

# Nine-Month Financial Report 2011

Logwin AG



 **LOGWIN**

Your Logistics.

## Key Figures January 1 – September 30, 2011

<b>Group</b>	<i>in thousand €</i>	<b>2011</b>	2010
Net Sales		1,009,186	1,010,971
<i>Change to 2010</i>		-0.2 %	
Operating Income (EBIT)		23,809	19,248
<i>Margin</i>		2.4 %	1.9 %
Net Result		9,336	-1,480
Operating Cash Flows		-5,341	3,896
Net Cash Flows		-5,729	12,523

<b>Business Segments</b>	<i>in thousand €</i>	<b>2011</b>	2010
<b>Solutions</b>			
Net Sales		542,665	514,169
<i>Change to 2010</i>		5.5 %	
Operating Income (EBIT)		7,728	8,098
<i>Margin</i>		1.4 %	1.6 %
<b>Air + Ocean</b>			
Net Sales		467,201	496,523
<i>Change to 2010</i>		-5.9 %	
Operating Income (EBIT)		19,918	16,296
<i>Margin</i>		4.3 %	3.3 %

	<b>Sept. 30, 2011</b>	Dec. 31, 2010
Equity Ratio	36.7 %	32.6 %
Net Financial Debt ( <i>in thousand €</i> )	27,512	28,098
Number of Employees	5,922	5,686

The Nine-Month 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

Uncertainty about the way the global economy will continue to develop has increased significantly since mid 2011. This has also led to deterioration in sentiment among logistics service providers concerning future expectations, making the market environment, already characterized by high competitive and cost pressures, increasingly difficult. Freight rates in sea transport fell at a record level in the third quarter of 2011 as a result of high surplus capacities. Air freight rates also decreased, in part below the level of 2010, following a fall-off in the level of demand.

Against this background the Logwin Group experienced an overall positive development in the first nine months of 2011. The increase in sales at the business segment Solutions is the expression of continued positive developments in industry-related fields, i.e. General Cargo-, automotive and chemicals activities. Higher volumes in specialist network solutions have also made a significant contribution. Sales in the business segment Air + Ocean were below the same period for the previous year due to very low sea freight rates. On the other hand, transport volumes in sea freight grew slightly above, and in air freight more significantly above the volumes for the comparative period in 2010.

## Earnings Position

**Logwin Group** The Logwin Group generated total net sales of 1,009.2 million euros in the first nine months of 2011, which was around the same level of sales as last year (2010: 1,011.0 million euros). Whereas sales at the business segment Solutions grew pleasingly compared with the previous year, sales performance at the business segment Air + Ocean was characterized by the historically low level of sea freight rates in the third quarter of 2011.

Gross profit for the 2011 reporting period was 83.4 million euros, up 3.5 % on the same period of the previous year (2010: 80.5 million euros). This was accompanied by a rise in the gross margin over the previous year by 0.3 percentage points to 8.3 %. Selling and administrative costs could be reduced slightly compared with the previous year. The balance for other operating expenses and income amounted to 1.3 million euros (2010: 0.6 million euros).

The operating income (EBIT) at 23.8 million euros was 23.7 % above the previous year's figure of 19.2 million euros. This caused the EBIT margin from 1.9 % reported in the comparative period of 2010 and in the previous quarter in 2011 to increase noticeably to 2.4 % in the reporting period.

The net financial result of -7.8 million euros increased significantly owing to the lower interest charge as a result of the complete repayment of the corporate bond in two steps in December 2010 and June 2011 (2010: -11.9 million euros). This figure includes the complete liquidation of the amortization costs for the bond in the income statement that were reported as a result of the repayment of the remaining amount of the bond in June 2011. Income tax charges increased from -4.5 million euros in 2010 to -6.6 million euros in 2011 owing to strongly improved earnings before tax.

Earnings losses reported in 2010 for the discontinued business segment Road + Rail are no longer incurred in the current year. The net result at the end of the reporting period amounted to 9.3 million euros (2010: -1.5 million euros).

**Solutions** In the first nine months of 2011 the business segment Solutions generated sales of 542.7 million euros, which exceeded the previous year's figure by 5.5 % (2010: 514.2 million euros). This development is based on increase of volumes as well as effected term conditions. A significant contribution was made by the special networks operating under Transport and Retail Networks, which were able to increase their sales noticeably with existing and new customers compared with the previous year. Furthermore, the continued positive growth in the automotive sector in the third quarter was reflected in increased transport volumes and in sales in the field of General Cargo. The performance of contract logistics activities was satisfactory, primarily due to the continued good order books of customers in industry-related fields. The business segment Solutions reported an operating income (EBIT) of 7.7 million euros for the reporting period (2010: 8.1 million euros). The previous year's results included earnings from the sale of fringe activities in the amount of 0.7 million euros. High transportation costs continued to have a negative effect on earnings. Furthermore, the result was negatively influenced by special effects relating to the reorganization of individual locations. The operating margin declined accordingly from 1.6 % in 2010 to 1.4 % in the current year.

**Air + Ocean** The business segment Air + Ocean achieved sales in the 2011 reporting period of 467.2 million euros (2010: 496.5 million euros). This represents a decline in sales of 5.9 %. Sea freight rates in particular, which have fallen to historical low levels, had the effect of reducing sales. Operating income (EBIT) on the other hand amounted to 19.9 million euros, which was 3.6 million euros higher than in the previous year (2010: 16.3 million euros). In spite of the increasingly difficult market environment in the last few months, earnings performance could be maintained above the level of the previous year. The positive developments at the business units Far East Asia and South East Asia made a particular contribution to this pleasing performance, in addition to the largest business unit, Europe Middle East.

## Financial and Net Asset Position

In the first nine months of 2011 the Logwin Group reported cash outflows from operating activities of -5.3 million euros (2010: cash inflows of 3.9 million euros). Despite the overall pleasing performance in earnings, operating cash flow was lower at the end of the reporting period than in the previous year. Besides higher income tax payments, this was caused by an increase in working capital above the level of the previous year.

Cash flow from investment activity at the end of the reporting period was -0.4 million euros (2010: 8.6 million euros). Amongst others, this figure includes payments from the sale of assets that had been categorized in the annual financial report as "available for sale". Payments for investment amounted to -6.5 million euros in 2011 and are thus 38.7 % above the previous year

(2010: -4.7 million euros). However, the figure for the previous year included received purchase price payments from the sale of activities of the Road + Rail subsidiaries. Total net cash flow was -5.7 million euros (2010: 12.5 million euros). Cash flow from investment activity at the end of the reporting period was -36.4 million euros (2010: -3.1 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 September 30, 2011, the Logwin Group reported a balance sheet total of 471.9 million euros compared with 512.1 million euros at the end of the previous year. This decline was due to the sale of assets and in particular to the refinancing of the corporate bond.

Non-current assets amount to 243.9 million euros compared with 254.8 million euros at the end of last year. The largest component in this figure is recognized goodwill of 153.3 million euros (December 31, 2010: 153.4 million euros). This item also includes property, plant and equipment with a carrying value of 69.6 million euros (December 31, 2010: 75.3 million euros), other intangible assets of 6.8 million euros (December 31, 2010: 7.7 million euros) and deferred tax assets of 11.5 million euros (December 31, 2010: 15.3 million euros). Current assets of the Logwin Group total 228.0 million euros (December 31, 2010: 257.3 million euros). The largest items here are trade accounts receivable with a value of 173.8 million euros (December 31, 2010: 160.9 million euros) and cash and cash equivalents of 24.0 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 “off balance”, i.e. as a reduction in the total amount of accounts receivable. The reduction in the amount of cash and cash equivalents is due to the repayment of the bond, since redemption was effected in part through the use existing liquidity.

As of September 30, 2011, the Logwin Group reported shareholder equity of 173.1 million euros compared with 167.0 million euros at the end of the previous year. The equity ratio was thus 36.7 % (December 31, 2010: 32.6 %).

After redemption of the corporate bond, non-current liabilities totaled 70.0 million euros (December 31, 2010: 118.3 million euros). Current liabilities amounted to 228.8 million euros at the end of the third quarter 2011 (December 31, 2010: 226.8 million euros). This amount primarily consisted of trade accounts payable of 161.5 million euros (December 31, 2010: 157.8 million euros).

## Employees

As of September 30, 2011, the Logwin Group employed 5,922 people. This represents an increase of 236 employees compared with 5,686 as of December 31, 2010, and was due in part to seasonal effects and to the expansion of business.

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

**Logwin share** A total of 3.6 million Logwin AG shares were traded on all German stock exchanges in the reporting period. This represented a turnover of 4.6 million euros. The Logwin share had a closing price on the Xetra of 1.20 euros per share on September 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		Sept. 30, 2011	Sept. 30, 2010
Closing price (Xetra)	in euros	1.20	1.21
High/Low 52 weeks	in euros	1.58 / 0.98	1.35 / 0.86
Total number of shares	in units	146,257,596	111,474,987
Market capitalization	in million euros	175.5	134.9

**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 (corporate credit rating) 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 fourth quarter of the 2011 financial year the Logwin Group expects a seasonal-related weakening in volume growth. The Logwin Group is maintaining its objective of raising the level of operational profitability achieved in 2010. An improved financial result is anticipated as a result of reduced interest expenses. Combined with the disappearance of costs from the discontinued business operations, this will contribute to increasing group earnings compared with the previous year.

Besides a focus on developing profitable new business and the systematic growth of business with existing customers, the business segment Solutions will be placing emphasis on expanding its special retail network and on targeted capacity and optimization measures. Despite an increasingly difficult market environment the business segment Air + Ocean is confident that it will be able to continue its positive development experienced in the first nine months. It is expected that in particular Asia will provide an important impetus for this due to a relatively dynamic economic growth.

# Interim Consolidated Financial Statements

## Statement of Income

January 1 - September 30, <i>in thousand €</i>	9 Months		3rd Quarter	
	2011	2010	2011	2010
Net sales	1,009,186	1,010,971	349,824	361,424
Cost of sales	-925,811	-930,452	-319,620	-330,650
<b>Gross profit</b>	<b>83,375</b>	<b>80,519</b>	<b>30,204</b>	<b>30,774</b>
Selling costs	-20,559	-20,130	-6,860	-7,293
General and administrative costs	-40,348	-41,739	-12,712	-13,940
Other income	6,327	6,595	2,271	1,855
Other expenses	-4,986	-5,997	-1,722	-2,237
<b>Operating income (EBIT)</b>	<b>23,809</b>	<b>19,248</b>	<b>11,181</b>	<b>9,159</b>
Finance income	653	752	194	304
Finance expenses	-8,487	-12,649	-2,106	-3,913
<b>Earnings of continuing business operations before income taxes</b>	<b>15,975</b>	<b>7,351</b>	<b>9,269</b>	<b>5,550</b>
Income taxes	-6,639	-4,527	-3,569	-2,949
<b>Earnings of continuing business operations after income taxes</b>	<b>9,336</b>	<b>2,824</b>	<b>5,700</b>	<b>2,601</b>
<b>Earnings of discontinued business operations after income taxes</b>	<b>-</b>	<b>-4,304</b>	<b>-</b>	<b>-731</b>
thereof income taxes	-	795	-	146
<b>Net result</b>	<b>9,336</b>	<b>-1,480</b>	<b>5,700</b>	<b>1,870</b>
<b>Attributable to:</b>				
Equity holders of Logwin AG	8,796	-1,742	5,532	1,656
Non-controlling interest	540	262	168	214

January 1 - September 30, <i>in €</i>	9 Months		3rd 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	0.06	0.03	0.04	0.02
Income (loss) of discontinued business operations attributable to the equity holders of Logwin AG	-	-0.04	-	-0.01
Income (loss) attributable to the equity holders of Logwin AG	0.06	-0.02	0.04	0.01
<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 - September 30,	<i>in thousand €</i>	2011	2010
<b>Net result</b>		<b>9,336</b>	<b>-1,480</b>
Unrealized profit/loss on securities, available-for-sale		-25	-
Realized profit/loss on securities, available-for-sale		-	21
Unrealized loss on interest swap		-904	-
Unrealized profit/loss on commodity forwards		-	-267
<b>Neutral effects from change in fair value reserve</b>		<b>-929</b>	<b>-246</b>
Actuarial gains and losses		-	52
Deferred income taxes		-	-
<b>Neutral effects from actuarial gains and losses from pensions and other long-term obligations</b>		<b>-</b>	<b>52</b>
Unrealized losses/profit		-2,122	1,746
<b>Neutral effects from change in translation reserve</b>		<b>-2,122</b>	<b>1,746</b>
<b>Other comprehensive income</b>		<b>-3,051</b>	<b>1,552</b>
<b>Total comprehensive income</b>		<b>6,285</b>	<b>72</b>
<b>Attributable to:</b>			
Equity holders of Logwin AG		5,745	-190
Non-controlling interest		540	262

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## Statement of Cash Flows

January 1 - September 30,	<i>in thousand €</i>	<b>2011</b>	<b>2010</b>
Earnings before income taxes		15,975	7,351
Financing result		7,834	11,897
Operating income (EBIT)		23,809	19,248
Adjustments to reconcile net result to operating cash flows:			
Depreciation and amortization		9,127	9,926
Result from disposal of assets		-213	85
Other, net		-2,088	-3,154
Income taxes paid		-2,655	937
Interest expenses paid		-4,548	-6,742
Changes in working capital, cash effective:			
Change in receivable, cash effective		-29,691	-57,758
Change in payable, cash effective		553	52,333
Change in inventory, cash effective		365	-485
<b>Operating cash flows of continuing business operations</b>		<b>-5,341</b>	<b>14,390</b>
Operating cash flows of discontinued business operations		-	-10,494
<b>Operating cash flows</b>		<b>-5,341</b>	<b>3,896</b>
Capital expenditures		-6,462	-4,660
Proceeds from disposal of consolidated companies and other business units		589	-
Proceeds from disposals of non-current assets		6,016	2,258
Payments for acquisitions of subsidiaries, net cash acquired		-300	-262
Other changes in investing activities		-231	-
<b>Investing cash flows of continuing business operations</b>		<b>-388</b>	<b>-2,664</b>
Investing cash flows of discontinued business operations		-	11,291
<b>Net cash flows of continuing business operations</b>		<b>-5,729</b>	<b>11,726</b>
Net cash flows of discontinued business operations		-	797
<b>Net cash flows</b>		<b>-5,729</b>	<b>12,523</b>
Redemption of corporate bond		-65,000	-
Changes in shortterm financial liabilities		11,721	-851
Repayment in lease obligations		-1,363	-1,370
Repayment in longterm financial liabilities		-	-672
Borrowing/Repayment of longterm loans		18,443	-
Amount paid out to minority interest		-114	-179
Other cash flows from financing activities		-44	-9
<b>Financing cash flows of continuing business operations</b>		<b>-36,357</b>	<b>-3,081</b>
Financing cash flows of discontinued business operations		-	-1,309
Effects of exchange rate changes on cash and cash equivalents		-1,368	1,197
<b>Changes in cash and cash equivalents</b>		<b>-43,454</b>	<b>9,330</b>
Cash and cash equivalents at beginning of year		67,499	64,563
Change		-43,454	9,330
<b>Cash and cash equivalents at end of period</b>		<b>24,045</b>	<b>73,893</b>

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

## Balance Sheet

Assets	<i>in thousand €</i>	Sept. 30, 2011	Dec. 31, 2010
Goodwill		153,336	153,389
Other intangible assets		6,834	7,728
<i>thereof software</i>		3,968	5,671
Property, plant and equipment		69,570	75,261
Financial assets		1,500	1,791
Other non-current assets		1,204	1,331
Deferred income taxes		11,467	15,315
<b>Total non-current assets</b>		<b>243,911</b>	<b>254,815</b>
Inventories		2,562	2,940
Trade accounts receivable		173,753	160,933
Income tax receivables		3,176	3,805
Other receivables and current assets		24,494	20,020
Cash and cash equivalents		24,045	67,499
Assets held for sale		-	2,102
<b>Total current assets</b>		<b>228,030</b>	<b>257,299</b>
<b>Total assets</b>		<b>471,941</b>	<b>512,114</b>

Liabilities and Shareholders' Equity	<i>in thousand €</i>	Sept. 30, 2011	Dec. 31, 2010
Ordinary shares		131,202	131,202
Group reserves		39,854	34,179
<b>Total group equity</b>		<b>171,056</b>	<b>165,381</b>
Non-controlling interest		2,034	1,608
<b>Shareholders' equity</b>		<b>173,090</b>	<b>166,989</b>
Corporate Bond		-	64,183
Lease obligations, long-term		19,091	20,262
Other long-term financial liabilities		24,205	5,785
Retirement and other long-term employee-related obligations		25,323	25,607
Other long-term provisions		-	103
Other long-term liabilities		642	1,392
Deferred income taxes		741	999
<b>Total non-current liabilities</b>		<b>70,002</b>	<b>118,331</b>
Trade accounts payable		161,457	157,797
Lease obligations, short-term		1,846	2,053
Other financial short-term liabilities		6,415	3,313
Short-term provisions		9,678	12,770
Tax liabilities		5,092	5,274
Other short-term liabilities		44,361	45,587
<b>Total current liabilities</b>		<b>228,849</b>	<b>226,794</b>
<b>Total liabilities and shareholders' equity</b>		<b>471,941</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			-1,742		-1,742	262	-1,480
Other comprehensive income				1,552	1,552	-	1,552
<b>Total comprehensive income</b>			<b>-1,742</b>	<b>1,552</b>	<b>-190</b>	<b>262</b>	<b>72</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		-		-
Amount paid out to minority interest						-179	-179
Changes in scope of consolidation						-830	-830
Other			115	15	130	-	130
<b>September 30, 2010</b>	<b>100,000</b>	<b>95,313</b>	<b>-66,295</b>	<b>-2,746</b>	<b>126,272</b>	<b>1,144</b>	<b>127,416</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			8,796		8,796	540	9,336
Other comprehensive income				-3,051	-3,051	-	-3,051
<b>Total comprehensive income</b>			<b>8,796</b>	<b>-3,051</b>	<b>5,745</b>	<b>540</b>	<b>6,285</b>
Other		-70			-70	-114	-184
<b>September 30, 2011</b>	<b>131,202</b>	<b>103,859</b>	<b>-59,399</b>	<b>-4,606</b>	<b>171,056</b>	<b>2,034</b>	<b>173,090</b>

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

## Notes to Consolidated Interim Financial Statements as of September 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 77 foreign companies as of September 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	Sept. 30, 2011
Luxembourg	3	-	-	3
Abroad	79	2	4	77
<b>Total</b>	<b>82</b>	<b>2</b>	<b>4</b>	<b>80</b>

The four disposals of foreign companies are due to mergers on other full consolidated companies. The addition to the consolidation scope concerns two newly founded national companies in Serbia and Bulgaria.

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 September 30, 2011 and 2010:

January 1 - September 30, 2011	<i>in thousand €</i>	<b>Solutions</b>	<b>Air + Ocean</b>	<b>Other</b>	<b>Consolidation</b>	<b>Group</b>
External sales		539,408	464,098	5,680	-	1,009,186
Intersegment sales		3,257	3,103	3,839	-10,199	-
<b>Net sales</b>		<b>542,665</b>	<b>467,201</b>	<b>9,519</b>	<b>-10,199</b>	<b>1,009,186</b>
<b>Operating income (EBIT)</b>		<b>7,728</b>	<b>19,918</b>	<b>-3,837</b>	<b>-</b>	<b>23,809</b>
Financing result						-7,834
Income taxes						-6,639
<b>Net result</b>						<b>9,336</b>

  

January 1 - September 30, 2010	<i>in thousand €</i>	<b>Solutions</b>	<b>Air + Ocean</b>	<b>Other</b>	<b>Consolidation</b>	<b>Group</b>
External sales		510,455	494,518	5,998	-	1,010,971
Intersegment sales		3,714	2,005	3,139	-8,858	-
<b>Net sales</b>		<b>514,169</b>	<b>496,523</b>	<b>9,137</b>	<b>-8,858</b>	<b>1,010,971</b>
<b>Operating income (EBIT)</b>		<b>8,098</b>	<b>16,296</b>	<b>-5,146</b>	<b>-</b>	<b>19,248</b>
Financing result						-11,897
Income taxes						-4,527
<b>Net result</b>						<b>2,824</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 and by utilizing an existing factoring facility. The loan agreement requires the Logwin Group to maintain defined limits for key financial figures. As of September 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. Cash and Cash equivalents shows received payments from customers with a value of 3.7 million euros which have to be forwarded directly to the factoring company.

#### 5 Contingent Liabilities

In the first nine 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 September 30, 2011, and the preparation of the Consolidated Financial Statements by the Board of Directors of Logwin AG.

## **7 Subsequent Events**

