

Nine-Month Financial Report 2013

Logwin AG



Your Logistics.

Key Figures January 1 - September 30, 2013

Group	<i>in thousand €</i>	2013	2012
Revenues		932,384	1,005,254
<i>Change on 2012</i>		-7.2 %	
Operating result (EBITA) before valuation effects and the sale of business activities		19,363	15,955
<i>Margin</i>		2.1 %	1.6 %
Net result		4,000	-45,538
Net result excluding goodwill impairment and the sale of business activities		10,122	6,440
Operating cash flow		2,190	13,013
Net cash flow		10,836	11,001
Business Segments			
	<i>in thousand €</i>	2013	2012
Solutions			
Revenues		470,658	524,687
<i>Change on 2012</i>		-10.3 %	
Operating result (EBITA) before valuation effects and the sale of business activities		2,380	427
<i>Margin</i>		0.5 %	0.1 %
Air + Ocean			
Revenues		461,190	481,448
<i>Change on 2012</i>		-4.2 %	
Operating result (EBITA)		20,908	20,259
<i>Margin</i>		4.5 %	4.2 %
		Sept. 30, 2013	Dec. 31, 2012
Equity ratio		26.8 %	24.8 %
Net liquidity (<i>in thousand €</i>)		17,941	7,180
Number of employees		4,743	5,505

The nine-month financial report 2013 is published both in English and German. The English version is a translation from the German original, which is authoritative.

Group Interim Management Report

Business Development

Following weak economic momentum at the beginning of the year, the global economic situation improved somewhat in the summer months of 2013. Economic activity has also picked in Germany and the euro area as a whole in the course of the year although there are continued risks from the development of the European sovereign debt crisis and from political decisions relating to the economy.

Against the background of slightly positive macroeconomic conditions the Logwin Group experienced pleasing development in the first nine months of 2013. Continued positive net liquidity also underpins the Group's high level of financial stability.

Besides the continuing measures aimed at improving profitability, the business segment Solutions was marked by the disposal of business activities. Following the sale of the three Solutions location at Nuremberg, Gochsheim/Schweinfurt and Ludwigsburg with effect from June 30, 2013, the locations at Burgstädt and Kempten were sold with effect from August 31, 2013 and September 30, 2013 respectively. In 2012 the locations sold generated revenues of around 130 million euros with 575 employees and operated primarily in the field of general cargo transportation. In addition, the disposal of two Eastern European locations was completed in the reporting period.

The business segment Air + Ocean was able to increase its profitability compared with the prior year despite a challenging business environment and sales that were slightly below last year's level.

Earnings Position

Logwin Group The Logwin Group generated total revenues of 932.4 million euros in the first three quarters of 2013, which was below the value of the prior year of 1,005.3 million euros. This development was due to freight rates in the business unit Air + Ocean as well as to the closure of locations and the sale of business activities in the business segment Solutions. At 78.8 million euros, gross profit in the first nine months of 2013 was below that of the prior year of 81.0 million euros. In contrast, the gross margin improved from 8.1 % to 8.5 %. Selling, general and administrative costs in the first nine months of 2013 decreased to a total of 60.2 million euros, primarily in the business segment Solutions, as a consequence of the implemented measures aimed at stabilising the earnings position of the business segment (2012: 64.1 million euros). The balance from other operating income and expenses amounted to -1.4 million euros in the first three quarters of 2013 (2012: 0.0 million euros). This value includes a disposal of goodwill amounting to -1.3 million euros (2012: -0.5 million euros) associated with the sale of the aforementioned Solutions locations. The total effect of the sales of business activities on the result was -2.1 million euros (2012: 1.0 million euros). In the first nine months of 2013 the Logwin Group achieved an adjusted operating result before valuation effects and the sale of business activities of 19.4 million euros (2012: 16.0 million euros). The operating margin before valuation effects and the sale of business activities increased from 1.6 % in the prior year to 2.1 % in the first three quarters of 2013.

The sales of in part very large Solutions locations and the associated change in revenue structures at the business segment also involved impairment of goodwill at the business segment Solutions amounting to -4.0 million euros. This resulted in net result before interest and income taxes (EBIT) for the Logwin Group of 13.2 million euros. In the comparative period of the prior year EBIT amounted to -36.0 million euros and included impairment losses for goodwill of the business segment Solutions totalling -53.0 million euros.

The financial result of the first nine months of 2013 improved slightly from -4.8 million euros in 2012 to -4.4 million euros while income tax charges, at -4.8 million euros in 2013, remained at about the same level as the prior year (2012: -4.7 million euros).

The Logwin Group concluded the first nine months of 2013 with a positive net result of 4.0 million euros (2012: -45.5 million euros). The net result for the current year adjusted for goodwill impairments and the sale of business activities totalled 10.1 million euros (2012: 6.4 million euros).

Solutions Revenues for the business segment Solutions in the first three quarters of 2013 were 470.7 million euros and thus below the figure for the prior year (2012: 524.7 million euros) mainly as a result of the disposal and closure of locations at the functional unit Logistics and Warehousing. The development at the functional unit Transport and Retail Networks was marked by declining sales in the area of Media owing to a difficult environment in the field of print media. The area of Retail showed somewhat weaker revenues due to the discontinuation of unprofitable business activities. The Retail Network increased revenues in its core business and showed significant growth. Operating result before valuation effects and the sale of business activities at the business segment Solutions amounted to 2.4 million euros compared with the result of 0.4 million euros in the prior year. Operating result included additional charges associated with the closure of locations. In contrast, the implementation of the organisational changes decided in the prior year and aimed at lowering structural costs and increasing profitability in the business segment had a noticeably positive effect.

Air + Ocean In the first nine months of 2013 the business segment Air + Ocean reported revenues of 461.2 million euros, which was slightly below the level of the prior year owing to lower average freight rates over the year (2012: 481.4 million euros). Compared with the prior year, sea freight volumes saw a pleasing increase, primarily as a result of exports from Europe and inner-Asian transportation. Here the increase exceeded market growth. Over the first nine months of the year air freight volumes for the business segment declined slightly in line with the overall market but have been rising slowly since the middle of the year. Negative effects caused by economic weakness in some regions of Asia were more than outweighed by positive earnings development in other companies. The South American regions also delivered a positive performance. Overall, the business segment was able to increase its operating result from 20.3 million euros in the prior year to 20.9 million euros in the first three quarters of 2013.

Financial and Net Asset Position

In the first nine months of 2013 the Logwin Group reported cash inflows from operating activities of 2.2 million euros (2012: 13.0 million euros). This figure includes a net cash inflow from the utilisation of the factoring facility in the first nine months of 2013 totalling -2.2 million euros

(2012: 10.7 million euros). At 8.6 million euros, cash flow from investment activities for the reporting period was significantly above cash flow for the prior year of -2.0 million euros, which is mainly due to payments received in connection with the sale of Solutions locations. The Logwin Group reported total net cash flow of 10.8 million euros (2012: 11.0 million euros). Cash flow from financing activities in the first nine months amounted to -15.1 million euros (2012: -8.6 million euros) and included cash outflows of -8.0 million euros in connection with the repayment of long-term loans (2012: -5.0 million euros).

At the end of the third quarter of 2013 the Logwin Group reported total assets of 372.6 million euros compared with 396.4 million euros at December 31, 2012.

Non-current assets decreased from 161.0 million euros at December 31, 2012 to 139.0 million euros at the end of the third quarter of 2013. This development was primarily due to the disposal of business activities and subsidiaries. The most significant item included in non-current assets was capitalised goodwill of 75.7 million euros (December 31, 2012: 81.1 million euros) together with property, plant and equipment totalling 39.6 million euros (December 31, 2012: 55.5 million euros), other intangible assets of 4.6 million euros (December 31, 2012: 5.6 million euros) and deferred tax assets of 16.4 million euros (December 31, 2012: 16.5 million euros). At the end of the first nine months of 2013, current assets of the Logwin Group amounted to 233.6 million euros (December 31, 2012: 235.4 million euros) and mainly consisted of trade accounts receivable of 156.4 million euros (December 31, 2012: 150.0 million euros) and cash and cash equivalents of 48.5 million euros (December 31, 2012: 53.9 million euros). At September 30, 2013, trade accounts receivable were reduced by the utilisation of the factoring facility amounting to 3.8 million euros (December 31, 2012: 6.0 million euros).

The Logwin Group concluded the first nine months of 2013 with shareholders' equity of 99.8 million euros compared with 98.2 million euros at the prior year's balance sheet date. The equity ratio increased from 24.8 % at December 31, 2012 to 26.8 % at September 30, 2013.

Non-current liabilities decreased from 66.5 million euros at December 31, 2012 to 57.2 million euros at the end of the third quarter of 2013 mainly as a result of the part-repayment of a long-term loan. Current liabilities amounted to 215.5 million euros at September 30, 2013 (December 31, 2012: 231.7 million euros) and consisted mainly of trade accounts receivable of 151.6 million euros (December 31, 2012: 161.7 million euros).

Positive net liquidity increased significantly from 7.2 million euros at December 31, 2012 to 17.9 million euros at September 30, 2013 owing in part to payments received from the disposal of non-current assets and consolidated subsidiaries and other business operations and thus reflects the stable financial situation of the Logwin Group.

The rating by Standard & Poor's for the Logwin Group (corporate credit rating) remained unchanged in the first nine months of 2013 at "B+".

Employees

At September 30, 2013, the Logwin Group employed 4,743 staff compared with 5,505 at December 31, 2012. This represents a reduction in the number of employees of 762 primarily in connection with the aforementioned disposals of operating activities of the business segment Solutions.

Other Reporting

Annual General Meeting The Annual General Meeting of Logwin AG was held in Luxembourg on April 10, 2013. The individual agenda items can be viewed in the notification to all shareholders on the Logwin website under: www.logwin-logistics.com/investors.html. All the proposals of the Administrative Board, including the approval of the annual financial statements and the consolidated financial statements for the fiscal year ended December 31, 2012, were confirmed and adopted by a majority of shareholders.

Investigations by Austrian Federal Competition Authorities As reported at length in the 2012 annual financial report, the Vienna Higher Regional Court (Oberlandesgericht – OLG) rejected in the first instance in February 2011 claims brought by the Austrian Federal Competition Authorities against members of the so-called forwarding agents' conference (Speditionssammelkonferenz – SSK), including three companies belonging to the Logwin Group, for alleged infringements of Austrian and European antitrust legislation. In the course of the subsequent appeals process the Austrian Supreme Court (Österreichischer Oberster Gerichtshof – OG) referred the case to the European Court of Justice (ECJ) in December 2011 for a preliminary ruling on legal questions relating to European law. The judgement of the ECJ was delivered on June 18, 2013. The ECJ ruled that a company is not protected by legitimate expectation when an offence is committed on the basis of a company's misapprehension of the legality of its conduct that was caused by the content of legal advice provided by a lawyer or the decision of a national competition agency. The process will now continue to be conducted by the OG. It is assumed that the OG will send the case back to the OLG for a renewed taking of evidence, hearing and decision. In this context, it cannot be ruled out that the OLG will decide to impose fines on the members of the SSK. As the Austrian Federal Competition Authorities have yet to state any amount in their application for the imposition of fines and it is still not possible to make a reliable estimate of any fines and thus of the potential financial implications, there has been no change in the assessment of potential risks for the Logwin Group since December 31, 2012. We refer in this matter to the 2012 annual financial report.

Claim for payment of import sales tax The independent tax tribunal (Finanzsenat) in Salzburg has suspended proceedings pending a decision by the Austrian Supreme Administrative Court in a similar case relating to a claim for payment of import sales tax for customs clearance effected by Logwin Road + Rail Austria GmbH which the company performed with joint and several liability on behalf of customers who are now alleged to have been part of a so-called sales-tax carousel. There were no changes in the first nine months of 2013 that would have required a reassessment of the status at December 31, 2012. We refer in this matter to the 2012 annual financial report.

Events after the reporting period

The disposal of a plot of land held for sale was concluded with the payment of the purchase price of 4.6 million euros in October 2013.

Outlook

Based on current economic estimates the Logwin Group expects rather restrained growth in the global economy for the rest of 2013 with slightly higher prospects with regard to Germany and the European Economic Area. However, future economic growth will be influenced by progress made in the euro crisis and by the outcome of the budget debate in the USA.

In the context of this overall economic development and expectations of continuing strong volatility in freight rates, the business segment Air + Ocean still expects to achieve a stable level of profitability in the fourth quarter of the current business year. The business segment Solutions expects decreased revenues for the remainder of 2013 compared with the same period of the prior year as a result of location closures together with the disposal of business activities and subsidiaries. Further positive effects are expected in the remaining three months of 2013 from the implemented measures aimed at improving profitability. Nevertheless, continuing risks from individual customer relationships and locations could put pressure on profitability.

Consolidated Interim Financial Statements

Income Statement

January 1 - September 30, <i>in thousand €</i>	9 Months		3rd Quarter	
	2013	2012	2013	2012
Revenues	932,384	1,005,254	309,574	352,558
Cost of sales	-853,556	-924,231	-281,817	-320,909
Gross profit	78,828	81,023	27,757	31,649
Selling costs	-19,655	-22,298	-6,645	-7,171
General and administrative costs	-40,546	-41,780	-12,659	-13,433
Other operating income	6,394	6,240	1,246	2,049
Other operating expenses	-7,780	-6,208	-3,153	-3,266
Operating result before valuation effects	17,241	16,977	6,546	9,828
Goodwill impairment	-4,000	-53,000	0	0
Net result before interest and income taxes (EBIT)	13,241	-36,023	6,546	9,828
Finance income	435	433	222	45
Finance expenses	-4,881	-5,231	-1,498	-1,662
Net result before income taxes	8,795	-40,821	5,270	8,211
Income taxes	-4,795	-4,717	-1,590	-2,882
Net result	4,000	-45,538	3,680	5,329
Attributable to:				
Shareholders of Logwin AG	3,495	-45,918	3,515	5,163
Non-controlling interests	505	380	165	166
Earnings per share – basic and diluted (in EUR):				
Net result attributable to the shareholders of Logwin AG	0.02	-0.31	0.02	0.04
Weighted average number of shares outstanding	146,257,596	146,257,596	146,257,596	146,257,596

Statement of Comprehensive Income

January 1 - September 30, <i>in thousand €</i>	2013	2012
Net result	4,000	-45,538
Unrealised gains on securities, available-for-sale	10	35
Unrealised gains/losses on cash flow hedges (interest rate swaps)	426	-260
Gains/losses on currency translation of foreign operations	-2,842	1,034
Reclassification of currency translation differences into profit or loss	247	-
Other comprehensive income that may be reclassified into profit or loss in future periods	-2,159	809
Other comprehensive income that will not be reclassified into profit or loss in future periods	-	-
Other comprehensive income	-2,159	809
Total comprehensive income	1,841	-44,729
Attributable to:		
Shareholders of Logwin AG	1,336	-45,109
Non-controlling interests	505	380

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

Statement of Cash Flows

January 1 - September 30,	<i>in thousand €</i>	2013	2012
Net result before income taxes		8,795	-40,821
Financial result		4,446	4,798
Net result before interest and income taxes		13,241	-36,023
Reconciliation adjustments to operating cash flows:			
Depreciation and amortisation		7,326	8,563
Result from disposal of fixed assets		-369	-246
Goodwill impairment		4,000	53,000
Other		-2,438	-1,186
Income taxes paid		-3,145	-3,575
Interest paid		-2,104	-2,643
Changes in working capital, cash effective:			
Change in receivables		-7,811	-31,180
Change in payables		-4,370	15,805
Change in inventories		81	-239
Net cash in-/outflow from utilising the factoring facility		-2,221	10,737
Operating cash flows		2,190	13,013
Capital expenditures		-4,209	-5,196
Proceeds from disposals of consolidated subsidiaries and other business operations, net of cash and cash equivalents		3,995	3,138
Proceeds from disposals of non-current assets		9,431	681
Payments for acquisitions of subsidiaries		-200	-200
Other cash flows from investing activities		-371	-435
Investing cash flows		8,646	-2,012
Net cash flow		10,836	11,001
Repayment of current loans and borrowings		-4,882	-1,851
Repayment of non-current loans and borrowings		-8,000	-4,979
Payment of liabilities from leases		-2,012	-1,363
Distribution to non-controlling interests		-132	-197
Other cash flows from financing activities		-25	28
Financing cash flows		-15,051	-8,647
Effects of exchange rate changes on cash and cash equivalents		-1,219	400
Changes in cash and cash equivalents		-5,434	2,754
Cash and cash equivalents at the beginning of the year		53,931	41,036
Change		-5,434	2,754
Cash and cash equivalents at the end of the period		48,497	43,790

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

Balance Sheet

Assets	<i>in thousand €</i>	Sept. 30, 2013	Dec. 31, 2012
Goodwill		75,665	81,082
Other intangible assets		4,644	5,619
Property, plant and equipment		39,585	55,508
Investments		1,109	1,182
Deferred tax assets		16,424	16,463
Other non-current assets		1,548	1,118
Total non-current assets		138,975	160,972
Inventories		2,300	2,453
Trade accounts receivable		156,377	150,007
Income tax receivables		2,313	3,195
Other receivables and current assets		19,522	21,206
Cash and cash equivalents		48,497	53,931
Assets held for sale		4,616	4,616
Total current assets		233,625	235,408
Total assets		372,600	396,380

Liabilities and Shareholders' Equity	<i>in thousand €</i>	Sept. 30, 2013	Dec. 31, 2012
Ordinary shares		131,202	131,202
Group reserves		-33,695	-35,650
Equity attributable to the shareholders of Logwin AG		97,507	95,552
Non-controlling interests		2,341	2,602
Shareholders' equity		99,848	98,154
Non-current liabilities from leases		14,900	17,418
Non-current loans and borrowings		10,000	16,000
Pension provisions and similar obligations		29,120	29,260
Other non-current provisions		2,339	2,408
Deferred tax liabilities		30	197
Other non-current liabilities		853	1,246
Total non-current liabilities		57,242	66,529
Trade accounts payable		151,640	161,704
Current liabilities from leases		1,378	2,359
Current loans and borrowings		4,278	10,974
Current provisions		8,483	10,440
Income tax liabilities		3,544	2,820
Other current liabilities		46,187	43,400
Total current liabilities		215,510	231,697
Total liabilities and shareholders' equity		372,600	396,380

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

Statement of Changes in Equity

	Equity attributable to the shareholders of Logwin AG							Non-controlling interests	Total shareholders' equity
	Ordinary shares – voting, non-par value	Capital reserves	Retained earnings	Accumulated other comprehensive income			Total		
				Available-for-sale reserve	Cash flow hedge reserve	Currency translation reserve			
<i>in thousand €</i>									
January 1, 2012	131,202	92,321	-53,101	-111	-1,027	-976	168,308	2,280	170,588
Net result			-45,918				-45,918	380	-45,538
Other comprehensive income				35	-260	1,034	809		809
Total comprehensive income			-45,918	35	-260	1,034	-45,109	380	-44,729
Distributions							-	-197	-197
September 30, 2012	131,202	92,321	-99,019	-76	-1,287	58	123,199	2,463	125,662
January 1, 2013	131,202	92,321	-126,011	-73	-1,234	-653	95,552	2,602	98,154
Net result			3,495				3,495	505	4,000
Other comprehensive income				10	426	-2,595	-2,159		-2,159
Total comprehensive income			3,495	10	426	-2,595	1,336	505	1,841
Distributions							-	-132	-132
Compensation of additional paid-in capital reserves and net losses		-32,478	32,478				-		
Acquisition of outstanding non-controlling interests			619				619	-634	-15
September 30, 2013	131,202	59,843	-89,419	-63	-808	-3,248	97,507	2,341	99,848

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

Notes to the Consolidated Interim Financial Statements as of September 30, 2013

1 Basis of accounting

These consolidated interim financial statements are prepared in accordance with the International Financial Reporting Standards (IFRSs) 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 statements of Logwin AG as of December 31, 2012.

2 Consolidation scope

In addition to Logwin AG as the parent company, the fully consolidated subsidiaries include one domestic and 68 foreign companies as of September 30, 2013 (as of December 31, 2012: two domestic and 67 foreign companies).

The consolidated entities including Logwin AG have developed as follows:

	Dec. 31, 2012	Additions	Disposals	Sept. 30, 2013
Luxembourg	3	-	1	2
Germany	19	2	-	21
Other countries	48	1	2	47
Total	70	3	3	70

The additions relate to two newly established entities of the business segment Air + Ocean and an entity of the business segment Solutions that was established by way of a spin-off of an existing entity of the Group. The disposal in Luxembourg relates to an intragroup merger of a company which had been allocated to the central corporate division. The disposals of the companies in other countries concern the sales of two European subsidiaries of the business segment Solutions.

3 Goodwill impairment

As of June 30, 2013, the sale of three locations of Logwin Solutions Deutschland GmbH was completed as part of an asset deal. This disposal of partly very large Solutions locations will lead to a change in revenue structure at the business segment Solutions. For this reason, the Logwin Group once more subjected the goodwill allocated to the business segment Solutions to an impairment test that resulted in recording of an impairment loss of 4.0 million euros.

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 financial planning covering a period of at maximum five years. The financial planning is based on the business plan of the business segment Solutions and has been adjusted for the effects from the sale of the locations. The revised business plan foresees an EBIT margin of 2.3 % for the last planning year (December 31, 2012: 2.2 %). The average EBIT margin of 2012 (actual) through to 2016 (plan) was taken as the sustainable EBIT margin amounting to 1.31 % to calculate the perpetual annuity (December 31, 2012: 1.35 %).

Beyond the five-year period the growth rate was assumed unchanged from the prior year at 0.75 %. The expected cash flows were discounted using a discount rate of 7.1 % after tax (December 31, 2012: 7.3 %), which is equivalent to an interest rate of 10.2 % before tax (December 31, 2012: 10.5 %).

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

4 Segment reporting

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 tables below set forth segment information of the business segments:

January 1 - September 30, 2013	<i>in thousand €</i>	Solutions	Air + Ocean	Other	Consolidation	Group
External revenues		468,888	460,031	3,465	-	932,384
Intersegment revenues		1,771	1,158	2,703	-5,632	-
Revenues		470,658	461,190	6,168	-5,632	932,384
Operating result before valuation effects		258	20,908	-3,925	-	17,241
Goodwill impairment		-4,000	-	-	-	-4,000
Net result before interest and income taxes (EBIT)		-3,742	20,908	-3,925	-	13,241
Financial result						-4,446
Income taxes						-4,795
Net result						4,000
January 1 - September 30, 2012	<i>in thousand €</i>	Solutions	Air + Ocean	Other	Consolidation	Group
External revenues		522,070	479,814	3,370	-	1,005,254
Intersegment revenues		2,617	1,634	2,619	-6,870	-
Revenues		524,687	481,448	5,989	-6,870	1,005,254
Operating result before valuation effects		1,449	20,259	-4,731	-	16,977
Goodwill impairment		-53,000	-	-	-	-53,000
Net result before interest and income taxes (EBIT)		-51,551	20,259	-4,731	-	-36,023
Financial result						-4,798
Income taxes						-4,717
Net result						-45,538

September 30, 2013	<i>in thousand €</i>	Solutions	Air + Ocean	Other	Consolidation	Group
Segment assets		136,764	152,372	12,259	-	301,395
Unallocated assets						71,205
Total consolidated assets						372,600
Segment liabilities		106,732	112,577	18,880	-	238,189
Unallocated liabilities						34,563
Total consolidated liabilities						272,752
December 31, 2012	<i>in thousand €</i>	Solutions	Air + Ocean	Other	Consolidation	Group
Segment assets		161,247	143,301	14,424	-	318,972
Unallocated assets						77,408
Total consolidated assets						396,380
Segment liabilities		116,506	109,761	21,707	-	247,974
Unallocated liabilities						50,252
Total consolidated liabilities						298,226

Assets and liabilities of the business segment Solutions decreased mainly due to the sale of two subsidiaries and five locations of a German subsidiary.

5 Proceeds from disposals of consolidated subsidiaries and other business operations

Proceeds from disposals of consolidated subsidiaries and other business operations in the first three quarters of 2013 include cash inflows from the disposal of investments disclosed in note 4 „Segment Reporting“. The proceeds of the prior year period relate to the cash inflow from a deferred purchase price claim relating to the sale of a subsidiary in previous years and cash received for the sale of a subsidiary in the first nine month of 2012.

The assets and liabilities of the subsidiaries that were sold in the first three quarters of 2013 included TEUR 150 in cash and cash equivalents (2012: TEUR 267.)

6 Loans and borrowings

In the first nine month of 2013 the Logwin Group was in compliance with the financial covenants as defined in the agreement of the loan taken out in 2011.

Current loans and borrowings as well as cash and cash equivalents included 3.0 million euros (December 31, 2012: 7.3 million euros) from payments made by customers that must be passed on directly to the factoring company.

The following table shows the fair values of derivative financial instruments and material non-current financial instruments whose fair value could be reliably determined as of September 30, 2013 and December 31, 2012:

7 Additional information on financial instruments

	Fair Value	
	Sept. 30, 2013	Dec. 31, 2012
<i>in thousand €</i>		
Available-for-sale financial assets	561	551
Derivative financial instruments from currency hedges		
with positive market value	314	538
with negative market value	-685	-1,400
Derivative financial instruments from interest rate hedges (hedge accounting)	-808	-1,234
Non-current liabilities from leases*	-15,866	-17,616
Non-current loans and borrowings*	-10,000	-16,000

* The carrying amounts are stated in the balance sheet on page 8.

Available-for-sale financial assets are reported as investments in the balance sheet. Derivative financial instruments from currency hedges are presented under other receivables and current assets or other current liabilities, while derivatives designated as hedging instruments (interest rate swaps) are reported as other non-current liabilities.

We refer to the annual financial report 2012 for disclosure regarding the methods and assumptions used to determine the fair value of financial instruments.

In the first nine month 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.

8 Contingent liabilities

As reported at length in the 2012 annual financial report, the Vienna Higher Regional Court (Oberlandesgericht – OLG) rejected in the first instance in February 2011 claims brought by the Austrian Federal Competition Authorities against members of the so-called forwarding agents' conference (Speditionssammelkonferenz – SSK), including three companies belonging to the Logwin Group, for alleged infringements of Austrian and European antitrust legislation. In the course of the subsequent appeals process the Austrian Supreme Court (Österreichischer Oberster Gerichtshof – OG) referred the case to the European Court of Justice (ECJ) in December 2011 for a preliminary ruling on legal questions relating to European law. The judgement of the ECJ was delivered on June 18, 2013. The ECJ ruled that a company is not protected by legitimate expectation when an offence is committed on the basis of a company's misapprehension of the legality of its conduct that was caused by the content of legal advice provided by a lawyer or the decision of a national competition agency. The process will now continue to be conducted by the OG. It is assumed that the OG will send the case back to the OLG for a renewed taking of evidence, hearing and decision.

In this context, it cannot be ruled out that the OLG will decide to impose fines on the members of the SSK. As the Austrian Federal Competition Authorities have yet to state any amount in their application for the imposition of fines and it is still not possible to make a reliable estimate of any fines and thus of the potential financial implications, there has been no change in the assessment of potential risks for the Logwin Group since December 31, 2012. We refer in this matter to the 2012 annual financial report.

The independent tax tribunal (Finanzsenat) in Salzburg has suspended proceedings pending a decision by the Austrian Supreme Administrative Court in a similar case relating to a claim for payment of import sales tax for customs clearance effected by Logwin Road + Rail Austria GmbH which the company performed with joint and several liability on behalf of customers who are now alleged to have been part of a so-called sales-tax carousel. There were no changes in the first nine months of 2013 that would have required a reassessment of the status at December 31, 2012. We refer in this matter to the 2012 annual financial report.

9 External review

The consolidated interim financial statements were neither audited according to articles 69 and 340 of the Luxembourg law dated August 10, 1915 with all following changes, nor limited reviewed by an auditor.

10 Events after the reporting period

Between September 30, 2013 and the date of authorisation of the nine-month financial report by the Audit Committee of Logwin AG on October 31, 2013 the disposal of the plot of land held for sale has been completed with the payment of the purchase price of 4.6 million euros.

