

Annual Financial Report 2011

Logwin AG



 **LOGWIN**
Your Logistics.

Key Figures January 1 – December 31, 2011

Group	<i>in thousand €</i>	2011	2010
Net Sales		1,334,885	1,356,517
<i>Change to 2010</i>		<i>-1.6 %</i>	
Operating Income (EBIT)		21,638	24,129
<i>Margin</i>		<i>1.6 %</i>	<i>1.8 %</i>
Net Result		7,049	395
Operating Cashflow		20,830	25,094
Net Cashflow		19,603	31,993

Business Segments	<i>in thousand €</i>	2011	2010
Solutions			
Net Sales		716,967	689,700
<i>Change to 2010</i>		<i>4.0 %</i>	
Operating Income (EBIT)		3,466	8,085
<i>Margin</i>		<i>0.5 %</i>	<i>1,2 %</i>
Air + Ocean			
Net Sales		618,409	666,723
<i>Change to 2010</i>		<i>-7.2 %</i>	
Operating Income (EBIT)		24,854	22,666
<i>Margin</i>		<i>4.0 %</i>	<i>3.4 %</i>

	Dec. 31, 2011	Dec. 31, 2010
Equity Ratio	37.2 %	32.6 %
Net Financial Debt (<i>in thousand €</i>)	11,694	28,098
Number of Employees	5,925	5,686

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

Management Report

Business and Overall Conditions

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

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

Business Segment Solutions As a specialist in contract logistics, the business segment Solutions offers individual customer- and industry-oriented solutions ranging from supply chain management, transportation and warehousing through to logistical value added services and complete outsourcing projects. The business also maintains special networks, particularly for the fashion and consumer goods industries (“Retail Network”) and for the media sector. Solutions operates regional forwarding and special transportation as part of its General Cargo activities. Solutions provides its logistics services in the two functional units Transport and Retail Networks and Logistics and Warehousing.

Business Segment Air + Ocean The business segment Air + Ocean combines transport and logistics solutions for global air and sea freight with a large number of upstream and downstream added-value services to form efficient logistical supply chains. Air + Ocean draws on an international network that is divided into the five business units Europe Middle East, Americas, Africa, South East Asia and Far East Asia and which is complemented by powerful partnerships.

Financial performance management of the Logwin Group A number of key control parameters are of central importance for financial corporate management within the Logwin Group. Operating income (EBIT) measures the profitability of the group and of the individual business segments. Additional key control indicators are net result and also net cash flow. These three indicators are also fundamental elements of the remuneration system. Economic value added (EVA) is a further key control parameter that measures whether an adequate return on capital employed is being achieved and hence whether profitable growth is ensured for the long-term. Discounted cash flow (DCF) analyses are used as the basis for assessing the benefits of major investments.

Course of business The first half of 2011 was characterized by global economic recovery while uncertainty over the course of the global economy increased in the course of the year. The reasons for this were a substantial rise in the price of oil and, above all, the debt problems in the euro area. In spite of the resultant deterioration in expectations for the future, the German economy on the

whole proved to be robust into the third quarter compared with other industrial nations. However, the pleasing growth shown by the German economy over 2011 as a whole lost momentum due to the weaker stimulus from exports in the fourth quarter.

The German logistics and transportation sector was able to benefit from a generally positive development. According to estimates made by the German Logistics Association (BVL), sales in the industry in 2011 matched the levels seen prior to the crisis, and even in the fourth quarter the business situation was judged to be positive with continuing overall high capacity utilization. Nevertheless, business expectations in the logistics and transportation sector were somewhat pessimistic towards the end of the year owing to uncertainty about developments in the euro area and the possibility of a further crisis in the real economy. Against this background, business volumes showed satisfactory progress in both business segments of the Logwin Group in 2011.

The business segment Solutions, in particular with regard to its activities with customers in industry-specific fields – General Cargo, automotive and chemicals activities – was able to benefit from the overall positive performance of the economy in 2011 and achieved increased sales. The Retail Network recorded positive volume growth with both existing and new customers in the fashion, lifestyle and consumer goods industries, and this is reflected in the growth in sales at Solutions. The media special networks succeeded in increasing sales slightly over the previous year despite patchy performance in the press market with falling overall sales of daily and weekly newspapers and almost stable overall sales of consumer magazines.

The business segment Air + Ocean achieved positive growth in the number of shipments and in air and sea freight volumes. The largest business units of Europe Middle East, Far East Asia and South East Asia recorded moderate increases in volumes in air and sea freight. Despite the increase in volume, the business segment, with the exception of Asia and Africa, did not succeed in matching the level of sales of the previous year. The reason for this is the historically low level of sea freight rates resulting from high overcapacity. Air + Ocean continued to expand its regional presence in 2011, in particular as a result of new locations in the growth markets of China and India.

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

Earnings Position

Logwin Group Total net sales for the Logwin Group in the 2011 financial year were 1,334.9 million euros and thus slightly below the figure for the previous year of 1,356.5 million euros. This development reflects in particular lower sales at the business segment Air + Ocean resulting exclusively from the significantly lower freight rates compared with the previous year. The business segment Solutions recorded a moderate increase in sales compared with the previous year. This growth can be attributed to adjustments in conditions as well as to increased volumes, especially in the special networks organized under Transport and Retail Networks and in the automotive business of the General Cargo unit.

Gross profit decreased slightly from 106.8 million euros in the previous year to 105.4 million euros in 2011. This was mainly due to reduced gross profit in the business segment Solutions attributable to transportation costs. Selling costs, at 28.4 million euros, were 4.6% higher compared to the previous year. The principal cause here was the expansion of the sales organization of the business segment Air + Ocean, especially in Asia. Administrative costs decreased slightly compared with the previous year despite negative one-off effects resulting from cost reductions in both business segments. The balance for other operating expenses and income amounted to +0.7 million euros (2010: +0.8 million euros).

Operating income (EBIT) for the 2011 financial year of 21.6 million euros was 2.5 million euros below the value for the previous year of 24.1 million euros. The operating margin decreased from 1.8% in 2010 to 1.6% in 2011.

At -9.4 million euros, the financial result improved significantly over the previous year (2010: -16.4 million euros). This noticeable improvement resulted from the lower interest charge following the capital increase in November 2010 and the full repayment of the corporate bond in two steps in December 2010 and June 2011. The financial result also includes the complete derecognition of the amortization costs for the bond charged to the income statement that was reported as a result of the repayment of the remaining amount of the bond in June 2011. At -5.2 million euros, tax expenses increased slightly over the previous year (2010: -4.5 million euros).

The net result for 2010 included charges of -3.6 million euros from discontinued operations. These primarily consisted of follow-on costs from the disposal of and profit contributions from remaining operations up to the respective transaction closing dates in the first quarter of 2010.

The net result for the 2011 financial year thus increased significantly from 0.4 million euros in the previous year to 7.0 million euros.

Solutions The business segment Solutions generated sales of 717.0 million euros in 2011, thus showing growth of 4% over the previous year's figure (2010: 689.7 million euros). In the course of the largely positive growth in the overall economy in the reporting year the Retail Network and the automotive field of General Cargo reported higher transport volumes and corresponding increases in sales. Despite the continuing difficult situation on the German press market, the media special networks proved to be robust, achieving pleasing increases in sales compared to the previous year. Contract logistics activities proved to be generally stable due to the well-filled order books of customers in industry-related fields in 2011. At 3.5 million euros, the operating income (EBIT) of the business segment Solutions in the reporting year was significantly below the value for the previous year

of 8.1 million euros. The previous year's figure included income from the sale of fringe activities amounting to 0.7 million euros. There was a major impact on the 2011 result from the high costs of transportation through the year, in particular in the Retail Network. Furthermore, special items that were incurred during the restructuring of individual locations and which resulted from organizational changes to the business segment had major negative effects. As a consequence of this the operating margin fell to 0.5% (2010: 1.2%).

Air + Ocean The business segment Air + Ocean generated sales of 618.4 million euros in the 2011 financial year, 7.2% below the value for the previous year of 666.7 million euros. Developments in volumes and freight rates had a direct effect on sales performance at the business segment. While transport volumes in the area of sea freight increased slightly above the previous year's level and volumes in air freight rose moderately, sea freight rates, which sank to a historically low level in the course of the year, resulted in a fall in sales over the previous year. Asian business units in particular, which experienced noticeable growth in transport volumes for both air and sea freight, provided positive impulses for volume growth. Operating income (EBIT) in the reporting year amounted to 24.9 million euros. Despite increasingly difficult market conditions in the second half of the year, the previous year's value of 22.7 million euros was bettered by 2.2 million euros. Besides a robust earnings situation in the largest business unit, Europe Middle East, this increase was largely due to the pleasing earnings performance of the business units Far East Asia and South East Asia. The operating margin rose from 3.4% in the 2010 financial year to 4.0% in the current year.

Financial Position

Financial management within the Logwin Group The operating units of the Logwin Group primarily finance themselves via Logwin AG, which provides financial funds in the form of intra-group loans to its subsidiaries. The Logwin Group finances itself from equity capital and also from financial resources such as bank and other forms of loan and the sale of trade accounts receivable ("factoring").

Having repaid 65 millions euros, half of the original total nominal amount of the corporate bond (130 million euros), with cash in hand (25 million euros) and cash accrued from a capital increase (40 million euros) at the end of 2010, Logwin AG repaid the outstanding amount of the loan on June 15, 2011. The financial resources used for the complete redemption of the bond came from taking out a bank loan, utilizing the factoring facility and from cash in hand.

The other financial liabilities mainly relate to real-estate loans and finance lease obligations.

The refinancing of the corporate bond concluded in 2011 and the lower level of interest associated with this have reduced and will continue to reduce interest expenses to a substantial degree.

Liquidity analysis and investment In the 2011 financial year the Logwin Group reported cash inflows from operating activities of 20.8 million euros, compared with a value of 25.1 million euros in the previous year. Operating cash flow for the 2011 fiscal year includes cash inflows from utilizing existing factoring facilities amounting to 7.2 million euros. The utilization of factoring within operating cash flow is reported on the basis of the "true sale" character of the factoring facility. The comparative figure for 2010 includes -11.4 million euros attributable to the business segment Road + Rail. Compared with the previous year, cash inflow from profit before interest and tax was a little lower

due to the performance of the business segment Solutions. Further reasons for lower operating cash flow were higher tax payments and an increase in working capital above the level of the previous year.

Investing cash flow amounted to -1.2 million euros in 2011 (2010: 6.9 million euros). This figure includes proceeds from the disposal of assets, for example from the sale of an asset listed as “held for sale” in the 2010 annual financial report. In 2010, an amount of 11.8 million euros was attributed to the discontinued business segment Road + Rail. This figure included purchase price payments received for the activities of Road + Rail companies. Capital expenditure amounted to -9.0 million euros in 2011 and was thus higher than in the comparative period of the previous year (2010: -7.0 million euros). The Logwin Group generated total net cash flow of 19.6 million euros (2010: 32.0 million euros). After adjustment for the effects of factoring, net cash flow for the 2011 fiscal year was 12.4 million euros.

Financing cash flow in 2011 amounted to -45.3 million euros (2010: -31.0 million euros). This figure primarily reflects payment flows associated with the refinancing of the corporate bond using liquid funds and the taking out of a longterm bank loan.

Net Asset Position

As of December 31, 2011, the Logwin Group reported a balance sheet total of 459.2 million euros compared with 512.1 million euros at the end of the previous year. In addition to the sale of assets, the decrease in the balance sheet total was due in particular to the use of cash in hand to refinance the corporate bond.

Non-current assets decreased from 254.8 million euros in 2010 to 243.2 million euros in the reporting period. The most significant item here is recognized goodwill of 153.1 million euros (2010: 153.4 million euros). This heading also includes property, plant and equipment of 67.3 million euros (2010: 75.3 million euros), other intangible assets of 6.8 million euros (2010: 7.7 million euros) and deferred tax assets of 13.6 million euros (2010: 15.3 million euros).

Current assets of the Logwin Group total 216.0 million euros (2010: 257.3 million euros). The largest items here are trade accounts receivable with a value of 151.2 million euros (2010: 160.9 million euros) and cash and cash equivalents of 41.0 million euros (2010: 67.5 million euros). The land classified as “available for sale” in the previous financial statements with a value of 2.1 million euros was successfully disposed of at the beginning of 2011.

With regard to trade accounts receivable, it should be noted that IAS 39 requires utilization of factoring to be reported in the balance sheet as “off balance” due to the “true sale” of the accounts receivable in the course of the factoring process, i. e. as a reduction in the outstanding trade accounts receivable. At 7.2 million euros, the decrease in trade accounts receivable is due to the utilization of the factoring facility (2010: 0.0 million euros) which resulted in a corresponding reduction in the outstanding trade accounts receivable. Cash in hand at the end of the reporting period was lower than at the end of the previous year due to the full repayment of the bond, since existing liquidity was used for a part of the repayment.

As of December 31, 2011, the Logwin Group reported shareholders' equity of 170.6 million euros compared with 167.0 million euros at the end of the previous year. The equity ratio thus increased from 32.6% to 37.2% owing to the decreased balance sheet total.

As of December 31, 2011, after full redemption of the corporate bond, non-current liabilities totaled 70.0 million euros (2010: 118.3 million euros). The increase in long-term financial liabilities is due to the taking out of a loan in the process of repaying the bond. As of December 31, 2011, current liabilities amounted to 218.6 million euros (2010: 226.8 million euros). This amount primarily includes trade accounts payable of 153.9 million euros (2010: 157.8 million euros).

Economic situation of the Group

Despite the increased business volumes, the Logwin Group only partially succeeded in its operations in benefiting from the positive economic situation. In the business segment Air + Ocean, the systematic expansion into future and growth markets, particularly into China, India and South-East Asia is increasingly paying off in terms of sales and earnings contributions. In contrast, earnings performance in the business segment Solutions lagged expectations substantially despite the pleasing expansion in business.

In the past financial year the Logwin Group was able to continue consolidating its financial stability in an overall positive economic environment. The refinancing of the corporate bond was concluded successfully. As a result of this and also as a consequence of the generation of 19.6 million euros of net cash flow, the Group was able to once more significantly reduce its net financial debt to 11.7 million euros at the end of the reporting period. The equity ratio also increased once more and is now 37.2% .

Employees

At the end of 2011 there were worldwide 5,925 employees in the Logwin Group compared with 5,686 employees as of December 31, 2010. This represents an increase of 239 employees. The number of employees in Germany increased in the period by 106 to 3,323. The increase of 102 employees in the business segment Air + Ocean is principally associated with continuing business expansion in Asia. The business segment Solutions employs 170 more people than in the previous year, mainly as a result of positive business development in South-East Europe and the realization of new business in Germany.

Corporate Governance

Members of the Board of Directors and the Executive Committee

Berndt-Michael Winter (*1954)

Chairman of the Board of Directors and the Executive Committee (Chief Executive Officer)
Chairman of the Management Board, 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)

Thomas Eisen (*1971)

Member of the Executive Committee, Bergheim (AT)
from March 7, 2012

Helmut Kaspers (*1965)

Member of the Executive Committee, Aschaffenburg (GER)
until February 29, 2012

Dr. Michael Kemmer (*1957)

Non-executive member of the Board of Directors
Chief Executive Bundesverband Deutscher Banken, Berlin (GER)

Hauke Müller (*1964)

Member of the Executive Committee, Hamburg (GER)
from March 7, 2012

Dr. Yves Prussen (*1947)

Non-executive member of the Board of Directors
Attorney in Luxembourg (LU)

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

Report on the Stock and Corporate Bond of Logwin AG

Logwin share A total of 4.7 million Logwin AG shares were traded on all German stock exchanges in the reporting period. This corresponded to a trading volume of 5.9 million euros. The price of the Logwin share fell between the beginning and end of the reporting period to close in Xetra trading at a price of 1.06 euros. However, the significance of this share price development is limited due to the low volumes traded.

Key figures for the Logwin share

		Dec. 31, 2011	Dec. 31, 2010
Closing price (Xetra)	<i>in euros</i>	1.06	1.38
High/low 52 weeks	<i>in euros</i>	1.63/0.96	1.48/0.92
Total number of shares	<i>in units</i>	146,257,596	146,257,596
Market capitalization	<i>in million euros</i>	155.0	201.8

Share ownership The majority shareholder is DELTON Vermögensverwaltung AG. The members of the Board of Directors and the Executive Committee of Logwin AG do not hold any shares or options to purchase shares in Logwin AG.

Corporate bond After half of the corporate bond, 65 million euros, had been redeemed in accordance with the bond conditions at a price of 100% of its nominal value as of December 15, 2010, the remainder of the corporate bond in an amount of 65 million euros was fully repaid at a price of 100% of the nominal value as of June 15, 2011.

Company rating Standard & Poor's raised its rating for the Logwin Group (corporate credit rating) from rating category "2B" to rating category "B+" in May 2011.

Risk Report

As a global logistics service provider, the Logwin Group faces macroeconomic risks as well as industry, competition, procurement, demand and customer risks. Furthermore, financial risks, regulatory and environment risks, IT and other risks can also affect business performance, materially impacting on the Group's net assets, financial situation and earnings position.

Macroeconomic risks The performance of the global economy and of world trade is of crucial importance for the demand for logistics services and thus for the business performance of the Logwin Group. There are significant risks for the Logwin Group associated with the development of the global economy and in particular with the economic performance of the euro area and in other large national economies. The as yet unresolved debt problems in several industrial nations and the increased signs of overheating in the emerging economies could result in a significant downturn in the pace of economic growth, especially in the euro area and the USA. This would lead to a fall in demand for logistics services that might make it necessary for the Logwin Group to take further corrective measures. There is the risk that this would involve considerable negative effects on the result.

Continuing strong economic growth in Germany in particular, contrary to current expectations, could increase demand so substantially that this might result in significant increases in transport prices. A rise in prices on the procurement side, which is impossible to pass on to customers immediately, involves considerable risks for earnings for the Logwin Group.

The current situation could deteriorate in the event that the markets do not consider the measures taken and the consolidation plans aimed at tackling excessive debt in industrial nations to be sufficient. This could lead to distortions in the financial markets and knock-on effects in the real economy, in particular to a downturn in world trade. This might lead to considerable negative consequences for the Logwin Group's net assets, financial situation and earnings position since both business segment Air + Ocean and business segment Solutions would be directly affected by this, in particular in their core markets in Europe and Asia.

Industry-specific risks The experience of the crisis years 2008/2009, the intensity of competition and the resultant pressure to consolidate within the industry showed that it is necessary for transport and logistics service providers, in particular for the Logwin Group, to constantly review their business models and strategic directions and to optimize their corporate structures and processes. This includes the continuous improvement of logistics services, for example by increasing the efficiency and effectiveness of service delivery. Failing to take such measures or implementing countermeasures too late when an economic slowdown occurs involves material risks for the future economic growth of the Logwin Group. These could result in reduced sales, lower capacity utilization and decreased earnings.

Developments in industry-specific costs pose a considerable risk for the Logwin Group's earnings situation. Particularly in connection with providing transportation services and maintaining logistics premises there is the risk of rising raw oil price that have a direct influence on diesel and heating oil prices. Reasons for this include continuing recovery in the global economy, upheavals and tensions in the Middle East and North Africa and a further devaluation of the euro against the US dollar. This can lead to an unexpected rise in the cost of services provided by Logwin, with the risk that this increase cannot be passed on completely and immediately to customers. Further industry-specific

risks result from the introduction of or increase in transport-related levies or taxes and from an increased shortage of capacities in land transportation, which might lead to considerable cost burdens.

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

Besides this, tighter controls on legal working times and stricter environmental regulations can lead to additional costs. In an increasingly security-conscious environment the possibility of the introduction of stricter security measures such as tighter import controls cannot be excluded. It is difficult to assess what the effects of this might be for the logistics industry, but having to meet international security regulations would presumably result in increased administrative costs and significantly higher investment requirements for additional security measures, which would then affect disadvantageously the earnings of the Logwin Group.

Competition and customer risks A surplus of transport capacity caused by a fall in demand and slower globalization can lead to intensified competition for reduced customer orders and volumes. An unrelenting tendency towards consolidation in the logistics industry can lead to a shift in the traditionally strongly fragmented structure of the market, with large logistics groups assuming even greater market importance. For the Logwin Group, this can mean a deterioration in its competitive position if economies of scale in certain activities generate competitive advantage.

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 special networks organized under Transport and Retail Networks are highly dependent on developments in the textile and media industries and increasingly on the retail sector owing in part to the high level of specialization of their service offering.

In the business segment Air + Ocean, the competition risks are the unpredictable developments in freight rates. A constant fall in freight rates, such as the decrease seen since the late summer of 2010 and through all of 2011, can thus result in a weakening of demand for worldwide sea and air freight transportation and significantly intensify the competition for transport volumes. Conversely, a continuous and noticeable increase in freight rates can have considerable effects on the earnings situation of the Logwin Group. There is the risk that it might not be possible to pass on higher rates to customers fully and in a timely manner. In the light of the historically low level of sea freight rates towards the end of 2011, there are reasons to believe there are risks for the Logwin Group's earnings in the event of rising freight rates in 2012.

Restructuring measures and rationalization programs on the part of customers are causing them to be even more cost-conscious and consequently to demand price cuts from their logistics service providers. This can result in existing logistics contracts being re-examined and an increasing number being put out to tender. Contract periods are also growing ever shorter and there is a tendency to transfer risks such as liability and investment risks to the service provider. There is the risk for the

Logwin Group that increasing customer cost sensitivity will have an adverse effect on its earnings performance. This applies especially to the business segment Solutions, which is highly dependent on individual large customers. In addition the success of the business segment Solutions depends to a large degree on business performance in the automotive, chemicals and textiles sectors and to an increasing extent on growth in retail trade. A slowdown in the economic recovery of these sectors would have a direct negative impact on the short- to medium-term earnings expectations of the Logwin Group.

There are additional customer-related risks associated with extended payment periods, increasing delays in payment, payment default and even a continuing high level of anticipated insolvencies. 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, which could have a negative impact on the net assets, financial situation and earnings position of the Logwin Group.

Procurement risks The Logwin Group uses subcontractors to provide a significant proportion of its services. The case might arise of not being able to provide sufficient transportation or warehousing capacities or of having to procure them at considerably increased market prices. There is the risk that these unscheduled price hikes cannot always be passed on to customers immediately. On the other hand, there are risks relating to the underutilization of transportation capacities, particularly in the special networks of the business segment Solutions and in the air freight field at the business segment Air + Ocean as well as risks connected with property or storage space remaining vacant that was rented to meet business requirements.

When long-term supply agreements are concluded with air and sea freight providers, the Logwin Group may be subject to making penalty payments to the providers when it fails to purchase the target volumes.

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

Liquidity risk

Experience of the global financial crisis in 2009 showed that extraordinary distortions may happen on the capital markets in times of crisis. For market participants this can mean a drastic reduction in the availability of credit and hence in the possibilities of refinancing. Furthermore, this could result in a considerable increase in the level of interest and financing costs, which would have a considerable negative influence on the net assets and financial situation and earnings position of the Logwin Group.

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

Certain financing agreements are subject to so-called covenants, for example with regard to various financial indicators. Failure to meet these financial targets may constitute a breach of contract under the agreed conditions and may result in premature termination and forced repayment of

loans. If the financial funds available in this event are not sufficient, and if it is not possible to refinance them, the Logwin Group's future existence will depend on the willingness of shareholders to provide additional equity capital. Alternatively, additional parts of the business would have to be sold off in order to generate liquidity.

Conducting transportation dealings on a global scale requires liquidity to be available at all times and the possibility of guarantees and collateral being provided by generally recognized guarantors, for example to customs and tax authorities and in order to process air and ocean transportation. The Logwin Group's existence could be threatened if the established financial instruments in international trade are no longer available to the Logwin Group to a sufficient extent, or if the customary mechanisms underpinning financial business transactions fail to work.

Section 33 of the Notes on page 64 provides a due date analysis of financial liabilities.

Credit risk

There are credit risks arising from relationships with customers and banks. Credit risks with customers are wherever possible counteracted by conducting credit assessments. Furthermore, trade credit insurance exists for the majority of customers, particularly in Germany.

The Logwin Group faces increased risks of payment default, which can have a negative impact on earnings if they materialize, in cases where insurance or other collateral is not available or is insufficient, or where hedging is not possible for economic reasons.

Allowances are made for impending default risks on trade accounts receivable and other financial assets. We would refer you to Section 18 on page 47 of the Notes to the Consolidated Financial Statements for more information on the extent of allowances and the maturity structure of trade accounts receivable.

Currency risk

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. A significant risk to earnings from the negative effects of exchange rate movements cannot be excluded.

Wherever possible, the Logwin Group reacts to foreign exchange risks by using hedging instruments. The use of financial hedging instruments requires the availability of corresponding credit facilities for the Logwin Group and necessitates the existence of functioning exchange rates on the global currency markets. A sustained increase in the direct and indirect costs for hedging instruments can also have an adverse effect on the company's economic performance. Owing to these hedging activities, a change in the respective functional currency of the group companies by +/- 10% vis-à-vis the US dollar as of December 31, 2011, would have no material effect on consolidated earnings.

You can find a list of foreign exchange contracts as of the reporting date in Section 33 of the Notes on page 65.

Interest risk

The level of interest can change. Increased rates of interest can pose a risk to the earnings of the Logwin Group. Financial liabilities subject to variable interest rates are partly hedged through interest rate swaps.

Based on the variable-interest and unhedged financial liabilities, an increase in the rate of interest as of December 31, 2011, by +/- 100 would have no significant effect on the financial result.

Legal, regulatory and environmental risks The Logwin Group performs various customs and sales tax-related processes on behalf of its customers as part of cross-border, international transportation activities. Risks are involved in performing these processes and making the required customs or tax declarations. This applies especially when the Logwin Group is liable for the completeness and accuracy of such declarations, for example, when bearing joint and several liability. In this context, Logwin Road + Rail Austria GmbH was served with a claim from the Austrian customs authorities in April 2010 demanding payment of import sales tax of around 16 million euros in duties for customs clearance that the company had performed with joint and several liability on behalf of customers in the period between December 2005 and March 2006. The exemption from import sales tax granted at that time was now revoked since the consignee of the goods was allegedly a participant in a missing trader (sales tax carousel) fraud. The company, which remained part of the Logwin Group after the sale of the Road + Rail activities, lodged an appeal against the decision. The customs authorities did not grant the appeal lodged by Logwin, which is why legal steps against the claim will be pursued further. The case is currently awaiting a decision by the Finanzsenat (independent tax tribunal) in Salzburg. As of the reporting date, the risk of a claim is considered to be remote. Against this background, no provision and no contingent liability have been made in these financial statements to cover this matter. Moreover, the company has an insurer's preliminary confirmation of cover. This could have considerable negative consequences on the Logwin Group's net asset and financial position if the legal steps prove unsuccessful and the insurer fails to provide (sufficient) cover despite its preliminary confirmation of cover.

Some contractual risks such as warranty, indemnification, payment and tax risks could arise in connection transactions relating to parts of the company sold by the Logwin Group, in particular to the disposal of the former business segment Road + Rail.

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

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

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. A few registration applications are still pending. Negative effects for the Logwin Group's market presence can therefore not be ruled out if necessary licensing and trademark rights are not obtained, or if they expire.

The Logwin Group is particularly affected by environmental laws and regulations in those areas where the provision of logistics services involves having to deal with potentially hazardous materials such as operating filling stations or tank cleaning facilities. In addition, various logistics projects require the handling of hazardous goods.

The logistics and transportation sector, at least in Germany and the rest of the EU, can also be expected to become the focal point for increasing measures stemming from policies relating to the environment and climate change over the next few years. 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. This could have a considerable impact on the Logwin Group's earnings and financial position.

Risks from infringements against national and international legislation The Logwin Group attaches great importance to group-wide compliance with national and international legislation, and a compliance officer has been appointed to ensure this principle is met. Nevertheless, the possibility of infringements against national or international regulations occurring, resulting in risks that could threaten the very existence of the Logwin Group, cannot be excluded.

Thus at the end of February 2010 the Austrian Federal Competition Authorities submitted petitions to the Vienna Higher Regional court (Oberlandesgericht) against more than 40 Austrian logistics companies, including three companies belonging to the Logwin Group, for alleged infringements of Austrian and European antitrust legislation. The Federal Competition Authorities have applied for fines to be imposed in an unspecified amount. In various statements the Logwin Group and the other forwarding companies have contested the arguments of the Federal Competition Authorities with regard to both their representation of the facts and to their legal opinion. Nevertheless, the Federal Competition Authorities continue to hold their legal opinion, in particular with regard to European law. According to information obtained so far, the Logwin Group does not share the legal opinion of the Austrian Federal Competition Authorities. In its judgment dated February 22, 2011, the Vienna Higher Regional court (Oberlandesgericht) rejected in the first instance claims brought by the Austrian Federal Competition Authorities against members of the so-called forwarding agents' conference (Speditionssammelkonferenz – SSK). The Austrian Federal Competition Authorities and the Austrian Federal Competition Attorney have lodged an appeal with the Austrian Supreme Court against the decision in the first instance. The latter has referred the case to the European Court of Justice for a preliminary ruling on legal questions in European law. Since the Logwin Group, based on the legal opinions it has obtained, does not assume that a fine will actually be imposed and since it is not possible to make a reliable estimate of the possible impact this would have, no provision has been made in this report and no estimate has been made of a possible contingent liability. Should a fine still be imposed, it could have considerable negative effects on the Logwin Group's net asset and financial position.

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

The activities of the Logwin Group's business segments involve liability and warranty risks owing to possible damage and quality defects arising during the provision of services. Claims for damages could also arise from breaches of duty on the part of management.

Executives of the Logwin Group accept specific and quantifiable business risks in order to be able to make full use of market opportunities. Should these risks materialize, they could have material negative effects on the net assets, financial situation and earnings position of the Logwin Group.

Prolonged weak or anticipated prolonged weak performance of individual areas within the Logwin Group involves the risk that the goodwill recognized in the consolidated financial statements 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. In this context, sustained weak or weaker than anticipated performance of individual Logwin companies could result in an adjustment of recognized deferred taxes, which would have a negative influence on the net assets, financial situation and earnings position of the Logwin Group.

Risk management system A group-wide risk management system was introduced 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 for 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 risk management system is also a component in examination of the annual statements performed by the auditors. 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.

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" in the business segments and holding companies 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 functional units, business units or business segments or the Executive Committee, depending on the required degree of authority. These clearly defined processes and responsibilities do not just guarantee that all identified risks are duly processed, but also ensure that the Executive Committee and the Board of Directors of Logwin AG are informed about all major risks.

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

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

Outlook

Assuming that the debt crisis in the euro area can be contained and that the global economy does not slow down to any great degree, we expect moderate growth in business volumes and an accompanying increase in sales in the course of 2012. For the 2012 financial year as a whole, the Logwin Group is looking to increase the operating result attained in 2011. It is intended to achieve this in particular by improving the earnings situation of the business segment Solutions. In 2012, consolidated earnings will benefit from this and from even lower interest expenses compared to the reporting period.

In addition to the systematic development and expansion of business with new and existing customers, the business segment Solutions will primarily concentrate on continuing to foster its Retail Network. Within the Retail Network, as in other areas of the business segment, special importance will be given to implementing capacity and cost optimization measures. This will also be accompanied by organizational changes aimed at increasing efficiency and profitability.

The areas of focus at the business segment Air + Ocean will be expanding business in those markets in its international network with strong potential, especially in Asia, and further professionalizing the sales organization and effectively implementing new sales initiatives. It is assumed that Air + Ocean will see steady growth in freight volumes in 2012, with rising freight rates in the course of the year.

The Logwin Group will continue with its investment activity whilst pursuing a profitability- and liquidity-oriented business policy and will continue to focus on active working capital management with the aim of increasing net cash flow in comparison with the reporting period.

Supplementary report

There were no significant events between December 31, 2011, and the preparation of the consolidated statements by the Board of Directors of Logwin AG on March 7, 2012.

Consolidated Financial Statements

Income Statement

<i>in thousand €</i>	2011	2010	<i>Note/page</i>
Net sales	1,334,885	1,356,517	8/38
Cost of sales	-1,229,481	-1,249,716	9/41
Gross profit	105,404	106,801	
Selling costs	-28,404	-27,158	9/41
General and administrative costs	-56,022	-56,326	9/41
Other operating income	9,109	9,659	10/41
Other operating expenses	-8,449	-8,847	10/41
Operating income (EBIT)	21,638	24,129	
Valuation effects on fixed assets	-	736	11/41
Profit before interests and income taxes	21,638	24,865	
Finance income	828	1,072	12/42
Finance expenses	-10,236	-17,503	12/42
Profit of continuing operations before income taxes	12,230	8,434	
Income taxes	-5,181	-4,457	13/43
Profit of continuing operations after income taxes	7,049	3,977	
Loss of discontinued operations after income taxes	-	-3,582	32/58
Net result	7,049	395	
Attributable to:			
Equity holders of Logwin AG	6,263	-329	
Non-controlling interests	786	724	

<i>in €</i>	2011	2010
Earnings per share – basic and diluted:		
Profit of continuing operations attributable to equity holders of Logwin AG	0.05	0.03
Loss of discontinued operations attributable to equity holders of Logwin AG	-	-0.03
Net result attributable to equity holders of Logwin AG	0.05	0.00
Weighted average number of shares outstanding	146,257,596	117,272,089

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

Statement of Comprehensive Income

<i>in thousand €</i>	2011	2010	<i>Note/page</i>
Net result	7,049	395	
Unrealized gains/losses on securities, available-for-sale	-25	27	
Unrealized losses on interest rate swaps	-1,027	-	
Realized gains on commodity forwards	-	-498	
Change in fair value reserve	-1,052	-471	
Actuarial gains and losses	-1,595	-1,641	27/52
Deferred income taxes	344	476	22/49
Change in scope of consolidation	-	22	
Actuarial gains and losses from pension provisions and similar obligations	-1,251	-1,143	
Unrealized gains/losses	-514	5,728	
Change in scope of consolidation	-	-2,586	32/58
Change in translation reserve	-514	3,142	
Other comprehensive income	-2,817	1,529	
Total comprehensive income	4,232	1,924	
Attributable to:			
Equity holders of Logwin AG	3,446	1,200	
Non-controlling interests	786	724	

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

Statement of Cash Flows

	<i>in thousand €</i>	2011	2010	<i>Note/page</i>
Profit before income taxes		12,230	8,434	
Financial result		9,408	16,431	12/42
Profit before interests and income taxes		21,638	24,865	
Reconciliation adjustments to operating cash flows:				
Depreciation and Amortization		12,109	13,035	9/41
Valuation effects on fixed assets		–	–736	11/41
Result from disposal of fixed assets		672	113	10/41
Other, net		–892	–2,142	
Income taxes paid		–4,903	–704	
Interest paid		–5,864	–12,045	
Change in working capital, cash effective:				
Change in receivables		3,560	–23,791	
Change in payables		–13,362	38,183	
Change in inventory		625	–331	
Cash inflow from utilizing the factoring facility		7,247	–	26/51
Operating cash flows of continuing operations		20,830	36,447	
Operating cash flows of discontinued operations		–	–11,353	
Operating cash flows		20,830	25,094	
Capital expenditures		–8,952	–6,998	
Proceeds from disposals of consolidated subsidiaries and other business operations		589	1,562	
Proceeds from disposal of non-current assets		7,587	778	
Payments for acquisitions of subsidiaries, net of cash acquired		–300	–226	
Other cash flows from investing activities		–151	–	
Investing cash flows of continuing operations		–1,227	–4,884	
Investing cash flows of discontinued operations		–	11,783	
Net cash flow of continuing operations		19,603	31,563	
Net cash flow of discontinued operations		–	430	
Net cash flow		19,603	31,993	
Redemption of corporate bond		–65,000	–65,000	24/50
Proceeds from capital increase		–	39,818	
Proceeds from/repayment of current loans and borrowings		3,877	–1,332	
Repayment of non-current loans		–1,709	–871	
Proceeds from non-current loans		20,000	–	26/51
Payment of finance lease obligations		–1,950	–2,063	
Distribution to non-controlling interests		–114	–179	
Other cash flows from financing activities		–449	99	
Financing cash flows of continuing operations		–45,345	–29,528	
Financing cash flows of discontinued operations		–	–1,455	
Effects of exchange rate changes on cash		–721	1,926	
Changes in cash and cash equivalents		–26,463	2,936	
Cash and cash equivalents at the beginning of the year		67,499	64,563	
Change		–26,463	2,936	
Cash and cash equivalents at the end of the period		41,036	67,499	21/48

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

Balance Sheet

Assets	<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010	Note/page
Goodwill		153,093	153,389	14/44
Other intangible assets		6,758	7,728	15/45
Property, plant and equipment		67,317	75,261	16/46
Investments		1,501	1,791	
Deferred income taxes		13,561	15,315	22/49
Other non-current assets		924	1,331	
Total non-current assets		243,154	254,815	
Inventories		2,293	2,940	17/47
Trade accounts receivable		151,185	160,933	18/47
Income tax receivables		3,011	3,805	19/48
Other receivables and current assets		18,472	20,020	20/48
Cash and cash equivalents		41,036	67,499	21/48
Assets held for sale		–	2,102	32/58
Total current assets		215,997	257,299	
Total assets		459,151	512,114	

Liabilities and Shareholders' Equity	<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010	Note/page
Ordinary shares		131,202	131,202	
Group reserves		37,106	34,179	
Equity attributable to the shareholders of Logwin AG		168,308	165,381	
Non-controlling interest		2,280	1,608	
Shareholders' Equity		170,588	166,989	23/50
Corporate Bond		–	64,183	24/50
Non-current finance lease obligations		18,827	20,262	25/51
Non-current loans and borrowings		22,034	5,785	26/51
Pension provisions and similar obligations		24,742	23,261	27/52
Other non-current provisions		2,285	2,449	28/55
Deferred income taxes		557	999	22/49
Other non-current liabilities		1,536	1,392	31/57
Total non-current liabilities		69,981	118,331	
Trade accounts payable		153,916	157,797	
Current finance lease obligations		2,120	2,053	25/51
Current loans and borrowings		9,749	3,313	26/51
Current provisions		10,466	12,770	29/56
Income tax liabilities		3,532	5,274	30/56
Other current liabilities		38,799	45,587	31/57
Total current liabilities		218,582	226,794	
Total liabilities and shareholders' equity		459,151	512,114	

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

Statement of Changes in Equity

in thousand €	Equity attributable to the shareholders of Logwin AG					Non-controlling interest	Total shareholders' equity	Note/ page
	Ordinary shares – voting, non-par value	Additional paid-in capital	Retained earnings and other reserves	Result directly recognized in equity	Total			
January 1, 2010	139,344	156,047	-164,746	-4,313	126,332	1,891	128,223	
Net result			-329		-329	724	395	
Other comprehensive income			-1,143	2,672	1,529	-	1,529	
Total comprehensive income			-1,472	2,672	1,200	724	1,924	
Compensation of additional paid-in capital and net loss		-60,734	60,734		-		-	23/50
Reduction of share capital in accordance with decisions at the general meeting	-39,344		39,344		-		-	
Capital increase by issuing new shares	31,202	8,616			39,818		39,818	
Acquisition of non-controlling interests (outstanding)			-256		-256	-94	-350	
Distributions					-	-179	-179	
Change in scope of consolidation			-1,713		-1,713	-734	-2,447	
Transfers			-86	86	-		-	
December 31, 2010	131,202	103,929	-68,195	-1,555	165,381	1,608	166,989	
January 1, 2011	131,202	103,929	-68,195	-1,555	165,381	1,608	166,989	
Net result			6,263		6,263	786	7,049	
Other comprehensive income				-2,817	-2,817		-2,817	
Total comprehensive income			6,263	-2,817	3,446	786	4,232	
Compensation of additional paid-in capital and net loss		-11,539	11,539		-		-	23/50
Distributions					-	-114	-114	
Acquisition of non-controlling interests (outstanding)			-450		-450		-450	
Subsequent costs of capital increase 2010		-69			-69		-69	
December 31, 2011	131,202	92,321	-50,843	-4,372	168,308	2,280	170,588	

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

Notes to Consolidated Financial Statements December 31, 2011

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General Information

1 Corporate Information

The consolidated financial statements of Logwin AG, Grevenmacher, Luxembourg, (referred to in the following as “Logwin AG” or “Logwin”) for the financial year as of December 31, 2011, were authorized for issue by resolution of its Board of Directors on March 7, 2012, and under Luxembourg law are still subject to approval by the Annual General Meeting. Logwin AG, 5 an de Längten, L-6776 Grevenmacher, is a limited company incorporated and domiciled in Grevenmacher, Luxembourg, whose shares are publicly traded on the Frankfurt Stock Exchange. The majority shareholder is DELTON AG, Bad Homburg vor der Höhe, Germany, through its wholly owned subsidiary DELTON Vermögensverwaltung AG, Bad Homburg vor der Höhe, Germany.

As an integrated logistics service provider, the Logwin Group has long-standing experience, specialized infrastructure and expertise in various sectors of industry and trade and assumes responsibility for its customers’ supply chain management, warehousing, value added services and both local and global freight transportation by road, rail, air and sea. The principal activities of the group are described in the Notes, section 8, “Segment reporting”.

2 Statement of compliance with IFRS

The consolidated financial statements of Logwin AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. All requirements arising from the published standards of the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRS IC) formerly known as the International Financial Reporting Interpretation Committee (IFRIC) or Standing Interpretation Committee (SIC), have been complied with in the consolidated financial statements without exception.

3 General principles of accounting and valuation

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.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale securities, which have been measured at fair value. The financial year corresponds to the calendar year. The consolidated financial statements are presented in euros (EUR).

The consolidated financial statements comprise the financial statements of Logwin AG and its subsidiaries (also referred to as the “Logwin Group” below) as of December 31 each year. In addition to Logwin AG as the parent company, the fully consolidated subsidiaries include two domestic and 76 foreign companies (2010: two domestic and 79 foreign companies).

4 Consolidation principles

The consolidated entities including Logwin AG have developed as follows:

	Dec. 31, 2010	Additions	Disposals	Dec. 31, 2011
Luxembourg	3	–	–	3
Germany	24	–	2	22
Other countries	55	2	3	54
Total	82	2	5	79

The two German and the three other foreign companies have ceased to exist as a result of merging with other, fully consolidated companies. Additions to the scope of consolidation relate to two newly established companies in Serbia and Bulgaria.

Please refer to page 71 for a list of significant subsidiaries.

All intragroup balances, transactions, income, expenses, gains and losses are eliminated in full. Subsidiaries are fully consolidated from the time of acquisition, i.e. from the time at which the group achieves control. They are dropped from the consolidated financial statements at the time they pass from the control of the parent company.

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

5 New accounting regulations

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have published new accounting regulations in recent years. The table below contains the new regulations that had to be adopted for the first time for the 2011 financial year:

Standard/Interpretations			Date for mandatory adoption in EU	Endorsement
Amendment	IAS 24	Related party disclosures/ Simplified definition of related entities or persons in order to remove inconsistencies	Jan. 1, 2011	Yes
Amendment	IAS 32	Financial instruments: Presentation/ Classification of rights issues	Feb. 1, 2010	Yes
Amendment	IFRS 1	First-time adoption of IFRS/ Limited exemption from comparative IFRS 7 disclosures for first-time adopters	Jul. 1, 2010	Yes
Amendment	IFRIC 14	Limit on a defined benefit asset, minimum funding requirements and their interaction/ Prepayments of a minimum funding requirement	Jan. 1, 2011	Yes
New interpretation	IFRIC 19	Extinguishing financial liabilities with equity instruments	Jul. 1, 2010	Yes
Amendment	various	Improvements to IFRS 2010/ Clarifications and amendments to various standards and interpretations	Jan. 1, 2011	Yes

The first-time adoption by the Logwin Group resulted in no major effects on accounting and valuations.

Moreover, the IASB and the IFRIC have issued new or revised accounting regulations whose adoption was not yet compulsory in the 2011 financial year. These regulations will only become effective in the coming years. A large number of these new accounting standards must still undergo the endorsement process. The Logwin Group has not made use of the option of applying them on a voluntary basis under certain circumstances.

Standard/Interpretations			Date for mandatory adoption	En-dorse-ment
Amendment	IAS 1	Presentation of financial statements/ Presentation of items of other comprehensive income	Jul. 1, 2012	No
Amendment	IAS 12	Income taxes/ Deferred tax: recovery of underlying assets	Jan. 1, 2012	No
Amendment	IAS 19	Employee benefits/ Various amendments	Jan. 1, 2013	No
Revised standard	IAS 27	Separate financial statements (rev. 2011)	Jan. 1, 2013	No
Revised standard	IAS 28	Investments in associates and joint ventures (rev. 2011)	Jan. 1, 2013	No
Amendment	IAS 32	Financial Instruments: Presentation/ Offsetting financial assets and financial liabilities	Jan. 1, 2014	No
Amendment	IFRS 1	First-time Adoption of IFRS/ Severe hyperinflation and removal of fixed dates	Jul. 1, 2011	No
Amendment	IFRS 7	Financial instruments: Disclosures/ Transfer of financial assets	Jul. 1, 2011	Yes
Amendment	IFRS 7	Financial instruments: Disclosures/ Offsetting financial assets and financial liabilities	Jul. 1, 2013	No
New standard	IFRS 9	Financial instruments	Jan. 1, 2015*	No
Amendment	IFRS 9 IFRS 7	Financial instruments Financial instruments: Disclosures/ Required data of adoptions and explanatory notes for the transition	Jan. 1, 2015	No
New standard	IFRS 10	Consolidated financial statements	Jan. 1, 2013	No
New standard	IFRS 11	Joint arrangements	Jan. 1, 2013	No
New standard	IFRS 12	Disclosures of interests in other entities	Jan. 1, 2013	No
New standard	IFRS 13	Fair value measurement	Jan. 1, 2013	No
New interpretation	IFRIC 20	Stripping costs in the production phase of a surface mine	Jan. 1, 2013	No

* Deferred by the IASB until financial years beginning on or after January 1, 2015

The effects of these new and revised financial accounting regulations on future reporting are still being examined insofar as they are relevant for the Logwin Group. On current information there are expected to be no material effects on future reporting of the Logwin Group, with the exception of IFRS 9. The adoption of IFRS 9 will entail an examination of the classification of financial instruments used so far and may lead to reassignment. The IASB intends to extend IFRS 9 to include the derecognition of financial instruments, impairments and hedge accounting. Once adopted, IFRS 9 will completely replace IAS 39.

6 Significant accounting judgments and estimates

The preparation of financial statements requires management to make certain estimates and assumptions and hence accounting judgments that affect the amounts of assets and liabilities reported at the balance sheet date and costs and revenues during the reporting period. Actual amounts may differ from these estimates, leading to a risk that an adjustment to the carrying amounts of assets or liabilities might be required in subsequent financial years.

Uncertainty is in the area of the goodwill impairment test that has to be performed at least once each year, since future cash flows and an appropriate rate of interest must be specified for the discounted cash flow method used here. The carrying amount of capitalized goodwill in the reporting period amounts to 153.1 million euros (2010: 153.4 million euros). We would refer you to the explanations in the Notes, section 14 “Goodwill”.

Additional estimates require actuarial calculations of the value of pension provisions with regard to the assumptions used. Their carrying amount as of December 31, 2011 is 24.7 million euros (2010: 23.3 million euros). Please refer to the Notes, section 27 “Pension provisions and other similar obligations”.

Estimates have also had to be made with regard to the capitalization of deferred income taxes and expectations regarding future taxable profits and about how these will be offset against tax loss carry-forwards or, where applicable, existing deferred tax liabilities. Their carrying amount at the balance sheet date is 13.6 million euros (2010: 15.3 million euros). Please refer to the Notes, section 22 “Deferred taxes”.

Assumptions also have to be made with regard to reporting the useful life of property, plant and equipment and estimates of their recoverable value. 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.

A test for the impairment of trade accounts receivable and inventory is also necessary. Management must assess to what extent opportunity and risk are transferred to an assignee in order to report receivables appropriately in the balance sheet that are sold in the course of factoring. Please refer to the Notes, section 7, “Summary of significant accounting policies” for information in the reporting of factoring in the financial statements.

When differentiating between agreements covering finance leasing and operating leasing, estimates must be made as to how far benefits and encumbrances associated with the leased asset are transferred to the lessee.

In addition, assumptions must be made regarding the probability of the expected asset outflows for the creation of provisions.

Management accounting judgments also include the classification of a material division as a discontinued business operation covered by the criteria of IFRS 5 and the decision as to whether development costs meet the conditions for capitalization as internally generated intangible assets, in particular software.

Furthermore, it is necessary for management to assess the facts of the matter for the antitrust case in which three Logwin companies are involved and the case relating to customs law of Logwin Road + Rail Austria GmbH. In view of the uncertainty concerning the further course the proceedings will take, even these assessments are at best tentative. Please refer to the discussions in the Notes, section 35, "Contingent liabilities".

Foreign currency translation

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

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

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

Currency	Average rate		Closing rate		
	2011	2010	Dec. 31, 2011	Dec. 31, 2010	
1 EUR =					
Australian Dollar	AUD	1.3482	1.4442	1.2723	1.3079
Brazilian Real	BRL	2.3259	2.3345	2.4159	2.2182
Swiss Franc	CHF	1.2340	1.3824	1.2156	1.2475
Chinese Renminbi Yuan	CNY	8.9961	8.9804	8.1588	8.7659
British Pound	GBP	0.8678	0.8582	0.8353	0.8602
Hong Kong Dollar	HKD	10.8340	10.3073	10.0510	10.3350
Polish Zloty	PLN	4.1187	3.9950	4.4580	3.9650
US Dollar	USD	1.3917	1.3267	1.2939	1.3280
South African Rand	ZAR	10.0930	9.7141	10.4830	8.8030

7 Summary of significant accounting policies

Business combinations

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

The carrying amount of any non-controlling interests in the acquired company is calculated from the percentage of the minority stakeholders in fair value of the assets and liabilities. Acquiring additional interests in companies over which control was already achieved as a result of previous transactions (non-controlling interests) is deemed in terms of consolidation theory to be a transfer of shareholder equity between groups of shareholders. In this case, acquisition costs for the additional shares are offset against the non-controlling interests that are closed out.

Goodwill acquired in a business combination is initially measured at acquisition cost, which is 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.

Reporting of discontinued operations in accordance with IFRS 5

The Logwin Group uses IFRS 5 “Non-current assets held for sale and discontinued operations” when presenting comparative information relating to the 2010 financial year. The former business segment Road + Rail was reported in the 2009 consolidated financial statements as “discontinued business operation” and was sold off in the course of the 2010 financial year or transferred to the General Cargo unit of the business segment Solutions.

IFRS 5 specifies for the classification as “held for sale” that such assets must be available for immediate sale and that the sale of these assets is highly probable. In addition, “discontinued operations” are defined as a group of assets including their associated liabilities that are to be disposed of together by sale or in some other manner. These assets and liabilities are reported separately in the balance sheet.

The earnings figures of the discontinued operations are reported separately in the income statement under ‘Loss of discontinued operations after income taxes’. All information relating to the income statement included in the Notes refers exclusively to the continuing operations unless otherwise indicated.

Revenue recognition

The Logwin Group generates sales from its business segments by providing logistics and service solutions for industry and commerce. Sales are recognized net of sales deductions such as 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 revenue but which are conducted in connection with the sales activities, 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 for example customs clearance activities.

If sales in the previous year relate to discontinued operations, they are included in the result of the discontinued operations.

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

Earnings per share

The basic and diluted earnings per share were calculated on the basis of the weighted average number of shares outstanding.

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. Subsequent measurement is performed at the cost of acquisition or production less any accumulated amortization and any accumulated impairment. Internally generated intangible assets are capitalized provided they meet the criteria for capitalization and the costs incurred exceed the materiality threshold. Otherwise costs are recognized in income in the period in which they incurred.

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. Capitalized intangible assets are amortized over a useful life of between three and ten years.

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 under other operating income when the asset is derecognized.

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.

Depreciation is calculated on a straight-line basis, based on an economic useful life of between ten and 50 years for real estate 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.

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

Impairment of assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired (please see also the Notes, section 6 “Significant accounting judgments and estimates”). 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 flows that are largely independent of those from other assets or groups of assets. In this case, the recoverable amount may be calculated for the cash-generating unit to which the asset belongs.

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

Special points relating to the impairment of goodwill

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

For the purpose of impairment testing, any goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Logwin Group's cash-generating units, or to the groups of cash-generating units, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to those units. Each unit to which 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 business segment based on the group's primary reporting format determined in accordance with IFRS 8 "Business segments".

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. In the Logwin Group, the cash-generating units are the business segments. An impairment loss is recognized in cases where the recoverable amount of the cash-generating unit is less than the carrying amount. Allocation may not be performed when the reasons for the impairment no longer exist.

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

Inventories

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

Income taxes

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

The relevant basis for assessment is valued at the rate of tax likely to be applicable at the time of recognition. Country-specific tax rates are always applied for companies included in the consolidation. Thus a corporate tax rate of 15% plus a solidarity surcharge of 5.5% on corporate tax is used to calculate deferred taxes for Germany as well as a local business tax rate whose assessment level depends on local circumstances. When deferred tax assets exceed the amount of deferred tax liabilities, their recoverability is evaluated taking the probable development in earnings of the subsidiary in question.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, drafts and short-term deposits. Cash and cash equivalents are liquid assets with an original maturity of three months or less.

Financial instruments

A financial instrument is a contract that simultaneously leads to the creation of a financial asset at one company and to a financial liability or an equity instrument at another company. Financial instruments are initially recognized on the day of trading or on the settlement date at fair value, plus transaction costs where applicable. All loans and borrowings

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

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

Financial assets	Subsequent measurement	Changes in value
Held for trading or designated as at fair value through profit or loss	Fair value	Realized and unrealized gains and losses are recognized in the income statement
Held-to-maturity investments	Amortized cost	Changes in value are not recognized in the income statement until the date of maturity. Recognized in profit and loss where the fair value falls below the carrying amount to a sustained or significant extent (impairment)
Loans and receivables	Amortized cost	Value adjustments are performed on separate impairment accounts when bad-debt risks are identified on a case by case basis and summarized according to due dates (Incurred loss model). Derecognition is performed when uncollectible
Available for sale	Fair value (if this can be reliably determined) or amortized cost	Changes in value are always recognized in equity, transferred from equity to income in the event of impairment or disposal
Financial liabilities	Subsequent measurement	Changes in value
Held for trading or designated as at fair value through profit or loss	Fair value	Realized and unrealized gains and losses are recognized in the income statement
At amortized cost	Amortized cost	Impairments are recognized in income immediately

The group did not designate any financial assets or liabilities at fair value through profit or loss. No reclassifications were effected between the categories during the 2011 financial year.

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

Amortized costs for non-current financial assets and liabilities are calculated using the effective interest rate method.

Hedge Accounting

The Logwin Group uses various interest rate and raw material derivatives to hedge its financial risks. Cash flow hedges are used to hedge the risk arising from fluctuations in future cash outflows from net income due to assets or liabilities reported in the balance sheet or due to expected, highly probably future transactions. Changes in the value of hedging instruments relating to the effective portion are recognized in equity with no effect on income. Ineffective portions are recognized in income. The underlying measure of effectiveness is performed at each reporting date of published financial statements. The amounts recognized in equity are transferred to income when the hedged transaction affects the net result, for example when hedged interest income or expenses are recognized.

When concluding a transaction the Logwin Group documents the relationship between the hedging instrument and the underlying business transaction as well as the aim of the hedge. Furthermore, an assessment is made at the beginning of the hedging relationship and at regular intervals subsequently as to whether the derivatives used in the hedging relationship effectively compensate the changes in the cash flow of the underlying business transactions. The dollar offset method is used to check the effectiveness retrospectively.

In the 2011 financial year, the Logwin Group only designated interest rate swaps as hedging instruments to hedge against interest rate fluctuations of financial liabilities.

Factoring

Factoring, which Logwin has been using since 2009, is a flexible form of financing in which the factoring company makes a facility available which Logwin can avail itself up to the agreed limit in return for the sale of trade accounts receivable. Where the facility is not used or only partially used, receivables sold are stated in the balance sheet as trade accounts receivable. Where the factoring facility is used, trade accounts receivable sold are reported "off balance", i.e. deducted from the amount of receivables as a result of a "true sale" in line with IAS 39.16 ff in combination with IAS 39.AG 34 ff. Accordingly, cash flows resulting from using the facility is reported as operating cash flow in the line "Cash inflow from utilizing the factoring facility".

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 basis over the lease term within the respective functional area.

Provisions

Provisions are recognized in accordance with IAS 37 when an obligation is present as a result of a past event and can be reliably assessed and it is likely that an outflow of resources is associated with meeting the obligation. The assessment is in the amount of the probable utilization. Provisions with a probable time to maturity of more than one year are recognized at their present value.

Pension provisions and similar obligations

Pension provisions and similar obligations comprise defined benefit plans and defined contribution plans.

Defined benefit plans are reported as a liability according to IAS 19 under “Pension provisions and similar obligations”. Retirement pension payments relate primarily to employees of group companies in Germany and are calculated on the basis of length of employment and estimated future salary and pension trends. Furthermore, all Austrian employees are entitled under Austrian law prior to December 31, 2002, (old system) 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 obligations are accounted for using the projected unit credit method, which also recognizes future increases in benefits based on the development of salaries and pensions. The past-service costs are reported under operating expenses and accrued interest is included in the financial result. In accordance with IAS 19.93A, gains and losses resulting from changes in actuarial assumptions are recognized in equity. Actuarial reports are prepared each year. Pension obligations of other companies are always accounted for following similar principles and in accordance with country-specific aspects. Any plan assets are netted out against pension provisions.

In addition to the defined benefit plans there are also defined contribution plans. Contributions paid into these defined contribution plans are recognized as expenses in the financial year.

8 Segment reporting

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

The business segment Solutions provides comprehensive full-service logistics solutions. The portfolio of services ranges from industry-specific supply chain management and warehousing to value-added services and complete logistics outsourcing projects. Solutions provides these services in its two functional units of Transport and Retail Networks / Logistics and Warehousing.

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 Asia, Americas and Africa business units.

General income and expenses which cannot be directly allocated to the segments are shown in the "Other" 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".

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

The following shows information relating to the individual segments according to business segments for the periods January 1, to December 31, 2011 and 2010.

2011	<i>in thousand €</i>					Group
	Solutions	Air + Ocean	Other	Consolidations		
External sales	712,651	614,672	7,562	-		1,334,885
Intersegment sales	4,316	3,737	4,907	-12,960		-
Net sales	716,967	618,409	12,469	-12,960		1,334,885
Operating income (EBIT)	3,466	24,854	-6,682	-		21,638
Financial result						-9,408
Income taxes						-5,181
Net result						7,049
Balance sheet						
Segment assets	239,646	140,878	16,170	-		396,694
Unallocated assets						62,457
Total consolidated assets						459,151
Segment liabilities	105,390	104,674	21,196	-		231,260
Unallocated liabilities						57,303
Total consolidated liabilities						288,563

2010	<i>in thousand €</i>					Group
	Solutions	Air + Ocean	Other	Consolidations		
External sales	684,567	663,941	8,009	-		1,356,517
Intersegment sales	5,133	2,782	4,502	-12,417		-
Net sales	689,700	666,723	12,511	-12,417		1,356,517
Operating income (EBIT)	8,085	22,666	-6,622	-		24,129
Financial result						-16,431
Income taxes						-4,457
Net result						395
Balance sheet						
Segment assets	254,003	145,959	20,743	-		420,705
Unallocated assets						91,409
Total consolidated assets						512,114
Segment liabilities	109,848	105,363	27,333	-		242,544
Unallocated liabilities						102,581
Total consolidated liabilities						345,125

Information according to geographical areas

The tables below present geographic information on net sales and fixed assets for the financial years 2011 and 2010.

<i>in thousand €</i>	2011		2010	
Germany	740,863	56 %	728,292	54 %
Austria	179,364	13 %	183,771	14 %
Other EU	117,840	9 %	140,237	10 %
Asia, Pacific Region	211,910	16 %	194,513	14 %
Other	84,908	6 %	109,704	8 %
Total net sales	1,334,885	100 %	1,356,517	100 %

Net sales from external customers are allocated according to the geographical location of the billing entity. The sales of no single customer represent more than 10% of the company's total net sales.

<i>in thousand €</i>	2011		2010	
Germany	51,188	69 %	54,228	63 %
Austria	8,740	12 %	9,685	12 %
Other EU	10,362	14 %	15,427	20 %
Asia, Pacific Region	2,601	3 %	2,083	3 %
Other	1,184	2 %	1,566	2 %
Total segment assets	74,075	100 %	82,989	100 %

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

Notes to the Income Statement

<i>in thousand €</i>	2011	2010
Purchased services	-926,156	-949,925
Materials and supplies	-12,096	-9,316
Personnel expenses	-240,098	-236,671
Operating lease expenses	-56,978	-54,602
Depreciation and amortization	-12,109	-13,035
Sundry expenses	-66,470	-69,650
Total cost of sales, selling costs, general and administrative costs	-1,313,907	-1,333,200

9 Expenses by nature

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

<i>in thousand €</i>	2011	2010
Foreign exchange gain	5,688	7,552
Gains from disposal of non-current assets	803	236
Sundry income	2,618	1,871
Other operating income	9,109	9,659

10 Other operating income and expenses

<i>in thousand €</i>	2011	2010
Foreign exchange gain	-6,319	-7,618
Gains from disposal of non-current assets	-1,475	-349
Sundry income	-655	-880
Other operating expenses	-8,449	-8,847

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

<i>in thousand €</i>	2011	2010
Foreign exchange gain	5,688	7,552
Foreign exchange loss	-6,319	-7,618
Foreign exchange effects, net	-631	-66

Valuation adjustments were made to a number of German logistics sites in the 2010 financial year. This resulted in a positive effect on earnings of 0.7 million euros. There were no effects on earnings arising from valuation adjustments in the 2011 financial year.

11 Valuation effects on fixed assets

12 Finance income and finance expenses

The following table shows the composition of the financial result in financial years 2011 and 2010:

<i>in thousand €</i>	2011	2010
Finance income	828	1,072
Finance expenses	-10,236	-17,503
Financial result	-9,408	-16,431

Finance expenses include the following items:

<i>in thousand €</i>	2011	2010
Interest on bond	-2,383	-10,183
Interest expenses from bank accounts	-2,090	-1,862
Interest expenses from finance lease	-823	-623
Interest expenses from discounting pensions and other provisions	-1,309	-993
Other interest expenses	-1,331	-449
Other finance expenses	-2,300	-3,393
Finance expenses	-10,236	-17,503

Other interest expenses include guarantee commissions and factoring interest. Other finance expenses include expenses from the amortization and derecognition of the issuing costs of the corporate bond amounting to TEUR 817 (2010: TEUR 1,337) as well as foreign exchange effects from internal group borrowing.

Tax expenses for the Logwin Group are as follows:

13 Income taxes

<i>in thousand €</i>	2011	2010
Current income taxes	-3,616	-5,662
Deferred income taxes	-1,565	1,205
Total income taxes	-5,181	-4,457

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

<i>in thousand €</i>	2011	2010
Profit before income taxes from continuing operations	12,230	8,434
Loss before income taxes from discontinued operations	-	-4,507
Profit before income taxes	12,230	3,927
Expected income taxes (tax rate 30.38 %)	-3,715	-1,193
Non-deductible valuation effects from divestments	-	-2,572
Tax income and expenses relating to restructuring	-	567
Foreign tax rate differential	951	1,559
Expenses not deductible for tax purposes	-1,398	-1,399
Tax income and expenses relating to prior periods	879	4,202
Change in valuations and effects from not recognizing deferred tax assets	-1,854	-4,546
Other taxation effects	-44	-150
Total income tax expenses recognized for continuing operations	-5,181	-4,457
Total income tax expenses recognized for discontinued operations	-	925

Notes to the Balance Sheet

14 Goodwill

Allocation of goodwill to cash-generating units

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

<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010
Solutions	107,597	107,975
Air + Ocean	45,496	45,414
Goodwill	153,093	153,389

<i>in thousand €</i>	Goodwill
Acquisition cost	227,645
Accumulated impairment	-73,857
Carrying amount as of Jan. 1, 2010	153,788
Currency differences	231
Disposals	-630
Carrying amount as of Dec. 31, 2010	153,389
Acquisition cost	227,246
Accumulated impairment	-73,857
Carrying amount as of Jan. 1, 2011	153,389
Currency differences	81
Disposals	-377
Carrying amount as of Dec. 31, 2011	153,093
Acquisition cost	226,950
Accumulated impairment	-73,857

Goodwill impairment test

In the course of the regular goodwill impairment test as of September 30, 2011, the recoverable value of the cash-generating units was determined on the basis of the calculation of the value in use using cash flow forecasts that are based on financial planning covering a period of five years. The discount rate after tax used for the cash flow forecasts was 7.6% (2010: 7.6%), corresponding to an interest rate before tax of 10.1% (2010: 10.0% – 10.1%) for the five-year period. Cash flows beyond the five-year period continue to be extrapolated using a growth rate of 1.5%. The cash flow forecasts are based on the following underlying assumptions:

- Budgeted sales growth rates: the anticipated growth rates of the respective sectors are used to determine the budgeted sales growth rates. Stable sales growth was assumed over the coming years.
- Budgeted operating profit margins: the profit margins generated in the preceding years, increased for expected efficiency improvements, are used to determine the budgeted operating profit margins. Allowance was made here for the fact that developments in earnings will also depend on the economic situation. A sustainable EBIT margin of 2.6% was assumed for the business segment Solutions (2010: 3.0%), while 3.7% was assumed for the business segment Air + Ocean (2010: 3.2%).

This impairment test did not reveal any further impairment requirement. The update as of the balance sheet date showed an unchanged situation.

Assuming a long-term growth rate of 1 %, no impairment should be required. An impairment risk for the business segment Solutions would result if the discount rate used for the cash flow forecast increased to more than 8.2% or if the constant EBIT margin for the business segment sank to 2.3% while all other circumstances remained the same. Assuming even lower long-term growth rates or a situation in which the underlying planning assumptions for sales and result were significantly missed would lead to further impairment risk. Achieving the budgeted EBIT margin for the business segment Solutions is largely dependent on the implementing planned measures.

Depreciation on intangible assets of TEUR 1,313 is included in cost of sales (2010: TEUR 1,872). A further TEUR 37 (2010: TEUR 39) relates to selling costs and TEUR 1,985 (2010: TEUR 2.314) to general and administrative costs.

15 Other intangible assets

<i>in thousand €</i>	Software, concessions and other licenses	Customer con- tracts acquired	Total
Acquisition cost	45,230	17,848	63,078
Accumulated depreciation and amortization	-34,722	-17,848	-52,570
Carrying amount as of Jan. 1, 2010	10,508	-	10,508
Currency differences	44	-	44
Additions	2,723	-	2,723
Transfers	-41	-	-41
Disposals	-14	-	-14
Depreciation/amortization	-3,895	-347	-4,242
Reclassification of discontinued operations	-1,626	377	-1,249
Carrying amount as of Dec. 31, 2010	7,698	30	7,728
Acquisition cost	45,765	18,225	63,990
Accumulated depreciation and amortization	-38,067	-18,195	-56,262
Carrying amount as of Jan. 1, 2011	7,698	30	7,728
Currency differences	-35	-	-35
Additions	2,552	-	2,552
Disposals	-151	-	-151
Depreciation/amortization	-3,336	-	-3,336
Carrying amount as of Dec. 31, 2011	6,728	30	6,758
Acquisition cost	47,394	18,225	65,619
Accumulated depreciation and amortization	-40,666	-18,195	-58,861

16 Property, plant and equipment

Cost of sales includes depreciation on property, plant and equipment of TEUR 7,442 (2010: TEUR 7,400), while selling costs include depreciation on property, plant and equipment of 194 TEUR (2010: TEUR 197) and general and administrative costs include depreciation on property, plant and equipment of TEUR 1,137 (2010: TEUR 1,213 TEUR).

<i>in thousand €</i>	Land and buildings	Machinery and equipment	Tools, fixtures, furniture and office equipment	Vehicle fleet	Construction in progress	Total
Acquisition cost	109,735	44,232	48,343	22,947	131	225,389
Accumulated depreciation, amortization and impairment	-56,720	-36,725	-38,440	-19,596	-	-151,481
Carrying amount as of Jan. 1, 2010	53,015	7,507	9,903	3,352	131	73,908
Currency differences	111	230	232	72	1	646
Additions	798	632	2,252	838	91	4,611
Changes in the scope of consolidation	10	-386	-72	-7	-	-455
Transfers	118	78	31	-63	-122	42
Disposals	-205	-59	-296	-382	-3	-944
Depreciation/amortization	-2,463	-1,472	-3,631	-1,200	-28	-8,794
Valuation effects on fixed assets	736	-	-	-	-	736
Reclassification of discontinued operations	5,130	70	75	246	-9	5,512
Carrying amount as of Dec. 31, 2010	57,250	6,600	8,494	2,856	61	75,261
Acquisition cost	119,959	39,863	46,110	20,428	61	226,421
Accumulated depreciation, amortization and impairment	-62,709	-33,263	-37,616	-17,572	-	-151,160
Carrying amount as of Jan. 1, 2011	57,250	6,600	8,494	2,856	61	75,261
Currency differences	-321	92	-344	-31	-	-604
Additions	927	1,177	4,156	1,003	451	7,714
Transfers	41	-7	7	19	-60	-
Disposals	-5,535	-118	-228	-397	-2	-6,280
Depreciation/amortization	-2,727	-1,480	-3,433	-1,133	-	-8,773
Carrying amount as of Dec. 31, 2011	49,635	6,264	8,652	2,316	450	67,317
Acquisition cost	110,253	38,876	46,481	17,648	450	213,708
Accumulated depreciation, amortization and impairment	-60,618	-32,612	-37,829	-15,332	-	-146,391

Reclassification of discontinued operations for the comparative year includes individual assets classified in 2009 as "held for sale" relating to the disposal of the former business segment Road + Rail that were not sold in 2010 and the sale of which was not likely within one year.

Property, plant and equipment with a carrying amount of TEUR 14,054 TEUR (2010: 13,249) is mortgaged to secure loans.

Inventories primarily show fuel, vehicle spare parts and tires with a value of TEUR 2,293 (2010: TEUR 2,940). No inventories were pledged.

17 Inventories

<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010
Trade accounts receivable	127,430	148,367
Less allowance for doubtful accounts	-3,861	-4,169
Trade accounts receivable, net	123,569	144,198
Trade accounts receivable from factoring	27,616	16,735
Total trade accounts receivable	151,185	160,933

18 Trade accounts receivable

The allowances changed as follows:

<i>in thousand €</i>	2011	2010
January 1	-4,169	-4,713
Currency differences	135	-887
Additions	-1,719	-1,658
Utilization	734	1,433
Reversals	1,158	2,084
Reclassification of discontinued operations	-	-428
December 31	-3,861	-4,169

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

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

<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010
Aging structure		
not overdue	96,137	113,904
< 10 days	15,876	17,714
11-30 days	5,597	6,460
31-90 days	4,530	4,853
91-180 days	1,320	1,000
181-360 days	109	441
> 360 days	-	-

As of December 31, 2011, trade accounts receivable of the Logwin Group not yet sold to the factoring company in the amount of TEUR 28,834 (2010: TEUR 42,610 TEUR) were secured by credit insurance.

19 Income tax receivables

As of December 31, 2011, income tax receivables of TEUR 3,011 (2010: TEUR 3,805) include tax refunds from corporation tax credit of TEUR 1,721 (2010: TEUR 1,971).

20 Other receivables and assets

<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010
Receivables from loans granted to third parties	2,362	2,126
Receivables from loans granted to affiliated companies, not consolidated	959	826
Prepaid tax refund	3,215	4,871
Advance payments	8,611	9,128
Derivative financial instruments	499	948
Other receivables and current assets	2,826	2,121
Total other receivables and current assets	18,472	20,020

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

21 Cash and cash equivalents

<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010
Cash	40,439	67,468
Cash equivalents	597	31
Total cash and cash equivalents	41,036	67,499

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

Cash and cash equivalents include 5.3 million euros (2010: –) from payments made by customers that must be passed on directly to the factoring company.

Deferred tax assets and liabilities consist of the following:

22 Deferred taxes

<i>in thousand €</i>	Dec. 31, 2011		Dec. 31, 2010	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	4,372	254	5,383	494
Property, plant and equipment	261	2,940	442	4,320
Investments	35	47	163	10
Current assets	79	628	96	317
Provisions	4,115	1,212	3,177	753
Liabilities	3,141	57	4,267	296
Tax loss carry-forwards	11,690	-	12,341	-
Valuation allowances	-5,551	-	-5,363	-
Net amounts	-4,581	-4,581	-5,191	-5,191
Total deferred taxes	13,561	557	15,315	999

Deferred taxes, net as of Jan. 1, 2011	14,316
Change in profit/loss	-1,565
Recognized in equity	344
Currency and other differences	-91
Deferred taxes, net as of Dec. 31, 2011	13,004

Logwin Group did not recognize deferred tax liabilities on temporary differences from retained earnings of domestic and foreign subsidiaries of 15.5 million euros because it is not probable that the differences will reverse in the foreseeable future. The potential impact on income taxes amounts to 1.6 million euros.

Tax loss carry-forwards are as follows:

<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010
Can be carried forward indefinitely	330,129	316,025
Can be carried forward for a limited period (1-15 years)	3,100	2
Total tax loss carry-forwards	333,229	316,027

Insofar as an assessment of the appropriate taxes has been made, loss carry-forwards are reported in accordance with this assessment. If no assessment has been made, the calculated value, or the value reported to the tax authorities, has been used.

23 Shareholders' equity

Share capital

As of December 31, 2011, there were 146,257,596 (2010: 146,257,596) fully paid up, no-par voting shares outstanding. Each share represents 0.897 euros of issued capital.

Allocation of result to reserves

The Annual General Meeting of Logwin AG on April 13, 2011, approved the allocation of the loss of TEUR 50,883 as of December 31, 2010, (2009: TEUR 60,734) in the form of a settlement against other reserves amounting to 39,344 TEUR and additional paid-in capital amounting to 11,539 TEUR (2009: 60,734 TEUR). This was executed by Logwin AG.

Distributable retained earnings

According to Luxembourg law, companies headquartered in Luxembourg must allocate at least 5 % of net result for the period from the local financial statements to a legal reserve until the reserve equals 10 % of issued capital. As of December 31, 2011, the consolidated financial statements included a legal reserve of TEUR 5,721 (2010: TEUR 5,721) under "retained earnings and other reserves". The legal reserve cannot be distributed as a dividend.

Result directly recognized in equity

Differences from the translation of the financial statements of subsidiaries with a functional currency other than the euro, the effects of the fair value measurement of available-for-sale financial assets, changes in the fair value of derivative financial instruments classified as cash-flow hedges and actuarial profits or losses from pension fund provisions and similar obligations are reported under shareholders' equity as "Result directly recognized in equity".

24 Corporate bond

In December 2004, Logwin AG issued a senior subordinated bond with a nominal value of TEUR 130,000. Logwin AG redeemed this bond in full with a part-payment of TEUR 65,000 on December 15, 2010 and with a second payment for the residual amount of TEUR 65,000 on June 15, 2011. The corporate bond was refinanced using available cash, the cash inflow from the capital increase in November 2010, the taking out of a non-current bank loan and the through the avail of the existing factoring facility. Please refer to the Notes, section 26 "Loans and borrowings".

Bond issuance expenses in the amount of TEUR 4,972 were amortized over the original term of the bond using the effective interest rate method. The issuance expenses not yet amortized at the date of redemption were recognized in finance expenses in 2011. Please refer to the Notes, section 12 "Finance income and finance expenses" for information on the issuance expenses and current interest payments.

The redemption of the corporate bond is included in the financing cash flow.

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.

25 Finance lease obligations

The current and non-current loans and borrowings and the current portion of the non-current debt, classified by maturity, are shown below:

26 Loans and borrowings

	Dec. 31, 2011			
	Current	1 to 5 years	Over 5 years	Carrying amount
<i>in thousand €</i>				
Non-current loans and borrowings	–	22,034	–	22,034
Total non-current	–	22,034	–	22,034
Current financial liabilities	5,912	–	–	5,912
Current portion of non-current loans and borrowings	3,837	–	–	3,837
Total current	9,749	–	–	9,749

	Dec. 31, 2010			
	Current	1 to 5 years	Over 5 years	Carrying amount
<i>in thousand €</i>				
Non-current loans and borrowings ¹	–	5,785	–	5,785
Total non-current	–	5,785	–	5,785
Current financial liabilities	1,464	–	–	1,464
Current portion of non-current loans and borrowings ²	1,849	–	–	1,849
Total current	3,313	–	–	3,313

¹ Not including corporate bond

² Including accrued interest on corporate bond

As of December 31, 2011, current loans and borrowings included 5.3 million euros (2010: –) from payments made by customers that must be passed on directly to the factoring company.

The interest rates of the current loans and borrowings are at market level. The interest rate for non-current loans and borrowings was within a range of 5.0%– 6.7% (2010: 5.0%– 6.7%).

As of December 31, 2011, the Logwin Group had loans, credit commitments and borrowing facilities (without guarantee facilities) amounting to 66.5 million euros, (2010: 45.8 million euros), of which TEUR 26,527 (2010: TEUR 9,098) was drawn. The Logwin Group took out a bank loan amounting to 20 million euros with a term of five years in the second quarter of 2011 which is included in the facilities stated above. Repayment will be effected beginning in the second quarter of 2012 in six-monthly installments of 1.0 million each, the residual amount has to be redeemed at the final maturity. The interest rate charged on the loan is variable and is fixed for each six-month period. The loan agreement calls for certain financial covenants of the Logwin Group relating to interest coverage and dynamic debt ratio to be met. Failure to meet the covenants would entitle the lender to terminate the loan agreement. As of December 31, 2011, the Logwin Group was in compliance with the provisions of the loan agreement.

Depending on the amount of sold receivables a contractual limit of 40.0 million euros was available to the Logwin Group from factoring at the reporting date (2010: 20.0 million euros). The actual amount drawn was TEUR 7,247 (2010: -). The interest rate charged on the factoring facility drawn is variable.

Two interest rate swaps with remaining times to maturity of two years and four years respectively were taken out for parts of the loan taken out in the 2011 financial year and for the factoring facility.

Non-current financial liabilities are secured by several mortgages on fixed assets totaling TEUR 4,198 (2010: TEUR 5,788).

27 Pension provisions and similar obligations

Pension provisions and similar obligations within the Logwin Group comprise defined benefit plans and defined contribution plans. The obligations for payments for long-service bonuses to employees will be allocated to other non-current provisions from this financial year onwards. The figures for the previous year were adjusted accordingly.

Defined contribution plans

The defined contributions plans resulted in payments in a total amount of TEUR 601 (2010: TEUR 828) in financial year 2011.

Defined benefit plans

The defined benefit plans comprise pension obligations (funded and unfunded pension benefits) and non-current severance benefits.

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

<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010
Discount rate	4.9 %	5.5 %
Future salary increases	2.0 % – 3.0 %	2.5 % – 4.0 %
Expected return on plan assets	4.8 %	4.8 %

The expenses for defined benefit plans in the income statement are as follows:

<i>in thousand €</i>	2011	2010
Expenses for funded pension benefits	-125	-141
Expenses for unfunded pension benefits	-1,079	-720
Expenses for similar obligations	-359	-501
Total expenses for benefits	-1,563	-1,362

Expenses for defined plans recognized in the balance sheets are as follows:

<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010
Funded pension benefits	572	1,070
Unfunded pension benefits	21,165	19,201
Similar obligations	3,005	2,990
Provisions for pensions and similar obligations	24,742	23,261

Pension benefits

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

<i>in thousand €</i>	Funded pension benefits		Unfunded pension benefits	
	2011	2010	2011	2010
Current service cost	-66	-44	-65	-48
Interest expenses	-139	-139	-1,014	-672
Return on plan assets	80	42	-	-
Total pension expenses	-125	-141	-1,079	-720

Of the total pension expenses of TEUR 1,024 (2010: TEUR 861), TEUR 27 (2010: TEUR 32) was included in cost of sales, TEUR 10 (2010: TEUR 6) in selling costs and TEUR 14 (2010: TEUR 12) in general and administrative costs. An amount of TEUR 1,153 (2010: TEUR 811) was included in the financial result.

The present value of projected pension benefits, the development of plan assets and funding status for the financial years 2011 and 2010 are as follows:

<i>in thousand €</i>	Pension benefits	
	Dec. 31, 2011	Dec. 31, 2010
Opening balance of pension benefits	21,675	14,232
Reclassification of discontinued operations	–	6,017
Current service costs	131	92
Interest expenses	1,153	811
Actuarial losses	1,462	1,006
Benefits paid	–1,173	–509
Other changes	213	26
Closing balance of pension benefits	23,461	21,675
Opening balance of plan assets at fair value	1,404	1,426
Return on plan assets	80	42
Contributions paid	33	13
Benefits paid	–60	–17
Other changes	267	–60
Closing balance of plan assets at fair value	1,724	1,404
Net pension benefit obligation	21,737	20,271

The plan assets consist of direct insurance policies (TEUR 292, 2010: TEUR 299, re-insurance policies (TEUR 1,083, 2010: TEUR 788) and pension trusts (TEUR 349, 2010: TEUR 317).

Over several years the amounts changed as follows:

<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Defined benefit obligation	23,461	21,675	14,232	21,253	21,528
Fair value of plan assets	–1,724	–1,404	–1,426	–1,743	–1,145
Net obligation	21,737	20,271	12,806	19,510	20,383
Experience-based adjustments to plan assets	8	28	9	11	–19
Experience-based adjustments to defined benefit obligation	–17	246	347	637	435

Similar obligations

The expenses for similar obligations in the income statement are as follows:

<i>in thousand €</i>	Unfunded similar obligations	
	2011	2010
Current service costs	-254	-374
Interest expenses	-105	-127
Total expenses for similar obligations	-359	-501

Of the total amount of TEUR 359 (2010: TEUR 501), TEUR 134 (2010: TEUR 240) was included in cost of sales, TEUR 48 (2010: TEUR 45) in selling costs and TEUR 71 (2010: TEUR 90) in general and administrative costs and TEUR 105 (2010: TEUR 127) in the financial result.

The overall development of the similar obligations for 2011 and 2010 was as follows:

<i>in thousand €</i>	Unfunded similar obligations	
	Dec. 31, 2011	Dec. 31, 2010
Opening balance of similar obligations	2,990	2,916
Current service costs	254	374
Interest expenses	105	127
Actuarial losses	133	330
Benefits paid	-649	-813
Other changes	172	56
Closing balance of similar obligations	3,005	2,990

Other non-current provisions primarily consist of obligations to pay long-service bonuses to employees. The carrying amount of the long-service bonus provisions amounted to 2,346 TEUR as of January 1, 2011, and TEUR 2,285 as of December 31, 2011. The change in the course of the 2011 financial year includes TEUR 450 of additions to and TEUR -484 utilization of the provision.

28 Other non-current provisions

29 Current provisions

<i>in thousand €</i>	Provisions for litigations and claims	Provisions for onerous contracts	Provisions for warranties	Other current provisions	Total current provisions
Jan. 1, 2011	599	3,417	1,993	6,761	12,770
Additions	126	-	1,049	4,800	5,975
Utilization	-254	-1,004	-733	-3,794	-5,785
Release	-182	-4	-687	-1,519	-2,392
Transfers	1	-37	33	-104	-107
Currency differences	2	4	2	-3	5
Dec. 31, 2011	292	2,376	1,657	6,141	10,466

The reported provisions for litigations and claims comprise various litigation risks in various group companies, with no individual amount exceeding TEUR 150. The provisions for onerous contracts result from continuing obligations.

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

30 Income tax liabilities

The recognized liabilities are calculated from accrued tax expenses for financial year 2011 and prior financial years amounting to TEUR 13,118 (2010: TEUR 13,368), less prepayments made totaling TEUR 9,586 (2010: TEUR 8,094).

<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010
Liabilities relating to personnel:		
Wages and salaries	15,026	16,013
Social securities	1,553	1,607
Not consumed vacation	3,154	3,100
Other taxes and levies	7,364	9,555
Advances received from customers	2,110	2,054
Other liabilities, accruals and deferred income	9,592	13,258
Total other current liabilities	38,799	45,587
Negative market value of derivative hedging instruments	1,027	–
Sundry other non-current liabilities	509	1,392
Total other non-current liabilities	1,536	1,392
Total other liabilities	40,335	46,979

31 Other liabilities

The remaining maturities of the financial liabilities in accordance with IAS 32.11 included in other liabilities are shown below:

<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010
Due within 1 year	22,061	23,633
Due within 2–5 years	1,536	530
Other financial liabilities	23,597	24,163

Other Notes

32 Discontinued operations

The Logwin Group disposed of all remaining companies of the former business segment Road + Rail in the first six months of 2010. The following income and expenses were incurred up until the date of disposal of the individual companies in 2010:

	<i>in thousand €</i>	2010
Net sales		122,413
Cost of sales		-120,112
Gross profit		2,301
Operating expenses		-6,758
Other income/expenses		-275
Operating income (EBIT)		-4,732
Effects due to the discontinuation of the business segment Road + Rail		976
Loss of discontinued operations before interest and income taxes		-3,756
Financial result		-751
Loss of discontinued operations before income taxes		-4,507
Income taxes		925
Loss of discontinued operations after income taxes		-3,582

Assets held for sale

The assets held for sale as of December 31, 2010, included a plot of land for which a legally signed contract of sale existed. This land was sold in 2011.

In 2010, proceeds from the sale of consolidated companies and other business units stated in the cash flow statement of discontinued operations were as follows:

	<i>in thousand €</i>	Dec. 31, 2010
Non-current assets		46,421
Inventories		385
Trade accounts receivable		67,740
Other receivables and current assets		4,529
Cash		3,867
Loans and borrowings		-29,950
Trade accounts payable		-51,085
Other liabilities		-26,015
Losses recognized in equity (in particular from foreign exchange translation)		-2,714
Result of sales		4,264
Fair value of departing net assets		17,442
Less departing cash		-3,867
Proceeds from the sale of business operations		13,575

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

33 Additional information on financial instruments

Financial instruments according to IAS 39

<i>in thousand €</i>	Carrying amount Dec. 31, 2011	Amortized cost	Fair value recognized in p/l	Fair value recognized in equity
Loans and receivables	202,088	202,088	–	–
Held-to-maturity investments	363	363	–	–
Available for sale	1,138	625	–	513
Held for trading	499	–	499	–
Financial assets	204,088	203,076	499	513
At amortized cost	207,759	207,759	–	–
Held for trading	510	–	510	–
Financial liabilities	208,269	207,759	510	–

<i>in thousand €</i>	Carrying amount Dec. 31, 2010	Amortized cost	Fair value recognized in p/l	Fair value recognized in equity
Loans and receivables	236,089	236,089	–	–
Held-to-maturity investments	363	363	–	–
Available for sale	1,428	890	–	538
Held for trading	948	–	948	–
Financial assets	238,828	237,342	948	538
At amortized cost	253,809	253,809	–	–
Held for trading	1,432	–	1,432	–
Financial liabilities	255,241	253,809	1,432	–

Balance sheet items including financial instruments

The following summary reconciles the existing financial instruments with the corresponding balance sheet items and reflects the respective measure of valuation and amount recognized as of the reporting date:

in thousand €	Category in accordance with IAS 39	Carrying amount Dec. 31, 2011	Amounts recognized according to IAS 39		Amount recognized in acc. w. IAS 17
			Amortized cost	Fair value	
Assets					
	Held to maturity	363	363	-	-
	Available for sale	1,138	625	513	-
Financial investments	Total	1,501	988	513	-
	Loans and receivables	889	889	-	-
	No financial instruments	35	-	-	-
Other non-current assets	Total	924	889	-	-
Trade accounts receivable	Loans and receivables	151,185	151,185	-	-
	Loans and receivables	8,978	8,978	-	-
	Held for trading	499	-	499	-
	No financial instruments	8,995	-	-	-
Other receivables and current assets	Total	18,472	8,978	499	-
Cash and cash equivalents	Loans and receivables	41,036	41,036	-	-
Liabilities					
Non-current finance lease obligations	No category in acc. w. IAS 39	18,827	-	-	18,827
Non-current loans and borrowings	At amortized cost	22,034	22,034	-	-
	At amortized cost	509	509	-	-
	Hedging instruments with negative fair value (cash flow hedges)	1,027	-	1,027	-
Other non-current liabilities	Total	1,536	509	1,027	-
Trade accounts payable	At amortized cost	153,916	153,916	-	-
Non-current finance lease obligations	No category in acc. w. IAS 39	2,120	-	-	2,120
Current loans and borrowings	At amortized cost	9,749	9,749	-	-
	At amortized cost	21,551	21,551	-	-
	Held for trading	510	-	510	-
	No financial instruments	16,738	-	-	-
Other current liabilities	Total	38,799	21,551	510	-

<i>in thousand €</i>	Category in accordance with IAS 39	Carrying amount Dec. 31, 2010	Amounts recognized according to IAS 39		Amount recognized in acc. w. IAS 17
			Amortized cost	Fair value	
Assets					
	Held to maturity	363	363	-	-
	Available for sale	1,428	890	538	-
Financial investments	Total	1,791	1,253	538	-
	Loans and receivables	953	953	-	-
	No financial instruments	378	-	-	-
Other non-current assets	Total	1,331	953	-	-
Trade accounts receivable	Loans and receivables	160,933	160,933	-	-
	Loans and receivables	6,704	6,704	-	-
	Held for trading	948	-	948	-
	No financial instruments	12,368	-	-	-
Other receivables and current assets	Total	20,020	6,704	948	-
Cash and cash equivalents	Loans and receivables	67,499	67,499	-	-
Liabilities					
Corporate bond	At amortized cost	64,183	64,183	-	-
Non-current finance lease obligations	No category in acc. w. IAS 39	20,262	-	-	20,262
Non-current loans and borrowings	At amortized cost	5,785	5,785	-	-
	At amortized cost	530	530	-	-
	No financial instruments	862	-	-	-
Other non-current liabilities	Total	1,392	530	-	-
Trade accounts payable	At amortized cost	157,797	157,797	-	-
Non-current finance lease obligations	No category in acc. w. IAS 39	2,053	-	-	2,053
Current loans and borrowings	At amortized cost	3,313	3,313	-	-
	At amortized cost	22,201	22,201	-	-
	Held for trading	1,432	-	1,432	-
	No financial instruments	21,954	-	-	-
Other current liabilities	Total	45,587	22,201	1,432	-

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

Fair values of financial instruments

<i>in thousand €</i>	Dec. 31, 2011		Dec. 31, 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial assets	1,877	1,877	2,207	2,207
Current financial assets	201,199	201,199	235,135	235,135
Financial assets at amortized cost	203,076	203,076	237,342	237,342
Non-current financial assets	513	513	538	538
Current financial assets	499	499	948	948
Financial assets at fair value	1,012	1,012	1,486	1,486
Non-current financial liabilities	41,370	44,701	90,760	89,257
Current financial liabilities	187,336	187,451	185,364	185,149
Financial liabilities at amortized cost	228,706	232,152	276,124	274,406
Non-current financial liabilities	1,027	1,027	–	–
Current financial liabilities	510	510	1,432	1,432
Financial liabilities at fair value	1,537	1,537	1,432	1,432

Derivative financial instruments and available-for-sale financial assets were recognized at their fair value where their fair value could be reliably determined.

The sequence for calculating financial instruments at fair value is as follows:

- Step 1: Quoted (unadjusted) prices on active markets for assets or liabilities of the same type
- Step 2: Methods in which all input factors that materially affect the recognized fair value can be observed either directly or indirectly
- Step 3: Methods using input factors that materially affect the recognized fair value are not based on observable market data.

The fair values of derivative financial instruments and of available-for-sale financial assets were determined on the basis of the market information available on the reporting date in accordance with step 1, and in accordance with step 2 when the financial instruments were not traded on an active market. Calculations according to step 2 were performed using the quoted prices of the contracting parties with the help of valuation methods such as the present value method using corresponding market parameters.

Net results of financial instruments by valuation category

<i>in thousand €</i>	From interest	From subsequent measurement		Net result	
		At fair value	Impairment	2011	2010
Loans and receivables	797	-	-1,403	-606	-551
Available-for-sale financial assets	-	-25	-	-25	-4
Financial assets held for trading	2,869	55	-	2,924	263
Financial liabilities measured at amortized cost	-6,621	-	-	-6,622	-13,831
Financial liabilities held for trading	-4,350	8	-	-4,342	-2,382
Total	-7,305	38	-1,403	-8,670	-16,504

We would refer you to the Notes, section 12 “Finance income and finance expenses” for information on interest income and expenses. 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.

Cash and cash equivalents and trade accounts receivable mostly 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.

Financial risks

Unless discussed below, we would also refer you to the explanations concerning financial risks contained in the management report on page 11ff.

Liquidity analysis of financial liabilities

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

<i>in thousand €</i>	Dec. 31, 2011			Dec. 31, 2010	
	Financial liabilities	Lease obligations	Interest rate swap	Financial liabilities	Lease obligations
Cash flow within 1 year					
Interest	1,317	776	265	5,254	876
Redemption	9,749	2,120	–	1,849	2,053
Total	11,066	2,896	265	7,103	2,929
Cash flow within 2 year					
Interest	1,040	664	265	5,558	766
Redemption	4,654	1,907	–	67,019	2,225
Total	5,694	2,571	265	72,577	2,991
Cash flow within 3 year					
Interest	876	580	195	237	649
Redemption	2,715	1,398	–	1,794	1,930
Total	3,591	1,978	195	2,031	2,579
Cash flow within 4 year					
Interest	742	519	145	133	564
Redemption	2,416	1,308	–	1,232	1,310
Total	3,158	1,827	145	1,365	1,874
Cash flow within 5 year					
Interest	323	448	61	48	503
Redemption	12,249	1,304	–	741	1,240
Total	12,572	1,752	61	789	1,743
Cash flow after 5 years					
Interest	–	1,843	–	–	1,857
Redemption	–	12,910	–	–	13,558
Total	–	14,753	–	–	15,415

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

This chart only includes interest-bearing instruments held at December 31, 2011 (December 31, 2010) for which payments had already been contractually agreed. Budget figures for future new liabilities are not included.

Forward foreign exchange contracts

As of December 31, 2011, the Logwin Group had various forward foreign exchange contracts to hedge the foreign exchange risk of the operating business and to secure Logwin AG's receivables or liabilities arising from group borrowing. The following table shows the major transactions:

	Dec. 31, 2011	
	Nominal value in foreign currency	Nominal amount in euros
Foreign exchange contracts to hedge receivables of Logwin AG arising from group borrowing and contracts to hedge transactions from the operating activity		
Sell		
AUD	440,000	325,083
BRL	1,245,00	497,329
CHF	500,000	410,779
GBP	1,050,000	1,234,751
MXN	7,435,000	393,803
MYR	11,800,000	2,756,802
SGD	1,000,000	583,601
THB	13,800,000	324,706
USD	5,930,000	4,501,664
ZAR	44,600,000	3,973,797
Other		706,425
Total		15,708,739
Foreign exchange contracts to hedge payables of Logwin AG arising from group borrowing and contracts to hedge transactions from the operating activity		
Buy		
AED	2,390,000	497,723
AUD	1,335,000	1,024,073
CHF	1,232,000	1,006,876
CNY	61,420,000	7,277,929
GBP	3,680,000	4,330,959
HKD	48,950,000	4,775,274
KRW	690,000,000	453,018
PLN	6,911,000	1,505,615
SGD	4,220,000	2,469,571
TWD	24,400,000	613,390
USD	4,500,000	3,432,943
Other		1,341,281
Total		28,728,653

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

<i>in thousand €</i>	Dec. 31, 2011		Dec. 31, 2010	
	Nominal amount	Fair value	Nominal amount	Fair value
Assets				
Forward foreign exchange contracts	28,682	499	32,760	948
Total	28,682	499	32,760	948
Liabilities				
Forward foreign exchange contracts	15,756	510	43,291	1,432
Interest rate swaps	20,000	1,027	-	-
Total	35,756	1,537	43,291	1,432

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

Capital management

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

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

The following items are covered by capital management:

<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010
Corporate bond	–	64,183
Loans, borrowings and finance lease obligations	52,730	31,414
Gross financial debt	52,730	95,597
Less cash and cash equivalents	–41,036	–67,499
Net financial debt	11,694	28,098
Trade accounts payable	–153,916	–157,797
Other liabilities and current provisions	–50,801	–59,852
Trade accounts receivable	151,185	160,933
Income tax receivables/liabilities	–521	–1,469
Other non-current and current receivables and assets	19,396	21,351
Inventories	2,293	2,940
Working capital	–32,364	–33,893
Shareholders' equity	170,588	166,989

The following table shows all long-term commitments as of the reporting dates December 31, 2011 and 2010:

34 Commitments

<i>in thousand €</i>	Dec. 31, 2011	Dec. 31, 2010
Due within 1 year	36,282	35,674
Due within 2 to 5 years	65,473	69,387
Thereafter	24,625	37,738
Total	126,380	142,799

Financial commitments comprise almost exclusively operating lease agreements. 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 2011, operating lease expenses amounted to TEUR 56,978 (2010: TEUR 54,602). In financial year 2011 the group received TEUR 1,126 (2010: TEUR 940) from sub-leasing agreements.

35 Contingent liabilities

It can be assumed that the contingent liabilities in respect of bank and other guarantees, letters of comfort and other liabilities arising in the ordinary course of business in existence as of December 31, 2011 will not result in material liabilities.

Thus at the end of February 2010 the Austrian Federal Competition Authorities submitted petitions to the Vienna Higher Regional court (Oberlandesgericht) against more than 40 Austrian logistics companies, including three companies belonging to the Logwin Group, for alleged infringements of Austrian and European antitrust legislation. The Federal Competition Authorities have applied for fines to be imposed in an unspecified amount. In various statements the Logwin Group and the other forwarding companies have contested the arguments of the Federal Competition Authorities with regard to both their representation of the facts and to their legal opinion. Nevertheless, the Federal Competition Authorities continue to hold their legal opinion, in particular with regard to European law. According to information obtained so far, the Logwin Group does not share the legal opinion of the Austrian Federal Competition Authorities. In its judgment dated February 22, 2011, the Vienna Higher Regional court (Oberlandesgericht) rejected in the first instance claims brought by the Austrian Federal Competition Authorities against members of the so-called forwarding agents' conference (Speditionskonferenz – SSK). The Austrian Federal Competition Authorities and the Austrian Federal Competition Attorney have lodged an appeal with the Austrian Supreme Court against the decision in the first instance. The latter has referred the case to the European Court of Justice for a preliminary ruling on legal questions in European law. Since the Logwin Group, based on the legal opinions it has obtained, does not assume that a fine will actually be imposed and since it is not possible to make a reliable estimate of the possible impact this would have on the 2011 financial statements, no provision has been made and no estimate has been made of a possible contingent liability. Should a fine still be imposed, it could have considerable negative effects on the Logwin Group's net asset and financial position.

Logwin Road + Rail Austria GmbH was served with a claim from the Austrian customs authorities in April 2010 demanding payment of import sales tax of around 16 million euros in duties for customs clearance that the company had performed with joint and several liability on behalf of customers in the period between December 2005 and March 2006. The exemption from import sales tax granted at that time was now revoked since the consignee of the goods was allegedly a participant in a missing trader (sales tax carousel) fraud. The company, which remained part of the Logwin Group after the sale of the Road + Rail activities, lodged an appeal against the decision. The customs authorities did not grant the appeal lodged by Logwin, which is why legal steps against the claim will be pursued further. The case is currently awaiting a decision by the Finanzsenat (independent tax tribunal) in Salzburg. As of the reporting date, the risk of a claim is considered to be remote. Against this background, no provision and no contingent liability have been made in these financial statements to cover this matter. Moreover, the company has an insurer's preliminary confirmation of cover. This could have considerable negative consequences on the Logwin Group's net asset and financial position if the legal steps prove unsuccessful and the insurer fails to provide (sufficient) cover despite the preliminary confirmation of cover.

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

36 Auditor's fees

<i>in thousand €</i>	Auditors of Luxembourg companies		Auditor's network abroad	
	2011	2010	2011	2010
Audit	159	165	722	872
Tax advice	-	-	102	75
Other certification and assessment services	-	-	-	-
Other services	-	-	-	408
Total	159	165	824	1,355

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.

37 Key management personnel compensation

<i>in thousand €</i>	2011	2010
Members of the Executive Committee	1,385	1,374
<i>thereof fixed portion of short-term benefits</i>	<i>1,163</i>	<i>1,135</i>
<i>thereof variable portion of short-term benefits and termination benefits</i>	<i>222</i>	<i>239</i>
Non-executive members of the Board of Directors	180	180

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 financial years 2011 and 2010, the Logwin Group rendered services to certain associated companies and affiliated non-consolidated companies as part of its ordinary operations. Furthermore, there are supply and service relationships with the parent company DELTON AG and its subsidiaries.

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 included in the following items of the balance sheet and income statement:

	Associated and affiliated, not consolidated companies		DELTON AG and its subsidiaries	
	2011	2010	2011	2010
<i>in thousand €</i>				
Net sales	3,822	–	193	298
Cost of sales	–486	–	–	–
Operating expenses	–7	–593	–1,334	–1,350
Other operating income and expenses, net	–206	8	–	–
Other financial income	6	–	–	–
Financial result	109	33	80	100
Receivables	377	1,042	7	12
Payables	170	818	211	364

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 2011, net sales of the Logwin Group to companies of the BMW Group amounted to TEUR 36,489 (2010: TEUR 34,842). Receivables from BMW Group amounted to TEUR 1,790 as of December 31, 2011 (2010: TEUR 1,478). In addition, Logwin Group companies procured vehicles from the BMW Group, predominantly by leasing. All transactions were conducted under standard market conditions at arm’s length.

Furthermore, there were transactions between Logwin Group and members of its Board of Directors. In the 2011 financial year, these resulted in expenses for the Logwin Group in an amount of TEUR 67 (2010: TEUR 10).

There were no significant events between December 31, 2011, and the preparation of the consolidated statements by the Board of Directors of Logwin AG on March 7, 2012.

39 Events after the balance sheet date

The following table includes all companies with net sales exceeding 10 million euros:

40 Significant subsidiaries

<i>in thousand €</i>	Share of capital	Net sales 2011	Employees Dec. 31, 2011
Solutions			
Logwin Solutions Network GmbH, DE-Aschaffenburg	100.0%	289,964	870
Logwin Solutions Deutschland GmbH, DE-Aschaffenburg	100.0%	237,951	1,306
Logwin Solutions Austria GmbH, AT-Bergheim	100.0%	137,885	272
Logwin Solutions Lojistik Hizmetleri ve Ticaret Ltd. Sti., TK-Istanbul	100.0%	18,265	56
Logwin Solutions Poland Sp.z.o.o., PL-Poznan	100.0%	14,560	146
Air + Ocean			
Logwin Air + Ocean Deutschland GmbH, DE-Aschaffenburg	100.0%	257,572	340
Logwin Air + Ocean China Ltd., CN-Shanghai	100.0%	92,750	294
Logwin Air & Ocean Hong Kong Ltd., CN-Hongkong	100.0%	49,972	179
Logwin Air + Ocean Austria GmbH, AT-Bergheim	100.0%	45,426	57
Logwin Air & Ocean Australia Pty. Ltd., AU-Sydney	100.0%	28,081	43
Logwin Air and Ocean South Africa (Pty.) Ltd., ZA-Johannesburg	100.0%	24,690	100
Logwin Air + Ocean Poland Sp.z.o.o., PL-Warzawa	100.0%	23,381	283
Logwin Air + Ocean Singapore Pte. Ltd., SG-Singapore	100.0%	21,120	109
Logwin Air + Ocean The Netherlands B.V., NL-Venlo	100.0%	20,793	7
Logwin Air + Ocean UK Limited, GB-Hayes	100.0%	18,773	43
Logwin Air + Ocean (Thailand) Ltd., TH-Bangkok	100.0%	16,884	75
Logwin Air + Ocean Brazil Logistica e Despacho Ltda., BR-Sao Paulo	100.0%	15,637	52
Logwin Air & Ocean Middle East LLC, AE-Dubai	60.0%	13,960	46
Logwin Air + Ocean Chile S.A., CL-Santiago	66.7%	13,670	21
Logwin Air + Ocean Italy S.r.l., IT-Milano	51.0%	13,182	22
Logwin Air + Ocean Korea Ltd., KR-Seoul	100.0%	11,818	29
Logwin Air + Ocean Taiwan Ltd., TW-Taipeh	100.0%	11,379	38
Logwin Air + Ocean Belgium N.V., BE-Antwerpen	100.0%	10,702	18

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 Luxembourg Commercial Code, the Group Management Report contains an analysis of the asset situation, 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 financial year 2011 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), March 7, 2012

Assurance issued by the Company's 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)

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 13, 2011, we have audited the accompanying consolidated financial statements of Logwin AG, which comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Responsibility of the "réviseur d'entreprises agréé"

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 for Luxembourg by the "Commission de Surveillance du Secteur Financier". These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgment of the "réviseur d'entreprises agréé", 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 agréé" 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 consolidated financial statements give a true and fair view of the financial position of Logwin AG as of December 31, 2011, 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
Cabinet de révision agréé

Werner WEYNAND
Luxembourg, March 7, 2012

