

# Half-Year Financial Report 2011

Logwin AG



 **LOGWIN**

Your Logistics.

## Key Figures January 1 – June 30, 2011

<b>Group</b>	<i>in thousand €</i>	<b>2011</b>	2010
Net Sales		659,362	649,547
<i>Change to 2010</i>		1.5 %	
Operating Income (EBIT)		12,628	10,089
<i>Margin</i>		1.9 %	1.6 %
Net Result		3,636	-3,350
Operating Cash Flows		-19,047	-9,376
Net Cash Flows		-16,554	628

<b>Business Segments</b>	<i>in thousand €</i>	<b>2011</b>	2010
<b>Solutions</b>			
Net Sales		351,167	339,739
<i>Change to 2010</i>		3.4 %	
Operating Income (EBIT)		2,889	3,484
<i>Margin</i>		0.8 %	1.0 %
<b>Air + Ocean</b>			
Net Sales		308,445	309,515
<i>Change to 2010</i>		-0.3 %	
Operating Income (EBIT)		12,401	9,870
<i>Margin</i>		4.0 %	3.2 %

	<b>Jun. 30, 2011</b>	Dec. 31, 2010
Equity Ratio	37.1 %	32.6 %
Net Financial Debt ( <i>in thousand €</i> )	24,444	28,098
Number of Employees	5,821	5,686

The Half-Year Financial Report 2011 is published in both English and German. The English version is a translation from the German original, which is authoritative.

# Group Interim Management Report

## Business Development

Following a very dynamic start, the expansion of the global economy slowed a little towards the middle of the year. Although the German economy is still experiencing positive growth, the crisis in Greece, the sharp increase in the price of oil and sluggish economic performance in the USA are causing uncertainty. The German logistics and transportation sector also benefited from the generally positive economic development seen in industry and trade in domestic and foreign markets in the second quarter. Nevertheless, the logistics industry sees itself confronted with increased competitive and cost-related pressures. This can be seen in road transportation, for example in rising diesel prices, which, when combined with the shortage of freight capacity, is resulting in higher freight rates. Air freight rates are even higher than in 2010, while sea freight rates continue to decline significantly due to persistently high freight capacities.

The economic performance of the Logwin Group continued its positive trend in the first six months of 2011. Sales in the business segment Solutions reflect continued pleasing economic growth. However, it has not always been possible to pass on higher costs such as those for fuel, which is having a negative effect on earnings. Even though sales in the business segment Air + Ocean stagnated as a result of declining sea freight rates and high competitive pressure, the overall course of business can still be described as satisfactory. Transport volumes remained stable compared with 2010. At the same time, earnings benefited not only from positive growth in export business from Germany but also from various project contracts.

## Earnings Position

**Logwin Group** The Logwin Group generated total net sales of 659.4 million euros in the first half of the year, which represents an increase of 1.5 % compared to the previous year (2010: 649.5 million euros). Primarily sales at the business segment Air + Ocean stagnated as a result of the low level of sea freight rates. In the business segment Solutions sales increased slightly over the previous year's level. Gross profit, at 53.2 million euros in the first half of 2011, was 6.9 % up on the gross profit for the first half of 2010 with 49.7 million euros. Total selling and administrative costs remained largely constant compared with 2010. The balance for other operating expenses and income amounted to 0.8 million euros (2010: 1.0 million euros).

The operating income (EBIT) for the reporting period increased from the previous year's figure of 10.1 million euros to 12.6 million euros. The EBIT margin rose from 1.6 % in 2010 to 1.9 % in 2011.

The significantly improved net financial result of -5.9 million euros is due to the lower interest charge resulting from the part redemption of the corporate bond in December 2010 (2010: -8.3 million euros). However, this was partly offset by the complete recognition of the amortization costs for the bond in the income statement, which had to be accounted for due to the repayment of the remaining amount of the bond in June 2011. Income tax charges increased from -1.6 million euros in 2010 to -3.1 million euros in 2011 primarily as a result of the improvement in earnings before tax.

The earnings losses reported in the previous year for discontinued business operations are no longer incurred in the current business year as a result of the disposals being completed in 2010. The net result for the first six months of 2011 increased to 3.6 million euros (2010: -3.4 million euros).

**Solutions** The business segment Solutions generated sales of 351.2 million euros in the first six months (2010: 339.7 million euros). This represents an increase of 3.4 % compared to 2010. Specialist network solutions operating within Transport and Retail Networks were able to further expand business with existing and new customers, which resulted in a significantly higher level of sales. The area of General Cargo achieved growth in transport volumes as a result of positive performance in the automotive industry. Contract logistics activities also reported stable performance. This can be attributed to the economic growth experienced by industry-related customers with large volumes and to the improved utilization of existing capacities. However, increasing freight rates resulting from a growing shortage of freight capacity and the significant increase in the price of diesel – which could not always be fully passed on to customers – had a negative effect on earnings. The price of diesel at the end of June 2011 was 13.5 % higher than at the end of June 2010. Special effects resulting from the restructuring of our Turkish subsidiary also impacted earnings. In the reporting period, the business segment Solutions generated operating income (EBIT) of 2.9 million euros, falling short of the previous year's figure of 3.5 million euros, which, however, included revenues from the sale of fringe activities (+0.7 million euros). The operating margin was 0.8 % (2010: 1.0 %). New national subsidiaries were established in Serbia and Bulgaria in the first quarter of 2011.

**Air + Ocean** The business segment Air + Ocean achieved sales of 308.4 million euros in the first half year of 2011 (2010: 309.5 million euros). Despite significantly lower sea freight rates – since the beginning of the year freight rates have fallen to levels seen in the crisis year of 2009 – the business segment could almost equal the sales generated in the previous year. Compared to the previous year, a significant increase in volume was achieved in air freight, while sea freight volumes remained largely constant. Operating income (EBIT) in the first six months amounted to 12.4 million euros, which represents an improvement in earnings of 2.5 million euros over the previous year (2010: 9.9 million euros). This positive development was primarily due to the largest business units Europe Middle East and Far East Asia.

## Financial and Net Asset Position

Despite an overall picture of marked positive earnings growth for the Logwin Group, the first six months saw cash outflows from operating activities of -19.0 million euros (2010: -9.4 million euros). Working capital grew in view of the increased volume of business and seasonal effects. This turned out more than in the previous year and resulted in a fall in operating cash flow compare to the previous year's value. Furthermore, operating cash flow includes outflows for the settlement of a legal dispute for which a provision had been made in previous years.

Cash flow from investment activity at the end of the first six months was 2.5 million euros (2010: 10.0 million euros). This figure includes payments for investment at the same level as last year as well as revenues from the sale of assets that had been categorized in the annual financial report as “available for sale”. The figure for the previous year includes received purchase price payments from the disposal of activities of the Road + Rail subsidiaries. Total net cash flow was -16.6 million euros (2010: +0.6 million euros). Cash flow from financing activities amounted to -24.0 million euros in the first half of 2011 (2010: -4.2 million euros) and primarily reflects the cash flows relating to the refinancing of the corporate bond through liquid funds, the use of factoring and taking out a long-term bank loan.

As of June 30, 2011, the Logwin Group reported a balance sheet total of 452.1 million euros compared with 512.1 million euros at the end of the previous year.

Non-current assets amount to 247.3 million euros compared with 254.8 million euros at the end of last year. This includes recognized goodwill of 153.1 million euros (December 31, 2010: 153.4 million euros). This item also includes property, plant and equipment with a carrying value of 70.2 million euros (December 31, 2010: 75.3 million euros), other intangible assets of 6.6 million euros (December 31, 2010: 7.7 million euros) and deferred tax assets of 14.6 million euros. Current assets of the Logwin Group total 204.7 million euros (December 31, 2010: 257.3 million euros). The largest items here are trade accounts receivable with a value of 151.6 million euros (December 31, 2010: 160.9 million euros) and cash and cash equivalents of 26.0 million euros (December 31, 2010: 67.5 million euros). It should be noted that as result of the “true sale” of accounts receivable as part of the factoring program, IFRS required the use of factoring to be reported as a reduction in the total amount of accounts receivable. The reduction in the amount of cash and cash equivalents is also due to the repayment of the bond, which was redeemed in part through the use of available liquidity.

As of June 30, 2011, the Logwin Group reported shareholder equity of 167.8 million euros compared with 167.0 million euros at the end of the previous year. The equity ratio was thus 37.1 % – primarily as a result of lower total assets (December 31, 2010: 32.6%).

After redemption of the corporate bond, non-current liabilities totaled 70.5 million euros (December 31, 2010: 118.3 million euros). Current liabilities amounted to 213.8 million euros as of June 30, 2011 (December 31, 2010: 226.8 million euros). This amount primarily includes trade accounts payable of 153.3 million euros (December 31, 2010: 157.8 million euros).

## Employees

As of June 30, 2011, the Logwin Group employed 5,821 people. This represents an increase of 135 employees since December 31, 2010.

## Report on the Stock and Corporate Bond of Logwin AG

**Logwin share** A total of 2.5 million Logwin AG shares were traded on all German stock exchanges in the reporting period. This represented a trading volume of 3.4 million euros. The Logwin share had a closing price on the Xetra of 1.34 euros per share on June 30, 2011. However, the significance of the development of the Logwin share price is limited due to the low volumes traded.

Key figures for the Logwin share		Jun. 30, 2011	Jun. 30, 2010
Closing price (Xetra)	in euros	1.34	1.03
High/Low 52 weeks	in euros	1.63 / 0.95	1.35 / 0.86
Total number of shares	in units	146.257.596	111.474.987
Market capitalization	in million euros	196.0	114.8

**Development of the corporate bond** The corporate bond, half of which was redeemed for 65 million euros on December 15, 2010, was fully redeemed on June 15, 2011. Repayment was effected in part from the company's own funds and partly by taking out a long-term bank loan and utilizing an existing factoring facility.

**Corporate rating** Standard & Poor's raised its rating for the Logwin Group in May 2011 to rating category "B+" and the rating for the corporate bond to rating category "B".

## Other Reporting

**Annual General Meeting** The Annual General Meeting of Logwin AG was held in Luxembourg on April 13, 2011. The individual agenda items can be viewed in the notification to all shareholders on the Logwin website under: [www.logwin-logistics.com/investors](http://www.logwin-logistics.com/investors).

**Investigations by Austrian Federal Competition Authorities** As referred in the 2010 annual financial report, the Austrian Federal Competition Authorities submitted petitions at the end of February 2010 to the Vienna Higher Regional court (Oberlandesgericht), in its function as a cartel court, against more than 40 Austrian logistics companies, including three companies belonging to the Logwin Group, for alleged infringements of Austrian and European antitrust legislation. The Federal Competition Authorities have applied for fines to be imposed in an unspecified amount. In various statements the Logwin Group and the other forwarding companies have contested the arguments of the Federal Competition Authorities with regard to both their representation of the facts and to their legal opinion. Nevertheless, the Federal Competition Authorities continue to hold their legal opinion, in particular with regard to European law. According to information obtained so far, the Logwin Group does not share the legal opinion of the Austrian Federal Competition Authorities. In its judgment dated February 22, 2011, the Vienna Higher Regional court (Oberlandesgericht) rejected in the first instance claims brought by the Austrian Federal Competition Authorities against members of the so-called forwarding agents' conference (Speditionskonferenz – SSK). The Austrian Federal Competition Authorities and the Austrian Federal Competition Attorney have lodged an appeal with the Austrian Supreme Court against the decision in the first instance. Since the Logwin Group, based on the legal opinions it has obtained, does not assume that a fine will actually be imposed and since it is not possible to make a reliable estimate of the

possible impact this would have, no provision has been made in this report and no estimate has been made of a possible contingent liability. Should a fine still be imposed, it could have considerable negative effects on the Logwin Group's net asset and financial position.

**Claim for payment of import sales tax** As described in detail in the 2010 annual financial report, Logwin Road + Rail Austria GmbH was served with a claim from the Austrian customs authorities in April 2010 demanding payment of import sales tax of around 16 million euros in duties for customs clearance 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 sales tax granted at that time was now revoked since the consignee of the goods was allegedly a participant in a missing trader (sales tax 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 will be pursued further. Moreover, the company has an insurer's preliminary confirmation of cover. Against this background, no provision and no contingent liability have been made in these financial statements to cover this matter. This could have 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 the preliminary confirmation of cover.

## Outlook

For the rest of the 2011 financial year the Logwin Group assumes that the growth in volumes seen in the first half of the year will continue into the second half and that sales will develop at a steady pace. The group is focusing on continuing to raise the level of profitability achieved in 2010. Owing to the successfully completed refinancing of the remaining portion for the corporate bond in June 2011 significantly reduced interest expenses are anticipated in the further course of the year. This, together with the disappearance of costs arising from sold business operations, will contribute significantly to increasing group earnings compared to the previous year.

The development of the business segment Solutions will be characterized by a systematic expansion of profitable new business combined with consistent further growth of business activities with existing customers and further targeted capacity and cost optimization measures. The business segment Air + Ocean is optimistic that it will be able to continue its positive development in business. With regard to future performance, it remains to be seen as to how shipping companies will react to the decline in freight rates as a result of rising freight capacities. The Logwin Group will continue to pursue a profitability- and liquidity-oriented business policy with active working capital management in order to achieve positive net cash flow relating to investments.

# Interim Consolidated Financial Statements

## Statement of Income

January 1 - June 30, <i>in thousand €</i>	6 Months		2nd Quarter	
	2011	2010	2011	2010
Net sales	659,362	649,547	323,082	328,838
Cost of sales	-606,191	-599,802	-298,845	-306,200
<b>Gross profit</b>	<b>53,171</b>	<b>49,745</b>	<b>24,237</b>	<b>22,638</b>
Selling costs	-13,699	-12,837	-6,953	-7,161
General and administrative costs	-27,636	-27,799	-13,901	-13,049
Other income	4,056	4,740	2,129	2,508
Other expenses	-3,264	-3,760	-1,280	-2,273
<b>Operating income (EBIT)</b>	<b>12,628</b>	<b>10,089</b>	<b>4,232</b>	<b>2,663</b>
Finance income	459	447	226	271
Finance expenses	-6,381	-8,735	-3,546	-4,834
<b>Earnings of continuing business operations before income taxes</b>	<b>6,706</b>	<b>1,801</b>	<b>912</b>	<b>-1,900</b>
Income taxes	-3,070	-1,578	-688	272
<b>Earnings of continuing business operations after income taxes</b>	<b>3,636</b>	<b>223</b>	<b>224</b>	<b>-1,628</b>
<b>Earnings of discontinued business operations after income taxes</b>	<b>-</b>	<b>-3,573</b>	<b>-</b>	<b>-1,873</b>
thereof income taxes	-	649	-	744
<b>Net result</b>	<b>3,636</b>	<b>-3,350</b>	<b>224</b>	<b>-3,501</b>
<b>Attributable to:</b>				
Equity holders of Logwin AG	3,264	-3,439	53	-3,542
Non-controlling interest	372	89	171	41

January 1 - June 30, <i>in €</i>	6 Months		2nd Quarter	
	2011	2010	2011	2010
<b>Earnings per share – basic and fully diluted:</b>				
Income (loss) of continuing business operations attributable to the equity holders of Logwin AG	0.02	0.00	0.00	-0.01
Income (loss) of discontinued business operations attributable to the equity holders of Logwin AG	-	-0.03	-	-0.02
Income (loss) attributable to the equity holders of Logwin AG	0.02	-0.03	0.00	-0.03
<b>Weighted average number of shares outstanding</b>	<b>146,257,596</b>	<b>111,474,987</b>	<b>146,257,596</b>	<b>111,474,987</b>

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

## Statement of Comprehensive Income

January 1 - June 30,	<i>in thousand €</i>	2011	2010
<b>Net result</b>		<b>3,636</b>	<b>-3,350</b>
Unrealized profit/loss on securities, available-for-sale		-7	-
Realized profit/loss on securities, available-for-sale		-	14
Unrealized loss on interest swap		-320	-
Unrealized profit/loss on commodity forwards		-	-58
<b>Neutral effects from change in fair value reserve</b>		<b>-327</b>	<b>-44</b>
Actuarial gains and losses		-	106
Deferred income taxes		-	-
<b>Neutral effects from actuarial gains and losses from pensions and other long-term obligations</b>		<b>-</b>	<b>106</b>
Unrealized losses/profit		-2,332	3,292
<b>Neutral effects from change in translation reserve</b>		<b>-2,332</b>	<b>3,292</b>
<b>Other comprehensive income</b>		<b>-2,659</b>	<b>3,354</b>
<b>Total comprehensive income</b>		<b>977</b>	<b>4</b>
<b>Attributable to:</b>			
Equity holders of Logwin AG		605	-85
Non-controlling interest		372	89

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## Statement of Cash Flows

January 1 - June 30,	<i>in thousand €</i>	<b>2011</b>	<b>2010</b>
Earnings before income taxes		6,706	1,801
Financing result		5,922	8,288
Operating income (EBIT)		12,628	10,089
Adjustments to reconcile net result to operating cash flows:			
Depreciation and amortization		6,037	6,752
Result from disposal of assets		-224	35
Other, net		-2,446	-861
Income taxes paid		-2,347	1,763
Interest expenses paid		-4,448	-6,352
Changes in working capital, cash effective:			
Change in receivable, cash effective		-17,289	-38,339
Change in payable, cash effective		-11,392	28,587
Change in inventory, cash effective		434	-429
<b>Operating cash flows of continuing business operations</b>		<b>-19,047</b>	<b>1,245</b>
Operating cash flows of discontinued business operations		-	-10,621
Capital expenditures		-3,646	-3,340
Proceeds from disposal of consolidated companies and other business units		589	1,586
Proceeds from disposals of non-current assets		6,046	500
Payments for acquisitions of subsidiaries, net cash acquired		-305	-189
Other changes in investing activities		-191	1
<b>Investing cash flows of continuing business operations</b>		<b>2,493</b>	<b>-1,442</b>
Investing cash flows of discontinued business operations		-	11,446
<b>Net cash flows of continuing business operations</b>		<b>-16,554</b>	<b>-197</b>
Net cash flows of discontinued business operations		-	825
<b>Net cash flows</b>		<b>-16,554</b>	<b>628</b>
Partial redemption of corporate bond		-65,000	-
Changes in shortterm financial liabilities		23,156	-1,465
Repayment in lease obligations		-987	-881
Repayment in longterm financial liabilities		-	-313
Borrowing/Repayment of longterm loans		19,006	-
Amount paid out to minority interest		-114	-71
Other cash flows from financing activities		-46	-204
<b>Financing cash flows of continuing business operations</b>		<b>-23,985</b>	<b>-2,934</b>
Financing cash flows of discontinued business operations		-	-1,304
Effects of exchange rate changes on cash and cash equivalents		-947	1,776
<b>Changes in cash and cash equivalents</b>		<b>-41,486</b>	<b>-1,834</b>
Cash and cash equivalents at beginning of year		67,499	64,563
Change		-41,486	-1,834
<b>Cash and cash equivalents at end of period</b>		<b>26,013</b>	<b>62,729</b>

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## Balance Sheet

<b>Assets</b>	<i>in thousand €</i>	<b>Jun. 30, 2011</b>	<b>Dec. 31, 2010</b>
Goodwill		153,135	153,389
Other intangible assets		6,645	7,728
<i>thereof software</i>		4,481	5,671
Property, plant and equipment		70,189	75,261
Financial assets		1,521	1,791
Other non-current assets		1,232	1,331
Deferred income taxes		14,603	15,315
<b>Total non-current assets</b>		<b>247,325</b>	<b>254,815</b>
Inventories		2,461	2,940
Trade accounts receivable		151,635	160,933
Income tax receivables		3,356	3,805
Other receivables and current assets		21,270	20,020
Cash and cash equivalents		26,013	67,499
Assets held for sale		-	2,102
<b>Total current assets</b>		<b>204,735</b>	<b>257,299</b>
<b>Total assets</b>		<b>452,060</b>	<b>512,114</b>

<b>Liabilities and Shareholders' Equity</b>	<i>in thousand €</i>	<b>Jun. 30, 2011</b>	<b>Dec. 31, 2010</b>
Ordinary shares		131,202	131,202
Group reserves		34,714	34,179
<b>Total group equity</b>		<b>165,916</b>	<b>165,381</b>
Non-controlling interest		1,866	1,608
<b>Shareholders' equity</b>		<b>167,782</b>	<b>166,989</b>
Corporate Bond		-	64,183
Lease obligations, long-term		18,984	20,262
Other long-term financial liabilities		24,780	5,785
Retirement and other long-term employee-related obligations		25,275	25,607
Other long-term provisions		-	103
Other long-term liabilities		760	1,392
Deferred income taxes		680	999
<b>Total non-current liabilities</b>		<b>70,479</b>	<b>118,331</b>
Trade accounts payable		153,290	157,797
Lease obligations, short-term		2,448	2,053
Other financial short-term liabilities		4,245	3,313
Short-term provisions		9,421	12,770
Tax liabilities		5,143	5,274
Other short-term liabilities		39,252	45,587
<b>Total current liabilities</b>		<b>213,799</b>	<b>226,794</b>
<b>Total liabilities and shareholders' equity</b>		<b>452,060</b>	<b>512,114</b>

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

## Statement of Changes in Shareholders' Equity

	Capital and reserves attributable to the equity holders of Logwin AG					Non-controlling interest	Total shareholders' equity
	Ordinary shares-voting, no-par value	Additional paid-in capital	Retained earnings and other reserves	Result directly recognized in equity	Total group equity		
<i>in thousand €</i>							
<b>January 1, 2010</b>	<b>139,344</b>	<b>156,047</b>	<b>-164,746</b>	<b>-4,313</b>	<b>126,332</b>	<b>1,891</b>	<b>128,223</b>
Net result			-3,439		-3,439	89	-3,350
Other comprehensive income				3,354	3,354	-	3,354
<b>Total comprehensive income</b>			<b>-3,439</b>	<b>3,354</b>	<b>-85</b>	<b>89</b>	<b>4</b>
Offsetting additional paid in capital and net losses		-60,734	60,734		-		-
Reduction in registered capital through to transfer to a reserve that can be only set off against losses	-39,344		39,344		-		-
Other			-17	15	-2	-902	-904
<b>June 30, 2010</b>	<b>100,000</b>	<b>95,313</b>	<b>-68,124</b>	<b>-944</b>	<b>126,245</b>	<b>1,078</b>	<b>127,323</b>
<b>January 1, 2011</b>	<b>131,202</b>	<b>103,929</b>	<b>-68,195</b>	<b>-1,555</b>	<b>165,381</b>	<b>1,608</b>	<b>166,989</b>
Net result			3,264		3,264	372	3,636
Other comprehensive income				-2,659	-2,659	-	-2,659
<b>Total comprehensive income</b>			<b>3,264</b>	<b>-2,659</b>	<b>605</b>	<b>372</b>	<b>977</b>
Other		-70			-70	-114	-184
<b>June 30, 2011</b>	<b>131,202</b>	<b>103,859</b>	<b>-64,931</b>	<b>-4,214</b>	<b>165,916</b>	<b>1,866</b>	<b>167,782</b>

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

## Notes to Consolidated Interim Financial Statements as of June 30, 2011

These consolidated interim financial statements are prepared according to the International Financial Reporting Standards (IFRS) as adopted by the European Union and are in accordance with these standards. In particular, the regulations of IAS 34 on interim financial reporting were applied.

The accounting policies as well as disclosures are based on the Consolidated Financial Statement of Logwin AG as of December 31, 2010.

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 reported at the balance sheet date and costs and revenues during 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 reporting periods.

In addition to Logwin AG as the parent company, the scope of fully consolidated companies includes two domestic and 76 foreign companies as of June 30, 2011 (December 31, 2010: two domestic and 79 foreign companies).

The consolidated entities including Logwin AG have developed as follows:

	Dec. 31, 2010	Additions	Disposals	Jun. 30, 2011
Luxembourg	3	-	-	3
Abroad	79	1	4	76
<b>Total</b>	<b>82</b>	<b>1</b>	<b>4</b>	<b>79</b>

The four disposals of foreign companies are due to fusion on other full consolidated companies. The addition to the consolidation scope concerns a newly founded national company in Serbia.

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.

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 "Consolidation" column.

The result of each segment is measured by management based on operating income. This operating income is defined as EBIT before special items such as impairment on long-lived assets or goodwill and restructuring costs, as long as they have a relevant impact on the financial condition and results of operations. As far as possible, the general administrative expenses of the holding companies have been allocated to the business segments in line with the principle of causality.

### 1 Basis of Accounting

### 2 Consolidation Scope

### 3 Segment Reporting

The tables below set forth segment information of the business segments for the periods ended June 30, 2011 and 2010:

January 1 - June 30, 2011	<i>in thousand €</i>	<b>Solutions</b>	<b>Air + Ocean</b>	<b>Other</b>	<b>Consolidation</b>	<b>Group</b>
External sales		348,796	306,635	3,931	-	659,362
Intersegment sales		2,371	1,810	2,606	-6,787	-
<b>Net sales</b>		<b>351,167</b>	<b>308,445</b>	<b>6,537</b>	<b>-6,787</b>	<b>659,362</b>
<b>Operating income (EBIT)</b>		<b>2,889</b>	<b>12,401</b>	<b>-2,662</b>	<b>-</b>	<b>12,628</b>
Financing result						-5,922
Income taxes						-3,070
<b>Net result</b>						<b>3,636</b>

  

January 1 - June 30, 2010	<i>in thousand €</i>	<b>Solutions</b>	<b>Air + Ocean</b>	<b>Other</b>	<b>Consolidation</b>	<b>Group</b>
External sales		337,570	307,998	3,979	-	649,547
Intersegment sales		2,169	1,517	2,030	-5,716	-
<b>Net sales</b>		<b>339,739</b>	<b>309,515</b>	<b>6,009</b>	<b>-5,716</b>	<b>649,547</b>
<b>Operating income (EBIT)</b>		<b>3,484</b>	<b>9,870</b>	<b>-3,265</b>	<b>-</b>	<b>10,089</b>
Financing result						-8,288
Income taxes						-1,578
<b>Net result</b>						<b>223</b>

#### 4 Redemption of the corporate bond

In the second quarter 2011, the corporate bond with a remaining outstanding amount of 65 million euros was redeemed using the company's own liquid funds, taking out a long term bank loan (20 million euros) and by utilizing an existing factoring facility for the first time (22.5 million euros, June 30, 2011). The loan agreement requires the Logwin Group to maintain defined limits for key financial figures. As of June 30, 2011, the Logwin Group was in compliance with these conditions. The reporting of the factoring line drawn on for the first time is in accordance with the true-sale character of factoring as required by IAS 39.16ff in combination with IAS 39.A34ff and decreases the amount of accounts receivable reported on the balance sheet. The entire redemption of the corporate bond is shown in the financing cash flow.

#### 5 Contingent Liabilities

In the first six months of 2011 there were no material changes in contingent liabilities in respect of bank and other guarantees, letters of comfort, assessments and other matters arising in the ordinary course of business. It can be unchanged assumed that no material liabilities will arise herefrom.

As referred in the 2010 annual financial report, the Austrian Federal Competition Authorities submitted petitions to the Vienna Higher Regional court (Oberlandesgericht) against more than 40 Austrian logistics companies, including three companies belonging to the Logwin Group, for alleged infringements of Austrian and European antitrust legislation at the end of February 2010. The Federal Competition Authorities have applied for fines to be imposed in an unspecified amount. In various statements the Logwin Group and the other forwarding companies have contested the arguments of the Federal

Competition Authorities with regard to both their representation of the facts and to their legal opinion. Nevertheless, the Federal Competition Authorities continue to hold their legal opinion, in particular with regard to European law. According to information obtained so far, the Logwin Group does not share the legal opinion of the Austrian Federal Competition Authorities. In its judgement dated February 22, 2011, the Vienna Higher Regional court (Oberlandesgericht) rejected in the first instance claims brought by the Austrian Federal Competition Authorities against members of the so-called forwarding agents' conference (Speditionssammelkonferenz – SSK). The Federal Competition Authorities and the Bundeskartellanwalt lodged an appeal against the decision of the court of first instance with the Supreme Court. Since the Logwin Group, based on the legal opinions it has obtained, does not assume that a fine will actually be imposed and since it is not possible to make a reliable estimate of the possible impact this would have on the present financial statements, no provision has been made and no estimate has been made of a possible contingent liability. Should a fine still be imposed, it could have considerable negative effects on the Logwin Group's net asset and financial position.

Logwin Road + Rail Austria GmbH was served with a claim from the Austrian customs authorities in April 2010 – please refer to the Annual Financial Report 2010 – demanding payment of import sales tax of around 16 million euros in duties for customs clearance 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 sales tax granted at that time was now revoked since the consignee of the goods was allegedly a participant in a missing trader (sales tax 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 will be pursued further. Moreover, the company has an insurer's preliminary confirmation of cover. Against this background, no provision and no contingent liability have been made in these financial statements to cover this matter. This could have 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.

The consolidated interim financial statements were neither audited according to articles 256 and 340 of the Luxembourg law dated August 10, 1915 nor limited reviewed by an auditor.

## **6 External Review**

There were no significant events between June 30, 2011, and the preparation of the Consolidated Financial Statements by the Board of Directors of Logwin AG.

## **7 Subsequent Events**

### **Assurance by the Legal Representatives**

“To the best of our knowledge and in accordance with the applicable reporting principles for interim consolidated financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the management report of the group 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.”

Berndt-Michael Winter  
(Chairman of the Board of Directors)

Dr. Antonius Wagner  
(Deputy Chairman of the Board of Directors)

