell from 2,138 to 2,087.

Report on the Logwin share

The Logwin share A total of 5.6 million Logwin AG shares has been traded on all German stock exchanges in 2014. This was equivalent to a turnover of EUR 6.1m. The price of the Logwin share rose between the beginning and end of the reporting period from EUR 1.06 to a Xetra closing price of EUR 1.20. The significance of the share price development is limited due to the very low volumes traded.

Share buyback program Based on the authorization granted by the Annual General Meeting held on 9 April 2014, the Board of Directors of Logwin AG resolved a share buyback program on 28 November 2014. Up to 5,000,000 Logwin shares (approximately 3.4% of the share capital) may be repurchased for the sole purpose of retirement and the reduction of the share capital. 72,695 shares were repurchased by Logwin AG up to 31 December 2014.

Key figures for the Logwin share

		31 Dec 2014	31 Dec 2013
Closing price (Xetra)	*in Euro*	1.195	1.058
High/low 52 weeks	*in Euro*	1.274/0.885	1.233/0.900
Total number of shares	*Units*	146,257,596	146,257,596
– thereof outstanding	*Units*	146,184,901	146,257,596
Market capitalization	*in million EUR*	174.7	155.0

Shareholdings The majority shareholder is DELTON Vermögensverwaltung AG. The members of the Board of Directors and the Executive Committee of Logwin AG did not hold any shares or options to purchase shares in Logwin AG as of 31 December 2014.

Company rating The rating by Standard & Poor’s for the Logwin Group (corporate credit rating) remained unchanged in 2014 at “B+” with a positive outlook.

Subsequent events report

No significant events occurred between 31 December 2014 and the preparation of the consolidated financial statements by the Board of Directors of Logwin AG on 2 March 2015.

Risk report

Risk management system

Objectives and strategy The Logwin Group has established a group-wide risk management system in order to ensure the proper management of the company and to implement a coherent risk policy at Logwin AG. This risk-management system forms an integral part of the planning and control system within the Logwin Group and is an essential element in managing and controlling the company. The risk management system is also included in the audit of the annual financial statements performed by the auditors. The overriding aim of Logwin AG's risk policy is the timely and systematic identification of risks that may lead to an adverse deviation from forecasts or targets or may become a risk to the further existence of the company so that such risks can be avoided or their negative effects minimized by initiating prompt countermeasures. The systematic identification and analysis of opportunities is not a component of the group-wide control and risk management system. Continuous close monitoring of business activities at various levels of management of the Logwin Group ensures that opportunities are identified and exploited.

Structure and process The appropriate transformation of the established risk policy into an efficient risk management system is guaranteed by group-wide policies and procedures that are set down in risk management guidelines. Risk owners in the business segments and holding companies identify and assess risks that can emerge in their areas. These are then systematically summarized depending on predetermined reporting threshold values and communicated to the relevant management levels in the business segments as well as to the Executive Committee and the Board of Directors of Logwin AG. Besides regular reporting at specified intervals, immediate reporting procedures in the event of special urgency play an essential part in the risk management system. Controlling and managing the risks is the responsibility of the risk owners, the relevant management levels in the business segments or the Executive Committee, depending on the required degree of authority. These clearly defined processes and responsibilities do not just guarantee that all identified risks are duly addressed, but also ensure that the Executive Committee and the Board of Directors of Logwin AG are informed about all major risks.

The internal control and risk management system in the financial reporting process Besides the risk management guidelines, group-wide accounting guidelines regulate the financial reporting process as a further feature of the internal control and risk management system. The financial reporting process in the Logwin Group reflects its decentralized organizational structure, i.e., at the business segment level, numerous, in part system-based reconciliation and plausibility checks are used to monitor the individual group companies with regard to their reporting preparations, e.g., scheduling and assigning tasks, obtaining balance confirmations, allocating provisions and also with regard to drawing up the financial statements. A further step in the internal control system are the letters of representation presented by the management of each subsidiary regarding their annual financial statements. All input and work steps in the consolidation process are documented in the consolidation software, which is used Group wide and which has a hierarchical system of user rights for access and data input. Besides the external auditors, the Group's internal audit department is also involved in monitoring compliance with the accounting guidelines in selected cases.

Risks

Overview Unknown or unrecognized risks may exist for the Logwin Group despite the existence of a risk management system. The possibility cannot be excluded that the risk management system could prove to be inadequate or may fail completely, and that such unrecognized risks could materialize in the Group's course of business or not be identified quickly enough in order to prevent them from materializing. The occurrence of one or more of these risks could have material negative effects on the net assets, financial situation and earnings position of the Logwin Group.

As a global logistics service provider, the Logwin Group faces macroeconomic risks along with industry, competition, customer and procurement risks. Furthermore, financial, legal, regulatory and environmental risks, IT and other risks as well as risks from violations of national and international laws can also affect business performance, materially impacting on the Group's net assets, financial situation and earnings position.

Macroeconomic risks The performance of the global economy and of world trade is of crucial importance for the demand for logistics services and thus for the business performance of the Logwin Group. Material risks therefore lie in global economic developments and in particular in the euro zone economy as well as in the Asian economies. A further escalation of geopolitical crises, such as in the Ukraine or Syria, could adversely affect global economic stability. A significant decline in economic growth would lead to a fall in demand for logistics services that might make it necessary for the Logwin Group to take further corrective measures. There is a risk that this would involve considerable negative effects on earnings.

A renewed increase in turbulences on the financial markets and lasting disruptions due to changes in government, a lack of reforms as well as other structural problems in crisis-ridden euro zone countries can have negative knock-on effects on the real economy and weaken global economic expansion. This would directly affect the Logwin Group in its Air + Ocean business segment, not just in its markets in Europe, but also in its core markets in Asia due to the impacts of any fluctuations in demand, as well as in its Solutions business segment. A persisting surplus of transport capacity caused by a fall in demand can therefore lead to further intensified competition for reduced customer orders and volumes. If these risks materialize they could have a negative effect on the Logwin Group's net assets, financial and earnings position.

Industry risks It is necessary for transportation and logistics service providers, and specifically for the Logwin Group, to constantly review their business models and strategic direction and to optimize their corporate structures and processes in order to be better prepared for fluctuations in the economy and to be ready to deal with the intensity of competition and the resultant pressure to consolidate within the industry. This includes the continuous improvement of logistics services, for example by increasing the efficiency and flexibility of service delivery. Failing to take such measures or implementing countermeasures too late when a slowdown occurs involves material risks for the future economic growth of Logwin Group. These risks could result in reduced revenues, lower utilization of its own capacities and decreased earnings.

Developments in industry-specific costs pose a considerable risk for the Logwin Group's earnings situation. In connection with providing transportation services and managing logistics premises, despite opposing developments at present, there is the risk of an increase in crude oil prices that has a direct influence on diesel and heating oil prices. Especially after the massive fall in the oil price since mid-2014 there is the risk that it could rise sharply again in the coming quarters. The reasons for increases include a recovery of the global economy, upheavals and tensions in the Middle East and North Africa and a further devaluation of the euro against the US dollar. This can lead to unexpected and, in particular in local markets, often to very abrupt increases in the cost of the services provided by Logwin. Logwin faces the risk of a significant decrease in earnings if such price increases cannot be passed on promptly and in full to customers.

It is also important for the Logwin Group when providing seamless transportation and logistics services at different company locations to have appropriately qualified staff at appropriate conditions. In the event that sufficient appropriate staff are not available at the company's locations at reasonable conditions, or that there is, for example, a shortage of available truck drivers, the Logwin Group faces the risk of not being able to provide its services as agreed due to increased costs of employment or transport, or only in a way that is economically unviable. This could have a negative effect on the Logwin Group's business performance and profitability.

In its main market – Germany – the introduction of a statutory minimum wage is presenting the Logwin Group as well as competitors, customers and suppliers with significant challenges and requires effective internal controls to be put in place to meet the legal requirements. Changed cost structures in the purchase of material services also require the Group to review and possibly discontinue certain business activities. The change in economic parameters for affected transactions as well as the possible discontinuation of activities which have become economically unviable can lead to a significant decrease in earnings for the Logwin Group.

In an increasingly security-conscious environment the possibility of the introduction of stricter security measures such as tighter import controls and controls in connection with air freight security cannot be excluded. It is difficult to assess what the effects of this might be for the logistics industry, but having to meet international security regulations would presumably result in increased costs and significantly higher investment requirements for additional security measures, which could then affect the financial and earnings position of the Logwin Group.

Competition and customer risks In the Solutions business segment, specific risks arise from a concentration of competition in niche markets with a small number of competitors. This makes it more difficult to increase market share. Furthermore, the logistics solutions are dependent on developments in the automotive, chemical, retail and media industries due to the high level of specialization in large parts of their service offering. A slowdown in the economic performance of these sectors or individual market participants would have a direct negative impact on the short- to medium-term earnings expectations of the Logwin Group.

In the Air + Ocean business segment, the key competition risk is a lasting slowdown in the long-term growth trends in the area of air and sea freight. Due to the very low industry concentration, fiercer competition for stagnating air and sea freight volumes can further exacerbate pressure on margins. In this context, unforeseen developments in freight rates can lead to significant pressure on margins for the Logwin Group. A fall in freight rates in the medium term can result in a reduction in the supply of worldwide sea and especially air freight capacities and can significantly intensify even further the competition for transport volumes. Conversely, a noticeable increase in freight rates can have considerable effects on the earnings situation of the Logwin Group. There is the risk that it might not be possible to pass on higher rates to customers fully and in a timely manner.

Many customers who have launched restructuring measures and rationalization programs become even more cost-conscious and consequently demand reduced prices from their logistics service providers. This can result in existing logistics contracts being re-examined and an increasing number of contracts being put out to tender. This applies especially to the Solutions business segment, which is highly dependent on individual large customers. There is the risk for the Logwin Group that increasing customer cost sensitivity will have an adverse effect on its earnings performance.

Agreed contract periods are frequently growing shorter and no longer cover the required investment needs and non-recurring expenses for the realization of logistics solutions. In drawing up contracts, there is a tendency to transfer risks such as liability and investment risks to the service provider and/or to agree on penalties for failure to render services in compliance with the contract. These may lead to risks exceeding the basic legal warranty risk, which could have a negative impact on the net assets, financial situation and earnings position of the Logwin Group.

There are additional customer-related risks arising from extended payment periods, an increase in overdue receivables and bad debt and insolvencies.

Increased consolidation in the logistics industry can lead to a shift in the traditionally highly fragmented structure of the market, with large logistics groups assuming even greater market importance. For the Logwin Group, this can mean a deterioration in its competitive position if additional economies of scale in certain activities generate competitive advantage for others.

Procurement risks The Logwin Group uses subcontractors in a significant part of its services. The case might arise of not being able to provide sufficient transportation or warehousing capacities or of having to procure them at considerably increased market prices. Such unscheduled price hikes cannot always be passed on to customers immediately and in full. On the other hand, there are risks of an underutilization of transportation capacities and freight space held, particularly in the special networks of the Solutions business segment and the air freight area, as well as risks connected with logistics sites held to meet business requirements remaining vacant.

Since carriers and logistics companies in Germany, as in previous years, represent one of the sectors with the highest level of insolvencies, there is the risk for the Logwin Group that subcontractors are not able to provide the agreed services due to insolvency. Poor planning or the inability to respond appropriately to fluctuations in demand with capacity adjustments as well as the default of major service providers can have considerable negative consequences for the Logwin Group's net asset and earnings position.

When long-term supplier agreements are concluded with air and sea freight providers, the Logwin Group may have to pay penalties if it fails to meet its order commitments, which would have a negative effect on the Group's earnings position.

Financial risks The Logwin Group has guidelines regulating the handling of financial risks. In accordance with these, financial risk positions are identified and wherever possible hedged.

Liquidity risks
As a result of the continuing debt crisis in many industrialized countries, a renewed escalation could give rise to the risk of a drastic reduction in the granting of loans and thus a reduction in the financing options available to companies. In addition, a sharp increase in general interest rates in the euro zone is expected in the medium to long term. These developments can lead to higher expenses should financing be required, which could have a considerably negative effect on the Logwin Group's net assets, financial situation and earnings position.

The business operations of the Logwin Group as a logistics provider can require it to use loans, factoring and credit-related forms of finance, for example when renting or leasing infrastructure, transport equipment and other technical equipment and facilities over the short to medium term. Continuing restricted access to means of finance and guaranteed credit lines, insufficient availability of suitable receivables that can be sold in the factoring process or a sustained increase in the cost of such financing instruments could lead to considerable risks for liquidity and earnings.

Engaging in the transportation business on a global scale requires the possibility of guarantees and collateral being provided by generally recognized guarantors, for example to customs and tax authorities and in the process of handling air and ocean transports. The Logwin Group will be faced with liquidity and earnings risks if the established financial instruments in international trade are no longer available to the Logwin Group to a sufficient extent, or if the customary mechanisms underlying international financial business transactions fail to work.

The Logwin Group manages its liquidity risk by monitoring the current liquidity situation on a daily basis. Liquidity planning is used to determine future requirements and to analyze on a regular basis whether the Logwin Group is in a position to meet its financial liabilities by the agreed maturity dates. The Logwin Group also limits its liquidity risk through strict working capital management and financing from various sources. As of 31 December 2014, the Logwin Group had unused credit facilities of EUR 59.2m. The Logwin Group can also utilize a contractually agreed maximum amount of EUR 45.0m from the factoring facility depending on the volume of receivables sold.

Note 35 on page 73 of the notes provides a maturity analysis of financial liabilities.

Credit risks

There are credit risks arising from relationships with customers and banks. Credit risks with customers are, wherever possible, minimized by detailed credit assessments. Furthermore, trade credit insurance exists for the majority of customers, particularly in Germany. Credit risks resulting from relationships with banks (counterparty risk) are counteracted via diversification of banking relationships.

In cases where insurance or other collateral is not available or is insufficient, or where hedging is not performed due to economic considerations, the Logwin Group faces increased risks of payment default, which could have a negative impact on earnings if other risk prevention strategies are not implemented fully and in a timely manner.

Allowances are made for possible default risks on trade accounts receivable and other financial assets. Please refer to note 21 on page 55 of the notes to the consolidated financial statements for more information on the extent of loss provisions and the maturity structure of trade accounts receivable.

Currency risks

The companies of the Logwin Group generate revenues in various currencies in the course of carrying out their worldwide activities and therefore also recognize their assets in non-euro currencies. As a result, the Group is subject to ongoing currency risks. A significant risk to earnings and liquidity from the negative effects of exchange rate movements cannot be excluded.

Wherever feasible, the Logwin Group reacts to foreign exchange risks affecting liquidity by using hedging instruments. The use of financial hedging instruments requires the availability of corresponding credit facilities for the Logwin Group and necessitates the existence of functioning exchange rate mechanisms on the global currency markets. A sustained increase in the direct and indirect costs for suitable hedging instruments can have an adverse effect on the company's economic performance. Taking into account hedging activities, a change in the respective functional currency of the group companies by +/− 10% in relation to the US dollar as of 31 December 2014 would have an effect on the Group's net result of /+ EUR 0.2m (prior year: −/+ EUR 0.1m).

Note 35 on page 74 of the notes contains a list of forward exchange contracts as of the reporting date.

As the euro is the reporting currency of the Logwin Group, the financial statements of the companies are translated into euros, which is the functional currency of the Group, for the purposes of the consolidated financial statements. These translation related foreign currency risks are not typically hedged in the Logwin Group. This can create a considerable impact on the presentation of the earnings position and net assets of the Logwin Group.

Interest rate risks
Interest rates can change. Increased rates of interest can pose a risk to the earnings of the Logwin Group. As of 31 December 2014, the Group had financial liabilities subject to variable interest rates resulting from finance lease agreements. The variable-interest factoring facility, utilization of which is recognized as a reduction in receivables, was partly hedged by an interest rate swap until September 2014. This interest rate swap was terminated in the fourth quarter of 2014. Based on the variable-interest, unhedged financial liabilities, a change in the rate of interest as of 31 December 2014, by +/− 100 basis points would have an effect on the financial result of −/+ EUR 0.1m (prior year: −/+ EUR 0.1m).

Legal, regulatory and environmental risks The Logwin Group performs various customs and VAT-related processes on behalf of its customers as part of its cross-border, international transportation activities. Risks are involved in performing these processes and making the required customs or tax declarations. This applies especially when the Logwin Group is liable for the completeness and accuracy of such declarations, for example, when bearing joint and several liability. Considerable risks to the financial situation and earnings position of the Logwin Group arise in particular in cases where a customer is unable to settle its payment obligations.

In this context, Logwin Road + Rail Austria GmbH was served with a claim from the Austrian customs authorities in April 2010 demanding backpayment of import VAT of around EUR 16m in connection with customs clearances that the company had performed with joint and several liability on behalf of customers in the period between December 2005 and March 2006. The exemption from import VAT granted at that time was now revoked since the consignees of the goods were allegedly participants in a missing trader (VAT carousel) fraud. The company, which remained part of the Logwin Group after the sale of the Road + Rail activities, lodged an appeal against the decision. The customs authorities did not grant the appeal lodged by Logwin, which is why legal steps against the claim are being pursued further. The independent tax tribunal (Finanzsenat) in Salzburg has suspended proceedings pending a decision by the Austrian Supreme Administrative Court in a similar case. As of the reporting date, the risk of a claim is considered to be improbable. Against this background, no provision has been made in the accompanying financial statements to cover this matter. Moreover, the company has an insurer's preliminary confirmation of cover. There could be considerable negative consequences for the Logwin Group's net asset and financial position if the legal steps prove unsuccessful and the insurer fails to provide (sufficient) cover despite its preliminary confirmation of cover.

Contractual risks, principally warranties, indemnification and tax risks, remain in connection with winding up the business operations sold by the Logwin Group.

Moreover, in providing its services and running its own facilities, the Logwin Group is subject to the laws, rules and regulations prevailing in the countries where it operates, such as transportation licenses, which in some cases distinguish between national and international activities. Conditions and licensing requirements may restrict the time of day or day of the week when transportation and logistics activities can be performed. For a number of customer projects, the companies of the Logwin Group are dependent upon retaining their current licenses and permits at all times. Losing such authorization could significantly threaten the profitability of the customer projects concerned.

In addition, substantial changes in taxation or levies such as road tolls and other usage-based charges could have a considerable effect on the profitability of current business and impact earnings negatively. Likewise, regulatory provisions such as the tightening up of the laws relating to driving crews result in ever rising labor costs. For example, changes in driving and rest times can lead to more drivers being required, which significantly increases the cost of providing road haulage services and may impact the earnings of the Logwin Group.

Country-specific risks can result, for example, from inconsistent interpretation, application and abrupt changes to legal, tax and customs regulations. This is not only the case for various emerging countries where the legal system does not yet conform to international standards (or only to a limited extent). It also applies to locally adopted implementing regulations of EU law, whose transposition sometimes differs greatly from country to country.

The companies of the Logwin Group have applied for trademark protection for most of their brands, in particular for the uniform group brand Logwin, or are already in possession of such property rights. A few registration applications are still pending. Negative effects for the Logwin Group's market presence can therefore not be ruled out if necessary licensing and trademark rights are not obtained, or if they expire.

The Logwin Group is particularly affected by environmental laws and regulations in those areas where the provision of logistics services involves having to deal with potentially hazardous materials such as operating filling stations or tank cleaning facilities. In addition, various logistics projects require the handling of hazardous goods. The logistics and transportation sector, at least in Germany and the rest of the EU, can also be expected over the next few years to increasingly become the focal point of policies and laws on the environment and climate change. In this context, there are risks that it will only be possible in part to offset the resultant cost increases through increased efficiency or to pass them on to customers in the form of higher prices. This could have a considerable impact on the Logwin Group's earnings and financial position.

IT and other risks The availability of a functioning IT infrastructure and IT applications is critically important for the economic performance of the Logwin Group. IT risks can arise from a possible outage of operational and administrative IT systems, which could impact the course of business. A prolonged outage of IT systems could lead to significant risks for the Logwin Group.

The activities of the Logwin Group's business segments involve liability and warranty risks owing to possible damage and quality defects arising during the provision of services. Claims for damages could also arise from breaches of duty on the part of management. In addition, malicious acts such as theft, fraud, breach of trust, misappropriation of payments and corruption as well as misrepresentation in financial accounting hold a high level of potential risk and can result in substantial damage both in material terms and to Logwin's reputation.

Executives of the Logwin Group accept specific and quantifiable business risks in order to be able to make full use of market opportunities. Should these risks materialize, they could have material negative effects on the net assets, financial situation and earnings position of the Logwin Group. Even after the impairments recognized in the prior years, recognized goodwill of EUR 75.3m is the largest individual item in the Logwin Group's non-current assets as of 31 December 2014. Prolonged weak or sustained performance weaker than anticipated in individual areas within the Logwin Group involves the risk that additional impairment will have to be recorded for the goodwill recognized in the consolidated balance sheet ("impairment risk"). Another influential factor is the current and anticipated trend in interest rates. In compliance with the requirements of IAS 36, goodwill is subject to an impairment test at least once every 12 months. Sustained weak or weaker than anticipated performance of individual Logwin companies could result in an adjustment of recognized deferred taxes. In addition, risks could arise in connection with the recoverability of input tax receivables. A lack of recoverability would have a negative influence on the net assets, financial situation and earnings position of the Logwin Group.

Compliance

The Logwin Group attaches great importance to group-wide compliance with national and international legislation, contractual agreements and the Group's internal policies. To firmly anchor this principle, the Logwin Group has formulated a code of conduct, which is binding for all employees in the Group. This code of conduct specifically defines general behavioral principles, requires employees to understand and comply with the relevant legislation, governs how to deal with business partners and public-sector institutions and sets out guidance on avoiding conflicts of interest. The Board of Directors of Logwin AG has also adopted a Corporate Governance Charter, which is based on the Corporate Governance regulations of the Luxembourg Stock Exchange and sets out requirements for the governance of the Logwin Group as well as for ensuring compliance with related legislation. The Corporate Governance Charter of Logwin AG has been published on the Logwin Group's homepage. Please refer to the "Corporate governance" section of this management report.

To monitor compliance with compliance requirements, a compliance officer was appointed, who reports directly to the Chairman of the Board of Directors. A major focus of the work of the group internal audit function is on monitoring compliance with legislation and internal rules as well as contractual agreements. Together with business segment representatives, the group internal audit function carries out audits of selected locations and companies worldwide. In this context, external specialists and lawyers are regularly involved in monitoring compliance with national legislation, with a particular emphasis being placed on the topics of anti-corruption, compliance with tax and customs legislation, data protection and labor law.

Overall, the Logwin Group's compliance organization was expanded further in financial year 2014, not least to meet our customers' increasing compliance requirements. Nevertheless, the possibility of infringements against national or international regulations occurring, resulting in risks that could threaten the very existence of the Logwin Group, can never be excluded completely.

With regard to the antitrust proceedings against more than 40 Austrian logistics companies ongoing since 2010, the Vienna Higher Regional Court imposed a fine of EUR 2.0m in total on the Logwin group companies concerned in December 2014. Provisions had already been made for this in the prior-year financial statements. The ruling came into force in February 2015, so the Logwin Group can now consider the proceedings to be fully complete.

Opportunities and outlook

Economic forecast Based on the forecasts of leading economic research institutes, the Logwin Group expects global growth to accelerate slightly in 2015. A subdued economic development is expected overall in the euro zone. The German economy is gradually gaining momentum, but, as in 2014, is likely to see only a moderate growth overall. As a result of a greater ability to compete on price due to a devaluation of the euro against the US dollar, and the improvement in the global economy, a slight rise in German exports is anticipated. It is expected that imports will increase in view of the development of the domestic economy. The recent development of oil prices and the continuing favorable financing terms should also be a supporting factor for economic growth in 2015. A major risk lies in the continued poor economic situation of several euro zone countries. The exposure of the global economy to possible disruptions caused by geopolitical developments or turbulence in the financial and commodity markets can lead to an even higher level of uncertainty among economic players.

Revenue expectations The Logwin Group expects moderate growth in business volumes and thus in revenues in 2015. The performance of the overall economy in 2015 will play a key role in this context.

Solutions
In the Solutions business segment, the Group will pursue its target of developing and expanding profitably new customer business by strengthening its local sales organizations and expects this to result in a slight recovery in revenues in 2015. The Group is also safeguarding business with existing customers, e.g., through additional process and quality improvements in the retail network. Due to a continuing decrease in volumes in relevant individual markets as well as price reductions and the expiry of customer projects, revenues will continue to be adversely affected in the Solutions business segment.

Air + Ocean
Despite continuing strong competition the Logwin Group expects an increase in transport volume and thus in revenues for the Air + Ocean business segment. In this context, the business segment will concentrate on its successful sales strategy to acquire new customers and to expand business with existing customers. However, revenues will depend heavily on freight rates and currency exchange rates in 2015 as in previous years.

Earnings expectations The Logwin Group aims at a further increase in the net result in 2015 compared with financial year 2014, provided that the performance of the overall economy does not develop unexpectedly negative.

Solutions
The earnings situation in the Solutions business segment will be safeguarded and continuously improved in financial year 2015 after the implementation of measures to increase efficiency and improve profitability in recent years. However, the forecasts for the Solutions business segment are only cautiously optimistic due to the difficult conditions and on a high level of uncertainty about overall economic development.

Air + Ocean
In the Air + Ocean business segment, a slight increase in EBITA is expected in 2015 based on an increase in revenues in connection with further optimization and standardization of operating processes.

Liquidity development The Logwin Group will continue to pursue its goal of generating a positive net cash flow in 2015. The expected positive group net result as well as a business policy focused on profitability and liquidity, coupled with continuous optimization of working capital management, will contribute to this objective. In addition, the net cash flow will be significally influenced by potential investments which may occur in connection with new business or business expansions.

Consolidated Financial Statements

Income Statement

In thousand EUR	2014	2013*	Note/page
Revenues	1,129,426	1,219,709	9/44
Cost of sales	−1,043,335	−1,131,380	10/47
Gross profit	**86,091**	**88,329**	
Selling costs	−26,457	−26,475	10/47
General and administrative costs	−34,431	−45,337	10/47
Other operating income	6,312	7,548	11/47
Other operating expenses	−4,269	−12,088	11/47
Operating result before impairments	**27,246**	**11,977**	
Impairment of property, plant and equipment	−2,114	–	12/48
Operating result before goodwill impairment (EBITA)	**25,132**	**11,977**	
Goodwill impairment	–	−4,000	13/48
Net result before interest and income taxes (EBIT)	**25,132**	**7,977**	
Finance income	275	528	14/48
Finance expenses	−4,283	−6,310	14/48
Net result before income taxes	**21,124**	**2,195**	
Income taxes	−7,287	−5,060	15/49
Net result	**13,837**	**−2,865**	
Attributable to:			
Shareholders of Logwin AG	13,388	−3,412	
Non-controlling interests	449	547	
Earnings per share - basic and diluted (in EUR):			
Net result attributable to the shareholders of Logwin AG	**0.09**	**−0.02**	
Weighted average number of shares outstanding	146,251,538	146,257,596	

* adjusted: We refer to Note 4: “Reclassification of the comparative figures”

Statement of Comprehensive Income

In thousand EUR	2014	2013	Note/page
Net result	**13,837**	**−2,865**	
Unrealized gains on securities, available-for-sale	30	15	
Unrealized gains on cash flow hedges (interest rate swaps)	122	484	
Reclassification of cash flow hedge losses to profit or loss	487	141	*29/61*
Gains/losses on currency translation of foreign operations	4,569	−4,274	
Reclassification of currency translation differences into profit or loss	–	301	
Other comprehensive income that may be reclassified into profit or loss in future periods	**5,208**	**−3,333**	
Remeasurement of the net defined benefit liability	−5,729	588	*30/61*
Deferred tax from remeasurement of the net defined benefit liability	1,091	−183	*26/58*
Other comprehensive income that will not be reclassified into profit or loss in future periods	**−4,638**	**405**	
Other comprehensive income	**570**	**−2,928**	
Total comprehensive income	**14,407**	**−5,793**	
Attributable to:			
Shareholders of Logwin AG	13,958	−6,340	
Non-controlling interests	449	547	

Statement of Cash Flows

In thousand EUR	2014	2013	*Note/page*
Net result before income taxes	21,124	2,195	
Financial result	4,008	5,782	*14/48*
Net result before interest and income taxes	25,132	7,977	
Reconciliation adjustments to operating cash flows:			
Depreciation and amortization	7,700	10,178	*10/47*
Result from disposal of non-current assets	–729	–	*11/47*
Goodwill Impairment	–	4,000	*13/48*
Impairment of property, plant and equipment	2,114	–	*12/48*
Other	1,551	–513	
Income taxes paid	–5,480	–4,239	
Interest paid	–2,593	–3,720	
Interest received	275	528	
Changes in working capital, cash effective:			
Change in receivables	–11,410	16,742	
Change in payables	5,573	–9,222	
Change in inventories	96	–229	
Net cash in-/outflow from utilizing or repaying the factoring facility	–6,028	16	*29/61*
Operating cash flows	**16,201**	**21,518**	
Capital expenditures in PP&E and other intangible assets	–5,236	–5,497	
Proceeds from disposals of consolidated subsidiaries and other business operations, net of cash and cash equivalents	2,027	2,531	*16/50*
Proceeds from disposal of non-current assets	706	14,090	
Payments for acquisitions of subsidiaries	–	–287	
Other cash flows from investing activities	–32	–32	
Investing cash flows	**–2,535**	**10,805**	
Net cash flow	**13,666**	**32,323**	
Repayment of current loans and borrowings	–3,521	–4,291	
Repayment of non-current loans and borrowings	–	–18,000	*29/61*
Payment of liabilities from leases	–1,578	–2,359	
Payments for acquisitions of outstanding non-controlling interests	–2,150	–	
Distribution to non-controlling interests	–255	–163	
Payments for acquisitions of own shares	–88	–	
Other cash flows from financing activities	–	–489	
Financing cash flows	**–7,592**	**–25,302**	
Effects of exchange rate changes on cash and cash equivalents	1,815	–1,882	
Changes in cash and cash equivalents	**7,889**	**5,139**	
Cash and cash equivalents at the beginning of the period (total)	59,070	53,931	
Change	7,889	5,139	
Cash and cash equivalents at the end of the period (total)	66,959	59,070	
Less cash and cash equivalents which are part of a disposal group	–	–424	*25/57*
Cash and cash equivalents at the end of the period according to the balance sheet	**66,959**	**58,646**	*24/56*

Balance Sheet

Assets *In thousand EUR*	31 Dec 2014	31 Dec 2013	Note/page
Goodwill	75,266	74,865	17/51
Other intangible assets	4,663	3,926	18/53
Propterty, plant and equipment	34,224	39,072	19/54
Investments	726	760	
Deferred tax assets	16,571	16,886	26/58
Other non-current assets	1,378	1,452	
Total non-current assets	**132,828**	**136,961**	
Inventories	2,505	2,601	20/55
Trade accounts receivable	141,422	125,590	21/55
Income tax receivables	2,068	2,262	22/56
Other receivables and current assets	19,450	16,239	23/56
Cash and cash equivalents	66,959	58,646	24/56
Assets held for sale	–	3,104	25/57
Total current assets	**232,404**	**208,442**	
Total assets	**365,232**	**345,403**	

Liabilities and Shareholders' Equity *In thousand EUR*	31 Dec 2014	31 Dec 2013	Note/page
Share capital	131,202	131,202	
Group reserves	−31,150	−42,608	
Treasury shares	−88	–	
Equity attributable to the shareholders of Logwin AG	**99,964**	**88,594**	
Non-controlling interests	2,096	2,352	
Shareholders' equity	**102,060**	**90,946**	27/59
Non-current liabilities from leases	13,420	14,432	28/60
Pension provisions and similar obligations	34,106	28,403	30/61
Other non-current provisions	3,036	2,507	31/65
Deferred tax liabilities	53	48	26/58
Other non-current liabilities	5	618	34/66
Total non-current liabilities	**50,620**	**46,008**	
Trade accounts payable	152,238	142,594	
Current liabilities from leases	1,454	1,561	28/60
Current loans and borrowings	1,268	4,722	29/61
Current provisions	11,348	11,994	32/65
Income tax liabilities	3,668	3,318	33/66
Other current liabilities	42,576	42,417	34/66
Liabilities associated with assets held for sale	–	1,843	25/57
Total current liabilities	**212,552**	**208,449**	
Total liabilities and shareholders' equity	**365,232**	**345,403**	

Statement of Changes in Equity

In thousand EUR	Equity attributable to the		
	Share capital	Additional paid-in capital	Retained earnings
1 January 2013	**131,202**	**92,321**	**–126,011**
Net result			–3,412
Other comprehensive income			405
Total comprehensive income			**–3,007**
Distributions			
Compensation of additional paid-in capital and net losses		–32,478	32,478
Acquisition of outstanding non-controlling interests			619
Consolidation of previously non-consolidated subsidiaries			–1,237
31 December 2013	**131,202**	**59,843**	**–97,158**
1 January 2014	**131,202**	**59,843**	**–97,158**
Net result			13,388
Other comprehensive income			–4,638
Total comprehensive income			**8,750**
Distributions			
Compensation of additional paid-in capital and net losses		–2,712	2,712
Acquisition of outstanding non-controlling interests			–2,500
Consolidation of previously non-consolidated subsidiaries			
31 December 2014	**131,202**	**57,131**	**–88,196**

The accompanying notes are an integral part of these consolidated financial statements.

shareholders of Logwin AG							
Accumulated other comprehensive income							
Available-for-sale reserve	Cash flow hedge reserve	Currency translation reserve	Treasury shares	**Total**	Non-controlling interests	**Total share-holders' equity**	*Note/page*
–73	**–1,234**	**–653**	**–**	**95,552**	**2,602**	**98,154**	
				–3,412	547	–2,865	
15	625	–3,973		–2,928		–2,928	
15	**625**	**–3,973**		**–6,340**	**547**	**–5,793**	
				–	–163	–163	
				–		–	*27/59*
				619	–634	–15	
				–1,237		–1,237	*27/59*
–58	**–609**	**–4,626**	**–**	**88,594**	**2,352**	**90,946**	
–58	**–609**	**–4,626**	**–**	**88,594**	**2,352**	**90,946**	
				13,388	449	13,837	
30	609	4,569		570		570	
30	**609**	**4,569**		**13,958**	**449**	**14,407**	
				–	–255	–255	
				–		–	*27/59*
				–2,500	–450	–2,950	
			–88	–88		–88	*27/59*
–28	**0**	**–57**	**–88**	**99,964**	**2,096**	**102,060**	

Notes to the Consolidated Financial Statements as of 31 December 2014

General Information

1 Corporate information

The consolidated financial statements of Logwin AG, Grevenmacher, Luxembourg, ("Logwin AG" or "Logwin") for the financial year as of 31 December 2014, were authorized for issue by resolution of the Board of Directors on 2 March 2015, and under Luxembourg law are still subject to approval by the Annual General Meeting. Logwin AG, 5 an de Längten, L-6776 Grevenmacher, is a limited company incorporated and domiciled in Grevenmacher, Luxembourg, whose shares are publicly traded on the Frankfurt Stock Exchange. The majority shareholder is DELTON AG, Bad Homburg vor der Höhe, Germany, through its wholly owned subsidiary DELTON Vermögensverwaltung AG, Bad Homburg vor der Höhe, Germany.

As an integrated logistics service provider, the Logwin Group has a long-standing experience, specialized infrastructure and expertise in various sectors of industry and trade and assumes responsibility for its customers' supply chain management, warehousing, value added services and both local and global freight transportation by road, rail, air and ocean. The principal activities of the Group are described in note 9 "Segment reporting."

2 Statement of compliance with IFRS

The consolidated financial statements of Logwin AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. All standards of the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRS IC), formerly known as the International Financial Reporting Interpretation Committee (IFRIC) or Standing Interpretation Committee (SIC), whose application is mandatory for financial year 2014, have been applied.

Application of the provisions of the German Accounting Standards (GAS) issued by the Accounting Standards Committee of Germany (ASCG), however, is not compulsory for Logwin AG due to its headquarters in Luxembourg.

3 Basis of preparation of the financial statements

The financial statements of the subsidiaries are prepared using uniform accounting policies and the same reporting date as the financial statements of the parent company.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale securities, which have been measured at fair value. The financial year corresponds to the calendar year. The consolidated financial statements are presented in euros (EUR). Unless stated otherwise, all figures are shown In thousand euros (EUR k). Due to rounding differences, information included in these financial statements may differ slightly from the actual figures by +/− one unit (EUR k, % etc.).

4 Reclassification of the comparative figures

The Logwin Group made a reclassification to the items shown in the income statement. Compared with the financial statements as of 31 December 2013 published in the prior year, the cost of sales rose by EUR 11.0m and administrative costs fell by the same amount. This adjustment concerns sales-related costs allocated within the Group, which were previously stated according to the cost type from the perspective of the providing company. Beginning with the half-year consolidated interim financial statements 2014, these costs will be reported according to the cost type for the receiving company. This allows for better insight into the earnings position of the Logwin Group.

5 Consolidation principles

The consolidated financial statements comprise the financial statements of Logwin AG and its subsidiaries (also referred to as the "Logwin Group" or the "Group" below) as of 31 December each year. In addition to Logwin AG as the parent company, the fully consolidated subsidiaries include two domestic and 59 foreign companies as of 31 December 2014 (prior year: two domestic and 67 foreign companies).

The consolidated entities including Logwin AG have developed as follows:

	31 Dec 2013	Additions	Disposals	31 Dec 2014
Luxembourg	3	–	–	3
Germany	21	1	4	18
Other countries	46	1	6	41
Total	**70**	**2**	**10**	**62**

The additions relate to two newly established entities in the first half of 2014. The disposals concern the sale of five respectively the liquidation of one European subsidiary which had been allocated to the Solutions business segment as well as the intra-group merger of four German entities.

Please refer to page 79 for a list of significant affiliates.

All intragroup balances, transactions, income, expenses, gains and losses are eliminated in full. Subsidiaries are fully consolidated from the time of acquisition, i. e., from the time at which the Group obtains control. They are no longer included in the consolidated financial statements when the parent company loses control over the subsidiary.

Non-controlling interests represent the portion of net results and net assets of consolidated companies not held by the Group and are presented separately in the consolidated income statement, in the statement of comprehensive income, in the consolidated statement of changes in equity and within equity in the consolidated balance sheet – separately from the shares attributable to the shareholders of Logwin AG.

6 New accounting provisions

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have published new accounting provisions in recent years. The table below contains the new standards and interpretations that had to be applied for the first time for financial year 2014:

Standard/interpretation			Mandatory adoption in the EU for the annual period beginning on or after	Endorsement
Revised standard	IAS 27	Separate Financial Statements	1 January 2014*	Yes
Revised standard	IAS 28	Investments in Associates and Joint Ventures	1 January 2014*	Yes
Amendment	IAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014	Yes
Amendment	IAS 36	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014	Yes
Amendment	IAS 39	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014	Yes
New standard	IFRS 10	Consolidated Financial Statements	1 January 2014*	Yes
New standard	IFRS 11	Joint Arrangements	1 January 2014*	Yes
New standard	IFRS 12	Disclosures of Interests in Other Entities	1 January 2014*	Yes
Amendment	IFRS 10 IFRS 11 IFRS 12	Transition Guidance	1 January 2014*	Yes
Amendment	IFRS 10 IFRS 12 IAS 27	Investment Entities	1 January 2014	Yes

* The effective date was changed for EU companies in comparison to the original standard.

IFRS 10 “Consolidated Financial Statements” is based on existing principles and, applying a comprehensive control concept, governs which entities are to be consolidated. The first-time adoption of IFRS 10 did not have any effects on the classification of investments currently held by the Group.

IFRS 11 “Joint Arrangements” replaces IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers.” IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. As there were no joint arrangements within the Logwin Group in the financial year, the new provision did not have any effects on the Logwin Group.

IFRS 12 “Disclosure of Interests in Other Entities” provides standard rules governing disclosure obligations for interests in subsidiaries (previously regulated in IAS 27), in jointly controlled entities and associates (previously IAS 31 and IAS 28) as well as non-consolidated structured entities. The disclosures in accordance with IFRS 12 are particularly set out in note 42 “Significant affiliates.”

Moreover, the IASB and the IFRS IC have issued the following new or revised accounting standards whose adoption was not yet compulsory in financial year 2014. These standards will only become effective in the coming years. Moreover, a large number of these new accounting standards must still undergo the endorsement process of the European Commission. The Logwin Group did not exercise the option to voluntarily early adopt the accounting provisions in financial year 2014.

Standard/interpretation			Mandatory adoption (in the EU) for the annual period beginning on or after	Endorsement
Amendment	IAS 1	Disclosure Initiative	1 January 2016	No
Amendment	IAS 16 IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	No
Amendment	IAS 16 IAS 41	Bearer Plants	1 January 2016	No
Amendment	IAS 19	Defined Benefit Plans: Employee Contributions	1 July 2014	No
Amendment	IAS 27	Equity Method in Separate Financial Statements	1 January 2016	No
New standard	IFRS 9	Financial Instruments	1 January 2018	No
Amendment	IFRS 10 IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016	No
Amendment	IFRS 10 IFRS 12 IAS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016	No
Amendment	IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	No
New standard	IFRS 14	Regulatory Deferral Accounts	1 January 2016	No
New standard	IFRS 15	Revenue from Contracts with Customers	1 January 2017	No
New interpretation	IFRIC 21	Levies	17 June 2014	Yes
Amendment	Various	Annual Improvements to IFRSs 2010 to 2012	1 July 2014	No
Amendment	Various	Annual Improvements to IFRSs 2011 to 2013	1 January 2015*	Yes
Amendment	Various	Annual Improvements to IFRSs 2012 to 2014	1 January 2016	No

* The effective date was changed for EU companies in comparison to the original standard.

These new or amended accounting rules are likely to have the following effects for the future consolidated financial statements of the Logwin Group:

IFRS 9 “Financial Instruments” sets out requirements for recognizing, measuring and de-recognizing financial instruments as well as accounting for hedges. The IASB published the final version of the standard during the completion of various phases of its comprehensive project on financial instruments in July 2014. As a result, financial instruments previously accounted for under IAS 39 “Financial Instruments: Recognition and Measurement” will be accounted for fully under IFRS 9. The effects on future financial statements are still being analyzed by the Logwin Group.

IFRS 15 “Revenue from Contracts with Customers” establishes a single, uniform framework for revenue recognition and thus replaces existing standards. The standard requires entities to disclose quantitative and qualitative information about the amount, timing and uncertainty of revenue and cash flow from contracts with customers. The Logwin Group is currently analyzing the effects of the standard on future financial statements. First-time adoption is expected to mainly result in extended disclosure obligations, but it is not expected to have a significant effect on the recognition of revenue itself.

Based on current information, the new regulations listed below are not relevant to the Logwin Group and will therefore not have an effect on the net assets, financial situation and earnings position of the Group:

- Amendment to IAS 16 and IAS 41 – Agriculture: Bearer Plants
- Amendment to IAS 27 – Equity Method in Separate Financial Statements
- Amendment to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendment to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception
- IFRS 14 – Regulatory Deferral Accounts

No material effects on future reporting of the Logwin Group are currently expected from other new and amended standards.

7 Significant accounting judgments and estimates

The preparation of financial statements requires management to make certain estimates and assumptions and hence accounting judgments that affect the amounts of assets and liabilities recognized at the end of the reporting period and the income and expense items for the reporting period. Actual amounts may differ from these estimates, leading to a risk that an adjustment to the carrying amounts of assets or liabilities might be required in subsequent financial years.

Uncertainties exist in connection with the goodwill impairment test that has to be performed at least once a year, since future cash flows and an appropriate rate of interest must be specified for the discounted cash flow method used for this purpose. The carrying amount of recognized goodwill as of 31 December 2014 amounted to EUR 75.3m (prior year: EUR 74.9m). Please refer to the explanations in note 17 “Goodwill.”

Additional estimates are required in actuarial calculations of the value of provisions for pensions and similar obligations with regard to the assumptions used. Their carrying amount as of 31 December 2014 is EUR 34.1m (prior year: EUR 28.4m). Please refer to note 30 “Provisions for pensions and similar obligations.”

Estimates also have to be made with regard to the recognition of deferred tax assets and expectations regarding future taxable profits and about how these will be offset against tax loss carryforwards or, where applicable, existing deferred tax liabilities. Their carrying amount at the end of the reporting period is EUR 16.6m (prior year: EUR 16.9m). Please refer to note 26 “Deferred taxes”.

Assumptions also have to be made with regard to the useful life of property, plant and equipment and other intangible assets and their recoverability has to be assessed for accounting purposes. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, or annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. Management accounting judgments also include the decision as to whether development costs meet the conditions for capitalization as internally generated intangible assets, in particular software.

A test for the impairment of trade accounts receivable and inventories is also necessary. Furthermore, management must assess to what extent the significant risks and rewards are transferred to the factoring company in order to report receivables sold in the course of factoring appropriately in the balance sheet. Please refer to note 8, “Summary of significant accounting policies” – under “Factoring” – for information on the reporting of factoring in the consolidated financial statements.

To distinguish between finance leases and operating leases, it must be assessed to what extend risks and rewards associated with the leased asset are transferred to the lessee.

In addition, with respect to the recognition of provisions, the Group has to make assumptions regarding the probability and amount of expected outflows of assets. Furthermore, it is necessary for management to assess the situation for the customs law case involving Logwin Road + Rail Austria GmbH. In view of the unsure further course the proceedings will take, this assessment is subject to uncertainties as well. Please refer to the comments in note 36 “Contingent liabilities and lawsuits”.

8 Summary of significant accounting policies

Foreign currency translation

The consolidated financial statements are presented in euros, which is Logwin AG's functional currency and the Group's presentation currency.

The assets and liabilities of group companies with a functional currency other than the euro are translated into euros using the mean exchange rate in effect at the reporting date and revenues and expenses are translated at the average rate during the financial year. Exchange rate gains or losses on foreign currency translation are reported as a separate item under shareholders' equity. On disposal of a foreign operation previously included in the scope of consolidation, the cumulative amount reported in equity relating to that particular foreign operation is recognized in profit or loss for the period.

The following table shows the development of the exchange rates of the major currencies used in the consolidated financial statements:

		Average rate		Closing Rate	
Currency		2014	2013	31 Dec 2014	31 Dec 2013
1 EUR =					
Australian dollar	AUD	1.4724	1.3769	1.4878	1.5520
Brazilian real	BRL	3.1229	2.8667	3.2394	3.2208
Chinese renminbi	CNY	8.1887	8.1654	7.5442	8.3555
British pound	GBP	0.8065	0.8493	0.7823	0.8364
Hong Kong dollar	HKD	10.3058	10.3015	9.4340	10.6886
Polish zloty	PLN	4.1842	4.1972	4.3103	4.1487
Singapor dollar	SGD	1.6831	1.6617	1.6085	1.7481
Thailand baht	THB	43.1655	40.8196	40.0190	45.2300
US dollar	USD	1.3289	1.3281	1.2160	1.3783
South African rand	ZAR	14.4070	12.8293	14.1487	14.4257

Business combinations

The Logwin Group exercises the option under IFRS 1 “First-time adoption of International Financial Reporting Standards” which allows an exemption from full retroactive adoption of IFRS in connection with business combinations. For this reason, IFRS 3 “Business combinations” has been applied to all business combinations occurring after 30 September 2002. When it takes control of a subsidiary, the Logwin Group measures all identifiable assets, liabilities and contingent liabilities acquired at their fair values as of the acquisition date.

The carrying amount of any non-controlling interests in the acquired company is calculated from the proportionate share held by the minority stakeholders in the fair value of the assets and liabilities. Acquiring additional interests in companies over which control was already achieved as a result of previous transactions (non-controlling interests) is deemed in terms of consolidation theory to be a transfer of shareholder equity between groups of shareholders. In this case, the acquisition costs for the additional shares are offset against the non-controlling interests to be derecognized. Any difference is offset against retained earnings without affecting profit or loss.

Goodwill acquired in a business combination is initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities.

Revenue recognition

The Logwin Group generates revenues from its business segments by providing logistics and service solutions for industry and commerce. Revenues are recognized net of sales deductions at the time they have materialized according to IFRS. This is generally the case when there is clear evidence of an agreement, ownership has been transferred or the service has been rendered, the price has been agreed or can be determined, and there is adequate certainty of receipt of payment.

Revenues in the Air + Ocean business segment and in connection with providing transportation services in the Solutions business segment are primarily generated through the sale of combined logistics services to customers for which, in addition to the provision of own logistics services, significant transportation services from external carriers are purchased. Revenues are realized from transportation services in accordance with the terms of the contract of transportation. In addition, the Solutions business segment generates revenues from distribution and storage based on customer contracts. Revenues are realized when the customer uses the service.

When a contract with a customer has already been performed but not yet invoiced, accruals are made for the agreed revenue and for the costs where necessary. These accruals are based on analyses of existing contractual obligations and the experience of the Group.

For business transactions which do not themselves generate revenue but which are conducted in connection with the principal sales activities, all income is set off against the associated expenses that arise from the same business transaction in accordance with IAS 1.34, if this is a fair reflection of the character of the business transaction or event, for example customs clearance activities.

Interest income is reported for all financial instruments measured at amortized cost using the effective interest rate. Interest income is reported in the income statement as part of finance income.

EBIT and EBITA

A core measure of earnings for the Logwin Group is EBITA (earnings before interest, taxes and amortisation). It is derived from revenues less cost of sales as well as selling, general and administrative costs. It also includes other operating expenses and income and impairment losses on property, plant and equipment. EBIT (earnings before interest and taxes) is calculated from EBITA less impairment losses on goodwill.

Earnings per share

Earnings per share are calculated as a ratio of the net result for the period attributable to shareholders of Logwin AG to the weighted average number of shares outstanding. Dilution would arise if the result were reduced by potential shares from options and conversion rights. No such rights exist with regard to the shares of Logwin AG.

Net cash flow
Another major control parameter for the Logwin Group is the net cash flow. The net cash flow in the Logwin Group is defined as the sum of the operating cash flows and investing cash flows.

Intangible assets
Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is the fair value as of the date of acquisition. Internally generated intangible assets are capitalized provided they meet the criteria for capitalization and the costs incurred exceed the materiality threshold. Otherwise costs are recognized in income in the period in which they are incurred. Subsequent measurement is per formed at cost less any accumulated amortization and any accumulated impairment losses.

The amortization period and method and the residual value for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method as appropriate, and treated as changes in accounting estimates. Amortization of intangible assets with finite useful lives is recognized in the income statement in the expense category consistent with the function of the intangible asset. Capitalized intangible assets are amortized over an economic useful life of between 3 and 10 years.

Gains and losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement under other operating income or other operating expenses when the asset is disposed of.

Property, plant and equipment
Property, plant, and equipment are stated at the cost of acquisition, construction or production less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis, based on an economic useful life of between 10 and 50 years for real estate and 3 to 20 years for machinery, operating and office equipment.

The depreciation period, the depreciation method and the residual value for an item of property, plant and equipment are reviewed at regular intervals. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period or method as appropriate, and treated as changes in accounting estimates. Depreciation of property, plant and equipment is recognized in the income statement in the expense category consistent with the function of the asset.

An item of property, plant, and equipment is derecognized upon its disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount and recognized in the period the item is derecognized under other operating income or other operating expenses.

Non-current assets held for sale and disposal groups

IFRS 5 specifies for the classification as “held for sale” that such assets must be available for immediate sale and that the sale of these assets is highly probable. Disposal groups are groups of assets, including the pro rata goodwill, to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount or fair value less costs to sell.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired (please see also note 7 “Significant accounting judgments and estimates”). An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use. The recoverable amount is calculated for each individual asset unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. In this case, the recoverable amount may be calculated for the cash-generating unit to which the asset belongs.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. To determine the value in use, the estimated future cash flows from the continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market expectations of the time value of money and the risks specific to the asset. Where impairment losses on property, plant and equipment or intangible assets have a material impact on the earnings position of the Logwin Group, these are reported in a separate item in the income statement. Impairment losses on trade accounts receivable are reported in selling costs.

An assessment is made at each reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is determined. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. The increased carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized immediately in profit or loss for the period. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Special aspects relating to the impairment of goodwill

Goodwill impairment testing is per formed once a year. The Logwin Group has selected 30 September of each financial year as the reference date for its annual goodwill impairment test. If there is any indication of impairment at any other time, an impairment test will be per formed at such time.

For the purpose of impairment testing, any goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Logwin Group's cash-generating units, or to the groups of cash-generating units, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units.

Each unit to which goodwill is allocated

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a business segment determined in accordance with IFRS 8 "Operating Segments."

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. In the Logwin Group, the cash-generating units are the business segments. An impairment loss is recognized in cases where the recoverable amount of the cash-generating unit is less than the carrying amount. Impairment losses on goodwill may not be reversed if the reasons for the impairments cease to exist.

Where part of a cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this way is measured based on the relative values of the fair value associated with the operation disposed of and the recoverable amount of the cash-generating unit retained.

Inventories

Inventories are stated at the lower of cost or net realizable value using the moving average method. Risks resulting from slow-moving items and from the obsolescence of inventories, as well as potential losses from pending supply agreements are reflected by writing down inventory items to their net realizable values.

Income taxes

Income tax receivables and income tax liabilities are calculated in accordance with IAS 12. In addition, deferred tax assets and deferred tax liabilities are reported in the balance sheet. Deferred income taxes result from temporary differences between the carrying amounts stated in the consolidated balance sheet and the taxation base of assets and unused tax loss carryforwards. Any future tax savings or tax charges that are likely to result from these differences are reported as assets or liabilities. Deferred tax assets are only stated to the extent that taxable earnings are likely against which the temporary difference can be offset. Where the savings or charges underlying the tax deferrals are recognized in equity, the creation or reversal of deferred taxes is also recognized in equity.

The relevant basis for assessment is valued at the rate of tax likely to be applicable at the time of realization. Country-specific tax rates are always applied for companies included in the consolidation. Thus a corporate tax rate of 15% plus the solidarity surcharge ("Solidaritätszuschlag") of 5.5% on corporate income tax is used to calculate deferred taxes for Germany as well as a local trade tax based on the local multiplier. When deferred tax assets exceed the amount of deferred tax liabilities, their recoverability is evaluated taking the probable development in earnings of the relevant group company into account.

Deferred tax assets and deferred tax liabilities are netted when they refer to income taxes that are assessed by the same tax authority for the same taxable entity.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, checks and short-term deposits. Cash equivalents are short-term, highly liquid financial investments with an original maturity of up to three months.

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or an equity instrument of another entity. Financial instruments are initially recognized on the settlement date at fair value, plus transaction costs where applicable. All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, bonds are subsequently measured at amortized cost using the effective interest method, interest-bearing loans are carried at the repayment amount. Gains and losses are recognized in the income statement when the liabilities are derecognized and through the amortization process.

Subsequent measurement is performed according to the categories to which the financial assets and financial liabilities are assigned in accordance with IAS 39. The Group determines the classification of its financial assets and financial liabilities when they are initially recognized and reviews this categorization at the end of each financial year.

Financial assets	**Subsequent measurement**	**Changes in value**
Held for trading or designated as at fair value through profit or loss	Fair Value	Realized and unrealized gains and losses are recognized in profit or loss.
Held-to-maturity	Amortized cost	Changes in value are not recognized in the income statement until the date of maturity. Recognized in profit or loss where the fair value falls below the carrying amount for a sustained period of time or to a significant extent (impairment) for reasons of credit quality.
Loans and receivables	Amortized cost	When bad debt risks are identified, value adjustments are performed on separate impairment accounts both on a case-by-case basis and in groups defined according to due dates (incurred loss model). Typically, a full value adjustment is assumed after 180 days. Derecognition is performed when uncollectible.
Available-for-sale	Fair value (if this can be reliably determined) or amortized cost	Changes in value are always recognized in equity and transferred from equity to profit or loss in the event of impairment or disposal.

Financial liabilities	**Subsequent measurement**	**Changes in value**
Held for trading or designated as at fair value through profit or loss	Fair Value	Realized and unrealized gains and losses are recognized in profit or loss.
At amortized cost	Amortized cost	Impairments are recognized in profit or loss immediately.

The Group did not designate any financial assets or liabilities at fair value through profit or loss upon initial recognition. No reclassifications were effected between the categories during financial year 2014 and the prior year.

Financial assets are classified as held for trading when they are purchased for the purpose of sale or repurchase in the near future. Derivatives embedded in host contracts are accounted for separately and reported at fair value if their economic characteristics and risks are not closely related to those of the host contract and the host contracts were not designated as held for trading or at fair value. The Logwin Group examines key contracts when they are concluded with respect to embedded derivatives.

Foreign exchange forward transactions are used within the Logwin Group to offset the risk of changes in the value of the corresponding underlying business transactions resulting from market price fluctuations. These derivative financial instruments are classified as held for trading.

The amortized cost of non-current financial assets and liabilities is calculated using the effective interest method.

Hedge Accounting

The Logwin Group may use derivative financial instruments to hedge its interest rate risk. Cash flow hedges are used to hedge the risk arising from fluctuations in future cash outflows from assets or liabilities recognized or expected highly probable future transactions which will affect profit or loss. Changes in the value of hedging instruments relating to the effective portion are recognized in equity with no effect on profit or loss. Ineffective portions are recognized in income. The underlying measurement of effectiveness is per formed at each reporting date of published financial statements. The amounts recognized in equity are transferred to the income statement when the hedged transaction affects profit or loss, for example when hedged interest income or expenses are recognized.

When concluding a transaction, the Logwin Group documents the relationship between the hedging instrument and the underlying business transaction as well as the aim of the hedge. Furthermore, an assessment is made at the beginning of the hedging relationship and at regular intervals subsequently as to whether the derivatives used in the hedging relationship are highly effective in offsetting the changes in the cash flow of the underlying business transactions. Prospective tests of effectiveness are conducted by comparing the principal terms of the hedging instrument to those of the hedged liability ("critical terms match"). The dollar offset method is used to determine the effectiveness retrospectively.

In financial year 2014 and in the prior year, the Logwin Group only designated interest rate swaps as hedging instruments to hedge against interest rate fluctuations of loans and borrowings.

Factoring
The Logwin Group is using a factoring program for major German group companies. It is a flexible form of financing in which the factoring company provides a facility which Logwin can use up to the agreed limit in return for the sale of trade accounts receivable. If the facility is not used or only partially used, receivables sold are stated in the balance sheet as trade accounts receivable. The utilization of the factoring facility is accounted for in the Logwin Group by reducing the receivables as substantially all risks and rewards from the receivables are transferred to the factoring company. Accordingly, cash flows resulting from using the facility are reported as operating cash flow in the line item "Net cash in-/outflow from utilizing or repaying the factoring facility." There are no material payment obligations to be expected from continuing involvement. There are no obligations to repurchase receivables.

Leases
The determination whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the start of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are apportioned between the finance costs and the repayment of the lease liability so as to achieve a constant rate of interest on the residual carrying amount of the lease liability. Finance costs are expensed immediately.

If it is not sufficiently certain that ownership will pass to the Group at the end of the term of the lease, capitalized leased assets are depreciated over the shorter of the term of the lease or its useful life.

Operating lease payments are recognized in the income statement as an expense over the lease term within the respective functional area.

Provisions
Provisions are recognized in accordance with IAS 37 when an obligation is present as a result of a past event and can be reliably assessed and it is likely that an outflow of resources will be required to settle the obligation. They are recognized in the amount of the probable utilization. Provisions with an expected residual term of more than one year are recognized at their present value.

Provisions for pensions and similar obligations
The Logwin Group has both defined benefit and defined contribution plans to meet pension obligations.

Defined benefit plans are reported as a liability according to IAS 19 under "Provisions for pensions and similar obligations." Pension obligations relate primarily to employees of group companies in Germany and are mainly vested benefits in connection with benefit plans closed in the past. Furthermore, all Austrian employees are entitled under Austrian law prior to 31 December 2002 ("Abfertigung alt"), in the event of retirement or involuntary termination of employment to severance pay ranging from 2 to 12 months of the last monthly salary depending on the period of service.

Defined benefit obligations are measured by independent actuaries in accordance with the projected unit credit method prescribed in IAS 19. Consequently, the present value of the pension obligations expected in connection with possible future benefits becoming payable is recognized as the pension provision for benefit entitlements, if the respective obligation has vested fully or pro rata temporis as of the measurement date on the basis of the pensionable service rendered. Actuarial assumptions in connection with discount rates, mortality rates, future salary and pension trends as well as turnover rates are taken into account when measuring the obligations.

Where there are plan assets, the pension provisions are calculated by netting these assets and the present value of the defined benefit obligation ("funding status"). If the obligation exceeds the plan assets (the plan assets exceed the obligation), the netted amount is referred to as the net defined benefit liability (asset).

Remeasurements of the net defined benefit liability (asset) include actuarial gains or losses from the obligation as well as returns on plan assets not included in interest income. They result from differences between the actual development compared to the prior-year assumptions as well as changes in assumptions, and are recognized in equity. The service costs are reported under operating expenses and the amounts resulting from unwinding of the discount on the obligation netted with the interest income from plan assets are included in the financial result. Actuarial reports are prepared each year.

In addition to the defined benefit plans there are also defined contribution plans. These generally include the statutory pension insurance applicable in Germany and some other countries. Contributions paid into these defined contribution plans are recognized as expenses in the financial year.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The Group must have access to the principal or most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Logwin Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Assets and liabilities recorded at fair value must be classified according to the valuation technique applied. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the assets or liability that are not based on observable market data.

In the Logwin Group, recognition at fair value applies to financial instruments classified as "held for trading" or "available for sale" and to non-financial assets if they were written down to their fair value less costs to sell after being tested for impairment or due to their classification as "held for sale."

9 Segment reporting

The classification of segments is made according to the business segments of the Logwin Group. The segment structure reflects the current organizational and management structure of the Logwin Group. This means that reporting is in line with the requirements of IFRS 8.

As a specialist in contract logistics, the Solutions business segment offers individual customer- and industry-oriented solutions in the retail sector as well as in the area of industrial contract logistics with a focus on the chemical and automotive sectors. The solutions range from supply chain management, transportation and warehousing through to logistical value added services and complete outsourcing projects. The business also maintains special networks for the fashion and consumer goods industries ("Retail Network") and for the media sector. The Air + Ocean business segment provides worldwide transportation and logistics solutions with a focus on intercontinental air and sea freight, frequently in connection with upstream and downstream value added services. The Air + Ocean business segment draws on an international network that is divided into the five regions Europe Middle East, Americas, Africa, South East Asia and Far East Asia.

Transactions between the segments are made at "arm's length," identical with transactions with third parties. The information on the business segments is reported after consolidation of intrasegment transactions. Transactions between the segments are eliminated in the column "Consolidation". The result of each segment is measured by management based on operating result before goodwill impairment (EBITA). General expenses and income which cannot be directly allocated to the segments are shown in the "Other" column.

The tables below set forth segment information of the business segments for the periods from 1 January to 31 December 2014 and 2013.

2014 *In thousand EUR*	Solutions	Air + Ocean	Other	Conso-lidation	Group
External revenues	478,480	646,191	4,755	–	1,129,426
Intersegment revenues	1,057	1,871	2,909	–5,838	–
Revenues	**479,537**	**648,062**	**7,664**	**–5,838**	**1,129,426**
Operating result before impairments	**4,672**	**31,214**	**–8,641**	**–**	**27,245**
Impairment of property, plant and equipment	–1,039	–	–1,075	–	–2,114
Operating result before goodwill impairment (EBITA)	**3,633**	**31,214**	**–9,716**	**–**	**25,132**
Goodwill impairment	–	–	–	–	–
Net result before interest and income taxes (EBIT)	**3,633**	**31,214**	**–9,716**	**–**	**25,132**
Financial result					–4,008
Income taxes					–7,287
Net result					**13,837**
Segment assets	103,101	158,131	16,875	–	278,107
Unallocated assets					87,125
Total consolidated assets					**365,232**
Segment liabilities	93,617	124,725	24,972	–	243,315
Unallocated liabilities					19,858
Total consolidated liabilities					**263,172**

2013 *In thousand EUR*	Solutions	Air + Ocean	Other	Conso-lidation	Group
External revenues	598,640	616,582	4,488	–	1,219,709
Intersegment revenues	2,009	1,544	3,535	–7,089	–
Revenues	**600,649**	**618,126**	**8,023**	**–7,089**	**1,219,709**
Operating result before impairments	**–5,772**	**27,096**	**–9,347**	**–**	**11,977**
Impairment of property, plant and equipment	–	–	–	–	–
Operating result before goodwill impairment (EBITA)	**–5,772**	**27,096**	**–9,347**	**–**	**11,977**
Goodwill impairment	–4,000	–	–	–	–4,000
Net result before interest and income taxes (EBIT)	**–9,772**	**27,096**	**–9,347**	**–**	**7,977**
Financial result					–5,782
Income taxes					–5,060
Net result					**–2,865**
Segment assets	116,369	137,811	8,381	–	262,561
Unallocated assets					82,842
Total consolidated assets					**345,403**
Segment liabilities	97,421	108,509	22,647	–	228,577
Unallocated liabilities					25,880
Total consolidated liabilities					**254,457**

In 2014, a real estate company which was previously allocated to the Solutions segment was reallocated to the central corporate division. The assets and liabilities of this company were therefore reported under "Other" as of 31 December 2014.

Information according to geographical areas

The tables below present geographical information on revenues and specific items of non-current assets for financial years 2014 and 2013.

In thousand EUR	2014		2013	
Germany	556,848	49%	631,413	52%
Austria	179,976	16%	188,273	15%
Other EU	86,657	8%	101,816	8%
Asia/Pacific	246,083	22%	227,557	19%
Other	59,862	5%	70,650	6%
Total revenues	**1,129,426**	**100%**	**1,219,709**	**100%**

Revenues from external customers are allocated according to the geographical location of the billing entity. No revenues from one single customer represent more than 10% of the Logwin Group's total revenues.

In thousand EUR	31 Dec 2014		31 Dec 2013	
Germany	24,374	63%	28,604	67%
Austria	6,939	18%	7,555	18%
Other EU	4,408	11%	3,980	9%
Asia/ Pacific	2,122	5%	1,754	4%
Other	1,044	3%	1,105	2%
Total non-current assets	**38,887**	**100%**	**42,998**	**100%**

Non-current assets are reported by location of the respective assets. They comprise property, plant and equipment and other intangible assets including finance lease contracts.

Notes to the Income Statement

10 Expenses by nature

In thousand EUR	2014	2013
Purchased services	−799,657	−857,997
Materials and supplies	−9,249	−10,814
Personnel expenses	−195,504	−216,249
Operating lease expenses	−42,374	−47,636
Depreciation and amortization	−7,700	−10,178
Sundry expenses	−49,739	−60,318
Total cost of sales, selling, general and administrative costs	**−1,104,223**	**−1,203,192**

Purchased services mostly comprise transportation services provided by third parties.

11 Other operating income and expenses

In thousand EUR	2014	2013
Foreign exchange gains	3,218	3,676
Gains from disposal of non-current assets	878	2,026
Sundry income	2,216	1,846
Other operating income	**6,312**	**7,548**

In thousand EUR	2014	2013
Foreign exchange losses	−2,963	−3,722
Losses from disposal of non-current assets	−149	−2,026
Sundry expenses	−1,157	−6,340
Other operating expenses	**−4,269**	**−12,088**

Gains and losses from foreign exchange reflect the volume of business activities invoiced in foreign currencies. The net income/expense from foreign exchange gains and losses is as follows:

In thousand EUR	2014	2013
Foreign exchange gains	3,218	3,676
Foreign exchange losses	−2,963	−3,722
Foreign exchange effects, net	**255**	**−46**

12 Impairment of property, plant and equipment

A developed property and a building constructed on third-party land were classified as "Held for sale" as of 30 September 2014, as their sale was considered to be highly probable as of the reporting date of the interim financial statements. An impairment loss totaling EUR 1,039k resulted from the measurement of the land and building at fair value less costs to sell. The assets were sold in the fourth quarter of 2014.

Furthermore, owing to changed earnings expectations, impairment losses of EUR 1,075k were recorded in 2014 relating to a German logistics property. To this end, the value in use was determined based on the planned cash flows of the location. Cash flows were discounted using a pre-tax rate of 5.1%. The recoverable amount of the property amounted to EUR 6,847k as of 31 December 2014.

13 Goodwill impairment

In 2013 the sale of three locations of Logwin Solutions Deutschland GmbH was completed as part of an asset deal. For this reason, the Logwin Group subjected the goodwill allocated to the Solutions business segment to an impairment test. The impairment test showed that it was necessary to report an impairment of EUR 4.0m.

14 Financial result

The following table shows the composition of the financial result in financial years 2014 and 2013:

In thousand EUR	2014	2013
Finance income	**275**	**528**
Interest expenses from bank accounts	−773	−1,400
Interest expenses from finance leases	−427	−576
Net interest expense from the unwinding of the discount on defined benefit obligations and from the return on plan assets	−1,073	−1,015
Other interest expenses	−1,411	−1,841
Other finance expenses	−599	−1,478
Finance expenses	**−4,283**	**−6,310**
Financial result	**−4,008**	**−5,782**

Other interest expenses include guarantee commissions, factoring interest and interest expenses from the unwinding of the discount on other non-current provisions. Other interest expenses also include accumulated losses from cash flow hedges of EUR 487k (prior year: EUR 141k), which were transferred from the cash flow reserve to the financial result due to the termination of the existing interest rate swaps and the repayment of the factoring facility in 2014.

Other finance expenses include foreign exchange effects from group financing.

15 Income taxes

Tax expenses for the Logwin Group are as follows:

In thousand EUR	2014	2013
Current income taxes	−5,753	−5,857
Deferred income taxes	−1,534	797
Total income taxes	**−7,287**	**−5,060**

Reconciliation of expected income tax expenses to the tax expenses in the income statement:

In thousand EUR	2014	2013
Net result before income taxes	**21,124**	**2,195**
Expected income taxes (tax rate 30.38%)	**−6,418**	**−667**
Non-deductible goodwill impairment	–	−1,215
Foreign tax rate differential	1,991	1,014
Expenses not deductible for tax purposes	−900	−2,376
Tax effects relating to prior periods	259	512
Change in valuation allowances and effects from not recognizing deferred tax assets	−2,264	−2,306
Other taxation effects	45	−22
Total income tax expenses	**−7,287**	**−5,060**

The tax rate used of 30.38% reflects the tax rate of Logwin AG.

LOGWIN

Notes to the Statement of Cash Flows

16 Proceeds from disposals of consolidated subsidiaries and other business operations

Proceeds from disposals of consolidated subsidiaries and other business operations in financial years 2014 and 2013 include cash inflows from the sale of companies and locations of the Solutions business segment and break down as follows:

In thousand EUR	2014	2013
Consideration received	2,451	2,822
Less cash and cash equivalents disposed of	−424	−291
Proceeds from disposals of consolidated subsidiaries and other business operations, net of cash and cash equivalents	**2,027**	**2,531**

The following assets and liabilities were disposed of:

In thousand EUR	2014	2013
Goodwill	738	1,342
Other non-current assets	103	4,409
Trade accounts receivable	1,532	1,674
Cash and cash equivalents	424	291
Other current assets	314	981
Assets disposed of	**3,110**	**8,697**
Non-current provisions	–	107
Trade accounts payable	1,498	1,874
Other current liabilities	345	2,404
Liabilities disposed of	**1,843**	**4,385**

Notes to the Balance Sheet

17 Goodwill

Allocation of goodwill to cash-generating units

The business segments are taken to be cash-generating units of the Logwin Group. The goodwill acquired in the course of business combinations has been allocated to the business segments as follows:

In thousand EUR	31 Dec 2014	31 Dec 2013
Solutions	29,565	29,565
Air + Ocean	45,701	45,300
Goodwill	**75,266**	**74,865**

In thousand EUR	Goodwill
Acquisition cost	226,439
Accumulated impairment	−145,357
Carrying amount as of 1 January 2013	**81,082**
Impairment	−4,000
Currency differences	−137
Disposals	−1,342
Reclassification as held for sale	−738
Carrying amount as of 31 December 2013	**74,865**
Acquisition cost	224,222
Accumulated impairment	−149,357
Carrying amount as of 1 January 2014	**74,865**
Currency differences	401
Carrying amount as of 31 December 2014	**75,266**
Acquisition cost	224,623
Accumulated impairment	−149,357

Goodwill impairment testing

As in the prior year, the Logwin Group used 30 September as the reference date for its annual goodwill impairment test in financial year 2014. For the purpose of the goodwill impairment test, the recoverable amount of the cash-generating unit was determined on the basis of the calculation of the value in use using cash flow forecasts that are based on a financial plan covering a period of a maximum of five years. The financial plan is based on the business plans of the business segments.

The cash flow forecasts are based on the following underlying assumptions:

- Budgeted revenue growth rates: the anticipated growth rates of the industry, which is relevant for the respective business segment, are used to determine the budgeted revenue growth rates. Stable revenue growth was assumed over the coming years.

- Budgeted operating profit margins: the profit margins generated in the preceding years, increased for expected efficiency improvements, are used to determine the budgeted operating profit margins. Allowance was made here for the fact that developments in earnings will also depend on the economic situation.

The business plan of the Solutions business segment forecasts an EBITA margin of 2.4% for the last planning year (30 September 2013: 3.1%; 31 December 2013: 2.5%). The average EBITA margin of 2013 (actual) through to 2017 (plan) of 1.4% (30 September 2013: 1.25%; 31 December 2013: 1.5%) was taken as the sustainable EBITA margin to calculate the perpetual annuity. Beyond the five-year period the growth rate used was unchanged from the prior year at 0.75%. A sustainable EBITA margin of 3.1% (in line with the prior-year plan) and an unchanged growth rate of 1.5% were used for the Air + Ocean business segment. The expected cash flows of the two business segments were discounted using a discount rate of 6.6% after tax (30 September 2013: 7.0%; 31 December 2013: 7.1%). This corresponds to an interest rate of 9.3% to 9.9% before tax (30 September 2013: 9.6% to 10.5%).

The impairment test performed as of 30 September 2014 did not result in any additional impairment.

Assuming that all other factors remained constant, an increase in the discount rate by 0.6% or a decrease in the sustainable EBITA margin of the Solutions business segment used for financial planning from 1.4% to 1.25% would result in an impairment of the goodwill assigned to the Solutions business segment. Both effects occurring together would result in an impairment of EUR 6.3m.

Amortization of intangible assets of EUR 878k is included in cost of sales (prior year: EUR 819k). A further EUR 7k (prior year: EUR 18k) relates to selling costs and EUR 752k (prior year: EUR 2,143k) to general and administrative costs.

18 Other intangible assets

In thousand EUR	Software, concessions and other licenses	Customer contracts acquired	Total
Acquisition cost	45,446	18,226	63,672
Accumulated impairment	−39,827	−18,226	−58,053
Carrying amount as of 1 Jan 2013	**5,619**	**–**	**5,619**
Currency differences	−21	–	−21
Change in scope of consolidation	−7	–	−7
Additions	1,550	–	1,550
Disposals	−226	–	−226
Amortization	−2,980	–	−2,980
Reclassification as held for sale	−9	–	−9
Carrying amount as of 31 Dec 2013	**3,926**	**–**	**3,926**
Acquisition cost	36,703	17,520	54,223
Accumulated impairment	−32,777	−17,520	−50,297
Carrying amount as of 1 Jan 2014	**3,926**	**–**	**3,926**
Currency differences	6	–	6
Additions	2,402	–	2,402
Disposals	−34	–	−34
Amortization	−1,637	–	−1,637
Carrying amount as of 31 Dec 2014	**4,663**	**–**	**4,663**
Acquisition cost	38,245	17,520	55,765
Accumulated impairment	−33,582	−17,520	−51,102

19 Property, plant and equipment

Cost of sales include depreciation of property, plant and equipment of EUR 4,607k (prior year: EUR 5,768k), while selling costs include depreciation of property, plant and equipment of EUR 159k (prior year: EUR 213k) and general and administrative costs include depreciation of property, plant and equipment of EUR 1,297k (prior year: EUR 1,217k).

In thousand EUR	Land and buildings	Machinery and equipment	Tools, fixtures, furniture and office equipment	Vehicle fleet	Construction in progress	Total
Acquisition cost	102,307	38,364	44,282	16,495	261	201,709
Accumulated depreciation and impairment losses	−64,060	−31,348	−36,498	−14,295	–	−146,201
Carrying amount as of 1 Jan 2013	**38,247**	**7,016**	**7,784**	**2,200**	**261**	**55,508**
Currency differences	−92	−105	−120	−51	–	−368
Change in scope of consolidation	−2,804	−73	9	−60	–	−2,928
Additions	604	685	2,945	505	232	4,971
Transfers	118	90	48	−40	−216	–
Disposals	−9,296	−300	−428	−811	–	−10,835
Depreciation	−2,044	−1,206	−3,339	−609	–	−7,198
Reclassification as held for sale	–	−28	−46	−4	–	−78
Carrying amount as of 31 Dec 2013	**24,733**	**6,079**	**6,853**	**1,130**	**277**	**39,072**
Thereof attributable to finance leases	*9,441*	*554*	*403*	*478*	–	*10,876*
Acquisition cost	72,099	36,591	38,265	10,042	277	157,274
Accumulated depreciation and impairment losses	−47,366	−30,512	−31,410	−8,914	–	−118,202
Carrying amount as of 1 Jan 2014	**24,733**	**6,079**	**6,853**	**1,130**	**277**	**39,072**
Currency differences	11	20	125	17	–	173
Additions	459	289	2,483	487	128	3,846
Transfers	109	56	9	−4	−170	–
Disposals	−7	−17	−252	−23	–	−299
Depreciation	−1,680	−1,000	−2,956	−427	–	−6,063
Impairment	−2,102	–	−13	–	–	−2,115
Reclassification as held for sale	−390	–	–	–	–	−390
Carrying amount as of 31 Dec 2014	**21,133**	**5,427**	**6,249**	**1,180**	**235**	**34,224**
Thereof attributable to finance leases	*8,673*	*457*	*310*	*585*	–	*10,025*
Acquisition cost	69,664	36,642	38,274	9,549	235	154,364
Accumulated depreciation and impairment losses	−48,531	−31,215	−32,025	−8,369	–	−120,140

As of 31 December 2014 and 2013, no property, plant and equipment was mortgaged to secure loans.

20 Inventories

Inventories primarily include packaging material, transport containers and vehicle spare parts with a value of EUR 2,505k (prior year: EUR 2,601k). No inventories were pledged. In the reporting period, inventories of EUR 9,249k were recognized as an expense (prior year: EUR 10,814k).

21 Trade accounts receivable

In thousand EUR	31 Dec 2014	31 Dec 2013
Trade accounts receivable	**113,559**	**105,642**
Less allowance for doubtful accounts	−1,685	−1,871
Trade accounts receivable, net	**111,874**	**103,771**
Trade accounts receivable from factoring	29,548	21,819
Total trade accounts receivable	**141,422**	**125,590**

The allowances changed as follows:

In thousand EUR	2014	2013
1 January	**−1,871**	**−2,986**
Currency differences	−35	125
Additions	−717	−851
Utilization	319	629
Reversals	619	360
Change in scope of consolidation	–	852
31 December	**−1,685**	**−1,871**

These expenses are reported in the item “Selling costs” of the income statement.

The table below shows the aging of unimpaired trade accounts receivable:

In thousand EUR	31 Dec 2014	31 Dec 2013
Aging structure		
not overdue	87,351	81,332
< 10 days	15,713	15,542
11 – 30 days	5,216	3,315
31 – 90 days	3,282	2,675
91 – 180 days	192	684
181 – 360 days	120	223
> 360 days	–	–

As of 31 December 2014, trade accounts receivable not sold to the factoring company in the amount of EUR 16,319k (prior year: EUR 14,270k) were secured by credit insurance. Secured receivables are generally subject to a deductible of 10% (prior year: 10%).

22 Income tax receivables

As of 31 December 2014, income tax receivables of EUR 2,068k (prior year: EUR 2,262k) include tax refunds from corporate income tax credits of EUR 912k (prior year: EUR 1,195k).

23 Other receivables and current assets

In thousand EUR	31 Dec 2014	31 Dec 2013
Receivables from the sale of non-current assets	300	469
Input tax refund	3,277	2,896
Advance payments	11,746	9,290
Derivative financial instruments	1,863	96
Miscellaneous receivables and assets	2,264	3,488
Total other receivables and current assets	**19,450**	**16,239**

The miscellaneous receivables and assets as of 31 December 2014 include receivables from billing transport containers totaling EUR 485k (prior year: EUR 957k).

Other receivables and current assets are due within one year. As in the prior year, there were no material impairments of other receivables and current assets. With the exception of individual deposits required by operational business other receivables and current assets were not subject to pledging.

24 Cash and cash equivalents

In thousand EUR	31 Dec 2014	31 Dec 2013
Cash	66,028	57,731
Cash equivalents	931	915
Total cash and cash equivalents	**66,959**	**58,646**

Cash and cash equivalents comprise checks, cash in hand and bank balances as well as cash equivalents with a total maturity of up to three months from the date of acquisition.

Cash as of 31 December 2014 included EUR 4.0m from payments made by customers that must be passed on directly to the factoring company.

25 Assets held for sale and associated liabilities

Assets held for sale and the associated liabilities (disposal group) as of 31 December 2013 comprised the assets and liabilities of five consolidated companies of the Solutions business segment for which a signed purchase and transfer agreement existed at the end of the prior reporting period.

The disposal group included the following asset and liability items:

In thousand EUR	**31 Dec 2013**
Goodwill	738
Other non-current assets	96
Trade accounts receivable	1,532
Cash and cash equivalents	424
Other current assets	314
Assets held for sale	**3,104**
Trade accounts payable	1,498
Other current liabilities	345
Liabilities associated with assets held for sale	**1,843**

In January 2014 these entities were sold with effect from 31 December 2013.

26 Deferred taxes

Deferred tax assets and liabilities consist of the following:

In thousand EUR	31 Dec 2014 Deferred tax assets	31 Dec 2014 Deferred tax liabilities	31 Dec 2013 Deferred tax assets	31 Dec 2013 Deferred tax liabilities
Intangible assets	2,332	273	1,480	40
Property, plant and equipment	1,094	2,521	846	2,817
Investments	62	10	90	3
Current assets	59	187	61	132
Provisions	5,398	32	3,967	195
Liabilities	2,353	5	2,272	35
Tax loss carryforwards	16,137	–	16,434	–
Valuation allowances	−7,888	–	−5,090	–
Net amounts	−2,975	−2,975	−3,174	−3,174
Total deferred taxes	**16,571**	**53**	**16,886**	**48**

In thousand EUR	2014	2013
Deferred taxes, net as of 1 January	**16,838**	**16,266**
Change recognized in profit or loss	−1,534	797
Change recognized in equity	1,091	−183
Currency and other differences	123	−105
Change in scope of consolidation	–	63
Deferred taxes, net as of 31 December	**16,518**	**16,838**

As of 31 December 2014, Logwin Group did not recognize any deferred tax liabilities on temporary differences from retained earnings of domestic and foreign subsidiaries of EUR 19.8m (prior year: EUR 15.1m) because it is not probable that the differences will reverse in the foreseeable future. The potential impact on income taxes amounts to EUR 2.4m (prior year: EUR 2.0m).

In thousand EUR	31 Dec 2014	31 Dec 2013
Can be carried forward indefinitely	482,653	436,387
Can be carried forward for a limited period (1–15 years)	456	949
Total tax loss carryforwards	**483,109**	**437,336**

Insofar as a tax assessment has been made, loss carryforwards are reported in accordance with this assessment. If no assessment has yet been made, the amount with reasonable certainty to be assessed or the amount declared to the tax authorities is used.

27 Shareholders' equity

Share capital and authorized capital
As of 31 December 2014, there were 146,257,596 (prior year: 146,257,596) fully paid up, no-par voting shares issued. 146,184,901 of these shares were outstanding and 72,695 were held as treasury shares. Treasury shares do not have voting rights or dividend rights. Each share represents EUR 0.897 of issued capital. In addition, the authorized capital of Logwin AG amounted to EUR 68,798k as of 31 December 2014 (31 December 2013: EUR 68,798k). The authorized capital consisted of 76,692,378 no-par non-issued shares.

Profit/loss appropriation and additional paid-in capital
Logwin AG appropriated the annual net loss of EUR 2,712k as of 31 December 2013 by offsetting it against additional paid-in capital in accordance with the resolution adopted by the Annual General Meeting on 9 April 2014. The net loss of EUR 32,478k as of 31 December 2012 was offset against additional paid-in capital in the prior year as well.

Retained earnings
Distributable retained earnings
According to Luxembourg law, a company must allocate at least 5% of the net result for the period as stated in the local financial statements to a legal reserve until the reserve equals 10% of issued capital of the company. As of 31 December 2014, this reserve in the amount of EUR 8,070k (prior year: EUR 8,070k) is presented in the statement of changes in equity of the Logwin Group as part of the retained earnings. The legal reserve cannot be distributed as a dividend.

Defined benefit plans
Remeasurements of the net defined benefit liability in the form of actuarial gains and losses as well as return on plan assets not included in interest income are recognized in equity and may not be reclassified to profit or loss in future periods. These amounts are recorded in retained earnings and amounted to EUR −10,256k as of 31 December 2014 (prior year: EUR −5,618k). The change compared to the prior year of EUR −4,638k relates completely to the remeasurement of the net defined benefit liability (prior year: EUR 405k). In the prior year further EUR 528k related to changes in the scope of consolidation.

Consolidation of previously non-consolidated subsidiaries
Retained earnings as of 31 December 2013 included effects from the consolidation of two subsidiaries as of 1 January 2013.

Accumulated other comprehensive income
Differences from the translation of the financial statements of subsidiaries with a functional currency other than the euro, the effects of the fair value measurement of available for sale securities and any changes in the fair value of derivative financial instruments classified as cash flow hedges are reported under shareholders' equity as accumulated other comprehensive income. The amounts recognized in equity may need to be reclassified under certain circumstances to profit or loss in future periods.

Treasury shares

By resolution of the Annual General Meeting held on 9 April 2014, the Board of Directors was authorized to buy back own shares of up to 10% of the share capital available at the time of the resolution for all legally permitted purposes in the period until 30 September 2015. The Board of Directors may exercise this authorization on one or more occasions, in whole or in part and for one or more legally permitted purposes. On 28 November 2014, the Board of Directors decided to start a share buyback program. The sole purpose of the share buyback will be retirement and the reduction of the share capital. In this connection, 72,695 shares were acquired at a total cost of EUR 88k in the period until 31 December 2014.

28 Liabilities from leases

Within the Logwin Group certain items of property, plant and equipment are financed through finance leases. This mainly relates to buildings and vehicles to the extent that this is the favorable financing method. Interest rates and other interest conditions are fixed at the contract date. Some finance leases contain renewal options, purchase options and price adjustment clauses. Finance leases do not provide for contingent rent nor do they contain restrictions on the Group's activities concerning the distribution of dividends, additional debt or further leasing.

The liabilities from leases represent the present value of the future minimum lease payments and are shown in the following table, classified by maturity:

	31 Dec 2014			
In thousand EUR	Current	1 to 5 years	Over 5 years	Total
Minimum lease payments	1,841	10,084	5,556	**17,481**
Finance costs	−387	−1,090	−1,130	**−2,607**
Present value of minimum lease payments	**1,454**	**8,994**	**4,426**	**14,874**

	31 Dec 2013			
In thousand EUR	Current	1 to 5 years	Over 5 years	Total
Minimum lease payments	2,042	6,681	10,175	**18,898**
Finance costs	−481	−1,345	−1,079	**−2,905**
Present value of minimum lease payments	**1,561**	**5,336**	**9,096**	**15,993**

29 Loans and borrowings

As of 31 December 2014, the Logwin Group had credit facilities (without guarantee facilities) amounting to EUR 59.2m (prior year: EUR 49.5m), which had not been drawn at the reporting date (prior year: EUR 704k). Furthermore, depending on the amount of sold receivables, a contractual limit of EUR 45.0m (prior year: EUR 45.0m) was available to the Logwin Group from factoring at the reporting date. As of 31 December 2014 the factoring facility was not utilized (prior year: EUR 6,028k).

Loans and borrowings reported as of 31 December 2014 totaling EUR 1,268k refer to issued checks that had not yet been charged. In the prior year, non-current loans and borrowings included EUR 4.0m from payments made by customers that had to be passed on directly to the factoring company.

The interest rates on the utilized factoring facility and current loans and borrowings were variable and therefore at market level.

30 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations are recognized due to plans for commitments for retirement, invalidity and survivors' pensions. The Logwin Group has both defined benefit and defined contribution plans.

Defined contribution plans

Under the defined contribution plans of the Group, payments in a total amount of EUR 918k to private pension insurance schemes were recorded in financial year 2014 (prior year: EUR 1,176k). In addition, contribution payments of EUR 8,187k (prior year: EUR 9,360k) were made to public pension insurance schemes.

Defined benefit plans

Defined benefit obligations mainly result from (funded and unfunded) pension commitments to employees, mostly of German group companies. The Logwin Group's obligations relate primarily to obligations from vested benefits in connection with benefit plans closed in the past. The benefits payable are mostly lifetime pension payments. In addition, there are legal claims of Austrian employees to severance payments.

A characteristic of the defined benefit obligations is that the Logwin Group grants the promised benefit level and thus bears the financing and longevity risk. If the obligations are partially or fully funded, the financing risk is replaced by the general market risk. As the Logwin Group's plan assets are primarily employer's pension liability insurance policies, direct insurance policies and pension trusts, the volatility of which is comparatively low, the risk is also low.

The net defined benefit liability recognized in the balance sheet is as follows:

In thousand EUR	31 Dec 2014	31 Dec 2013
Present value of the obligation	35,699	29,896
Plan assets	−1,593	−1,493
Net defined benefit liability (funding status)	**34,106**	**28,403**

The development of the net defined benefit liability in the current financial year and in the prior year is described in the following table:

In thousand EUR	2014	2013
Net defined benefit liability as of 1 January	**28,403**	**29,260**
Expense recognized in profit or loss	1,409	1,335
Plan contributions and payments, net	−1,544	−1,462
Remeasurements recognized in equity	5,729	−588
Settlements	−47	−29
Other changes	156	−113
Net defined benefit liability as of 31 December	**34,106**	**28,403**

Other changes include primarily effects from the currency translation of the net defined benefit liability.

The change in the net defined benefit liability breaks down to the development of the present value of the obligation and the plan assets as follows:

In thousand EUR	2014	2013
Present value of the obligation as of 1 January	**29,896**	**30,687**
Current service cost	336	320
Interest expenses	1,126	1,066
Actuarial gains (–)/losses (+)		
due to changes in demographic assumptions	1	–43
due to changes in financial assumptions	5,755	–639
due to experience adjustments	–7	102
Payments from company assets	–1,532	–1,446
Payments from plan assets	–61	–78
Settlements	–47	–29
Other changes	230	–44
Present value of the obligation as of 31 December	**35,699**	**29,896**

In thousand EUR	2014	2013
Plan assets as of 1 January	**1,493**	**1,427**
Interest income on plan assets	53	51
Return on plan assets not included in interest income	20	8
Contributions by the employer	12	16
Payments from plan assets	–61	–78
Other changes	76	69
Plan assets as of 31 December	**1,593**	**1,493**

As of 31 December 2014, the plan assets consisted of employer's pension liability insurance policies of EUR 820k (prior year: EUR 744k), pension trusts of EUR 364k (prior year: EUR 359k), direct insurance policies of EUR 309k (prior year: EUR 309k), and other forms of insurance of EUR 100k (prior year: EUR 81k). The expected contributions to plan assets amount to EUR 12k in the following year.

The expenses for defined benefit plans recognized in profit or loss are as follows:

In thousand EUR	2014	2013
Service costs	–336	–320
Net interest expense	–1,073	–1,015
Total pension expenses	**–1,409**	**–1,335**

In 2014, of the total amount of expenses for defined benefit plans, EUR 240k (prior year: EUR 253k) was included in cost of sales, EUR 47k (prior year: EUR 32k) in selling costs and EUR 49k (prior year: EUR 35k) in general and administrative costs. The net interest expense from unwinding of the discount on the obligation as well as from the return on plan assets of EUR 1,073k (prior year: EUR 1,015k) is included in finance expenses.

Actuarial assumptions

The following actuarial assumptions were used to calculate pension provisions and similar obligations:

	31 Dec 2014	31 Dec 2013
Discount rate	2.1%	3.7%
Wage and salary trend	2.0% – 2.5%	2.5% – 3.0%
Pension trend	1.75%	2.0%

Life expectancy was based on the 2005 G mortality tables published by Prof. Dr. Klaus Heubeck for the German entities.

The discount rates were determined based on yields on high-quality corporate bonds which match the underlying obligations in terms of currency and maturity.

The wage and salary trends take into account inflation adjustments and career-related salary increases, and are based (similar to the turnover rates) on past experience and expectations for the future.

The pension trends either correspond to the contractually guaranteed pension adjustments or are based on the provisions in place for pension adjustments.

Changes in the principal actuarial assumptions would have had the following effects on defined benefit obligations:

	in thousand EUR	31 Dec 2014	31 Dec 2013
Discount rate	0.5 percentage points higher	–2,613	–2,072
	0.5 percentage points lower	2,944	2,321
Wage and salary trend	0.5 percentage points higher	576	557
	0.5 percentage points lower	–515	–494
Pension trend	0.5 percentage points higher	1,794	1,357
	0.5 percentage points lower	–1,642	–1,240
Life expectancy	Decrease in mortality rate by 10%	1,522	1,205

The sensitivity analyses presented take into account the change of one assumption, with the other assumptions remaining unchanged compared with the original calculation. This means possible correlations between the individual assumptions were not taken into account. The method used to calculate the sensitivities is the same method that is used to determine the present value of the defined benefit obligation.

In order to examine the sensitivity of the present value of the defined benefit obligation to changes in the assumed life expectancy, the mortality rates were lowered by 10% in a comparative calculation, which resulted in an increase in life expectancy of around one year (prior year: one year).

The weighted average duration of the defined benefit obligation based on the present values of the obligation is 15.05 years (prior year: 14.17 years).

The maturity profile of undiscounted payments of the defined benefit obligation is as follows:

In thousand EUR	31 Dec 2014	31 Dec 2013
Payments due within the next financial year	1,486	1,479
Payments due in 2 to 5 years	5,987	5,378
Payments due in 6 to 10 years	8,018	7,464
Payments due in 11 to 15 years	8,286	7,887
Payments due in 16 to 20 years	7,482	7,420
Payments due in more than 20 years	19,412	25,321

31 Other non-current provisions

In thousand EUR	Long-service bonus provisions	Other	Total non-current provisions
1 January 2014	**2,146**	**361**	**2,507**
Additions	641	75	716
Utilization	−122	−64	−187
31 December 2014	**2,665**	**371**	**3,036**

In 2014, the interest portion from unwinding of the discount on the long-service bonus provisions amounted to EUR 77k (prior year: EUR 203k). The other provisions mainly relate to provisions for vacancy costs.

32 Current provisions

In thousand EUR	Lawsuits and litigations	Onerous contracts	Warranties	Other	Total non-current provisions
1 January 2014	**3,745**	**1,593**	**1,687**	**4,969**	**11,994**
Additions	716	1,583	1,278	3,414	6,991
Utilization	−468	−1,082	−811	−2,255	−4,616
Release	−987	−362	−469	−1,289	−3,107
Currency differences	49	−1	1	37	86
31 December 2014	**3,055**	**1,731**	**1,686**	**4,876**	**11,348**

The reported provisions for lawsuits and litigations comprise a provision of EUR 2.0m for the antitrust proceedings as well as various litigation risks in various group companies. In this context, please refer to note 37 “Contingent liabilities and litigations.”

Provisions for onerous contracts of EUR 1.6m were recognized due to operating lease agreements in place, whose contractual obligations are not sufficiently covered by the expected economic benefit of the relevant locations.

The provisions for warranties primarily include provisions for freight and liability damage from operating activities. The other current provisions include, among other things, a large number of contractual and recourse risks.

33 Income tax liabilities

The recognized liabilities are calculated from accrued income tax expenses for financial year 2014 and prior financial years amounting to EUR 7,026k (prior year: EUR 5,929k), less prepayments made totaling EUR 3,358k (prior year: EUR 2,611k).

34 Other liabilities

In thousand EUR	31 Dec 2014	31 Dec 2013
Liabilities relating to personnel:		
Wages and salaries	19,655	16,699
Social security	1,430	1,450
Accrued vacation	2,454	2,427
Other taxes and levies	6,189	5,561
Advances received from customers	3,526	3,094
Derivative financial instruments	1,155	543
Other liabilities, accruals and deferred income	8,167	12,643
Total other current liabilities	**42,576**	**42,417**
Negative fair value of derivative hedging instruments	–	610
Sundry other non-current liabilities	5	8
Total other non-current liabilities	**5**	**618**
Total other liabilities	**42,581**	**43,035**

Other liabilities, accruals and deferred income as of 31 December 2014 include liabilities from billing transport containers totaling EUR 639k (prior year: EUR 594k).

The remaining maturities of the financial liabilities included in other liabilities are shown below:

In thousand EUR	31 Dec 2014	31 Dec 2013
Due within 1 year	25,371	23,622
Due 1 to 5 years	5	618
Other financial liabilities	**25,376**	**24,240**

Other Notes

35 Additional information on financial instruments

The following tables provide additional information on the financial instruments held by the Logwin Group. They show the financial assets and liabilities by IAS 39 measurement category as well as the balance sheet items containing financial instruments with the corresponding carrying amounts and the fair value.

Financial instruments by measurement category according to IAS 39

In thousand EUR	**Carrying amount 31 Dec 2014**	Amortized cost	Fair value through profit or loss	Fair value through OCI
Loans and receivables (LAR)	214,437	214,437	–	–
Available-for-sale (AFS)	726	129	–	598
Held for trading (HFT)	1,863	–	1,863	–
Financial assets	**217,026**	**214,565**	**1,863**	**598**
At amortized cost (FLAC)	177,726	177,726	–	–
Held for trading (FLHFT)	1,155	–	1,155	–
Financial liabilities	**178,881**	**177,726**	**1,155**	**–**

In thousand EUR	**Carrying amount 31 Dec 2013**	Amortized cost	Fair value through profit or loss	Fair value through OCI
Loans and receivables (LAR)	190,530	190,530	–	–
Available-for-sale (AFS)	760	195	–	565
Held for trading (HFT)	96	–	96	–
Financial assets	**191,386**	**190,725**	**96**	**565**
At amortized cost (FLAC)	170,403	170,403	–	–
Held for trading (FLHFT)	543	–	543	–
Financial liabilities	**170,946**	**170,403**	**543**	**–**

Carrying amount and fair values of financial instruments by item of the balance sheet
The following table reconciles the existing financial instruments to the corresponding items of the balance sheet and shows the respective measurement basis, carrying amount and the fair value as of the reporting date:

In thousand EUR	Measurement category in accordance with IAS 39	**Carrying amount 31 Dec 2014**	Carrying amount in accordance with IAS 39		Carrying amount in accordance with IAS 17	**Fair Value as of 31 Dec 2014**
			Amortized cost	Fair Value		
Assets						
Investments	AfS	**726**	**129**	**598**	**–**	**598**
Other non-current assets	LaR	**1,378**	**1,378**	**–**	**–**	**1,378**
Trade accounts receivable	LaR	**141,422**	**141,422**	**–**	**–**	**141,422**
	LaR	4,688	4,688	–	–	4,688
	HfT[1]	1,863	–	1,863	–	1,863
	n.a.	12,899	–	–	–	–
Other receivables and current assets	**Total**	**19,450**	**4,688**	**1,863**	**–**	**–**
Cash and cash equivalents	LaR	**66,959**	**66,959**	**–**	**–**	**66,959**
Liabilities						
Non-current liabilities from leases	n.a.	**13,420**	**–**	**–**	**13,420**	**14,378**
Other non-current liabilities	FLAC	**5**	**5**	**–**	**–**	**5**
Trade accounts payable	FLAC	**152,238**	**152,238**	**–**	**–**	**152,238**
Current liabilities from leases	n.a.	**1,454**	**–**	**–**	**1,454**	**1,518**
Current loans and borrowings	FLAC	**1,268**	**1,268**	**–**	**–**	**1,268**
	FLAC	24,216	24,216	–	–	24,216
	FLHfT[1]	1,155	–	1,155	–	1,155
	n.a.	17,205	–	–	–	–
Other current liabilities	**Total**	**42,576**	**24,216**	**1,155**	**–**	**–**

[1] The financial assets and liabilities held for trading comprise derivative financial instruments from currency hedges with positive or negative fair values. Changes in fair value are recognized in profit or loss.

In thousand EUR	Measurement category in accordance with IAS 39	**Carrying amount 31 Dec 2013**	Carrying amount in accordance with IAS 39		Carrying amount in accordance with IAS 17	**Fair Value as of 31 Dec 2013**
			Amortized cost	Fair Value		
Assets						
Investments	AfS	**760**	**195**	**565**	**–**	**565**
Other non-current assets	LaR	**1,452**	**1,452**	**–**	**–**	**1,452**
Trade accounts receivable	LaR	**125,590**	**125,590**	**–**	**–**	**125,590**
	LaR	4,842	4,842	–	–	4,842
	HfT[1]	96	–	96	–	96
	n.a.	11,301	–	–	–	–
Other receivables and current assets	**Total**	**16,239**	**4,842**	**96**	**–**	**–**
Cash and cash equivalents	LaR	**58,646**	**58,646**	**–**	**–**	**58,646**
Liabilities						
Non-current liabilities from leases	n.a.	**14,432**	**–**	**–**	**14,432**	**17,736**
	FLAC	8	8	–	–	8
	n.a.[2]	610	–	610	–	610
Other non-current liabilities	**Total**	**618**	**8**	**610**	**–**	**–**
Trade accounts payable	FLAC	**142,594**	**142,594**	**–**	**–**	**142,594**
Current liabilities from leases	n.a.	**1,561**	**–**	**–**	**1,561**	**2,428**
Current loans and borrowings	FLAC	**4,722**	**4,722**	**–**	**–**	**4,722**
	FLAC	23,079	23,079	–	–	23,079
	FLHfT[1]	543	–	543	–	543
	n.a.	18,795	–	–	–	–
Other current liabilities	**Total**	**42,417**	**23,079**	**543**	**–**	**–**

[1] The financial assets and liabilities held for trading comprise derivative financial instruments from currency hedges with positive or negative fair values. Changes in fair value are recognized in profit or loss.

[2] This item comprises hedging instruments of cash flow hedges with negative fair values.

The fair values of financial instruments were determined based on the following methods and assumptions:

Available-for-sale financial assets were recognized at their fair value where their fair value could be reliably determined. In this case, the fair values of the available-for-sale assets were determined by the market inputs available at the reporting date in accordance with Level 1. The price of a publicly traded available-for-sale asset on the reporting date represents the fair value of the instrument.

The fair values of derivative financial instruments were determined in accordance with Level 2 of the fair value hierarchy using the quoted prices of the contracting parties and valuation techniques such as the present value method based on currently observable market data. The fair values of the currency derivatives were calculated using the respective spot rate and the yield curves of the respective currency. The fair values of interest rate swaps were calculated based on discounted future expected cash flows. Market interest rates for equivalent terms were used for discounting purposes.

The fair values for liabilities from lease agreements and other loans and borrowings with variable rates of interest were determined on the assumption that agreed rates of interest are equivalent to market interest rates. Consequently, their carrying amounts are deemed to match their fair values. Valuation models are used to calculate the fair values for liabilities from lease agreements and loans and borrowings with fixed interest rates. The inputs (interest rates) are based on observable market data.

The fair values of trade accounts receivable and payable, other current assets and liabilities that were allocated to the “Loans and receivables” category as well as cash and cash equivalents are deemed to match their carrying amounts owing to their short terms.

The following table provides an overview of the classification of the financial assets and financial liabilities of the Logwin Group that were recognized at fair value as of 31 December 2014, in accordance with the fair value hierarchy:

31 Dec 2014 *In thousand EUR*	Level 1	Level 2	Level 3	**Total**
Assets				
Available-for-sale financial assets	598	–	–	**598**
Forward exchange contracts held for trading	–	1,863	–	**1,863**
Liabilities				
Forward exchange contracts held for trading	–	1,155	–	**1,155**
Interest rate swaps used as hedging instruments	–	–	–	–

31 Dec 2013 *In thousand EUR*	Level 1	Level 2	Level 3	**Total**
Assets				
Available-for-sale financial assets	565	–	–	**565**
Forward exchange contracts held for trading	–	96	–	**96**
Liabilities				
Forward exchange contracts held for trading	–	543	–	**543**
Interest rate swaps used as hedging instruments	–	610	–	**610**

There were no transfers between Level 1 and Level 2 in the financial and in the prior year.

Net results from financial instruments by measurement category

In thousand EUR	From interest	From subsequent measurement at Fair Value	Impairment	From disposal	Net result 2014	2013
Loans and receivables	253	–	–101	–	152	–116
Available-for-sale financial assets	–	30	–27	–24	–21	–26
Financial assets held for trading	–541	102	–	–	–439	795
Financial liabilities measured at amortized cost	–2,167	–	–	–	–2,167	–3,168
Financial liabilities held for trading	643	–43	–	–	600	364
Total	**–1,812**	**89**	**–128**	**–24**	**–1,875**	**–2,151**

Please refer to note 14 “Financial result” for information on interest income and expenses. Gains and losses from subsequent valuation at fair value relate primarily to the valuation of derivative financial instruments held to hedge currency risks. Impairment losses include both write-offs for default and impairment of receivables.

Financial risks

Unless provided below, please refer for information on financial risks and sensitivity analyses to the explanations contained in the management report on page 13 et seq.

Maturity analysis of financial liabilities

The following cash outflows can be expected in the coming years to service financial liabilities:

In thousand EUR	31 Dec 2014			31 Dec 2013		
	Loans and Borrowings	Liabilities from leases	Interest rate swaps	Loans and Borrowings	Liabilities from leases	Interest rate swaps
Cashflow 1st year						
Interest	–	387	–	–	481	283
Redemption	1,268	1,454	–	4,722	1,561	–
Total	**1,268**	**1,841**	**–**	**4,722**	**2,042**	**283**
Cashflow 2nd year						
Interest	–	347	–	–	430	283
Redemption	–	5,063	–	–	1,397	–
Total	**–**	**5,410**	**–**	**–**	**1,827**	**283**
Cashflow 3rd year						
Interest	–	289	–	–	366	118
Redemption	–	1,441	–	–	1,387	–
Total	**–**	**1,730**	**–**	**–**	**1,753**	**118**
Cashflow 4th year						
Interest	–	247	–	–	301	–
Redemption	–	1,292	–	–	1,430	–
Total	**–**	**1,539**	**–**	**–**	**1,731**	**–**
Cashflow 5th year						
Interest	–	208	–	–	248	–
Redemption	–	1,198	–	–	1,122	–
Total	**–**	**1,406**	**–**	**–**	**1,370**	**–**
Cashflow after 5 years						
Interest	–	1,130	–	–	1,079	–
Redemption	–	4,426	–	–	9,096	–
Total	**–**	**5,556**	**–**	**–**	**10,175**	**–**

Trade accounts payable and derivative financial liabilities in existence at the reporting date that are not included in hedge accounting are always due within one year.

Forward exchange contracts

As of 31 December 2014, the Logwin Group had various forward exchange contracts to hedge the foreign exchange risk of the operating business and to secure Logwin AG's receivables or liabilities arising from group financing. The following table shows the major transactions:

	31 Dec 2014	
	Nominal value in foreign currency	Nominal value in euros
Forward exchange contracts to hedge receivables of Logwin AG arising from group financing and the operating activities of group companies		
Sell		
AED	7,685,000	1,657,088
AUD	2,370,000	1,627,305
BRL	2,212,000	635,207
CHF	485,000	401,155
CNH	1,800,000	233,402
CNY	36,930,000	4,392,274
CZK	6,875,000	248,669
GBP	1,655,000	2,080,243
HKD	57,000,000	5,744,902
HUF	31,500,000	99,980
MYR	9,190,000	2,078,631
PLN	1,850,000	437,437
SGD	395,000	242,992
TRY	300,000	99,967
USD	6,280,000	5,070,780
ZAR	2,900,000	204,225
Total		**25,254,257**
Forward exchange contracts to hedge liabilities of Logwin AG arising from group financing and the operating activities of group companies		
Buy		
AED	11,500,000	2,471,015
AUD	3,320,000	2,264,641
CHF	2,135,000	1,779,069
CNH	21,300,000	2,752,101
CNY	69,900,000	8,490,914
CZK	14,030,000	510,493
GBP	2,855,000	3,612,512
HKD	121,190,000	12,259,532
HUF	195,000,000	633,661
IDR	3,000,000,000	181,818
KRW	1,120,000,000	807,491
MYR	700,000	161,812
PHP	10,600,000	195,753
PLN	1,500,000	357,739
SGD	2,355,000	1,443,298
TWD	20,600,000	533,402
USD	9,715,000	7,755,852
ZAR	2,900,000	201,249
Total		**46,412,353**

The following table compares the fair values and the nominal amounts of the derivative financial instruments:

	31 Dec 2014		31 Dec 2013	
In thousand EUR	Nominal amount	Fair Value	Nominal amount	Fair Value
Assets				
Forward exchange contracts	42,075	1,863	18,092	96
Total	**42,075**	**1,863**	**18,092**	**96**
Liabilities				
Forward exchange contracts	29,591	1,155	47,135	543
Interest rate swaps	–	–	10,000	610
Total	**29,591**	**1,155**	**57,135**	**1,153**

The assets are matched by liabilities from the valuation of the underlying financial transactions. Liabilities from forward exchange transactions are matched by assets from the valuation of the underlying internal financial transactions. The interest rate swaps represent hedging transactions that are included in hedge accounting.

Netting agreements are set out in the master agreements in place with the banks through which derivative financial instruments are concluded. However, these netting agreements only take effect in the event of insolvency. The presentation of the net amount for accounting purposes is therefore not permitted, as there is only a theoretical right of set-off at the end of the reporting period. If it were permitted, offsetting would allow a total of EUR 1,155k of the recognized assets of EUR 1,863k to be offset against the recognized liabilities of EUR 1,155k.

Capital management

The goal of the Logwin Group’s capital management is to preserve its financial stability and maintain an adequate equity level for Logwin AG. It can react to negative changes in the capital structure by adjusting its equity or debt resources.

Medium and long-term financial decisions are checked for their impact on the capital structure of the Logwin Group. In addition, short and medium-term changes in the capital structure are systematically monitored by analyzing working capital. In addition to changes in absolute values, akey aspect here is relative changes and changes relative to relevant figures such as revenues.

The following items are covered by capital management:

In thousand EUR	31 Dec 2014	31 Dec 2013
Liabilities from leases	−14,874	−15,993
Loans and borrowings	−1,268	−4,722
Gross financial debt	**−16,142**	**−20,715**
Cash and cash equivalents	66,959	58,646
Net liquidity	**50,817**	**37,931**
Trade accounts payable	−152,238	−142,594
Other liabilities and current provisions	−56,966	−57,536
Trade accounts receivable	141,422	125,590
Income tax receivables/liabilities	−1,601	−1,056
Other non-current and current receivables and assets	20,828	17,691
Inventories	2,505	2,601
Working Capital	**−46,049**	**−55,304**
Shareholders' equity	**102,060**	**90,946**

36 Financial commitments

The following table shows all unrecognized financial commitments as of 31 December 2014 and 2013:

In thousand EUR	31 Dec 2014	31 Dec 2013
Due within 1 year	30,806	30,500
Due within 2 to 5 years	45,618	57,851
Due after 5 years	7,133	9,499
Total	**83,557**	**97,850**

Financial commitments comprise almost exclusively operating lease agreements. The Group has operating lease agreements predominantly for warehouses, other buildings and vehicles. Some of these leases contain renewal options, purchase options, escalation clauses or contingent rent payments. There are no resulting restrictions on the Group's activities concerning dividends, additional debt or the conclusion of further leasing contracts.

In financial year 2014, operating lease expenses amounted to EUR 42,374k (prior year: EUR 47,636k). In financial year 2014, the Group received EUR 2,432k (prior year: EUR 1,165k) from sub-leasing agreements.

37 Contingent liabilities and lawsuits

It can be assumed that the contingent liabilities in respect of bank and other guarantees, letters of comfort and other liabilities arising in the ordinary course of business as of 31 December 2014 will not result in material obligations.

With regard to the antitrust proceedings against more than 40 Austrian logistics companies ongoing since 2010, the Vienna Higher Regional Court imposed a fine of EUR 2.0m in total on the Logwin group companies concerned in December 2014. Provisions had already been made for this in the prior-year financial statements. We refer to note 32 "Other non-current provisions." The ruling came into force in February 2015, so the Logwin Group can now consider the proceedings to be fully complete.

Logwin Road + Rail Austria GmbH was served with a claim from the Austrian customs authorities in April 2010 demanding backpayment of import VAT of around EUR 16m in connection with customs clearances that the company had per formed with joint and several liability on behalf of customers in the period between December 2005 and March 2006. The exemption from import VAT granted at that time was now revoked since the consignee of the goods was allegedly a participant in a missing trader (VAT carousel) fraud. The company, which remained part of the Logwin Group after the sale of the Road + Rail activities, lodged an appeal against the decision. The customs authorities did not g rant the appeal lodged by Logwin, which is why legal steps against the claim are being pursued further. The independent tax tribunal (Finanzsenat) in Salzburg has suspended proceedings pending a decision by the Austrian Supreme Administrative Court in a similar case. As of the reporting date, the risk of a claim is considered to be improbable. Against this background, no provision has been made in the accompanying financial statements to cover this matter. Moreover, the company has an insurer's preliminary confirmation of cover. There could be considerable negative consequences on the Logwin Group's net asset and financial position if the legal steps prove unsuccessful and the insurer fails to provide (sufficient) cover despite its preliminary confirmation of cover.

38 Auditor's fees

The auditor's fees for the financial year and the prior year covered the following services (amounts excluding out-of-pocket expenses):

	Auditors of Luxembourg companies		Auditor's network abroad	
In thousand EUR	**2014**	**2013**	**2014**	**2013**
Audit services	140	140	439	477
Tax services	–	–	58	54
Other services	5	15	31	72
Total	**145**	**155**	**528**	**603**

39 Key management personnel compensation

The compensation of non-executive members of the Board of Directors and of members of the Executive Committee includes all amounts received from group companies. The fixed portion of the regular compensation also includes other compensation components. In 2014, payments in the amount of EUR 89k (prior year: EUR 46k) were made to a defined contribution pension plan for members of management.

In thousand EUR	2014	2013
Members of the Executive Committee	2,595	1,626
thereof fixed portion of regular compensation	*1,814*	*1,381*
thereof variable portion of regular compensation	*781*	*245*
Non-executive members of the Board of Directors (fixed compensation)	120	120

40 Related party transactions

Entities and persons are regarded as related parties if one party has the ability to control the other party or has an interest in the entity that gives it significant influence over the entity, if the party is an associate or if the party is a member of the key personnel of the entity or its parent.

In financial years 2014 and 2013, the Logwin Group rendered or received services to or from certain associated and affiliated non-consolidated companies as part of its ordinary operations. Furthermore, there were supply and service relationships with the parent company DELTON AG and its subsidiaries.

	Associated and affiliated, not consolidated companies		DELTON AG and its subsidiaries	
In thousand EUR	2014	2013	2014	2013
Services provided	2	374	239	240
Services received	227	153	799	1,116
Receivables as of 31 Dec	33	630	4	11
Payables as of 31 Dec	0	499	108	781

The sole shareholder of DELTON AG, Mr. Stefan Quandt, is a shareholder in and Deputy Chairman of the Supervisory Board of BMW AG, Munich. He is a related party of BMW AG as defined by IAS 24 “Related Party Disclosures.”

In 2014, the Logwin Group’s revenues from companies of the BMW Group amounted to EUR 26,361k (prior year: EUR 37,901k). Receivables from BMW Group amounted to EUR 1,735k as of 31 December 2014 (prior year: EUR 415k). In addition, Logwin Group companies procured vehicles from the BMW Group, predominantly by leasing.

Furthermore, there were transactions between the Logwin Group and members of its Board of Directors. In financial year 2014, these resulted in expenses for the Logwin Group in an amount of EUR 52k (prior year: EUR 82k).

All transactions with related parties were conducted under standard market conditions at arm’s length.

41 Events after the reporting period

No other material events occurred between 31 December 2014 and the preparation of the consolidated financial statements by the Board of Directors of Logwin AG on 2 March 2015 which would require reporting.

42 Significant affiliates

The table below lists all fully consolidated companies as of 31 December 2014 with revenues exceeding EUR 10m:

Revenues in thousand EUR	Share of capital	Revenues 2014 (not consolidated)	Employees 31 Dec 2014
Solutions			
Logwin Solutions Network GmbH, DE-Aschaffenburg	100.00%	160,178	693
Logwin Solutions Austria GmbH, AT-Salzburg	100.00%	133,226	216
Logwin Solutions Deutschland GmbH, DE-Aschaffenburg	100.00%	97,766	576
Logwin Solutions Media GmbH, DE-Aschaffenburg	100.00%	77,229	113
Air + Ocean			
Logwin Air + Ocean Deutschland GmbH, DE-Aschaffenburg	100.00%	272,832	399
Logwin Air + Ocean China Ltd., CN-Shanghai	100.00%	96,715	334
Logwin Air + Ocean Austria GmbH, AT-Salzburg	100.00%	51,418	55
Logwin Air & Ocean Hong Kong Ltd., HK-Hongkong	100.00%	44,053	113
Logwin Air + Ocean Australia Pty. Ltd., AU-Sydney	100.00%	36,894	58
Logwin Air + Ocean Poland Sp.z.o.o., PL-Piaseczno	100.00%	27,089	296
Logwin Air + Ocean Singapore Pte. Ltd., SG-Singapore	100.00%	24,680	114
Logwin Air + Ocean South Africa (Pty.) Ltd., ZA-Johannesburg	100.00%	22,805	103
Logwin Air + Ocean (Thailand) Ltd., TH-Bangkok	100.00%	17,498	86
Logwin Air + Ocean UK Limited, GB-Hayes	100.00%	16,592	30
Logwin Air + Ocean Italy S.r.l., IT-Milano	51.00%	16,174	21
Logwin Air & Ocean Middle East (LLC), AE-Dubai	60.00%	16,171	61
Logwin Air & Ocean Korea Ltd., KR-Seoul	100.00%	15,068	31
Logwin Air + Ocean Brazil Logistica e Despacho Ltda., BR-Sao Paulo	100.00%	12,230	52
Logwin Air + Ocean Belgium N.V., BE-Antwerpen	100.00%	12,216	16
Logwin Air + Ocean Malaysia Sdn. Bhd., MY-Kuala Lumpur	100.00%	12,139	62
Logwin Air + Ocean Indonesia P.T., ID-Jakarta	90.00%	11,711	70

Declaration by the Board of Directors

The Board of Directors is responsible for the preparation, completeness and accuracy of the consolidated financial statements and the group management report, as well as for all other information provided in the Annual Financial Report.

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). Pursuant to the provisions of the Luxembourg Commercial Code, the group management report contains an analysis of the net assets, financial position and results of operations of the Group, as well as further information.

The consolidated financial statements, the group management report and the independent auditor's report were subject to a preliminary audit by the Audit Committee and discussed extensively in a meeting of the Board of Directors together with representatives of the audit firm.

The audit of the consolidated financial statements and the group management report for financial year 2014 did not give rise to any objections. By way of resolution by the Board of Directors, the consolidated financial statements and the group management report were therefore approved for publication.

In line with Luxembourg law, the consolidated financial statements and the group management report must still be approved by the Annual General Meeting.

The Board of Directors of Logwin AG
Grevenmacher (Luxembourg), 2 March 2015

Responsibility statement

"To the best of our knowledge and in accordance with the applicable reporting principles for consolidated financial reporting, the consolidated financial statements give a true and fair view of the net assets, financial position and result of operations of the Group, and the group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Dr. Antonius Wagner	Sebastian Esser
(Chairman of the Board of Directors)	(Member of the Board of Directors)

Independent auditor's report

To the shareholders of Logwin AG

Report on the consolidated financial statements

Following our appointment by the Annual General Meeting dated 9 April 2014, we have audited the accompanying consolidated accounts of Logwin A G, which comprise the consolidated balance sheet as of 31 December 2014, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements
The Board of Directors is responsible for the preparation and fair presentation of these consolidated accounts in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "reviseur d'entreprises agréé"
Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier." Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The procedures selected depend on the judgment of the "reviseur d'entreprises agréé," including the assessment of the risks of material misstatement of the consolidated accounts, whether due to fraud or error. In making those risk assessments, the "reviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated accounts give a true and fair view of the financial position of Logwin AG as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated accounts.

The corporate governance statement, as published on the company's website (http://www.logwin-logistics.com/investors/governance.html) as of the date of this report is the responsibility of the Board of Directors. This statement is consistent, as the date of this report, with the consolidated accounts and includes the information required by the law with respect to the corporate governance statement.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Werner WEYNAND
Luxembourg, 2 March 2015