

# Annual Financial Report 2012

Logwin AG



 **LOGWIN**

Your Logistics.

## Key figures January 1 – December 31, 2012

Group	<i>in thousand €</i>	2012	2011
Net Sales		1,324,593	1,334,885
<i>Change on 2011</i>		-0.8 %	
Operating Income (EBITA) before valuation effects		16,186	21,638
<i>Margin</i>		1.2 %	1.6 %
Net Result		-68,621	7,049
Net Result excluding impairment losses		7,094	7,049
Operating Cash Flow		24,784	20,830
Net Cash Flow		20,546	19,603

Business Segments	<i>in thousand €</i>	2012	2011
<b>Solutions</b>			
Net Sales		691,963	716,967
<i>Change on 2011</i>		-3.5 %	
Operating Income (EBITA) before valuation effects		-2,242	3,466
<i>Margin</i>		-0.3 %	0.5 %
<b>Air + Ocean</b>			
Net Sales		633,248	618,409
<i>Change on 2011</i>		2.4 %	
Operating Income (EBITA)		25,317	24,854
<i>Margin</i>		4.0 %	4.0 %

	December 31, 2012	December 31, 2011
Equity Ratio	24.8 %	37.2 %
Net Liquidity / Net Financial Debt ( <i>in thousand €</i> )	7,180	-11,694
Number of Employees	5,505	5,925

The annual Financial Report 2012 is published both in English and German. The English version is a translation from the German original, which is authoritative.

# Group Management Report

## Business and Overall Conditions

**The Logwin Group at a glance** The Logwin Group provides its customers with 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 specialised 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.

**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 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 before valuation effects measures the profitability of the group and of the individual business segments. Additional key control indicators are net result and also net cash flow (operating cash flows plus investing cash flows). 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 dynamic momentum of the global economy slowed in the first six months of 2012, which resulted primarily from the debt and banking crisis in the euro area and led to increasing uncertainty around the world. Economic activity in Germany was not able to avoid the effects of the external environment and also lost impetus. One positive aspect in the view of the German Logistics Association is that logistics service providers were better able to adapt to economic fluctuations in 2012.

The logistics industry also suffered a slowdown as a consequence of the economic developments in the course of the year. For this reason the volumes of goods transported by air freight declined over 2012. Land transportation and sea freight saw only slight growth. Against this background sales of the Logwin Group remained stable compared with the previous year, but each of the two business sectors showed different developments. While site closures and the discontinuation of some business activities were responsible for lower sales in the business segment Solutions, the business segment Air + Ocean reported positive growth thanks to higher volumes of sea freight.

**Goodwill impairment** Owing to the result for the first half of 2012 achieved by the business segment Solutions, which was below the result of the previous year, an impairment test was performed for the goodwill recognised on the balance sheet of the business segment Solutions at the end of the second quarter of 2012. The result of the impairment test meant that it was necessary to report an impairment of 53.0 million euros as of June 30, 2012 for the goodwill assigned to the business segment Solutions.

The goodwill allocated to the business segment Solutions was again tested for impairment as of December 31, 2012 due to events that occurred in the fourth quarter of 2012 and came to the Group's attention in the first few weeks of the 2013 financial year, especially the reassessment of certain business activities. This test resulted in an additional impairment of 18.5 million euros.

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

## Earnings Position

**Logwin-Group** The Logwin Group generated total sales of 1,324.6 million euros in the 2012 financial year, which were thus slightly below the figure for the previous year of 1,334.9 million euros. This development can be attributed to the decline in sales at the business segment Solutions resulting from the disposal of individual locations and continuing high competitive and price-related pressures. The business segment Air + Ocean reported a growth in sales, which, however, did not fully make up for the development at Solutions.

Gross profit decreased from 105.4 million euros in the previous year to 102.7 million euros in 2012, largely as a result of the decline in sales at the business segment Solutions and an overall increase in operating expenses. Selling and administrative costs increased year-on-year by 2.7% to 86.6 million euros in 2012 owing to the continued expansion of the sales organisation in the business segment Air + Ocean, particularly in Asia. Administrative costs include one-off effects associated with e.g. comprehensive measures aimed at stabilising the situation at the business segment Solutions. The balance for other operating expenses and income amounted to 0.1 million euros (2011: 0.7 million euros). This figure includes gains from the disposal of investments and expenses in connection with irregularities in the Turkish local company amounting to 1.3 million euros.

Operating income before valuation effects of 16.2 million euros in 2012 was 5.4 million euros below the value for the previous year of 21.6 million euros. The operating margin before valuation effects thus declined from 1.6% to 1.2%.

The result for the 2012 business year was impacted by valuation effects resulting from the impairment of goodwill assigned to the business segment Solutions totalling -71.5 million euros and by impairment losses on property, plant and equipment of -4.2 million euros. This results in profit before interest and income taxes (EBIT) of -59.5 million euros.

Owing to the lower interest charges resulting from repayment of the remainder of the corporate bond in mid-2011, the financial result of -6.5 million euros showed a significant improvement over the previous year (2011: -9.4 million euros). Tax expenses of -2.6 million euros decreased compared with the previous year (2011: -5.2 million euros).

The net result for the 2012 financial year thus decreased significantly from 7.0 million euros in 2011 to -68.6 million euros. After adjustment for the impairment of goodwill and property, plant and equipment, the net result amounted to 7.1 million euros and is thus slightly above that of the previous year.

**Solutions** The business segment Solutions generated sales of 692.0 million euros in 2012 and is thus 3.5% below the level of the previous year of 717.0 million euros. In addition to the disposal of individual locations, the decline in sales was caused by lower volumes in the areas of Media and Retail Logistics of the functional unit Transport and Retail Networks. The regions Central and Eastern Europe in the functional unit Logistics and Warehousing showed positive developments in terms of volumes. The operating income before valuation effects of the business segment Solutions, at -2.2 million euros, is significantly below the figure for the previous year of 3.5 million euros and was substantially impacted by strong competitive and price pressures, high fuel and transportation costs as well as by costs for extending its network and start-up costs for new business. Furthermore, there were negative effects from one-off charges incurred in the course of implementing necessary organisational changes aimed at cutting the structural costs and increasing the profitability of the business segment.

**Air + Ocean** The business segment Air + Ocean achieved sales of 633.2 million euros in the 2012 financial year and is thus 2.4% above the value of the previous year of 618.4 million euros. The strongest growth came from the business units South East Asia and Far East Asia. In contrast, the largest business unit, Europe Middle East, is slightly below the level of sales of the previous year. While the business segment Air + Ocean reported a strong increase in sea freight volumes in 2012, the volume transported by air freight was somewhat below that of the previous year. Freight rate developments continues to be marked by a high level of volatility in 2012. Rates were constantly under pressure owing to low demand and overcapacities in air freight. Freight rates for sea freight increased significantly over the first six months from a low level at the start of the year, but after that showed a mixed development. Air + Ocean continued to expand its regional presence in 2012, in particular as a result of new locations in the growth markets of China and India. Operating income amounted to 25.3 million euros in the reporting year after 24.9 million euros in 2011. As in 2011, an operating margin of 4% was also achieved in 2012.

## 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 loans and the sale of trade accounts receivable (“factoring”).

Other financial liabilities mainly relate to finance lease obligations. The total financial liabilities of the Logwin Group amounted to 46.8 million euros as of December 31, 2012 (previous year: 52.7 million euros). Net financial debt could be reduced from 11.7 million euros in the previous year thanks to the positive net cash flow, meaning that net liquidity of 7.2 million euros was reported at the end of the financial year.

Interest expenses were reduced significantly in 2012 as a result of the refinancing of the corporate bond concluded in 2011 and the lower level of interest associated with this.

**Liquidity analysis and investment** In the 2012 financial year cash inflows from operating activities, at 24.8 million euros, showed pleasing growth over the value of 20.8 million euros for the previous year. Operating cash flow for the 2012 fiscal year includes a net cash outflow from the lower utilisation of the existing factoring facility amounting to 1.2 million euros. The utilisation of the factoring line within operating cash flow is reported on the basis of the “true sale” character of the actual factoring. Strict working capital management and reduced interest payments as a result of the redemption of the corporate bond in 2010 and 2011 were able to more than make up the lower cash inflows from operating income before valuation effects and the increased tax payments.

Investing cash flow amounted to –4.2 million euros in 2012 (2011: –1.2 million euros). Payments for investment in the reporting year, at –7.3 million euros, were lower than in the previous year (2011: 9.0 million euros), but the investment cash flow for 2011 included payments received for the sale of assets totalling 8.2 million euros, which only amount to 3.9 million euros in the reporting year. The Logwin Group generated a total net cash flow of 20.5 million euros (2011: 19.6 million euros). After adjustment for the effects of factoring, the net cash flow for the 2012 fiscal year was 21.8 million euros (2011: 12.4 million euros).

Financing cash flow in 2012 amounted to –7.7 million euros (2011: –45.3 million euros) and was primarily made up of repayments for real-estate loans and the scheduled repayment of a long-term bank loan. The figure for the previous year mainly reflects cash flows associated with the redemption of the remainder of the corporate bond from cash reserves and the taking out of a long-term bank loan.

## Net Asset Position

Total assets of the Logwin Group decreased from 459.2 million euros at the reporting date of the previous year to 396.4 million euros at December 31, 2012. The fall is largely due to the impairment of goodwill of the business segment Solutions.

Non-current assets decreased from 243.2 million euros in 2012 to 161.0 million euros in the reporting period. This includes recognised goodwill of 81.1 million euros (2011: 153.1 million), still the major item here in spite of the impairment recognised in 2012. Non-current assets also includes property, plant and equipment of 55.5 million euros (2011: 67.3 million euros), other intangible assets of 5.6 million euros (2011: 6.8 million euros) and deferred tax assets of 16.5 million euros (2011: 13.6 million euros).

Current assets of the Logwin Group total 235.4 million euros (2011: 216.0 million euros). The largest item in current assets are trade accounts receivable with a value of 150.0 million euros (2011: 151.2 million euros) and cash and cash equivalents of 53.9 million euros (2011: 41.0 million euros). Trade accounts receivable were reduced as of December 31, 2012, by the utilisation amount of the factoring line totalling 6.0 million euros as a result of the “true sale” character of factoring (December 31, 2011: 7.2 million euros). Furthermore, an undeveloped property which is expected to be sold in the first quarter of 2013 is reported in current assets under item “Assets held for sale”.

As of December 31, 2012, the Logwin Group reported shareholders' equity of 98.2 million euros compared with 170.6 million euros at the end of the previous year. The equity ratio fell from 37.2% in 2011 to 24.8% in the reporting year owing to the recognition of the goodwill impairment.

At December 31, 2012, non-current liabilities totalled 66.5 million euros (2011: 70.0 million euros). Repayments of non-current loans and borrowings and liabilities from leases amounting to 7.4 million euros are offset by an appreciable increase in pension provisions by 4.5 million euros owing to a significantly lower discount rate. Currently liabilities increased at December 31, 2012 from 218.6 million euros to 231.7 million euros and are primarily made up of trade accounts payable of 161.7 million euros (2011: 153.9 million euros).

## Economic situation of the Group

The performance of the Logwin Group as a whole was uneven. In the business segment Air + Ocean, the systematic expansion into future and growth markets, particularly in Asia, is increasingly paying off and is reflected in continuing strong sales and earnings contributions. In contrast, earnings performance at the business segment Solutions was below expectations. Comprehensive measures aimed at stabilising the situation were undertaken at the business segment Solutions in 2012.

The Logwin Group was able to further consolidate its financial stability in the past financial year. Net financial debt of 11.7 million euros in the previous year could be reduced through the generation of net cash flow amounting to 20.5 million euros, meaning that net liquidity of 7.2 million euros was achieved at the end of the reporting year. After the goodwill impairment of the business segment Solutions which did not affect cash flows, the equity ratio was 24.8% at December 31, 2012.

## Employees

At the end of 2012 there were 5,505 employees in the Logwin Group compared with 5,925 employees as of December 31, 2011. This represents a decrease of 420 employees. The number of employees in Germany decreased by 404 from 3,323 to 2,919. The number of employees in the business segment Air + Ocean remained at the same level as the previous year. The business segment Solutions employs 400 people fewer than in the previous year, primarily due to the disposal of a subsidiary and location closures.

## 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)  
until April 11, 2012

**Thomas Eisen** (\*1971)

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

**Helmut Kaspers** (\*1965)

Member of the Executive Committee (Chief Operating Officer Air + Ocean), 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>.

**Information in accordance with Article 11 Section 3 of the Luxembourg Takeover Act dated May 19, 2006**

- (a): Details on the equity structure of the Logwin Group are included in note 27 on page 55 of the notes to the consolidated financial statements. As of December 31, 2012, there were 146,257,596 fully paid up, no-par voting shares outstanding of which 134,884,587 shares were admitted for trading on the Frankfurt Stock Exchange. The remaining 11,373,009 shares (7.8%) were admitted for trading on January 28, 2012.
- (b): There are no restrictions on the transfer of the shares.
- (c): The majority shareholder of Logwin AG is DELTON Vermögensverwaltung AG, Bad Homburg, Germany, which is a wholly owned subsidiary of DELTON AG, Bad Homburg, Germany. The sole shareholder of DELTON AG is Stefan Quandt. For further details please refer to notes 1 and 40 on pages 26 and 74 of the notes to the consolidated financial statements.
- (d): There are no shares that give the holders any special rights of control.
- (e): There are no employee stock ownership schemes in the Logwin Group.
- (f): There are no restrictions on voting rights in the Logwin Group.
- (g): As of December 31, 2012, Logwin AG is unaware of any understandings with shareholders that restrict the transfer of shares or voting rights in accordance with Directive 2004/109/EC.
- (h): Rules governing the appointment and replacement of members of the Board of Directors and changes to the Articles and Memorandum of Association are contained in articles 8, 16 and 17 of the Articles and Memorandum of Association of Logwin AG and in chapter 8 of the Corporate Governance Charter. Both documents can be downloaded from [www.logwin-logistics.com/investors](http://www.logwin-logistics.com/investors).

In particular, the following applies:

- The members of Board of Directors are appointed by the General Meeting of shareholders for a period not exceeding six years. They may be dismissed by the General Meeting at any time. The repeated appointment of a member of the Board of Directors is permitted.
  - If a member of the Board of Directors (including executive members of the Board) retires prematurely, the remaining members may co-opt a new member to the Board in accordance with legal provisions on a provisional basis. Final election will take place when shareholders next meet for their General Meeting.
  - The General Meeting of shareholders may change the company's Articles and Memorandum of Association at any time, taking into account legal provisions governing minimum attendance and majority voting.
- (i): The powers of the Board of Directors, in particular relating to the empowerment to issue or withdraw shares, are regulated in articles 5, 8, 9, 10, 11, 18, 19 and 23 of the Articles and Memorandum of Association of Logwin AG and in chapter 3 of the Corporate Governance Charter. Both documents can be downloaded from [www.logwin-logistics.com/investors](http://www.logwin-logistics.com/investors).
- In particular, the following applies:
- The Board of Directors is responsible for the management of the company.
  - The Board of Directors is vested with the powers to perform all acts of administration and disposal in the interest of the company. The Board of Directors may appoint a committee of directors charged with performing the daily management of the company (hereinafter referred to as «Executive Committee»).
  - The Board of Directors defines the scope of activity of the Executive Committee and of the individual committees. It also authorises the procedures that are to be used for the Executive Committee and the individual committees.

- The daily management of the company is performed by the Executive Committee under the supervision of the Board of Directors. The Board of Directors decides on the signatory powers of the members of the Executive Committee.
  - The Board of Directors is authorised until March 31, 2015 to increase the company's registered capital by issuing on one or more occasions up to 76,692,378 new no par bearer shares with or without an issue premium "prime d'émission") in exchange for cash and/or non-cash capital contributions.
  - The company may repurchase its own shares in accordance with the provisions of the law.
- (j): There are finance agreements containing clauses that grant lenders the right to terminate the agreement prematurely in the event that the number of shares held by the majority shareholder of Logwin AG falls under certain thresholds.
- (k): There are no agreements between Logwin AG and members of its Board of Directors or other employees that provide for compensation in the event of termination of employment without important reason or in the event of a takeover bid.

## Report on the Share of Logwin AG

**Logwin share** A total of 3.6 million Logwin AG shares were traded on all German stock exchanges in 2012. This was equivalent to a turnover of 3.2 million euros. The price of the Logwin share fell between the beginning and end of the reporting period from 1.06 euros to a Xetra closing price of 0.95 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, 2012	Dec. 31, 2011
Closing price (Xetra)	<i>in euros</i>	0.95	1.06
High/low 52 weeks	<i>in euros</i>	1.09/0.65	1.63/0.96
Total number of shares	<i>in units</i>	146,257,596	146,257,596
Market capitalisation	<i>in million euros</i>	138.9	155.0

**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.

**Company rating** The rating by Standard & Poor's for the Logwin Group (corporate credit rating) remained unchanged 2012 at "B+".

## Risk Report

As a global logistics service provider, the Logwin Group faces macroeconomic risks along with industry, competition, procurement, demand and customer risks. Furthermore, financial, legal, 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 thus significant risks for the Logwin Group associated with the development of the global economy and in particular with the economic performance of the euro zone and in other large national economies. A renewed escalation of the sovereign debt and banking crisis in the euro zone, a continued high degree of uncertainty in the global economy and the budgetary consolidation efforts in industrial countries could lead to a significant weakening in economic momentum. 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 for transportation capacity so substantially that it results 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 also deteriorate in the event that the markets do consider the measures taken and the consolidation plans aimed at tackling excessive debt in industrial nations to be insufficient. This could lead to distortions in the financial markets and negative knock-on effects in the real economy, in particular to a downturn in world trade. This would directly affect the Logwin Group, both in its business segment Air + Ocean as well as in its business segment Solutions, in particular in its core markets in Asia and Europe. If these risks materialise they could have a negative effect on the Logwin Group's net assets, financial situation and earnings position.

**Industry-specific risks** It is necessary for transportation and logistics service providers, and in particular for the Logwin Group, to constantly review their business models and strategic direction and to optimise their corporate structures and processes in order to be better prepared for fluctuations in the economy and to be ready to deal with the intensity of competition and the resultant pressure to consolidate within the industry. 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 utilisation and decreased earnings.

Developments in industry-specific costs pose a considerable risk for the Logwin Group's earnings situation. In connection with providing transportation services and maintaining logistics premises there is the risk of an increase in crude oil prices that has a direct influence on diesel and heating oil prices. Reasons for this include a recovery of 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 available truck drivers, the Logwin Group 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 economically unviable. 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 and controls in connection with air freight security 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 the financial and earnings position of the Logwin Group.

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

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 arise from a concentration of competition in niche markets with a small number of competitors. This makes it more difficult to increase market share. Furthermore, the special networks solutions organised under Transport & Retail Networks are heavily dependent on developments in the retail and media industries and due to the high level of specialisation in large parts of their service offering.

In the business segment Air + Ocean, the key competition risks are the unpredictable developments in freight rates. A fall in freight rates can thus result in a reduction in the supply of worldwide sea and air freight capacities 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.

Many customers have launched restructuring measures and rationalisation programs which cause 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. The success of the business segment Solutions depends to a large degree on business performance in the automotive, chemicals and media sectors and to an increasing extent on developments 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 arising from extended payment periods, an increase in overdue receivables and bad debt and unanticipated insolvencies. In individual cases, penalties are contractually agreed 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. These unscheduled price hikes cannot always be passed on to customers immediately and to a full extent. On the other hand, there are risks of an underutilisation of transportation capacities, particularly in the special networks of the business segment Solutions and in the air freight activities of the business segment Air + Ocean, as well as risks connected with logistics premises remaining vacant that were rented to meet business requirements.

Since carriers and logistics companies in Germany, as in previous years, represent one of the sectors with the highest level of insolvencies, there is the risk for the Logwin Group that sub-contractors are not able to provide the agreed services due to insolvency.

When long-term supply agreements are concluded with air and sea freight providers, the Logwin Group may have to pay penalties to the providers when it fails to meet its order targets.

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

#### **Liquidity risks**

The debt crisis in many industrial countries could flare up again, with exceptionally grave consequences for the capital markets. One potential risk for market participants from this scenario is a drastic tightening in the availability of credit and accordingly in the financing options open to them. It is furthermore expected that the increased liquidity provided by the European Central Bank will decrease. These developments 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, financial and earnings situation of the Logwin Group.

The business operations of the Logwin Group as a logistics company require it to use loans, a factoring facility and credit-related forms of finance, for example when renting or leasing infrastructure, transport equipment and other technical equipment and facilities over the short to medium term. Continuing restricted access to means of finance and guaranteed credit lines, insufficient availability of suitable receivables that can be sold 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 metrics. Failure to meet these metrics may constitute a breach of contract under the agreed conditions and may result in premature termination and repayment of the loan. 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.

Engaging in the transportation business on a global scale requires the possibility of guarantees and collateral being provided by generally recognised guarantors, for example to customs and tax authorities and in the process of handling air and ocean transports. 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.

One of the core tasks of the Logwin Group's management is to control the liquidity risk. The current liquidity situation is monitored on a daily basis. Liquidity planning is used to determine future requirements and to analyse on a regular basis whether the Logwin Group is in a position to meet its financial liabilities by the agreed maturity dates. Furthermore, management continually checks that the financial metrics in the covenants are complied with. The Logwin Group also limits its liquidity risk through strict working capital management and financing from various sources of finance. As of December 31, 2012, the Logwin Group had unused credit facilities of 46.0 million euros. The Logwin Group also has at its disposal the possibility to utilise a contractually agreed maximum amount of 45.0 million euros from the factoring facility depending on the volume of receivable sold.

Note 35 on page 68 of the notes provides a maturity analysis of financial liabilities.

**Credit risks**

There are credit risks arising from relationships with customers and banks. Credit risks with customers are, wherever possible, minimised 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 an unforeseen negative impact on earnings if they materialise, 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. Please refer to note 21 on page 52 of the notes to the consolidated financial statements for more information on the extent of loss provisions and the maturity structure of trade accounts receivable.

**Currency risks**

The Logwin Group's worldwide activities mean that a share of its consolidated sales is being generated in non-euro currencies and a corresponding share of assets is also carried in other currencies. As a result, the Group is subject to ongoing currency risks. 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 suitable hedging instruments can also have an adverse effect on the company's economic performance. Taking into account 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, 2012, would have an effect on the Group's net result of +/- 0.1 million euros.

Note 35 of the notes on page 69 contains a list of foreign exchange contracts as of the reporting date.

**Interest risks**

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, unhedged financial liabilities, a change in the rate of interest as of December 31, 2012, by +/- 100 would have an effect on the financial result of +/- 0.2 million euros.

**Legal, regulatory and environmental risks** The Logwin Group performs various customs and sales tax-related processes on behalf of its customers as part of its 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 back-payment of import sales tax of around 16 million euros in connection with customs clearances 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 Finanzsenat (independent tax tribunal) in Salzburg has suspended proceedings pending a decision by the Austrian Supreme Administrative Court in a similar case. As of the reporting date, the risk of a claim is considered to be improbable. Against this background, no provision has been made and no contingent liability has been disclosed in the accompanying 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.

A small number of contractual risks, principally indemnification and tax risks, remain in connection with winding up the business operations sold by the Logwin Group, relating 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 authorisation 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 labour 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 and may impact earnings of the Logwin Group.

Country-specific risks can result, for example, from incoherent interpretation, application and abrupt changes to 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 increasingly become the focal point of measures under environmental and climate 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 groupwide 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. Based on information obtained so far, the Logwin Group does not share the legal opinion of the Austrian Federal Competition Authorities. In its partial decision 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 (ECJ) for a preliminary ruling on legal questions in European law. On February 28, 2013, the advocate general of the ECJ issued her opinion. In this opinion, she did not share the legal interpretation of the Vienna Higher Regional Court (OLG), stating in her conclusion that an undertaking cannot rely on legal advice provided by a lawyer or a decision taken by a national authority in which the crucial legal problem is not addressed, at least not expressly. Once

the ECJ has passed its judgment on the case, which is not expected to differ significantly from the opinion, the Austrian Supreme Court (OG) is expected to refer the case back to the OLG for a renewed taking of evidence, hearing and decision. In this context, it cannot be ruled out that the OLG will decide to impose fines on the members of the forwarding agents' conference (Speditions-sammelkonferenz – SSK). As the Austrian Federal Competition Authority has yet to state any amount in its application for the imposition of fines and it is not possible to make a reliable estimate of any fines and thus of the potential outflow of resources embodying economic benefits, no provision was recognised in the accompanying financial statements, nor was it possible to quantify the 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. In addition, malicious acts such as theft, fraud, disloyalty, misappropriation of payments and corruption as well as misrepresentation in financial accounting hold a high level of potential risk and can result in substantial damage both in material terms and to Logwin's reputation.

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 materialise, they could have could have material negative effects on the net assets, financial situation and earnings position of the Logwin Group.

Even after the impairment performed in 2012, recognised good will of 81.1 million euros is still the largest individual item in the Logwin Group's non-current assets as of December 31, 2012. Prolonged weak or sustained performance weaker than anticipated in individual areas within the Logwin Group involves the risk that additional impairment will have to be recorded for the goodwill recognised in the consolidated balance sheet ("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 recognised deferred taxes, which would have a negative influence on the net assets, financial situation and earnings position of the Logwin Group.

**Risk management system** The Logwin Group has a groupwide risk management system in order to ensure proper company management and to implement a coherent risk policy at 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 the audit 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 summarised 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 decentralised organisational 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 by way of, for instance, 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 unrecognised 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 materialise 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

The Logwin Group expects the euro zone to stabilise in the coming year, even if it cannot yet be assumed that the debt and banking crisis together with its causes have been eliminated. Early indicators suggest a cautious revival in important emerging economies, and as a result stronger growth in world trade is assumed compared with last year. For this reason, a slight improvement in the overall economic conditions is expected for the Logwin Group. The Logwin Group is planning moderate growth in business volumes and consequently in sales for the 2013 financial year and is aiming overall for an increase in its consolidated operating result and in profitability. It is intended to achieve this in particular by improving the earnings situation of the business segment Solutions.

Performance at the business unit Solutions in 2013 is likely to continue to be marked by intense cost and competitive pressures. The measures introduced aimed at increasing efficiency in its operating processes and in its earning power will continue in 2013. In addition to the effects of the above measures, concentration on the systematic development and expansion of business with new and existing customers and the further extension of its retail network should lead to an improvement in its operating results.

Despite a continuing difficult competitive environment, assuming relatively constant sea and air freight prices, the business segment Air + Ocean assumes that sales will climb on the back of increased volumes. In order to be able to implement the planned expansion of its business in all regions, the business segment Air + Ocean is concentrating, among other things, on expanding and professionalising its sales organisation and on gaining new customers. Major challenges for 2013 here include the continued high level of volatility of freight rates and new requirements relating to air freight security.

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 2013 in comparison with the reporting period.

## Supplementary Report

The advocate general of the ECJ issued her opinion in the Austrian cartel proceedings on February 28, 2013. Please refer to the risk report on page 16. No further significant events have occurred between December 31, 2012 and the preparation of the consolidated financial statements by the Board of Directors of Logwin AG on March 5, 2013.

# Consolidated Financial Statements

## Income Statement

	<i>in thousand €</i>	<b>2012</b>	<b>2011</b>	<i>Note/page</i>
Net sales		1,324,593	1,334,885	8/41
Cost of sales		-1,221,874	-1,229,481	9/43
<b>Gross profit</b>		<b>102,719</b>	<b>105,404</b>	
Selling costs		-29,785	-28,404	9/43
General and administrative costs		-56,832	-56,022	9/43
Other operating income		8,705	9,109	10/44
Other operating expenses		-8,621	-8,449	10/44
<b>Operating income before valuation effects</b>		<b>16,186</b>	<b>21,638</b>	
Goodwill impairment		-71,500	-	11/44
Impairment of property, plant and equipment		-4,215	-	12/44
<b>Profit before interest and income taxes (EBIT)</b>		<b>-59,529</b>	<b>21,638</b>	
Finance income		604	828	13/45
Finance expenses		-7,096	-10,236	13/45
<b>Profit before income taxes</b>		<b>-66,021</b>	<b>12,230</b>	
Income taxes		-2,600	-5,181	14/45
<b>Net result</b>		<b>-68,621</b>	<b>7,049</b>	
<b>Attributable to:</b>				
Share holders of Logwin AG		-69,150	6,263	
Non-controlling interests		529	786	
<b>Earnings per share – basic and diluted (in euros):</b>				
<b>Net result attributable to the share holders of Logwin AG</b>		<b>-0.47</b>	<b>0.04</b>	
Weighted average number of shares outstanding		146,257,596	146,257,596	

## Statement of Comprehensive Income

<i>in thousand €</i>	2012	2011	<i>Note/page</i>
<b>Net result</b>	<b>-68,621</b>	<b>7,049</b>	
Unrealised gains/losses on securities, available-for-sale	38	-25	
Unrealised losses on cash flow hedges (interest rate swaps)	-207	-1,027	
Gains/losses on currency translation of foreign operations	327	-514	
Reclassification of currency translation differences into profit or loss	-4	-	
<b>Other comprehensive income that may be reclassified into profit or loss in future periods</b>	<b>154</b>	<b>-1,566</b>	
Actuarial losses on pension provisions and similar obligations	-4,593	-1,595	30/58
Deferred tax effect on actuarial losses	833	344	26/54
<b>Other comprehensive income that may not be reclassified into profit or loss in future periods</b>	<b>-3,760</b>	<b>-1,251</b>	
<b>Other comprehensive income</b>	<b>-3,606</b>	<b>-2,817</b>	
<b>Total comprehensive income</b>	<b>-72,227</b>	<b>4,232</b>	
<b>Attributable to:</b>			
Share holders of Logwin AG	-72,756	3,446	
Non-controlling interests	529	786	

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

## Statement of Cash Flows

<i>in thousand €</i>	<b>2012</b>	<b>2011</b>	<i>Note/page</i>
Profit before income taxes	-66,021	12,230	
Financial result	6,492	9,408	13/45
Profit before interest, and income taxes	-59,529	21,638	
Reconciliation adjustments to operating cash flows:			
Depreciation and amortisation	11,542	12,109	9/43
Result from disposal of fixed assets	-189	672	10/44
Goodwill impairment	71,500	-	11/44
Impairment of property, plant and equipment	4,215	-	12/44
Other	-1,994	-892	
Income taxes paid	-5,898	-4,903	
Interest paid	-3,522	-5,864	
Changes in working capital, cash effective:			
Change in receivables	-4,844	3,560	
Change in payables	14,914	-13,362	
Change in inventories	-176	625	
Net Cash outflow/inflow from utilising the factoring facility	-1,235	7,247	29/57
<b>Operating cash flows</b>	<b>24,784</b>	<b>20,830</b>	
Capital expenditures	-7,276	-8,952	
Proceeds from disposals of consolidated subsidiaries and other business operations, net of cash and cash equivalents	3,138	589	15/46
Proceeds from disposals of non-current assets	760	7,587	
Payments for acquisitions of subsidiaries	-200	-300	
Other cash flows from investing activities	-660	-151	
<b>Investing cash flows</b>	<b>-4,238</b>	<b>-1,227</b>	
<b>Net cash flow</b>	<b>20,546</b>	<b>19,603</b>	
Redemption of corporate bond	-	-65,000	16/46
Proceeds from current loans and borrowings	742	3,877	
Repayment of non-current loans and borrowings	-6,034	-1,709	
Proceeds from non-current loans	-	20,000	29/57
Payment of liabilities from leases	-2,248	-1,950	
Distribution of non-controlling interests	-207	-114	
Other cash flows from financing activities	43	-449	
<b>Financing cash flows</b>	<b>-7,704</b>	<b>-45,345</b>	
Effects of exchange rate changes on cash and cash equivalents	54	-721	
<b>Changes in cash and cash equivalents</b>	<b>12,896</b>	<b>-26,463</b>	
Cash and cash equivalents at the beginning of the year	41,036	67,499	
Change	12,896	-26,463	
<b>Cash and cash equivalents at the end of the period</b>	<b>53,931</b>	<b>41,036</b>	24/53

## Balance Sheet

<b>Assets</b>	<i>in thousand €</i>	<b>Dec. 31, 2012</b>	<b>Dec. 31, 2011</b>	<i>Note/page</i>
Goodwill		81,082	153,093	17/47
Other intangible assets		5,619	6,758	18/50
Property, plant and equipment		55,508	67,317	19/51
Investments		1,182	1,501	
Deferred tax assets		16,463	13,561	26/54
Other non-current assets		1,118	924	
<b>Total non-current assets</b>		<b>160,972</b>	<b>243,154</b>	
Inventories		2,453	2,293	20/52
Trade accounts receivable		150,007	151,185	21/52
Income tax receivables		3,195	3,011	22/53
Other receivables and current assets		21,206	18,472	23/53
Cash and cash equivalents		53,931	41,036	24/53
Assets held for sale		4,616	–	25/54
<b>Total current assets</b>		<b>235,408</b>	<b>215,997</b>	
<b>Total assets</b>		<b>396,380</b>	<b>459,151</b>	

<b>Liabilities and Shareholders' equity</b>	<i>in thousand €</i>	<b>Dec. 31, 2012</b>	<b>Dec. 31, 2011</b>	<i>Note/page</i>
Ordinary shares		131,202	131,202	
Group reserves		–35,650	37,106	
<b>Equity attributable to the shareholders of Logwin AG</b>		<b>95,552</b>	<b>168,308</b>	
Non-controlling interests		2,602	2,280	
<b>Shareholders' equity</b>		<b>98,154</b>	<b>170,588</b>	27/55
Non-current liabilities from leases		17,418	18,827	28/56
Non-current loans and borrowings		16,000	22,034	29/57
Pension provisions and similar obligations		29,260	24,742	30/58
Other non-current provisions		2,408	2,285	31/61
Deferred tax liabilities		197	557	25/54
Other non-current liabilities		1,246	1,536	34/62
<b>Total non-current liabilities</b>		<b>66,529</b>	<b>69,981</b>	
Trade accounts payable		161,704	153,916	
Current liabilities from leases		2,359	2,120	28/56
Current loans and borrowings		10,974	9,749	29/57
Current provisions		10,440	10,466	32/61
Income tax liabilities		2,820	3,532	33/61
Other current liabilities		43,400	38,799	34/62
<b>Total current liabilities</b>		<b>231,697</b>	<b>218,582</b>	
<b>Total liabilities and shareholders' equity</b>		<b>396,380</b>	<b>459,151</b>	

## Statement of Changes in Equity

	Equity attributable to the shareholders of Logwin AG							Total	Non-controlling interests	Total shareholders' equity	Note/ page
				Accumulated other comprehensive income							
	Ordinary shares – voting, non-par value	Capital reserves	Retained earnings	Available-for-sale reserve	Cash flow hedge reserve	Currency translation reserve					
<i>in thousand €</i>											
<b>January 1, 2011</b>	<b>131,202</b>	<b>103,929</b>	<b>-69,202</b>	<b>-86</b>	<b>-</b>	<b>-462</b>	<b>165,381</b>	<b>1,608</b>	<b>166,989</b>		
Net income			6,263				6,263	786	7,049		
Other comprehensive income			-1,251	-25	-1,027	-514	-2,817		-2,817		
<b>Total comprehensive income</b>			<b>5,012</b>	<b>-25</b>	<b>-1,027</b>	<b>-514</b>	<b>3,446</b>	<b>786</b>	<b>4,232</b>		
Compensation of additional paid-in capital reserves and net loss		-11,539	11,539				-		-	27/55	
Acquisition of non-controlling interests (outstanding)			-450				-450		-450		
Distributions							-	-114	-114		
Subsequent costs of capital increase 2010		-69					-69		-69		
<b>December 31, 2011</b>	<b>131,202</b>	<b>92,321</b>	<b>-53,101</b>	<b>-111</b>	<b>-1,027</b>	<b>-976</b>	<b>168,308</b>	<b>2,280</b>	<b>170,588</b>		
<b>January 1, 2012</b>	<b>131,202</b>	<b>92,321</b>	<b>-53,101</b>	<b>-111</b>	<b>-1,027</b>	<b>-976</b>	<b>168,308</b>	<b>2,280</b>	<b>170,588</b>		
Net income			-69,150				-69,150	529	-68,621		
Other comprehensive income			-3,760	38	-207	323	-3,606		-3,606		
<b>Total comprehensive income</b>			<b>-72,910</b>	<b>38</b>	<b>-207</b>	<b>323</b>	<b>-72,756</b>	<b>529</b>	<b>-72,227</b>		
Distributions							-	-207	-207		
<b>December 31, 2012</b>	<b>131,202</b>	<b>92,321</b>	<b>-126,011</b>	<b>-73</b>	<b>-1,234</b>	<b>-653</b>	<b>95,552</b>	<b>2,602</b>	<b>98,154</b>		

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

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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, 2012, were authorised for issue by resolution of its Board of Directors on March 5, 2013, 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, specialised 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 note 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 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), as adopted by the EU, have been applied.

### 3 General principles of accounting and valuation

The financial statements of the subsidiaries are prepared using uniform accounting and valuation methods and the same reporting 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” or the “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 67 foreign companies as of December, 31 (2011: two domestic and 76 foreign companies).

#### 4 Consolidation principles

The consolidated entities including Logwin AG have developed as follows:

	Dec. 31, 2011	Additions	Disposals	Dec. 31, 2012
Luxembourg	3	-	-	3
Germany	22	-	3	19
Other countries	54	-	6	48
<b>Total</b>	<b>79</b>	<b>-</b>	<b>9</b>	<b>70</b>

Disposals relate to two companies of business segment Air + Ocean and five companies of business segment Solutions. Two additional companies were allocated to the central corporate division until their disposal. One of the nine companies that were disposed of was sold; the other companies were merged within the Group or are no longer included within the scope of consolidation due to their marginal significance. Comparability with the previous year is not impaired by this change.

Please refer to page 75 for a list of significant affiliates.

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 no longer included in the consolidated financial statements when the parent company loses control over the subsidiary.

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, within equity in the consolidated balance sheet, and in the statement of changes in equity.

## 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 regulation that had to be adopted for the first time for the 2012 financial year:

Standard/Interpretations			Mandatory adoption (in the EU) for the annual period beginning on or after	Endorsement
Amendment	IFRS 7	Financial Instruments: Disclosures/ Transfer of Financial Assets	Jul. 1, 2011	Yes

The first-time adoption by the Logwin Group resulted in no effects on accounting and valuations. The amendment to IFRS 7 “Financial Instruments: Disclosures – Transfer of Financial Assets” however requires additional information to be given about a possible continuing involvement in the reporting year in the case of transferred and derecognised financial assets. In this context, the Logwin Group has extended the information disclosed in the Notes for existing factoring. Please also refer to note 7 “Summary of significant accounting policies”.

Moreover, the IASB and the IFRIC have issued the following new or revised accounting regulations whose adoption was not yet compulsory in the 2012 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 exercised the option to voluntarily and prematurely adopting the amendment to IAS 1 “Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income” and has applied the corresponding rules prematurely in the 2012 financial year for the sake of improved clarity and greater relevance to decision-making. In this context, the presentation of the statement of changes in equity was also changed in comparison to the previous year.

Standard/Interpretations			Mandatory adoption (in the EU) for the annual period beginning on or after	Endorsement
Amendment	IAS 1	Presentation of Financial Statements/ Presentation of Items of Other Comprehensive Income	Jul. 1, 2012	Yes
Amendment	IAS 12	Income Taxes/Deferred Tax: Recovery of Underlying Assets	Jan. 1, 2013*	Yes
Amendment	IAS 19	Employee Benefits/ Various amendments	Jan. 1, 2013	Yes
Revised standard	IAS 27	Separate Financial Statements (rev. 2011)	Jan. 1, 2014*	Yes
Revised standard	IAS 28	Investments in Associates and Joint Ventures (rev. 2011)	Jan. 1, 2014*	Yes
Amendment	IAS 32	Financial Instruments: Presentation/ Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2014	Yes
Amendment	IFRS 1	First-time Adoption of IFRSs/ Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	Jan. 1, 2013*	Yes
Amendment	IFRS 1	First-time Adoption of IFRSs/ Government Loans	Jan. 1, 2013	No
Amendment	IFRS 7	Financial Instruments: Disclosures/ Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2013	Yes
New standard	IFRS 9	Financial Instruments	Jan. 1, 2015	No
Amendment	IFRS 9 IFRS 7	Financial Instruments Financial Instruments: Disclosures/ Mandatory Effective Date and Transition Disclosures	Jan. 1, 2015	No
New standard	IFRS 10	Consolidated Financial Statements	Jan. 1, 2014*	Yes
New standard	IFRS 11	Joint Arrangements	Jan. 1, 2014*	Yes
New standard	IFRS 12	Disclosures of Interests in Other Entities	Jan. 1, 2014*	Yes
Amendment	IFRS 10 IFRS 11 IFRS 12	Transition Guidance	Jan. 1, 2013	No
Amendment	IFRS 10 IFRS 12 IAS 27	Investment Entities	Jan. 1, 2014	No
New standard	IFRS 13	Fair Value Measurement	Jan. 1, 2013	Yes
Amendment	diverse	Improvements to IFRSs 2009 to 2011	Jan. 1, 2013	No
New interpretation	IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Jan. 1, 2013	Yes

\* The effective date was changed for EU companies in comparison to the original standard.

These new or amended accounting rules are likely to have the following effects for the future consolidated financial statements of the Logwin Group:

The amendment to IAS 1 “Presentation of Financial Statements” relates to the presentation of other comprehensive income. The main effect is that the Logwin Group divides the constituent components of other comprehensive income into those constituent components that will not be reclassified in future reporting periods to profit or loss and those which in future may be reclassified. The amendment relates only to the presentation of the consolidated financial statements and was already applied by the Logwin Group in the 2012 financial year.

The revised standard IAS 19 “Employee Benefits” will in future have an effect on the net benefit expense since the return on plan assets must be calculated using the same rate of interest that is used for discounting defined benefit obligations. The Logwin Group will adopt the revised regulations for the first time for the financial year beginning on January 1, 2013.

The adoption of IFRS 9 “Financial Instruments” will entail an examination of the classification of financial instruments used so far and may lead to reallocation. The IASB intends to extend IFRS 9 to include the derecognition of financial instruments, impairments and hedge accounting.

IFRS 12 “Disclosure of Interests in Other Entities” will in future provide standard rules governing disclosure obligations for shares in subsidiaries (previously regulated in IAS 27), in jointly controlled entities and associates (previously IAS 31 and IAS 28) as well as non-consolidated structured entities. The standard defines a range of disclosures that are likely to have an effect in the consolidated financial statements for annual reporting periods beginning on January 1, 2014.

IFRS 13 “Fair Value Measurement” specifies standard guidelines for determining fair value and defines additional disclosures that must be made. The new regulations may have an effect on the Logwin Group in the form of extended disclosure obligations.

Based on current information, no material effects on future reporting of the Logwin Group are expected from other new and amended regulations.

The preparation of financial statements requires management to make certain estimates and assumptions and hence accounting judgements that affect the amounts of assets and liabilities recognised at the end of the reporting period and the income and expense items for 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 sub-sequent financial years.

## 6 Significant accounting judgements and estimates

Uncertainties exist in connection with 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 capitalised goodwill as of December 31, 2012 amounted to 81.1 million euros (2011: 153.1 million euros). We refer to the explanations in note 17 “Goodwill”.

Additional estimates are required in actuarial calculations of the value of pension provisions and similar obligations with regard to the assumptions used. Their carrying amount as of December 31, 2012 is 29.3 million euros (2011: 24.7 million euros). Please refer to note 30 “Pension provisions and similar obligations”.

Estimates have also had to be made with regard to the recognition of deferred tax assets 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 end of the reporting period is 16.5 million euros (2011: 13.6 million euros). Please refer to note 26 “Deferred taxes”.

Assumptions also have to be made with regard to the useful life of property, plant and equipment and their recoverability has to be assessed for accounting purposes. 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 inventories is also necessary. Management must assess to what extent the significant risks and rewards are transferred to the factoring company in order to report receivables sold in the course of factoring appropriately in the balance sheet. Please refer to note 7, “Summary of significant accounting policies” for information on the reporting of factoring in the consolidated financial statements.

The distinguish between finance leases and operating leases, it must be assessed to what extend benefits and burdens 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 judgements also include the decision as to whether development costs meet the conditions for capitalisation as internally generated intangible assets, in particular software.

Furthermore, it is necessary for management to assess the situation for the antitrust case in which three Austrian Logwin companies are involved and the customs law case involving 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 comments in note 37, “Contingent liabilities”.

## 7 Summary of significant accounting policies

### Foreign currency translation

The consolidated financial statements are presented in euros, which is Logwin AG’s functional currency and the Group’s reporting 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 previously included in the scope of consolidation, the cumulative amount reported in equity relating to that particular foreign operation is recognised in profit or loss 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		
	2012	2011	Dec. 31, 2012	Dec. 31, 2011	
1 EUR =					
Australian Dollar	AUD	1.2413	1.3482	1.2692	1.2723
Brazilian Real	BRL	2.5098	2.3259	2.6928	2.4159
Swiss Franc	CHF	1.2053	1.2340	1.2080	1.2156
Chinese Renminbi Yuan	CNY	8.1092	8.9961	8.2172	8.1588
British Pound	GBP	0.8111	0.8678	0.8170	0.8353
Hong Kong Dollar	HKD	9.9723	10.8340	10.2191	10.0510
Polish Zloty	PLN	4.1844	4.1187	4.0809	4.4580
US Dollar	USD	1.2856	1.3917	1.3183	1.2939
South African Rand	ZAR	10.5552	10.0930	11.2211	10.4830

### 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 to all 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, the acquisition costs for the additional shares are offset against the non-controlling interests to be derecognised.

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.

### **Revenue recognition**

The Logwin Group generates sales from its business segments by providing logistics and service solutions for industry and commerce. Sales are recognised net of sales deductions such as at the time they have materialised 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.

Sales in the business segment Air + Ocean and in the functional unit Transport and Retail Networks of the business segment Solutions are primarily generated through the purchase of transportation services from carriers and the sale of combined logistics services to customers. Sales are realised from transportation services in accordance with the terms of the contract of transportation. The functional unit Logistics and Warehousing of the businesses segment Solutions additionally generates sales from distribution and storage based on customer contracts. Sales are realised when the customer calls upon the service.

When a contract with a customer has already been performed but not yet invoiced, an accrual is made for the agreed revenue and provisions for the costs are recognised where necessary. These accruals are based on analyses of existing contractual obligations and the experience of the Group.

For business transactions which do not themselves generate revenue but which are conducted in connection with the principal sales activities, all income is set off against the associated expenses 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.

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

### **EBIT and EBITA**

A core measure of earnings for the Logwin Group is EBIT (earnings before interest and income taxes). It results from net sales less cost of sales as well as selling, general and administrative costs. It also includes other operating expenses and income, measurement effects on non-current assets and impairment losses on goodwill. EBITA (earnings before interest, income taxes and amortisation) is calculated from EBIT plus impairment losses on goodwill.

### **Earnings per share**

Earnings per share are calculated as a ratio of the net result for the period attributable to shareholders of Logwin AG to the weighted average number of shares outstanding. A dilution would arise if the result were reduced by possible shares from options and conversion rights. No such rights exist with regard to the shares of Logwin AG.

### **Cash-flow statement**

The Net cash flow in the Logwin-Group is defined as the sum of the operating cash flows and investing cash flows.

### **Intangible assets**

Intangible assets acquired separately are measured at cost on initial recognition. The acquisition costs of intangible assets acquired in a business combination is the fair value as of the date of acquisition. Internally generated intangible assets are capitalised provided they meet the criteria for capitalisation and the costs incurred exceed the materiality threshold. Otherwise costs are recognised in income in the period in which they incurred. Subsequent measurement is performed at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisation 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. Amortisation of intangible assets with finite useful lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. Capitalised intangible assets are amortised over an economic useful life of between three and ten years.

Gains and losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement under other operating income or other operating expenses when the asset is disposed of.

### **Property, plant and equipment**

Property, plant, and equipment are 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 recognised in the income statement in the expense category consistent with the function of the asset.

An item of property, plant, and equipment is derecognised 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 recognised in the period the item is derecognised under other operating income or other operating expenses.

### **Assets held for sale**

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.

### **Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired (please see also note 6 “Significant accounting judgements and estimates”). An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell 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. Where impairment losses on property, plant and equipment or intangible assets have a material impact on the earnings position of the Logwin Group, these are reported in a separate item on the income statement. Impairment losses on trade accounts receivable are reported in selling costs.

An assessment is made at each reporting date as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is determined. A previously recognised 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 recognised. The increased carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised 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 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 recognised in cases where the recoverable amount of the cash-generating unit is less than the carrying amount. Impairment losses on goodwill may not be reversed if the reasons for the impairments cease to 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 recoverable amount of the cash-generating unit retained.

#### **Inventories**

Inventories are stated at the lower of cost or net realisable value using the moving average method. Risks resulting from slow-moving items and from the obsolescence of inventories, as well as potential losses from pending supply agreements are reflected by writing down inventory items to their net realisable 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 tax assets 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 recognised in equity, the creation or reversal of deferred taxes is also recognised 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 trade tax depending 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 relevant group company into account.

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, cheques and short-term deposits. Cash and cash equivalents are liquid assets with an original maturity of up to three months.

### **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 recognised on the settlement date at fair value, plus transaction costs where applicable. All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, bonds are subsequently measured at amortised cost using the effective interest method, interest-bearing loans are carried at the repayment amount. Gains and losses are recognised in the income statement when the liabilities are derecognised and through the amortisation 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 classification of its financial assets and financial liabilities when they are initially recognised and reviews this categorisation 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	Realised and unrealised gains and losses are recognised in the income statement
Held-to-maturity investments	Amortised cost	Changes in value are not recognised in the income statement until the date of maturity. Recognised in profit or loss where the fair value falls below the carrying amount for a sustained period of time or to a significant extent (impairment) for reasons of credit quality
Loans and receivables	Amortised cost	When bad-debt risks are identified, value adjustments are performed on separate impairment accounts both on a case by case basis and in groups defined according to due dates (Incurred loss modell). Derecognition is performed when uncollectible
Available-for-sale	Fair value (if this can be reliably determined) or amortised cost	Changes in value are always recognised in equity and transferred from equity to profit or loss 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	Realised and unrealised gains and losses are recognised in the income statement.
At amortised cost	Amortised cost	Impairments are recognised in profit or loss immediately

The group did not designate any financial assets or liabilities at fair value through profit or loss upon initial recognition. No reclassifications were effected between the categories during the 2012 financial year.

Financial assets are classified as held for trading when they are purchased for the purpose of sale or repurchase in the near future. Derivatives embedded in underlying contracts are accounted for separately and reported at fair value if their economic characteristics and risks are not closely related to those of the underlying contract and the underlying contracts were not designated as held for trading or at fair value. The Logwin Group examines key contracts when they are concluded with respect to embedded derivatives.

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.

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

### **Hedge accounting**

The Logwin Group uses derivative financial instruments to hedge its interest rate risk. Cash flow hedges are used to hedge the risk arising from fluctuations in future cash outflows on assets or liabilities reported in the balance sheet or expected, highly probable future transactions which have to impact on profit or loss. Changes in the value of hedging instruments relating to the effective portion are recognised in equity with no effect on profit or loss. Ineffective portions are recognised in income. The underlying measurement of effectiveness is performed at each reporting date of published financial statements. The amounts recognised in equity are transferred to the income statement when the hedged transaction affects the net result, for example when hedged interest income or expenses are recognised.

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 determine the effectiveness retrospectively.

In the 2012 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 provides a facility which Logwin can use up to the agreed limit in return for the sale of trade accounts receivable. If the facility is not used or only partially used, receivables sold are stated in the balance sheet as trade accounts receivable. To the extent that the factoring facility is used, the 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 39.15 et seq. in conjunction with IAS 39.AG36. Accordingly, cash flows resulting from using the facility are reported as operating cash flow in the line "Cash inflow/outflow from utilising the factoring facility". There are no material payment obligations to be expected from continuing involvement. There are no obligations to repurchase receivables.

### **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 rewards incidental to ownership of the leased item, are capitalised 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, capitalised leased assets are depreciated over the shorter of the term of the lease or its useful life.

Operating lease payments are recognised in the income statement as an expense over the lease term within the respective functional area.

### **Provisions**

Provisions are recognised 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. They are recognised in the amount of the probable utilisation. Provisions with an expected residual term of more than one year are recognised 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”. Pension obligations 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 recognises future increases in benefits based on the development of salaries and pensions. The service costs are reported under operating expenses and the unwinding of the discount is included in the financial result. In accordance with IAS 19.93A, gains and losses resulting from changes in actuarial assumptions are recognised 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. Where there are plan assets, the pension provisions are calculated by setting off these assets and the present value of the defined benefit obligation (so-called “funding status”).

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

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

## 8 Segment reporting

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.

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 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 before valuation effects. This ratio is defined as earnings before interest, taxes and special items such as impairment on non-current assets or goodwill and restructuring costs, as long as they have a material 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, 2012 and 2011.

2012	<i>in thousand €</i>				
	Solutions	Air + Ocean	Other	Consolidation	Group
External sales	688,837	631,193	4,563	-	1,324,593
Intersegment sales	3,126	2,055	3,476	8,657	-
<b>Net sales</b>	<b>691,963</b>	<b>633,248</b>	<b>8,039</b>	<b>-8,657</b>	<b>1,324,593</b>
<b>Operating income before valuation effects</b>	<b>-2,242</b>	<b>25,317</b>	<b>-6,889</b>	<b>-</b>	<b>16,186</b>
Goodwill impairment	-71,500	-	-	-	-71,500
Impairment of property, plant and equipment	-3,613	-	-602	-	-4,215
<b>Profit before interest and income taxes (EBIT)</b>	<b>-77,355</b>	<b>25,317</b>	<b>-7,491</b>	<b>-</b>	<b>-59,529</b>
Financial result					-6,492
Income taxes					-2,600
<b>Net result</b>					<b>-68,621</b>
<b>Balance sheet</b>					
Segment assets	161,247	143,301	14,424	-	318,972
Unallocated assets					77,408
<b>Total consolidated assets</b>					<b>396,380</b>
Segment liabilities	116,506	109,761	21,707	-	247,974
Unallocated liabilities					50,252
<b>Total consolidated liabilities</b>					<b>298,226</b>
2011	<i>in thousand €</i>				
	Solutions	Air + Ocean	Other	Consolidation	Group
External sales	712,651	614,672	7,562	-	1,334,885
Intersegment sales	4,316	3,737	4,907	-12,960	-
<b>Net sales</b>	<b>716,967</b>	<b>618,409</b>	<b>12,469</b>	<b>-12,960</b>	<b>1,334,885</b>
<b>Operating income (EBIT)</b>	<b>3,466</b>	<b>24,854</b>	<b>-6,682</b>	<b>-</b>	<b>21,638</b>
Financial result					-9,408
Income taxes					-5,181
<b>Net result</b>					<b>7,049</b>
<b>Balance sheet</b>					
Segment assets	239,646	140,878	16,170	-	396,694
Unallocated assets					62,457
<b>Total consolidated assets</b>					<b>459,151</b>
Segment liabilities	105,390	104,674	21,196	-	231,260
Unallocated liabilities					57,303
<b>Total consolidated liabilities</b>					<b>288,563</b>

### Information according to geographical areas

The tables below present geographic information on net sales and non-current assets for the financial years 2012 and 2011.

<i>in thousand €</i>	2012		2011	
Germany	699,860	53%	740,863	56%
Austria	192,781	14%	179,364	13%
Other EU	115,907	9%	117,840	9%
Asia, Pacific Region	235,307	18%	211,910	16%
Other	80,738	6%	84,908	6%
<b>Total net sales</b>	<b>1,324,593</b>	<b>100 %</b>	<b>1,334,885</b>	<b>100 %</b>

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

<i>in thousand €</i>	2012		2011	
Germany	41,098	67%	51,188	69%
Austria	8,077	13%	8,740	12%
Other EU	8,083	14%	10,362	14%
Asia, Pacific Region	2,530	4%	2,601	3%
Other	1,339	2%	1,184	2%
<b>Total fixed assets</b>	<b>61,127</b>	<b>100 %</b>	<b>74,075</b>	<b>100 %</b>

Non-current 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>	2012	2011
Purchased services	-927,631	-926,156
Materials and supplies	-12,354	-12,096
Personnel expenses	-238,501	-240,098
Operating lease expenses	-54,913	-56,978
Depreciation and amortisation	-11,542	-12,109
Sundry expenses	-63,550	-66,470
<b>Total cost of sales, selling, general and administrative costs</b>	<b>-1,308,491</b>	<b>-1,313,907</b>

### 9 Expenses by nature

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

## 10 Other operating income and expenses

<i>in thousand €</i>	2012	2011
Foreign exchange gains	5,517	5,688
Gains from disposal of non-current assets	686	803
Sundry income	2,502	2,618
<b>Other operating income</b>	<b>8,705</b>	<b>9,109</b>

<i>in thousand €</i>	2012	2011
Foreign exchange losses	-5,760	-6,319
Loss from disposal of non-current assets	-497	-1,475
Sundry expenses	-2,364	-655
<b>Other operating expenses</b>	<b>-8,621</b>	<b>-8,449</b>

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

<i>in thousand €</i>	2012	2011
Foreign exchange gains	5,517	5,688
Foreign exchange losses	-5,760	-6,319
<b>Foreign exchange effects, net</b>	<b>-243</b>	<b>-631</b>

## 11 Goodwill impairment

Owing to the result for the first six months achieved by the business segment Solutions, which was below the result for the previous year, an impairment test was performed for the goodwill recognised on the balance sheet for the business segment Solutions as of June 30, 2012.

The goodwill allocated to the business segment Solutions was again tested for impairment as of December 31, 2012 due to events that occurred in the fourth quarter of 2012 and came to the Group's attention in the first few weeks of the 2013 financial year, especially the reassessment of certain business activities. This test resulted in an additional impairment of 18.5 million euros.

Please refer to note 17 "Goodwill".

## 12 Impairment of property, plant and equipment

In the course of the reclassification of a plot of land as a non-current asset held for sale, this property was measured at fair value less cost to sell. Please also refer to note 25 "Non-current assets held for sale". This resulted in an impairment loss of TEUR 602 in the 2012 financial year.

Furthermore, owing to the renegotiation of a logistics agreement and a change in circumstances, impairment losses were recorded amounting to TEUR 3,013 relating to two German logistics properties that are allocated to the business segment Solutions. To this end, the value in use of each developed property was determined based on the planned cash flows of the location over the probable useful life. Discounting was performed using

a rate of interest after taxes of 5.9% and 6.6% respectively. A further European logistics property was written down to its fair value less costs to sell. This resulted in an impairment loss of TEUR 600.

The following table shows the composition of the financial result in the financial years 2012 and 2011:

### 13 Financial result

<i>in thousand €</i>	2012	2011
Finance income	604	828
Finance expenses	-7,096	-10,236
<b>Financial result</b>	<b>-6,492</b>	<b>-9,408</b>

Finance expenses include the following items:

<i>in thousand €</i>	2012	2011
Interest on bond	-	-2,383
Interest expenses from bank accounts	-1,984	-2,090
Interest expenses from finance lease	-776	-823
Interest expenses from discounting non-current provisions	-1,285	-1,309
Other interest expenses	-1,497	-1,331
Other finance expenses	-1,554	-2,300
<b>Finance expenses</b>	<b>-7,096</b>	<b>-10,236</b>

Other interest expenses include guarantee commissions and factoring interest. Other finance expenses include foreign exchange effects from group financing. In the previous year, this item also included expenses from the amortisation and derecognition of the issuing costs of the corporate bond amounting to TEUR 817. Please refer to note 16 "Repayment of the corporate bond".

Tax expenses for the Logwin Group are as follows:

### 14 Income taxes

<i>in thousand €</i>	2012	2011
Current income taxes	-5,033	-3,616
Deferred income taxes	2,433	-1,565
<b>Total income taxes</b>	<b>-2,600</b>	<b>-5,181</b>

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

<i>in thousand €</i>	<b>2012</b>	<b>2011</b>
<b>Profit before income taxes</b>	<b>-66,021</b>	<b>12,230</b>
<b>Expected income taxes (tax rate 30,38 %)</b>	<b>20,057</b>	<b>-3,715</b>
Non-deductible goodwill impairment	-21,721	-
Foreign tax rate differential	1,042	951
Expenses not deductible for tax purposes	-1,321	-1,398
Tax effects relating to prior periods	-99	879
Change in valuations and effects from not recognising deferred tax assets	-550	-1,854
Other taxation effects	-8	-44
<b>Total income tax expenses</b>	<b>-2,600</b>	<b>-5,181</b>

## Notes to the Cashflow Statement

### 15 Proceeds from disposals of consolidated subsidiaries

Proceeds from the sale of consolidated subsidiaries include the cash inflow from a deferred purchase price claim relating to the sale of a subsidiary in previous years and cash received for the sale of a subsidiary in the 2012 financial year. The assets and liabilities of the subsidiary that were sold included TEUR 267 in cash and cash equivalents.

### 16 Redemption of 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, with available cash, with a capital increase in November 2010, with a non-current bank loan and by utilising the existing factoring facility. Bond issuance expenses in the amount of TEUR 4,972 were amortised over the original term of the bond using the effective interest rate method. The issuance expenses not yet amortised at the date of redemption were recognised in finance expenses in 2011.

## Notes to the Balance Sheet

### 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 has been allocated to the business segments as follows:

### 17 Goodwill

<i>in thousand €</i>	Dec. 31, 2012	Dec. 31, 2011
Solutions	35,645	107,597
Air + Ocean	45,437	45,496
<b>Goodwill</b>	<b>81,082</b>	<b>153,093</b>

<i>in thousand €</i>	Goodwill
Acquisition cost	227,246
Accumulated impairment	-73,857
<b>Carrying amount as of Jan. 1, 2011</b>	<b>153,389</b>
Currency differences	81
Disposals	-377
<b>Carrying amount as of Dec. 31, 2011</b>	<b>153,093</b>
Acquisition cost	226,950
Accumulated impairment	-73,857
<b>Carrying amount as of Jan. 1, 2012</b>	<b>153,093</b>
Impairment	-71,500
Currency differences	-59
Disposals	-452
<b>Carrying amount as of Dec. 31, 2012</b>	<b>81,082</b>
Acquisition cost	226,439
Accumulated impairment	-145,357

### Goodwill impairment testing

As in the prior year, the Logwin Group used September 30 as the reference date for its annual goodwill impairment test in the 2012 financial year, which covered all goodwill recognised by the Group. Events-triggered impairment tests as of June 30, 2012 and December 31, 2012 became necessary for the goodwill related to the business segment Solutions as there were indications of potential impairment.

For the purpose of the goodwill impairment test, the recoverable amount of the cash-generating unit was determined on the basis of the calculation of the value in use using cash flow forecasts that are based on financial planning covering a period of at maximum five years. The financial planning is based on the business plans of the business segments.

The cash flow forecasts are based on the following underlying assumptions:

- Budgeted sales growth rates: the anticipated growth rates of the respective industries 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.

#### **Events-triggered impairment test of Solutions as of June 30, 2012**

Owing to the weak result for the first six months of 2012 achieved by the business segment Solutions, an impairment test was performed for the goodwill recognised on the balance sheet for the business segment Solutions as of June 30, 2012. The result of the impairment test meant that it was necessary to report an impairment of 53.0 million euros.

The calculation of the value in use is based on the following assumptions:

The business plan of the segment Solutions forecast an EBIT margin of 2.6% for the last planning year, which is the same level as in the previous year (September 30, 2011: 2.6%). In contrast to the approach used in the previous year, the average EBIT margin of 2011 (actual) through to 2015 (plan) was taken as the sustainable EBIT margin when calculating the perpetual annuity to reflect the realisation risk regarding the business plan of the business segment Solutions. As of June 30, 2012 this resulted in a sustainable EBIT margin of 1.5% (September 30, 2011: 2.6%). Without changing this accounting estimate, there would have been no impairment at June 30, 2012.

The cash flows of the cash-generating unit Solutions beyond the five-year period were extrapolated using a growth rate of 0.75% (September 30, 2011: 1.5%). The growth rate was reduced in order to take account of current uncertainties about the overall economic situation.

The discount rate after tax used for the cash flow forecasts decreased from 7.6% as of September 30, 2011 to 7.0% as of June 30, 2012 owing to lower levels of interest in the euro area. This corresponds to an interest rate before tax of 10.0% (September 30, 2011: 10.1%).

#### **Annual impairment test of Logwin Group as of September 30, 2012**

The annual impairment test for the entire goodwill was carried out as of September 30, 2012. The assumptions used for the business segment Solutions as of June 30, 2012 remained largely unchanged. A sustainable EBIT margin of 3.1% (September 30, 2011: 3.7%) and a growth rate of 1.5% (unchanged on the prior year) were used for the business segment Air + Ocean. The cash flows were discounted using a discount rate of 6.6% after tax (September 30, 2011: 7.6%). This corresponds to an interest rate of 8.8% to 9.4% before tax (September 30, 2011: 10.1%). No further impairment of goodwill resulted from this impairment test.

### **Events-triggered impairment test of Solutions as of December 31, 2012**

The short and medium-term budgets for the business segment Solutions needed to be revised due to events that occurred in the fourth quarter of 2012 and came to the Group's attention in the first few weeks of the 2013 financial year, especially the reassessment of certain business activities. This necessitated another assessment of the goodwill related to the business segment Solutions. The impairment test performed as of December 31, 2012 resulted in an additional impairment of 18.5 million euros.

The revised business plan foresees an EBIT margin of 2.2% for the last planning year. The average EBIT margin of 2012 (actual) through to 2016 (plan) was taken as the sustainable EBIT margin amounting to 1.35% to calculate the perpetual annuity. Beyond the five-year period the growth rate was assumed unchanged at 0.75%.

The expected cash flows were discounted using a discount rate of 7.3% after tax, which is equivalent to an interest rate of 10.5% before tax.

Assuming that all other factors remained constant, an increase in the discount rate of 0.1% would result in an additional impairment of the goodwill assigned to the business segment Solutions of 1.0 million euros. Provided that all other circumstances remained the same, a reduction in the sustainable EBIT margin from 1.35% to 1.25% used for the cash flow forecast for the business segment Solutions would result in an additional impairment of goodwill of 5.7 million euros. Both effects occurring together would result in an additional impairment of 6.6 million euros.

## 18 Other intangible assets

Amortisation on intangible assets of TEUR 964 is included in cost of sales (2011: TEUR 1,313). A further TEUR 70 (2011: TEUR 37) relates to selling costs and TEUR 1,993 (2011: TEUR 1,985) to general and administrative costs.

<i>in thousand €</i>	<b>Software, concessions and other licenses</b>	<b>Customer contracts acquired</b>	<b>Total</b>
Acquisition cost	45,765	18,225	<b>63,990</b>
Accumulated amortisation	-38,067	-18,195	<b>-56,262</b>
<b>Carrying amount as of Jan. 1, 2011</b>	<b>7,698</b>	<b>30</b>	<b>7,728</b>
Currency differences	-35	-	<b>-35</b>
Additions	2,552	-	<b>2,552</b>
Disposals	-151	-	<b>-151</b>
Amortisation	-3,336	-	<b>-3,336</b>
<b>Carrying amount as of Dec. 31, 2011</b>	<b>6,728</b>	<b>30</b>	<b>6,758</b>
Acquisition cost	47,393	18,226	<b>65,619</b>
Accumulated amortisation	-40,666	-18,195	<b>-58,861</b>
<b>Carrying amount as of Jan. 1, 2012</b>	<b>6,728</b>	<b>30</b>	<b>6,758</b>
Currency differences	22	-	<b>22</b>
Change in scope of consolidation	-15	-	<b>-15</b>
Additions	1,900	-	<b>1,900</b>
Disposals	-20	-	<b>-20</b>
Amortisation	-2,996	-30	<b>-3,026</b>
<b>Carrying amount as of Dec. 31, 2012</b>	<b>5,619</b>	<b>-</b>	<b>5,619</b>
Acquisition cost	45,446	18,226	<b>63,672</b>
Accumulated amortisation	-39,827	-18,226	<b>-58,053</b>

Cost of sales includes depreciation on property, plant and equipment of TEUR 6,909 (2011: TEUR 7,442), while selling costs include depreciation on property, plant and equipment of 252 TEUR (2011: TEUR 194) and general and administrative costs include depreciation on property, plant and equipment of TEUR 1,354 (2011: TEUR 1,137.)

## 19 Property, plant and equipment

<i>in thousand €</i>	Land and buildings	Machinery and equipment	Tools, fixtures, furniture and office equipment	Vehicle fleet	Construction in progress	Total
Acquisition cost	119,959	39,863	46,110	20,428	61	226,421
Accumulated depreciation and impairment losses	-62,709	-33,263	-37,616	-17,572	-	-151,160
<b>Carrying amount as of Jan. 1, 2011</b>	<b>57,250</b>	<b>6,600</b>	<b>8,494</b>	<b>2,856</b>	<b>61</b>	<b>75,261</b>
Currency differences	-321	92	-344	-31	-	-604
Additions	927	1,177	4,156	1,003	451	7,714
Change in scope of consolidation						
Transfers	41	-7	7	19	-60	-
Disposals	-5,535	-118	-228	-397	-2	-6,280
Depreciation	-2,727	-1,480	-3,433	-1,133	-	-8,773
<b>Carrying amount as of Dec. 31, 2011</b>	<b>49,635</b>	<b>6,264</b>	<b>8,652</b>	<b>2,316</b>	<b>450</b>	<b>67,317</b>
<i>Thereof attributable to finance leases</i>	<i>14,488</i>	<i>1,315</i>	<i>731</i>	<i>524</i>	<i>-</i>	<i>17,058</i>
Acquisition cost	110,253	38,876	46,481	17,648	450	213,708
Accumulated depreciation and impairment losses	-60,618	-32,612	-37,829	-15,332	-	-146,391
<b>Carrying amount as of Jan. 1, 2012</b>	<b>49,635</b>	<b>6,264</b>	<b>8,652</b>	<b>2,316</b>	<b>450</b>	<b>67,317</b>
Currency differences	155	24	85	5	-	269
Change in scope of consolidation	-	-6	-68	-	-	-74
Additions	799	1,178	2,715	819	370	5,881
Transfers	-760	1,251	63	5	-559	-
Disposals	-292	-1	-116	-130	-	-539
Depreciation	-2,565	-1,588	-3,547	-815	-	-8,515
Impairment losses	-4,109	-106	-	-	-	-4,215
Reclassification as held for sale	-4,616	-	-	-	-	-4,616
<b>Carrying amount as of Dec. 31, 2012</b>	<b>38,247</b>	<b>7,016</b>	<b>7,784</b>	<b>2,200</b>	<b>261</b>	<b>55,508</b>
<i>Thereof attributable to finance leases</i>	<i>12,225</i>	<i>763</i>	<i>703</i>	<i>876</i>	<i>-</i>	<i>16,079</i>
Acquisition cost	102,307	38,364	44,282	16,495	261	201,709
Accumulated depreciation and impairment losses	-64,060	-31,348	-36,498	-14,295	-	-146,201

Property, plant and equipment with a carrying amount of TEUR 7,783 (2011: TEUR 14,054) is mortgaged to secure loans. The underlying liabilities valued at TEUR 408 as of December 31, 2012 (2011: TEUR 5,548).

## 20 Inventories

Inventories primarily include fuel, vehicle spare parts and tires with a value of TEUR 2,453 (2011: TEUR 2,293). No inventories were pledged.

In the reporting period inventories of TEUR 12,354 were recognised as an expense (2011: TEUR 12,096).

## 21 Trade accounts receivable

<i>in thousand €</i>	Dec. 31, 2012	Dec. 31, 2011
<b>Trade accounts receivable</b>	<b>127,281</b>	<b>127,430</b>
Less allowance for doubtful accounts	-2,986	-3,861
<b>Trade accounts receivable, net</b>	<b>124,295</b>	<b>123,569</b>
Trade accounts receivable from factoring	25,712	27,616
<b>Total trade accounts receivable</b>	<b>150,007</b>	<b>151,185</b>

The allowances changed as follows:

<i>in thousand €</i>	2012	2011
<b>January 1</b>	<b>-3,861</b>	<b>-4,169</b>
Currency differences	-62	135
Additions	-1,371	-1,719
Utilisation	1,225	734
Reversals	895	1,158
Change in the scope of consolidation	188	-
<b>December 31</b>	<b>-2,986</b>	<b>-3,861</b>

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

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

<i>in thousand €</i>	Dec. 31, 2012	Dec. 31, 2011
<b>Ageing structure</b>		
not overdue	95,890	96,137
< 10 days	18,505	15,876
11-30 days	5,820	5,597
31-90 days	3,424	4,530
91-180 days	608	1,320
181-360 days	48	109
> 360 days	-	-

As of December 31, 2012, trade accounts receivable of the Logwin Group not sold to the factoring company in the amount of TEUR 30,919 (2011: TEUR 28,834) were secured by credit insurance. Secured receivables are subject to a deductible of 20%.

As of December 31, 2012, income tax receivables of TEUR 3,195 (2011: TEUR 3,011) include tax refunds from corporation tax credit of TEUR 1,464 (2011: TEUR 1,721).

## 22 Income tax receivables

<i>in thousand €</i>	Dec. 31, 2012	Dec. 31, 2011
Receivables from loans granted to third parties	712	2,362
Receivables from loans granted to affiliated companies, not consolidated	1,434	959
Input tax refund	2,602	3,215
Advance payments	9,793	8,611
Derivative financial instruments	538	499
Other receivables and current assets	6,127	2,826
<b>Total other receivables and current assets</b>	<b>21,206</b>	<b>18,472</b>

## 23 Other receivables and current assets

The other receivables and assets at December 31, 2012 include receivables from transport containers totalling TEUR 2,974.

Other receivables and current assets are due within one year. As in the previous year, there were no material impairments of 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.

<i>in thousand €</i>	Dec. 31, 2012	Dec. 31, 2011
Cash	52,618	40,439
Cash equivalents	1,313	597
<b>Total cash and cash equivalents</b>	<b>53,931</b>	<b>41,036</b>

## 24 Cash and cash equivalents

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

Cash and cash equivalents include 7.3 million euros (2011: 5.3 million euros) from payments made by customers that must be passed on directly to the factoring company.

## 25 Non-current assets held for sale

The assets held for sale as of December 31, 2012, included a plot of undeveloped land for which a legally binding contractual offer existed at the balance sheet date. The sale as of December 31, 2012, was thus highly likely. The contractual offer was accepted by Logwin in the first quarter of 2013.

## 26 Deferred taxes

Deferred tax assets and liabilities consist of the following:

<i>in thousand €</i>	Dec. 31, 2012		Dec. 31, 2011	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	3,422	6	4,372	254
Property, plant and equipment	533	2,379	261	2,940
Investments	114	12	35	47
Current assets	55	343	79	628
Provisions	4,426	562	4,115	1,212
Liabilities	2,940	41	3,141	57
Tax loss carry-forwards	14,114	–	11,690	–
Valuation allowances	–5,995	–	–5,551	–
Net amounts	–3,146	–3,146	–4,581	–4,581
<b>Total deferred taxes</b>	<b>16,463</b>	<b>197</b>	<b>13,561</b>	<b>557</b>

	<i>in thousand €</i>	2012	2011
<b>Deferred taxes, net as of Jan. 1,</b>		<b>13,004</b>	<b>14,316</b>
Change recognised in profit/loss		2,433	–1,565
Change recognised in equity		833	344
Currency and other differences		–4	–91
<b>Deferred taxes, net as of Dec. 31,</b>		<b>16,266</b>	<b>13,004</b>

Logwin Group did not recognise deferred tax liabilities on temporary differences from retained earnings of domestic and foreign subsidiaries of 15.5 million euros (2011: 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 1.3 million euros (2011: 1.6 million euros).

Tax loss carry-forwards are as follows:

<i>in thousand €</i>	<b>Dec. 31, 2012</b>	<b>Dec. 31, 2011</b>
Can be carried forward indefinitely	358,390	330,129
Can be carried forward for a limited period (1–15 years)	1,110	3,100
<b>Total tax loss carry-forwards</b>	<b>359,500</b>	<b>333,229</b>

Insofar as tax assessment 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.

### Share capital and authorised capital

As of December 31, 2012, there were 146,257,596 (2011: 146,257,596) fully paid up, no-par voting shares outstanding. Each share represents 0.897 euros of issued capital. In addition the authorised capital of Logwin AG amounted to TEUR 68,798 as of December 31, 2012. The authorised capital consisted of 76,692,378 non-par non-issued shares.

### 27 Shareholders' equity

### Profit / loss appropriation and capital reserves

The Annual General Meeting of Logwin AG held on April 11, 2012, approved the use of the annual net profit of TEUR 2,349 as of December 31, 2011, in the form of an allocation to the legal reserves. This was executed accordingly by Logwin AG. The annual net loss for 2010 in the amount of TEUR 50,883 was charged against other reserves in the amount of TEUR 39,344 and capital reserves in the amount of TEUR 11,539 in the 2011 financial year.

### Distributable retained earnings

According to Luxembourg law, companies headquartered in Luxembourg must allocate at least 5% of their net result for the period as stated in the local financial statements to a legal reserve until the reserve equals 10% of issued capital. As of December 31, 2012 this reserve in the amount of TEUR 8,070 (2011: TEUR 5,721) is presented in the Statement of Changes in Equity of the Logwin-Group as part of the retained earnings. The legal reserve cannot be distributed as a dividend.

### Accumulated other comprehensive income

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 securities and any changes in the fair value of derivative financial instruments classified as cash-flow hedges are reported under shareholders' equity as accumulated other comprehensive income.

Actuarial gains and losses from pension provisions and similar obligations are recognised directly in retained earnings and may not be reclassified to profit or loss in future periods.

## 28 Liabilities from leases

Within the Logwin Group certain items of property, plant and equipment are financed through finance leases. This mainly relates to buildings and vehicles to the extent that 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 contingent rent nor do they contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

The liabilities from leases represent the present value of the future minimum lease payments and are shown in the following table, classified by maturity:

<i>in thousand €</i>	Dec. 31, 2012			
	Current	1 to 5 years	Over 5 years	Total
Minimum lease payments	3,019	7,928	12,442	<b>23,389</b>
Finance costs	-660	-1,888	-1,064	<b>-3,612</b>
<b>Present value of the minimum lease payments</b>	<b>2,359</b>	<b>6,040</b>	<b>11,378</b>	<b>19,777</b>

<i>in thousand €</i>	Dec. 31, 2011			
	Current	1 to 5 years	Over 5 years	Total
Minimum lease payments	2,896	8,128	14,753	<b>25,777</b>
Finance costs	-776	-2,211	-1,843	<b>-4,830</b>
<b>Present value of the minimum lease payments</b>	<b>2,120</b>	<b>5,917</b>	<b>12,910</b>	<b>20,947</b>

## 29 Loans and borrowings

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

<i>in thousand €</i>	Dec. 31, 2012			
	Current	1 to 5 years	Over 5 years	Carrying amount
Non-current loans and borrowings	-	16,000	-	16,000
<b>Total non-current</b>	<b>-</b>	<b>16,000</b>	<b>-</b>	<b>16,000</b>
Current financial liabilities	8,974	-	-	8,974
Current portion of non-current loans and borrowings	2,000	-	-	2,000
<b>Total current</b>	<b>10,974</b>	<b>-</b>	<b>-</b>	<b>10,974</b>

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

As of December 31, 2012, current loans and borrowings included 7.3 million euros (2011: 5.3 million euros) from payments made by customers that had to 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 3.8%–6.7% (2011: 5.0%–6.7%).

As of December 31, 2012, the Logwin Group had loans, credit commitments and borrowing facilities (without guarantee facilities) amounting to 65.7 million euros (2011: 66.5 million euros), of which TEUR 19,677 (2011: TEUR 26,527) was drawn. These figures include a bank loan the Logwin Group took out in the second quarter of 2011 amounting to 20.0 million euros with a term of five years. The outstanding balance as of December 31, 2012 amounted to 18.0 million euros. The loan agreement requires compliance with certain financial covenants of the Logwin Group relating to interest coverage and dynamic debt ratio. Failure to meet the covenants or a change of control within the Logwin AG would entitle the lender to terminate the loan agreement. In the 2012 financial year, the Logwin Group was in compliance with the provisions of the loan agreement.

Depending on the amount of sold receivables a contractual limit of 45.0 million euros was available to the Logwin Group from factoring at the reporting date (2011: 40.0 million euros). As of December 31, 2012 the actual amount drawn was TEUR 6,012 (2011: TEUR 7,247). The interest rate charged on the factoring facility drawn is variable.

Two interest rate swaps with residual terms of one year and three years as of December 2012 were concluded for parts of the loan taken out in the 2011 financial year and for the factoring facility.

### 30 Pension provisions and similar obligations

Pension provisions and similar obligations within the Logwin Group comprise defined benefit plans and defined contribution plans.

#### Defined contribution plans

Under the defined contribution plans of the Group payments in a total amount of TEUR 683 (2011: TEUR 601) were recorded in the 2012 financial year.

#### Defined benefit plans

The defined benefit plans comprise pension obligations and non-current severance benefits.

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

	Dec. 31, 2012	Dec. 31, 2011
Discount rate	3.5 %	4.9 %
Future salary increases	2.5 % - 3.0 %	2.0 % - 3.0 %
Pension trend	2.0 %	2.0 %
Expected return on plan assets	4.5 %	4.8 %

The expenses for benefits under defined benefit plans recognised in the income statement break down as follows:

	Pension benefits		Similar obligations	
	2012	2011	2012	2011
<i>in thousand €</i>				
Current service cost	-156	-131	-324	-254
Interest expenses	-1,141	-1,153	-112	-105
Return on plan assets	101	80	-	-
<b>Total pension expenses</b>	<b>-1,196</b>	<b>-1,204</b>	<b>-436</b>	<b>-359</b>

Of the total pension expenses of TEUR 1,632 for defined benefit plans in 2012 (2011: TEUR 1,563), TEUR 257 (2011: TEUR 161) was included in cost of sales, TEUR 66 (2011: TEUR 58) in selling costs, TEUR 56 (2011: TEUR 85) in general and administrative costs and of TEUR 1,253 (2011: TEUR 1,258) in the financial result.

The defined benefit obligations recognised in the balance sheet are as follows:

	<i>in thousand €</i>	Dec. 31, 2012	Dec. 31, 2011
Pension benefits		26,217	21,737
Similar obligations		3,043	3,005
<b>Pension provisions and similar obligations</b>		<b>29,260</b>	<b>24,742</b>

The present value of projected pension benefits and similar obligations, the development of plan assets and the funding status for the financial years 2012 and 2011 are as follows:

<i>in thousand €</i>	Pension benefits		Similar obligations	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Opening balance of pension benefits	23,461	21,675	3,005	2,990
Current service cost	156	131	324	254
Interest expenses	1,141	1,153	112	105
Actuarial losses	4,404	1,462	169	133
Benefits paid	-1,522	-1,173	-569	-649
Other changes	4	213	2	172
<b>Closing balance of pension benefits</b>	<b>27,644</b>	<b>23,461</b>	<b>3,043</b>	<b>3,005</b>
Opening balance of plan assets at fair value	1,724	1,404	-	-
Expected return on plan assets	101	80	-	-
Actuarial losses	-20	-	-	-
Contributions paid	42	33	-	-
Benefits paid	-420	-60	-	-
Other changes	-	267	-	-
<b>Closing balance of plan assets at fair value</b>	<b>1,427</b>	<b>1,724</b>	<b>-</b>	<b>-</b>
<b>Net defined benefit obligation</b>	<b>26,217</b>	<b>21,737</b>	<b>3,043</b>	<b>3,005</b>

As of December 31, 2012 the plan assets consisted of reinsurance policies of TEUR 764 (2011: TEUR 1,083) direct insurance policies of TEUR 352 (2011: TEUR 292), and pension trusts of TEUR 311 (2011: TEUR 349).

The total expected return on plan assets results from the weighted average return on the various categories of plan assets held. A return of 3.9% was expected from direct insurance policies and from pension trusts, while 4.9% was expected from reinsurance policies. The assessment is based on historic estimates in relation to the relevant assets for the term of the corresponding obligation.

Over several years the amounts changed as follows:

<i>in thousand €</i>	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Pension benefits and similar obligations	30,687	26,466	18,648	17,188	30,173
Fair value of plan assets	-1,427	-1,724	-1,404	-1,426	-1,743
<b>Net defined benefit obligation</b>	<b>29,260</b>	<b>24,742</b>	<b>17,244</b>	<b>15,762</b>	<b>28,432</b>
Experience-based adjustments to plan assets	-20	8	28	9	11
Experience-based adjustments to defined benefit obligation	-22	-17	246	347	637

The Logwin Group expects to contribute TEUR 13 to its defined benefit plans in fiscal year 2013.

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 TEUR 2,285 as of January 1, 2012, and TEUR 2,378 as of December 31, 2012. The change in the course of the 2012 financial year primarily includes additions to the provision of TEUR 499 and utilisation of the provision of TEUR –366.

### 31 Other non-current provisions

<i>in thousand €</i>	Provisions for lawsuits and litigations	Provisions for onerous contracts	Provisions for warranties	Other current provisions	Total current provisions
<b>January 1, 2012</b>	<b>292</b>	<b>2,376</b>	<b>1,657</b>	<b>6,141</b>	<b>10,466</b>
Additions	468	2,193	1,334	2,715	6,710
Utilisation	–97	–1,155	–707	–2,545	–4,504
Release	–18	–6	–684	–1,521	–2,229
Currency differences	–6	–	–	17	11
Change in scope of consolidation	–	–	–	–14	–14
<b>December 31, 2012</b>	<b>639</b>	<b>3,408</b>	<b>1,600</b>	<b>4,793</b>	<b>10,440</b>

### 32 Current provisions

The reported provisions for lawsuits and litigations comprise various litigation risks in various group companies, with no individual amount exceeding TEUR 150.

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 recognised, among other things, for contractual and recourse risks.

The recognised liabilities are calculated from accrued income tax expenses for financial year 2012 and prior financial years amounting to TEUR 11,548 (2011: TEUR 13,118), less prepayments made totalling TEUR 8,728 (2011: TEUR 9,586).

### 33 Income tax liabilities

### 34 Other liabilities

<i>in thousand €</i>	<b>Dec. 31, 2012</b>	<b>Dec. 31, 2011</b>
Liabilities relating to personnel:		
Wages and salaries	16,194	15,026
Social security	1,635	1,553
Accrued vacation	2,940	3,154
Other taxes and levies	6,408	7,364
Advances received from customers	2,509	2,110
Derivative financial instruments	1,400	510
Other liabilities, accruals and deferred income	12,314	9,082
<b>Total other current liabilities</b>	<b>43,400</b>	<b>38,799</b>
Negative market value of derivative hedging instruments	1,235	1,027
Sundry other non-current liabilities	11	509
<b>Total other non-current liabilities</b>	<b>1,246</b>	<b>1,536</b>
<b>Total other liabilities</b>	<b>44,646</b>	<b>40,335</b>

The other liabilities, accruals and deferred income at December 31, 2012 include liabilities from transport containers totalling TEUR 2,698.

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

<i>in thousand €</i>	<b>Dec. 31, 2012</b>	<b>Dec. 31, 2011</b>
Due within 1 year	24,276	22,061
Due within 2–5 years	1,246	1,536
<b>Other financial liabilities</b>	<b>25,522</b>	<b>23,597</b>

## Other Notes

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 measurement category as well as the balance sheet items containing financial instruments with the corresponding carrying amounts and the fair value.

### 35 Additional information on financial instruments

#### Financial instruments by measurement category according to IAS 39

<i>in thousand €</i>	<b>Carrying amount Dec. 31, 2012</b>	Amortised cost	Fair value recognised in p/l	Fair value recognised in equity
Loans and receivables (LaR)	213,647	213,647	–	–
Available-for-sale (AfS)	1,182	631	–	551
Held for trading (HfT)	538	–	538	–
<b>Financial assets</b>	<b>215,367</b>	<b>214,278</b>	<b>538</b>	<b>551</b>
At amortised cost (FLAC)	211,565	211,565	–	–
Held for trading (FLHfT)	1,400	–	1,400	–
<b>Financial liabilities</b>	<b>212,965</b>	<b>211,565</b>	<b>1,400</b>	–

<i>in thousand €</i>	<b>Carrying amount Dec. 31, 2011</b>	Amortised cost	Fair value recognised in p/l	Fair value recognised in equity
Loans and receivables (LaR)	202,088	202,088	–	–
Held-to-maturity investments (HtM)	363	363	–	–
Available-for-sale (AfS)	1,138	625	–	513
Held for trading (HfT)	499	–	499	–
<b>Financial assets</b>	<b>204,088</b>	<b>203,076</b>	<b>499</b>	<b>513</b>
At amortised cost (FLAC)	207,759	207,759	–	–
Held for trading (FLHfT)	510	–	510	–
<b>Financial liabilities</b>	<b>208,269</b>	<b>207,759</b>	<b>510</b>	–

### Carrying amount and fair values of financial instruments by item of the balance sheet

The following table reconciles the existing financial instruments to the corresponding items of the balance sheet and shows the respective measurement basis, carrying amount and the fair value as of the reporting date:

in thousand €	Measurement category in accordance with IAS 39	Carrying amount Dec. 31, 2012	Carrying amount in accordance with IAS 39		Carrying amount in acc. w. IAS 17	Fair Value Dec. 31, 2012
			Amortised costs	Fair Value		
<b>Assets</b>						
Investments	AfS	1,182	631	551	–	551
Other non-current assets	LaR	1,118	1,118	–	–	1,118
Trade accounts receivable	LaR	150,007	150,007	–	–	150,007
	LaR	8,591	8,591	–	–	8,591
	HfT <sup>1</sup>	538	–	538	–	538
	n.a.	12,077				
Other receivables and current assets	<b>Total</b>	<b>21,206</b>	<b>8,441</b>	<b>538</b>	–	
Cash and cash equivalents	LaR	53,931	53,931	–	–	53,931
<b>Liabilities</b>						
Non-current liabilities from leases	n.a.	17,418	–	–	17,418	17,616
Non-current loans and borrowings	FLAC	16,000	16,000	–	–	16,000
	FLAC	11	11	–	–	11
	n.a. <sup>2</sup>	1,235	–	1,235	–	1,235
Other non-current liabilities	<b>Total</b>	<b>1,246</b>	<b>11</b>	<b>1,235</b>	–	
Trade accounts payable	FLAC	161,704	161,704	–	–	161,704
Current liabilities from leases	n.a.	2,359	–	–	2,359	2,385
Current loans and borrowings	FLAC	10,974	10,974	–	–	10,974
	FLAC	22,876	22,876	–	–	22,876
	FLHfT <sup>1</sup>	1,400	–	1,400	–	1,400
	n.a.	19,124				
Other current liabilities	<b>Total</b>	<b>43,400</b>	<b>22,876</b>	<b>1,400</b>	–	

<sup>1</sup> The financial assets and liabilities held for trading comprise derivative financial instruments from currency hedges with positive or negative fair values. Changes in fair value are recognised in profit or loss.

<sup>2</sup> This item comprises hedging instruments of cash flow hedges with negative fair values.

in thousand €	Measurement category in accordance with IAS 39	Carrying amount Dec. 31, 2011	Carrying amount in accordance with IAS 39		Carrying amount in acc. w. IAS 17	Fair Value Dec. 31, 2011
			Amortised costs	Fair Value		
<b>Assets</b>						
	HtM	363	363	–	–	363
	AfS	1,138	625	513	–	513
Investments	<b>Total</b>	<b>1,501</b>	<b>988</b>	<b>513</b>	–	
	LaR	889	889	–	–	889
	n.a.	35				
Other non-current assets	<b>Total</b>	<b>924</b>	<b>889</b>	–	–	
Trade accounts receivable	LaR	<b>151,185</b>	<b>151,185</b>	–	–	<b>151,185</b>
	LaR	8,978	8,978	–	–	8,978
	HFT <sup>1</sup>	499	–	499	–	499
	n.a.	8,995				
Other receivables and current assets	<b>Total</b>	<b>18,472</b>	<b>8,978</b>	<b>499</b>	–	
Cash and cash equivalents	LaR	<b>41,036</b>	<b>41,036</b>	–	–	<b>41,036</b>
<b>Liabilities</b>						
Non-current liabilities from leases	n.a.	<b>18,827</b>	–	–	<b>18,827</b>	<b>19,076</b>
Non-current loans and borrowings	FLAC	<b>22,034</b>	<b>22,034</b>	–	–	<b>25,117</b>
	FLAC	509	509	–	–	509
	n.a. <sup>2</sup>	1,027	–	1,027	–	1,027
Other non-current liabilities	<b>Total</b>	<b>1,536</b>	<b>509</b>	<b>1,027</b>	–	
Trade accounts payable	FLAC	<b>153,916</b>	<b>153,916</b>	–	–	<b>153,916</b>
Current liabilities from leases	n.a.	<b>2,120</b>	–	–	<b>2,120</b>	<b>1,871</b>
Current loans and borrowings	FLAC	<b>9,749</b>	<b>9,749</b>	–	–	<b>10,112</b>
	FLAC	21,551	21,551	–	–	21,551
	FLHFT <sup>1</sup>	510	–	510	–	510
	n.a.	16,738				
Other current liabilities	<b>Total</b>	<b>38,799</b>	<b>21,551</b>	<b>510</b>	–	–

<sup>1</sup> The financial assets and liabilities held for trading comprise derivative financial instruments from currency hedges with positive or negative fair values. Changes in fair value are recognised in profit or loss.

<sup>2</sup> This item comprises hedging instruments of cash flow hedges with negative fair values.

The hierarchy 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 recognised fair value can be observed either directly or indirectly
- Step 3: Methods using input factors which materially affect the recognised fair value that are not based on observable market data.

The fair values of financial instruments were determined based on the following methods and assumptions:

Available-for-sale financial assets were recognised at their fair value where their fair value could be reliably determined. In this case, the fair values of the available-for-sale assets were determined by the market information available at the reporting date in accordance with step 1. The price of a publicly traded available-for-sale asset on the reporting date represents the fair value of the instrument.

The fair values of derivative financial instruments were calculated in accordance with step 2 of the fair value hierarchy using the quoted prices of the contracting parties with the help of valuation methods such as the present value method and using corresponding market parameters that can be directly observed on a daily basis. The fair values of interest rate swaps in this case were calculated based on discounted future expected cash flows. Market interest rates for equivalent terms were used for discounting purposes.

The fair values for liabilities from leasing agreements and other financial liabilities with variable rates of interest were determined on the assumption that agreed rates of interest are the equivalent of market interest rates. Consequently, their carrying values are deemed to match their fair values. Valuation models are used to calculate the fair values for leasing and financial liabilities with fixed interest rates. The input factors (interest rates) are based on observed market data.

The fair values of trade accounts receivable and payable, other current assets and liabilities that were allocated to the "loans and receivables" category as well as cash and cash equivalents are deemed to match their carrying values owing to their short terms.

### Net results of financial instruments by measurement category

<i>in thousand €</i>	From subsequent measurement			Net result	
	From interest	At fair value	Impairment	2012	2011
Loans and receivables	569	-	-1,071	-502	-606
Available-for-sale financial assets	-	-	-7	-7	-
Financial assets held for trading	4,710	-49	-	4,661	2,924
Financial liabilities measured at amortised cost	-3,481	-	-	-3,481	-6,621
Financial liabilities held for trading	-6,265	-25	-	-6,290	-4,342
<b>Total</b>	<b>-4,467</b>	<b>-74</b>	<b>-1,078</b>	<b>-5,619</b>	<b>-8,645</b>

Please refer to Note, 13 “Financial result” for information on interest income and expenses. Gains and losses from the subsequent valuation at fair value relate primarily to the valuation of derivative financial instruments held to hedge currency risks. Impairment losses include both write-offs for default and impairment of receivables.

### Financial risks

Unless provided below, please refer for information on financial risks to the explanations contained in the management report on page 13 et seq.

### 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, 2012			Dec. 31, 2011		
	Financial liabilities	Liabilities from leases	Interest rate swaps	Financial liabilities	Liabilities from leases	Interest rate swaps
<b>Cash flow within 1 year</b>						
Interest	681	659	530	1,317	776	265
Redemption	10,974	2,359	–	9,749	2,120	–
<b>Total</b>	<b>11,655</b>	<b>3,018</b>	<b>530</b>	<b>11,066</b>	<b>2,896</b>	<b>265</b>
<b>Cash flow within 2 years</b>						
Interest	603	591	385	1,040	664	265
Redemption	2,000	1,822	–	4,654	1,907	–
<b>Total</b>	<b>2,603</b>	<b>2,413</b>	<b>385</b>	<b>5,694</b>	<b>2,571</b>	<b>265</b>
<b>Cash flow within 3 years</b>						
Interest	526	494	282	876	580	195
Redemption	2,000	1,468	–	2,715	1,398	–
<b>Total</b>	<b>2,526</b>	<b>1,962</b>	<b>282</b>	<b>3,591</b>	<b>1,978</b>	<b>195</b>
<b>Cash flow within 4 years</b>						
Interest	235	439	117	742	519	145
Redemption	12,000	1,480	–	2,416	1,308	–
<b>Total</b>	<b>12,235</b>	<b>1,919</b>	<b>117</b>	<b>3,158</b>	<b>1,827</b>	<b>145</b>
<b>Cash flow within 5 years</b>						
Interest	–	363	–	323	448	61
Redemption	–	1,271	–	12,249	1,304	–
<b>Total</b>	<b>–</b>	<b>1,634</b>	<b>–</b>	<b>12,572</b>	<b>1,752</b>	<b>61</b>
<b>Cash flow after 5 years</b>						
Interest	–	1,066	–	–	1,843	–
Redemption	–	11,377	–	–	12,910	–
<b>Total</b>	<b>–</b>	<b>12,443</b>	<b>–</b>	<b>–</b>	<b>14,753</b>	<b>–</b>

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, 2012 (December 31, 2011) 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, 2012, 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 financing. The following table shows the major transactions:

	Dec. 31, 2012	
	Nominal value in foreign currency	Nominal value in euros
Foreign exchange contracts to hedge receivables of Logwin AG arising from group financing and the operating activity of group companies		
<b>Sell</b>		
AED	2,825,000	600,360
AUD	2,835,000	2,264,171
BRL	2,132,000	782,385
CNY	16,820,000	2,009,206
CZK	17,280,000	680,155
GBP	2,200,000	2,746,340
HKD	52,500,000	5,299,295
MXN	9,920,000	588,966
MYR	12,630,000	3,157,963
PLN	4,390,000	1,038,875
SGD	1,810,000	1,145,115
USD	6,835,000	5,248,004
ZAR	45,510,000	3,983,498
Other		1,877,722
<b>Total</b>		<b>31,422,053</b>
Foreign exchange contracts to hedge liabilities of Logwin AG arising from group financing and the operating activity of group companies		
<b>Buy</b>		
AED	4,520,000	980,326
AUD	3,635,000	2,941,776
CHF	1,455,000	1,213,257
CNY	51,190,000	6,499,370
GBP	3,690,000	4,632,895
HKD	101,680,000	10,365,051
HUF	241,250,000	845,477
IDR	10,455,000,000	827,698
KRW	879,000,000	625,387
PLN	3,900,000	937,115
SGD	4,060,000	2,614,753
TWD	31,950,000	881,039
USD	6,515,000	4,983,143
ZAR	6,905,000	651,024
Other		1,087,015
<b>Total</b>		<b>40,085,325</b>

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

	Dec. 31, 2012		Dec. 31, 2011	
	Nominal amount	Fair value	Nominal amount	Fair value
<i>in thousand €</i>				
<b>Assets</b>				
Forward foreign exchange contracts	25,199	538	28,682	499
<b>Total</b>	<b>25,199</b>	<b>538</b>	<b>28,682</b>	<b>499</b>
<b>Liabilities</b>				
Forward foreign exchange contracts	46,309	1,400	15,756	510
Interest rate swaps	20,000	1,235	20,000	1,027
<b>Total</b>	<b>66,309</b>	<b>2,635</b>	<b>35,756</b>	<b>1,537</b>

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 an adequate equity level. 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 analysing working capital. In addition to changes in absolute values, a key aspect here is relative changes and changes relative to relevant figures such as net sales.

The following items are covered by capital management:

<i>in thousand €</i>	<b>Dec. 31, 2012</b>	<b>Dec. 31, 2011</b>
Liabilities from leases	-19,777	-20,947
Loans and borrowings	-26,974	-31,783
<b>Gross financial debt</b>	<b>-46,751</b>	<b>-52,730</b>
Cash and cash equivalents	53,931	41,036
<b>Net liquidity/Net financial debt</b>	<b>7,180</b>	<b>-11,694</b>
Trade accounts payable	-161,704	-153,916
Other liabilities and current provisions	-57,496	-50,801
Trade accounts receivable	150,007	151,185
Income tax receivables/liabilities	375	-521
Other non-current and current receivables and assets	22,324	19,396
Inventories	2,453	2,293
<b>Working capital</b>	<b>-44,041</b>	<b>-32,364</b>
<b>Shareholders' equity</b>	<b>98,154</b>	<b>170,588</b>

The following table shows all unrecognised financial commitments as of the reporting dates December 31, 2012 and 2011:

### 36 Financial commitments

<i>in thousand €</i>	<b>Dec. 31, 2012</b>	<b>Dec. 31, 2011</b>
Due within 1 year	35,861	36,282
Due within 2 to 5 years	59,633	65,473
Thereafter	17,244	24,625
<b>Total</b>	<b>112,738</b>	<b>126,380</b>

Financial commitments comprise almost exclusively operating lease agreements. The Group has operating lease agreements predominantly for warehouses, other buildings and vehicles. Some of these leases contain renewal options, purchase options, escalation clauses and contingent rents. There are no resulting restrictions on the Group's activities concerning dividends, additional debt or further leasing.

In the financial year 2012, operating lease expenses amounted to TEUR 54,195 (2011: TEUR 56,978). In financial year 2012 the Group received TEUR 1,517 (2011: TEUR 1,126) from sub-leasing agreements.

### 37 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, 2012 will not result in material liabilities.

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. Based on information obtained so far, the Logwin Group does not share the legal opinion of the Austrian Federal Competition Authorities. In its partial decision 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 (ECJ) for a preliminary ruling on legal questions in European law. On February 28, 2013, the advocate general delivered her opinion to the ECJ. In this opinion, she did not share the legal interpretation of the Vienna Higher Regional Court (OLG), stating in her conclusion that an undertaking cannot rely on legal advice provided by a lawyer or a decision taken by a national authority in which the crucial legal problem is not addressed, at least not expressly. Once the ECJ has passed its judgment on the case, which is not expected to differ significantly from the opinion, the Austrian Supreme Court (OG) is expected to refer the case back to the OLG for a renewed taking of evidence, hearing and decision. In this context, it cannot be ruled out that the OLG will decide to impose fines on the members of the forwarding agents' conference (Speditionssammelkonferenz – SSK). As the Austrian Federal Competition Authority has yet to state any amount in its application for the imposition of fines and it is not possible to make a reliable estimate of any fines and thus of the potential outflow of resources embodying economic benefits, no provision was recognised in these financial statements, nor was it possible to quantify the 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 back-payment of import sales tax of around 16 million euros in connection with customs clearances 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 Finanzsenat (independent tax tribunal) in Salzburg has suspended

proceedings pending a decision by the Austrian Supreme Administrative Court in a similar case. As of the reporting date, the risk of a claim is considered to be remote. Against this background, no provision has been made and no contingent liability has been disclosed 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):

### 38 Auditor's fees

	Auditors of Luxembourg companies		Auditor's network abroad	
	2012	2011	2012	2011
<i>in thousand €</i>				
Audit	140	159	540	722
Tax advice	–	–	35	102
Other services	21	–	58	–
<b>Total</b>	<b>161</b>	<b>159</b>	<b>633</b>	<b>824</b>

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 portion of the regular compensation also includes other compensation components. In 2012 payments in the amount of TEUR 43 (2011: TEUR 27) were made to a defined contribution pension plan concerning members of the executive committee.

### 39 Key management personnel compensation

	2012	2011
<i>in thousand €</i>		
Members of the Executive Committee	1,627	1,385
<i>thereof fixed portion of regular compensation</i>	<i>1,346</i>	<i>1,163</i>
<i>thereof variable portion of regular compensation</i>	<i>281</i>	<i>222</i>
Non-executive members of the Board of Directors (fixed compensation)	137	180

#### 40 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 2012 and 2011, the Logwin Group rendered services to certain associated 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 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	
	2012	2011	2012	2011
<i>in thousand €</i>				
Net sales	5,306	3,822	183	193
Cost of sales	-1,375	-486	-	-
Selling, general and administrative costs	-	-7	-1,311	-1,334
Other operating income and expenses, net	-16	-200	-	-
Financial result	161	109	-20	-80
Receivables as of Dec. 31,	227	377	2	7
Payables as of Dec. 31,	77	170	336	211

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

In 2012, the Logwin Group's net sales from companies of the BMW Group amounted to TEUR 37,358 (2011: TEUR 36,489). Receivables from BMW Group amounted to TEUR 1,725 as of December 31, 2012 (2011: TEUR 1,790). 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 2012 financial year, these resulted in expenses for the Logwin Group in an amount of TEUR 85 (2011: TEUR 67).

The advocate general of the ECJ issued her opinion in the Austrian cartel proceedings on February 28, 2013. Please refer to note 37 “Contingent liabilities”. No further significant events have occurred between December 31, 2012 and the preparation of the consolidated financial statements by the Board of Directors of Logwin AG on March 5, 2013.

#### 41 Events after the reporting period

The table below lists all fully consolidated companies as of December 31, 2012, with net sales exceeding 10 million euros and subsidiaries making use of the exemption clause pursuant to Article 264b of the German Commercial Code (HGB):

#### 42 Significant affiliates

<i>Net sales in thousand €</i>	Share of capital	Net sales 2012 (not consolidated)	Employees Dec. 31, 2012
<b>Solutions</b>			
Logwin Solutions Network GmbH, DE-Aschaffenburg	100.0%	273,418	833
Logwin Solutions Deutschland GmbH, DE-Aschaffenburg	100.0%	228,296	1,110
Logwin Solutions Austria GmbH, AT-Bergheim	100.0%	146,206	281
Logwin Solutions Poland Sp.z.o.o., PL-Poznan	100.0%	13,337	119
Logwin Solutions Spain S.A., ES-Madrid	100.0%	10,001	39
<b>Air + Ocean</b>			
Logwin Air + Ocean Deutschland GmbH, DE-Aschaffenburg	100.0%	255,530	355
Logwin Air + Ocean China Ltd., CN-Shanghai	100.0%	90,398	310
Logwin Air + Ocean Austria GmbH, AT-Bergheim	100.0%	51,835	57
Logwin Air + Ocean Hong Kong Ltd., CN-Hongkong	100.0%	50,373	168
Logwin Air & Ocean Australia Pty. Ltd., AU-Sydney	100.0%	34,093	49
Logwin Air and Ocean South Africa (Pty.) Ltd., ZA-Johannesburg	100.0%	26,089	91
Logwin Air + Ocean Poland Sp.z.o.o., PL-Piaseczno	100.0%	22,135	258
Logwin Air + Ocean Singapore Pte. Ltd., SG-Singapore	100.0%	22,068	111
Logwin Air + Ocean (Thailand) Ltd., TH-Bangkok	100.0%	20,511	74
Logwin Air + Ocean UK Limited, GB-Hayes	100.0%	20,366	31
Logwin Air + Ocean Brazil Logística e Despacho Ltda., BR-Sao Paulo	100.0%	16,374	53
Logwin Air + Ocean The Netherlands B.V., NL-Venlo	100.0%	16,252	4
Logwin Air + Ocean Korea Ltd., KR-Seoul	100.0%	14,731	30
Logwin Air & Ocean Middle East (LLC), AE-Dubai	60.0%	14,686	54
Logwin Air + Ocean Italy S.r.l., IT-Milano	51.0%	14,198	21
Logwin Air + Ocean Belgium N.V., BE-Antwerpen	100.0%	12,593	17
Logwin Air + Ocean Malaysia Sdn. Bhd., MY-Kuala Lumpur	100.0%	12,043	68
Logwin Air + Ocean Taiwan Ltd., TW-Taipeh	100.0%	11,974	39
Logwin Air + Ocean Chile S.A., CL-Santiago	66.7%	10,048	23
<b>Subsidiaries making use of the exemption clause pursuant to Article 264b of the German Commercial Code (HGB)</b>			
Logwin Solutions Heppenheim GmbH & Co. KG, DE-Heppenheim	91.0%	2,152	0
Logwin Road + Rail Grundstücks GmbH & Co. KG, DE-Aschaffenburg	100.0%	0	0

### **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 Management Report, as well as for all other information provided in the Annual Financial 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 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 Management Report and the Independent auditor's 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 audit firm.

The audit of the consolidated financial statements and the Management Report for the financial year 2012 did not give rise to any objections. By way of resolution by the Board of Directors, the consolidated financial statements and the Management Report were therefore approved for publication.

In line with Luxembourg law, the consolidated financial statements and the 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 5, 2013

## Responsibility Statement

“To the best of our knowledge and in accordance with the applicable reporting principles for consolidated financial reporting, the consolidated financial statements give a true and fair view of the net assets, financial position and result of operations 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 Annual General Meeting dated April 11, 2012, we have audited the accompanying consolidated financial statements of Logwin AG, which comprise the consolidated balance sheet as at 31 December 2012, 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 judgement 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, 2012, 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 consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated accounts.

The corporate governance statement, as published on the Company's website (<http://www.logwin-logistics.com/investors/governance.html>) as of the date of this report is the responsibility of the Board of Directors. This statement is consistent, as the date of this report, with the consolidated accounts and includes the information required by the law with respect to the corporate governance statement.

ERNST & YOUNG  
Société Anonyme  
Cabinet de révision agréé

Werner WEYNAND  
Luxembourg, March 5, 2013

