Annual Report 2008

LOGWIN
















LOGWIN

Key Figures January 1 – December 31, 2008

in thousand €	12 Months			4th Quarter		
Group	**2008**	2007	Δ in %	**2008**	2007	Δ in %
Sales	2,046,321	2,043,108	0.2	473,668	515,216	−8.1
Gross Profit	150,569	150,648	−0.1	31,726	32,483	−2.3
Margin	7.4 %	7.4 %		6.7 %	6.3 %	
Earnings before Interest and Taxes (EBIT) before Impairment of goodwill	23,267	32,006	−27.3	−1,738	3,715	–
Margin	1.1 %	1.6 %		−0.4 %	0.7 %	
Earnings before Interest and Taxes (EBIT)	−74,733	26,006	–	−1,738	3,715	–
Margin	−3.7 %	1.3 %		−0.4 %	0.7 %	
Net Result	−100,894	3,334		−10,588	1,870	
Attributable to Shareholders of Logwin AG	−101,441	1,662		−10,681	910	
Earnings per Share (in €)	−0.91	0.01		−0.09	0.01	
Operating Cash Flow	15,159	38,590		−3,867	26,836	
Net Cash Flow	12,278	12,760		−1,201	19,439	

in thousand €	12 Months			4th Quarter		
Business Segments	**2008**	2007	Δ in %	**2008**	2007	Δ in %
Solutions						
Sales	713,000	759,818	−6.2	162,436	187,986	−13.6
Segment Result before Impairment of goodwill	9,107	23,448	−61.2	−2,454	2,456	–
Margin	1.3 %	3.1 %		−1.5 %	1.3 %	
Air + Ocean						
Sales	553,312	521,892	6.0	137,618	137,890	−0.2
Segment Result before Impairment of goodwill	23,279	18,934	22.9	6,795	4,832	40.6
Margin	4.2 %	3.6 %		4.9 %	3.5 %	
Road + Rail						
Sales	837,536	812,531	3.1	186,076	203,819	−25.9
Segment Result before Impairment of goodwill	−2,427	−1,608	−50.9	−4,047	−1,643	–
Margin	−0.3 %	−0.2 %		−2.2 %	−0.8 %	

in thousand €	**Dec. 31, 2008**	Dec. 31, 2007	Δ in %	**Dec. 31, 2008**	Sep. 30, 2008	Δ in %
Equity Ratio	28.4 %	34.8 %		28.4 %	26.7 %	
Net Financial Debt	134,691	142,787	−5.7	134,691	134,143	0.4
Number of Employees	8,630	8,483	1.7	8,630	8,718	−1.0

Overview

Sales In the full year 2008 the Logwin Group generated net sales of 2,046.3 million euros. Net sales thus maintained the previous year's level despite the sharp decline in overall economic activity at the end of the year.

Earnings EBIT before impairments amounted to 23.3 million euros (2007: 32.0 million euros). This figure includes one-off expenses of 5 million euros incurred as a result of the introduction of the new group brand Logwin. The EBIT margin before impairments was 1.1 % (2007: 1.6 %) for 2008.

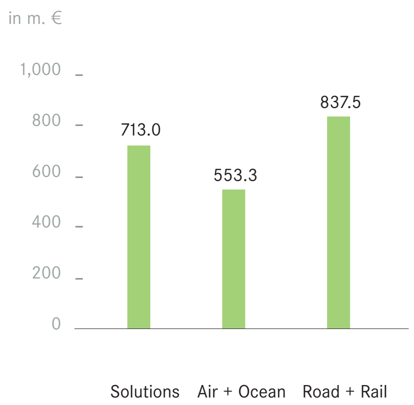
Goodwill impairment The Logwin Group conducted a review of its medium-term planning in the fall of 2008, and made adjustments for overall economic developments and changed estimates. A goodwill impairment test performed against this background led to an impairment of 98.0 million euros.

Business segments The earnings in the business segment Solutions were significantly below the previous year due to one-off effects and also to the sharp decline in demand for logistics services. The business segment Air + Ocean experienced pleasing growth, continuing its upward trend. Sales levels of the business segment Road + Rail were initially stable over the year, but saw a sharp fall in the fourth quarter.

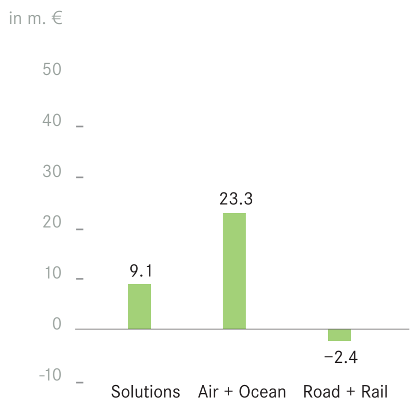
New brand The new common brand Logwin was introduced globally. Thanks to the strong market presence, customers now see the company as an integrated logistics services provider.

Outlook The development of sales and earnings of the Logwin Group will very much depend on the overall economic development, which is extremely challenging to forecast at present. The focus on stability in the management of the group forms the basis for generating future growth and development.

Sales by business segments



Result by business segments
(before impairment of goodwill)



11.03.2008

Annual Press Conference in Frankfurt (Germany)

Introducing the new brand

09.04.2008

Annual General Meeting:
Rebranding to Logwin AG

Content

07.05.2008
1st Quarterly Report as Logwin AG

01.07.2008
Launch of image campaign

Rebranding: new buildings signs at locations; employees receive new workwear


01.07.2008

First Logwin trucks on the road

Worldwide employee events accompany the launch of the new brand

Ladies and Gentlemen,

We look back on 2008 from different perspectives. On the one hand, we developed as an integrated logistics service provider. On the other hand, we must concede that we did not manage to achieve our ambitious financial targets.

Nevertheless, in our first year as Logwin, we achieved a major accomplishment. For the first time in the history of our group, all companies operate under the same brand name. From Aschaffenburg via Nanjing to Zagreb, we act as Logwin for our customers. This new strong brand image has helped us to promote the integration within the group successfully. Around the world, over 8,600 colleagues are moving together in the same direction for our joint company and, in particular, for our customers. We wish to offer them a highly efficient, very focused and above all integrated service portfolio. The customers are in the focus of the promise of our new brand.

The first positive effects of the reorganization and rebranding have already materialized in the year 2008. The increased transparency of our group in our internal and external dealings enables us to recognize our strengths and also our potential. It is allowing us to implement necessary improvements vigorously. Our customers now see us under the new brand as an integrated logistics service provider.

In the course of the year, our majority shareholder significantly increased its stake in Logwin AG from 53.2 % to 80.6 % of the registered share capital and voting rights. The public tender offer to acquire shares submitted to all shareholders of Logwin AG at the beginning of November emphasizes our majority shareholder's trust and long-term commitment.

From an economic perspective, 2008 was no easy year for our company - quite the contrary. Whereas in March we were still hoping to use the momentum of the new brand to get up to speed, the dramatic economic developments during the course of the year really put a sudden brake on the group. The weakening economic situation and the crisis in the global financial markets had an immediate impact on us as a logistics company. Significantly declining transport volumes in the automotive industry, as well as in the German garment industry, in the consumer goods sector and in retail stifled our financial performance. While net sales reached the previous year's level, we experienced a considerable earnings reduction in 2008. The difficult market environment, declining gross margins and one-off charges in individual business units had an adverse effect on profitability.

After a dramatic fall in demand for the Logwin Group, particularly in the second half of the year, market surveys and customer estimates anticipate a subdued economic situation also for the coming years. For this reason, it was our responsibility as Executive Committee to review our medium-term planning in the light of ongoing developments and to adjust it to this significantly changed environment and our revised estimates. The impairment test conducted in this context resulted in goodwill impairment losses of 98.0 million euros.

01.09.2008
Start of rebranding and image campaign in Eastern Europe

22. – 24.10.2008
25th German Logistics Congress in Berlin: first-time presentation as Logwin with booth, lounge and Logwin Night

18.12.2008
Final rebrandings in Eastern Europe

The current difficult market situation and general unpredictable economic developments will present our group with considerable challenges in 2009 as well. As a logistics service provider, we will have to work hard to maintain our position against intense competition for reduced transport and logistics volumes. To be successful here, we will further improve our internal processes and streamline our structures. Integrating our focused and professional services continues to be at the core of our strategy.

This is especially true for our business segment Solutions, whose result fell significantly short of our expectations last year. Exploiting existing know-how across the group, improving the cost structure and further developing innovative customer solutions form the key elements of the future direction of our contract logistics activities. Our business segment Air + Ocean reported pleasing growth. The upward trend continued despite an economic slowdown in various regional main markets and industry developments in air and sea freight. The ultimately disappointing result of the business segment Road + Rail was attributed to production shutdowns at customers and generally declining transportation volumes in the fourth quarter. Following an initially stable period over the course of the year, business declined sharply in the last three months of the year. We will continue to implement measures aimed at increasing profitability at Road + Rail, not least due to these developments.

The most important prerequisite for the successful development of our company and reinforcing our market position are without doubt our employees. They work closely and trustfully with our customers on a daily basis. Their commitment is the cornerstone of our business. We would therefore like to thank our employees and their representatives throughout the Logwin Group. It is their commitment that makes integration possible in the first place, and it is their enthusiasm for logistics that breathes life into our brand. For this reason, the employees of the Logwin Group are at the focal point of this year's report. They give the Logwin brand a face – their face.

We would also like to cordially thank you, our customers, shareholders and business partners for your support and would also like to affirm our value proposition: Companies are successful with Logwin as their logistics partner.

Grevenmacher / Luxembourg, March 2009

Berndt-Michael Winter | Dr. Antonius Wagner | Helmut Kaspers | Detlef Kükenshöner

“ONE COMPANY,
ONE BRAND –
IT’S LOGICAL FOR
AN INTEGRATED
LOGISTICS PROVIDER.”

Ralf Kunert is Branch Manager at the Industrial Goods sites in Heppenheim and Stuttgart. He is a logistics specialist through and through and sees himself as a problem solver who likes getting involved. He is responsible for two high rack warehouses: one for chemicals amongst others, fully automated with storage space for around 24,000 pallets; and a manually administered hazardous material store for around 6,500 pallets. He specializes in taking over customer logistics activities as part of on-site or outsourcing projects. This involves process optimization, developing value-added services and implementing new warehouse management systems. But the classical forwarding business is also part of what he does. For Industrial Goods, he manages and coordinates spare parts deliveries for the automotive supply industry, using the network of the business unit Media.

Group Portrait

Companies are increasingly internationalizing their activities, from raw materials suppliers and industrial manufacturers right through to the retail trade. Together they form the global supply chain. In this complex mesh of value creation, Logwin plans, develops and controls international networks in order to efficiently manage its customers' global flow of goods and information.

With more than 8,600 employees in 45 countries, the Logwin Group operates in all major markets worldwide and provides integrated logistics and service solutions for industry and trade at over 400 locations. In addition to global and local air and sea freight forwarding and land transportation, Logwin's competencies include warehousing, value added services and supply chain management (SCM).

Logwin regards itself as an integrated logistics service provider and at the same time as an essential part of its customers' supply chains. In close partnership with its customers, Logwin constantly redefines and energetically advances its logistical services. Through the optimized integration of transportation, warehousing and services, Logwin is able to develop a highly efficient supply chain. The customers are always the focus of all business activities. By meeting their requirements to the letter, Logwin advances their business sustainably. This value proposition, reflected in the name Logwin and the claim "Your Logistics", is the core element of our cooperative partnership: with Logwin as their logistics partner, companies are successful.

Board of Directors
Executive Committee

Solutions	**Air + Ocean**	**Road + Rail**
Industrial Goods	Europe Middle East	Western Europe
Consumer Goods	South East Asia	Central Europe
Fashion	Far East	Eastern Europe
Media	Americas	
	Africa	

Executive Committee of Logwin AG
From left to right: Detlef Kükenshöner, Dr. Antonius Wagner (Deputy Chairman)
Berndt-Michael Winter (Chairman), Helmut Kaspers

Three business segments – one goal: the very best logistics for the customer

As an expert, Logwin has long-standing experience, specialized infrastructure and know-how in various sectors of industry and trade. Logwin offers customized solutions and is able to call up all areas of logistical services and a wide range of tools from within the group. These services are provided in the three business segments Solutions, Air + Ocean and Road + Rail. By bundling similar activities, the company achieves maximum transparency and systematically exploits the potential of existing synergies. This structure encourages the far-reaching operational responsibility of the business segments for their particular markets and customers. It creates the required flexibility and the possibility for a fast response to changed customer needs. Logwin combines both centralized and decentralized elements and the advantages of an integrated logistics group with those of a flexible medium-sized company, which is how it differentiates itself from its competitors.

Barcode unreadable?
That cannot happen anymore with RFID.

The Logwin tire logistics center in Traiskirchen has been using RFID – radio frequency identification – for its complete wheel handling since 2008. Robust RFID tags are used instead of the less dependable barcodes. The appeal of this technology lies in its speed and greater reliability. Grease, dirt and paint have as little impact on their readability as plastic wrappings or creasing. Another benefit: they do not have to be scanned by hand. RFID readers receive codes that they use to link to the information assigned to them: e.g. the type of tire and wheel rim as well as the production batch and date.

In Traiskirchen we assemble up to 41,000 complete wheels in 2-shift operations on four to five production lines every month. The read rate for RFID tags on outgoing goods is 100 %.

The business segment Solutions: specialists in contract logistics

Integrated, full-service solutions represent the core competence of the business segment Solutions. The innovation driver within the Logwin Group is a professional partner for customers who wish to optimize their logistics and at the same time concentrate more on their own core competencies.

The business segment Solutions bundles Logwin's industry-related activities and offers focused, integrated services for special customer demands. The portfolio of services ranges from industry-specific supply chain management and warehousing to value-added services and complete logistics outsourcing projects. Solutions has a high level of competence in process management and the development of customized IT services. As an experienced on-site partner, Logwin also optimizes all logistics processes for industrial companies from various sectors and manages the internal flows of materials and information locally.

By combining proven modules from different sectors with customized services, Solutions creates new, innovative concepts and thus continually enhances its own portfolio of services. Based on industry-specific freight forwarding solutions and close networking with the business segments Air + Ocean and Road + Rail, both specialized and intermodal transports can be quickly and effectively realized.

Within its business units Industrial Goods, Consumer Goods, Fashion and Media, Solutions develops logistics services for customers from sectors such as the automotive, chemical, tire, high-tech, textile, lifestyle, electronics, furniture, retail, fast-moving consumer goods and print media businesses.

Using RFID in tire logistics, we simplify handling and save time.

Solutions	
Business Units	Industrial Goods, Consumer Goods, Fashion, Media
Key Figures	3,100 employees 114 locations in 14 European countries Over 700,000 sq.m of managed warehouse space
Industrial Goods	Managed logistics for industrial customers, especially on-site logistics at customer sites with efficient supply chain management and distribution activities. Target industries: automotive, chemicals, mechanical engineering and electronics.
Consumer Goods	Specialized distribution logistics for trade customers and consumer goods manufacturers, operating in particular in the furniture industry, in the manufacture of tires and wheels and in the food and electronics sectors.
Fashion	Specialized end to end logistics solutions for the fashion and lifestyle business as well as for retail chains. Largest pan-European network for the transport of hanging garments.
Media	German market leader in printed media logistics and leading air freight media forwarder. Highly specialized logistics services for the printing and publishing industry as well as the distribution of advertising supplements.

Immobilized ship?
Logwin delivers the replacement part promptly!

Even the largest of ships can break down due to technical problems. And this quickly gets very expensive. For this reason, Logwin has been providing its "Ship Parts Logistics" service to the maritime industry since 1986. Spare parts are promptly being delivered to the shipyard or on board, with all customs formalities taken care of. Our special IT solution "Logwin Boat" gives the customer information on all goods movements in real time.

A ship can often be tied up for errors in small parts such as essential electronics components. But we have also had to deal with XXL ship parts. In 2008 Logwin transported a more than 14-meter long and almost 19 tonnes weighing ship propeller shaft 7,400 kilometers from the manufacturer in Kristinenhamm in Sweden to South Korea.

The business segment Air + Ocean: specialists in air and sea freight

The business segment Air + Ocean combines intercontinental air and sea freight forwarding to create an efficient logistics supply chain for its customers. Whether setting up the fastest air freight route around the globe or spanning large distances by sea freight, Logwin offers customers with business relationships around the world individually tailored and complex logistics services.

The service portfolio of the business segment Air + Ocean ranges from transportation and logistics solutions for air and sea freight to value-added services such as warehousing, distribution and order picking. The business segment coordinates the entire supply chain, from choosing the right carrier and means of transport to ensuring reliable transportation. Modern IT applications used as standard all over the world and an integrated SCM tool optimize processes and allow seamless tracking. Synergies result from close cooperation with other business segments. Air + Ocean thus provides its customers with solutions that exactly match the demands of differing industries. Flexible transport concepts for the textile industry such as the in-house developments AirTextainer and SeaTextainer are therefore also part of the service portfolio.

With its business units Americas, Africa, Europe Middle East, Far East and South East Asia, the business segment Air + Ocean is represented on every continent. It commands a global network that connects the world's most important centers of commerce. The international air and sea freight network is usefully supplemented through participation in powerful alliances.

Air + Ocean	
Business Units	Americas, Africa, Europe Middle East, Far East, South East Asia
Key Figures	1,900 employees 200 locations, of which 97 are wholly-owned branches 325,000 air freight shipments p.a. 400,000 containers (TEU) p.a.
Americas	Own branches in Latin America for over 30 years, with a presence in Brazil, Chile, Peru and Mexico as well as a sales office in Uruguay. Cooperation with strong partners in other countries.
Africa	Own locations in Durban, East London, Johannesburg, Cape Town and with a specialist automotive center in Port Elizabeth.
Europe Middle East	Dense network of branches in the Europe Middle East region. Own locations in Germany, Belgium, the UK, Italy, Austria, Poland, the Netherlands, Switzerland, Spain, Hungary and Dubai.
Far East	Locations in China, Hong Kong, South Korea, Taiwan, Thailand and Vietnam. Two nationally valid A-licences for transportation, logistics, distribution and trade in China.
South East Asia	Own locations in Australia, Indonesia, Malaysia, the Philippines and Singapore as well as a sales office in New Zealand.

Optimizing transport routes, centrally managing shipments and transport containers? Logwin knows the way.

Regional forwarding means showing area-wide presence in a whole region, knowing every single detail about it. Logwin is the regional forwarder for many customers, regional and supra-regional. This implies much more to us than just transport. We provide supplier integration via the Web, transshipment with source and destination regional bundling as well as the central management of means of transport.

The world's leading automotive supplier of drive and chassis systems relies on Logwin. We are its sole regional forwarder in Germany. All in all Logwin collects products from over 2,100 subcontractors all over the country, and then bundles and delivers them just-in-time to the supplier's 22 sites.

The business segment Road + Rail: specialist in pan-European land transportation

With its business segment Road + Rail, Logwin provides intelligent and efficient transport concepts by truck and train. As a specialist in land transportation, Road + Rail combines knowledge of local markets with many years of experience in meeting customers' local transportation needs. With a widespread presence and regularly scheduled transportation in its business units Western Europe, Central Europe and Eastern Europe, Road + Rail connects the economic centers of Europe.

High-performance collection and distribution networks ensure the strict observance of tight schedules and high-quality processing. Road + Rail serves the emerging markets of Central and Eastern Europe with a full-coverage network of international scheduled routes and logistics that match international standards. Modern terminals allow additional warehousing, customs and value-added services in order to optimize the transport chain. Logwin transports materials requiring special equipment from paper to steel, realizes transport services with dump trucks, tankers and silos, provides flexible chartered train as well as combined road and rail solutions and demonstrates its competence with special loads. In addition, the business segment Road + Rail develops complex procurement and distribution concepts for customers, such as regional forwarding for the automotive industry or for deliveries of white goods.

When implementing intelligent, international transport concepts the business segment Road + Rail perfectly complements the competencies of the business segments Solutions and Air + Ocean, for example in delivering to the retail trade, in project logistics or in integrating industry-specific, value-added services into its transport concepts.

Road + Rail	
Business Units	Western Europe, Central Europe, Eastern Europe
Key Figures	3,300 employees 140 locations in 24 countries Over 400,000 sq.m of warehouse space
Western Europe	Participation in leading general cargo alliances. Special transport and concepts for the automotive and chemicals sectors. Scheduled routes to Eastern Europe. Over 40 locations in Germany, Belgium, the Netherlands and Luxembourg.
Central Europe	Own full-coverage forwarding network in Austria and Hungary and 50 closely integrated locations in Switzerland, Spain, Italy, France and Turkey. International freight transport, in particular to Eastern Europe, concepts for the automotive and white goods sectors as well as special transport solutions for paper and steel logistics.
Eastern Europe	National general cargo networks, transport within Eastern Europe and regular links between the EU accession countries and the former CIS states and Central and Eastern Europe. Over 50 locations in 14 Eastern European countries including Russia, Ukraine, Poland, the Czech Republic, Slovenia and Slovakia.

Do you need a spare part urgently?
Same-day or overnight?

A car is made up of up to 15,000 individual parts. Even a washing machine has several hundred. Spare parts logistics for complex equipment and machines must deal with all types of packaging and formats and with varying supplier and wholesaler stock levels. The aim is always to get the spare part to where it is urgently needed. We do this on the same day of the order or overnight. The basis is our global transportation network and an efficient warehousing concept.

In Hamburg, we hold around 11,000 articles of the range of spare parts on stock for dealers and repair shops of a leading carmaker. In Berlin, our Parts Direct service uses the Sprinter network of our Logwin business unit Media for the same-day delivery of car spare parts.

Logwin. Your Logistics.

Logwin provides its customers with a wide range of logistical and transport services. As a modern logistics company, Logwin adapts itself to customer wishes exactly and also has the right solution for special requirements.

Logwin implements integrated, tailored solutions with its customers by taking over the management of complete logistical areas in terms of supply chain management. The fundamental challenge in this process is to create the ideal combination of transport, warehousing and services to form a powerful logistics chain.

Supply Chain Management

Internationally synchronized production and trading processes require a precisely coordinated logistics chain. The basic prerequisite for this is a high degree of transparency.

Logwin analyzes its customers' value chains and optimizes the flows of goods, communications and information. On behalf of its customers, Logwin synchronizes the activities of all partners involved and finds the right balance between the capabilities of the suppliers and the requirements of the customers. Modern IT systems allow all parties to be connected within the logistics chain. The results of this improved cooperation are a higher level of product and service quality and lower costs.

Depending on requirements, Logwin puts together customized plans consisting of certain selected modules or complete solutions. Logwin organizes customer supply chains beginning with simple incoming goods processing and moving through to complex quality and inventory management. Logwin can also assume responsibility for production-related services such as in-house transport, pre-assembly and yard management. Logwin has optimized just-in-time and just-in-sequence production deliveries, especially for the automotive industry, and also develops successful kanban concepts in this field.

Logwin delivers the spare part exactly when it is needed. Not sooner, not later.

As **lead logistics provider**, Logwin coordinates the interaction of all flows of goods, communications and information – from just-in-time delivery of components to the on-time scheduled delivery to the point of sale – and manages all the partners involved in the whole supply chain. IT interfaces have been created connecting all participants around the world in order to ensure that the partners can harmonize together. These allow seamless tracking and proactive communication along the whole chain of transportation and across all continents and modes of transport. Participants can recognize discrepancies and bottlenecks early on and take the right corrective steps.

Warehousing

Logwin manages over one million square metres of warehousing and storage space globally and implements flexible warehousing – from short-term interim storage and cross-docking to complete logistics outsourcing.

For Logwin, warehousing means providing customers with products quickly at all times. Modern materials handling equipment and automated processes ensure trouble-free operations in everything relating to the flow of goods. To this end, Logwin develops intelligent strategies to handle incoming goods, order picking and outgoing shipments, manages inventory processing or returned goods and performs any value added services desired.

Since the flow of information is tightly integrated into the flow of materials, customers are kept up to date on all movements of goods. The basis for this are modern warehouse management systems which establish direct links between the systems of all the participants in the supply chain via IT interfaces – for example between warehousing and forwarding applications or the customers' ERP systems.

For industry-specific products such as textiles, high-tech equipment, tires or refrigerated products, Logwin offers the right concept for each product in specially equipped warehouses.

**Crease-free evening dress?
No problem for the Logwin AirTextainer!**

The Logwin-own logistics network, stretching from Asia to Europe, allows textiles to be transported direct as "garments on hanger" (GOH). New outfits thus arrive in the store crease-free and ready to sell. In order to ensure that the supply chain works with maximum efficiency for all participants, Logwin offers not only supplier management and cross docking but also a range of value-added services such as pressing and labeling. Hubs in Hong Kong, Shanghai and Singapore allow distribution within the Asian markets.

Our in-house development, the Air- and SeaTextainer, is used for GOH transportation from the place of production to the destination country by plane or ship. These transport containers allow garments to be conveyed hanging the whole way even using intermodal forms of transport.

Value Added Services

Labeling, goods inspection and packing – besides standard transportation services and warehousing there are numerous additional services along the logistics chain. Logwin provides additional customized solutions tailored to individual requirements and to the relevant product range and industry at every point of the supply chain concerned with the goods, with industrial production or with administration.

As value added services Logwin takes over the packing of shipment, performs reliable quality inspections, manages dependable returns management and disposes of or recycles packaging and products. Extensive additional services are designed to match requirements. For example, Logwin offers pressing for textiles, provides an installation service for high-tech equipment and organizes the pre-assembly of components for the automotive industry.

The **combination** of industry know-how and our global logistics network creates **enormous advantages** for our **customers.**

Value Added Services	Industrial Services	Business Services
Order picking and packing	Packaging optimization	Order processing
Co-packing	Finishing, pre-assembly / part-assembly	Call center
Display assembly	Industrial planning	Provision of staff and training
Tagging / labeling / barcoding	Kanban deliveries	Financial services
Customs clearance	Container management	Facility management
		Supplier fleet management

We operate
transport networks
with cycle times
that are scheduled
and guaranteed.

International Transportation

Efficient transportation logistics are an essential building block for complex logistics solutions. Logwin offers its customers regional, national and global presence and as a logistics service provider offers the whole spectrum of efficient goods transportation.

Logwin's network of routes with its own fleet of vehicles in Europe is supplemented with long-standing cooperative alliances and strategic partnerships. With its European **land transportation**, Logwin links centers of commerce and industry, providing daily pan-European LTL/FTL shipments and individual freight forwarding. Internationally, customers benefit from direct routes, reliable processing, individual care and regional competence. Logwin manages one of the leading logistics networks in Eastern Europe, and connection to this in Western Europe is developed systematically via gateways and training programs.

Besides pan-European network access, Logwin also provides its customers with specialized transport solutions. Irrespective of truck, train, plane, barge or ocean-going freighter: exceptional goods require exceptional solutions. Fragile glass bottles, temperature-sensitive chemicals, white goods or ultra-large machine parts also require special handling and equipment during transportation. Logwin realizes **special shipments** with tanker and silo vehicles as well as hazardous goods transport or heavy loads. Depending on the properties of the goods or the specifications with regard to time or region, Logwin develops customized solutions. Scheduled transport services are flexibly adapted in order to achieve trouble-free regional delivery, retail trade distribution, just in time/just in sequence deliveries and integration with customer networks.

As an independent **rail forwarder** Logwin has been working together with state-run and private railway companies for many years and organizes the complete operational process from transport planning and purchasing to management and performance as well as monitoring execution and emergency plans. Logwin is able to provide continuous rail transportation in European and Asian railway networks thanks to the transshipment from normal gauge to broad gauge at its own location in Brest (Belarus). Logwin develops special concepts for rail transportation for customers in the paper, steel, automotive and wood-processing industries as well as for manufacturers of consumer goods.

Just-in-time in a network?
Logwin is more than glad to guarantee delivery times here.

In its core regions of Germany, Austria and Switzerland as well as in Central and Eastern Europe Logwin has been operating efficient collection and delivery networks for many years. We supplement our own network with strategic alliances in additional countries. Our long-standing local presence guarantees that we know all about local conditions. We have modern terminals as well as domestic and international truck fleets to transport and handle of goods.

Logwin performs procurement and distribution logistics in Western and Eastern Europe for a turbo-charger manufacturer. Precisely synchronized collection from suppliers, cross-docking in our own centers, supply of the production lines and delivery of the final products to the customers: just in time.

Logwin operates around the world and provides regular **air transportation** between all the world's major commercial centers. Regardless of whether urgent components, sensitive electronics or high-value textiles are being sent, Logwin will find the right transport solution for every shipment. Depending on requirements, Logwin can also organize air freight import and export as full or part charter. **Sea freight** services include FCL (Full Container Load) and LCL (Less than full Container Load) transport and gateway loads. As a full service provider, Logwin also covers large distances with sea freight, be it container or special transport for oversized loads, but also **intermodal transport** such as combined sea-air or air-sea shipments.

As a leading logistics service provider, Logwin has developed **special networks** for its customers in certain industries such as fashion, print media, high-tech, tires and healthcare.

Logwin regularly demonstrates its competence as a logistics partner in unusually large, heavy or time-critical **logistics projects**. Logwin's international teams organize the time-limited, global and intermodal harmonization of challenging large projects. They perform the complete organization, from optimal route planning with contingency solutions and the coordination of intermodal transportation to special packing for transport, customs clearance and insurance. With its specialist know-how, long experience and high performance network, Logwin successfully manages a large number of international projects.

In doing this, the company combines many years of regional experience with international forwarding and industry-specific competence. Logwin guarantees internationally uniform standards of quality relating to all aspects of its customers' flow of goods with a network of its own locations and in cooperation with strong partners.

Corporate Governance Report

The Board of Directors of Logwin AG manages the business of the company and is committed to transparent company management and control. Logwin AG is a company with worldwide operations and its registered office in Luxembourg. The company's management and supervisory structures are based on Luxembourg law, the articles of association, German capital market laws (due to its inclusion in the Frankfurt stock exchange's Prime Segment) and finally the German Corporate Governance Code (implemented in a form that is specific to the company and with only a few exceptions).

The Board of Directors of Logwin AG issued the following declaration of compliance on December 4, 2008 under section 161 of the German Stock Corporation Act (AktG) and made it available to its shareholders on the Logwin AG website at www.logwin-logistics.com:

Voluntary Declaration by the Board of Directors of Logwin AG concerning the German Corporate Governance Code pursuant to Article 161 of the German Stock Corporation Act (Declaration of Compliance):

Since the last declaration of compliance on December 6, 2007, the company has been in compliance with the recommendations of the Government Commission on the German Corporate Governance Code (code version of June 6, 2008) as published in the Federal Gazette on August 8, 2008, with the following exceptions and will also comply in future with the recommendations of the Government Commission in the code version of June 6, 2008, with the following exceptions.

It should be noted in this respect that the company is a joint stock company as prescribed by Luxembourg law, with a Board of Directors (governance by a single body). The Board of Directors manages the company in accordance with Luxembourg company law. The Board of Directors has transferred responsibility for the day-to-day business to an Executive Committee. In addition to the members of the Board of Directors who serve on the Executive Committee together with non-members of the Board of Directors, the Board of Directors has three non-executive members of the Board of Directors.

1. Code section 2.3.2 As the company has issued only bearer shares, it is not aware of the identity of all its shareholders. It is accordingly impossible to send notification of the convening of the General Meeting together with the convention documents to all shareholders by electronic means.

2. Code section 3.8 The company's existing D&O insurance provides no insurance cover for willful breach of duty. Where there is insurance cover, there is no deductible for members of the Board of Directors. In the case of publicly listed companies, contrary to the recommendation of the German Corporate Governance Code no standard practice has yet developed regarding the deductible for D&O insurance for company officers. The company is therefore rejecting a deductible at present.

3. Code section 4.2.2 paragraph 1 The recommendation that the Board of Directors' plenum should determine and periodically examine the compensation structure of the Executive Board, which corresponds to the Executive Committee, is not in keeping with the legal structure of a Luxembourg joint stock company with executive and non-executive members of the Board of Directors as currently established in the articles of association. It is thus regarded as appropriate that the Appointments & Remuneration Committee of the Board of Directors, consisting exclusively of non-executive members of the Board of Directors, alone determines and periodically examines the compensation structure, including fundamental contractual elements, of the executive members of the Board of Directors and of the members of the Executive Committee.

4. Code sections 4.2.4 and 4.2.5 In conformity with the law of Luxembourg, in order to protect privacy no details are given concerning compensation paid to the executive members of the Board of Directors and to the members of the Executive Committee on an individual basis.

5. Code section 5.4.4 sentence 1 Since a single-tier Board of Directors under Luxembourg law involves no distinction between Executive Board and Supervisory Board, there is no occasion for an Executive Board Chairperson to change to become Supervisory Board Chairperson or Chairperson of a Supervisory Board Committee.

6. Code section 5.4.6 paragraph 2, sentence 1 The non-executive members of the company's Board of Directors do not receive any performance-related compensation. They are independent members of the Board of Directors in the sense of section 5.4.2. Their primary duty is to monitor the Executive Committee. Therefore their remuneration shall not be measured according to the economic success of the company.

7. Code section 5.4.6 sentence 3 In order to protect privacy, no details are given concerning compensation paid to the non-executive members of the Board of Directors on an individual basis.

8. Code section 6.2 Since the Luxembourg stock exchange and company law sets reporting limits which differ from those in the German Securities Trading Act and German Corporate Governance Code, the Board of Directors will comply only with the limits of the relevant Luxembourg law.

9. Code section 7.1.4 With regard to the list of third-party companies in which the company has a shareholding that is not of minor importance for the company, all details are stated except those concerning the operating result.

Grevenmacher, December 4, 2008

Berndt-Michael Winter	Dr. Antonius Wagner
(Chairman of the Board of Directors)	(Deputy Chairman of the Board of Directors)

“Frank, open, efficient. That’s how I would describe Logwin.”

Governing bodies of the company Logwin AG, headquartered in Grevenmacher in the Grand Duchy of Luxembourg, is subject to Luxembourg corporate law. In accordance with the articles of association, the Board of Directors is the sole management body of the company. In addition to the Board of Directors, the Annual General Meeting, the meeting of shareholders, is the company’s second governing body. All governing bodies are obliged to act in the interests of the shareholders and the company.

Board of Directors and Executive Committee The Board of Directors, elected by the Annual General Meeting, exercises both managerial and supervisory duties. It is made up of executive and non-executive members. At regular meetings, the Board of Directors discusses business performance, adopts annual planning and strategy and monitors its implementation and the risk management system and compliance. The Board of Directors compiles the interim reports and the annual and consolidated financial statements of Logwin AG, taking into consideration the auditor’s reports and the results of the examination by the Audit Committee.

The executive members of the Board of Directors together with two other members form the Executive Committee, which is responsible for the executive management and daily business. The Executive Committee is responsible for developing the corporate strategy, preparing the corporate budget, risk management, allocating resources, supervising the management of the operating business segments and compliance. The Executive Committee works closely with the non-executive members of the Board of Directors. The latter primarily have a supervisory function within the Board of Directors.

Members of the Board of Directors serve for a maximum period of six years. The Board of Directors has adopted rules of procedure which govern the tasks and mode of operation of the Board of Directors.

The rules of procedure for the Board of Directors provide for the creation of committees. Tasks and responsibilities are in compliance with the requirements of the German Corporate Governance Code. The Board of Directors has formed an Audit Committee, an Appointments & Remuneration Committee and a Nomination Committee from its members. These consist exclusively of non-executive members of the Board of Directors. These committees fulfill the functions delegated to them by the rules of procedure in the name and on behalf of the Board of Directors.

Wherever Board of Directors members might face conflicts of interest during the Board of Directors’ deliberations, the Board of Directors members concerned do not participate in either the discussion or the voting.

Imran Elias is a warehousing specialist responsible for taking samples. Dealing with different hazardous goods on a daily basis requires specialist knowledge and a responsible approach. Every day he provides his colleagues in the sample-testing room with samples of various chemicals. Orders are recorded and created in two computer systems, goods are booked out of stock and then conveyed to the sample-testing room. Imran Elias is flexible, helping out with day-to-day operations when necessary. He then performs order picking for specialty chemicals and prepares sample packages. To ensure safe transport, he packs these up with binding material in extra bags and also in UN-compliant cardboard boxes.

Annual General Meeting The Annual General Meeting, which is held in April in accordance with the Articles of Association, is the decision-making body of the shareholders of Logwin AG.

Logwin AG also enables its shareholders to exercise their rights through proxies (who must follow the shareholders' instructions) without having to participate in the Annual General Meeting in person. The Chairman of the Board of Directors chairs the Annual General Meeting. The Annual General Meeting adopts resolutions on all matters assigned to it by law and these resolutions are binding on all shareholders and the company. They include specifically the approval of the annual and consolidated financial statements, the appropriation of profits, approval of the acts of the Board of Directors and the appointment of the auditor. Amendments to the articles of association and capital measures are adopted exclusively by the Annual General Meeting and implemented by the Board of Directors.

Risk management Logwin AG has a system for recording and monitoring business and financial risks. The risk management system, which as mandated by the Board of Directors is examined by the auditors in accordance with the provisions applicable to listed German companies, is designed to identify and control corporate risks at an early stage. In addition, the system aims to ensure that corporate goals are achieved. The principles of Logwin AG's internal control system have been defined and established to ensure accurate and timely accounting for all business transactions and to provide reliable information about the company's financial situation for internal and external use. However, since even the internal control and risk management system cannot avoid risks, absolute protection against losses or fraudulent acts is not possible.

Accounting and auditing The accounts of the Logwin Group are prepared according to the IFRS (International Financial Reporting Standards). The annual financial statements of Logwin AG are prepared in accordance with the accounting standards of the Grand Duchy of Luxembourg. The consolidated financial statements are prepared by the Board of Directors, audited by an independent auditor and subsequently approved by the Annual General Meeting. The Annual General Meeting elects the independent auditor.

The Audit Committee determines the focus of the audit, the auditor's fee and checks the independence of the auditor.

Financial disclosure Logwin AG places a high value on transparency. Logwin AG reports to its shareholders on business development and the financial position and performance four times during the fiscal year according to a fixed financial calendar. In addition, shareholders and all capital market participants, financial analysts, shareholder associations, the media and the interested public are informed about the company's status and business developments at the same time by regular, open and current communication. In the fiscal year 2008, the annual press conference as well as the Annual General Meeting and the Extraordinary General Meeting up to the conclusion of the official statements by the Board of Directors were broadcast live on the company's website.

Compliance The Board of Directors regards compliance as a key element in the management and control structure of Logwin AG. It has established binding regulations for compliance with the law, for dealing with conflicts of interest and handling insider information and securities transactions of members of the Board of Directors, Executive Committee and employees.

Compliance with the relevant disclosure provisions required by the company's stock market listing is ensured by the necessary internal structures. In this context, the Board of Directors' guidelines on directors' dealings in the version dated February 28, 2007 apply.

Compliance tasks within the company were reorganized in view of the increase in tasks, including preventing unfair or criminal behavior. The regulations set by the Board of Directors and Executive Committee have been communicated and implemented across the group and the existing monitoring structures improved on an ongoing basis. For this purpose, a code of conduct has been formulated which summarizes the goals, structure and organization of compliance. The group's Chief Compliance Officer is the corporate counsel, who in this role reports directly to the Chairman of the Board of Directors. In the case of group companies, their boards of management are responsible for compliance.

Directors' dealings No reportable business transactions in accordance with Article 15a of the German Securities Trading Act (WpHG) were carried out by members of the company's Board of Directors or Executive Committee or other management staff in the 2008 fiscal year. No member of the Board of Directors or Executive Committee holds any shares or related financial instruments in the company.

Meetings of the Board of Directors and its committees The Board of Directors held seven meetings during the fiscal year. Five meetings took place in person, two were held via telephone conference.

The Board of Directors primarily discussed the following topics:
- Development of the Logwin Group
- Change in name from Thiel Logistik AG to Logwin AG with the subsequent rebranding of all companies within the group
- Voluntary public tender offer by DELTON Vermögensverwaltung AG to floating shareholders in the company
- Personnel measures
- Preparation of the annual and consolidated financial statements
- Budget 2009
- Investments and divestments
- Risk management
- Examination of the efficiency of the Board of Directors

Mr. Winter and Dr. Wagner did not participate in the meeting called to discuss and vote on the Board of Directors' response to the voluntary tender offer submitted by DELTON Vermögensverwaltung AG due to a conflict of interest.

The Audit Committee met four times in the 2008 fiscal year, including three telephone conference meetings. It was primarily concerned with the annual and consolidated financial statements, the quarterly financial statements and the scope of the work on the annual financial statements.

The Appointments & Remuneration Committee met three times. One meeting took place in person, two were held via telephone conference. In addition, the Executive Committee consulted the Chairman of the Appointments & Remuneration Committee on five occasions. The Appointments & Remuneration Committee dealt primarily with the principles of the remuneration of members of the Board of Directors and Executive Committee, the personnel policy for the group as a whole and individual personnel measures.

The Nomination Committee did not meet during the 2008 fiscal year.

Renate Hammerschmidt is a Freight Forwarding Manager and responsible for managing optimal staff allocation, costing and budgeting and administration at a Fashion location of Logwin. She coordinates the trouble-free day-to-day business, prepares quantitative analyses, projections and reports. She enjoys the variety involved in her job a lot, and team spirit is very important to her. As quality management representative, Renate Hammerschmidt always has her eyes open for process improvement. Each year around 18 million garments on hanger as well as 1.3 million cardboard boxes pass through the Fashion location.

Annual and consolidated financial statements The annual and consolidated financial statements for Logwin AG for the fiscal year ending on December 31, 2008 prepared by the Board of Directors were audited by Ernst & Young S.A. Munsbach (Luxembourg), and given an unqualified audit opinion. The auditor confirmed that both the management report and the group management report were in accordance with the relevant financial statements.

Remuneration of the Board of Directors and Executive Committee The company's Annual General Meeting determines the remuneration of non-executive members of the Board of Directors. The remuneration of members of the Executive Committee is determined by the Appointments & Remuneration Committee of the Board of Directors and is regulated by employment contracts. The remuneration of the members of the Executive Committee of Logwin AG is based on the amount and structure of remuneration of boards of directors of comparable companies. The specific areas of responsibility of the individuals concerned are taken into account.

Remuneration has two components: fixed remuneration and a variable bonus. The bonus depends on the attainment of financial and qualitative goals, which can be set for one or more years.

The measurement criteria are:
- Economic Value Added (EVA)
- Earnings before Interest and Taxes (EBIT)
- Strategic qualitative targets

An annual target income is set in all contracts which assumes that the targets of all criteria have been achieved in full. The proportion of the variable remuneration component in the target income rises as the target income itself increases and for the 2008 fiscal year it is at least 39 % of target income, assuming that all targets are fully met. The bonus can be between 0 % and 200 % of the target bonus, depending on quantitative results and qualitative performance. There is no minimum guaranteed bonus amount. The remuneration of members of the Executive Committee therefore largely depends on performance. The Appointments & Remuneration Committee of the Board of Directors can set a special bonus remuneration and allocate share options in accordance with legislation and resolutions passed by the Annual General Meeting. At present, no stock options have been issued to members of the Board of Directors or Executive Committee.

“Talking about synergies between business segments is one thing: Logwin actually puts them into practice.”

In 2008 there was a contribution-based pension scheme for three members of the Executive Committee. In addition, there are fringe benefits in the form of remuneration in kind.

Service agreements with members of the Board of Directors and Executive Committee do not include severance commitments in the event of premature termination. However, severance payments may result from individually arranged termination agreements.

Where members of the Board of Directors also perform executive functions at group companies, remuneration for these functions is not paid separately, but is included in their remuneration as members of the Board of Directors. This also applies to members of the Executive Committee.

Two members of the Executive Committee carry out their tasks based on a human resources provision contract with DELTON AG agreed to by the Appointments & Remuneration Committee. A fixed monthly charge is made to Logwin AG, the amount of which is based on the remuneration of the Board of Directors at comparable companies.

Stock option program A stock option plan for members of the Board of Directors, managing directors and other executives was approved by the Annual General Meeting on February 10, 2000. No options were exercised in the course of the fiscal year, and previously existing options were rescinded. For this reason no share options existed as of December 31, 2008. By resolution of the Extraordinary Annual General Meeting of Logwin AG on April 12, 2006, the Board of Directors is authorized to increase the share capital by up to 375,000 euros by March 31, 2011 for the purpose of granting shares from the stock option plan from the authorized capital. This resolution has the character of pre-notification.

Personnel issues At his own request, Klaus Hrazdira resigned as member of the Board of Directors and as member of the Executive Committee with effect from August 6, 2008. The Board of Directors and the Executive Committee expressed their gratitude to Klaus Hrazdira for his many years of service.

The Board of Directors and Executive Committee wish to thank all the employees of the Logwin Group for their commitment and work in the past fiscal year.

Members of the Board of Directors and Executive Committee

Berndt-Michael Winter (*1954)
Chairman of the Board of Directors and the Executive Committee
(Chief Executive Officer)
Chairman of the Management Board (CEO), DELTON AG, Bad Homburg v. d. Höhe (GER)

Dr. Antonius Wagner (*1961)
Deputy Chairman of the Board of Directors and the Executive Committee
(Chief Financial Officer)
Member of the Management Board, DELTON AG, Bad Homburg v. d. Höhe (GER)

Prof. Dr. Dr. h.c. Werner Delfmann (*1949)
Non-executive member of the Board of Directors
Director of the Seminar for Corporate Management and Logistics,
University of Cologne (GER)

Helmut Kaspers (*1965)
Member of the Executive Committee
(Chief Operating Officer Air + Ocean)

Dr. Michael Kemmer (*1957)
Non-executive member of the Board of Directors
Chairman of the Management Board, BayernLB, Munich (GER)

Detlef Kükenshöner (*1961)
Member of the Executive Committee
(Chief Operating Officer Road + Rail)

Dr. Yves Prussen (*1947)
Non-executive member of the Board of Directors
Attorney in Luxembourg (L)

Please find an overview of positions held on other statutory Supervisory Boards and comparable controlling bodies in Germany and in other countries on pages [158] and [159].

Board of Directors Committees:

Audit Committee:	Dr. Yves Prussen, Chairman Prof. Dr. Dr. h.c. Werner Delfmann Dr. Michael Kemmer
Appointments & Remuneration Committee:	Prof. Dr. Dr. h.c. Werner Delfmann, Chairman Dr. Michael Kemmer Dr. Yves Prussen
Nomination Committee:	Dr. Michael Kemmer, Chairman Prof. Dr. Dr. h.c. Werner Delfmann Dr. Yves Prussen

Members resigned from the Board of Directors and the Executive Committee:

Klaus Hrazdira
(Member of the Board of Directors and of the Executive Committee until August 6, 2008)

"Company supply chains are becoming increasingly complex. This is where our expertise comes into play."

Report on the Stock and Corporate Bond

Developments in the German and European stock markets The year 2008 was characterized by a noticeably downward and volatile trend in the stock markets. In the first six months of the year, fears of a slowdown in US economy and further strains on financial stocks as a result of the mortgage crisis on the US property market were responsible for the falls in share prices. The stock markets were able to recover slightly for a time at the beginning of the third quarter due to the change in sentiment in raw material stocks and the US dollar. Following these initial gains, share prices started to fall significantly on most of the world's stock exchanges owing to the deepening crisis in the international financial markets. The catalyst for this was the failure of banks together with the tight liquidity situation in the global money and capital markets.

The situation stabilized at a significantly lower level towards the end of the year. In Germany, both the DAX and the SDAX suffered considerable losses over the whole year. In the light of the financial turbulence and the massive slump in overall economic growth seen at the end of the year, the DAX experienced a drop of 40.4 % in the course of 2008 compared with the previous year's value (8,067 points), closing at 4,810 on December 31, 2008. Second-tier stocks were affected even more seriously by the consequences of the financial crisis and uncertain economic expectations. Companies listed on the SDAX suffered a loss of 46.1 % in total during 2008 compared with the end of the previous year. The SDAX closed at 2,801 points on December 31, 2008.

Development in the share price The Logwin AG share price could not escape the turbulence on the equity markets during the reporting period and followed the negative trend on the stock exchanges. Due to the general weakness in the markets, the Logwin share suffered significant losses up to the end of October. In November 2008, DELTON Vermögensverwaltung AG, the majority shareholder, offered all other shareholders a cash payment of 1.55 euros for each Logwin share as part of a voluntary public tender offer. The share price jumped as a result of the purchase offer, outstripping the very weak performance of the benchmark indices SDAX and Prime Transport when considering the year as a whole. Nevertheless, 2008 remained a negative year on the stock market for the Logwin share price. On December 31, 2008, the Logwin AG share closed at 1.55 euros in Xetra trading. It thus lost 42.6 % of its value in the course of the year compared with the previous year's closing price of 2.70 euros. Logwin AG's market capitalization at December 31, 2008 was 172.8 million euros (2007: 301.0 million euros).

The Logwin AG share is listed in the Prime Standard of Deutsche Börse AG, with its high standard disclosure and transparency requirements. In the 2008 reporting period, the number of Logwin AG shares traded on all German stock exchanges amounted to 33.7 million (2007: 31.5 million). This represents an average volume per trading day of 132,748 shares (2007: 124,835 shares).

Alexander Bang is Branch Manager at the Air + Ocean site at Frankfurt Cargo Airport. He prefers direct contact and personal dialog when it comes to understanding his customers' business and identifying challenges in logistics solutions. As Route Development Manager, Alexander Bang is also responsible to further develop the Australia/New Zealand region. He and his team of 35 employees at Frankfurt Airport coordinate the best possible transport solutions for around 1,800 air freight export and import consignments as well as some 150 sea freight export consignments, particularly on the routes to and from Asia.

Despite this increase, turnover fell as a result of the lower share price to 53.9 million euros (2007: 85.4 million euros). This corresponds to an average turnover per trading day of 0.2 million euros (2007: 0.3 million euros).

Key figures for Logwin shares

		Dec. 31, 2008	Dec. 31, 2007
Closing price (Xetra)	in euros	1.55	2.70
High / Low 52 weeks	in euros	2.70 / 0.59	3.04 / 2.05
Total number of shares	units	111,474,987	111,474,987
Market capitalization	in million euros	172.8	301.0
Earnings per share	in euros	−0.91	0.01
Operating cash flow per share	in euros	0.14	0.35

Key data for Logwin shares

ISIN	LU0106198319
German SIN	931705
Stock exchange abbreviation	TGH
Segment	Prime Standard (Deutsche Börse)
Indices	Prime All Share Classic All Share DAXsector All Transportation & Logistics DAXsector Transportation & Logistics DAXsubsector All Logistics DAXsubsector Logistics

Shareholders' structure The members of the Board of Directors and the Executive Committee of Logwin AG do not hold either shares or options to purchase shares in Logwin AG.

As of December 31, 2008, DELTON AG, Bad Homburg, held 80.6 % of the registered share capital and voting rights of Logwin AG through its wholly owned subsidiary DELTON Vermögensverwaltung AG, Bad Homburg, Germany. The majority shareholder increased its stake significantly in the course of the year (December 31, 2007: 53.2 %). At the beginning of November 2008, DELTON Vermögensverwaltung AG submitted a voluntary public tender offer to acquire the shares in Logwin AG to all Logwin AG shareholders. The offer price was 1.55 euros for each Logwin share and was limited to December 4, 2008.

Annual General Meeting and Extraordinary General Meeting The General Meetings of Logwin AG were held in Luxembourg on April 9, 2008. 57.79 % of the registered share capital was represented at the Annual General Meeting and at the Extraordinary General Meeting. Participating shareholders approved all the proposals of the Board of Directors by a large majority.

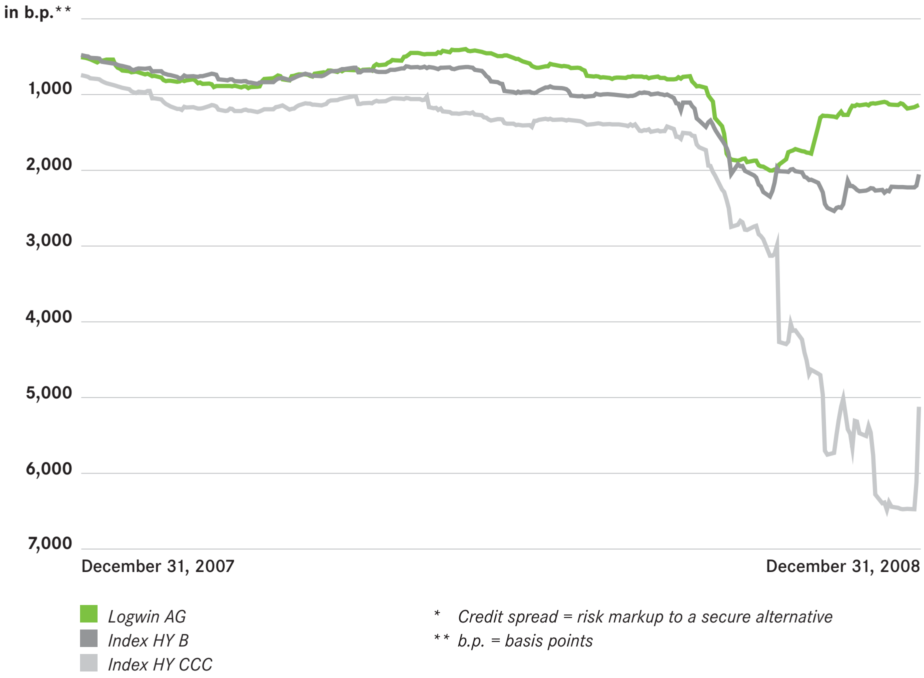
The Extraordinary General Meeting approved the renaming of the company to Logwin AG almost unanimously. The renaming of Logwin AG means that the shares and the corporate bond have been traded under the new name of Logwin AG since the middle of April 2008. The securities identification numbers remain unchanged.

In the Annual General Meeting the shareholders further decided to authorize the Board of Directors to acquire shares in the company up to an amount of approximately 10 % of the registered share capital. This resolution had the character of pre-notification. There are currently no plans to perform a share buy-back.

Logwin AG share – benchmark indices (rebased)

Performance of European high-yield bonds The financial crisis also determined the performance of corporate bonds in the high-yield segment. The result of the financial turbulence was an extremely marked increase in the risk premium on corporate bonds in the course of 2008. In the high-yield market, the peak levels for spreads seen in 2001 and 2002 were again equaled and in some cases clearly exceeded.

Corporate Bond of Logwin AG – benchmark indices (credit spread*)



** Credit spread = risk markup to a secure alternative*
*** b.p. = basis points*

Performance of the corporate bond The price of the Logwin AG corporate bond, which is listed on the Luxembourg exchange, initially lost ground at the beginning of 2008. However, the price climbed steadily at the beginning of April, reaching its highest level of 97.8 at the end of May. The corporate bond subsequently declined significantly owing to the general situation on the financial markets and reached a low for the year at 58.0 at the beginning of October. The bond recovered during the rest of the year, closing on December 31, 2008 at a price of 87.4. The credit spread increased considerably in the course of the year in line with the general weakness in the markets. Due to developments in the market, the credit spread was 1,182 base points at the end of the reporting period, following an initial value at the start of the year of 543 base points. With this credit-spread performance, the Logwin bond outstripped benchmark indices by a significant margin.

Key data for the Logwin AG corporate bond

ISIN	XS0207922054
German SIN	A0DHRA
Exchange abbreviation	TGH1
Total amount issued	130 million euros
Maturity	December 15, 2012
Coupon	8.00
Interest dates	June 15 and December 15

Detailed information on the bond can be found in this report in the section “Corporate bond” of the Notes to Consolidated Financial Statements.

Company rating The company and the corporate bond are rated by the rating agencies Moody's and Standard & Poor's. The external ratings remained unchanged in the course of 2008. Moody's corporate rating was thus "B2" at the end of the year. Standard & Poor's continued to place the Logwin Group in the "B" rating category, and its outlook for the corporate rating remained unchanged at "stable". In contrast, Moody's adjusted the outlook at the end of the reporting period from "stable" to "negative" owing to a negative assessment for the transport and logistics industry as a result of the anticipated economic downturn in the markets.

Standard & Poor's raised its rating for the corporate bond in the middle of March from "CCC+" to "B-", which means that it is rated one category lower than the group. Moody's rating for the corporate bond is still two categories lower than for the group as a whole.

Investor Relations activities Logwin AG pursues a policy of comprehensive, timely and open communication with private and institutional investors as well as with financial analysts and interested members of the public. As far as day-to-day communications are concerned, all participants in the capital markets are treated equally with regard to timing and content.

Investor relations activities in 2008 focused on an open and extensive dialog with interested market participants in order to enable an appropriate assessment to be made of the sometimes difficult market environment and Logwin AG's rapidly changing business performance. As part of this process, Logwin AG was able to further develop its regular contacts in face-to-face discussions, at roadshows and at investor conferences with institutional investors and analysts. Logwin AG also presented itself at its annual press and analyst conference and as part of the publication of its quarterly results.


LOGWIN

“WE STARTED OUT IN EUROPE IN 1877. FROM THERE WE HAVE BEEN EXPANDING OVER THE WHOLE WORLD.”

Anthony Chan is Logistics Sales Executive in Hong Kong and responsible for looking after existing customer as well as for acquiring new customers. He appreciates the direct contact with his customers and enjoys identifying their exact requirements and developing tailored solutions for them. His tasks also include preparing quotations and negotiating for distribution, warehousing and value-added services as well as coordinating logistics projects. Anthony Chan finds his work with an international logistics service provider fascinating because he constantly gets to deal with colleagues and customers from around the world: for example, he coordinates a Spanish Fashion customer’s garment-on-hanger transports of textiles from China to its stores all over the world – in South East Asia, Mexico and the United Arab Emirates. He is the link between his customers and the local operation teams at Logwin’s warehousing and distribution centers in South China and Hong Kong.

LOGWIN

Logwin is globally present.

Wherever our customers want to do business:
either we are already there or we will go there for them.
Logwin. Your logistics.

AHRENSBURG ALZENAU-HÖRSTEIN AMBERG ANTWERP ARAD ASCHAFFENBURG ATESSA AU

Management Report

Economic Conditions

Across the markets served by Logwin AG the general economic situation deteriorated dramatically in the course of 2008. After initial signs of trouble at the beginning of the year, the economic downturn gained unknown momentum as the year progressed. The main causes for this, besides the worsening financial crisis, were the slowing US economy, the increase in raw material prices and the significant depreciation of the US dollar against the euro and many other currencies during the first six months of the year. At the same time, expectations for economic growth were repeatedly adjusted downwards by the economic institutes. The noticeable slowdown in economic activity caused a reluctance to invest and led to bleak earnings prospects for companies. The strong decline in oil prices and the lowering of base interest rates by the central banks showed no relief towards the end of the year. The cooling global economic climate did not just affect the major economic regions of North America, Western Europe and Asia, but also Central and Eastern Europe, Latin America and Australia.

After varying economic cycles in different regions and industries in the preceding months, the severe downturn at the end of the fiscal year affected almost all sectors of the economy around the world. The continued worsening financial crisis led to unprecedented liquidity problems in the financial markets and, as a result, to a dramatic deterioration in the financing opportunities for large parts of the economy. These developments contributed additionally to serious cutbacks in planning and to a conservative approach to inventories in industry and trade during the fourth quarter. Companies' concerns for their liquidity position increased markedly.

The significant slowdown in growth compared with the previous year was characterized by the sharp decline in all economic regions in the fourth quarter. In the euro zone, along with Germany also the United Kingdom, Italy, Ireland, France as well as Spain were in a recession at the end of 2008. The USA were entangled in a deep recession at the end of the year after several consecutive quarterly declines in economic output. After Japan had already reported negative growth in the course of the year, its economic condition merely collapsed towards year's end 2008.

B A D R E I C H E N H A L L B A N G K O K B A N G K O K / S A M U T P R A K A R N B A R A K A L D O B A R C E L O N A B A S L E B A S S E H A M B E I J I N G

German gross domestic product (GDP) grew by only 1.3 % in 2008. This increase was considerably below the previous year's figure of 2.5 %. Growth here was also mainly due to the strong start to the year. In the last three months of the fiscal year, GDP collapsed by between 1.5 % and 2.0 %. The negative trend thus accelerated towards the end of the year in Germany as well. The causes were the sharp fall in exports witnessed since the beginning of the year and extremely conservative investment activities in Germany. Exports in particular were thus no longer able to support economic growth as they had in previous periods. Private spending stagnated in 2008 after shrinking by 0.4 % in 2007.

At 0.4 %, the fall in Austrian fourth quarter gross domestic product was less marked but also resulted in clearly slower growth for the full year of 1.6 % (2007: 3.0 %). Central and Eastern European countries initially succeeded in partially avoiding the sharp overall declines. However, towards the end of the year they were also hit as a result of the worsening crisis in the financial markets.

Against the background of very high growth rates for previous years, the decline in Asia affected nearly all economies during the course of the year. For example, exports from China grew by 17.2 % for 2008 as a whole, but were in decline in November and December following continuous deterioration in the second half of the year. Trade with the European Union continued to achieve slightly above-average growth. The EU thus remained China's most important trading partner.

Logistics markets The general economic developments had immediate consequences for global logistics activities. Intense efforts on the part of companies to reduce inventories on short notice as well as temporary production shutdowns had a significant impact, especially on transport volumes. Negative expectations for private consumption in Europe and around the world aggravated the downward trend in the logistics industry at the end of 2008.

Air freight volumes have been in decline since the middle of 2008. After continuous deterioration, the largest fall ever recorded was reported for December at -22.6 %. The double-digit growth in ocean freight volumes seen in the previous periods also decreased sharply over the course of the year.

At the same time, expanded capacities and a surplus of supply in transportation, in particular in sea freight and European land transportation, led to considerable overcapacity, which resulted in a collapse in freight rates. Worldwide sea freight rates suffered a massive fall especially in the second half of 2008. Major freight rate indices reached all-time lows. Shipowners were only able to partially offset the unexpectedly dramatic fall-off in volumes with capacity adjustments. Most shipping lines operated unprofitably at the end of 2008.

Continuous efforts to stabilize the market were also made in the air freight sector, where air freight lines shut down routes and took other measures to increase capacity utilization. Seasonal pricing effects such as the often witnessed “peak season” on air freight routes between Asia and Europe were more than compensated by the significant oversupply. In the full year 2008, air freight rates were below the previous year’s level.

Domestic goods transportation still managed to grow in Germany in 2008. Almost all modes of transport contributed to this continued volume growth. However, the trend also fell back significantly here towards the end of the year. The same was observed on the Austrian transport market.

B R E S T (B E L A R U S) B R I S B A N E B R N O B R N O - M O D R I C E B U C H A R E S T B U D A P E S T B U R G B E R G B U R G H A U S E N B U R G S T Ä D T

Key Factors Influencing the Financial Condition and Results of Operations

Stable net sales despite global financial crisis Consolidated net sales rise from 2,043.1 million euros in the previous year to 2,046.3 million euros. The stable net sales development could be achieved despite the strong impact from the general economic conditions being clearly felt, particularly in the fourth quarter. In additions to the macroeconomic developments, expiring customer projects were the main reasons why net sales of the business segment Solutions at 713.0 million euros are 6.2 % below the previous year's figure. The business segment Air + Ocean can continue its dynamic growth in business despite declining freight rates and falling volumes towards the end of the year: Net sales increase by 6.0 % from 521.9 million euros in the previous year to 553.3 million euros in the reporting period. Net sales in the business segment Road + Rail showed a pleasing development in the first three quarters. Despite a significant fall in net sales in the fourth quarter, sales for the year as a whole increased by 3.1 % to 837.5 million euros (2007: 812.5 million euros). The Logwin Group's net sales in the fiscal year 2008 are mainly focused on Germany at 41.8 % (855.8 million euros) against 40.5 % (828.4 million euros) in the previous year and on Austria at 26.4 % (539.4 million euros) compared with 28.0 % (572.9 million euros) in 2007.

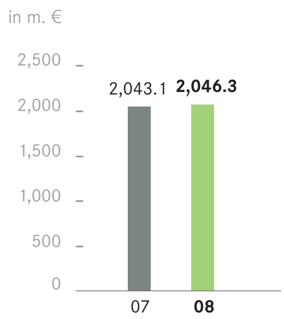
Operating results hampered by one-off expenses – gross margin stable EBIT before impairment of goodwill amounts to 23.3 million euros (2007: 32.0 million euros). The EBIT margin before impairments in fiscal year 2008 is 1.1 % (2007: 1.6 %). This includes planned additional expenses for 2008 incurred across the group for the introduction of the Logwin brand as well as by the increased cost of bad debt. The gross margin remained stable at 7.4 % (2007: 7.4 %).

Goodwill impairment The Logwin Group conducted a review of its medium-term planning in the fall of 2008, making adjustments for overall economic developments and estimates. A goodwill impairment test performed against this background led to an impairment of 98.0 million euros (2007: 6.0 million euros). This is accounted for by the business segments Solutions with a charge of 62.5 million euros (2007: 6.0 million euros) and Road + Rail with 35.5 million euros (2007: 0.0 million euros).

Assets and financial position The group's asset and financial position continue to be stable. The decrease in shareholders' equity from 317.9 million to 212.3 million euros is mainly due to goodwill impairment. The group's net debt could be reduced from 142.8 million euros as of December 31, 2007 to 134.7 million euros.

Net cash flow stable at previous year's level Despite a fall in operating cash flow to 15.2 million euros, net cash flow as a key control parameter within the group remains positive at 12.3 million euros, which is the same level as the previous year. This reflects continued restrained investment activities combined with selected divestments finalised during the fiscal year.

Sales



Sales and Earnings Development

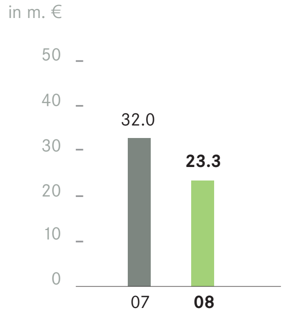
The consolidated financial statements were drawn up according to the accounting regulations of the International Financial Reporting Standards (IFRS).

Consolidated Statement of Income

January 1 – December 31 *in thousand €*	2008	2007	Change
Net sales	**2,046,321**	**2,043,108**	**0.2 %**
Cost of sales	–1,895,752	–1,892,460	0.2 %
Gross profit	**150,569**	**150,648**	**–0.1 %**
Operating expenses	–127,562	–118,992	7.2 %
Other financial income (expenses)	260	350	–25.7 %
EBIT before impairment of goodwill	**23,267**	**32,006**	**–27.3 %**
Impairment of goodwill	–98,000	–6,000	–
Earnings before interest and taxes (EBIT)	**–74,733**	**26,006**	**–**
Finance expenses, net	–18,289	–17,123	6.8 %
Income taxes	–7,872	–5,549	41.9 %
Net result	**–100,894**	**3,334**	**–**
Attributable to:			
Shareholders of Logwin AG	–101,441	1,662	–
Minority shareholders	547	1,672	–
Depreciation and amortization	–25,368	–29,798	–14.9 %
EBITDA	48,635	61,804	–21.3 %
Operating lease expenses	–77,853	–68,800	13.2 %
EBITDAR	126,488	130,604	–3.2 %
Gross Margin [1]	7.4 %	7.4 %	0.0 %
EBIT Margin [1, 2]	1.1 %	1.6 %	–0.5 %
EBITDA Margin [1]	2.4 %	3.0 %	–0.6 %
EBITDAR Margin [1]	6.2 %	6.4 %	–0.2 %
EBITDA / Finance expenses, net	2.66	3.61	–26.3 %

[1] Change in percentage points
[2] EBIT before impairment of goodwill

EBIT (before impairment of goodwill)



CLUJ-NAPOCA COLOGNE COSLADA-MADRID DALIAN DARMSTADT DEBRECEN DIETZENBACH DINGOLFING DNIPROPETROWSK

Logwin Group In fiscal year 2008, the Logwin Group generates net sales of 2,046.3 million euros (2007: 2,043.1 million euros), which still equals the level of the previous year despite the collapse in overall economic development in the second half of the year. Adjusting the net sales for currency effects and the effects of acquisitions and divestments leaves an organic growth of 2.0 % (2007: 7.4 %).

The economic and financial crisis had a serious effect on the demand for the Logwin Group's logistics services. There was already a noticeable decline of the dynamic sales growth of previous periods in some industries and business units as a result of worsening market conditions in the first half of 2008. The consolidated net sales include the increased prices for oil and energy that could be passed on to customers partially. The general fall in customer demand in the further course of the year and declining freight rates impacted sales negatively to a considerable extent. Consolidated net sales fell distinctly in the fourth quarter.

In addition to the general macroeconomic situation and foreign exchange effects, expiring customer contracts also had a restraining impact on net sales. The in parts pleasing growth with established customers and also the launch of logistics operations with new customers were able to offset this to a large extent.

At 150.6 million euros, gross profit was at the same level as the previous year. Besides the downturn due to the economic situation and customer-related lower transport volumes, the gross profit reflects the efforts to pass on the significant increases in costs in a timely way in the first part of the year. At 7.4 %, the gross margin remained almost stable. It was achieved despite increasingly difficult market conditions towards the end of the year.

Operating expenses in the reporting period amount to 127.6 million euros (2007: 119.0 million euros). The increase results from the implementation of planned growth measures as well as to general operating cost increases, budgeted additional expenditure for the introduction of the Logwin brand across the group and increased cost of bad debt. The previous years figure included restructuring expenses of 2.3 million euros. Cost of sales and operating expenses in fiscal year 2008 include regular depreciation and amortization of 25.4 million euros (2007: 29.8 million euros).

Earnings before interest and taxes (EBIT) and before impairments totals 23.3 million euros, representing a decrease of 27.3 % on 2007 at 32.0 million euros. Earnings for the reporting period include the expenses incurred across the group for the introduction of the Logwin brand amounting to approximately 5.0 million euros. The EBIT margin before impairments in fiscal year 2008 is 1.1 % (2007: 1.6 %).

In the fourth quarter of 2008, an assessment of the value of goodwill was performed due to the changed general conditions and in line with the adjusted medium-term plans in the business segments of Logwin Group. It resulted in an impairment loss of 98.0 million euros (2007: 6.0 million euros). This was accounted for by the business segments Solutions with a charge of 62.5 million euros (2007: 6.0 million euros) and Road + Rail with 35.5 million euros (2007: 0.0 million euros). Following this adjustment, EBIT for the Logwin Group amounts to -74.7 million euros (2007: 26.0 million euros). A detailed description of the underlying assumptions for the assessment of goodwill impairment can be found in this report in the section “Impairment of goodwill” on page 54.

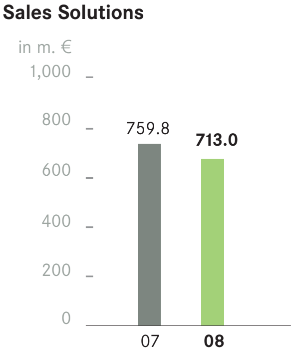
FREILASSING FÜRNITZ FUZHOU GARCHING GDYNIA GENAS GLATTBRUGG GLIWICE GOCHSHEIM GOMEL GRANSCHÜTZ

Earnings before interest, taxes, depreciation and amortization (EBITDA) is reduced by 21.3 % from 61.8 million euros in the previous year to 48.6 million euros. This translates into an EBITDA margin of 2.4 % (2007: 3.0 %). Adjusting EBITDA earnings for operating leasing expenses results in an EBITDAR of 126.5 million euros in the year 2008 (2007: 130.6 million euros).

The group's net interest expense amounts to -18.3 million euros (2007: -17.1 million euros). The ratio of EBITDA to financial result in the reporting period was 2.7 (2007: 3.7).

Income tax expenses rise from 5.5 million euros in fiscal year 2007 to 7.8 million euros in fiscal year 2008. This increase is mainly accounted for by the obligatory loss of tax loss carry forward after the acquisition of additional shares in Logwin AG by the majority shareholder.

Of the net result for the past year of -100.9 million euros (2007: 3.3 million euros), -101.4 million euros (2007: 1.7 million euros) are attributable to the shareholders of Logwin AG and 0.5 million euros are attributable to minority shareholders (2007: 1.7 million euros).



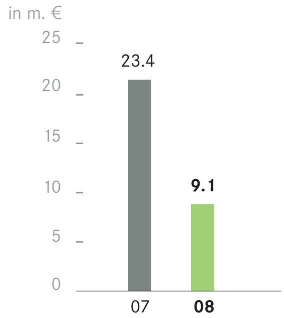
Solutions The business segment Solutions reports net sales of 713.0 million euros in 2008, 6.2 % below the previous year's figure (2007: 759.8 million euros). With this figure, the business segment Solutions accounts for 34.8 % of consolidated net sales (2007: 37.2 %).

Net sales at the business segment were subject to seasonal fluctuations. There was an increased seasonal demand for logistics services at the business unit Fashion in particular in the first and third quarters owing to new collections. The other business units also report seasonal trends in sales and earnings, with the third quarter being the strongest. However, net sales for the business segment Solutions experienced the considerable effects of general economic developments as well as seasonal fluctuations in the past reporting year. While a strong decline was reported in the first quarter compared with the same period of the previous year owing to expiring customer projects, the business segment achieved an increase in net sales during the second quarter. The reasons for this are the acquisition of new customers and a systematic expansion of activities for existing customers. The drop in demand as a result of the overall economic situation was very noticeable in the third and particularly in the fourth quarters and this significantly impacted the sales development.

All four business units report a decline in net sales in fiscal year 2008. Sales in the business units Industrial Goods and Consumer Goods were hampered by reduced volumes in business with existing customers as a result of general market conditions. This could not be completely offset by the acquisition of new customers and an expansion of activities with existing customers. The business unit Fashion reports reduced net sales due to the continuing weak development in the retail textile trade, especially in its main market of Germany. New customer business helped to counter the trend in the textile market but could not avoid the sales decline. Net sales in the business unit Media also declined due to falling volumes. Increased efficiencies achieved with customers and in part passed on as price reductions also partially contributed to lower sales.

The business segment Solutions achieved earnings before impairments for the reporting period of 9.1 million euros, following 23.4 million euros in the previous year. The operating margin declined to 1.3 % (2007: 3.1 %). The weakness in the economy affects the earnings of the business units Industrial Goods and Consumer Goods in particular, as their logistics services are utilized mainly by sectors that have been hard hit by the decline in economic activity such as the automotive industry, the furniture industry, tire and wheel manufacturers and the food and electronics industries. Towards the end of the year, some industries experienced their first production stops, and customers made great efforts to cut inventories quickly, which had a severely adverse effect on the

Results Solutions (before impairment of goodwill)



H A N G Z H O U   H A N N O V E R   H A N O I   H E I L B R O N N   H E P P E N H E I M   H O C H I M I N H C I T Y   H O N G K O N G   H O U T H A L E N   H Ü R T H

extent of customers' logistics activities, in particular transportation volumes. This resulted in some quite dramatic falls in earnings in the business units at year's end. Furthermore, the business unit Consumer Goods suffered loss of business with existing customers as well as one-off charges during the course of the year. For this reason, earnings at the business unit Consumer Goods fell clearly short of expectations.

Reduced earnings at the business unit Fashion are accounted for firstly by a shift in volumes in the network from high-margin hanging-garment transportation to the transport of folded garments packed in cardboard boxes. Secondly, earnings suffered as a result of cost increases in the network business that could not be fully and promptly passed on, from the continuing strong competitive pressures in the area of transport and from significantly increased cost of bad debt. The revenues resulting from the acquisition of new customers and from growth in the transport of folded garments cannot make up these earnings losses.

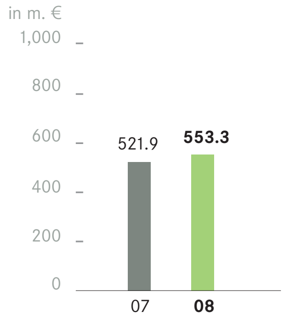
The business unit Media achieved earnings growth despite experiencing declining net sales as well. This development was characterized by intense efforts to increase efficiency.

In fiscal year 2008, the focus of the business segment Solutions was on integrating the activities of its business units at individual locations. The cost base of unprofitable locations has been improved. The business segment continued to focus its presence in the course of the year and now successfully complements the regional offering of the business segments Air + Ocean and Road + Rail.

In addition to business with existing customers, there was also growth in business with new customers. During the reporting period, the business segment was able to conclude an agreement with a discount retailer in Switzerland. It includes services such as storage, picking and transport, as well as quality control for incoming and outgoing perishable goods. Solutions assumed responsibility for the complete distribution for a drug store chain in Bulgaria. The range of services provided covers the entire supply chain.

In fiscal year 2008, Solutions developed a special IT solution for the particular logistics requirements of the tire industry. With the help of a web platform, the wheel data are captured in the logistics warehouse and also displayed on the online delivery note. To achieve this, all truck drivers at the Traiskirchen location in Austria were equipped with mobile data capture devices. This allows seamless online tracking of shipments up to the point of delivery virtually in real time.

Sales Air + Ocean



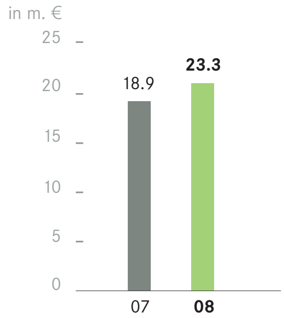
Air + Ocean In 2008, the business segment Air + Ocean increased net sales from 521.9 million euros in the previous year by 6.0 % to 553.3 million euros. The business segment accounts for 27.0 % of consolidated net sales (2007: 25.5 %) and thus increased its share in line with strategy. Air + Ocean handled around 173,000 tonnes of goods of air freight in fiscal year 2008 (2007: around 115,000 tonnes) and moved around 400,000 TEU in sea freight (2007: around 350,000 TEU).

Developments in volume and freight rates are the key determining factors for the level of sales of the business segment Air + Ocean. They have been in a continuous decline in the course of 2008. After a strong first quarter with a pleasing increase of 17.2 % compared with the previous year, the decline in sea and air freight rates caused a continuous slowdown in sales momentum towards the end of 2008. In the first half of the year, foreign exchange effects resulting from the development of the US dollar had a restraining effect on sales at the business segment. Against a background of a weakening general economy in the various main regional markets in Europe and Asia, and industry trends in air and ocean freight, the continued dynamic growth in the business segment Air + Ocean is very pleasing.

Sales levels developed positively in the European core market in line with expectations. The pleasing growth momentum, especially in the Asian business units, slowed noticeably in the course of 2008 but was still able to generate increased sales. Projects with new customers in China that comprised of value-added services in addition to air and sea freight made notable contributions. The business unit Americas also reported an increase in net sales. Business development in the African market is below expectations. The main cause for this is the fall in volumes in the automotive industry in South Africa.

Segment earnings rose from 18.9 million euros in the previous year to 23.3 million euros in the reporting period, which corresponds to a very pleasing increase of 22.9 %. The operating margin increased to 4.2 % (2007: 3.6 %). Increased earnings were the result of generated growth and the continued improvement of internal processes, in particular in the business unit Europe Middle East.

Results Air + Ocean (before impairment of goodwill)

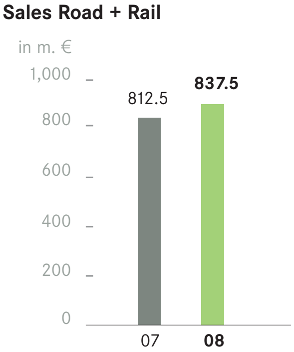


J O H O R B A H R U   K A R L S F E L D   K A R L S R U H E   K A U F U N G E N   K E M P T E N   K I E L C E   K I E V   K I S H I N E V   K L A G E N F U R T   K N E T Z G A U

In contrast, the growth in earnings was hampered by the decline in business with existing customers in the business unit Americas. Against a background of markedly slowing sales momentum, the trend in operating profit and margin underlines the success of the targeted expansion of the air and ocean transportation business within Logwin Group.

The business segment Air + Ocean continued the expansion of its global network in fiscal year 2008 accordingly. In Mexico, a new country organization began operations with offices in Mexico City and Puebla. A new office was opened in Zhangjiagang, China. An important step was made in Brazil and Peru towards completely integrating them into the standard global IT system for freight processing. IT applications in South America have been running from a new hosting center in Sao Paulo since 2008. A new software application called BOAT was developed to support the ship parts business, and BOTS, the shipment tracing application, was further improved. The automated picking system in Poland operating as part of a successful large customer project reached its full capacity utilization and the anticipated productivity level following its completion last year.

In addition to the expansion of its global network, the business segment Air + Ocean gave priority to increase its efficiency further. The growth in operating earnings and the margin clearly demonstrate its success. New customer business also developed very strongly again, particularly in the business units Far East and South East Asia. The focus here is on customers in the areas of consumer and industrial goods with activities in China, Hong Kong, Thailand, Vietnam, Indonesia and Australia. Business with existing customers also enjoyed appreciable growth and made a significant contribution to the business segment’s profitability. The strongest stimuli here came above all from the business units Europe Middle East and South East Asia.



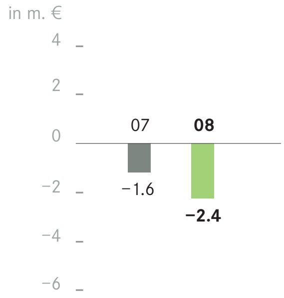
Road + Rail Net sales in the business segment Road + Rail increased in the reporting period by 3.1 % from 812.5 million euros to 837.5 million euros. Road + Rail thus accounts for 40.9 % of consolidated net sales (2007: 39.8 %).

In the first nine months of the fiscal year, the business segment achieved a solid sales growth. In the final quarter, the business segment Road + Rail could not escape the overall developments and reported a massive sales decline. This was caused by production stoppages at existing customers and generally decreasing transport volumes. The very sharp fall affected particularly areas that are exposed to the automotive manufacturers, suppliers and chemical industry. The downward trend in sales was additionally aggravated by the market-related, significantly reduced freight rates towards the end of the year.

Growth stimuli continue to come from Eastern Europe as a result of the increasingly close-knit network. A new location was put into operation in St. Petersburg, Russia, in the fourth quarter. Noticeable sales contributions could be generated here despite the subdued growth in the overall Russian market. Besides international air and ocean freight transport, the new location also provides warehousing services and extensive additional services.

The expansion of locations in Poland, the Czech Republic, Romania, Russia, Serbia, and Bulgaria follows the strategy to provide comprehensive logistics services combined with warehousing activities and – in addition to international connections – national distribution logistics. The business unit Eastern Europe develops specialized logistics concepts based on the comprehensive range of services offered at individual locations. A number of new customers have already been won following this approach. For example, a pan-European transport network was set up for a major customer by integrating additional Eastern European factories and suppliers. All the customer's transport activities concerned with procurement and distribution can be tracked throughout Europe over a control platform and proactively optimized.

Results Road + Rail (before impairment of goodwill)



L I M A   L I N Z   L I V O R N O   L J U B L J A N A   Ł Ó D Ź   L O N D O N / M I D D L E S E X   L O R S C H   L U D E S C H   L U D W I G S B U R G   L U D W I G S H A F E N

The business unit Western Europe made a positive growth contribution despite unpleasant market conditions particularly in the main market of Germany. This was possible mainly by opening up additional scheduled transport services, intermodal transport projects in Eastern Europe as well as business expansions with existing customers. Individual transport concepts for customers such as regional forwarding for large customers were successfully extended as well.

The business unit Central Europe is particularly affected by the challenges of the sharp economic downturn. Shrinking transport volumes in the main markets of Austria and Switzerland led to a dramatic fall in freight rates in full-truck and less-than-truck load transportation and in the network activities. The business unit Central Europe tackled this market-related challenge: long-term unprofitable businesses were disposed of while international transportation with special qualitative requirements (rail solutions, transport of high-value goods, time-critical shipments) was expanded. As with the business unit Western Europe, priority is being given to the markets of Eastern Europe through personnel measures and the continued concentration of the transport network via specialized gateway locations.

The business segment Road + Rail achieved overall earnings before impairments of -2.4 million euros after -1.6 million euros in the previous year. The operating margin fell to -0.3 % (2007: -0.2 %). The disappointing result can be explained by the effects on earnings of the collapse in business in the fourth quarter after a period of stability at the beginning of the year. Furthermore, higher fuel prices in the first part of the reporting period and the increased freight costs resulting from capacity shortages had a restraining effect on earnings. Measures aimed at alleviating these effects such as the comprehensive introduction of price adjustment clauses (“diesel floaters”) helped to offset these developments. However, these were more than outweighed in the course of the year by the intense pressure on the rates for land transportation throughout Europe.

The earnings development at the business unit Central Europe fell below expectations in particular. The dependency of numerous locations on automotive suppliers and manufacturers resulted in significant falls in volumes and earnings. The business units introduced cost-saving programs. The focus here is on the systematic exploitation of market opportunities in freight procurement and the flexible capacity planning of transportation activities in the business unit.

Due to the inadequate profitability of the business segment and the continued deterioration in market conditions, targeted measures that improve profitability were launched in the past fiscal year: activities are being curtailed at locations that are not sufficiently profitable. Clear progress was achieved in the utilization of existing capacities at individual locations. The efficiency of customer relationships has been increased systematically. Activities with no realistic prospect of sufficient profitability and not connected to the transport network continue to be terminated.

Additionally, the focus at the business segment Road + Rail in fiscal year 2008 was on the expansion of customized and international transport concepts, increased profitability through continuous process improvement, the further standardization of processes in freight handling and in transport management and the administrative field. Quality and process integrity were given special priority. The measures introduced helped to offset the increased costs due to the rise in diesel prices that was particularly apparent in the first half of 2008 and the weakening economic conditions in the main European markets.

Impairment of Goodwill

Incoming orders and business volumes of the Logwin Group have deteriorated significantly for mainly cyclical reasons in the year 2008. Customers' expectations indicate a subdued economic activity for the business cycle in the coming years. For example, this relates to the noticeably weaker demand on high-quality fashion and garment, or the temporary stop of production by some automotive manufacturers. This has a direct impact on Logwin as a logistics provider in the supply chain of these industries. It will result in a significant increase in the competition for logistics business.

M I E L E C   M I L A N   M I N S K   M L A D A   B O L E S L A V / K O S M O N O S Y   M L Y N Y - K O R C Z O W A   M Ö N C H E N G L A D B A C H   M O N T E V I D E O

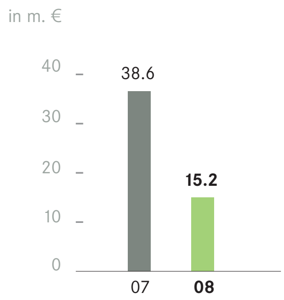
Furthermore, the worldwide financial crisis and its effects on the economy makes a reliable medium-term-planning much more difficult. An aggravation of the debt financing conditions lasting over the medium-term has to be expected. Despite the fact that the financial situation of the Logwin Group is currently stable due to the Corporate Bond, increases in the financing costs cannot be ruled out.

For these reasons in the fall of 2008, the Board of Directors and the Executive Committee of the Logwin AG decided to adjust its medium-term planning taking into account the current development and estimates. The new plan also contains the estimates for the fourth quarter of the current year as well as the figures of the 2009 business plan of the business segments. The information gained from these processes were the trigger to perform a goodwill impairment test.

As a result of the impairment test, the goodwill of the business segments Solutions and Road + Rail has to be impaired significantly. The adjusted medium-term planning shows an EBIT margin of 2.5 %. This leads to an impairment of goodwill for the business segment Solutions of 62.5 million euros and of 35.5 million euros for the business segment Road + Rail. For the business segment Solutions, an enduring EBIT margin of 3.0 % and for the business segment Air + Ocean an EBIT margin of 3.2 % was estimated, while for the business segment Road + Rail an EBIT margin of 2.0 % was applied. The “Weighted Average Costs of Capital” (WACC) amounted to 8.5 %. For the calculation of the so called “Terminal Value” a growth rate of 1.5 % was assumed and an accordant discount on the WACC was considered. Considering against the assumption, only a slight increase in the EBIT margin compared to the actual level over a longer period of time, an even stronger increase in the costs of capital cannot be ruled out. In such a scenario, the impairment on the goodwill of the business segments Solutions and Road + Rail would be even higher.

The Board of Directors and the Executive Committee of Logwin AG still consider the forecasts that led to the medium-term planning agreed to in fall 2008 to be valid, in particular for the coming years. This also applies in the light of the developments in sales and earnings of the last few months, which are largely due to the present economic and financial crisis. It is still assumed that, when economic activity normalizes, the sales and earnings planned for the coming years can be achieved. However, from the business perspective it is still extremely difficult to predict when economic activity will return to normal and how long it will then take for this to work through into earnings.

Operating cash flow



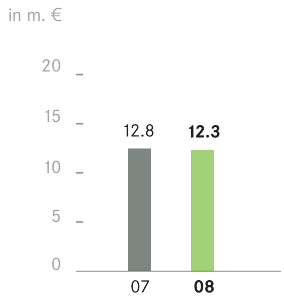
Financial Position and Performance

Cash Flow Statement

January 1 – December 31 *in thousand €*	2008	2007
Earnings before interest and taxes (EBIT)	–74,733	26,006
Depreciation and amortization	123,368	35,798
Earnings before interest, taxes, depreciation and amortization (EBITDA)	48,635	61,804
Interest payments	–14,613	–15,833
Income tax payments	–11,270	–12,185
Changes in working capital, cash effective	–3,560	11,366
Other reconciliations	–4,033	–6,562
Operating cash flow	**15,159**	**38,590**
Capital expenditure	–15,094	–23,357
Divestments	15,033	6,672
Acquisitions of subsidiaries	–3,819	–8,493
Other changes in cash flow from investing activities	999	–652
Cash flow from investing activities	**–2,881**	**–25,830**
Net cash flow	**12,278**	**12,760**
Changes in financial liabilities	–6,641	–972
Other changes in cash flow from financing activities	–7,294	–9,444
Cash flow from financing activities	**–13,935**	**–10,416**
Effects of exchange rate changes on cash	–765	–493
Changes in cash and cash equivalents	**–2,422**	**1,851**
Cash and cash equivalents at end of period	63,204	65,626
Free cash flow	**65**	**15,233**

Net cash flow = Operating cash flow - Cash flow from investing activities
Free cash flow = Operating cash flow - Capital expenditure

Net cash flow



N I L K H E I M / S T O C K S T A D T   N I N G B O   N I Z H N Y   N O V G O R O D   N O R D E R S T E D T   N O T T I N G H A M   N O V O S I B I R S K   N U R E M B E R G

Cash flow The operating cash flow of the Logwin Group amounts to 15.2 million euros for the reporting period (2007: 38.6 million euros).

The main reason for the significant decrease in operating cash flow was net sales and earnings performance, particularly in the fourth quarter, which is reflected in the fall in EBITDA from 61.8 million euros to 48.6 million euros as mentioned above in the context of the discussion of net sales and earnings performance. Despite delayed payment behavior on the part of individual customers, the Logwin Group's outstanding trade receivables could be reduced considerably. This is also the result of declining sales in the fourth quarter. Cash outflows in the form of income tax and interest payments are below the previous year's figures, but commitments due to build up working capital increased last year by 3.6 million euros.

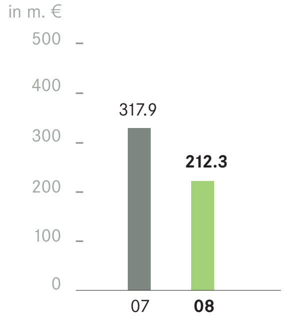
The continued restrained investment activities combined with selected divestments during the fiscal year is reflected in the change in cash flow from investing activities from -25.8 million euros to -2.9 million euros. Payments from the divestment of non-operating assets amounting to 15.0 million euros (2007: 6.7 million euros) are accounted for by the disposal of individual property and buildings, by miscellaneous capital assets and by the inflow of cash from the sale of non-core activities in 2007. The acquisition of subsidiaries concerned the payment of instalments for acquisitions from previous years.

Despite the fall in operating cash flow, net cash flow as a key control parameter in the Logwin Group remains positive at 12.3 million euros, which is the same level as the previous year (2007: 12.8 million euros). At 0.1 million euros, free cash flow is positive (2007: 15.2 million euros).

Cash flow from financing activities was -13.9 million euros (2007: -10.4 million euros). The increase in cash outflows is due to the business-related, premature repayment of leasing liabilities.

As of December 31, 2008, the Logwin Group held cash and cash equivalents of 63.2 million euros (2007: 65.6 million euros).

Shareholders' equity



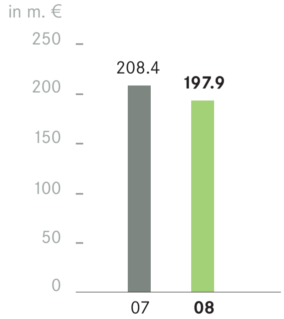
OBERNZELL ODELZHAUSEN ODESSA OSIJEK PARETS DEL VALLETS PARIS PATERNA-VALENCIA PENANG PIASECZNO

Asset and Capital Structure

in thousand €	Dec. 31, 2008	Dec. 31, 2007	Change
Assets			
Cash and cash equivalents	63,204	65,626	−3.7 %
Trade accounts receivable	244,851	285,572	−14.3 %
Prepaid expenses and other current assets	42,909	46,658	−8.0 %
Property, plant and equipment	181,068	195,764	−7.5 %
Intangible assets	14,895	15,735	−5.3 %
Goodwill	180,844	277,133	−34.7 %
Other long-term assets	18,769	25,816	−27.3 %
Total assets	**746,540**	**912,304**	**−18.1 %**
Passiva			
Short-term financial liabilities	7,769	8,537	−9.0 %
Trade accounts payable	218,665	253,043	−13.6 %
Other short-term provisions and liabilities	73,249	83,094	−11.8 %
Long-term financial liabilities	29,113	33,693	−13.6 %
Bonds payable	127,219	126,642	0.5 %
Other long-term provisions and liabilities	78,179	89,376	−12.5 %
Shareholders' equity (including minority interests)	212,346	317,919	−33.2 %
Total liabilities and shareholders' equity	**746,540**	**912,304**	**−18.1 %**
Key figures to the Balance Sheet			
Equity ratio [1]	28.4 %	34.8 %	−6.4 %
Gross financial debt	197,895	208,413	−5.0 %
Net financial debt	134,691	142,787	−5.7 %

[1] Changes in percentage points

Gross financial debt



P I L S E N   P I T E Ş T I   P L O C E   P O L C H   P O L O T S K   P O R T   E L I Z A B E T H   P O Z N A Ń   P R A G U E   P R A T T E L N   P U C H H E I M   P U E B L A

Balance sheet The balance sheet total decreased compared with December 31, 2007, in particular due to the impairment of goodwill by 165.8 million euros from 912.3 million euros to 746.5 million euros.

Due to the significant sales decline in the fourth quarter and the targeted management of working capital, trade receivables decreased significantly by 40.8 million euros to 244.9 million euros compared with the figure for the corresponding period (2007: 285.6 million euros).

Due to the continued restrained investment activities and the disposal of non-operating assets, property, plant and equipment decreased by 7.5 % to 181.1 million euros (2007: 195.8 million euros). Additions to fixed assets in fiscal year 2008 amounted to 11.6 million euros (2007: 16.1 million euros), with disposals of 7.6 million euros (2007: 5.2 million euros), and regular depreciation and amortization of 19.7 million euros (2007: 22.5 million euros). Additions to fixed asset in the reporting period were for miscellaneous replacements and expansion at various companies.

As of December 31, 2008, fixed assets included land and buildings with a carrying amount of 143.1 million euros (2007: 150.9 million euros).

Intangible assets of 14.9 million euros in fiscal year 2008 remained at the same level as the previous year (2007: 15.7 million euros). Owing to the significant impairment adjustments, goodwill decreased to 180.8 million euros as of December 31, 2008 (2007: 277.1 million euros).

Short-term financial liabilities decreased to 7.8 million euros (2007: 8.5 million euros).

The reduction in trade accounts payable by 34.3 million euros to 218.7 million euros is below the reduction in trade accounts receivable.

Other short-term provisions and liabilities decreased in fiscal year 2008 by 9.9 million euros to 73.2 million euros (2007: 83.1 million euros).

Long-term financial liabilities fall from 33.7 million euros to 29.1 million euros as of December 31, 2008 as a result of scheduled repayments. As of December 31, 2008, the Logwin Group has 38 credit commitments (2007: 50). No one credit facility was drawn in an amount exceeding 5 million euros.

Liabilities from issuing the bond amounted to 127.2 million euros (2007: 126.6 million euros).

Other long-term provisions and liabilities decrease from 89.4 million euros to 78.2 million euros as of December 31, 2008. Of this, 4.2 million euros is due to a fall in long-term leasing liabilities and 1.8 million euros from the decrease in provisions for pensions and other long-term personnel obligations, specifically due to the increase in the discount rate from 5.25 % to 6.0 % in the reporting period.

Shareholders' equity decreased to 212.3 million euros as a result of the goodwill impairment loss (2007: 317.9 million euros). The equity ratio was 28.4 % (2007: 34.8 %).

The group's gross financial debt drops by 10.5 million euros to 197.9 million euros (2007: 208.4 million euros). Net debt decreased by 8.1 million euros to 134.7 million euros (2007: 142.8 million euros). The decrease is mainly due to the scheduled repayment of financial liabilities from operational cash flow earnings.

As of December 31, 2008, the Logwin Group had short-term credit commitments of around 50 million euros (2007: 58.6 million euros) at its disposal.

S A I N T P E T E R S B U R G S A I N T - L O U I S S A L Z B U R G S A N T I A G O D E C H I L E S A N T O S S Ã O P A U L O S A R A J E V O S A U S H E I M

As of December 31, 2008 the Logwin Group has contingent debts of 0.4 million euros (2007: 0.1 million euros), arising from bank guarantees and guarantees with regard to third parties, sureties for associate companies that are not part of the consolidated group and from other guarantees in the context of the proper course of business.

There are also extensive operating lease obligations, which primarily relate to the use of warehouse real estate, other real estate and vehicles. The total value of future lease obligations as of December 31, 2008 is 248.1 million euros (2007: 235.7 million euros).

The real estate included in the Logwin Group's fixed assets have a total area of around 315,000 sq.m and usable space (offices and storage) of around 245,000 sq.m. Additional office, open-air and covered storage space is also leased at a large number of locations. In total, the Logwin Group manages around 1.5 million sq.m, of which around 1.0 million sq.m is warehousing. As of December 31, 2008, the group owned around 21 % of the real estate it utilizes.

The total number of properties used for warehousing as of December 31, 2008 is around 370 in 39 countries. As of December 31, 2008, around 600 trucks, 900 trailers and around 1,900 swap bodies were in use at the Logwin Group. In addition, a considerable number of industrial trucks and other items of equipment were operated, predominantly as leased or rented vehicles. Above and beyond that, the Logwin Group usually leases capacities or contracts them to subcontractors.

Value-oriented Company Management

A sustained increase in the company value is central to the corporate policy of Logwin, allowing for an adequate risk-adjusted return on investment reflecting market expectations.

Implementing value-orientation calls for the identification of clearly-defined factors that are crucial for success, which are then used to control the business units. In value-oriented management, resources are allocated according to the criterion with the highest value contribution for the company. All measures and decisions are thus examined regarding their value added for the company.

Value analysis using Economic Value Added (EVA) A central criterion for the assessment of value development at Logwin is Economic Value Added (EVA). EVA is calculated as the difference between Net Operating Profit After Tax (= NOPAT) and Capital Charge.

NOPAT is the difference between earnings before interest and taxes (EBIT) and an average group tax burden. Capital Charge is the product of Capital Employed and Cost of Capital (Weighted Average Cost of Capital, WACC). Capital Employed is calculated by deducting the available non-interest-bearing capital from operating long-lived assets and current assets.

The Weighted Average Cost of Capital is used in the Logwin Group not only for the calculations of Economic Value Added at group and business segment level, but also in the context of investment evaluation and to ascertain the value of long-term assets.

Capital Expenditure

Logwin Group investment totaled 16.6 million euros in the 2008 fiscal year (2007: 20.9 million euros). This corresponds to 0.8 % of net sales in the fiscal year and a decline of 20.6 % compared with the amount invested in the previous year. 69.6 % of total investments in 2008 were accounted for by property, plant and equipment (2007: 77.2 %) and 30.4 % by intangible assets (2007: 22.8 %).

SEOUL SEVILLA SHANGHAI SHENZHEN SIBIU SINGAPORE SOFIA SOKOŁÓW SPIELFELD SPODNJA IDRIJA SPREENHAGEN

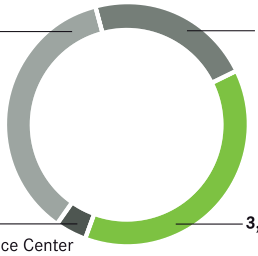
In its investment activity, the Logwin Group places great value on strict investment management and a return-oriented investment policy directed towards a sustainable increase in the value of the company. The company is making allowance for the currently difficult economic conditions that are fraught with planning uncertainty with a restrictive investment policy for the reporting period and the foreseeable future. Corporate guidelines have therefore been applied with the following major objectives in order to manage investment. The guidelines:

- ensure that limited and competing financial funds are allocated in the best possible way within the Logwin Group,
- define and establish standardized and transparent processes for requesting, assessing, deciding on and executing investments,
- secure solid finance for all investments and
- ensure that each investment makes a relevant contribution towards implementing the strategy of the business segment and the group as a whole.

In the fiscal year 2008, the business segment Solutions invested primarily in extension and refurbishment measures as part of existing and new customer projects. These included, for example, the leasing and extension of warehouses and investments in technical equipment and fixtures such as rack and picking systems. In the business segment Air + Ocean, investments were made especially in order to expand existing customer business in Poland and to further develop various locations in Asia and South America. The funds invested at the business segment Road + Rail were mainly accounted for by targeted reinvestment in the refurbishment of existing properties to meet the needs of customers and of the business and in the vehicle fleets at selected locations. In addition, investments were again made at all business segments in new IT systems and solutions, for example for the implementation of new or the upgrading of existing freight forwarding software and inventory management systems. This is aimed at further improving and harmonizing operational and administrative processes.

The share of the business segment Road + Rail of the total funds invested in 2008 amounted to 31.5 %, while the business segment Solutions accounted for 29.6 % and the business segment Air + Ocean for 13.1 % of total investment. The remaining share of 25.8 % was invested in the context of central projects that were primarily concerned with further developing the IT infrastructure and with investments in software.

Employees



Research and Development

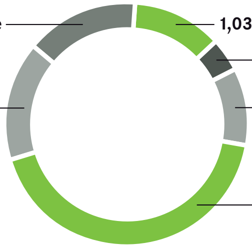
Innovations and ongoing process enhancements are a core element of the Logwin Group's strategy as they are the decisive competitive factors for a service provider. As a logistics service provider, Logwin focuses on service and process innovations. They are developed in the context of major orders or in ongoing cooperation with customers to optimize business processes further. The Logwin Group does not conduct stand-alone research and development work with corresponding organizational structures.

Employees

	Dec. 31, 2008	Dec. 31, 2007
Germany	3,690	3,600
Austria	1,353	1,450
Eastern Europe	1,296	1,151
Asia, Pacific Region, Africa	1,030	933
Switzerland	378	402
Other	883	947
Total	**8,630**	**8,483**
Of which:		
Solutions	3,134	3,269
Air + Ocean	1,892	1,654
Road + Rail	3,253	3,227
Holdings/Shared Service Center	351	333

Changes in employment As of December 31, 2008 there were 8,630 employees in the Logwin Group worldwide. This represents a slight rise of 1.7 % on the previous year. The number of employees in the business segment Air + Ocean increased by 14.4 % as a result of growth and new customer business, especially in Asia and Eastern Europe. The number of employees in the business segment Solutions fell by 4.1 % compared with the previous year. This development can be attributed to restructuring measures and adjustments to capacity, and to a modified assignment of businesses within the Logwin Group. The number of employees in the business segment Road + Rail remained nearly constant. The necessary restructuring measures in this business segment, and the concomitant adjustments in employee numbers, were compensated by initial consolidation and newly assigned business.

Employees by region



TIANJIN TIMIŞOARA TISIS TRAISKIRCHEN TRIER TYCHY ULM UZHHOROD VALKENSWAARD VECSÉS/BUDAPEST

The structural changes were a significant aspect of personnel work in 2008. Solutions were developed and implemented in cooperation with employee representatives in order to ensure that local human resource adjustments and displacements were carried out in a socially responsible way.

While the implementation of the new management structure that had been initiated in the previous year continued, the focus in 2008 was mainly on the introduction of the common brand, Logwin. The new brand was introduced to employees of the Logwin Group and its joint launch was celebrated in numerous events held all over the world.

Moreover, further processes were harmonized and interfaces improved in the field of personnel work in order to promote integration within the group. For example, a standardized process was developed for the recruitment of new employees.

Training and human resource development For any logistics service provider, qualified and motivated employees are the basis for the success of the company. For this reason, Logwin is deeply committed to providing its employees all over the world with vocational and advanced training. The Logwin Group continues to invest in the vocational training of young people. As of December 31, 2008 the Logwin Group employed 430 trainees, representing an increase of 2.6 % compared with the previous year.

Through commercial and technical training, release courses as a partner company of colleges of cooperative education and through collaboration with universities of applied sciences and other universities, Logwin provides a wide range of opportunities for young people to embark on a career. The company presents itself to school leavers and university graduates at various events and gives applicants the chance the get to know the Logwin Group and to gather information about jobs and training opportunities.

Logwin is working to counteract the shortage of skilled staff with targeted training schemes.

Another area of focus in personnel work at Logwin is the qualification and development of employees and managers. In addition to locally organized staff development, corporate-wide measures and initiatives have been set up with the Logwin Group. In 2008, staff and managers in various functions at Logwin were trained in the areas of freight purchasing, sales, industrial law and leadership.

A group junior staff development scheme has been launched for selected young high potentials and junior managers. The main objectives of the program are to prepare employees for new, advanced tasks and to enable participants from different functions and business segments to network with each other more closely. In the space of one year, the participants take part in various modules covering the subjects of leadership, project management or strategy.

Supplementary Report

There were no events of significance between December 31, 2008, and the date of the preparation of the consolidated financial statements by the Board of Directors of Logwin AG.

Risk Report

Based on its global logistics business operations, the Logwin Group faces macroeconomic risks on the one hand and potential industry, competition, procurement, demand and customer risks on the other. In addition, interest rate and currency risks, regulatory and environmental risks, management, legal, IT and other risks can affect the group's business.

Macroeconomic risks Macroeconomic trends have a decisive effect on business development within the Logwin Group. The most significant risk is the uncertainty that has arisen regarding the continued development of the national economies in the Logwin Group's most important markets.

The difficulty of forecasting in the short to medium term is currently affecting all market players in the areas of commerce and production and frequently requires sudden, substantial adjustments to planned transport volumes or required storage capacities. All planning processes within the Logwin Group are based on expectations regarding its customers' sales and procurement volumes. The general uncertainty regarding future macroeconomic performance therefore has a direct impact on the Logwin Group.

The Logwin Group will have to make appropriate adjustments if the current stagnant or declining economic development continues to deteriorate beyond the level assumed in the short- to medium-term planning. There is the risk that it will not be possible to make the adjustments in due time. Besides falling sales, this would have significant negative effects on results. Conversely, an unexpectedly rapid return to the economic growth seen in the past few years accompanied by a sudden jump in demand for transportation capacity and logistics services could lead to a shortage on the procurement side.

WARSAW WASSERBILLIG WEIDEN WEITERSTADT WERNDORF WIEN WIENER NEUDORF WOLFURT WORMS WROCŁAW

Financing risks The worldwide financial crisis has led to unpredictable distortions in the global financial markets. The shortage of liquidity threatens the very existence of some financial market players and is confronting them with challenges to secure the necessary refinancing for their business activities. This drastic liquidity shortage is having a direct effect on the Logwin Group's financing activities in various places.

Conducting business as a logistics company and general entrepreneurial considerations sometimes require the use of credit and credit-based forms of finance such as short- to medium-term leases on infrastructure, transport equipment and other technical plant and equipment. For this reason, a further tightening of the global credit situation and the accompanying increases in interest rates for financing with borrowed capital would place great strains on liquidity and also have a negative impact on the earnings development of the Logwin Group.

The Logwin Group depends currently significantly on debt instruments in order to secure its financing requirements. The general shortage of available credit resources is also affecting the group's customers and suppliers, who are also trying to optimize their financing requirements. The pressure on payment periods emphasizes the need to have sufficient liquidity in hand in order to ensure that business can continue and necessary reinvestment can be made. The continuing severe liquidity shortages in the financial markets can lead to a steep rise in the level of interest, which can in turn have a negative effect on the profitability of the Logwin Group.

Expiring loans and the Logwin Group's corporate bond must be repaid at maturity or refinanced by other measures. If the financial funds available at that point in time are not sufficient to satisfy creditors' claims, the company's future existence will depend on the willingness of shareholders to provide additional equity capital or on disposing of major parts of the business in order to generate liquidity.

Conducting transportation activities on a global scale requires liquidity to be available at all times and the possibility of guarantees and collateral being provided by generally recognised guarantors. This is specifically important with regard to customs and tax authorities, in order to process air and sea transportation. If the established mechanisms ensuring financial settlement in international trade fail to work, or if they are not available to the Logwin Group to a sufficient extent, the Logwin Group's existence could be threatened.

The Logwin Group's credit risk on receivables is subject to strict risk management. The amount of receivables is constantly monitored and, where necessary, limited. The Logwin Group also makes use of credit guarantees as well as other comprehensive, systematic collateral measures in order to cover its exposure to credit risk. Failure to obtain a sufficient level of coverage results in an increased risk of payment default for the Logwin Group. These risks are further amplified by the increased risks of insolvency resulting from current economic conditions.

Interest rate and currency risks The Logwin Group's worldwide activities mean that a share of its consolidated sales is being generated in non-euro currencies and a corresponding share of assets is also recognized in financial statements in other currencies. As a result, the group is subject to ongoing currency risks. As far as possible, these risk positions are neutralized by natural hedges if expenses in key currency areas are matched by corresponding income and receivables by corresponding liabilities.

Furthermore, the strategy of reducing foreign exchange risks foresees the bundling of emerging risks as part of a central risk management and their hedging using effective instruments. In some cases, risks are reduced by financing arrangements in local currencies.

The use of financial hedging instruments requires the availability of corresponding credit facilities for the Logwin Group and necessitates the existence of functioning exchange rates on the global currency markets. A lasting increase in the direct and indirect costs for suitable hedging instruments can also have an adverse effect on the company's economic performance.

As a result of the long-term financial resources provided by a fixed-rate corporate bond, foreseeable changes in interest rates will have only a limited effect on the group's financial situation. However, permanently elevated interest rates can represent an earnings risk for the Logwin Group.

AMBERG ANTWERP ARAD ASCHAFFENBURG ATESSA AU BAD REICHENHALL BANGKOK BANGKOK/SAMUTPRAKARN

Industry-specific risks The business and financial crisis are having a direct influence on the demand for logistics services. Both domestic demand and international trade have been affected by the repercussions, and this can lead to a slowdown in export and import activities. It is still not possible to predict what the full effects of this will be, but the industry will be faced with the consequences in the medium term.

Continued weak performance in the different economic regions will have an additional negative influence on world trade and reduce the dynamics of globalization, i.e. the growing reciprocal interconnection of production areas and markets. This would have an immediate effect on the demand for logistics services and in this respect could have a significant impact on the medium-term sales and earnings performance of the Logwin Group and its competitors. The current developments on the German market, in particular in the automotive sector, clearly demonstrate the strong dependency of the transportation and logistics industry on other sectors.

Developments in costs pose a risk for the Logwin Group's profitability. The fall in the oilprice at the end of 2008 provided relief for the industry, but this was to a large extent offset by rises in other costs such as increased road charges.

Besides this, tighter controls on legal working times and stricter environmental regulations can lead to additional costs. Complying with international safety regulations (such as attaining the status of an Authorized Economic Operator – AEO) can result in increased administrative costs and a significantly higher investment requirement for additional safety measures. The changes necessary in order to participate in the electronic export process are also causing additional hardware and software costs.

Competition risks A surplus of transport capacity caused by the fall in demand and slower globalization can lead to intensified competition for reduced volumes.

In addition, the efforts on the part of many market players to differentiate themselves from the competition through industry-specific logistics concepts, especially in times of crisis when order levels are volatile, make them vulnerable, as they have no possibility to offset this.

If the economic situation remains weak, the existence of small and medium-sized companies could be threatened due to insufficient orders combined with limited financial capabilities.

The unrelenting tendency towards consolidation can lead to a shift in the traditionally strongly fragmented structure of the market. Large logistics groups would therefore assume even greater market importance. For the Logwin Group, this can mean a worsening of its competitive position if economies of scale in certain activities generate competitive advantage.

Competition will continue to intensify as a result of the continuing liberalization of the European freight transport market. Regulations designed to abolish the ban on cabotage in particular will have significant effects in this context, since many CEE accession states can benefit from their low wage and cost levels.

In the business segment Solutions, specific risks exist in concentrated competition in niche markets with a small number of competitors. This makes it more difficult to increase market share. Furthermore, the business units Fashion and Media are highly dependent on developments in the textile and media industries owing to the high level of specialization of their service offering.

In the business segment Air + Ocean, the key competition risks are the unpredictable developments in freight rates. If there is a lasting fall in freight rates and a weakening of demand for global sea and air freight forwarding, particularly in the Asian and European growth markets, competition for transport volumes is likely to intensify and lead to adverse effects on gross margins in sea and air transportation. Conversely, unexpected and extremely rapid increases can affect the Logwin Group's earnings performance if it fails to pass these on to customers in a timely manner.

The business segment Road + Rail continues to be particularly vulnerable to rising purchase prices due to further growth in fuel prices, rising wages and other costs in the freight sector.

B O C H U M - W A T T E N S C H E I D   B R E M E N   B R E M E R H A V E N   B R E S T (B E L A R U S)   B R I S B A N E   B R N O   B R N O - M O D R I C E   B U C H A R E S T

Demand and customer risks Logistics services providers, including the Logwin Group, are dependent on the demand from their customers in order to conduct their business. A weakening economy therefore does not just affect shipping companies but also has the same level of effect on the Logwin Group's order situation. Restructuring measures and rationalization programs triggered by weak demand are causing customers to be even more cost-conscious. This can result in existing logistics contracts being re-examined and, as a consequence, being more frequently put out to tender. It is noticeable that an increasing number of orders with low volumes is being awarded through tender. Contract periods are also growing ever shorter. There is the risk for the Logwin Group that increasing customer cost sensitivity will have an adverse effect on its earnings performance. The reluctance of many companies to make investments is also making it more difficult to implement new logistics projects.

Single business units of the business segment Solutions are heavily dependent on individual major customers, due to the current customer structure.

Further customer risks result from increasing delays in payment or payment default as well as from the expected rise in the number of insolvencies.

Procurement risks Logwin uses subcontractors to provide a significant proportion of its services. The services, in particular for forwarding, are contracted on the basis of long-term supply agreements and master agreements. By bundling its demand, the Logwin Group frequently achieves more favorable market terms and at the same time retains its flexibility to respond to changing market circumstances. Despite all precautionary measures, the case might arise of not being able to provide sufficient transportation capacities or of having to procure them at considerably increased market prices. These unscheduled price hikes cannot always be passed on to customers immediately.

Price fluctuations on the global oil markets that have a direct effect on the price of fuel are an additional risk. This can lead to an increase in the price of services provided that must then be passed on to customers in an appropriately timely manner. One instrument that can be used to reduce Logwin's own risk is to agree contractual price adjustments ("diesel floater clauses") that fully offset changes in fuel prices. Not being able to pass on the effects of changes in the price of oil, either completely or to a limited extent, will result in a corresponding risk to the Logwin Group's earnings performance.

Management risks Executives of the Logwin Group accept specific and quantifiable business risks in order to be able to make full use of market opportunities. The group has a range of systematic control instruments to evaluate and track these risks. Besides the risk management system, strategic planning and ongoing controlling and reporting processes are used to combine opportunity and risk assessment with a review of strategic alignment.

Legal, regulatory and environmental risks In providing its services and running its own facilities, the Logwin Group is subject to the laws, rules and regulations prevailing in the countries where it operates.

In many countries, these regulations include transportation licenses, which in some cases distinguish between national and international activities. Other conditions and licensing requirements may restrict the time of day or day of the week when transportation and logistics activities can be performed. For a number of customer projects, the companies of the Logwin Group are dependent upon retaining their existing current licenses and permits. Losing such authorization could significantly threaten the profitability of the customer projects concerned.

Substantial changes in taxation or levies such as road tolls and other usage-based charges could have a considerable effect on the profitability of current business and impact economic performance negatively. Likewise, regulatory provisions such as the tightening up of the law relating to driving crews in 2007 result in ever rising labor costs. So, for example, changes in driving and rest times lead to more drivers being required, which is placing a significantly increased burden on land transportation activities.

With the possibility of the current economic downturn continuing through the medium term, national interests and calls for protectionism are gaining increasing prominence. Both regulatory intervention in the form of tariff and non-tariff trade barriers (punitive customs, import bans etc.) as well as security measures (for example increased import inspections) can therefore impact the routing and volume of the global trade in goods. This affects the logistics sector as a whole and, consequently, the course and volume of Logwin Group’s business.

There are also legal risks for the Logwin Group relating to the settlement of divested businesses of the group or past business transactions.

In individual cases, penalties are foreseen for failure to render services in compliance with the contract. These may lead to risks exceeding the warranty risk provided for in law.

Country-specific risks can result, for example, from incoherent interpretation, application and abrupt amendment of legal, tax and customs regulations in various emerging countries where the legal system does not yet conform to international standards, or only to a limited extent.

The companies of the Logwin Group have applied for trademark protection for most of their brands, in particular for the uniform group brand Logwin, or are already in possession of such property rights. There can be negative effects on the implementation of a standardized market presence owing to attacks on the trademark arising from the current registration proceedings. In addition, the company ensures through appropriate liability clauses that products used (such as software) are covered by the necessary licenses or that the suppliers have the necessary licensing and trademark rights. If necessary licensing and trademark rights are not obtained, or if they expire, there can be negative consequences on the chances of implementing a standardized market presence and on the Logwin Group’s financial position.

The Logwin Group is particularly affected by environmental laws and regulations in those areas where the provision of logistics services involves having to deal with potentially hazardous materials such as operating filling stations or tank cleaning facilities. In addition, various logistics projects require the handling of hazardous goods. The group contributes to an appropriate reduction in risk in these areas by strictly observing all safety and environmental regulations and by designating hazardous materials officers.

The logistics and transportation sector, at least in Germany and the rest of the EU, can also be expected to become the focal point for increasing measures stemming from policies relating to the environment and climate change over the next few years. After the increase in road tolls in Germany and their alignment with European standards at the beginning of 2009, it is quite possible to expect that EU emissions trading will be extended to include air and ocean transportation and that taxes on oil will be increased in Eastern Europe. In this context, there are risks that it will only be possible in part to offset the resultant cost increases through increased efficiencies or to pass them on to customers in the form of higher prices.

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

The activities of the Logwin Group's business segments involve liability and warranty risks owing to possible damage and quality defects arising during the provision of services. The business units counteract these risks by constantly developing their quality management systems, by using comprehensive logistics controlling instruments and by carrying out projects aimed at improving process management.

Prolonged weak or anticipated prolonged weak performance of individual areas within the Logwin Group involves the risk that the goodwill recognized in the consolidated balance sheet will have to be impaired ("impairment risk"). Another influential factor is the current and anticipated trend in interest rates. In compliance with the requirements of IAS 36, goodwill is subject to an impairment test at least once every twelve months.

Risk management system A group-wide, professional and effective risk management system was introduced in line with the German Corporate Governance Code as a result of a resolution passed by the Board of Directors of Logwin AG in 2003 aimed at ensuring proper company management and implementing a coherent risk policy of Logwin AG. This forms an integral part of the planning and control system within the Logwin Group and is an essential element in managing and controlling the company. The overriding aim of Logwin AG's risk policy is the timely and systematic identification of risks that may endanger the continued existence of the company or which may seriously impact its success so that they can be avoided or their negative effects minimized by initiating prompt counter-measures.

E N N S   E S C H E N   F E L D K I R C H   F O R C E   F O R C H H E I M   F R A N K F U R T   F R E I L A S S I N G   F Ü R N I T Z   F U Z H O U   G A R C H I N G   G D Y N I A

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

The continuous improvement of the Logwin Group's risk culture is of the greatest importance for the day-to-day implementation of the risk policy established by the Board of Directors and for the integrity of the risk management system. Particular value is therefore attached in all areas of the group to increasing employees' awareness of risk and the critical approach to opportunities and risks in their own areas of business.

Outlook

Macroeconomic outlook Forecasts about economic developments are characterized by considerable uncertainty in the light of the dramatic crisis in the financial sector and the continuing, unchecked recessionary tendencies at the end of 2008.

At the end of the year, the consensus of the repeatedly lowered forecasts published by leading international economic organizations and independent institutes was that there will not be a noticeable recovery in the overall economy until 2010. The OECD expects that the leading industrial nations will show the first signs of recovery towards the end of 2009 following sharp falls in their economies in the first half of the year, and that this positive trend will continue in 2010. It is assumed that Germany will see a sharp decline in GDP in 2009.

Recovery in the financial markets is only expected in the medium term. For the foreseeable future, companies are expected to have restricted financing capabilities characterized among other things by increased interest margins. This trend will be partially offset in the short term by low base interest rates.

Industry outlook Forecasts for developments in the global logistics markets have assumed positive growth rates, albeit at lower rates than the figures for 2007 and 2008.

The global economic slowdown is therefore having a direct influence on the logistics industry. Growth potential exists mainly in countries where market saturation is still low. The global financial crisis will have an effect across all business segments on those sub-markets relevant to the Logwin Group, namely contract logistics, air and sea freight and European land transportation.

The effects of the contraction in world trade can already be felt according to information published by the International Air Transport Association (IATA). Dramatic falls in global air freight volumes have been reported as compared with the boom years of 2007 and 2008. The airlines based in the Asia-Pacific region have been particularly hard hit by this development. A continuing decline is predicted for 2009, and this will cause the airlines to reduce their capacities without having an immediate stabilizing effect on air freight rates.

G Ü N E S L I - I S T A N B U L G Y Õ R H A I P H O N G H A M B U R G H A N A U H A N G Z H O U H A N N O V E R H A N O I H E I L B R O N N H E P P E N H E I M

Developments in sea freight also point to a deceleration in world trade flows. Shipowners were induced to invest in the construction of new container ships as a result of the sharp increases in container and freight volumes of recent years. Owing to the below-expectation growth in transportation volume, which is in some cases already declining, these additional capacities cannot be fully utilized. They are therefore leading to a fall in rates, which is why in many places container ships are operating at reduced speed and less frequently or have been laid up. The fall in the number of containers being handled at many ports also indicates at least a temporary slowdown in world trade in 2009.

Many road haulage companies are faced with declining order books and falling vehicle utilization at the same time as costs have risen. The decline in demand has led to sudden, sharp reductions in freight rates, and recovery is not in sight. Cost increases include in particular labor cost rises caused by the reduction in the working times of driving crews and investments in environmentally friendly vehicles. Changes in the regulatory framework in 2009 that, for example, will result in a sharp rise in toll rates, will further aggravate the current situation and inevitably lead to a reduction in vehicle fleet capacities.

According to research conducted by the Federal Office for Commercial Transport, rail transportation has been affected by the current economic slowdown. Further consolidation is expected in the industry owing to its high proportion of fixed costs, with former state-owned railways in particular being able to maintain their position.

Market prospects Growth potential in the logistics industry will be significantly influenced by developments in global trade. A slowdown in global trade flows therefore need not have adverse effects. It can also offer additional potential. Companies that seek opportunities to adjust their flows of goods and information to match market conditions and to reduce their levels of complexity can benefit from the expertise of logistics service providers in times of crisis.

The German economy is characterized by a large number of small and medium-sized companies that contribute a substantial share of gross domestic product. The Logwin Group sees its primary task in supporting these companies in their plans to expand into new markets which are still predominantly undersaturated. The Logwin Group can look back on many years of experience and partnership with such customers. Dedicated resources in all major regions of growth and an integrated business concept enable the Logwin Group to develop and implement tailor-made logistics solutions from a single source.

Emerging growth markets are, in the Logwin Group's view, above all the countries of Central and Eastern Europe as well as Brazil, Russia, India and China. These regions will continue to offer companies attractive production and locational conditions in future and are also becoming increasingly important as sales markets. Accordingly, the Logwin Group is keen to expand its own presence in these regions in order to enable European companies to develop these markets. The Eastern European region, where the Logwin Group has already built up a full geographical coverage of offices, will continue to benefit from the internationalization of the flow of goods.

The European land transportation sector is undergoing continued consolidation due to increasing cost structures. The provision of efficient networks with full geographical coverage can be seen as a decisive competitive criterion in this context. The Logwin Group considers itself to be a strategically interesting partner for the development of European transportation alliances on the basis of its own dedicated resources. These collaborative business relations also support the Logwin Group's intensive efforts to achieve improved purchasing conditions for freight space capacities.

Freight space capacities in the air and ocean freight business are subject to constant fluctuations, with higher purchasing volumes generally allowing economies of scale to be achieved. An example of these efforts to achieve competitive purchasing conditions is participation in the procurement alliances Future and Group 99. The Logwin Group will continue to pass on any cost advantage achieved through this to its customers.

ISTANBUL IZMIR JAKARTA JINQIAO JOHANNESBURG JOHOR BAHRU KARLSFELD KARLSRUHE KAUFUNGEN KEMPTEN

Strategy The business model of the Logwin Group, which as an integrated logistics service provider bundles its competencies in the three business segments Solutions, Air + Ocean and Road + Rail, is based around a strategy of profitable growth in all areas. Accordingly, different priorities for development have been defined in the individual areas:

- In the business segment Solutions, the focus is on the development of value-creating and tailored logistics concepts. Promoting innovative customer solutions leads to a decisive differentiation to other market players. Exploiting synergies across the group and between business segments allows process improvements to be achieved for Logwin as well as for its customers. In the medium term, the Logwin Group is developing quality leadership in the business units Consumer Goods, Industrial Goods, Fashion and Media. Cross-selling activities support the Logwin Group's intended plan of growing with its customers.

- The business segment Air + Ocean develops and implements intercontinental air and ocean transportation for its customers. It also serves as an interface between the global growth markets and the Logwin Group's core markets in Europe. The Logwin Group can benefit from a standardized network of locations that contributes towards increasing transport volumes. Intensifying customer relationships with key account management, extending the network structure in growth regions with its own locations and providing ongoing training to its employees are further strategic measures that will make Logwin one of the leading air and sea freight service providers for small and medium-sized companies.

- In the business segment Road + Rail, the priority for the long term is increasing the profitability of all locations. Strategic partnerships and alliances help to secure an extremely close-knit network throughout Europe and to serve local markets. Logwin will also continue to expand its competence in Eastern Europe with its own locations and to extend its combined transport activities.

Following a far-reaching and successful restructuring phase last year, which is still continuing in some sub-areas, Logwin's future priority will be on bundling and professionalizing the logistics services. Logwin is aiming to achieve quality leadership in the markets and industries where it operates through high internal standards. In the Logwin Group's view, the following strategic options will contribute to successful business development:

- The efficient combination of centralized and local organizational structures within the Logwin Group will lead to cost saving opportunities and also to a sharp increase in flexibility in order to be able to respond to changing market conditions.
- The focus is on organic and customer-related growth. Intensifying existing customer relationships by making full use of cross-segment volumes should help to achieve this aim.
- Individual customer requirements must be examined to ensure that they are realistic, since the Logwin Group must be able to match them in technological and financial terms in order to fully meet the demands made.
- Acquisitions are just a strategic means of opening up new markets and have only a supplemental character.

Predicted sales and earnings development The considerable uncertainty about the general economic development is having an adverse effect on the Logwin Group's sales and earnings planning. The company is taking this into account with company controls that are heavily oriented towards safeguarding financial stability.

Sales and earnings development in the individual business segments of the Logwin Group will greatly depend on how the overall economy develops. Besides the business performance of important customers, the success of the initiated structural measures and the steps taken to improve capacity utilization will be of major importance for the business segment Solutions in the 2009 fiscal year. For the business segment Air + Ocean, the development of global freight volumes combined with the question of freight rates will be of fundamental significance for stabilizing the earnings situation that had grown considerably in the previous years. In the business segment Road + Rail, the trend in volumes as a result of the investment behavior of companies in the main markets and the trends in private consumption in Central Europe in particular will determine earnings development.

L E I B N I T Z   L E I C E S T E R   L E I P Z I G   L E M G O - V O S S H E I D E   L I M A   L I N Z   L I V O R N O   L J U B L J A N A   Ł Ó D Ź   L O N D O N / M I D D L E S E X

Ensuring adequate liquidity and the reduction in the group's liabilities have top priority. Accordingly, all investments, procurement activities as well as personnel planning are subject to strict requirements concerning their immediate necessity for the operation of the business. The management of receivables will continue to be tightly monitored.

Furthermore, the Logwin Group will conduct a continuous dialog with its customers to ensure that necessary capacity adjustments due to changes in requirements can be implemented as rapidly as possible.

The Logwin Group will take all measures necessary to ensure that the level of operational profitability achieved in the current environment will be sustained and so provide the basis for increases in profitability in the future. The stability-oriented controls will enable the Logwin Group to benefit appropriately when economic recovery begins.

Assurance by the Legal Representatives

"To the best of our knowledge and in accordance with the applicable reporting principles of consolidated financial reporting, the consolidated 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)

„WE DON'T DO LOGISTICS JUST FOR OUR OWN SAKE, IT'S QUITE SIMPLE: YOUR LOGISTICS."

Nicole Gaßner is a forklift truck operator and warehousing specialist at the Tosters location. Even though she is a woman in a working environment dominated by men, she still feels at ease. What she really likes about her job is the independent and flexible work. Her daily routine is centered on handling empty tin cans. Nicole Gaßner and her colleagues unload and load around 55 trucks every day. First, the scheduling team gives her shipping orders for the quantities required for a customer's two canning plants. She then steers around 200 to 300 pallets through the warehouse each day. A scanner integrated into the forklift registers every single pallet. When she is not busy preparing shipments, Nicole Gaßner optimizes the available warehouse space by shifting pallets around – until the next truck arrives at the ramp with her next assignment.

Consolidated Financial Statements

Consolidated Statement of Income

in thousand €	2008	2007	*Note/Page*
Net sales	2,046,321	2,043,108	*4/106*
Cost of sales	–1,895,752	–1,892,460	*5/111*
Gross profit	**150,569**	**150,648**	
Selling costs	–38,847	–35,855	*5/111*
General and administrative costs	–92,169	–87,485	*5/111*
Restructuring costs	–	–2,308	*7/113*
Other income	22,202	21,478	*6/112*
Other expenses	–18,488	–14,472	*6/112*
EBIT before Impairment of goodwill	**23,267**	**32,006**	
Impairment of goodwill	–98,000	–6,000	*8/113*
Earnings before interest and taxes (EBIT)	**–74,733**	**26,006**	
Finance income	1,478	1,304	*9/114*
Finance expenses	–19,767	–18,427	*9/114*
Income (loss) before income taxes	**–93,022**	**8,883**	
Income taxes	–7,872	–5,549	*10/115*
Net result	**–100,894**	**3,334**	
Attributable to:			
Equity holders of Logwin AG	–101,441	1,662	
Minority interest	547	1,672	

in €	2008	2007
Earnings per share – basic and fully diluted		
Income (loss) attributable to the equity holders of Logwin AG	–0.91	0.01
Weighted average number of shares outstanding	**111,474,987**	**111,474,987**

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

Consolidated Statement of Cash Flows

in thousand €	2008	2007
Earnings before taxes	–93,022	8,883
Financing expenses, net	18,289	17,123
Earnings before interest and taxes (EBIT)	–74,733	26,006
Adjustments to reconcile net result to net cash provided by operating activities		
Depreciation and amortization	25,368	29,798
Impairment of goodwill	98,000	6,000
Result from disposal of assets	–2,259	–3,550
Other, net	–1,774	–3,012
Income taxes paid	–11,270	–12,185
Interest expense paid	–14,613	–15,833
Changes in working capital, cash effective		
Change in trade accounts receivable and other assets, cash effective	33,494	–15,867
Change in trade accounts payable and other liabilities, cash effective	–37,011	20,166
Change in inventories, cash effective	–43	7,067
Net cash provided by operating activities	**15,159**	**38,590**
Capital expenditures	–15,094	–23,357
Proceeds from disposal of non-current assets	11,273	5,623
Proceeds from sale of available-for-sale securities	710	591
Change in other loans granted	999	–1,243
Proceeds from sale of consolidated companies and other business units	3,050	1,049
Payments for acquisitions of subsidiaries, net cash acquired	–3,819	–8,493
Net cash used in investing activities	**–2,881**	**–25,830**
Net cash flow	**12,278**	**12,760**
Change in short-term financial liabilities	–973	–115
Proceeds from financial liabilities	–	2,993
Repayment of long-term borrowings	–5,668	–3,850
Repayment in financial liabilities	–6,093	–8,408
Distribution to minorities	–1,377	–1,481
Other, net	176	445
Net cash used in financing activities	**–13,935**	**–10,416**
Effects of exchange rate changes and changes in consolidation scope on cash	–765	–493
Changes in cash and cash equivalents	**–2,422**	**1,851**
Cash and cash equivalents at beginning of year	65,626	63,775
Change	–2,422	1,851
Cash and cash equivalents at end of period	**63,204**	**65,626**

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

Consolidated Balance Sheet

Assets *in thousand €*	Dec. 31, 2008	Dec. 31, 2007	*Note/Page*
Cash and cash equivalents	63,204	65,626	*11/116*
Trade accounts receivable	244,851	285,572	*12/116*
Inventories	7,485	7,304	*13/118*
Income tax receivables	10,203	10,620	*14/118*
Prepaid expenses and other current assets	25,221	26,901	*15/118*
Assets, held-for-sale	–	1,833	*16/119*
Total current assets	**350,964**	**397,856**	
Property, plant and equipment	181,068	195,764	*16/119*
Intangible assets	14,895	15,735	*16/119*
Goodwill	180,844	277,133	*17/122*
Investments in associated companies	113	159	*18/124*
Investments in affiliated, not consolidated companies and other investments	1,505	1,773	*18/124*
Securities, available-for-sale	554	1,501	*18/124*
Securities, held-to-maturity	454	464	*18/124*
Deferred income taxes	15,045	20,922	*19/127*
Other non-current assets	1,098	997	*20/128*
Total non-current assets	**395,576**	**514,448**	
Total assets	**746,540**	**912,304**	

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

Liabilities and Shareholders' Equity *in thousand €*	Dec. 31, 2008	Dec. 31, 2007	*Notes/Page*
Short-term financial liabilities	7,769	8,537	*21/128*
Trade accounts payable	218,665	253,043	*24/131*
Lease obligations, short-term	3,947	5,472	*28/133*
Tax liabilities	3,815	8,039	*25/131*
Other short-term liabilities	58,848	59,398	*26/131*
Other short-term provisions	6,639	10,185	*27/132*
Total current liabilities	**299,683**	**344,674**	
Bonds payable	127,219	126,642	*22/129*
Long-term financial liabilities	29,113	33,693	*21/128*
Lease obligations, long-term	29,847	34,069	*28/133*
Retirement and other employee-related obligations	31,873	33,457	*29/133*
Deferred income taxes	11,981	17,567	*19/127*
Other long-term liabilities	4,451	4,254	*26/131*
Other long-term provisions	27	29	*27/132*
Total non-current liabilities	**234,511**	**249,711**	
Ordinary shares – voting, no-par value	139,344	139,344	
Additional paid-in capital	174,002	174,002	*30/138*
Retained earnings and other reserves	–97,860	5,072	*30/138*
Result directly recognised in equity	–6,172	–4,657	*30/138*
Total group equity	209,314	313,761	
Minority interest	3,032	4,158	
Shareholders' equity	**212,346**	**317,919**	
Total liabilities and shareholders' equity	**746,540**	**912,304**	

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

Consolidated Statement of Changes in Shareholders' Equity

in thousand €	Ordinary shares – voting, non-par value	Additional paid-in capital	Retained earnings and other reserves
January 1, 2007	**139,344**	**174,002**	**8,057**
Net result			1,662
Acquisition of outstanding minority interests			–4,647
Neutral effects from minority interests			
Result directly recognized in equity, net of tax			
Translation reserve			
Fair value reserve			
Revaluation reserve			
Actuarial gains and losses from pensions			
December 31, 2007	**139,344**	**174,002**	**5,072**
Net result			–101,441
Acquisition of outstanding minority interests			–1,491
Neutral effects from minority interests			
Result directly recognized in equity, net of tax			
Translation reserve			
Fair value reserve			
Revaluation reserve			
Actuarial gains and losses from pensions			
December 31, 2008	**139,344**	**174,002**	**–97,860**

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

Translation reserve	Fair value reserve	Revaluation reserve	Actuarial gains and losses from pensions	**Total group equity**	**Minority interest**	**Total Shareholders' equity**
−206	**−8**	**−619**	**−3,337**	**317,233**	**3,819**	**321,052**
				1,662	1,672	3,334
				−4,647		−4,647
					−1,333	−1,333
−1,755				−1,755		−1,755
	−153			−153		−153
			1.421	1,421		1,421
−1,961	**−161**	**−619**	**−1,916**	**313,761**	**4,158**	**317,919**
				−101,441	547	−100,894
				−1,491		−1,491
					−1,673	−1,673
−2,955				−2,955		−2,955
	−16			−16		−16
		619		619		619
			837	837		837
−4,916	**−177**	**–**	**−1,079**	**209,314**	**3,032**	**212,346**

Notes to Consolidated Financial Statements as of Dec. 31, 2008

1 Corporate information

The consolidated financial statements of Logwin AG ("Logwin" or "Logwin Group"), which operated under the name of Thiel Logistik AG until April 9, 2008, for the fiscal year as of December 31, 2008 were authorized for issue by resolution of its Board of Directors on February 26, 2008 and under Luxembourg law are still subject to approval by the Annual General Meeting. Logwin AG, 5 an de Längten, L-6776 Grevenmacher, is a limited company incorporated and domiciled in Grevenmacher, Luxembourg, whose shares are publicly traded in the Prime Standard section of the Frankfurt Stock Exchange. The majority shareholder with an 80.6 % shareholding is DELTON AG, Bad Homburg, Germany, through its wholly owned subsidiary DELTON Vermögensverwaltung AG, Bad Homburg, Germany.

The principal activities of the group are described in Note 4, "Segment Reporting".

2 General principles of accounting and valuation

General principles of accounting and valuation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale securities, which have been measured at fair value. The consolidated financial statements are presented in euro and all values are rounded to the nearest thousand (TEUR) except when other wise indicated. General principles of accounting and valuation are in line with last year's principles. The Logwin Group has adopted the new IFRIC 11 and IFRIC 14. Adoption of these revised standards and interpretations did not have any effect on financial performance or position of the group.

Statement of compliance with IFRS

The consolidated financial statements of Logwin AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Consolidation principles

The consolidated financial statements comprise the financial statements of Logwin AG and its subsidiaries as of December 31 each year. In addition to Logwin AG as the parent company, the fully consolidated subsidiaries include 4 domestic and 105 foreign companies (2007: 4 domestic and 110 foreign companies).

The consolidated entities including Logwin AG have developed as follows:

	Dec. 31, 2007	Additions	Disposals	Dec. 31, 2008
Luxembourg	5	–	–	5
Abroad	105	5	5	105
Total	**110**	**5**	**5**	**110**

During the fiscal year, a total of five companies were merged with other group companies. One company was newly formed. A total of four companies which had previously not been consolidated because of their minor significance to the group have been included in the consolidation for the first time.

Four associated companies (December 31, 2007: five) each held with a share of 50 % were included in the report. Not included in the consolidation were 27 subsidiaries (December 31, 2007: 36) which were either dormant or had a negligible volume of business. Their influence on the group's assets, financial position and earnings is insignificant.

The financial statements of the subsidiaries are prepared using uniform accounting and valuation methods and the same balance sheet date as the financial statements of the parent company.

All intragroup balances, transactions, income, expenses, gains and losses recognized in the carrying amount of assets, are eliminated in full.

Subsidiaries are fully consolidated from the time of acquisition, i.e. from the time at which the group achieves control. They are dropped from the consolidated financial statements at the time they pass from the control of the parent company.

Minority interests represent the portion of net results and net assets of consolidated companies, not held by the group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

Significant accounting judgments and estimates

The preparation of financial statements requires management to make certain assumptions and estimates that affect the reported amounts of assets, liabilities, contingent assets and liabilities and revenue and costs as of the balance sheet date. Actual results could differ from those estimates. The key assumptions concerning future and other key sources of uncertainty in estimates at the balance sheet date are discussed below. They result in a significant risk that a material adjustment to the carrying amounts of assets and liabilities might be required within the next financial year.

Impairment of deferred tax assets
The group determines the book value of deferred tax assets at each reporting date. This requires an estimate of future taxable profits. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of that deferred tax asset to be utilized. The carrying amount of deferred tax assets as of December 31, 2008 was TEUR 15,045 (2007: TEUR 20,922).

Impairment of long-lived assets
The group assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, or annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's net selling price and its value in use. To determine the value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market expectations for the time value of money and the risks specific to the asset. As of December 31, 2008 the carrying amount of property, plant, and equipment was TEUR 181,068 (2007: TEUR 195,764) and that of intangible assets was TEUR 14,895 (2007: TEUR 15,735).

Impairment of goodwill
The group determines whether goodwill is impaired at least once a year. This requires an estimate of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate to calculate the present value of those cash flows. The carrying amount of goodwill at December 31, 2008 was TEUR 180,844 (2007: TEUR 277,133). Reference is made to Note 17, "Goodwill".

Summary of significant accounting and valuation policies

Foreign currency translation
The consolidated financial statements are presented in euro, which is the group's functional and presentation currency.

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

Gains and losses arising from ongoing transactions in currencies other than the euro are shown in the income statement.

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

		Average rate		Closing rate	
Currency		**2008**	**2007**	**Dec. 31, 2008**	**Dec. 31, 2007**
1 EUR =					
Swiss Franc	CHF	1.5875	1.6427	1.4931	1.6604
Polish Zloty	PLN	3.5138	3.7832	4.1400	3.6015
Hong Kong Dollar	HKD	11.4489	10.6923	11.0599	11.4620
Hungarian Forint	HUF	251.7246	251.3217	266.6400	253.8100
British Pound	GBP	0.7960	0.6845	0.9786	0.7348
US Dollar	USD	1.4701	1.3706	1.4270	1.4692
South African Rand	ZAR	12.0677	9.6610	13.6136	10.0012

Revenue recognition

The Logwin Group generates sales from its business segments Solutions, Air + Ocean and Road + Rail by providing logistics and service solutions for industry and commerce. Sales are recognized net of sales deductions such as bonuses, discounts or rebates at the time they have materialized according to IFRS. This is generally the case when there is clear evidence of an agreement, ownership has been transferred or the service has been rendered, the price has been agreed or can be determined, and there appears to be adequate certainty of receipt of payment. For business transactions which do not themselves generate income but which are conducted in connection with the main sources of sales, all income is set off against the associated expenditures that arise from the same business transaction in accordance with IAS 1.34, if this is a fair reflection of the character of the business transaction or event.

Taxes

Current taxes

Current tax assets and liabilities of the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that apply or will shortly apply at the balance sheet date.

Deferred income taxes

At the balance sheet date deferred taxes are recognized by applying the balance sheet related liability method to all temporary differences between the taxation base of assets and liabilities and their carrying amounts in the consolidated balance sheet for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, unused tax loss carry-forwards and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax assets relating to the deductible temporary difference arise from the initial recognition of an asset and a liability in a transaction that is not a business combination and at the time of transaction affect neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred taxes are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax regulations) that apply or have been enacted at the balance sheet date. Income taxes relating to items recognized directly in equity are recognized in equity and not in the income statement.

Inventories
Inventories are stated at the lower of cost or net realizable value using the moving average method. Risks resulting from slow-moving items and from the obsolescence of inventories, as well as uncompleted services that involve impending losses are allowed for by writing them down to their net realizable values.

Non-current assets held for sale
The Logwin Group applies IFRS 5, “Non-current assets held-for-sale and discontinued operations”. This states that a non-current asset is classified as “held-for-sale”, if the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and if its sale is highly probable. In addition, “discontinued operations”, are defined as a group of assets and the liabilities directly associated with them to be disposed of, by sale or otherwise, in a single transaction. These assets classified as “held-for-sale” are reported separately in the balance sheet.

Property, plant, and equipment
Property, plant, and equipment is stated at the cost of acquisition, construction or production less accumulated depreciation and accumulated impairment losses. Additions and reversals that extend the useful life of the asset are capitalized.

Depreciation is calculated on a straight-line basis, based on an economic useful life of between ten and 50 years for land and buildings and three to 20 years for machinery, operating and office equipment.

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

The carrying amounts of property, plant, and equipment are reviewed for impairment when there are indications that the carrying amount of an asset exceeds the recoverable amount.

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

Intangible assets
Intangible assets acquired separately are measured at the cost of acquisition or production on initial recognition. The acquisition costs of intangible assets acquired in a business combination is the fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at the cost of acquisition or production less any accumulated amortization and any accumulated impairment. Internally generated intangible assets, excluding capitalized software development costs, are not capitalized and expenditure is recognized in income in the period in which it is incurred.

Intangible assets with finite useful lives are amortized over the economic life and assessed for impairment whenever there is an indication that the asset may be impaired. Acquired intangible assets are capitalized and amortized over a useful life of between three and ten years.

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

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

Business combinations
The Logwin Group exercises an option under IFRS 1 "First time adoption of IFRS" which allows an exception to full retroactive restatement in connection with business combinations. "Business combinations" has been applied for business combinations occurring after September 30, 2002. Upon acquisition, the group initially measures the identifiable assets, liabilities and contingent liabilities acquired at their fair values as at the acquisition date, hence causing any minority interest in the acquiree to be stated at the minority proportion of the net fair values of those items. Goodwill acquired in a business combination is initially measured at acquisition costs, which are the excess of the acquisition cost of the business combination over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities. The excess of cost of acquiring minority interests over the share value is offset against the retained earnings where the Logwin Group had already exercised control over the companies in question.

Following initial recognition, goodwill is measured at the acquisition costs less any accumulated impairment losses. Goodwill is reviewed for impairment annually or if events or changes in circumstances indicate that the carrying amount may be impaired. Under IAS 36.110, impairment of goodwill cannot be reversed even if the circumstances leading to the impairment no longer apply.

Impairment of assets
The group assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, or annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's net selling price and its value in use. The recoverable amount is calculated for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. To determine the value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market expectations for the time value of money and the risks specific to the asset. Impairment losses of continuing operations are disclosed as a separate item in the consolidated income statement.

An assessment is made at each reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased.

If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The increased carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized immediately in the income for the period. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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

- represents the lowest level within the group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the group's primary or the group's secondary reporting format determined in accordance with IAS 14, "Segment Reporting".

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. In the Logwin Group, the cash-generating units are the business segments. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this way is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

The Logwin Group has selected September 30 of each fiscal year as the reference date for its annual goodwill impairment test.

Investments in associated companies
The group's investment in its associate is valued using the equity method of accounting. An associated company is an entity over which the group has significant influence and which is neither a subsidiary nor a joint venture.

Financial assets and financial liabilities
Financial assets comprise securities, short and long-term receivables, cash and cash equivalents and derivative financial instruments. Financial assets are recognized on the settlement date, i.e. at the time of creation or transfer, at fair value plus transaction costs. Long-term loans which are low interest or interest-free are recognized at present value.

Subsequent valuation of financial assets is based on their categorization according to IAS 39. Loans and receivables and securities held to maturity are valued at amortized cost, subject to the effective interest rate method in the case of low interest or interest-free receivables. Available-for-sale securities are carried at fair value, where changes in fair value are recognized in the "fair value reserve" net of income taxes as a separate component of shareholders' equity. Reversal of the reserves through the income statement is done at sale or in the event of a prolonged decline in fair value. Subsequent valuation of investments for which there is no listed price on an active market is at acquisition cost. If the recoverable amount at the balance sheet date is below book value, impairment is taken through the income statement. Derivative financial instruments are categorized as held for trading and carried at fair value, with changes in fair value recognized in the in come statement.

With the exception of derivative financial instruments, subsequent valuation of financial liabilities is at amortized cost, subject to the effective interest rate method.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, bank balances and deposits with an original maturity of three months or less.

Trade and other receivables
Trade receivables, which generally have 30 to 90 day maturities, are recognized at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the group will not be able to collect the debts. Bad debts are written off when identified.

Securities

Debt and equity securities that have determinable fair values are recognized in one of three categories: trading, available-for-sale or held-to-maturity. Management determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reviews such classifications at each balance sheet date.

Derivative financial instruments and hedging relationships

Derivative financial instruments are used in the group exclusively for hedging foreign currency exposure. Fair value hedges are used to hedge risks in the fair value of group assets and liabilities. The group enters into cash flow hedges in order to hedge fluctuations in cash flows from variable interest liabilities. Changes in the fair value of derivative financial instruments designated as fair value hedges are recognized in the result of the current period as offsetting items for fluctuations in the value of the hedged assets, liabilities or existing obligations. Changes in the fair values of derivative financial instruments designated as cash flow hedges are first taken directly to shareholders' equity under the fair value reserve. They are transferred to income when the hedged transactions affect income.

Derivatives that are entered into for risk management purposes, but which do not meet the conditions of IAS 39 (Hedge Accounting) for a hedging relationship, are recognized at fair value with changes in fair values recognized in income of the period.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, bonds are subsequently measured at amortized cost using the effective interest method, interest-bearing loans are carried at the repayment amount. Gains and losses are recognized in statement of income when the liabilities are derecognized and through the amortization process.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired, there is solely a contractual obligation to pay cash flows to a third party under a "pass-through" arrangement, or the rights to receive cash flows have been transferred. If these conditions are not met, the financial asset must continue to be recognized.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized as an income or expense.

Borrowing costs

Borrowing costs that can be directly attributed to the acquisition, construction or manufacture of a qualifying asset, are recognized as an expense when incurred.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants relating to an asset are deducted directly from the costs of acquisition. Depreciation is calculated on the basis of reduced acquisition costs.

Leases

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

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

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

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Provisions

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is only recognized as a separate asset if the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Retirement and other employee-related obligations

Retirement and other employee-related obligations within the Logwin Group comprise defined benefit plans and defined contribution plans.

Defined benefit plans

Retirement and other employee-related obligations under defined benefit plans are accounted for using the projected unit credit method in accordance with IAS 19, "Employee Benefits". Under this method, obligations relating to known vested benefits at the reporting date are recognized together with the effect of expected future increases in pensions and salaries. The provision is derived from an independent actuarial valuation which takes into account the relevant biometric factors.

Actuarial gains and losses related to pension and other post-employment benefits (pension benefits and severance payments in Austria under the old system) are recognized as a separate component of shareholders' equity. Recognizing actuarial gains and losses in shareholders' equity affects the amounts of receivables and of provisions for pensions and other post-employment benefits stated in the balance sheet and also requires the recognition of deferred taxes on the resulting temporary differences. Deferred taxes on these temporary differences are also offset against the corresponding equity items. The past service cost related to pension and other post-employment benefits is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognized immediately in income of the period.

Actuarial gains and losses related to other long-term employee benefits (long-service bonuses) are recognized immediately in income of the period. All past service costs related to such benefits are also recognized immediately in income of the period.

Defined benefit plans within the group comprise the following benefits:

Pension benefits
Retirement obligations recognized in the balance sheet are to individual managers and employees. The majority of the plans are unfunded, only a minor portion of the plans is funded by assets.

Severance payments in Austria under the old system
Under Austrian law prior to December 31, 2002, all Austrian employees are entitled in the event of retirement or involuntary termination of employment to severance pay ranging from two to twelve months of the last monthly salary depending on period of service. The severance payments of employees still subject to the old regulation have been recognized as defined benefit plans.

Long-service bonuses
Benefits to which employees are entitled due to their years of service for the company are also recognized as defined benefit plans.

Defined contribution plans
Contributions payable to a defined contribution plan are recognized as an expense immediately. A liability is only recognized if the accrued expense exceeds the contributions already paid. If the contribution already paid exceeds the contribution due for services before the balance sheet date, the excess is recognized as an asset (prepaid expense).

Defined contribution plans within the group comprise the following:

Severance payments in Austria under the new system
Austrian law on severance payments has been changed to a defined contribution system of benefits. All Austrian employees joining a company after December 31, 2002, are subject to the new regulation as well as employees who voluntarily change to the new system. The new system has been recognized as a defined contribution plan in the consolidated financial statements.

Earnings per share
Basic and diluted earnings per share (EPS) are based on the weighted average number of shares outstanding.

New accounting regulations

The following standards and interpretations have been issued by the International Accounting Standards Board (IASB), but will only become effective for fiscal years beginning on or after January 1, 2008. These standards and interpretations have not been prematurely adopted by the Logwin Group:

- IAS 1 – Revised Presentation of Financial Statements
- IFRS 2 – Share-based Payments-Vesting Conditions and Cancellations
- IFRS 3R – Business Combinations
- IFRS 8 – Operating Segments
- IAS 23 – Borrowing Costs – Revised
- IAS 27R – Consolidated Financial Statements
- IAS 32/IAS 1 – Puttable Financial Instruments
- IAS 39 – Financial Instruments / Eligible Hedged Items
- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 15 – Agreements for Construction of Real Estate
- IFRIC 16 – Hedges of net Investments in a Foreign Operation
- IFRIC 17 – Distribution of Non-cash Assets to Owners

Standards issued by the IASB but not yet endorsed by the European Union:

- IAS 39 – Financial Instruments / Eligible Hedged Items
- IFRS 3R – Business Combinations
- IFRIC 12 – Service Concession Arrangements
- IFRIC 15 – Agreements for Construction of Real Estate
- IFRIC 16 – Hedges of net Investments in a Foreign Operation
- IFRIC 17 – Distribution of Non-cash Assets to Owners
- IFRIC 18 – Transfer of Assets from Customers

Furthermore, a number of amendments to existing standards and interpretations will take effect as of January 1, 2009. These have not been listed in detail. The Logwin Group will adopt the above-mentioned standards and interpretations as of their obligatory adoption date. Changes to the accounting policies resulting from the adoption will not have significant influence on the consolidated financial statements.

3 Material business combinations

The Logwin Group did not make any material acquisitions in fiscal year 2008. In the course of extensions of business of the Logwin Group, the business segment Air + Ocean formed the Mexican company Air + Ocean Mexico S.A. de C.V., Mexico. The holding in Logwin Solutions Lojistik Hizmetleri ve Nakliyat Tic. Ltd., Turkey, was increased to 58.4 %.

Furthermore due rates for previous years' acquisitions were paid. This resulted in an outflow of funds in the Logwin Group of TEUR 3,819.

4 Segment reporting

Primary reporting format – business segments
The segment structure reflects the current management structure of the Logwin Group.
In this structure, similar processes are bundled in the same segment.

Solutions
The business segment Solutions offers contract logistics services for specific industries and customers in the business units Industrial Goods, Consumer Goods, Fashion and Media, optimizing the entire logistics chain for its customers.

Air + Ocean
The business segment Air + Ocean bundles the international air and sea freight activities of the Logwin Group in the Europe Middle East, South East Asia, Far East, Americas and Africa business units.

Road + Rail
The business segment Road + Rail offers comprehensive forwarding services and individual transport solutions for general cargo and special transport in the business units Western Europe, Central Europe and Eastern Europe.

Holdings
General expenses which cannot be directly allocated to the segments are shown in the "Holdings" column.

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”.

Segment result: the result of each segment is measured by management based on the earnings before other financial income (expenses), interest expenses and income taxes. 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.

The remaining items not included in segment result are reported separately in the reconciliation of segment results to the group result.

Segment assets: segment assets include long-lived assets (excluding financial assets) and current assets (excluding income tax assets, cash and cash equivalents and securities). Goodwill has been allocated to the segments.

Segment liabilities: segment liabilities comprise short-term and long-term, non-interest bearing provisions and liabilities, excluding income tax liabilities.

Capital additions comprise additions to property, plant, and equipment and intangible assets (excluding goodwill) and additions from capitalization of finance lease contracts.

Depreciation and amortization relate to long-lived and intangible assets directly attributable to business segments (including amortization of capitalized customer contracts).

2008 *in thousand €*	Solutions	Air + Ocean	Road + Rail	Holdings	Consolidations	Group
Net sales						
External sales	701,495	540,649	802,382	1,795	–	2,046,321
Intersegment sales	11,505	12,663	35,154	–	– 59,322	–
Total net sales	**713,000**	**553,312**	**837,536**	**1,795**	**– 59,322**	**2,046,321**
Earnings						
Segment result before impairment of goodwill	**9,107**	**23,279**	**– 2,427**	**– 6,951**	**–**	**23,008**
Impairment of goodwill	– 62,500	–	– 35,500	–	–	– 98,000
Segment result	**– 53,393**	**23,279**	**– 37,927**	**– 6,951**	**–**	**– 74,992**
Other financial income, net						259
Earnings before interest and taxes (EBIT)						**– 74,733**
Financing expenses, net						– 18,289
Income (loss) before income taxes						**– 93,022**
Income taxes						– 7,872
Net result						**– 100,894**
The Segment result includes:						
Depreciation and amortization	– 9,823	– 1,711	– 10,842	-2,992	–	**– 25,368**
thereof amortization of customer contracts	*– 520*	–	*-732*	–	–	*– 1,252*
Balance sheet						
Segment assets	242,191	125,700	269,992	16,727	–	**654,610**
Unallocated assets						91,930
Total consolidated assets						**746,540**
Segment liabilities	114,758	55,659	140,927	9,159	–	320,503
Unallocated liabilities						213,691
Total consolidated liabilities						**534,194**
The Segment assets include:						
Capital additions	**4,914**	**2,179**	**5,218**	**4,279**	**–**	**16,590**

2007 *in thousand €*	Solutions	Air + Ocean	Road + Rail	Holdings	Consolidation	Group
Net sales						
External sale	746,193	502,290	791,826	2,799	–	2,043,108
Intersegment sales	13,625	19,602	20,705	–	–53,932	–
Total net sales	**759,818**	**521,892**	**812,531**	**2,799**	**–53,932**	**2,043,108**
Earnings						
Segment result before impairment of goodwill	**23,448**	**18,934**	**–1,608**	**–9,118**	**–**	**31,656**
Impairment of goodwill	–6,000	–	–	–	–	–6,000
Segment result	**17,448**	**18,934**	**–1,608**	**–9,118**	**–**	**25,656**
Other financial income, net						350
Earnings before interest and taxes (EBIT)						**26,006**
Financing expenses, net						–17,123
Income (loss) before income taxes						**8,883**
Income taxes						–5,549
Net result						**3,334**
The Segment result includes:						
Depreciation and amortization	–12,865	–1,611	–10,156	–5,166	–	**–29,798**
thereof amortization of customer contracts	*–2,422*	–	*–681*	–	–	*–3,103*
Balance sheet						
Segment assets	335,231	132,963	283,660	57,639	–	809,493
Unallocated assets						102,811
Total consolidated assets						**912,304**
Segment liabilities	116,139	62,247	150,198	31,779	–	360,363
Unallocated liabilities						234,022
Total consolidated liabilities						**594,385**
The Segment assets include:						
Capital additions	**5,490**	**2,415**	**8,078**	**4,929**	**–**	**20,912**

Secondary reporting format – segments by region

The Logwin Group is subdivided into six geographical regions according to their importance. Asia is headed by China, with more than 50 % of the segment's net sales, followed by Singapore and Korea. The segment "Other" is dominated by European countries with more than 80 %, the remaining share comprises South Africa, Australia and countries in South America.

Net sales from external customers have been allocated according to the geographical location of the assets.

Segment assets and all other geographical information are reported by location of the respective assets. Segment assets are defined as long-lived assets excluding financial assets and goodwill plus current assets excluding income taxes, cash, securities and assets of discontinued operations. Long-lived assets and capital additions comprise property, plant, and equipment and intangible assets excluding goodwill, both including the acquisition and capitalization of finance lease contracts.

The tables below present geographic information on net sales from external customers, segment assets, capital additions and long-lived assets for the for fiscal years 2008 and 2007:

in thousand €	2008		2007	
Germany	855,842	41.8 %	828,410	40.5 %
Austria	539,367	26.4 %	572,891	28.0 %
Eastern Europe	203,086	9.9 %	195,522	9.7 %
Asia	138,975	6.8 %	133,720	6.5 %
Switzerland	96,607	4.7 %	92,890	4.5 %
Other	212,444	10.4 %	219,675	10.8 %
Total net sales	**2,046,321**	**100.0 %**	**2,043,108**	**100.0 %**

in thousand €	Dec. 31, 2008		Dec. 31, 2007	
Germany	178,649	37.7 %	199,717	37.5 %
Austria	125,125	26.4 %	142,015	26.7 %
Eastern Europe	49,195	10.4 %	59,414	11.2 %
Asia	26,871	5.7 %	29,388	5.5 %
Switzerland	38,168	8.0 %	35,412	6.7 %
Other	55,758	11.8 %	66,414	12.4 %
Total segment assets	**473,766**	**100.0 %**	**532,360**	**100.0 %**
Goodwill	180,844		277,133	
Other unallocated assets	91,930		102,811	
Total consolidated assets	**746,540**		**912,304**	

in thousand €	2008		2007	
Germany	5,906	35.6 %	6,243	29.9 %
Austria	3,047	18.4 %	6,490	31.0 %
Eastern Europe	1,726	10.4 %	1,677	8.0 %
Asia	820	4.9 %	992	4.7 %
Switzerland	1,595	9.6 %	1,710	8.2 %
Other	3,496	21.1 %	3,800	18.2 %
Total capital additions	**16,590**	**100.0 %**	**20,912**	**100.0 %**

in thousand €	Dec. 31, 2008		Dec. 31, 2007	
Germany	77,596	39.6 %	84,459	39.9 %
Austria	65,032	33.2 %	68,405	32.3 %
Eastern Europe	15,805	8.1 %	19,376	9.2 %
Asia	1,589	0.8 %	1,749	0.8 %
Switzerland	21,845	11.1 %	20,061	9.5 %
Other	14,096	7.2 %	17,449	8.3 %
Total non-current assets	**195,963**	**100.0 %**	**211,499**	**100.0 %**

5 Expenses by nature

in thousand €	2008	2007
Purchased services	−1,419,006	−1,433,207
Materials and supplies	−12,429	−14,274
Personnel expenses	−359,066	−344,269
Operating lease expenses (incl. rental expenses)	−77,853	−68,799
Depreciation and amortization	−25,368	−29,768
Other expenses	−133,046	−125,483
Total cost of sales, selling costs, general and administrative costs and restructuring costs	**−2,026,768**	**−2,015,800**

In essence, purchased services include transportation services acquired from third parties.

In the fiscal year 2008, “Other expenses” include approximately 5.0 million euros for rebranding. Services from group auditors Ernst & Young totaled TEUR 1,398, of which TEUR 1,387 relates to audit fees and TEUR 11 to other consulting services.

LOGWIN

6 Other income and expenses

in thousand €	2008	2007
Foreign exchange gain	16,020	12,646
Gain from disposal of non-current assets	2,951	2,784
Other operating income	2,757	5,486
Other financial income	474	562
Other income	**22,202**	**21,478**

in thousand €	2008	2007
Foreign exchange loss	–16,502	–13,293
Loss from disposal of non-current assets	–925	–322
Other operating expenses	–846	–700
Other financial expenses	–215	–157
Other expense	**–18,488**	**–14,472**

Net income from foreign exchange gains and losses are as follows:

in thousand €	2008	2007
Foreign exchange gain	16,020	12,646
Foreign exchange loss	–16,502	–13,293
Foreign exchange effects, net	**–482**	**–647**

Besides the development of the global currency market, the rise in foreign exchange is due to increased transportation activities invoiced in foreign currencies. Material risks arising are reduced under financial risk management by using effective hedging instruments. For details of foreign exchange risks, see Note 32 “Financial risk management objectives and policies”.

7 Restructuring costs

Restructuring costs are always reported as costs incurred in the context of restructuring programs communicated throughout the group and restructuring measures arising from operating business which are of material importance for the continuation of business and which, from a group perspective, have a material influence on assets, financial position and performance.

In fiscal year 2007, expenses in connection with the reorganization of the Logwin Group initiated by the Board of Directors of Logwin AG are reported as restructuring costs. As at December 31, 2007, TEUR 343 of the restructuring cost, amounting to TEUR 2.308 in total, was added to the restructuring reserve. The residual amount TEUR 1.965 was already paid out in 2007.

8 Impairment of goodwill

The bleaker prospects for economic activity and the expected deterioration in financing conditions prompted the Board of Directors and the Executive Committee of Logwin AG to review planning for the medium term. This resulted in a significant change in the valuation of the goodwill accounted for by the cash-generating units Solutions and Road + Rail and required a recognition of an impairment loss in the course of the year amounting to 98.0 million euros.

For further information on the goodwill impairment test, please refer to Note 17, “Goodwill”.

9 Finance income and expenses

The following table shows the composition of finance income and expenditure in fiscal years 2008 and 2007:

in thousand €	2008	2007
Interest income from bank accounts	789	641
Interest income from affiliated, not consolidated companies	54	47
Other interest income from third parties	635	616
Finance income	**1,478**	**1,304**

in thousand €	2008	2007
Interest on bonds	−10,400	−10,400
Interest expenses from bank accounts	−3,123	−3,342
Interest expenses from finance lease	−1,994	−2,213
Interest expenses from discounting pensions and other provisions	−1,571	−1.410
Interest and similar expenses to third parties	−573	−533
Other finance expenses	−2,106	−529
Finance expenses	**−19,767**	**−18,427**

in thousand €	2008	2007
Finance income	1,478	1,304
Finance expenses	−19,767	−18,427
Finance expenses, net	**−18,289**	**−17,123**

Interest income from third parties includes specifically interest on long-term trade accounts receivable, tax credits and interest included in rental income. Interest and similar expenses to third parties also includes interest expenses from the amortization if the costs of issuing the corporate bond.

10 Income taxes

Income taxes within the Logwin Group are as follows:

in thousand €	2008	2007
Current income taxes	−7,874	−7,411
Deferred income taxes	2	1,862
Total income taxes	**−7,872**	**−5,549**

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

in thousand €	2008	2007
Income (loss) from continuing operations before income taxes	−93,022	8,883
Expected income tax benefit (expenses) (tax rate: 30.38 %, previous year: 30.38 %)	**28,260**	**−2,699**
Non-deductible impairment of goodwill	−29,772	−1,823
Foreign tax rate differential	758	219
Income not subject to tax	917	2,211
Expenses not deductible for tax purposes	−1,647	−1,615
Tax income and expenses relating to prior periods	1,653	2,285
Valuation allowances of deferred tax assets	−5,306	−3,914
Perished loss carried forward	−3,057	–
Other taxation effects	322	−213
Total income tax expenses recognized	**−7,872**	**−5,549**
Effective tax rate (%)	–	−62.5

11 Cash and cash equivalents

Cash and cash equivalents comprise checks, cash in hand and bank balances with a total maturity of three months or less.

in thousand €	Dec. 31, 2008	Dec. 31, 2007
Cash	63,108	65,511
Cash equivalents	96	115
Total cash and cash equivalents	**63,204**	**65,626**

The average weighted interest rate on short-term bank deposits was 1.76 % (2007: 2.51 %). Cash and cash equivalents comprise restricted cash of TEUR 330 (2007: TEUR 340) due to securities for bank guarantees.

12 Trade accounts receivable

in thousand €	Dec. 31, 2008	Dec. 31, 2007
Trade accounts receivable due from:		
third parties	253,600	293,951
affiliated companies, not consolidated	686	567
Trade accounts receivable	**254,286**	294,518
Less: allowance for doubtful accounts	−9,435	−8,946
Trade accounts receivable, net	**244,851**	**285,572**

The carrying amount of trade accounts receivable corresponds to their fair value. In 2008, the group recognized net allowances of TEUR 6,085 (2007: TEUR 4,274) on receivables. Valuation allowances are reported as “selling costs” in the consolidated statement of income.

The allowances changed as follows:

in thousand €	Allowances 2008	Allowances 2007
Development of allowances		
Opening balance of allowances	−8,946	−9,023
Currency adjustments	370	−74
Additions	−5,494	−5,966
Utilization	3,128	3,247
Reversals	1,507	2,870
Closing balance of allowances	**−9,435**	**−8,946**

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

in thousand €	**Dec. 31, 2008**	**Dec. 31, 2007**
Aging structure		
not overdue	172,508	191,799
< 30 days	51,766	67,088
31 – 90 days	13,241	17,314
91 – 180 days	4,110	4,331
181 – 360 days	432	197
> 360 days	–	–

As of December 31, 2008, trade accounts receivable in the amount of TEUR 74,522 (2007: TEUR 54,800) were secured by guarantees.

13 Inventories

in thousand €	Dec. 31, 2008	Dec. 31, 2007
Raw materials and supplies	3,312	3,547
Merchandise	4,173	3,757
Total inventories	**7,485**	**7,304**

Raw materials and supplies mainly include fuel, vehicle spare parts and tires. Merchandise mostly comprises consumables of a customer and items that are held in the property of the Logwin Group by contractual agreement. No inventories were pledged.

14 Income tax receivables

As of December 31, 2008, income tax receivables of TEUR 10,203 (2007: TEUR 10,620) include tax refunds from corporation tax credit of TEUR 2,041.

15 Prepaid expenses and other current assets

in thousand €	Dec. 31, 2008	Dec. 31, 2007
Receivables from loans granted to:		
third parties	–	215
affiliated companies, not consolidated	690	1,495
Value added tax	7,511	8,074
Advance payments	11,394	8,447
Prepaid expenses and other current assets	5,626	8,670
Total prepaid expenses and other current assets	**25,221**	**26,901**

16 Property, plant and equipment and intangible assets

Property, plant and equipment

The “Cost of sales” include depreciation on property, plant, and equipment of TEUR 17,053 (2007: TEUR 19,317). Furthermore, depreciation on property, plant and equipment of TEUR 634 (2007: TEUR 695) are reported as “Selling costs” and TEUR 2,035 (2007: TEUR 2,534) as “General and administrative costs”. In the course of the disposal of the location at Grevenmacher (Luxembourg) the proceeds of disposal exceeded the carrying amount. Therefore the impairment booked in 2005 was redeemed in accordance with the regulations of IAS 36.117. In the summary of fixed assets this amount was netted with the regular depreciation.

Property with a carrying amount of TEUR 53,880 (2007: 53,304) is mortgaged to secure current loans. Other long-lived assets with a carrying amount of TEUR 144 (2007: TEUR 1,315) were pledged.

In 2007 the disposal contained transfers to “Assets held for sale” of 1.833 TEUR.

Intangible assets

Depreciation on intangible assets of TEUR 3,459 (2007: TEUR 5,359) is included in “Cost of sales”. A further TEUR 238 (2007: TEUR 280) relates to “Selling costs” and TEUR 1,921 (2007: TEUR 1,611) to “General and administrative costs”.

in thousand €	Acquisition cost Jan. 1, 2008	Changes in scope of consolidation	Additions	Transfers	Disposals	Currency adjustments	Dec. 31, 2008
Land and buildings	245,687	5	1,375	1,614	−9,212	746	240,215
thereof finance lease	*59,323*	–	*87*	*22*	–	*−157*	*59,275*
Machinery and equipment	58,488	86	2,196	1,859	−4,174	282	58,737
thereof finance lease	*14,124*	–	*429*	*−688*	*−2,273*	*63*	*11,655*
Tools, fixtures, furniture, office equipment	71,658	86	5,145	−1,775	−5,133	167	70,148
thereof finance lease	*1,105*	–	*229*	*−200*	*−109*	*−54*	*971*
Vehicle fleet	57,537	158	2,418	−139	−8,402	−392	51,180
thereof finance lease	*13,502*	–	*753*	–	*−2,351*	*−514*	*11,390*
Construction in progress	1,473	–	417	−1,536	−17	55	392
Property, plant and equipment	**434,843**	**335**	**11,551**	**23**	**−26,938**	**858**	**420,672**
thereof finance lease	*88,054*	–	*1,498*	*−866*	*−4,733*	*−662*	*83,291*
Concessions, licenses, copyrights	4,795	–	732	−124	−87	−58	5,258
Customer contracts acquired	20,771	–	–	–	–	332	21,103
Software	44,709	1	3,537	1,538	−5,005	−77	44,703
thereof finance lease	*11*	–	–	–	–	*−4*	*7*
Construction in progress	1,836	–	771	−1,561	−293	–	753
Intangible assets	**72,111**	**1**	**5,040**	**−147**	**−5,385**	**197**	**71,817**
thereof finance lease	*11*	–	–	–	–	*−4*	*7*

in thousand €	Acquisition cost Jan. 1, 2007	Changes in scope of consolidation	Additions	Transfers	Disposals	Currency adjustments	Dec. 31, 2007
Land and buildings	237,346	−349	1,715	9,327	−2,080	−272	245,687
thereof finance lease	*58,694*	–	*655*	–	–	*−26*	*59,323*
Machinery and equipment	57,536	−250	2,237	−98	−767	−170	58,488
thereof finance lease	*14,195*	*−55*	*459*	*−370*	*−93*	*−12*	*14,124*
Tools, fixtures, furniture, office equipment	76,445	274	6,145	−2,411	−8,378	−417	71,658
thereof finance lease	*2,179*	–	*369*	*−1,341*	*−105*	*3*	*1,105*
Vehicle fleet	60,928	1,365	3,028	4,918	−13,048	346	57,537
thereof finance lease	*17,767*	*1,295*	*423*	*−28*	*−6,415*	*460*	*13,502*
Construction in progress	7,579	559	3,017	−9,639	−26	−17	1,473
Property, plant and equipment	**439,835**	**1,598**	**16,142**	**2,097**	**−24,299**	**−530**	**434,843**
thereof finance lease	*92,835*	*1,240*	*1,906*	*−1,739*	*−6,613*	*425*	*88,054*
Concessions, licenses, copyrights	4,364	146	374	–	−106	17	4,795
Customer contracts acquired	20,701	–	–	–	–	70	20,771
Software	42,314	−28	2,842	487	−779	−127	44,709
thereof finance lease	*11*	–	–	–	–	–	*11*
Construction in progress	893	–	1,553	−467	−143	–	1,836
Intangible assets	**68,272**	**118**	**4,769**	**20**	**−1,028**	**−40**	**72,111**
thereof finance lease	*11*	–	–	–	–	–	*11*

Accumulated amortization, depreciation and impairment								Carrying amount	
Jan. 1, 2008	Changes in scope of consolidation	Current year depreciation/ amortization	Impairment	Transfers	Disposals	Currency adjustments	**Dec. 31, 2008**	**Dec. 31, 2008**	**Dec. 31, 2007**
94,758	–	6,121	–	256	–3,945	–58	97,132	143,083	150,929
18,430	–	*2,105*	–	*31*	–	*–32*	*20,534*	*38,741*	*40,893*
45,049	32	3,442	–	1,260	–3,075	270	46,978	11,759	13,439
7,333	–	*1,614*	–	*–486*	*–1,351*	*59*	*7,169*	*4,486*	*6,791*
55,855	39	5,719	–	–1,536	–4,862	185	55,400	14,748	15,803
580	–	*144*	–	*–203*	*–78*	*–7*	*436*	*535*	*525*
43,417	79	4,440	–	–77	–7,461	–304	40,094	11,086	14,120
8,433	–	*1,882*	–	*56*	*–2,140*	*–419*	*7,812*	*3,578*	*5,069*
–	–	–	–	–	–	–	–	392	1,473
239,079	**150**	**19,722**	**–**	**–97**	**–19,343**	**93**	**239,604**	**181,068**	**195,764**
34,776	–	*5,745*	–	*–602*	*–3,569*	*–399*	*35,951*	*47,339*	*52,278*
3,266	–	515	–	–27	–86	–43	3,625	1,633	1,526
18,366	–	1,252	–	–	–	213	19,831	1,272	2,405
34,562	1	3,851	–	–	–4,909	–39	33,466	11,237	10,147
10	–	–	–	–	–	*–3*	*7*	–	–
179	–	–	–	–	–179	–	–	753	1,657
56,375	**1**	**5,618**	**–**	**–27**	**–5,174**	**131**	**56,922**	**14,895**	**15,735**
10	–	–	–	–	–	*–3*	*7*	–	–

Accumulated amortization, depreciation and impairment								Carrying amount	
Jan. 1, 2007	Changes in scope of consolidation	Current year depreciation/ amortization	Impairment	Transfers	Disposals	Currency adjustments	**Dec. 31, 2007**	**Dec. 31, 2007**	**Dec. 31, 2006**
89,302	–578	6,485	–	4	–460	5	94,758	150,929	148,044
16,349	–	*2,085*	–	–	–	*–4*	*18,430*	*40,893*	*42,345*
42,783	–451	3,580	–	–123	–608	–132	45,049	13,439	14,753
5,804	*–33*	*1,823*	–	*–219*	*–47*	*5*	*7,333*	*6,791*	*8,391*
58,043	223	6,733	–	–1,133	–7,680	–331	55,855	15,803	18,403
1,467	–	*142*	–	*–954*	*–68*	*–7*	*580*	*525*	*712*
44,196	410	5,748	–	3,369	–10,575	269	43,417	14,120	16,732
10,308	*381*	*2,573*	–	*–27*	*–5,160*	*358*	*8,433*	*5,069*	*7,459*
–	–	–	–	–	–	–	–	1,473	7,579
234,324	**–396**	**22,546**	**–**	**2,117**	**–19,323**	**–189**	**239,079**	**195,764**	**205,511**
33,928	*348*	*6,624*	–	*1,200*	*–5,275*	*352*	*34,776*	*52,278*	*58,907*
2,845	105	407	–	–	–103	15	3,266	1,526	1,519
15,236	–	3,103	–	–	–	27	18,366	2,405	5,465
31,665	–41	3,741	–	–	–696	–106	34,562	10,147	10,649
10	–	–	–	–	–	–	*10*	–	*1*
179	–	–	–	–	–	–	179	1,657	714
49,925	**64**	**7,251**	**–**	**–**	**–799**	**–64**	**56,375**	**15,735**	**18,347**
10	–	–	–	–	–	–	*10*	–	*1*

17 Goodwill

in thousand €	Goodwill				
	Jan. 1, 2008	Additions	Impair-ment losses	Disposals	**Dec. 31, 2008**
Acquisition costs	289,989	1,711	–	–	291,700
Accumulated impairments	–12,856	–	–98,000	–	–110,856
Carrying amount	**277,133**	**1,711**	**–98,000**	**–**	**180,844**

in thousand €	Goodwill				
	Jan. 1, 2007	Additions	Impair-ment losses	Disposals	**Dec. 31, 2007**
Acquisition costs	285,363	4,995	–	–369	289,989
Accumulated impairments	–6,856	–	–6,000	–	–12,856
Carrying amount	**278,507**	**4,995**	**–6,000**	**–369**	**277,133**

Goodwill impairment test

Goodwill acquired through business combinations has been allocated to the following cash-generating units for impairment testing since the reorganization of the Logwin Group in 2007:

in thousand €	**Dec. 31, 2008**	**Dec. 31, 2007**
Solutions	104,744	165,115
Air + Ocean	44,963	45,386
Road + Rail	31,137	66,632
Goodwill	**180,844**	**277,133**

The recoverable amount of all cash-generating units is determined based on a value-in-use calculation using cash flow projections based on financial budgets for a five-year period. The discount rate used for the cash flow projections is 8.5 % (2007: 7.9 % to 8.1 %) for the five-year period. Cash flows after the five-year period are extrapolated using a growth rate of 1.5 % (2007: 1 % to 2 %).

The bleaker prospects for economic activity and the expected deterioration in financing conditions prompted the Board of Directors and the Executive Committee of Logwin AG to review planning for the medium term. In accordance with IAS 36, the planning adjustment resulted in goodwill being subjected to a “goodwill impairment test”. The test resulted in goodwill impairment amounting to a total of 98.0 million euros. The cash-generating unit Solutions accounts for 62.5 million euros of the impairment while the cash-generating unit Road + Rail accounts for 35.5 million euros.

The 6.0 million euros impairment of goodwill in the previous year concerned the cash-generating unit Solutions.

For further information, please refer to “Impairment of Goodwill” on page 54 of the Management Report.

The following describes the key assumptions used to calculate the value-in-use of the cash-generating units at December 31, 2008 and at December 31, 2007, which formed the basis for the cash flow projections used in the goodwill impairment test.

- Budgeted sales growth rates – the forecast growth rates of the respective sectors are used to determine the budgeted sales growth rates. The emerging economic slowdown has been taken into consideration in the revision of medium-term planning.

- Budgeted operating profit margins – the profit margins generated in the immediately preceding year, increased for expected efficiency improvements, are used to determine the budgeted operating profit margins. Allowance is made here for the fact that developments in earnings will also depend on economic developments. An EBIT margin of 3.0 % over the long term is assumed for the cash-generating unit Solutions, 3.2 % for the cash generating unit Air + Ocean and 2.0 % for the cash-generating unit Road + Rail.

The possibility of an additional more marked increase in the cost of capital cannot be ruled out if, contrary to assumptions, the EBIT margin increases in the long term only slightly compared with the current level. In this scenario, further goodwill impairments would have to be made for the cash-generating units Solutions and Road + Rail.

The Board of Directors and the Executive Committee of Logwin AG still consider the forecasts that led to the medium-term planning agreed in fall 2008 to be valid, in particular for the coming years. This also applies in the light of the developments in sales and earnings of the last few months, which are largely due to the present economic and financial crisis. It is still assumed that, when economic activity normalizes, the sales and earnings planned for the coming years can be achieved. However, from the business perspective it is still extremely difficult to predict when economic activity will return to normal and how long it will then take for this to work through into earnings.

18 Financial assets

Statement of changes in investments

in thousand €	Acquisition cost					
	Jan. 1, 2008	Changes in scope of consolidation	Additions	Disposals	Currency adjustments	**Dec. 31, 2008**
Investments in associated companies	159	–	–	–18	–	141
Investments in affiliated companies, not consolidated	2,189	–239	–	–	–	1,950
Other investments	248	–	11	–44	–8	207
Total	**2,596**	**–239**	**11**	**–62**	**–8**	**2,298**

Statement of changes in securities

in thousand €	Acquisition cost						
	Jan. 1, 2008	Foreign exchange difference opening balance	Changes in scope of consoli-dation	Additions	Disposals	Currency adjustments	**Dec. 31, 2008**
Securities, available for sale	1,661	1	7	–	–939	–	730
Securities, held for trading	464	–	–	–	–10	–	454
Total	**2,125**	**1**	**7**	**–**	**–949**	**–**	**1,184**

Investments in associated companies

Under the equity method, investments are recognized at initial acquisition cost and then adjusted for changes in capital and the share of current gains, losses and dividends received.

Investments in affiliated non-consolidated companies and other investments

The changes at non-consolidated companies primarily relate to the first time consolidation of a number of small companies in fiscal year 2008.

	Accumulated impairments						Carrying amount	
	Jan. 1, 2008	Changes in scope of consolidation	Additions	Disposals	Currency adjustments	Dec. 31, 2008	Dec. 31, 2008	Dec. 31, 2007
	–	–	28	–	–	28	113	159
	623	–	–	–12	–	611	1,339	1,566
	41	–	–	–	–	41	166	207
	664	**–**	**28**	**–12**	**–**	**680**	**1,618**	**1,932**

	Accumulated unrealized holding gains and losses								Carrying amount	
	Jan. 1, 2008	Foreign exchange difference opening balance	Changes in scope of consolidation	Unrealized holding losses	Unrealized holding gains	Acc. Unrealized gains and losses & losses of retirement	Currency adjustments	Dec. 31, 2008	Dec. 31, 2008	Dec. 31, 2007
	160	–	–	102	–2	–84	–	176	554	1,501
	–	–	–	–	–	–	–	–	454	464
	160	**–**	**–**	**102**	**–2**	**–84**	**–**	**176**	**1,008**	**1,965**

Securities

The securities comprise only listed available-for-sale and held-to-maturity securities. The available-for-sale securities comprise investment funds and debt securities to cover pension provisions and severance payments.

Available-for-sale securities

The following tables show the amortized cost, fair value and unrealized gains and losses for 2008 and 2007:

	Dec. 31, 2008				Dec. 31, 2007			
in thousand €	Amortized cost	Unrealized gains	Unrealized losses	**Fair value**	Amortized cost	Unrealized gains	Unrealized losses	**Fair value**
Investment funds	703	–	–176	527	1,643	–	–160	1,483
Debt securities	27	–	–	27	18	–	–	18
Total available-for-sale securities	**730**	**–**	**–176**	**554**	**1,661**	**–**	**–160**	**1,501**

The remaining maturities of available-for-sale debt securities are as follows:

in thousand €	Dec. 31, 2008 Due within 1 year	Dec. 31, 2008 Due between 1–5 years	Dec. 31, 2008 Due after 5 years	Dec. 31, 2008 Carrying amount	Dec. 31, 2007 Due within 1 year	Dec. 31, 2007 Due between 1–5 years	Dec. 31, 2007 Due after 5 years	Dec. 31, 2007 Carrying amount
Debt securities	7	–	20	27	–	–	18	18
Total available for sale securities	**7**	**–**	**20**	**27**	**–**	**–**	**18**	**18**

Proceeds from the sale of available-for-sale securities amounted to TEUR 795 in fiscal year 2008 (2007: TEUR 461). This resulted in a disposal effect of TEUR -144 (2007: TEUR 99).

Held-to-maturity securities

The held-to-maturity securities comprise debt securities. Their remaining maturities are as follows:

in thousand €	Dec. 31, 2008 Due within 1 year	Dec. 31, 2008 Due between 1–5 years	Dec. 31, 2008 Due after 5 years	Dec. 31, 2008 Carrying amount	Dec. 31, 2007 Due within 1 year	Dec. 31, 2007 Due between 1–5 years	Dec. 31, 2007 Due after 5 years	Dec. 31, 2007 Carrying amount
Debt securities	–	363	91	454	–	371	93	464
Total held to maturity securities	**–**	**363**	**91**	**454**	**–**	**371**	**93**	**464**

As of the balance sheet date December 31, 2008, no securities were pledged for credit facilities (2007: TEUR 439).

19 Deferred taxes

Deferred tax assets and liabilities consist of the following:

in thousand €	Dec. 31, 2008		Dec. 31, 2007	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	2,203	2,360	1,361	9,234
Property, plant and equipment	1,251	12,235	1,878	14,589
Financial assets	222	522	136	128
Current assets	94	650	247	432
Provisions	2,864	387	3,248	512
Liabilities	797	387	1,244	528
Tax loss carry-forwards	110,950	–	117,589	–
Valuation allowance	−98,776	–	−96,925	–
Amount offset	−4,560	−4,560	−7,856	−7,856
Total deferred taxes	**15,045**	**11,981**	**20,922**	**17,567**

Tax loss carry-forwards are as follows:

in thousand €	Dec. 31, 2008	Dec. 31, 2007
Loss carry-forward		
– can be carried forward indefinitely	369,718	376,988
– can be carried forward for a limited period (1–15 years)	54,438	48,190
Total tax loss carry-forwards	**424,156**	**425,178**

20 Other non-current assets

Other non-current assets include the following:

in thousand €	Dec. 31, 2008	Dec. 31, 2007
Loans granted	35	17
Miscellaneous non-current assets	1,063	980
Total other non-current assets	**1,098**	**997**

21 Financial liabilities

The short-term and long-term financial liabilities and the current portion of the long-term debt, classified by maturity, are shown below:

	Dec. 31, 2008							
in thousand €	2009	2010	2011	2012	2013	There-after	Carrying amount	Average rate of interest
Short-term financial liabilities	1,670	–	–	–	–	–	1,670	–
Current portion of long-term financial liabilities[1]	6,099	–	–	–	–	–	6,099	4.4 %
Total	**7,769**	**–**	**–**	**–**	**–**	**–**	**7,769**	
Long-term financial liabilities[2]	–	7,144	8,201	3,211	4,880	5,677	29,113	4.4 %
Total	**–**	**7,144**	**8,201**	**3,211**	**4,880**	**5,677**	**29,113**	

[1] Including accrued interest on bonds payable
[2] Not including corporate bond

	Dec. 31, 2007							
in thousand €	2008	2009	2010	2011	2012	There-after	Carrying amount	Average rate of interest
Short-term financial liabilities	4,090	–	–	–	–	–	4,090	–
Current portion of long-term financial liabilities[1]	4,447	–	–	–	–	–	4,447	4.9 %
Total	**8,537**	**–**	**–**	**–**	**–**	**–**	**8,537**	
Long-term financial liabilities[2]	–	5,548	6,887	7,932	3,248	10,078	33,693	4.9 %
Total	**–**	**5,548**	**6,887**	**7,932**	**3,248**	**10,078**	**33,693**	

[1] Including accrued interest on bonds payable
[2] Not including corporate bond

The interest rates of the short-term financial liabilities are on market level.

As of December 31, 2008, the group had credit commitments and borrowing facilities with various banks amounting to TEUR 85,112 (2007: TEUR 96,763) of which TEUR 35,629 was drawn (2007: TEUR 40,068).

Long-term financial liabilities are secured by several mortgages on long-lived assets totaling TEUR 41,124 (2007: TEUR 42,193). In addition, certain assets in the amount of TEUR 144 (2007: TEUR 1,315) have been pledged as collateral.

22 Corporate bond

In December 2004, Logwin AG issued a senior subordinated bond with a nominal value of TEUR 130,000. Expenses relating directly to the issuance of the bond amounted to TEUR 4,972. Bond issuance expenses are amortized over the term of the bond using the effective interest rate method. The carrying amount of the bond as of December 31, 2008 was TEUR 127,219 (2007: TEUR 126,642).

Interest on the bond has been fixed at the annual rate of 8 % and is payable in arrears on June 15 and December 15 of each year. The maturity date of the bond is December 15, 2012.

The bond can be redeemed in full or in part since Dec. 15, 2008 at the rates shown below:

	Call Price as a percentage of the nominal value
December 15, 2008	104 %
December 15, 2009	102 %
December 15, 2010 and thereafter	100 %

At any time after December 15, 2010, the Logwin AG is entitled to redeem the bond in full or in part at nominal value. At the early redemption dates Logwin AG also has to pay interest accrued since the last interest date.

As part of the issuance of the bond, future bank borrowings and other senior financial liabilities (including finance lease obligations) of the Logwin Group are subject to specific requirements, the most important of which is staying within defined ceilings for the total financial debt of the Logwin Group. The bond agreement also limits the Logwin Group in its ability to distribute dividends and make other payments. In the event of a third party acquiring the majority of voting share capital of the issuer, or, in the event of a merger, a majority of voting share capital of the merged company, or in case of liquidation of the company by resolution of the Annual General Meeting, or if certain assets are disposed of, the company is obliged under certain conditions to offer bond holders premature redemption of the bond at a rate of 101 % plus interest accrued since the last interest date.

As of December 31, 2008, the Logwin Group was in compliance with the provisions of the bond agreement.

The bond has been listed for trading on the Luxembourg Stock Exchange since December 13, 2004 (ISIN XS0207922054). As of December 31, 2008, the fair value of the bond was TEUR 113,672 (December 31, 2007: TEUR 125,125), based on quoted market prices.

23 Derivative financial instruments

As of December 31, 2008, derivative financial instruments are included in the balance sheet line items “Prepaid expenses and other current assets” and “Other short-term liabilities”. The following tables show the fair values and the nominal amounts of the derivative financial instruments and their maturities:

	Dec. 31, 2008			
	Nominal amount		Fair value	
in thousand €	Up to 1 year	Over 1 year	Up to 1 year	Over 1 year
Assets				
Forward foreign exchange contracts	13,760	–	308	–
Total	**13,760**	**–**	**308**	**–**
Liabilities				
Forward foreign exchange contracts	39,207	–	871	–
Total	**39,207**	**–**	**871**	**–**

	Dec. 31, 2007			
	Nominal amount		Fair value	
in thousand €	Up to 1 year	Over 1 year	Up to 1 year	Over 1 year
Assets				
Forward foreign exchange contracts	2,948	–	12	–
Total	**2,948**	**–**	**12**	**–**
Liabilities				
Forward foreign exchange contracts	25,052	–	184	–
Total	**25,052**	**–**	**184**	**–**

The assets are matched by liabilities from the valuation of underlying financial and operating transactions. Liabilities from foreign exchange forward transactions are matched by assets from the valuation of underlying internal financial transactions and transactions of the operating business.

24 Trade accounts payable

in thousand €	Dec. 31, 2008	Dec. 31, 2007
Trade accounts payable due to:		
third parties	218,428	252,891
affiliated companies, not consolidated	237	152
Total trade accounts payable	**218,665**	**253,043**

25 Income tax liabilities

in thousand €	Jan. 1, 2008	Additions	Utilization	Reversal	Others	Dec. 31, 2008
Deferred income tax expenses	17,879	12,413	−9,967	−113	−1,292	18,920
Tax prepayments	−9,858	−11,579	5,010	165	1,157	−15,105
Total income tax liabilities	**8,021**	**834**	**−4,957**	**52**	**−135**	**3,815**

The recognized liabilities are calculated from deferred tax expenses for fiscal year 2008 and prior fiscal years, less prepayments made.

26 Other liabilities

in thousand €	Dec. 31, 2008	Dec. 31, 2007
Liabilities relating to personnel		
Wages and salaries	18,643	17,385
Social securities	4,495	4,679
Not consumed vacation	6,319	6,546
Other taxes and levies	15,899	15,366
Advances received from customers	1,841	2,211
Other liabilities, accruals and deferred income	11,651	13,211
Total other short-term liabilities	**58,848**	**59,398**

Other short-term liabilities include financial liabilities under IAS 32.11 of TEUR 31,653 (2007: TEUR 23,133).

in thousand €	Dec. 31, 2008	Dec. 31, 2007
Other non-current liabilities	3,188	3,759
Deferred income	1,263	495
Total other long-term liabilities	**4,451**	**4,254**

Other long-term liabilities include financial liabilities under IAS 32.11 of TEUR 2,483 (2007: TEUR 4,041).

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

in thousand €	**Dec. 31, 2008**	**Dec. 31, 2007**
Due within 1 year	31,653	23,133
Due within 1–5 years	2,464	3,654
Due after 5 years	19	428
Other financial liabilities	**34,136**	**27,215**

27 Other provisions

in thousand €	**Jan. 1, 2008**	Changes in scope of consoli-dation	Additions	Utilization	Reversal	Transfers	Currency adjust-ments	**Dec. 31, 2008**
Provisions for litigations and claims	573	–	356	−370	−49	11	3	524
Provisions for pending losses	–	–	55	–	–	–	–	55
Provisions for warranties	2,636	–	1,750	−1,127	−745	−58	3	2,459
Restructuring reserve	617	–	–	−559	–	−14	–	44
Other short-term provisions	6,359	14	2,951	−4,870	−1,061	144	20	3,557
Total short-term provisions	**10,185**	**14**	**5,112**	**−6,926**	**−1,855**	**83**	**26**	**6,639**

in thousand €	**Jan. 1, 2008**	Changes in scope of consoli-dation	Additions	Utilization	Reversal	Transfers	Currency adjust-ments	**Dec. 31, 2008**
Other long-term provisions	**29**	**–**	**6**	**−9**	**–**	**–**	**1**	**27**

As of December 31, 2008, provisions for litigation totaled TEUR 524 (2007: TEUR 573). The amount is related to various litigation risks in different companies within the Logwin Group with no single amount exceeding TEUR 150. Provisions for warranties and product damages concerning the operating businesses amounted to TEUR 2,459 (2007: TEUR 2,636). This provision mainly comprises provisions for damages.

28 Obligations under finance leases

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

Obligations under finance leases are as follows:

	Dec. 31, 2008		
in thousand €	Future minimum lease payments	Less: future finance charges	**Present value of future minimum lease payments**
2009	6,071	−2,124	3,947
2010	5,727	−1,677	4,050
2011	4,294	−1,482	2,812
2012	4,140	−1,315	2,825
2013	2,999	−1,169	1,830
Thereafter	24,674	−6,344	18,330
Total	**47,905**	**−14,111**	**33,794**

Payments of TEUR 302 (2007: TEUR 229) are expected from the subleasing of vehicles and buildings under finance leases in future periods.

29 Retirement and other employee-related obligations

Retirement and other employee-related obligations within the Logwin Group comprise defined benefit plans and defined contribution plans. In accordance with the "third option" under IAS 19, actuarial gains and losses related to pension and other post-employment benefits are recognized as a separate component of shareholders' equity. The rate of interest used to discount long-term employee obligations was raised from 5.25 % to 6.0 % in the reporting period.

Defined benefit plans

The defined benefit plans comprise pension obligations (funded and unfunded pension benefits), long-term severance benefits and long-service bonuses. The expenses for defined benefit plans in the consolidated income statement are as follows:

in thousand €	**2008**	**2007**
Expenses for funded pension benefits	−320	−69
Expenses for unfunded pension benefits	−976	−777
Expenses for other benefits	−995	−1,528
Expenses for benefits	**−2,291**	**−2,374**

Expenses for defined plans recognized in the Consolidated Balance Sheets are as follows:

in thousand €	Dec. 31, 2008	Dec. 31, 2007
Funded pension benefits	2,002	815
Unfunded pension benefits	17,508	19,568
Other benefits	11,935	12,509
Provisions for retirement and other employee-related obligations	**31,445**	**32,892**

Pension benefits

The expenses for pension benefits in the consolidated income statement are as follows:

	Funded pension benefits		Unfunded pension benefits	
in thousand €	2008	2007	2008	2007
Current service cost	–176	–26	–126	–106
Interest expenses	–173	–55	–850	–888
Past service costs	–	–	–	217
Return on plan assets	29	12	–	–
Pension expenses	**–320**	**–69**	**–976**	**–777**

Of the total pension expenses of TEUR 1,296 (2007: TEUR 846), TEUR 836 (2007: TEUR 469) was included in “Cost of sales”, TEUR 157 (2007: TEUR 107) in “Selling costs” and TEUR 303 (2007: TEUR 270) in “General and administrative costs”.

The income from past service costs results from the adjustment to the statutory retirement age in Germany to 67 years.

The net pension benefit obligation from defined benefit plans breaks down as follows:

in thousand €	Dec. 31, 2008	Dec. 31, 2007
Defined benefit plans	21,253	21,528
Fair value of plan assets	–1,743	–1,145
Net pension benefit obligation	**19,510**	**20,383**

The present value of projected pension benefits, the development of plan assets and funding status for the fiscal years 2008 and 2007 are as follows:

	Funded pension benefits		Unfunded pension benefits	
in thousand €	**Dec. 31, 2008**	**Dec. 31, 2007**	**Dec. 31, 2008**	**Dec. 31, 2007**
Change in pension benefits				
Opening balance of pension benefits	1,960	2,749	19,569	20,064
Current service costs	176	26	126	106
Interest expenses	173	55	850	888
Past service costs	–	–	–	–217
Actuarial (gains) losses	54	–169	–949	–1,399
Exchange rate changes	–12	3	–	12
Benefits paid	–234	–73	–898	–1,076
Transfer of funded to unfunded pension benefits	1,578	–1,065	–1,152	1,065
Other changes	50	434	–38	126
Ending balance of pension benefits	**3,745**	**1,960**	**17,508**	**19,569**
Development of plan assets				
Opening balance of plan assets at fair value	1,145	1,566	–	–
Return on plan assets	29	12	–	–
Contributions paid	160	75	–	–
Benefits paid	–17	–804	–	–
Other change	426	296	–	–
Ending balance of plan assets at fair value	**1,743**	**1,145**	**–**	**–**
Net pension benefit obligation	**2,002**	**815**	**17,508**	**19,569**

The plan assets consist of direct insurance policies (TEUR 299), reinsurance policies (TEUR 1,098) and pension trusts (TEUR 346).

Over several years the amounts changed as follows:

in thousand €	**Dec. 31, 2008**	**Dec. 31, 2007**	**Dec. 31, 2006**
Defined benefit obligation	21,253	21,528	22,813
Fair value of plan assets	–1,743	–1,145	–1,566
Net obligation	**19,510**	**20,383**	**21,247**
Experience-based adjustments of plan liabilities	11	–19	4
Experience-based adjustments of plan assets	637	435	–19

Other benefits

The expenses for other benefits in the consolidated income statement are as follows:

in thousand €	Unfunded other benefits 2008	Unfunded other benefits 2007
Current service costs	–1,417	–1,374
Interest expenses	–548	–466
Net actuarial gains (losses) recognized	970	312
Expenses for other benefits	**–995**	**–1,528**

Of the total amount of TEUR 995 (2007: TEUR 1,528), TEUR 643 (2007: TEUR 847) was included in “Cost of sales”, TEUR 120 (2007: TEUR 194) in “Selling costs” and TEUR 232 (2007: TEUR 487) in “General and administrative costs”.

The aggregate change in other benefits and funded status for the fiscal years 2008 and 2007 were as follows:

in thousand €	Unfunded other benefits Dec. 31, 2008	Unfunded other benefits Dec. 31, 2007
Changes in other benefits		
Opening balance of other benefits	12,509	13,175
Current service costs	1,417	1,374
Interest expenses	548	466
Actuarial (gains) losses	–1,191	–1,033
Changes in the scope of consolidation	–	–115
Exchange rate changes	–5	15
Benefit paid	–1,396	–1,554
Other changes	53	181
Ending balance of other benefits	**11,935**	**12,509**

Claims arising from partial retirement plans developed as follows:

in thousand €	2008	2007
January 1	**565**	**1,433**
Additions	255	112
Utilization	–285	–331
Transfer to short-term liabilities	–108	–649
December 31	**427**	**565**

Payments for retirement and other employee-related obligations

Payments planned for retirement and other employee-related obligations for the next ten years are as follows:

in thousand €	Dec. 31, 2008
2009	1,594
2010	1,605
2011	1,605
2012	1,792
2013	1,698
Thereafter	15,669
Total payments	**23,963**

in thousand €	Dec. 31, 2007
2008	1,704
2009	1,539
2010	1,815
2011	1,828
2012	1,871
Thereafter	15,327
Total payments	**24,084**

Principal actuarial assumptions

The following principal actuarial assumptions were used to determine retirement and other long-term employee-related obligations:

	Pension benefits		Other benefits	
in thousand €	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2007
Discount rate	6.0 %	5.25 %	6.0 %	5.25 %
Future salary increases	3.0 % – 4.0 %	1.5 % – 3.0 %	3.0 % – 4.0 %	1.5 % – 3.0 %
Expected return on plan assets	2.69 %	3.3 %	–	–

Defined contribution plans

The defined contributions plans resulted in the following payments:

in thousand €	2008	2007
Pension obligations	416	710
Termination benefits	518	511
Total contribution paid	**934**	**1,221**

In fiscal year 2008, out of the total amount of TEUR 934 (2007: TEUR 1,221) TEUR 603 (2007: TEUR 677) was included in “Cost of sales”, TEUR 113 (2007: TEUR 155) in “Selling costs” and TEUR 218 (2007: TEUR 389) in “General and administrative costs”. TEUR 349 “Pension obligations” (2007: TEUR 657) and TEUR 401 “Termination benefits” (2007: TEUR 410) are expected to be paid in the fiscal year 2009.

30 Shareholders' equity

Ordinary shares

As of December 31, 2008, there were 111,474,987 no-par voting shares outstanding. Each share represents 1.25 euros of issued capital. As of December 31, 2008, issued capital accordingly amounted to TEUR 139,344.

Distributable retained earnings

According to Luxembourg law, companies headquartered in Luxembourg must allocate at least 5 % of net profit for the period from the local financial statements to a legal reserve until the reserve equals 10 % of issued capital. As of December 31, 2008, the consolidated financial statements included a legal reserve of TEUR 5,720 (2007: TEUR 5,638) under "retained earnings and other reserves". The legal reserve cannot be distributed as a dividend.

Use of profit and retained earnings

The Annual General Meeting of Logwin AG on April 9, 2008 approved the transfer from profit for the fiscal year ending December 31, 2007 of TEUR 82 to the legal reserve and TEUR 1,565 to retained earnings.

Income (expenses) recognized directly in equity

Differences from the translation of the financial statements of subsidiaries with a functional currency other than the euro, the remeasurement of long-lived assets, the effects of the fair value measurement of assets from the acquisition of minority interests in group companies where control was already exercised, and changes in the fair value of derivative financial instruments classified as cash-flow hedges are reported under shareholders' equity as "income (expenses) recognized directly in shareholders' equity". Due to the adoption of the "third option" in connection with the measurement of pension provisions, actuarial gains and losses are recognized directly in shareholders' equity.

in thousand €	2008 Before tax	Tax effect	**Net**
Unrealized gains (losses) on available for sale securities	−100	–	−100
Realized gain (losses) on available for sale securities	84	–	84
Foreign currency translation adjustment	−2,955	–	−2,955
Actuarial gains and losses from pensions	1,116	−279	837
Acquisition of minority interest (outstanding)	−1,491	–	−1,491
Revaluation reserve	619	–	619
Income (expenses) recognized directly in equity	**−2,727**	**−279**	**−3,006**

in thousand €	2007 Before tax	Tax effect	**Net**
Unrealized gains (losses) on available for sale securities	−22	–	−22
Realized gain (losses) on available for sale securities	−131	–	−131
Foreign currency translation adjustment	−1,755	–	−1,755
Actuarial gains and losses from pensions	2,289	−868	1,421
Acquisition of minority interest (outstanding)	−4,647	–	−4,647
Income (expenses) recognized directly in equity	**−4,266**	**−868**	**−5,134**

“Acquisition of minority interests (outstanding)” represents the amount of acquisition costs exceeding the minority interest in the shareholders equity, in cases outstanding minority interest are acquired and the Logwin Group has already exercised the control over the respective company.

The increase in the actuarial gains and losses recognized in equity is due to the increase in the discount rate for pension provisions from 5.25 % as of December 31, 2007 to 6.0 % as of December 31, 2008.

31 Additional information on financial instruments

Financial instruments by valuation category

The following tables provide additional information on the financial instruments held by the Logwin Group. They show respectively the financial assets and liabilities by IAS 39 valuation category, and the balance sheet items containing financial instruments, with the corresponding carrying amounts.

in thousand €	**Book value Dec. 31, 2008**	Amounts recognized in balance sheet according to IAS 39		
		Amortized cost	Fair value recognized in p/l	Fair value recognized in equity
Loans and Receivables (LaR)	317,090	317,090	–	–
Held to Maturity (HtM)	454	454	–	–
Available for Sale (AfS)	2,172	1,618	–	554
Financial Assets Held for Trading (FAHfT)	308	–	308	–
Financial Liabilities Measured at Amortised Cost (FLaAC)	420,387	420,387	–	–
Financial Liabilities Held for Trading (FLHfT)	871	–	871	–

in thousand €	**Book value Dec. 31, 2007**	Amounts recognized in balance sheet according to IAS 39		
		Amortized cost	Fair value recognized in p/l	Fair value recognized in equity
Loans and Receivables (LaR)	360,812	360,812	–	–
Held to Maturity (HtM)	464	464	–	–
Available for Sale (AfS)	3,433	2,378	–	1,055
Financial Assets Held for Trading (FAHfT)	12	–	12	–
Financial Liabilities Measured at Amortised Cost (FLaAC)	438,817	438,817	–	–
Financial Liabilities Held for Trading (FLHfT)	184	–	184	–

Balance sheet items including financial instruments

in thousand €	Category in accordance with IAS 39	**Book value Dec. 31, 2008**	Amounts recognized in balance sheet according to IAS 39			Amounts recognized in balance sheet according to IAS 17
			Amortized cost	Fair value recognized in p/l	Fair value recognized in equity	
Assets						
Cash and cash equivalents	LaR	63,204	63,204	–	–	–
Investments	AfS	1,618	1,618	–	–	–
Trade accounts receivables	LaR	244,851	244,851	–	–	–
Other receivables	LaR	35	35	–	–	–
Securities, available for sale	AfS	554	–	–	554	–
Securities, held to maturity	HtM	454	454	–	–	–
Other financial assets	LaR/FAHfT	9,308	9,000	308	–	–
Liabilities						
Financial Liabilities	FLaAC	36,882	36,882	–	–	–
Finance lease obligations	n/a	33,794	–	–	–	33,794
Trade accounts payable	FLaAC	218,665	218,665	–	–	–
Bonds payable	FLaAC	127,219	127,219	–	–	–
Other financial liabilities	FLaAC/FLHfT	38,492	37,621	871	–	–

in thousand €	Category in accordance nach IAS 39	**Book value Dec. 31, 2007**	Amounts recognized in balance sheet according to IAS 39			Amounts recognized in balance sheet according to IAS 17
			Amortized cost	Fair value recognized in p/l	Fair value recognized in equity	
Assets						
Cash and cash equivalents	LaR	65,626	65,626	–	–	–
Investments	AfS	1,932	1,932	–	–	–
Trade accounts receivables	LaR	285,572	285,572	–	–	–
Other receivables	LaR	232	232	–	–	–
Securities, available for sale	AfS	1,501	446	–	1,055	–
Securities, held to maturity	HtM	464	464	–	–	–
Other financial assets	LaR/FAHfT	9,394	9,382	12	–	–
Liabilities						
Financial Liabilities	FLaAC	42,230	42,230	–	–	–
Finance lease obligations	n/a	39,541	–	–	–	39,541
Trade accounts payable	FLaAC	252,548	252,548	–	–	–
Bonds payable	FLaAC	126,642	126,642	–	–	–
Other financial liabilities	FLaAC/FLHfT	17,581	17,397	184	–	–

Other financial assets and liabilities include derivative financial instruments from a hedge of currency risk with positive or negative fair value whose changes are recognised in income for the period.

Net results of financial instruments by valuation category

in thousand €	From subsequent measurement				Net result	
	From interest	At fair value	Impairments	From derecognition	2008	2007
Loans and Receivables (LaR)	1,481	–	−6,085	–	−4,604	−3,031
Held to Maturity (HtM)	–	–	–	–	–	18
Available for Sale (AfS)	–	−100	−19	−67	−186	30
Financial Assets Held for Trading (FAHfT)	3,194	222	–	–	3,416	1,051
Financial Liabilities Measured at Amortised Cost (FLaAC)	−14,674	–	–	–	−14,674	−14,803
Financial Liabilities Held for Trading (FLHfT)	−4,723	−440	–	–	−5,163	-1,112
Total	**−14,722**	**−318**	**−6,104**	**−67**	**−21,211**	**−17,847**

Interest expenses relate to bank interest charges amounting to TEUR 3,123 (2007: 3,341 TEUR) and interest on bonds of TEUR 10,400 (2007: TEUR 10,400). Income and expenses from the subsequent valuation at fair value relate primarily to the valuation of derivative financial instruments held to hedge currency risks. Expenses on impairment charges include both write-offs for default and impairment on receivables.

Fair values of financial instruments

in thousand €	Dec. 31, 2008	
	Book value	**Fair value**
Financial instruments at amortized cost		
Assets	319,161	319,161
Liabilities	452,918	443,425
Financial instruments at fair value		
Assets	862	862
Liabilities	871	871

in thousand €	Dec. 31, 2007 Book value	Fair value
Financial instruments at amortized cost		
Assets	363,654	363,654
Liabilities	478,358	479,778
Financial instruments at fair value		
Assets	1,067	1,067
Liabilities	184	184

Cash and cash equivalents and trade accounts receivable have short maturities. Their carrying amount at the balance sheet date is accordingly close to their fair value.

Trade accounts payable generally have short maturities, so that the carrying amounts are close to their fair value.

As these financial instruments are not traded on an active market, the fair values of long-term financial and leasing liabilities are determined using the present value method, applying appropriate market parameters.

32 Financial risk management objectives and policies

Risk management

The Logwin Group has guidelines regulating the handling of financial risks. These risks are countered by the use of a risk management system designed to identify, measure, control and limit financial risks. Business risks are identified taking into consideration booked, contracted, planned and off-balance sheet positions. The subsequent risk measurement is based on fair values and possible changes in fair values. The limitation of financial risks ensures the ability to act and adapt rapidly in the event of unplanned situations while at the same time utilizing opportunities arising from market developments.

Liquidity risk

The Logwin Group operates a centralized cash management system. The companies are obliged to ensure internal that the planned liquidity requirements are guaranteed up to the corresponding level of the projected liquidity by arranging credit lines internally. The financing structure should be designed with matching maturities and currencies. Group liquidity planning covers a period of at least three to twelve months.

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

in thousand €	Dec. 31, 2008			
	Loans from financial institutions	Lease obligations	Corporate Bond	Miscel-laneous financial liabilities
Cash Flow 2009				
Interest	516	2,124	10,400	170
Redemption	7,327	3,947	0	7,548
Total	**7,843**	**6,071**	**10,400**	**7,718**
Cash Flow 2010				
Interest	1,292	1,677	10,400	–
Redemption	7,144	4,050	0	64
Total	**8,436**	**5,727**	**10,400**	**64**
Cash Flow 2011				
Interest	1,109	1,482	10,400	–
Redemption	8,201	2,812	0	–
Total	**9,310**	**4,294**	**10,400**	**–**
Cash Flow 2012				
Interest	658	1,315	10,400	–
Redemption	3,211	2,825	130,000	–
Total	**3,869**	**4,140**	**140,400**	**–**
Cash Flow 2013 and later				
Interest	1,735	7,513	–	–
Redemption	10,557	20,160	–	–
Total	**12,292**	**27,673**	**–**	**–**

in thousand €	Dec. 31, 2007 Loans from financial institutions	Lease obligations	Corporate Bond	Miscel-laneous financial liabilities
Cash Flow 2008				
Interest	667	2,177	10,400	1,082
Redemption	8,104	5,472	–	11,732
Total	**8,771**	**7,649**	**10,400**	**12,814**
Cash Flow 2009				
Interest	851	1,885	10,400	125
Redemption	5,548	4,114	–	1,478
Total	**6,399**	**5,999**	**10,400**	**1,603**
Cash Flow 2010				
Interest	1,669	1,662	10,400	97
Redemption	6,887	4,147	–	453
Total	**8,556**	**5,809**	**10,400**	**550**
Cash Flow 2011				
Interest	1,434	1,304	10,400	69
Redemption	7,932	2,784	–	585
Total	**9,366**	**4,088**	**10,400**	**654**
Cash Flow 2012 and later				
Interest	2,243	7,942	10,400	71
Redemption	13,326	23,025	130,000	880
Total	**15,569**	**30,967**	**140,400**	**951**

This chart only includes interest-bearing instruments held at December 31, 2008 (December 31, 2007) for which payments had already been contractually agreed. Budget figures for future new liabilities are not included.

Credit risk
The Logwin Group controls credit risk with its customers through ongoing credit evaluation of its customers' financial condition. Credit risk relating to customers is limited by credit limits. Risks arising from trade accounts receivables are accounted for by valuation allowance on receivables.

The group has policies in place which limit the amount of credit exposure to any financial institution and which allow only financial institutions with excellent creditworthiness documented by positive ratings as partner banks.

Foreign exchange risk
Due to its international operations, the Logwin Group is subject to foreign exchange risks arising out of future cash flows in a foreign currency.

Foreign exchange risks resulting from the operating business are frequently reduced by appropriate hedges, where income is matched by corresponding expenses and receivables by liabilities. Furthermore the Logwin Group reacts on identifiable future cash flows in foreign currency by using hedging instruments. The choice and the contract of hedging instruments are carried out in close cooperation with the Corporate Treasury department.

The Logwin Group operates a centralized cash management system under which subsidiaries lend cash and cash equivalents on basis of stipulation to or borrow cash and cash equivalents from Logwin AG. Resulting internal loans are generally denominated in the subsidiaries' local currency.

The net position resulting from internal group borrowing through foreign currency loans is mostly hedged by Logwin AG through foreign exchange contracts.

As of December 31, 2008 the Logwin Group had various foreign exchange swaps to hedge the operating business of the group's entities receivables and liabilities arising from group borrowing.

	Dec. 31, 2008	
	Nominal value	**Amount due in euro**
Foreign exchange contracts to hedge receivables of Logwin AG arising from group borrowing and contracts to hedge transactions from the operating activity		
Sell		
AED	–1,050,000	203,429
AUD	–9,201,614	4,498,234
CHF	–18,000,000	11,707,774
CZK	–39,500,000	1,497,669
GBP	–140,000	154,457
HKD	–45,000,000	4,073,809
HUF	–322,300,000	1,187,137
MXN	–10,500,000	556,586
MYR	–5,300,000	1,086,066
PLN	–10,900,000	2,646,787
RUB	–73,700,000	1,675,114
THB	–15,300,000	316,600
TRY	–2,175,000	982,385
USD	–3,033,000	2,232,574
ZAR	–33,500,000	2,397,652
Total	.	**35,216,273**
Foreign exchange contracts to hedge payables of Logwin AG arising from group borrowing and contracts to hedge transactions from the operating activity		
Buy		
CHF	1,274,066	–814,604
CNY	29,650,00	–3,250,588
GBP	1,210,000	–1,263,467
HKD	92,250,000	–8,584,479
HUF	99,400,000	–370,329
PLN	2,307,200	–600,000
SGD	1,500,000	–740,375
THB	3,300,000	–67,762
TWD	6,000,000	–129,441
USD	2,249,000	–1,638,754
ZAR	4,050,000	–291,207
Total		**–17,751,006**

A significant proportion of the foreign exchange contracts mentioned above will mature during the first three months of 2009. Foreign exchange contracts with a maturity value of TEUR 789 will fall due at a later date.

Interest rate risk

As a result of the long-term funding through the corporate bond, which bears interest at a fixed interest rate until maturity, changes in interest rates do not materially affect the financial situation of the group. As of the balance sheet date, the group did not use any derivative financial instruments to hedge interest rate risks.

In general, long-term loans are charged with a fixed interest rate, whereas short-term loans are charged with variable interest rates.

If the interest level of liabilities charged wit a variable interest rates were to rise by 100 basis points in the financial year 2009, the effect on the interest expenses would be TEUR 279.

Furthermore due to interest related indexation of operating lease contracts and rental contracts, an increase in expenses is possible if the interest level rises.

Capital management

The goal of the Logwin Group's capital management is to preserve its financial stability and maintain its equity resources. The Logwin Group can react to changes in its financial position and performance by implementing appropriate capital measures. It can react to changes in the capital structure by adjusting its equity or debt resources.

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

The following items are covered by capital management:

in thousand €	Dec. 31, 2008	Dec. 31, 2007
Corporate bond	127,219	126,642
Other financial liabilities	70,676	81,771
Gross financial debt	**197,895**	**208,413**
Less Cash	–63,204	–65,626
Net financial debt	**134,691**	**142,787**
Trade accounts payable	–218,665	–253,043
Other liabilities and provisions	–69,965	–73,866
Trade accounts receivables	244,851	285,572
Income tax receivables/liabilities	6,388	2,581
Other receivables	26,319	27,898
Inventories	7,485	7,304
Working Capital	**–3,587**	**–3,554**
Shareholders' equity	**212,346**	**317,918**
Total	**343,450**	**457,151**

33 Commitments

The following tables show all long-term commitments as of December 31, 2008 and 2007:

in thousand €	Dec. 31, 2008	Dec. 31, 2007
Due within 1 year	57,844	53,911
Due within 2 years	41,161	37,454
Due within 3 years	32,478	31,162
Due within 4 years	24,820	26,345
Due within 5 years	17,798	18,854
Thereafter	74,027	68,634
Total	**248,128**	**236,360**

Operating lease contracts (including rental contracts)

The group has operating lease agreements predominantly for warehouses, other buildings and vehicles, where some leases contain renewal options, purchase options, escalation clauses and contingent rentals. There are no resulting restrictions on the group's activities concerning dividends, additional debt or further leasing.

In the financial year 2008, operating lease expenses (including rental expenses) amounted to TEUR 77,853 (2007: TEUR 68,800).

Payments totaling TEUR 3,853 (2007: TEUR 725) are expected from subletting assets under operating leases in future periods. In fiscal year 2008, the group received TEUR 879 (2007: TEUR 1,363) from these contracts.

34 Contingent liabilities

in thousand €	Dec. 31, 2008	Dec. 31, 2007
Total contingent liabilities	**431**	**115**

It can be assumed that the contingent liabilities in respect of bank and other guarantees, letters of comfort, assessments and other matters arising in the ordinary course of business in existence of December 31, 2008 will not result in material liabilities.

35 Government grants

In fiscal year 2008 the Logwin Group received a total of TEUR 309 (2007: TEUR 1,474) in government grants. These are completely recognised in the income statement (2007: 363 TEUR). There are no unfulfilled obligations or uncertainties related to the government grants included in the consolidated financial statements.

36 Key management personnel compensation

The compensation of non-executive members of the Board of Directors and of members of the Executive Committee includes all amounts received from group companies. The fixed compensation also includes other compensation components.

in thousand €	2008	2007
Members of the Executive Committee	2,195	2,045
thereof fixed portion of short-term benefits	*1,771*	*1,642*
thereof variable portion of short-term benefits and termination benefits	*424*	*403*
Non-executive members of the Board of Directors	180	180

37 Share-based payment

A stock option plan for members of the Board of Directors, managing directors and other executives was approved by the Annual General Meeting on February 10, 2000. By resolution of the Extraordinary General Meeting of Logwin AG on April 12, 2006, the Board of Directors is authorized to increase the share capital by up to TEUR 375 by March 31, 2011 for the purpose of granting shares from the stock option plan from the authorized capital. For options issued prior to listing on the stock market, the strike price is set at the share issue price at the time of the IPO. For all other options, the strike price is set on the day of allocation and is calculated from the average share price over a period of ten days prior to the day of allocation.

The following table shows the number and weighted average exercise prices of stock options issued in the fiscal year:

	Number of stock options	Weighted average exercise price
Outstanding at January 1, 2007	130,000	18.30
Granted during the year	–	–
Exercised during the year	–	–
Forfeited during the year	126,000	22.41
Outstanding at December 31, 2007	4,000	29.73
Granted during the year	–	–
Exercised during the year	–	–
Forfeited during the year	4,000	29.73
Outstanding at December 31, 2008	**–**	**–**

As of December 31, 2008, there were no stock options issued. As of December 31, 2007, there were a total of 4,000 stock options with a weighted average exercise price of 29.73 euros.

38 Related party transactions

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

In fiscal years 2008 and 2007, the group rendered services to certain associated companies and affiliated non-consolidated companies as part of its ordinary operations.

Logwin AG's majority shareholder is DELTON AG through its wholly owned subsidiary DELTON Vermögensverwaltung AG, Bad Homburg.

Transactions between the Logwin Group and the consolidated group of DELTON AG as well as its associated companies and affiliated non-consolidated companies were at standard market conditions. They are contained in the following items of the balance sheet and income statement:

	Affiliated and not consolidated companies		DELTON AG and its subsidiaries	
in thousand €	**2008**	**2007**	**2008**	**2007**
Net sales	708	3,533	5,110	4,830
Cost of sales	−4,812	−3,764	−14	−6
Operating expenses	−245	−15	−1,831	−1,651
Other operating income, net	−323	65	25	71
Other financial income	–	–	–	–
Interest income, net	49	14	–	–
Receivables	1,313	1,094	1,152	1,439
Payables	985	435	191	420

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

In 2008, net sales of the Logwin Group to companies of the BMW-Group amounted to TEUR 43,645 (2007: 52,263 TEUR). Receivables from BMW-Group amounted to TEUR 1,809 as of December 31, 2008 (2007: 606 TEUR). In addition, Logwin Group companies procured vehicles from the BMW-Group predominantly by leasing. All transactions were conducted under standard market condition at arm’s length.

Furthermore, there were transactions between Logwin Group and members of its Board of Directors. In 2008, these resulted in expenses for the Logwin Group in the amount of TEUR 161 (2007: 36 TEUR).

No bad debt impairment charges have been recognized for receivables from related parties.

Reference is made to Note 36, “Key management personnel compensation”.

39 Events after the balance sheet date

There were no events of significance between December 31, 2008, and the date of the preparation of the consolidated financial statements by the Board of Directors of Logwin AG.

LOGWIN

Significant Subsidiaries[1]

Operative Segements / Reporting Units *Net sales in thousand €*	Share of capital	Net sales 2008	Employees Dec. 31, 2008
Solutions			
Logwin Solutions Austria GmbH, AT-Bergheim	100.0 %	195,183	273
Logwin Solutions Fashion GmbH + Co. KG, DE-Aschaffenburg[2]	100.0 %	194,390	883
Logwin Solutions Media GmbH, DE-Hamburg	100.0 %	116,905	186
Logwin Solutions Industrial Goods GmbH, DE-Cologne	100.0 %	45,397	303
Logwin Solutions Fashion Austria GmbH, AT-Vienna	100.0 %	23,567	149
Logwin Solutions Switzerland AG, CH-Pratteln	100.0 %	20,557	118
Logwin Solutions Consumer Goods GmbH, DE-Hamburg	100.0 %	18,635	111
Logwin Solutions Lojistik Hizmetleri ve Nakliyat Tic. Ltd., TR-Istanbul	58.4 %	18,624	47
Logwin Solutions Fulfillment GmbH, DE-Spreenhagen	100.0 %	15,313	147
Logwin Solutions Poland Sp.z.o.o., PL-Poznan	100.0 %	11,668	185
Logwin Solutions Czech s.r.o., CZ-Brno	100.0 %	10,511	56
Logwin Solutions Spain S.A., ES-Madrid	100.0 %	10,275	63
Logwin Solutions Heppenheim GmbH & Co. KG, DE-Heppenheim[2]	91.0 %	2,544	3
Air + Ocean			
Logwin Air + Ocean Deutschland GmbH, DE-Aschaffenburg	100.0 %	256,031	299
Logwin Air + Ocean China Ltd., CN-Shanghai	100.0 %	55,290	268
Logwin Air + Ocean Hong Kong Ltd., HK-Hong Kong	100.0 %	54,211	170
Logwin Air + Ocean UK Limited, GB-Hayes	100.0 %	49,126	82
Logwin Air + Ocean Austria GmbH, AT-Bergheim	100.0 %	41,426	50
Logwin Air + Ocean Poland Sp.z.o.o., PL-Warzawa	100.0 %	31,273	162
Logwin Air + Ocean South Africa (Pty.) Ltd., ZA-Johannesburg	100.0 %	19,544	92
Logwin Air + Ocean Australia Pty. Ltd., AU-Sydney	100.0 %	18,214	34
Logwin Air + Ocean Singapore Pte. Ltd., SG-Singapore	100.0 %	17,884	91
Logwin Air + Ocean Korea Ltd., KR-Seoul	100.0 %	13,109	27
Logwin Air + Ocean Switzerland AG, CH-Muttenz	100.0 %	12,667	26
Logwin Air + Ocean The Netherlands B.V., NL-Venlo	100.0 %	12,396	43
Logwin Air + Ocean (Thailand) Ltd., TH-Bangkok	100.0 %	11,425	88
Logwin Air + Ocean Italy S.r.l., IT-Segrate	51.0 %	11,022	18
Logwin Air + Ocean Belgium N.V., BE-Antwerp	100.0 %	10,950	15
Road + Rail			
Logwin Road + Rail Austria GmbH, AT-Bergheim	100.0 %	288,434	769
Logwin Road + Rail Deutschland GmbH, DE-Aschaffenburg	100.0 %	210,516	813
Logwin Road + Rail Switzerland AG, CH-Thayngen	100.0 %	66,470	234
Logwin Road + Rail Slovakia a.s., SK- Ruzomberok	66.0 %	41,558	44
Logwin Road + Rail The Netherlands B.V., NL-Valkenswaard	100.0 %	35,923	45
Logwin Road + Rail Leibnitz GmbH, AT-Leibnitz	100.0 %	21,497	18
Logwin Road + Rail Poland Sp.z o.o, PL-Tichy	100.0 %	19,521	96
Logwin Road + Rail France S.A.S., FR-Scionzier	100.0 %	18,095	114
Logwin Road + Rail Eastern Europe GmbH, AT-Bergheim	100.0 %	17,768	11
Logwin Road + Rail Burgstädt GmbH, DE-Burgstädt	100.0 %	12,637	65
Nunner Lojistic Ticanet Lim S., TR-Istanbul	100.0 %	12,427	61
Logwin Road + Rail Romania SRL, RO-Pitesti	100.0 %	12,226	85
Logwin Road + Rail Rus Ltd., RU-St. Petersburg	100.0 %	10,663	98
Logwin Road + Rail Italy S.r.l., IT-Atessa	100.0 %	10,100	102

[1] Includes lead companies and companies with net sales exceeding 10 million Euro.
[2] These companies make use of the exemption clause pursuant § 264 b of the German Commercial Code (HGB).

Declaration by the Board of Directors

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

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). Pursuant to the provisions of the Luxembourgian Commercial Code, the Group Management Report contains an analysis of the financial position and performance of the group, as well as further information.

The consolidated financial statements, the Group Management Report and the Audit Report were subject to a preliminary audit by the Audit Committee and discussed extensively in a meeting of the Board of Directors together with representatives of the auditing.

The audit of the consolidated financial statements and the Management Report for the fiscal year 2008 did not give rise to any objections. By way of resolution by the Board of Directors, the consolidated financial statements and the Group Management Report were therefore approved for publication.

In line with Luxembourg law, the consolidated financial statements and the Group Management Report must still be approved by the executive body of the Annual General Meeting.

The Board of Directors of Logwin AG
Grevenmacher (Luxembourg), February 26, 2009

Independent Auditor's Report

To the Shareholders of Logwin AG

Report on the consolidated financial statements

Following our appointment by the General Meeting of the shareholders dated April 9, 2008, we have audited the accompanying consolidated financial statements of Logwin AG, which comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the "Réviseur d'Entreprises"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "Réviseur d'Entreprises", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'Entreprises" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Logwin AG as of December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

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

ERNST & YOUNG
Société Anonyme
Réviseur d'Entreprises

Jeannot Weyer
Munsbach (Luxembourg), February 26, 2009

Positions of the Members of the Board of Directors and the Executive Committee

	Positions
Berndt-Michael Winter Chairman of the Board of Directors and the Executive Committee (Chief Executive Officer) Chairman of the Management Board (CEO), DELTON AG, Bad Homburg v. d. Höhe (GER)	**Positions within the Logwin Group:** Chairman of the Supervisory Board, Delacher Logistics AG, Wolfurt (AT) (until June 5, 2008) Member of the Supervisory Board, Logwin Invest Austria AG, Bergheim (AT) (until July 2, 2008 Quehenberger Logistik AG) **External positions:** Chairman of the Supervisory Board, CEAG AG, Bad Homburg v. d. Höhe (GER) (until August 21, 2008) Chairman of the Supervisory Board, DELTON Vermögensverwaltung AG, Bad Homburg v. d. Höhe (GER Deputy Chairman of the Supervisory Board, Mast-Jägermeister AG, Wolfenbüttel (GER)
Dr. Antonius Wagner Deputy Chairman of the Board of Directors and the Executive Committee (Chief Financial Officer) Member of the Management Board, DELTON AG, Bad Homburg v. d. Höhe (GER)	**Positions within the Logwin Group:** Member of the Supervisory Board, Delacher Logistics AG, Wolfurt (AT) (until June 5, 2008) Member of the Supervisory Board, Logwin Holding Aschaffenburg GmbH, Aschaffenburg (GER) (until August 5, 2008 Microlog Logistics AG) Member of the Supervisory Board, Logwin Invest Austria AG, Bergheim (AT) (until July 2, 2008 Quehenberger Logistik AG) **External positions:** Member of the Supervisory Board, CEAG AG, Bad Homburg v. d. Höhe (GER) (until August 21, 2008) Sole Management Board Member DELTON Vermögensverwaltung AG, Bad Homburg v. d. Höhe (GER)
Prof. Dr. Dr. h.c. Werner Delfmann Non-executive member of the Board of Directors Director of the Seminar for Corporate Management and Logistics, University of Cologne (GER)	
Helmut Kaspers Member of the Executive Committee (Chief Operating Officer Air + Ocean)	

	Positions
Dr. Michael Kemmer Non-executive member of the Board of Directors Chairman of the Supervisory Board, BayernLB, Munich (GER)	**External positions:** Chairman of the Supervisory Board, Bayern Facility Management GmbH, Munich (GER) (until August 10, 2008) Member of the Supervisory Board, BayernInvest Kapitalbeteiligungs-gesellschaft mbH, Munich (GER) (until April 1, 2008) Member of the Supervisory Board, cash.life AG, Pullach (GER) (until July 11, 2008) Member of the Supervisory Board, Coface Deutschland AG, Mainz (GER) (since January 1, 2009) Chairman of the Supervisory Board, Deutschen Kreditbank AG, Berlin (GER) Member of the Supervisory Board, GBW AG Bayerische Wohnungs-AG, München (GER) (until April 23, 2008) Chairman of the Supervisory Board, Hypo-Alpe-Adria-Bank Intern., Klagenfurt (AT) (since March 18, 2008) Chairman of the Supervisory Board, MKB Ztr., Budapest (HU) (since March 26, 2008) Member of the Supervisory Board, Saar LB, Saarbrücken (GER) (until February 29, 2008)
Detlef Kükenshöner Member of the Executive Committee (Chief Operating Officer Road + Rail)	**Positions within the Logwin Group:** Member of the Supervisory Board, Delacher Logistics AG, Wolfurt (AT) (until June 5, 2008) Member of the Supervisory Board, Logwin Holding Aschaffenburg GmbH, Aschaffenburg (GER) (until August 5, 2008 Microlog Logistics AG) Member of the Supervisory Board, Logwin Invest Austria AG, Bergheim (AT) (until July 2, 2008 Quehenberger Logistik AG) Chairman of the Supervisory Board, Logwin Road + Rail Deutschland GmbH, Munich (GER)
Dr. Yves Prussen Non-executive member of the Board of Directors Attorney in Luxembourg (LUX)	**External positions:** Member of the Supervisory Board, AllianceBernstein (Luxembourg) S.A., Luxembourg (LUX) Member of the Supervisory Board, Banque Degroof Luxembourg S.A., Luxembourg (LUX) Member of the Supervisory Board, Gefinor S.A., Luxembourg (LUX) Member of the Supervisory Board, Richemont International Holding S.A., Luxembourg (LUX)

Dates 2009

April 8, 2009
Annual General Meeting

May 6, 2009
Publication of Quarterly Financial Report 2009

August 5, 2009
Publication of Half-Year Financial Report 2009

November 4, 2009
Publication of Nine-Month Financial Report 2009

April 14, 2010
Annual General Meeting

Contact

Public Relations
Mara Hancker
Telephone: +352 719690-1354
Fax: +352 719690-1359
e-mail: pr-info@logwin-logistics.com

Investor Relations
Sebastian Esser
Telephone: +352 719690-1112
Fax: +352 719690-1359
e-mail: ir-info@logwin-logistics.com

Imprint

Publisher
Logwin AG | 5, an de Laengten | L-6776 Grevenmacher | Luxembourg

Responsible
Public Relations

Picture ship propeller (page 13): Ulrich Baumgarten (vario images)

This report is available in both German and English and can be downloaded from our website at www.logwin-logistics.com

Further copies of the report and additional information can bei obtained from us free of charge.

Telephone: +352 71 96 90-11 12 | Fax: +352 71 96 90-13 59 | ir-info@logwin-logistics.com