Logwin AG

Annual Financial Report 2018

LOGWIN

Key Figures 1 January – 31 December 2018

Earnings position *In thousand EUR*	**2018**	**2017**
Revenues		
Group	1,149,607	1,119,116
Change on 2017	*2.7%*	
Air + Ocean	778,756	753,174
Change on 2017	*3.4%*	
Solutions	371,302	368,210
Change on 2017	*0.8%*	
Operating Result (EBITA)		
Group	49,175	38,149
Margin	*4.3%*	*3.4%*
Air + Ocean	46,224	38,574
Margin	*5.9%*	*5.1%*
Solutions	9,865	6,507
Margin	*2.7%*	*1.8%*
Net result		
Group	39,194	26,675

Financial position *In thousand EUR*	**2018**	**2017**
Operating cash flows	47,439	31,642
Net cash flow	38,489	21,813

Net asset position	**31 Dec 2018**	**31 Dec 2017**
Equity ratio	39.2%	36.6%
Net liquidity *(in thousand EUR)*	144,003	116,549

	31 Dec 2018	**31 Dec 2017**
Number of employees	4,390	4,133

This document is a translation of the German original annual financial report of Logwin AG for the year ended 31 December 2018 as well as the report by the Réviseur d'Entreprise Agréé thereon. In case of any deviation between the German original version and the translated version the German version is prevail.

Group Management Report

General information on the Logwin Group

Business model

The Logwin Group The Logwin Group offers its customers global logistics and transport solutions in its business segments Air + Ocean and Solutions. In doing so, Logwin combines the advantages of an internationally established logistics group with those of a flexible, medium-sized company.

Air + Ocean business segment The Air + Ocean business segment provides worldwide logistics and transport solutions with a focus on intercontinental air and ocean freight, frequently in connection with upstream and downstream value added services. With its global network of group subsidiaries and long-term partners, Logwin is present at the customer's locations and aims to ensure the highest possible standards of quality and security for logistics chains worldwide.

Solutions business segment As a specialist in contract logistics, the Solutions business segment offers individual customer and industry-oriented solutions, particularly in the retail and consumer goods sector as well as in the area of industrial contract logistics with a focus on the chemicals and automotive sectors. The solutions range from supply chain management, transportation and warehousing to value added services and complete outsourcing projects. The business segment also maintains a special network for customers in the field of fashion and consumer goods.

With customer-specific combinations of individual logistics services, the Logwin Group manages the supply chains between suppliers and consumers, either partially or as a whole. Comprehensive supply chain management, warehousing, value added services and transportation by road, rail, air or ocean freight are the key elements of the services provided by the various entities of the Logwin Group. A worldwide uniform IT infrastructure with its own data centers in Europe and Asia supports globally uniform processes and simple customer connections in addition to ensuring compliance with steadily rising quality, security and compliance requirements.

Logwin AG is listed on the Frankfurt Stock Exchange. The majority shareholder is DELTON Logistics S.à r.l., Grevenmacher (Luxembourg).

Financial performance management

The Logwin Group controls its financial situation by means of various key performance indicators (KPI) that management believe are relevant for measuring performance of the operations, the financial position and cash flows as well as in decision making. Basically the KPIs are intended to preserve a balance between profitability, an effective use of resources and sufficient liquidity. The monthly, quarterly and annual changes in these indicators are compared with the prior year and the forecast/budget data to assist in making management decisions. Furthermore, several KPIs are also particularly relevant for calculating management remuneration.

Unless defined in the relevant accounting standards, the methods of their calculation are described below in line with the European Securities and Markets Authority's (ESMA) Guidelines on Alternative Performance Measures (APM) dated 5 October 2015:

Profitability Revenues – as defined by the applicable standards – are in general a key financial earnings figure and thus also an important measure for the Logwin Group as it reflects the ability of selling products and services on the market. This measurement is suitable especially in Logwin's transaction-based logistics businesses as well as a starting point for further volume- and quantity-analysis. In addition revenues are an indicator for corporate development (growth-focus) and with some limitations a suitable cash-flow-oriented success factor (pay-sensitivity of revenues).

The operating result before goodwill impairment – EBITA (earnings before interest, taxes and amortization) – measures the operating profitability of the Group and of the individual business segments and is the key performance indicator of profitability of the Logwin Group. EBITA is derived from revenues less cost of sales as well as selling, general and administrative costs. It also includes other operating expenses and income, impairment losses on non-current assets (excluding goodwill) as well as impairments on assets measured at amortized cost that are shown separately from the financial year 2018 on as a result of the first time application of IFRS 9. In Management's opinion EBITA is most suitable to make Logwin Group's performance illustratable and comparable as it presents the advantage to consistently include the consumption of fixed assets as depreciation is recognized whereas volatile goodwill impairment is excluded.

The net result is another key performance indicator for the Logwin Group and provides a comprehensive measure of the Group's overall performance after interest and income taxes and a transparent basis for comparing overall performance, particularly over time. The net result is calculated based on the income statement and thus is defined by the relevant accounting standards (referred to as "profit or loss" in IAS 1.7).

In addition, gross profit and gross profit margin are further performance measures for assessing Logwin Group's performance. Gross profit is defined as revenues less cost of sales whereas gross profit margin is calculated by dividing gross profit by revenues. Both figures are used to assess the financial strength of the business model as well as the operating profitability over time.

Financial performance Net cash flow is the central key performance indicator for liquidity management in the Logwin Group and its business units. This figure is defined as the sum of the operating cash flows and investing cash flows as determined by the applicable cash flow standard IAS 7 (for the method of calculation we refer to the subtotals in the statement of cash flows). It is targeted at maintaining sufficient liquidity to cover all of the Group's financial obligations from debt repayments and dividends, in addition to operating payment commitments and investments. In particular, net cash flow is regarded as an indicator of how much cash is available at the end of a reporting period for paying dividends or repaying debt.

Operating cash flow – a financial indicator of the applicable IAS 7 (referred to as "net cash flow from operating activities" in IAS 7.20) and therefore calculated directly based on the cash flow statement - includes all items that are related directly to operating value creation. It reflects the amount of operating profit converted into cash available for investing and financing activities. Its purpose is to manage and supervise operating liquidity as well as ensuring cash oriented operational value creation.

As of fiscal year 2019, the key performance indicator net cash flow will be replaced by free cash flow due to the effects of IFRS 16. This ratio is defined as cash flow from operating activities plus cash flow from investing activities less the repayment of lease liabilities.

Net asset position The net liquidity and the equity ratio are further key figures applied by the Logwin Group to assess its net asset position. Both measures aim at promoting good financial standing on behalf of good capital market conditions as well as ensuring liquidity. Net liquidity is calculated as cash and cash equivalents less liabilities from leases and other financial liabilities. Its target is to show how much of the liquid assets would be left if all current liabilities were redeemed.

The equity ratio is calculated by comparing the total equity in the company to the total assets and provides information regarding the capital structure of a company. The equity ratio shows how much of the total company assets are owned outright by the investors as well as how the company is leveraged with debt.

Non-financial performance indicators, non-financial statement and diversity concept

Besides the aforementioned financial performance indicators, the number of employees as of the reporting date (absolute headcount, employees includes all persons directly employed by the company, who are active in Germany or abroad, full or part-time, for Logwin) represents a key non-financial performance indicator. Looking at the number of staff makes it possible to further analyse costs and productivity and provides insights into the use of resources and capacity. In addition, the number of employees provides benchmarks for other quantitative and qualitative personnel metrics.

Please refer to the CSR report and diversity report for information on the non-financial statement, which is to be issued in 2019 for 2018, and the diversity concept to be applied within the Logwin Group. The documents can be downloaded from http://www.logwin-logistics.com/company/overview/corporate-social-responsibility.html.

Research and development

Development activities in the Logwin Group concentrate on service and process innovations. These innovations are generally developed in close collaboration with customers in order to achieve improvements in operational and administrative processes. The specialists in the Tender Management/ Logistics Engineering, Process Management and respective IT departments of the Solutions business segment in particular are entrusted with this type of work for complex contract logistics projects.

Corporate Governance

Members of the Board of Directors and the Executive Committee

Dr. Antonius Wagner (*1961)
Chairman of the Board of Directors and the Executive Committee
Bad Homburg v. d. Höhe (GER)

Sebastian Esser (*1974)
Deputy Chairman of the Board of Directors (since 11 April 2018) and member of the Executive Committee (Chief Financial Officer)
Großostheim (GER)

Dr. Yves Prussen (*1947)
Deputy Chairman of the Board of Directors, non-executive member (until 11 April 2018)
Attorney
Luxembourg (LU)

Thomas Eisen (*1971)
Member of the Executive Committee
Salzburg (AUT)

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

Hauke Müller (*1964)
Member of the Executive Committee
Hamburg (GER)

Philippe Prussen (*1977)
Non-executive member of the Board of Directors (since 11 April 2018)
Attorney
Luxembourg (LU)

Axel Steiner (*1973)
Member of the Executive Committee
Großostheim (GER)

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

Information in accordance with Article 11 of the Luxembourg Takeover Act dated 19 May 2006

Lit (a): Details on the equity structure of the Logwin Group are included in note 26 on page 84 of the notes to the consolidated financial statements. As of 31 December 2018, there were 2,884,395 fully paid up, no-par registered voting shares issued and admitted for trading on the Frankfurt Stock Exchange.

Lit (b): There are no restrictions on the transfer of the shares.

Lit (c): The majority shareholder of Logwin AG is DELTON Logistics S.à r.l., Grevenmacher, Luxembourg. The sole shareholder of DELTON Logistics S.à r.l. is Stefan Quandt. For further details, please refer to notes 1 and 39 on pages 33 and 106 of the notes to the consolidated financial statements.

Lit (d): There are no shares that give the holders any special rights of control.

Lit (e): There are no employee stock ownership schemes in the Logwin Group.

Lit (f): There are no restrictions on voting rights in the Logwin Group.

Lit (g): As of 31 December 2018, 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.

Lit (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/company/investors/governance.html.
In particular, the following applies:

- The members of the 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 the legal provisions on a provisional basis. Final election will take place when the shareholders next meet for their General Meeting.
- The General Meeting may change the company's Articles and Memorandum of Association at any time, taking into account the legal provisions governing minimum attendance and majority voting.

Lit (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 are available at www.logwin-logistics.com/company/investors/governance.html.
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 interests 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 authorizes 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 authorized until 31 March 2020 to increase the company's registered capital by issuing on one or more occasions up to 1,509,105 new no par registered 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.

Lit (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 below certain thresholds.

Lit (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.

Economic report

Overall conditions

Global economy The global economy continued to develop robustly in 2018. However, the individual economies developed differently and there were increasing signs of a slowdown in economic momentum in the course of the year. In particular, the global economy is being affected by declining support from policies in advanced economies and by the effects of the ongoing trade dispute between the United States and China and the custom duties imposed in this context. Accordingly, growth in world trade has slowed slightly and the risks arising from uncertainties for future global trade relations have increased.

The United States economy mantains to show satisfactory growth. The economy continued to benefit from the tax reform and robust private consumption. Growth in the euro zone weakened slightly in 2018 compared with the previous year. This growth is supported above all by private consumer spending, which is boosted by employment growth and good financing conditions for private households. In addition, investments in the construction industry are contributing to the continued cautiously positive development in the euro zone. The Brexit remains the central risk factor for economic development in the euro area. The shortage of labour in Germany and other important markets is increasingly hampering growth across industries.

The Chinese economy is also continuing to grow thanks to solid private consumption and robust exports, with growth rates lagging behind those of previous years. Growth accelerated again in the major commodity exporting countries such as Russia and Brazil. The Indian economy was able to maintain its growth rate. In the emerging markets, which were hit hardest by the financial market turbulence in the summer (e.g. Argentina and Turkey), the economic outlook has deteriorated significantly as a result of restrictive financing conditions.

German (logistics) industry The German economy continues to enjoy an upswing, albeit at a slower pace. This development was driven, among other things, by continued expansionary economic policy and good domestic demand. Employment continued to increase and the increase in investment activity also contributed to growth. Exports continued to rise, although the increase was weaker than in the previous year. Imports also grew only moderately compared with the previous year. In the course of the economic development, the German logistics industry also recorded a sustained upward trend, although the sentiment deteriorated in the last quarter of the year.

Competition and market In all relevant areas, the market and competitive environment in the logistics sector continued to be challenging in the course of 2018. This required a high level of commitment to securing existing customer transactions and acquiring new customers.

Although the air freight market continued to grow in the financial year, growth was significantly more restrained than in the previous year. The capacity expansions of the air freight carriers led to a capacity growth in excess of demand, as a result of which seasonal changes in air freight rates were lower than in previous years. In ocean freight, average rates were lower than in the previous year and the significant consolidation steps taken by the shipping lines continued to characterize the market development. In addition, global container handling growth has slowed significantly.

In the past year, the contract logistics market was characterized by unchanged competitive and margin pressure both in existing business and in the acquisition of new business. Compared to other sectors of the economy growth was above average both among export-oriented industrial customers and in the consumer goods sector due to good domestic demand.

Business performance

The Logwin Group was able to continue its good earnings development in a challenging market and competitive environment. Sales increased slightly compared to the previous year. The Air + Ocean business segment slightly exceeded the previous year's figure with a positive volume development. The annual average freight rates in the ocean freight segment, which were lower than in the previous year, had a dampening effect on revenue development. Sales in the Solutions business segment also increased slightly.

In 2018, the Air + Ocean business segment was able to slightly increase both air and sea freight volumes in comparison to the market growth in a further growing overall market. Good growth of existing customers and launched new business increased capacity utilization and led to high productivity and margin growth in almost all regions. In addition to preparing the introduction of a new freight forwarding system, an online booking system for general cargo shipments was successfully implemented in 2018. With the new national company in France, an important market in the European economic area became an integral part of the worldwide air and sea freight network.

In the course of 2018, the Solutions business segment focused on the optimization and ongoing development of existing business. In view of a challenging procurement market, especially in the transport sector, the focus was on ensuring the necessary quality standards and sufficient profitability of existing business. Business development in 2018 was characterized by the implementation of the efficiency improvements initiated at German locations, which also led to the closure of unprofitable sites. Future-oriented projects and investment projects in the infrastructure of warehouses and locations as well as the IT processes of all activities of the business segment formed a further focus in the 2018 financial year.

in million EUR	**2018**	**2017**	*Absolute change*
Revenues	1,149.6	1,119.1	30.5
EBITA	49.2	38.1	11.1
Net result	39.2	26.7	12.5
Net cash flow	38.5	21.8	16.7
Net liquidity	144.0	116.5	27.5

	2018	**2017**	*Absolute change*
Employees (as of 31 December)	4,390	4,133	257

Earnings position

Revenues The Logwin Group reported a slight increase in revenues in 2018 compared to the prior year. The revenues gain of 2.7% was due to the increase of volumes in the ocean- and airfreight market in the Air + Ocean business segment.

Air + Ocean
The Air + Ocean business segment generated sales of EUR 778.8m in the fiscal year (prior year: EUR 753.2m), which corresponds to an increase of 3.4 %. The business segment succeeded in increasing air and sea freight volumes in a market that grew at a slower pace than in previous years. Volume-driven revenue growth was reduced on an annual average by lower freight rates in sea freight. Newly established national companies and sites made additional contributions to increasing the volume of business.

Solutions
At EUR 371.3m, sales in the Solutions business segment in 2018 were slightly above the previous year's level of EUR 368.2m. In the year under review, the business segment was again under the influence of strong price and competitive pressure. Overall, the sales volume in existing business was increased and new customer business also contributed to sales. The closure of a loss-making site during the years and the scheduled expiry of a special project at a major customer in the previous year had a counteracting effect.

in million EUR	**2018**	**2017**	*Absolute change*
Logwin Group	1,149.6	1,119.1	30.5
thereof Air + Ocean	*778.8*	*753.2*	*25.6*
thereof Solutions	*371.3*	*368.2*	*3.1*

In addition to the two presented operating business segments, the revenues of the Logwin Group include the segment Others, which among others compromises the management of real estate, central services and holding companies.

Gross margin and gross profit The gross margin of the Logwin Group increased from 8.1% in the previous year to 8.8% in fiscal year 2018. In the Air + Ocean business segment, increased project business and the development of freight rates in particular contributed to the margin increase. Despite the increase in the cost of sales in the Solutions business segment, which in some cases exceeded expectations, the gross margin also increased here due to the operational improvement of individual sites and the closure of a loss-making site. Overall, gross profit rose significantly from EUR 91.2m in 2017 to EUR 100.8m.

Selling, general and administrative costs Selling, general and administrative expenses fell slightly from EUR 54.3m in the prior year to EUR 52.9m in fiscal year 2018. The decline is mainly due to a restructuring in the sales organization of the Air + Ocean business segment. In the Solutions business segment, selling and administrative expenses were at the prior year's level.

Operating Result (EBITA) In fiscal year 2018, the Logwin Group significantly increased its operating result (EBITA) by EUR 11.1m from EUR 38.1m in the previous year to EUR 49.2m. At 4.3% (prior year: 3.4%), the Group's operating margin was at a very pleasing level. Both operating divisions contributed to the earnings improvement in 2018.

Air + Ocean
At EUR 46.2m, the operating result of the Air + Ocean business segment again significantly exceeded the prior year's result of EUR 38.6m. The successful expansion of existing business and the acquisition of new business contributed to the positive earnings development in the course of 2018. In addition, the project business was further expanded. The focus on distribution and the successful continuation of the many years of operational efficiency in all parts of the organization form the basis for the development of earnings.

Solutions
In 2018, the Solutions business segment achieved a significantly increased operating result of EUR 9.9m (prior year: EUR 6.5m). The improvement was mainly due to a noticeable increase in gross profit. The operational stabilization of critical locations and gratifying volume developments with existing and new customers had a positive effect. Non-recurring effects of EUR 1.6m (prior year: EUR 1.1m) from income relating to other periods also contributed to the increase in the operating result of the business segment. Rising prices in the procurement of transport capacities and adverse developments in the product mix in the stationary retail sector in Germany had a counteracting effect. In the previous year, the result was also significantly impacted by an impairment loss on a real estate.

in million EUR	**2018**	**2017**	*Absolute change*
Logwin Group	49.2	38.1	11.1
Margin	*4.3%*	*3.4%*	*0.9%*
Air + Ocean	46.2	38.6	7.6
Margin	*5.9%*	*5.1%*	*0.8%*
Solutions	9.9	6.5	3.4
Margin	*2.7%*	*1.8%*	*0.9%*

In addition to the two presented operating business segments, the EBITA of the Logwin Group includes the segment Others, which among others compromises the management of real estate, central services and holding companies.

Financial result and income taxes Compared with the prior year (EUR –0.7m), the financial result for the 2018 financial year declined to EUR –0.8m. The slight reduction resulted from the decline in financing income from EUR 1.2m to EUR 0.4m, which was influenced in the prior year by a one-off effect from the reassessment of leasing liabilities. On the other hand, interest expenses from short-term and long-term debt financing fell from EUR –1.9m to EUR –1.2m. In contrast, income tax expenses decreased from EUR –10.7m in the prior year to EUR –9.2m, mainly due to the revaluation and increased usage of tax loss carryforwards.

Net result In the 2018 financial year the Logwin Group's net result was EUR 39.2m (prior year: EUR 26.7m) and exceeded the prior year's figure by EUR 12.5m.

Financial position

Financial management in the Logwin Group The Logwin Group is essentially financed by equity and leasing as well as, if necessary, the factoring of receivables and, to a limited extent, by bank and other loans if necessary. The operating entities of the Logwin Group finance themselves primarily from operating cash flows or intragroup loans.

The Logwin Group's financial liabilities increased from EUR 11.1m to EUR 11.5m as of 31 December 2018 and relate almost exclusively to liabilities from finance leases. The increase is attributable to newly entered finance lease contracts with simultaneous scheduled repayment of existing finance lease liabilities.

Operating cash flows In fiscal year 2018, the Logwin Group achieved cash inflows from operating activities of EUR 47.4m (prior year: EUR 31.6m). The strong increase is mainly attributable to the significant increase in operating profit and a cash-effective decline in working capital.

Investing cash flows At EUR –9.0m, the cash flow from investing activities of the Logwin Group was EUR 0.8m euros above the prior year's cash flow of EUR –9.8m. The deviation is mainly the result of investments in the Solutions business segment, which decreased by EUR 3.3m and were influenced in the prior year by investments in new customer business. This was counteracted by an increase of EUR 2.5m in IT investments in the Holdings business segment, which were particularly related to investments in new transport management systems.

Net cash flow Thus, the Logwin Group generated a net cash flow of EUR 38.5m (prior year: EUR 21.8m).

Financing cash flows The cash flows from financing activities amounted to EUR –10.0m in 2018 (prior year: EUR –7.9m) and primarily included the EUR –7.2m dividend payment to Logwin AG's shareholders (prior year: EUR –5.8m) in accordance with the resolution taken at Logwin AG's annual general meeting on payment of a dividend for the 2017 financial year. On the other hand, cash out-flows for the repayment of liabilities from finance leases liabilities increased to EUR –2.3m (prior year: EUR –1.6m).

Net asset Position

Total assets The Logwin Group's total assets increased from EUR 423.8m at the end of the prior year to EUR 471.1m as of 31 December 2018. The rise in total assets compared to 2017 was due in particular to an increase in current assets and current liabilities.

Non-current assets increased slightly to EUR 123.9m in the reporting year (prior year: EUR 118.9m). Goodwill was again the main item, unchanged at EUR 66.8m (prior year: EUR 66.8m). Non-current assets also include property, plant and equipment of EUR 35.6m (prior year: EUR 34.5m), deferred tax assets of EUR 14.4m (prior year: EUR 12.9m) and other intangible assets of EUR 5.6m (prior year: EUR 2.9m).

The Logwin Group's current assets rose considerably to EUR 347.2m compared to EUR 304.9m as of the end of 2017. The items under current assets include trade receivables and contract assets which were recognized for the first time under IFRS 15 of EUR 164.5m (prior year: EUR 152.4m) and cash and cash equivalents of EUR 155.5m (prior year: EUR 127.6m).

Equity The Logwin Group's equity amounted to EUR 184.7m at the end of 2018 against EUR 155.1m in the prior year. The increase in equity mainly reflects the net result for the 2018 financial year of EUR 39.2m (prior year: EUR 26.7m). The dividend payment to the shareholders of the Logwin AG of EUR 7.2m (prior year: EUR 5.8m) reduced equity in the year under review. The equity ratio increased from 36.6% as of the prior year to 39.2% as of 31 December 2018.

Liabilities Non-current liabilities increased slightly from EUR 44.9m at the end of the prior year to EUR 45.6m at the end of 2018, mainly due to the addition of long-term liabilities from leasing contracts exceeding the current repayment and due to the increase in pension and anniversary provisions due to the application of new mortality tables. Current liabilities increased significantly from EUR 223.8m to EUR 240.8m at 31 December 2018 and mainly comprise trade accounts payables of EUR 188.7m (prior year: EUR 168.4m).

Cash and net liquidity Cash and cash equivalents of the Logwin Group came to EUR 155.5m at the end of the 2018 reporting year compared to EUR 127.6m as of 31 December 2017. Mainly as a result of the higher level of cash and cash equivalents, the Group's net liquidity increased again significantly from EUR 116.5m as of the end of the prior year to EUR 144.0m as of 31 December 2018.

Employees

The Logwin Group had 4,390 employees worldwide as of 31 December 2018, compared with 4,133 at the end of 2017. The Air + Ocean business segment had 256 employees more than in the prior year. This increase is attributable to a growth-related expansion of global capacities. The Solutions business segment employed 3 fewer people than in 2017.

The number of employees in the Logwin Group in Germany rose from 1,870 to 1,913.

	2018	2017	*Absolut change*
Logwin Group	4,390	4,133	257
thereof Air + Ocean	*2,795*	*2,539*	*256*
thereof Solutions	*1,403*	*1,406*	*-3*

Report on the Logwin share

The Logwin Share On all German stock exchanges 64,359 no par value shares of Logwin AG were traded in the year under review. This was equivalent to a turnover of EUR 8.6m. Between the beginning and end of the reporting period, the price of the Logwin share declined from EUR 136.00 to a Xetra closing price of EUR 123.00. However, the significance of this share price development is limited due to the low volumes traded.

Share buyback program As part of restructuring the share capital adopted on 12 April 2017, the Annual General Meeting authorised the Board of Directors to decide on the buyback of treasury shares by 31 March 2020. No no-par-value shares were acquired in the 2018 financial year (prior year: 40 no-par-value shares).

Key figures for the Logwin share

		31 Dec 2018	31 Dec 2017
Closing price (Xetra)	*in EUR*	123.00	135.85
High/low 52 weeks	*in EUR*	150.00/121.00	155.85/108.50
Number of shares	*Units*	2,884,395	2,884,395
– thereof outstanding	*Units*	2,884,395	2,884,395
Market capitalization	*in million EUR*	354.78	391.85

Shareholdings The majority shareholder of Logwin AG is DELTON Logistics S.à r.l., Grevenmacher, Luxembourg. Until December 2018, DELTON Vermögensverwaltung AG, Bad Homburg v. d. H., held a majority interest in Logwin AG, Grevenmacher, Luxembourg. In December 2018, DELTON Vermögensverwaltung AG contributed its investment in Logwin AG to the newly founded DELTON Logistics S.à r.l., Grevenmacher, Luxembourg, as part of a change in the investment structure and subsequently sold this company to its indirect sole owner.

Company rating The rating by Standard & Poor's for the Logwin Group (corporate credit rating) remained unchanged in 2018 at 'BB'. The outlook was raised in May 2018 to positive.

Subsequent events report

There were no events subject to reporting requirements that occured between 31 December 2018 and the preparation of the consolidated financial statements by the Board of Directors of Logwin AG on 4 March 2019.

Overall presentation of risks and opportunities

Risk management system

Objectives and strategy The Logwin Group has established a Group-wide risk management system in order to ensure the proper management of the company and to implement a determined risk policy at Logwin AG. This forms a key part of the planning and internal control system and is thus an essential element in managing and controlling the company. The aim of Logwin AG's risk policy is the timely and systematic identification of risks that can lead to a significant adverse deviation from forecasts or targets or may become a risk to the further existence of the company so that such risks can be avoided or their negative effects minimized by initiating prompt countermeasures. The systematic identification and analysis of opportunities is not a component of the Group-wide control and risk management system. Continuous close monitoring of business activities at various levels of management of the Logwin Group ensures that opportunities are identified and exploited.

Structure and process The risk management system is ensured by Group-wide policies and procedures that are set out in risk management guidelines. Risk owners in the business segments and holding companies identify and assess risks that can emerge in their areas. These are then systematically summarized depending on predetermined reporting threshold values and communicated to the relevant management levels in the business segments and to the Executive Committee and the Board of Directors of Logwin AG. Besides regular reporting at specified intervals, immediate reporting procedures for new significant risks play an essential part in the risk management system. Controlling and managing the risks is the responsibility of the risk owners, the relevant management levels in the business segments or the Executive Committee, depending on the degree of authority. These clearly defined processes and responsibilities do not just guarantee that all identified risks are duly addressed, but also ensure that the Executive Committee and the Board of Directors of Logwin AG are informed about all major risks.

Control and risk management system for other processes and systems and for the financial reporting process The risk management system was deliberately established as an instrument independent of other processes and systems. However, findings from this system are incorporated into various other processes and systems:

- In particular, thanks to local risk tracking by risk owners, matters relevant to compliance can also be reported and are then monitored by the compliance management system of the Logwin Group.
- In the context of strategic planning, budgeting and forecasting, it is necessary to define how to deal with certain risks within the planning horizon.

Conversely, the findings of other processes and systems must be taken into account in risk management, e.g. by entering issues that are reported through planning (strategic planning, budget or forecast). The Internal Audit department also performs audits. Depending on the matter at hand, audit findings can also be tracked as risks if necessary.

Besides the risk management guidelines, Group-wide accounting guidelines regulate the financial reporting process as a further feature of the internal control and risk management system. The financial reporting process in the Logwin Group reflects its decentralized organizational structure, i.e. at the business segment level, numerous in part systembased reconciliation and plausibility checks are used to monitor the individual Group companies with regard to their reporting preparations, (e.g. scheduling and assigning tasks, obtaining balance confirmations, assessing provisions) and also with regard to the preparation of the financial statements. Another element in the internal control system are the letters of representation presented by the management of each subsidiary regarding their annual financial statements. All input and work steps in the consolidation process are documented in the consolidation software, which is used Group-wide. Furthermore, the internal audit department is also involved in monitoring compliance with the accounting guidelines in selected cases.

Risks

Taking into consideration the measures taken or planned, the risks identified across the Group do not – either individually or in interaction with one another – affect the Logwin Group's ability to continue as a going concern. Partial changes in individual opportunities and risks do not have a material effect on Logwin Group's overall risk profile for the 2019 financial year, which – in the management's view – will not change materially compared to the prior year. The following sections first describe the risks and then the opportunities that could have a material effect on Logwin Group's earnings, financial and net asset position. Unless otherwise stated, these descriptions apply to all business segments.

Overview As a global logistics service provider, the Logwin Group faces macroeconomic or political risks along with risks arising from operating business activities. Moreover, financial, legal and regulatory as well as other risks could conceivably also affect its business performance. The Logwin Group has – in accordance with legal requirements – set up a comprehensive risk management system. The system's objective is to systematically identify and manage risks early on, which could negatively impact earnings or lead to deviations from the budget, or cast significant doubt on the Group's ability to continue as a going concern. The possibility cannot be excluded that the risk management system could prove to be inadequate or inefficient, and that unrecognised risks or negative developments could materialize in the Group's course of business activities or not be identified quickly enough in order to prevent them from materializing. As a result, the Logwin Group's net assets, financial situation and earnings position may be significantly affected.

Macroeconomic and political 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. Material risks therefore lie in global economic developments and in particular in the euro zone economy and the Asian economies. In this regard, there is the particular risk of a serious impact from the decline in economic growth in China. The introduction of trade barriers in the short- and medium-term and efforts to restrict free trade for political reasons can also have a significant negative effect. According to the assessment of the management, risks relating to Brexit are of minor significance for the Logwin Group. Even though the decision as to whether and, if so, what trade agreement the UK will join following Brexit could have a major impact on the (previously) free movement of goods, services, persons and payments between the UK and EU member states, this plays only a minor role in the Logwin Group due to unsignificant revenues from transport services in the movement of goods between the EU and the UK. No significant effects are expected in the 2019 financial year for the primary intercontinental import and export business to and from the UK.

A significant decline in economic momentum in relevant economic areas, economies and sectors, such as the textile industry or certain segments in wholesale and retail trade, would lead to a decline in in the Logwin Group's customer demand for logistics services in individual or all Logwin operating units, which could make it necessary for the Logwin Group to take corrective measures. Exchange rate changes can also have a significant impact on trade flows and thus on the market size for intercontinental air and ocean transport.

The Logwin Group monitors the relevant general economic developments with the aim of anticipating the effects of negative macroeconomic developments early on and minimizing the repercussions for its financial position and performance by managing the respective exposure and, if possible, adapting the business model.

Terrorist incidents in many parts of the world often also target key traffic and transshipment points on global trade routes. This can lead to short-term disruptions and medium-term changes in trade flows owing to security considerations of the customers of the Logwin Group. These changes in transport volumes and the growing importance of economic embargoes and sanctions in global international relations can have a significant negative impact on the net asset, financial and earnings position. The Logwin Group reduces its risks in this regard by diversifying its global activities and the day-to-day, risk-minimizing management of its customers' transport volumes.

Risks arising from operating business activities The business activities of the operating units of the Logwin Group are subject to a variety of risks worldwide. These are explained in more detail in the sections below.

Market and customer risks
Many customers who have launched cost reduction programs become even more cost-conscious and consequently demand reduced prices from their logistics service providers. This can result in existing logistics contracts being reexamined and an increasing number of contracts being put out to tender. This applies especially to the Solutions business segment, which is highly dependent on individual large customers. There is the risk for the Logwin Group that these customer measures will have an adverse effect on its earnings situation. Thanks to the high quality of services and the cost savings achieved in recent years, the Logwin Group is still able to meet rising requirements and to hold its ground against its competitors.

In various customer contracts, liability and investment risks are transferred to the Logwin Group as the service provider, or penalties for failure to render contractual services are agreed as a condition for commencing business relations. These may lead to risks significantly exceeding the basic legal warranty risk, which could have a negative impact on the net assets, financial situation and earnings position of the Logwin Group. The Logwin Group minimizes these risks by means of comprehensive controlling at contract and branch level. Furthermore, potential risks are identified early on within the risk management process and immediately counteracted.

In the Air + Ocean business segment, there is a key risk of a lasting slowdown in the long-term growth trends in the area of air and ocean freight. Due to the very low industry concentration and the global oversupply of air and ocean freight capacity, fiercer competition for stagnating air and ocean freight volumes can further increase pressure on margins. With high service quality and intensive efforts to continuously acquire new customer business, the Air + Ocean business segment is striving to counteract the erosion of its margins.

Procurement risks
Developments in industry-specific costs pose another considerable risk for the Logwin Group's earnings situation. There is a general risk in this regard that cost increases cannot always be passed on to customers immediately and in full, which could lead to a considerable reduction in earnings. As far as possible, this risk is taken into account through careful contractual arrangements and sufficient diversification with regard to the service providers and suppliers engaged.

A large part of the services provided by Logwin Group is rendered by subcontractors. The local and global availability of a diversified supplier market is a prerequisite for the Logwin Group to provide customers with freight forwarding services at competitive prices. At present, considerable consolidation trends can be observed above all in the global shipping market, but also increased cooperation efforts among air freight carriers. There is the risk that consolidation in the carrier market could impede the ability to sufficiently stand out from the competition, which can have a considerable impact on Logwin Group's earnings.

However, despite limited in-house transport capacity, there is the risk that the available transportation capacities and cargo space will be underutilised, particularly in the retail network of the Solutions business segment. The same is true, but not quite to the same extent, for firmly booked capacity in airfreight.

A noticeable increase in freight rates can also have considerable negative effects on the earnings position of the Logwin Group if higher rates cannot be fully passed on to customers in a timely manner. Furthermore, risks related to logistics real estate that is rented or otherwise held and remaining vacant could have a negative effect on the Logwin Group's net assets, financial and earnings position. The Logwin Group limits these risks through appropriate contract design and the continuous monitoring of ongoing business activities. Furthermore, established internal processes allow it to react quickly and flexibly to constantly changing circumstances.

There is also the risk of an increase in fuel and heating oil prices, particularly in connection with transportation services, but also for maintaining logistics real estate. Based on the currently low price level, there is the risk of significant prices rises in the medium term, which could lead to an unexpected and, in some cases, very abrupt increase in the cost of sales.

It is also important for the Logwin Group when providing seamless transportation and logistics services at different locations to have properly qualified staff at competitively appropriate conditions. In the event that sufficient appropriate staff are not or only restrictedly available at the company's locations, the Logwin Group faces the risk of not being able to provide its services as agreed due to increased labour costs, or only in a way that is economically unviable. This also applies to skilled experts in logistics in addition to the workforce in the commercial area. This could have a negative effect on the Logwin Group's business performance and profitability in the short, medium or long term. The Logwin Group mitigates this risk with intensive and systematic recruitment activities and various measures for the development and advancement of its employees. Furthermore, Logwin's reputation as an attractive employer is enhanced by, for example, taking part in recruitment fairs. In addition, regular health and safety management courses are hosted to help avoid health risks and potential accidents.

Technical risks

The availability of a functional IT infrastructure and IT applications is critically important for the economic performance of the Logwin Group. There are IT risks due to the possible outage of operational and administrative IT systems, which could significantly impede business processes and pose a threat to the Logwin Group's ability to continue as a going concern in the event of prolonged or sufficiently extensive disruptions. Existing and new threats to Logwin Group's data security and IT infrastructure are regularly assessed in order to limit IT risks. In 2018 as in the previous year heightened IT risks in the area of data and cyber security were observed. The rising number of new threats, such as ransomware attacks or discovery of vulnerabilities in the products of several IT infrastructure manufacturers, seems to indicate that the threats facing the Logwin Group have remained on an unchanged high level compared to the prior year. Therefore, the Logwin Group takes suitable protective measures to ensure and enhance the secure availability of IT services and functionality.

The outage of technical equipment such as automated storage technology for high-rise warehouses, ground conveyor vehicles and facilities or material flow computers can result in revenue shortfalls, liability and warranty risks for damage and quality defects. The Logwin Group is able to minimize these risks with regular maintenance and the continuous improvement of technical equipment and machinery.

Should the current introduction of new transport management systems result in unexpected delays or implementation problems, this could on the one hand lead to negative effects on the net assets, financial position and earnings due to additional implementation expenses or depreciation of already capitalized assets. Nor would it be possible to rule out an impairment of the settlement of current transactions or appreciable losses in efficiency in this case. The risk is classified as low due to the project progressing according to plan at the time of preparation of this report.

Financial risks

Liquidity risks

The business operations of the operating units of the Logwin Group as a logistics provider require it to use loans, factoring 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 at the Logwin Group.

The Logwin Group manages its liquidity risk by monitoring the current liquidity situation on a daily basis. Liquidity planning is used to determine future requirements and to analyze on a regular basis whether the Logwin Group is in a position to meet its financial liabilities by the agreed maturity dates. The Logwin Group also limits its liquidity risk through strict working capital management and financing from various sources. As of 31 December 2018, the Logwin Group had unused credit facilities of EUR 39.1m (prior year: EUR 39.4m). The Logwin Group can also utilize a contractually agreed maximum amount of EUR 45.0m from the factoring facility depending on the volume of receivables sold.

Note 35 to the consolidated financial statements on page 104 provides a maturity analysis of the financial liabilities.

Engaging in the transportation business on a global scale requires the possibility of guarantees and collateral being provided by generally recognized guarantors, for example to customs and tax authorities and in the process of handling air and ocean transports world-wide. The Logwin Group will be faced with liquidity and earnings risks if such established financial instruments are no longer available to the Logwin Group to a sufficient extent, or if the customary mechanisms underlying international financial business transactions fail to work. The risk is reduced by diversification and contractual agreements with leading financial service providers selected according to defined criteria.

Credit risks
There are credit risks arising from relationships with customers and banks, which could have a negative impact on earnings if they were to materialize. Credit risks arising from relationships with customers are minimized by detailed credit assessments and a restrictive allocation of payment terms. Furthermore, in nearly all countries trade credit insurance exists for the majority of customers. Credit risks resulting from relationships with banks (counterparty risk) are counteracted via diversification of banking relationships.

Allowances are made for possible default risks on trade accounts receivable and other financial assets. Please refer to note 22 on page 79 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.

Unless stated otherwise, the carrying amount of financial instruments is their maximum default risk.

Currency risks
The companies of the Logwin Group generate revenues in various currencies in the course of carrying out their worldwide activities and therefore also recognize their assets in non-euro currencies. As a result, the Group is subject to ongoing currency risks. Moreover, between the companies of the Logwin Group there are internal financing balances in foreign currencies.

As a result, a significant risk to earnings and liquidity from the negative effects of exchange rate movements cannot be excluded.

Wherever feasible, the Logwin Group reacts to potential foreign exchange risks affecting liquidity by using hedging instruments. Taking into account hedging activities, a change in the respective functional currency of the group companies by +/– 10% in relation to the US dollar, the main foreign currency of the Logwin Group, as of 31 December 2018 would have an effect on the Group's net result of –/+ EUR 0.3m (prior year: –/+ EUR 0.1m).

Note 34 on page 102 contains a list of forward exchange contracts as of the end of the reporting period.

As the euro is the reporting currency of the Logwin Group, the financial statements of the companies are translated into euro, which is the functional currency of the Group, for the purposes of the consolidated financial statements. These translation-related foreign currency risks are typically not hedged in the Logwin Group. This can create a considerable impact on the presentation of the earnings position and net assets of the Logwin Group. The Logwin Group closely monitors the extent of the possible impact on an ongoing basis.

Interest rate risks
Interest rates can change after a prolonged phase of low interest rates as a result of various influential factors. Increased rates of interest can pose a risk to the earnings of the Logwin Group. As of 31 December 2018, the Group had financial liabilities subject to variable interest rates resulting from finance lease contracts. Based on the variable-interest, unhedged financial liabilities, a change in the rate of interest of +/– 100 basis points as of 31 December 2018 would have an effect on the financial result of –/+ EUR 0.1m (prior year: –/+ EUR 0.1m). These interest rate risks are closely monitored on an ongoing basis and tolerated at the current level.

Legal and regulatory risks The Logwin Group performs various customs and VAT-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. Considerable risks to the financial situation and earnings position of the Logwin Group arise in particular in cases where a customer is unable to settle its payment obligations. To limit these risks, these proceedings are handled by appropriately qualified personnel. Furthermore, the internal control and risk management system in place helps to counter possible threats early on.

Logwin Road + Rail Austria GmbH was served with a claim from the Austrian customs authorities in April 2010 demanding back payment of import VAT of around EUR 17m plus interest 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 VAT granted at that time was now revoked since the consignee of the goods was allegedly a participant in a missing trader (VAT carousel) fraud. The relevant Logwin company lodged an appeal against the decision but it was unsuccessful. The customs office did not initiate its enforcement based on a confirmation of cover by the insurer in charge of the settlement of damages. In the remission procedure initiated, Logwin, also with reference to court rulings under European law, filed for the full remission of these payments plus interest as the company believes it is not at fault. The proceedings before the Federal Finance Court has been initially suspended as the court wanted to wait for a decision by the European Court of Justice in another case which is of considerable importance for the remission proceedings. As of the end of the reporting period, a remission of these payments is still considered to be more likely than not against the backdrop of favorable prospects. Therefore, as in the previous year, no liabilities have been reported in these financial statements to cover this matter. A confirmation of cover by the insurer in charge of the loss adjustment still exists if the liability of Logwin Road + Rail Austria GmbH has been recognized by declaratory judgment and the request for remission has been legally rejected. There could be considerable negative consequences on the Logwin Group's net asset and financial position if the remission procedure proves unsuccessful and the insurer fails to provide (sufficient) cover despite its confirmation of cover. After the decision of the European Court of Justice was announced on 14 February 2019, the proceedings are expected to continue in the first half of 2019.

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 costs and significantly higher investment requirements for additional security measures, which could then affect the financial and earnings position of the Logwin Group.

Country-specific risks can result, for example, from inconsistent interpretation, application and abrupt changes to legal, tax and customs regulations. This is not only the case for various emerging countries where the legal system does not yet conform to international standards (or only to a limited extent). It also applies to locally adopted implementing regulations of EU law, whose transposition sometimes differs greatly from country to country. Through the close monitoring of the development of global safety regulations and other legal frameworks, the Logwin Group strives to respond to additional requirements early on and to mitigate or avert the impact of additional expenses by adjusting customer agreements.

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, such as transportation licenses and occupational health and safety. Conditions and licensing requirements may restrict transportation and logistics activities. For a number of customer projects, the companies of the Logwin Group are dependent upon retaining their current licenses and permits at all times. Losing such authorization could significantly threaten the profitability of the customer projects concerned. The risks arising from this are constantly monitored by the risk owners in order to directly counter potential threats.

The contractually agreed acceptance of risks, principally warranties, indemnification and tax risks, remain in connection with winding up the business operations sold by the Logwin Group. If Logwin Group is held liable, this can have an considerably negative impact on the financial situation and earnings position of the Logwin Group. These risks are contractually limited as far as possible.

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. In addition, various logistics facilities require the handling of hazardous goods. The logistics and transportation sector, at least in Germany and the rest of the EU, can be expected over the next few years to become the focal point of policies and laws on the environment and climate change. In this context, there are risks that will only be possible in part to offset the resultant cost increases through increased efficiency 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. Ongoing monitoring and systematic reviews by the monitoring bodies and, in particular, by the quality management officers of the Logwin Group ensure the early identification and elimination of these risks.

Other risks The Logwin Group is exposed to the risk of claims for damages arising from breaches of duty by management. In addition, malicious acts such as theft, fraud, breach of trust, misappropriation of payments and corruption hold a high level of potential risk and can result in substantial damage both in material terms and to Logwin's reputation. In this context, the internal control system of the Logwin Group helps to reduce possible risks. Furthermore, the Logwin Group has defined a code of conduct with the aim of promoting the integrity of employee conduct and to prevent situations that are incompatible with these principles. The code of conduct is publicly available on Logwin Group's homepage and also firmly incorporated into the employment contracts of staff. There are regular information and training sessions on the code of conduct. Special online training was designed for senior managers and sales staff. Approximately 700 employees have successfully completed this course so far.

The Logwin Group accepts business risks in order to make use of market opportunities. Should these risks materialize, they could have material negative effects on the net assets, financial situation and earnings position of the Logwin Group. At EUR 66.8m, recognized goodwill as of 31 December 2018 is still the largest single item in the Logwin Group's non-current assets, and is for approximately 2/3 attributable to the Air + Ocean business segment. In compliance with the requirements of IAS 36, goodwill is subject to an impairment test. Prolonged performance that is weaker than anticipated in individual areas within the Logwin Group involves the risk that an impairment will have to be recorded for the goodwill recognized in the consolidated balance sheet ("impairment risk"). Another influential factor is the current and anticipated trend in interest rates. Sustained weak or weaker than anticipated performance of individual Logwin companies could require an additional adjustment of recognized deferred taxes. A lack of recoverability of non-current assets could have a negative influence on the net assets, financial situation and earnings position of the Logwin Group.

Compliance The Logwin Group attaches great importance to Group-wide compliance with national and international legislation, contractual agreements and the Group's internal policies. To firmly anchor this principle, the Logwin Group has formulated a code of conduct, which is binding for all employees in the Group. This code of conduct specifically defines general behavioral principles, requires employees to understand and comply with the relevant legislation, governs how to deal with business partners and public-sector institutions and sets out guidance on avoiding conflicts of interest. The Board of Directors of Logwin AG has also adopted a Corporate Governance Charter, which is based on the Corporate Governance regulations of the Luxembourg Stock Exchange and sets out requirements for the governance of the Logwin Group and for ensuring compliance with related legislation. The Corporate Governance Charter of Logwin AG has been published on the Logwin Group's homepage. Please refer to the "Corporate governance" section of this management report.

To monitor compliance with compliance requirements, a compliance officer was appointed. Under the overall responsibility of the Executive Committee, a compliance management system was created in the 2016 financial year that forms the framework for the structured monitoring, assessment, management and tracking of compliance risks on the basis of defined risk fields. Comprehensive and recurring employee training in the form of classroom and online sessions complement the range of measures that is continuously being expanded.

Compliance activities are also supplemented by the work of the internal audit department. The focus here is on monitoring compliance with legislation and internal rules in addition to contractual agreements. Together with business segment representatives, the internal audit function carries out audits of selected locations and companies worldwide. External specialists and lawyers are involved in monitoring compliance with national legislation, with a particular emphasis on anti-corruption, compliance with tax and customs legislation, data protection and labor law. Overall, these measures have systematically expanded the Logwin Group's compliance organization in recent years. Nevertheless, the possibility of infringements against national or international regulations occurring, resulting in risks that could threaten the very existence of the Logwin Group, can never be excluded completely.

Opportunities

Macroeconomic and industry-related opportunities Besides the aforementioned risks, ongoing globalisation also provides the Logwin Group with certain opportunities. Further global economic growth will drive the growth of the logistics industry in the future as well. This is especially true for Asia, where trade flows with other regions and especially within the continent will increase further. In addition, market opportunities can arise in the shape of growth momentum provided by other countries experiencing strong growth in regions such as South America or the Middle East.

Should the economic environment in key industrial regions, such as the US and Europe, develop even better than our forecast, this may also lead to unexpected growth momentum, as the business development of our customers determines the demand for storage and transport services. Accordingly, rising transport volumes in imports and exports as well as the positive development of freight rates can have an advantageous effect on the performance of the Logwin Group.

Besides regional characteristics, growth impulses can also result from individual industries. Especially favourable developments in the automotive, consumer goods, chemicals or plant and mechanical and engineering sector can have a positive effect on the Logwin Group's business performance. Booming online trade represents a further opportunity for the Logwin Group. This is pushing the demand for the transport of goods and, thus, offers major growth potential for national and international transportation business.

Opportunities from operating activities Opportunities can be seized by taking advantage from the options provided by technological advances. Digital transformation provides new opportunities for the integration with customers and suppliers of the Logwin Group. This means market opportunities in a challenging and dynamic environment can be quickly and selectively seized and competitiveness can be improved. Furthermore, rising technological intensity in operational processes can help realise optimization potential so that, besides efficiency improvements, the increased use of modern, networked IT systems can lead to improved operational quality, an increased cost efficiency and a reduction of response times.

Opportunities can also be found in the continuous rise in productivity and cost transparency, as well as from leveraging synergy effects, which therefore are the focus of Logwin management's efforts.

The trend towards outsourcing logistics services continues unabated. Supply chains are becoming more complex and international, but also more prone to disruptions. Therefore, customers are looking for stable and integrated logistics solutions and seeking the support of specialized service providers. Should this trend continue, the Logwin Group could potentially seize further opportunities for growth.

There are opportunities in procurement, especially due to positive price development, such as for purchased transportation services, but also for fuel and heating oil prices.

Other opportunities Other opportunities may arise from acquisitions or by reassessment of the business operations. By constantly checking existing business as well as observing potential takeover targets, the Logwin Group seeks to identify any promising prospects early on and – after carefully weighing up the risks – seize such opportunities. Opportunities for improving the earnings position of the Logwin Group can also be found in potentially positive effects from movements in exchange rates or changes in interest rates.

Outlook

Economic forecast In line with the leading economic forecasts, the Logwin Group expects global growth to weaken slightly in 2019. For the euro zone and the German economy a significant weaker development is expected. For the Logwin Group, the development of individual sub-sectors of German consumption, in particular the textile and clothing industry, as well as the development of the strongly import- and export-related economic sectors will be of major importance.

The possibility that material overall risk factors could have a negative impact on the business development of the Logwin Group is assessed as quite realistic and is reflected in the assessment of future business development. These risk factors include the subdued growth expectations for the Chinese economy as well as the rise in political uncertainty in the USA, East Asia and individual European countries. The trade conflict between China and the USA and its potentially negative effects on world trade pose additional risks with regard to economic development. The direct risks of the Brexit for the Logwin Group, on the other hand, are classified as low.

Revenue expectations The Logwin Group anticipates slight revenue growth for 2019. Overall economic development in 2019 will play a key role in this context.

Air + Ocean

The economic development in the main markets of the Air + Ocean business segment should support the continuation of the pleasing development of previous years in 2019 as well. Sales should increase moderately overall. The focus continues to be on acquiring new customers, expanding business with existing customers and securing existing business. The realization of future-oriented investment projects, in particular the introduction of the new transport management system, will significantly determine the development. The expansion of the existing network will continue opportunistically. As in previous years, revenue in 2019 will depend to a large extent on the development of freight rates and exchange rates in addition to the volume development of existing and new customers. Based on the developments in the last quarter of fiscal year 2018 and the expected effects of the changes in the carrier market, the Logwin Group expects a slight increase in the development of both air and ocean freight.

Solutions
Due to growth impulses from price increases and business expansion in fiscal year 2019, sales in the Solutions business segment will remain at the previous year's level overall. Here, too, the expected stable or slightly rising freight rates in the transport sector will have a considerable impact on revenue development.

Earnings expectations Under the conditions described above, the Logwin Group again aims to achieve a satisfactory operating result level in 2019. Compared with the very successful 2018 financial year, operating earnings (EBITA) will, however, probably decline. In addition to the decline in earnings in both Air + Ocean and Solutions, non-recurring effects contribute to the decline in earnings. Accordingly, net profit for the period will show a stronger decline compared with the 2018 financial year, taking into account non-recurring effects and a normalization of the tax rate.

Air + Ocean
Following the significant increase in earnings of the Air + Ocean business segment in the reporting year, it will probably not be possible to fully maintain this earnings level in 2019. Nevertheless, the forecast assumes that important business with existing customers will be retained and that growth will be achieved in new customer business. Transport volumes should continue to rise accordingly. The planned introduction of IT-Systems can have a negative impact on earnings due to the associated one-off expenses. Market-related margin losses and declining volumes could have an additional negative impact on earnings.

Solutions
In the Solutions business segment, operating profit (EBITA) should also decline in 2019. In addition to the noticeable pressure on margins, particularly in the second half of the year, due to rising prices in the transport sector, uncertainties about further volume developments with key customers and the absence of a positive non-recurring effect are expected to have an impact on earnings. Measures on the cost side and the implementation of substantial price increases will have a counteracting effect. Uncertainty about the overall economic development and individual market segments such as textiles and clothing, but also the automotive industry persists and may jeopardize the achievement of the targeted earnings trend.

Liquidity development The Logwin Group expects a decline in net cash flow in 2019 respectively in free cash flow, which will replace the KPI in 2019. In addition to the declining result for the period, the normalization of working capital and continued high investments in IT systems will contribute to this. Net liquidity will decline as a result of the first-time application of IFRS 16 as of 1 January 2019, which will lead to the recognition of further lease liabilities in the Logwin Group. An unchanged accounting treatment would result in a increase.

Due to expected business expansion in the Air and Ocean business segment as well as the rollout of a new IT system, the Logwin Group expects a slight increase in the number of staff in financial year 2019. The number of employees in the Solutions business segment is expected to remain largely unchanged.

Consolidated Financial Statements

Income Statement

in thousand EUR	2018	2017	*Note/page*
Revenues	1,149,607	1,119,116	*10/69*
Cost of sales	–1,048,760	–1,027,958	*11/70*
Gross profit	**100,847**	**91,158**	
Selling costs	–25,619	–27,445	*11/70*
General and administrative costs	–27,316	–26,815	*11/70*
Other operating income	8,326	7,103	*12/70*
Other operating expenses	–5,565	–4,780	*12/70*
Impairments on assets measured at amortized cost	–265	–	
Operating result before impairments of property, plant and equipment and other intangible assets	**50,408**	**39,221**	
Impairment of property, plant and equipment and other intangible assets	–1,233	–1,072	*13/71*
Operating result before goodwill impairment (EBITA)	**49,175**	**38,149**	
Goodwill impairment	–	–	
Net result before interest and income taxes (EBIT)	**49,175**	**38,149**	
Finance income	387	1,235	*14/71*
Finance expenses	–1,201	–1,979	*14/71*
Net result before income taxes	**48,361**	**37,405**	
Income taxes	–9,167	–10,730	*15/72*
Net result	**39,194**	**26,675**	
Attributable to:			
Shareholders of Logwin AG	38,643	26,264	
Non-controlling interests	551	411	
Earnings per share – basic and diluted (in EUR):			
Net result attributable to the shareholders of Logwin AG	**13.40**	**9.10**	
Weighted average number of shares outstanding (in units)	2,884,395	2,884,395	

Statement of Comprehensive Income

in thousand EUR	2018	2017	*Note/page*
Net result	**39,194**	**26,675**	
Unrealized gains of securities, available-for-sale	–	4	
Gains/losses on currency translation of foreign operations	–803	–4,592	
Reclassification of currency translation differences into profit or loss	–496	–382	
Other comprehensive income that may be reclassified into profit or loss in future periods	**–1,299**	**–4,970**	
Remeasurement of the net defined benefit liability	–606	457	*29/87*
Deferred tax from remeasurement of the net defined benefit liability	118	–130	*25/82*
Other comprehensive income that will not be reclassified into profit or loss in future periods	**–488**	**327**	
Other comprehensive income	**–1,787**	**–4,643**	
Total comprehensive income	**37,407**	**22,032**	
Attributable to:			
Shareholders of Logwin AG	36,801	21,866	
Non-controlling interests	606	166	

LOGWIN

Statement of Cash Flows

in thousand EUR	2018	2017	*Note/page*
Net result before income taxes	48,361	37,405	
Financial result	814	744	*14/71*
Net result before interest and income taxes	49,175	38,149	
Reconciliation adjustments to operating cash flows:			
Depreciation and amortization	7,697	7,751	*11/70*
Result from disposal of non-current assets	272	252	*12/70*
Impairment of property, plant and equipment and other intangible assets	1,233	1,072	*13/71*
Other	–619	–5,821	
Income taxes paid	–11,077	–7,210	
Interest paid	–1,019	–1,338	
Interest received	387	436	
Changes in working capital, cash effective:			
Change in receivables	–14,695	–22,527	
Change in payables	16,366	20,914	
Change in inventories	–281	–36	
Operating cash flows	**47,439**	**31,642**	
Capital expenditures in property, plant and equipment and other intangible assets	–10,074	–10,408	
Proceeds from disposals of consolidated subsidiaries and other business operations, net of cash and cash equivalents	650	–403	*16/73*
Proceeds from disposal of non-current assets	440	1,028	
Payments for acquisitions of subsidiaries	–14	–46	
Other cash flows from investing activities	48	–	
Investing cash flows	**–8,950**	**–9,829**	
Net cash flow	**38,489**	**21,813**	
Repayment of current loans and borrowings	–57	–161	*17/74*
Payment of liabilities from leases	–2,342	–1,584	*17/74*
Distribution to non-controlling interests	–303	–341	
Distribution to shareholders of Logwin AG	–7,211	–5,769	
Other cash flows from financing activities	–74	–68	
Financing cash flows	**–9,987**	**–7,923**	
Effects of exchange rate changes on cash and cash equivalents	–580	–2,287	
Changes in cash and cash equivalents	**27,922**	**11,603**	
Cash and cash equivalents at the beginning of the year	127,609	116,006	
Change	27,922	11,603	
Cash and cash equivalents at the end of the period	**155,531**	**127,609**	*24/82*

Balance Sheet

Assets *in thousand EUR*	**31 Dec 2018**	**31 Dec 2017**	*Note/page*
Goodwill	66,821	66,821	*18/75*
Other intangible assets	5,623	2,946	*19/77*
Property, plant and equipment	35,619	34,450	*20/78*
Investments	777	855	
Deferred tax assets	14,409	12,895	*25/82*
Other non-current assets	671	934	
Total non-current assets	**123,920**	**118,901**	
Inventories	2,799	2,518	*21/79*
Trade accounts receivable	145,009	152,399	*22/79*
Contract assets	19,480	–	*22/79*
Income tax receivables	2,614	1,794	
Other receivables and current assets	21,795	20,592	*23/81*
Cash and cash equivalents	155,531	127,609	*24/82*
Total current assets	**347,228**	**304,912**	
Total assets	**471,148**	**423,813**	

Liabilities *in thousand EUR*	**31 Dec 2018**	**31 Dec 2017**	*Note/page*
Share capital	131,300	131,300	
Group reserves	52,430	23,104	
Equity attributable to the shareholders of Logwin AG	**183,730**	**154,404**	
Non-controlling interests	956	663	
Shareholders' equity	**184,686**	**155,067**	*26/84*
Non-current liabilities from leases	9,703	9,356	*27/86*
Pensions provisions and similar obligations	31,201	31,080	*29/87*
Other non-current provisions	3,280	3,024	*30/91*
Deferred tax liabilities	1,013	802	*25/82*
Other non-current liabilities	443	641	*33/92*
Total non-current liabilities	**45,640**	**44,903**	
Trade accounts payable	188,654	168,367	
Current liabilities from leases	1,775	1,598	*27/86*
Current loans and borrowings	50	106	*28/86*
Current provisions	8,415	8,014	*31/91*
Income tax liabilities	4,634	4,513	*32/92*
Other current liabilities	37,294	41,245	*33/92*
Total current liabilities	**240,822**	**223,843**	
Total liabilities and shareholders' equity	**471,148**	**423,813**	

LOGWIN

Statement of Changes in Equity

in thousand EUR	Equity attributable to the		
	Share capital	Additional paid-in capital	Retained earnings
1 January 2017	**131,202**	**48,172**	**–39,917**
Net result			26,264
Other comprehensive income			327
Total comprehensive income			**26,591**
Distributions			–5,769
Offsetting of additional paid-in capital against share capital	98	–98	
Cancellation of own shares		–3,475	
31 December 2017	**131,300**	**44,599**	**–19,095**
1 January 2018 before adoption of new IFRS-Standards	**131,300**	**44,599**	**–19,095**
Effects from adoption of new IFRS-Standards			–289
1 January 2018 after adoption of new IFRS-Standards	**131,300**	**44,599**	**–19,384**
Net result			38,643
Other comprehensive income			–488
Total comprehensive income			**38,155**
Distributions			–7,211
31 December 2018	**131,300**	**44,599**	**11,560**

The accompanying notes are an intergral part of these consolidated Financial Statements.

shareholders of Logwin AG						
Accumulated other comprehensive income						
Available-for-sale reserve	Currency translation reserve	Treasury shares	**Total**	Non-controlling interests	**Total shareholders' equity**	*Note/page*
–29	**2,354**	**–3,475**	**138,307**	**838**	**139,145**	
			26,264	411	26,675	
4	–4,729		–4,398	–245	–4,643	
4	**–4,729**		**21,866**	**166**	**22,032**	
			–5,769	–341	–6,110	
			–		–	
		3,475	–		–	*26/84*
–25	**–2,375**	**–**	**154,404**	**663**	**155,067**	
–25	**–2,375**	**–**	**154,404**	**663**	**155,067**	
25			–264	–10	–274	
–	**–2,375**	**–**	**154,140**	**653**	**154,793**	
			38,643	551	39,194	
–	–1,354		–1,842	55	–1,787	
–	**–1,354**		**36,801**	**606**	**37,407**	
			–7,211	–303	–7,514	
–	**–3,729**	**–**	**183,730**	**956**	**184,686**	

Notes to the Consolidated Financial Statements as of 31 December 2018

General Information

General Information

1 Corporate information

The consolidated financial statements of Logwin AG, Grevenmacher, Luxembourg, ("Logwin AG" or "Logwin") for the financial year as of 31 December 2018, were authorized for issue by resolution of the Board of Directors on 4 March 2019, 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 Logistics S.à r.l., with registered office in Grevenmacher, Luxembourg.

As an integrated logistics service provider, the Logwin Group has a long-standing experience, specialized infrastructure and expertise in various sectors of industry and trade and assumes responsibility for its customers' supply chain management, warehousing, value added services and both local and global freight transportation by road, rail, air and ocean. The principal activities of the business segments Air + Ocean and Solutions are described in note 9 "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), whose application is mandatory for financial year 2018, have been applied.

3 Basis of preparation of the financial statements

The financial statements of the subsidiaries are prepared using uniform accounting policies 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. This excludes derivative financial instruments and other financial instruments that are assigned to the measurement category "financial instruments at fair value through profit or loss". The financial year of the Group corresponds to the calendar year. The consolidated financial statements are presented in euros (EUR). Unless stated otherwise, all figures are shown in thousands of euros (thousand EUR or EUR k). Due to rounding differences, information included in these financial statements may differ slightly from the actual figures by +/– one unit (EUR, % etc.).

4 Consolidation principles

The consolidated companies include two domestic and 52 foreign companies as of 31 December 2018 (prior year: two domestic and 54 foreign companies) and have developed as follows:

	31 Dec 2017	Additions	Disposals	31 Dec 2018
Luxembourg	2	–	–	2
Germany	14	–	2	12
Other countries	40	1	1	40
Total	**56**	**1**	**3**	**54**

The disposals relate to two intragroup mergers in Germany and the liquidation of one company. The addition relates to a new formation in the Air + Ocean business segment.

Please refer to page 108 for a list of shareholdings.

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 obtains 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, in the consolidated statement of changes in equity and within equity in the consolidated balance sheet – separately from the shares attributable to the shareholders of Logwin AG.

5 New accounting provisions

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have published new accounting provisions in recent years. The table below contains the new standards and interpretations that had to be applied for the first time for financial year 2018:

Standard/interpretation			Mandatory adoption (in the EU) for the annual period beginning on or after	Endorsement
New Interpretation	IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	Yes
Amendment	IAS 40	Transfers of Investment Property	1 January 2018	Yes
Amendment	IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018	Yes
Amendment	various	Annual improvements on IFRSs, cycle 2014 – 2016	1 January 2018	Yes
Amendment	IFRS 4	Applying IFRS 9 Financial Instruments	1 January 2018	Yes
Amendment	IFRS 15	Clarifications to IFRS 15	1 January 2018	Yes
New Standard	IFRS 9	Financial Instruments	1 January 2018	Yes
New Standard	IFRS 15	Revenue from contracts with customers	1 January 2018	Yes

IFRIC 22 addresses a question on the application of IAS 21 The Effects of Changes in Foreign Exchange Rates. It clarifies the date at which the exchange rate for the translation of transactions in foreign currencies containing advance payments received or made is to be determined.

The amendment to IAS 40 serves to clarify that even properties not yet completed can be classified as “investment property”.

The purpose of the amendment to IFRS 2 is to clarify issues that have arisen in connection with the classification and measurement of share-based payment transactions.

As part of the annual improvement project, cycle 2014-2016, amendments were made to IFRS 1 and IAS 28. In IFRS 1, temporary relief provisions are deleted. IAS 28 clarifies that the option to measure an investment in an associate or joint venture held by a venture or other qualifying entity may be exercised on an individual basis for each investment.

IFRS 9 “Financial Instruments” contains provisions for the recognition, measurement and derecognition of financial instruments as well as for hedge accounting.

The aim of IFRS 15 "Revenue from contracts with customers" is to bundle the previous regulations on revenue recognition uniformly and comprehensively in a single standard.

The new or amended accounting standards and interpretations mentioned above were applicable for the first time for the current reporting period. The Logwin Group had to change its accounting policies and make adjustments resulting from the adoption of the following two standards:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from contracts with customers

The effects of the application of these standards and the resulting new accounting policies are described in Note 8 "Effects of changes in accounting policies". All other new standards had no material effect on the accounting policies of the Logwin Group and did not require any adjustments or had no material effect on the consolidated financial statements of Logwin AG and are therefore not explained in more detail.

Furthermore, the new or revised financial reporting standards described below have been adopted by the IASB and the IFRS IC; these standards were not yet mandatorily applicable in the 2018 financial year. The Logwin Group did not exercise the option of voluntary early application in the case at issue in the 2018 financial year.

Standard/interpretation			**Mandatory adoption (in the EU) for the annual period beginning on or after**	**Endorsement**
New Standard	IFRS 16	Leases	1 January 2019	Yes
New Interpretation	IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019	Yes
Amendment	IFRS 9	Prepayment Features with Negative Compensation	1 January 2019	Yes
Amendment	various	Annual improvements on IFRSs, cycle 2015 – 2017	1 January 2019	No
Amendment	IAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019	No
Amendment	IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019	No
Amendment	IFRS 3	Definition of a business	1 January 2020	No
Amendment	IAS 1, IAS 8	Definition of material	1 January 2020	No
New Standard	IFRS 17	Insurance contracts	1 January 2021	No
Amendment	IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely	No

These new or revised accounting standards are expected to have the following effects on the Logwin Group's future consolidated financial statements. However, the actual effects from the application of these standards may differ, as the tests and assessments of the new processes and controls have not yet been completed and the new accounting standards may be subject to change until the publication of the first financial statements after the date of first application.

The Logwin Group is required to apply IFRS 16 for the first time as of 1 January 2019. With IFRS 16 "Leases", the IASB, together with the FASB, has developed recognition criteria that are compatible with the definitions of assets and liabilities in the framework. In contrast to the current requirements for accounting by the lessee under IAS 17, IFRS 16 no longer distinguishes between operating leases and finance leases, but requires that all leases be recognized as right-of-use assets and the corresponding lease liabilities. The right of use is the lessee's right to use the asset on which the lease is based. The lease liability reflects the lessee's obligation to pay future lease instalments.

Based on its previous analyses, the Logwin Group assumes that the first-time application of the new regulations will have a material impact on the presentation of the net assets, financial position and results of operations. An IT-based analysis of leases in the Logwin Group was carried out in fiscal year 2018. The tests of the newly established processes and the validation of the calculation results were largely completed at the time the consolidated financial statements were prepared, but have not yet been finalized. In this respect, the actual effects from the application of the standard may differ from the estimated effects. Based on the data collected, the analysis shows that the application of IFRS 16 will have the following effects on the consolidated financial statements:

The main effect of the application of IFRS 16 is that the Group will recognize new assets and liabilities in its balance sheet for its operating leases for office and logistics properties, vehicle fleets and other assets. With regard to the recognition of expenses from operating leases, the previous recognition of lease installments has been replaced by the recognition of depreciation on rights of use and interest expenses from lease liabilities. Previously, expenses from operating leases were generally recognized on a straight-line basis over the lease term, whereas the application of the new standard results in a straight-line recognition of depreciation and a declining balance recognition of interest.

No material effects are expected for the Group's finance leases and leases where the Group is the lessor.

The Group will apply IFRS 16 using the modified retrospective method and will make use of the simplification option for the initial recognition of the right of use in the amount of the lease liability. In addition, the Group will make use of the simplification rules for short-term leases and leases of minor value.

The Group will also make use of the simplification rules regarding the retention of the definition of a lease on conversion, i.e. the Group will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

As of 31 December 2018, the Group estimates that it will recognize additional assets and liabilities from leases in the range of EUR 80 to 88 million.

IFRIC 23 clarifies the accounting treatment of uncertainty relating to income taxes, i. e. how the recognition and measurement requirements set out in IAS 12 are to be applied if there is uncertainty relating to income tax treatment.

The Annual Improvements to IFRSs (2015-2017) made changes to four IFRSs: IFRS 3 “Business Combinations”, IFRS 11 “Joint Arrangements”, IAS 12 “Income Taxes” and IAS 23 “Borrowing Costs”.

IFRS 3 clarifies that when an entity acquires control of a joint operation, its previously held interests in the business are remeasured.

IFRS 11 clarifies that when an entity acquires joint control of a joint operation, the shares previously held in the business need not be remeasured.

IAS 12 clarifies that the income tax effects of the receipt of dividends should be recognized in profit or loss if the dividends result from transactions also recognized in profit and loss. This applies regardless of how the tax burden arose.

IAS 23 clarifies that borrowings that are specifically attributable to the acquisition or production of a qualifying asset are to be excluded from general borrowing costs only as long as the condition for its intended final use has not yet been reached.

The amendments to IAS 19 specify how the current expense of a financial year is to be determined in a financial year in which plan amendments, curtailments or settlements to a defined benefit pension plan are made. A revaluation must be made at the time of the change. Accordingly, current service cost and interest cost for the remaining period of the financial year must be recalculated on the basis of current actuarial assumptions.

The amendments to IFRS 3 aim to solve the problems that arise when an entity determines whether it has acquired a business or a group of assets.

The IASB has issued the Amending Standard “Definition of material (Amendments to IAS 1 and IAS 8)” to tighten the definition of materiality and to harmonize the different definitions in the Framework and in the Standards themselves. Accordingly, information is material when it is reasonably expected that its omission, misstatement or concealment will affect the decisions of primary users of multi-purpose financial statements.

IFRS 17 governs the principles relating to recognition, measurement, presentation and disclosures for insurance contracts within the scope of the standard. The objective of IFRS 17 is for accounting entities to provide relevant information to lead to a credible presentation of insurance contracts. This information serves as the basis for the users of the financial statements to assess the effects of insurance contracts on the net assets, financial position, results of operations and cash flows of an enterprise.

Based on current information, the new regulations listed below are not applicable to the Logwin Group and will therefore not have an effect on the asset, liabilities, financial position and financial performance of the Group:

- IFRS 9 – Prepayment Features with Negative Compensation
- IAS 28 - Long-term Interests in Associates and Joint Ventures
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The other new and revised requirements explained above are currently not expected to have a material impact on the future financial statements of the Logwin Group with the exception of IFRS 16.

6 Significant accounting judgements and estimates

The preparation of financial statements requires management to make certain estimates and assumptions and hence accounting judgments that affect the amounts of assets and liabilities recognized 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 subsequent financial years.

Uncertainties exist in connection with the goodwill impairment test that has to be performed at least once a year, since expected future cash flows, sustainable growth rates and an appropriate weighted cost of capital (WACC) must be considered for the discounted cash flow method used for this purpose. The components of the WACC are the risk-free interest rate, the market risk premium, the so-called beta factors, country risk premiums, the spread for the credit risk and the debt ratio. The carrying amount of recognized goodwill as of 31 December 2018 amounted to EUR 66.8m (prior year: EUR 66.8m). Please refer to the explanations in note 18 “Goodwill.”

Additional estimates are required in actuarial calculations of the value of provisions for pensions and similar obligations with regard to the assumptions used. Their carrying amount as of 31 December 2018 is EUR 31.2m (prior year: EUR 31.1m). Please refer to note 29 “Provisions for pensions and similar obligations.”

Estimates also have 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 carryforwards or, where applicable, existing deferred tax liabilities.

Their carrying amount at the end of the reporting period is EUR 14.4m (prior year: EUR 12.9m). Please refer to note 25 “Deferred taxes.”

Assumptions also have to be made with regard to the useful life of property, plant and equipment and other intangible assets 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. Management accounting judgments also include the decision as to whether development costs meet the conditions for capitalization as internally generated intangible assets, in particular software.

A test for the impairment of trade accounts receivable 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 key figures and accounting policies” – under “Factoring” – for information on the reporting of factoring in the consolidated financial statements.

To distinguish between finance leases and operating leases, it must be assessed to what extend risks and rewards associated with the leased asset are transferred to the lessee.

In addition, with respect to the recognition of provisions, the Group has to make assumptions regarding the probability and amount of expected outflows of assets. In this context, there are also references to management’s assessment of the litigation risks arising from a customs law case involving Logwin Road + Rail Austria GmbH and relevant explanations in note 36 “Contingent liabilities and lawsuits.”

According to the provision of IFRS 15, which is mandatory from 1 January 2018, revenue is recognized when a customer obtains control of the goods or services. The timing of the transfer of control – at a point of time or over a period of time – is subject to judgment.

7 Summary of key performance indicators and 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 presentation currency.

The assets and liabilities of group companies with a functional currency other than the euro are translated into euros using the mean 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 recognized 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:

		Average rate		Closing Rate	
Currency		2018	2017	31 Dec 2018	31 Dec 2017
1 EUR =					
Australian dollar	AUD	1.5798	1.4729	1.6215	1.5346
Brazilian real	BRL	4.3083	3.6039	4.4427	3.9729
Chinese renminbi	CNY	7.8073	7.6267	7.8778	7.8044
British pound	GBP	0.8848	0.8762	0.9027	0.8872
Hong Kong dollar	HKD	9.2599	8.8016	8.9716	9.3720
Polish zloty	PLN	4.2604	4.2564	4.3028	4.1770
Singapor dollar	SGD	1.5929	1.5583	1.5642	1.6024
Thailand baht	THB	38.1651	38.2802	37.3170	39.1210
US dollar	USD	1.1815	1.1293	1.1454	1.1993
South African rand	ZAR	15.6126	15.0421	16.4506	14.8054

Business combinations

If the Logwin Group has obtained control, the Group recognizes business combinations using the acquisition method. In accordance with IFRS 10 "Consolidated Financial Statements," control exists if a group is subject to changing yields from its involvement in an investee or has a right to these yields and has the ability to influence these yields using its control over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date at which the Group gains control until the date at which it ceases to have control. When it gains 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 in accordance with IFRS 3.

The carrying amount of any non-controlling interests in the acquired company is calculated from the proportionate share held by the minority stakeholders in the fair value of the identifiable assets, liabilities and contingent 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 equity between groups of shareholders. In this case, the acquisition costs for the additional shares are offset against the non-controlling interests to be derecognized. Any difference is offset against retained earnings without affecting profit or loss.

Goodwill acquired in a business combination is initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities. Any gains resulting from a purchase at a price below fair value are directly recognized in profit or loss. Transaction costs are immediately recognized in profit or loss.

Revenue recognition
As of 1 January 2018, revenue recognition from contracts with customers follows the principles of IFRS 15.

The aim of IFRS 15 "Revenue from contracts with customers" is to bundle the previous revenue recognition requirements uniformly and comprehensively in a single standard. The standard thus replaces all previous regulations on revenue recognition. In addition, additional qualitative and quantitative disclosures are required to enable users of the financial statements to understand the nature and amount, timing and uncertainty of revenue and the resulting cash flows from contracts with customers.

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. The timing of the transfer of control – at a point of time or over a period of time – is subject to judgment.

The first-time application of IFRS 15 has led to a transition in the method of revenue recognition for international air and sea freight transport services from the recognition of revenue at a specific point in time to the recognition of revenue over a period of time. Sales from such transportation services in the business segments Air + Ocean and Solutions are now recognized in accordance with IFRS 15.35 on a time-related basis, as it can be assumed that the customer receives the benefits from the company's services on a continuous basis and receives and uses them at the same time while the services are performed. As a rule, the service obligation is fulfilled while the Logwin Group provides the transport services. As a measure of the degree to which a service has been rendered on a given reporting date, the transport duration already elapsed is used in relation to the expected total duration of the transport (input-oriented method), since it is not practicable to measure the actual distance travelled.

For the provision of transport services in the business segement Air + Ocean, to some extent retrospective discounts are applied, which are based on the sales generated with the customer or the achievement of certain volumes within a defined period, which is generally 12 months. Revenue from services is recognized in the amount of the consideration agreed upon in the contract less the estimated discounts. Revenue is recognized only to the extent that it is highly probable that a significant reversal of the revenue will not be necessary. A provision is recognized for the discounts expected to be granted in respect of the revenues generated up to the end of the respective reporting period. Provisions are recognized for the Group's obligation to compensate for transport damage.

The transport services provided by the business segments Air + Ocean and Solutions generally represent a bundle of services, as the promised services are highly interdependent (IFRS 15.29c) and the Logwin Group provides a significant integration service (IFRS 15.29a), which represents a significant part of the bundle of services. For this reason, the transaction price is not allocated to the promised service components; rather, the transaction price is allocated to the identified service bundle.

Estimates of revenues, costs or contract progress are adjusted when circumstances change. Any resulting increases or decreases in estimated revenues or costs are recognized in profit or loss in the period in which management becomes aware of the circumstances that give rise to the adjustment.

In the case of fixed-price contracts, the customer pays an amount that may be fixed by means of a payment plan. If the services rendered by the Logwin Group exceed the payments received, a contract asset is recognized. If the payments received exceed the services rendered, a contractual liability is recognized. This led to the initial recognition of contract assets in the balance sheet as of 1 January 2018.

In accordance with IFRS 15.35, sales of the Solutions business segment from distribution and warehousing must in principal also be recognized over a period of time, as the Logwin Group generally fulfills its performance obligation while the service is being rendered. The Logwin Group recognizes sales in this business segment predominantly in accordance with the simplification rule of IFRS 15.B16 in the amount that the company is permitted to charge the customer, as there is generally a claim to consideration from the customer that directly corresponds to the value of the service already rendered by the company for the customer.

There are no material discount agreements in the Solutions buisness segment.

The contracts in the Solutions business segment in connection with warehousing and distribution generally contain several service components which are basically independent, i.e. the customer can use them alone or together with other available resources. However, the Logwin Group provides a significant integration service, so that a bundle of services can generally be assumed.

The Group has no significant contracts with customers where the period between the transfer of the promised service to the customer and payment by the customer is longer than one year. Accordingly, the promised consideration is not adjusted by the time value of the money.

Entities are required to classify revenue from contracts with customers into categories that reflect the effect of economic factors on the nature, amount, timing and uncertainty of revenue and cash flows. For the Logwin Group, a breakdown of sales by existing segments and geographical regions is considered appropriate for its circumstances.

In the case of business transactions that do not generate sales themselves but are incurred together with the main sales activities, all income and related expenses arising from the same business transaction are netted in accordance with IAS 1.34 if this presentation reflects the content of the business transaction or event; this includes, for example, customs duties passed on.

IFRS 15 was applied in accordance with the modified retrospective method under which the cumulative adjustment amounts were recognised in retained earnings as at 1 January 2018. The comparative period was not adjusted. Retained earnings as of 1 January 2018 increased by EUR 0.2 million as a result of the transition. With regard to the transition effects, please refer to the section entitled “8 Effect of changes in accounting policies”.

Up to and including fiscal year 2017, the Logwin Group applied the following revenue recognition principles.

In its business segments, the Logwin Group generates sales from logistics and service solutions for industry and trade. These sales are recognized net of sales deductions at the point in time at which they are deemed to have arisen under IFRS. This is generally the case if there is reliable evidence of an agreement, the transfer of ownership has taken place or the service has been rendered, the price of the transaction is fixed or determinable and receipt of payment appears sufficiently certain.

In the Air + Ocean business segment and within the scope of transportation services of the Solutions business segment, sales are mainly generated by the sale of combined logistics services to customers, for which, in addition to the provision of own logistics services, transportation services are purchased to a significant extent from external transportation companies. Revenues from transportation services are recognized in accordance with the provisions of the transportation contract. In addition, the Solutions business segment generates sales from distribution and warehousing on the basis of customer contracts. Sales are recognized when the services are used by the customer.

If an order has already been performed for a customer but has not yet been invoiced, the agreed revenues are deferred and, if necessary, the costs still to be incurred are accrued. These accruals are based on analyses of existing contractual obligations and the Group’s experience. In accordance with IAS 1.34, all income and related expenses arising from transactions that do not themselves generate revenues but are incurred in conjunction with the main sales activities are netted against each other if they reflect the substance of the transaction or event; this includes, for example, customs clearance activities.

EBITA
A core measure of earnings for the Logwin Group is EBITA (earnings before interest, taxes and amortisation). It is derived from revenues less cost of sales as well as selling, general and administrative costs. It also includes other operating expenses and income and impairment losses on property, plant and equipment and other intangible assets as well as impairments on assets measured at amortized costs that are shown seperately from the financial year 2018 on as a result of the first time adoption of IFRS 9.

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. Dilution would arise if the result were reduced by potential shares from options and conversion rights. No such rights exist with regard to the shares of Logwin AG.

Net Cash flow
Another major control parameter for the Logwin Group is the net cash flow. 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 cost of intangible assets acquired in a business combination is the fair value as of the date of acquisition. Internally generated intangible assets are capitalized provided they meet the criteria for capitalization and the costs incurred exceed the materiality threshold. Otherwise costs are recognized in income in the period in which they are incurred. Subsequent measurement is performed at cost less any accumulated amortization and any accumulated impairment losses.

The amortization period and method and the residual value for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method as appropriate, and treated as changes in accounting estimates. Amortization of intangible assets with finite useful lives is recognized in the income statement in the expense category consistent with the function of the intangible asset. Capitalized intangible assets are amortized over an economic useful life of between 3 and 10 years. Intangible assets with an indeterminable useful life are reviewed for recoverability annually.

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 recognized 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 10 and 50 years for buildings and 3 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 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. Depreciation of property, plant and equipment is recognized in the income statement in the expense category consistent with the function of the asset.

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

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 judgments 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 from the continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market expectations of 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 in the income statement. Impairment losses on trade accounts receivable are reported in a separate item in the income statement.

An assessment is made at each reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is determined. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The increased carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized immediately in profit or loss 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 aspects relating to the impairment of goodwill

Goodwill is tested on the level of the business segments Air + Ocean and Solutions for impairment at least once a year or as necessary. The Logwin Group selected 31 December as the date of its annual goodwill impairment test. An impairment test is performed at any time there is an indication of goodwill impairment.

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 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 "Operating Segments".

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. In the Logwin Group, the cash-generating units are the business segments. An impairment loss is recognized in cases where the recoverable amount of the cash-generating unit is less than the carrying amount. 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 realizable 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 realizable values.

Income taxes
Income tax receivables and income tax liabilities are calculated in accordance with IAS 12. In addition, deferred tax assets and deferred tax liabilities are reported in the balance sheet. Deferred income taxes result from temporary differences between the carrying amounts stated in the consolidated balance sheet and the taxation base of assets and unused tax loss carryforwards. 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 or the loss carryforward can be offset. Where the savings or charges underlying the tax deferrals are recognized in equity, the creation or reversal of deferred taxes is also recognized in equity.

The relevant basis for assessment is valued at the rate of tax likely to be applicable at the time of realization. Country-specific tax rates are always applied for companies included in the consolidation. Thus a corporate tax rate of 15% plus the solidarity surcharge ("Solidaritätszuschlag") of 5.5% on corporate income tax is used to calculate deferred taxes for Germany as well as a local trade tax based on the local multiplier. 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.

Financial instruments
A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or an equity instrument of another entity.

As of 1 January 2018, financial instruments will be classified and measured in accordance with the principles of IFRS 9.

Recognition and derecognition
Financial instruments are recognized for the first time on the settlement date. A normal market purchase or sale of financial assets is recognized on the trade date, i.e. the date on which the Group undertakes to buy or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the contractual obligations have been fulfilled, cancelled or expired.

Valuation
On initial recognition, the Logwin Group measures a financial asset at its transaction price plus - in the case of a financial asset that is not subsequently measured at fair value through profit or loss - the transaction costs directly attributable to the acquisition of this asset. Transaction costs of financial assets measured at fair value are recognized as an expense in profit or loss.

The subsequent measurement of financial assets is based on their classification into one of the categories described below.

Classification of financial assets
The classification of financial assets is based on three categories, which result in different measures of value and different recognition of changes in value. The classification is based both on the contractual cash flows of the instrument and on the business model in which the instrument is held.

The Group determines the classification of its financial assets at initial recognition and reviews this classification at the end of each financial year, whereby a distinction is made between debt instruments and equity instruments as follows.

Debt instruments
The measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Logwin Group classifies its debt instruments into one of the following three measurement categories:

- At amortized cost: Assets which are held to collect the contractual cash flows and for which these cash flows represent exclusively interest and principal payments are measured at amortized cost. Interest income from these financial assets is reported under financial income using the effective interest method. Gains or losses from derecognition are recognized directly in the income statement and - together with the foreign currency gains and losses - are reported under other gains/losses.
- FVOCI: Assets held to collect contractual cash flows and to sell financial assets, where the cash flows are exclusively interest and principal payments, are measured at fair value through profit or loss. Changes in the carrying amount are recognized in other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains or losses that are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the income statement and reported in other gains/(losses).
- FVTPL: Assets that do not meet the criteria of the category "measured at amortized cost" or "FVOCI" are classified as at fair value through profit or loss (FVTPL). Gains or losses on a debt instrument subsequently measured at FVTPL are netted against other gains or losses in the period in which they arise.

Equity instruments

The Logwin Group measures all equity instruments held at fair value through profit or loss in the category at fair value through profit or loss (FVTPL).

Changes in the fair value of financial assets at fair value through profit or loss (FVTPL) are recognized in the income statement under other gains/losses.

The following table provides an overview of the various categories:

Financial assets	Subsequent measurement	Changes in value
Financial instruments at fair value through profit or loss (FVTPL)	Fair Value	Realized and unrealized gains and losses are recognized in profit or loss
Debt instruments at fair value through other comprehensive income (FVOCI with recycling)	Fair Value	Impairment losses, currency translation and effective interest are recognised in profit or loss, other changes in value are recognised directly in equity, recognition or transfer from equity to profit or loss on disposal is recognised in profit or loss (recycling)
Equity instruments at fair value through profit or loss (FVOCI option, without recycling)	Fair Value	Dividends recognised in profit or loss, other changes in value are recognised directly in equity, no recognition or reclassification from equity to profit or loss on disposal (without recycling)
Financial instruments measured at amortized cost (fAC)	Amortized cost	Recognition of impairment losses, currency translation and effective interest in profit or loss

There were no reclassifications between the applicable measurement categories in accordance with IFRS 9 in the 2018 financial year.

The Group's business model was assessed when IFRS 9 was first applied, on 1 January 2018. The assessment as to whether the contractual cash flows from debt securities consist exclusively of principal and interest payments was based on the facts and circumstances at the time the assets were initially recognized.

Classification of financial liabilities

A financial liability is measured at fair value through profit or loss if it is held for trading or designated accordingly upon initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Changes in fair value attributable to changes in the credit risk of the liability are recognised in other comprehensive income. The remaining change in fair value is recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less directly attributable transaction costs. In subsequent measurement, these liabilities are measured at amortized cost using the effective interest method.

Financial liabilities	Subsequent measurement	Changes in value
Held for trading or designated as at fair value through profit or loss on initial recognition	Fair Value	Realized and unrealized gains and losses are recognized in profit or loss
At amortized cost	Amortized cost	Changes in value are recognized 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 in accordance with IFRS 9 during financial year 2018.

Categories of Financial Assets and Financial Liabilities – Disclosure

The Logwin Group generally holds the following financial instruments:

- Cash and cash equivalents
- Trade accounts receivable
- Other receivables and assets
- Investments
- Derivative financial instruments
- Trade accounts payable and other financial liabilities
- Leasing liabilities

Cash and cash equivalents

Cash and cash equivalents include bank balances, cash in hand, checks and short-term investments. Cash equivalents are short-term, highly liquid financial investments with an original term of three months or less that can be converted into cash at any time and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortized cost.

Trade accounts receivable

Trade account receivables are amounts owed by the customer for services rendered in the ordinary course of business. They are generally payable within a few weeks, contain no significant financing components and are classified as current. The Group holds trade receivables to collect contractual cash flows and subsequently measures them at amortized cost. Due to the short-term nature of the receivables, their carrying amount corresponds to their fair value.

Factoring

The Logwin Group uses a factoring program for major German Group companies. This is a flexible form of financing, i.e. by selling the receivables the factoring company provides a line that Logwin can draw on in whole or in part if required. Sold receivables are shown in the balance sheet under trade receivables if the line is not drawn or only partially drawn and continue to be carried at amortized cost. In the Logwin Group, the utilization of the factoring line is accounted for as a reduction in receivables, as essentially all risks and rewards from the receivables are transferred to the factoring company. Accordingly, the cash flow from the utilization of the line is also reported in the item "Net cash outflow/ inflow from the utilization or repayment of the factoring line" within the operating cash flow if a utilization or repayment of a previously made utilization took place in the reporting period. No material payment obligations are to be expected from the ongoing commitment. There are no obligations to repurchase receivables.

Investments

Under investments, the following equity and debt instruments with long-term use are measured at fair value through profit or loss (FVTPL):

- Financial investments in debt securities that are neither measured at amortized cost nor at fair value through profit or loss
- Financial instruments in equity instruments for which the entity has decided not to recognize changes in fair value in other comprehensive income.

Other receivables and assets

Other receivables and assets include loans granted, bonds and other receivables with repayment periods of less than one year. The Logwin Group measures its other financial assets at amortized cost if the financial asset is held as part of a business model whose objective is to hold financial assets to collect the contractual cash flows and the terms of the contract result in cash flows that represent only principal and interest payments on the outstanding principal amount. Due to their short-term nature, their carrying amount corresponds to their fair value.

Derivative financial instruments

The Logwin Group uses forward exchange contracts to hedge the risk of a change in the value of corresponding underlying transactions due to changes in market prices. Derivatives are used exclusively for economic hedging purposes and not as speculative investments. Since they do not meet the criteria for hedge accounting, they are classified as "held for trading" for accounting purposes and recognized at fair value through profit or loss, with changes in value recognized in profit or loss. They are presented as current assets or liabilities since they are expected to be settled within 12 months of the end of the reporting period.

Trade payables and other financial liabilities

Trade payables and other liabilities relate to outstanding liabilities for goods and services received by the Logwin Group before the end of the fiscal year. Other financial liabilities relate to borrowings and are initially recognized at fair value less transaction costs incurred and subsequently at amortized cost using the effective interest method. These liabilities are reported as current liabilities unless their settlement is not due within 12 months of the reporting period.

Valuation and recording of expected credit losses

The Logwin Group recognizes an allowance for expected credit losses on investments in debt instruments measured at amortized cost, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each balance sheet date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

The general impairment model provides for three levels that determine the amount of losses to be recognized and the interest received in the future. Under this model, expected losses are recognized at the present value of the expected 12-month credit loss on initial recognition (Level 1). If there is a significant increase in the default risk, the allowance for losses on loans and advances must be increased to the amount of the expected losses for the entire remaining term (Level 2). If there is objective evidence of impairment, interest is recognized on the basis of the net carrying amount (carrying amount less allowance for losses) (Level 3).

For trade receivables and contract assets, the simplified approach of the impairment model is applied, according to which a provision for losses on loans and advances is recognized for all instruments, irrespective of their credit quality, in the amount of the expected losses over the remaining term. Credit risk within each group is segmented by common credit risk characteristics. This is usually based on an external credit risk assessment. Receivables sold to a factoring company are valued on the basis of the rating of the factoring company unless the purchase limit of the individual customer or the total receivables portfolio has been exceeded. In this case, the individual rating of the customer concerned is used as the basis.

The estimated expected loan defaults are calculated on the basis of historical experience of actual loan defaults. These are adjusted by means of scaling factors (growth rates of gross domestic product and world trade in relation to the long-term average) to reflect the differences between the economic conditions at the time the historical data was collected, the current conditions and the Group's view of the economic conditions over the expected term of the receivables. Default loss rates (LGD) are also taken into account, which are derived from empirical values of recovery rates.

The estimated valuation allowances on cash and cash equivalents and on other financial instruments measured at amortized cost are calculated on the basis of expected losses within twelve months and reflect the short maturities. This is based on the assumption that cash and cash equivalents and other financial instruments measured at amortized cost have a low default risk based on their external rating. Cash and cash equivalents that are classified as investment grade (AAA to BBB-) by Standard & Poors within the framework of the rating are generally classified as being associated with a low default risk. The Logwin Group takes into account the probability of default at the time of the initial recognition of assets and the existence of a significant increase in the default risk during all reporting periods. In order to assess whether the default risk has increased significantly, Logwin compares the default risk with respect to the asset on the balance sheet date with the default risk at the time of initial recognition.

The Group regularly monitors the effectiveness of the criteria used to determine whether a significant increase in credit risk has occurred and revises them as necessary to ensure that the criteria are able to detect a significant increase in credit risk before the amount becomes overdue.

Macroeconomic information such as growth rates of gross domestic product or world trade are included as part of the valuation model.

Financial assets are written down if realizability is no longer expected after an appropriate assessment. An external rating of D is generally used as an indication that the assets are no longer expected to be realizable. In the area of trade receivables, further indicators are overdue by more than 180 days, the initiation of insolvency proceedings or legal action. The amount of the write-down required for these receivables with impaired creditworthiness is determined on the basis of the expected lifetime credit loss.

Financial assets are derecognized when there are no longer reasonable expectations that legal recovery measures will be successful. A discretionary decision is made on a case-by-case basis as to the extent to which settlement of the contract is still probable.

Accounting policies applied until 31 December 2017

The Group applied IFRS 9 for the first time in these consolidated financial statements using the modified retrospective approach, whereby the practical simplifications in IFRS 9.7.2.15 and 9.7.2.26 were applied, so that the comparative period was not adjusted. Differences between the carrying amounts of financial assets and financial liabilities resulting from the first-time application of IFRS 9 were therefore offset against retained earnings as of 1 January 2018. As a result, the comparative information continues to be reported in accordance with the Group's previous accounting policies.

Classification

Until 31 December 2017 the Logwin Group classified its financial assets into the following measurement categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity financial investments
- Available-for-sale financial assets

Financial instruments were initially recognized at fair value on the settlement date, plus transaction costs where applicable. When financial liabilities were initially recognized, they were measured at the fair value of the consideration received less transaction costs associated with the borrowing. After initial recognition, bonds were measured at amortized cost using the effective interest method; interest-bearing loans were carried at their repayment amount. Gains and losses are recognized in the income statement when the liabilities are derecognized and through the amortization process.

Subsequent measurement was performed in accordance with the categories to which the financial assets and financial liabilities are allocated in accordance with IAS 39. The Group determines the classification of its financial assets and financial liabilities at initial recognition and reviews this classification at the end of each financial year.

Financial assets	Subsequent measurement	Changes in value
Held for trading or designated as at fair value through profit or loss	Fair Value	Realized and unrealized gains and losses are recognized in profit or loss
Held-to-maturity	Amortized cost	Changes in value are not recognized in the income statement until the date of maturity. Recognized 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	Amortized 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 model). Typically, a full value adjustment is assumed after 180 days. Derecognition is performed when uncollectible
Available-for-sale	Fair value (if this can be reliably determined) or amortized cost	Changes in value are always recognized in equity 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	Realized and unrealized gains and losses are recognized in profit or loss
At amortized cost	Amortized cost	Changes in value are recognized in profit or loss immediately

On initial recognition, the Group had not designated any financial assets or liabilities as at fair value through profit or loss. No reclassifications were made between the IAS 39 measurement categories in the 2017 financial year.

Financial assets were classified as held for trading if they were acquired for the purpose of sale or repurchase in the near future. Derivatives embedded in host contracts were accounted for separately and carried at fair value if their economic characteristics and risks were not closely related to those of the host contracts and the host contracts were not held for trading or designated at fair value. The Logwin Group examined significant contracts at the time they were concluded with regard to the existence of embedded derivatives.

The Logwin Group uses forward exchange contracts to hedge the risk of a change in the value of corresponding underlying transactions due to changes in market prices. These derivative financial instruments were classified as held for trading. The amortized cost of non-current financial assets and financial liabilities was calculated using the effective interest method.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The Group must have access to the principal or most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Logwin Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Assets and liabilities recorded at fair value must be classified according to the valuation technique applied. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Inputs for the assets or liability that are not based on observable market data

Transfers between levels of the fair value hierarchy take place at the end of the reporting period.

In the Logwin Group, recognition at fair value applies to financial instruments classified as fair value through profit or loss (FVTPL) and to non-financial assets if they were written down to their fair value less costs to sell after being tested for impairment or due to their classification as "held for sale".

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

If it is not sufficiently certain that ownership will pass to the Group at the end of the term of the lease, capitalized leased assets are depreciated over the shorter of the term of the lease or its useful life. Operating lease payments are recognized in the income statement as an expense over the lease term within the respective functional area.

Provisions

Provisions are recognized in accordance with IAS 37 when an obligation is present as a result of a past event and can be reliably assessed and it is likely that an outflow of resources will be required to settle the obligation. They are recognized in the amount of the probable utilization. Provisions with an expected residual term of more than one year are recognized at their present value.

Provisions for pensions and similar obligations

The Logwin Group has both defined benefit and defined contribution plans to meet pension obligations.

Defined benefit plans are reported as a liability according to IAS 19 under “Provisions for pensions and similar obligations”. Pension obligations relate primarily to employees of group companies in Germany and are mainly vested benefits in connection with benefit plans closed in the past. Furthermore, all Austrian employees are entitled under Austrian law prior to 31 December 2002 (“Abfertigung alt”), in the event of retirement or involuntary termination of employment to severance pay ranging from 2 to 12 months of the last monthly salary depending on the period of service.

Defined benefit obligations are measured by independent actuaries in accordance with the projected unit credit method prescribed in IAS 19. Consequently, the present value of the pension obligations expected in connection with possible future benefits becoming payable is recognized as the pension provision for benefit entitlements, if the respective obligation has vested fully or pro rata temporis as of the measurement date on the basis of the pensionable service rendered. Actuarial assumptions in connection with discount rates, mortality rates, future salary and pension trends as well as turnover rates are taken into account when measuring the obligations.

Where there are plan assets, the pension provisions are calculated by netting these assets and the present value of the defined benefit obligation (“funding status”). If the obligation exceeds the plan assets (the plan assets exceed the obligation), the netted amount is referred to as the net defined benefit liability (asset). Remeasurements of the net defined benefit liability (asset) include actuarial gains or losses from the obligation as well as returns on plan assets not included in interest income. They result from differences between the actual development compared to the prior-year assumptions as well as changes in assumptions, and are recognized in equity. The service costs are reported under operating expenses and the amounts resulting from unwinding of the discount on the obligation netted with the interest income from plan assets are included in the financial result. Actuarial reports are prepared each year.

In addition to the defined benefit plans there are also defined contribution plans. These generally include the statutory pension insurance applicable in Germany and some other countries. Contributions paid into these defined contribution plans are recognized as expenses in the financial year.

8 Effects of changes in accounting policies

This section explains the effects of the first-time application of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on these consolidated financial statements and presents the resulting effects.

In accordance with the transitional provisions, IFRS 9 and IFRS 15 were generally adopted without adjusting the comparative information. Reclassifications and adjustments from the new regulations are therefore not included in the balance sheet as of 31 December 2017, but are recognized directly in equity in the opening balance sheet as of 1 January 2018.

The following table shows the adjustments taken into account for the individual items concerned in the opening balance sheet. Items that were not affected by the changes were not included in the table. Therefore, the sums declared cannot be calculated on the basis of the figures declared. The details of the adjustments are explained in more detail below.

Assets *in thousand EUR*	Originally presented 31 Dec 2017	Impact of first-time adoption IFRS 15	IFRS 9	Restated 1 Jan 2018
Deferred tax assets	12,895	–104	155	12,946
Total non-current assets	**118,901**	**–104**	**155**	**118,952**
Trade accounts receivable	152,399	–11,969	–536	139,894
Contract assets	–	14,955	–90	14,865
Cash and cash equivalents	127,609	–	–1	127,608
Total current assets	**304,912**	**2,986**	**–627**	**307,271**
Total assets	**423,813**	**2,882**	**–472**	**426,223**

Liabilities *in thousand EUR*	31 Dec 2017	IFRS 15	IFRS 9	1 Jan 2018
Group reserves	23,104	184	–448	22,840
Non-controlling interests	663	13	–24	652
Shareholders' equity	**155,067**	**197**	**–472**	**154,792**
Trade accounts payable	168,367	8,960	–	177,327
Other current liabilities	41,245	–6,275	–	34,970
Total current liabilities	**223,843**	**2,685**	**–**	**226,528**
Total liabilities and shareholders' equity	**423,813**	**2,882**	**–472**	**426,223**

IFRS 9 Financial Instruments

The first-time application of IFRS 9 Financial Instruments as of 1 January 2018 led to minor changes in the Logwin Group's existing accounting practices, which mainly affect the classification of financial assets and financial liabilities and the valuation methods applied with regard to impairment losses.

Classification and evaluation

On 1 January 2018 (the date of first-time application of IFRS 9), the management of the Logwin Group assessed which business models apply to the financial assets held by the Logwin Group and assigned the financial instruments to the appropriate IFRS 9 measurement classes. The application of the new classification and measurement requirements of IFRS 9 did not have a material quantitative impact on the Group. The Group continues to measure all financial assets previously held at fair value in accordance with IAS 39 at fair value. The changes in the classification of the Group's financial assets are presented below:

- Trade receivables and other non-current financial assets classified as loans and receivables as of 31 December 2017 are held for the collection of contractual cash flows and result in cash flows that exclusively represent interest and principal payments. As of 1 January 2018, these are classified and measured as financial instruments measured at amortized cost.

- Listed securities classified as available-for-sale (AfS) as of 31 December 2017 are classified and measured as financial instruments at fair value through profit or loss (FVTPL) as of 1 January 2018. In prior periods, changes of fair value of these instruments were recognized in OCI. These were reclassified from the AfS reserve to retained earnings as at 1 January 2018.
- As of 31 December 2017, investments in unlisted companies classified as available for sale (AfS) and reported under financial assets as of 31 December 2017, are classified and measured as financial instruments at fair value through profit or loss (FVTPL) as of 1 January 2018. In prior periods, no changes in the fair value of these instruments were recognized in OCI.

The following table shows the reclassifications made by the Logwin Group at the date of application of IFRS 9 as of 1 January 2018.

		IFRS 9 Measurement category		
IAS 39 Measurement category	*in thousand EUR*	**FVTPL**	**FAC**	**FVOCI**
Loans and receivables (LaR)	287,803	–	287,803	–
Available for sale (AfS)	855	855	–	–
Held for trading (HfT)	261	261	–	–
Total	**288,919**	**1,116**	**287,803**	**–**

The application of the new classification model results in a change in the accounting treatment of the instruments in the "available for sale" (AfS) category reported under financial assets. The securities classified as available for sale as of 31 December 2017 in accordance with IAS 39 with a fair value of EUR 680k (prior year: EUR 692k) and the equity instruments measured at amortized cost in the amount of EUR 175k (prior year: EUR 129k) are held for long-term strategic reasons. The FVOCI option will not be exercised. As a result, all changes in fair value will be recognized in profit or loss in the future. The cumulative gain previously recognised in other comprehensive income is reclassified to the opening balance of retained earnings at the date of transition. The application of the new classification model does not have any material impact on the Group's equity as of 1 January 2018.

The previous regulations for financial liabilities in IFRS 9 are largely unchanged. The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in the classification and measurement of the Group's financial liabilities.

Impairment
The application of IFRS 9 has fundamentally changed the accounting for impairments of financial assets by replacing the historical model of losses incurred under IAS 39 with the forward-looking model of expected credit losses (ECL). IFRS 9 requires the Group to establish a valuation allowance for expected credit losses on all debt instruments that are not measured at fair value and on contract assets.

The Group has four types of financial assets that are subject to the new expected credit loss model under IFRS 9:

- Accounts receivable from deliveries and services
- Contract assets
- Debt instruments carried at amortized cost
- Cash and cash equivalents

The Group had to adjust its impairment logic in accordance with IFRS 9 for all categories of financial assets. The Group has applied the simplified expected credit loss model under IFRS 9.5.5.15 for its trade receivables and contract assets and the general expected credit loss model for all other financial instruments under the new impairment model. All these investments have a low credit risk at the beginning and end of the reporting period, therefore the allowance was calculated as expected 12-month credit losses.

The application of the impairment provisions of IFRS 9 resulted in additional impairment losses of EUR 627k as of 1 January 2018 for assets measured at amortized cost. EUR 1k of this relates to cash and cash equivalents and EUR 626k to trade receivables and contract assets.

As there were no hedge accounting activities as of the balance sheet date, the application of the new regulations for hedge accounting under IFRS 9 had no effect on the consolidated financial statements.

IFRS 9 was applied in accordance with the modified retrospective approach, whereby practical simplifications are permitted under the standard and the comparative period was not adjusted in accordance with the transitional provisions in IFRS 9.7.2.15 and 9.7.2.26. Differences between the carrying amounts of financial assets and financial liabilities resulting from the application of IFRS 9 were therefore offset against retained earnings as of 1 January 2018. The total effect of the first-time application of IFRS 9 on consolidated reserves as of 1 January 2018 was EUR –448k. With regard to the transition effects, we refer to the above table “Effects of the first-time application of new accounting standards in the opening balance sheet as of 1 January 2018”.

IFRS 15 Revenue from contracts with customers
In the international freight forwarding business, the first-time application of IFRS 15 has led to a transition in the method of revenue recognition from a revenue realization at a point of time to a recognition over time. Previously, revenue from a transport contract was recognized in accordance with IAS 18.25 at the point in time at which the partial services of considerable importance were rendered. In contrast, IFRS 15.31 requires an entity to recognize revenue from service contracts when it meets a performance obligation by transferring the promised service to a customer. The measure for the degree of service provision on a key date is based on the transport duration already elapsed in relation to the expected total duration of the transport (input-oriented method), since it is not practicable to measure the actual distance covered.

In the case of fixed-price contracts, the customer shall pay an amount determined by means of a payment plan. If the services rendered by the Logwin Group exceed the payments, a contract asset is recognized. If the payments exceed the services rendered, a contractual liability is recognized.

IFRS 15 was applied in accordance with the modified retrospective method, according to which the cumulative adjustment amounts were recognized in retained earnings as of 1 January 2018 and the comparative period was not adjusted. Retained earnings as of 1 January 2018 increased by EUR 0.2m as a result of the transition. With regard to the transition effects, we refer to the above table “Effects of the first-time application of new accounting standards in the opening balance sheet as of 1 January 2018”.

Overview of effects on the balance sheet and the income statement as at 31.12.2018
The following tables summarise the effects of the application of IFRS 15 and IFRS 9 on the consolidated balance sheet as at 31 December 2018 and the consolidated income statement for the past twelve months for each affected item. There were no material effects on the cash flow statement.

Assets *in thousand EUR*	Reported amount	Impact of first-time adoption		As if IAS 18 resp. IAS 39 amount
	31 Dec 2018	IFRS 15	IFRS 9	31 Dec 2018
Deferred tax assets	14,409	159	–138	14,430
Total non-current assets	**123,920**	**159**	**–138**	**123,941**
Trade accounts receivable	145,009	9,864	494	155,367
Contract assets	123,920	–19,598	118	–
Cash and cash equivalents	155,531	–	1	155,532
Total current assets	**347,228**	**–9,734**	**613**	**338,107**
Total assets	**471,148**	**–9,575**	**475**	**462,048**

Liabilities *in thousand EUR*	31 Dec 2018	IFRS 15	IFRS 9	31 Dec 2018
Group reserves	52,430	–492	452	52,390
Non-controlling interests	956	–14	23	965
Shareholders' equity	**184,686**	**–506**	**475**	**184,655**
Trade accounts payable	188,654	–14,102	–	174,552
Other current liabilities	37,294	5,033	–	42,327
Total current liabilities	**240,822**	**–9,069**	**–**	**231,753**
Total liabilities and shareholders' equity	**471,148**	**–9,575**	**475**	**462,048**

in thousand EUR	Reported amount 2018	Impact of first-time adoption IFRS 15	IFRS 9	As if IAS 18 resp. IAS 39 amount 2018
Revenues	1,149,607	–5,621	–	1,143,986
Cost of sales	–1,048,760	5,173	–	–1,043,587
Gross profit	**100,847**	**–448**	**–**	**100,399**
Administrative costs	–27,316	58	–	–27,258
Impairments on assets measured at amortized cost	–265	–	3	–262
Operating result before goodwill impairment (EBITA)	**49,175**	**–390**	**3**	**48,788**
Income taxes	–9,167	55	–	–9,112
Net result	**39,194**	**–335**	**3**	**38,862**
Attributable to:				
Shareholders of Logwin AG	38,643	–336	2	38,309
Non-controlling interests	551	1	1	553
Earnings per share – basic and diluted (in euros):				
Net result attributable to the shareholders of Logwin AG	**13.40**	**–0.12**	**–**	**13.28**
Weighted average number of shares outstanding (in units)	2,884,395	2,884,395	2,884,395	2,884,395

9 Segment reporting

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

The Air + Ocean business segment provides worldwide transportation and logistics solutions with a focus on intercontinental air and sea freight, frequently in connection with upstream and downstream value added services. The Air + Ocean business segment draws on an international network that is divided into the three regions Europe Middle East Africa, Americas and Asia. As a specialist in contract logistics, the Solutions business segment offers individual customer- and industry-oriented solutions in the retail sector as well as in the area of industrial contract logistics with a focus on the chemical and automotive sectors. The solutions range from supply chain management, transportation and warehousing through to logistical value added services and complete outsourcing projects. The business also maintains special networks for the fashion and consumer goods industries ("Retail Network").

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 result before goodwill impairment (EBITA). General expenses and income which cannot be directly allocated to the segments are shown in the "Other" column.

The tables below set forth segment information of the business segments for the periods from 1 January to 31 December 2018 and 2017.

2018 *in thousand EUR*	**Air + Ocean**	**Solutions**	**Other**	**Consoli-dation**	**Group**
External revenues	777,349	370,336	1,922	–	1,149,607
Intersegment revenues	1,407	966	3,204	–5,577	–
Revenues	**778,756**	**371,302**	**5,126**	**–5,577**	**1,149,607**
Depreciation	–2,312	–3,120	–2,265	–	–7,697
Operating result before impairments of property, plant and equipment and other intangible assets	**46,224**	**10,098**	**–5,914**	**–**	**50,408**
Impairment of property, plant and equipment and other intangible assets	–	–233	–1,000	–	–1,233
Operating result before goodwill impairment (EBITA)	**46,224**	**9,865**	**–6,914**	**–**	**49,175**
Goodwill impairment	–	–	–	–	–
Net result before interest and income taxes (EBIT)	**46,224**	**9,865**	**–6,914**	**–**	**49,175**
Financial result					–814
Income taxes					–9,167
Net result					**39,194**
Segment assets	187,629	92,003	18,084	–	297,716
Unallocated assets					173,432
Total consolidated assets					**471,148**
Segment liabilities	178,487	75,496	15,339	–	269,322
Unallocated liabilities					17,140
Total consolidated liabilities					**286,462**

2017 *in thousand EUR*	**Air + Ocean**	**Solutions**	**Other**	**Consoli-dation**	**Group**
External revenues	750,474	366,916	1,726	–	1,119,116
Intersegment revenues	2,700	1,294	3,121	–7,115	–
Revenues	**753,174**	**368,210**	**4,847**	**–7,115**	**1,119,116**
Depreciation	–2,239	–3,255	–2,257	–	–7,751
Operating result before impairments of property, plant and equipment and other intangible assets	**38,574**	**7,579**	**–6,932**	**–**	**39,221**
Impairment of property, plant and equipment and other intangible assets	–	–1,072	–	–	–1,072
Operating result before goodwill impairment (EBITA)	**38,574**	**6,507**	**–6,932**	**–**	**38,149**
Goodwill impairment	–	–	–	–	–
Net result before interest and income taxes (EBIT)	**38,574**	**6,507**	**–6,932**	**–**	**38,149**
Financial result					–744
Income taxes					–10,730
Net result					**26,675**
Segment assets	166,951	96,153	16,813	–	279,917
Unallocated assets					143,896
Total consolidated assets					**423,813**
Segment liabilities	160,087	78,647	13,604	–	252,338
Unallocated liabilities					16,408
Total consolidated liabilities					**268,746**

Information according to geographical areas

The tables below present geographical information on revenues and specific items of non-current assets for financial years 2018 and 2017.

in thousand EUR	2018		2017	
Germany	525,868	46%	503,721	45%
Austria	194,390	17%	193,558	17%
Other EU	102,223	9%	91,430	8%
Asia/Pacific	272,273	24%	271,684	24%
Other	54,853	4%	58,723	6%
Total Revenues	**1,149,607**	**100%**	**1,119,116**	**100%**

Revenues from external customers are allocated according to the geographical location of the billing entity. In 2018 9.5% (prior year: 9.3%), or EUR 109.7m (prior year: EUR 104.5m) of the Logwin Group's total revenues accounts to a customer in the Solutions business segment.

in thousand EUR	31 Dec 2018		31 Dec 2017	
Germany	25,202	61%	24,242	65%
Austria	7,662	19%	7,162	19%
Luxembourg	2,727	7%	2,489	7%
Other EU	4,090	10%	1,598	4%
Asia/Pacific	1,359	3%	1,600	4%
Other	202	–%	305	1%
Total non-current assets	**41,242**	**100%**	**37,396**	**100%**

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

10 Revenues from contracts with customers

Breakdown of revenues from contracts with customers
The Group primarily generates revenues from the transfer of services for which revenue is recognized under IFRS 15 from the financial year 2018 on over a period of time. Sales are generated in the following segments and geographical regions:

2018 *in thousand EUR*	**Air + Ocean**	**Solutions**	**Other**	**Group**
Germany	286,580	237,366	1,922	525,868
Austria	68,803	125,587	–	194,390
Other EU	94,840	7,383	–	102,223
Asia/Pacific	272,273	–	–	272,273
Other	54,853	–	–	54,853
Total Revenues	**777,349**	**370,336**	**1,922**	**1,149,607**

2017 *in thousand EUR*	**Air + Ocean**	**Solutions**	**Other**	**Group**
Germany	262,330	239,665	1,726	503,721
Austria	73,375	120,183	-	193,558
Other EU	85,878	5,552	-	91,430
Asia/Pacific	271,684	-	-	271,684
Other	57,207	1,516	-	58,723
Total Revenues	**750,474**	**366,916**	**1,726**	**1,119,116**

Sales to customers in the Air + Ocean segment result from transportation and logistics solutions with a focus on intercontinental air and sea freight, often in connection with numerous upstream and downstream value added services. In the Solutions business segment, sales revenues result from individual customer and industry solutions in the retail sector and in industrial contract logistics with a focus on chemicals and automotive – from supply chain management through transport, warehousing and value-added logistics services to complete outsourcing projects. Sales are also generated from special networks for the fashion and consumer goods sectors.

The Group makes use of the practical expedience of IFRS 15.121 with regard to the disclosure of the transaction price allocated to the remaining service obligations, as Logwin either generally has a remuneration entitlement that directly corresponds to the value of the service already provided by the company to the customer, or the outstanding service obligation is part of a contract with an expected original term of a maximum of one year.

Revenues from service obligations fulfilled in earlier periods amounted to EUR 1,635k in the reporting period.

11 Expenses by nature

in thousand EUR	2018	2017
Purchased services	–811,514	–795,238
Materials and supplies	–9,016	–7,756
Personnel expenses	–196,593	–192,508
Operating lease expenses	–38,854	–39,011
Depreciation and amortization	–7,697	–7,751
Sundry expenses	–38,021	–39,954
Total cost of sales, selling, general and administrative costs	**–1,101,695**	**–1,082,218**

Purchased services mostly comprise transportation services provided by third parties.

12 Other operating income and expenses

in thousand EUR	2018	2017
Foreign exchange gains	4,714	3,946
Gains from disposal of non-current assets	181	229
Sundry income	3,431	2,928
Other operating income	**8,326**	**7,103**

In fiscal year 2018, the position “Other income” includes gains of EUR 496k from the realization of reserves recognized in other comprehensive income from the currency translation of the liquidated Liechtenstein company of the Solutions business segment. In 2017, the position “Gains from the sale of non-current assets” includes gains from the disposal of the swiss company of the Air + Ocean business segment.

in thousand EUR	2018	2017
Foreign exchange losses	–4,585	–4,596
Losses from disposal of non-current assets	–452	–99
Sundry expenses	–528	–85
Other operating expenses	**–5,565**	**–4,780**

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

in thousand EUR	2018	2017
Foreign exchange gains	4,714	3,946
Foreign exchange losses	–4,585	–4,596
Foreign exchange effects, net	**129**	**–650**

13 Impairment of property, plant and equipment and other intangible assets

In 2018, impairment losses of EUR 1.0m were recognized for a German logistics property including technical equipment due to a change in income expectations. For this purpose, the value in use was determined on the basis of the site's planned cash flows. They were discounted at an after-tax interest rate of 5.3%. The recoverable amount of the property as of 31 December 2018 was EUR 5.4m. A further EUR 233k was recorded as impairment losses due to cessation of business activities in various companies.

14 Financial result

The following table shows the composition of the financial result in financial years 2018 and 2017:

in thousand EUR	2018	2017
Finance income	**387**	**1,235**
Interest expenses from bank accounts	–417	–571
Interest expenses from finance leases	–207	–318
Net interest expense from the unwinding of the discount on defined benefit obligations and from the return on plan assets	–528	–491
Other interest expenses	–340	–564
Foreign currency effects from intragroup financing	291	–35
Finance expenses	**–1,201**	**–1,979**
Financial result	**–814**	**–744**

Finance income in the previous year included income from the revaluation of finance lease liabilities in the amount of EUR 799k.

Other interest expenses include guarantee commissions and interest expenses from the compounding of other long-term provisions.

15 Income taxes

Tax expenses for the Logwin Group are as follows:

in thousand EUR	2018	2017
Current income taxes	–10,336	–9,222
Deferred income taxes	1,169	–1,508
Total income taxes	**–9,167**	**–10,730**

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

in thousand EUR	2018	2017
Net result before income taxes	**48,361**	**37,405**
Expected income taxes (tax rate 28.26 %; prior year 29.33%)	**–13,667**	**–10,971**
Foreign tax rate differential	2,039	2,013
Expenses not deductible for tax purposes	–2,503	–2,054
Tax effects relating to prior periods	–168	58
Change in valuation allowances and effects from not recognizing deferred tax assets	5,183	836
Other taxation effects	–53	–612
Total income tax expenses	**–9,167**	**–10,730**

The weighted tax rate of 28.26% (previous year: 29.33%) used for 2018 corresponds to the tax rate of Logwin AG.

The position “Change in valuation allowances and effects from not recognizing deferred tax assets” mainly includes effects from the increased use of loss carryforwards and their revaluation due to the significantly improved earnings situation.

Notes to the Statement of Cash Flows

16 Proceeds from disposals of consolidated subsidiaries and other business operations

Proceeds from the disposal of consolidated companies and other business units include agreed subsequent purchase price adjustments for disposals from previous years. The fiscal year 2017 also includes fees from the sale of a company of the Air + Ocean business segment.

in thousand EUR	**2018**	**2017**
Consideration received	650	301
Less cash and cash equivalents disposed of	–	–304
Payments	–	–400
Proceeds from disposals of consolidated subsidiaries and other business operations, net of cash and cash equivalents	**650**	**–403**

The following assets and liabilities were disposed of in 2017 as part of the sale:

in thousand EUR	**2017**
Other non-current assets	125
Trade accounts receivable	610
Cash and cash equivalents	304
Other current assets	161
Assets disposed of	**1,200**
Trade accounts payable	794
Other current liabilities	116
Liabilities disposed of	**910**

17 Liabilities from financing activities

The following tables show the development of liabilities from financing activities of the Logwin Group which are included in financing cash flows:

in thousand EUR	Loans and borrowings	Liabilities from leases
1 Jan 2018	**106**	**10,954**
Cash effective	–57	–2,342
Non-cash effective:		
New finance lease agreements	–	2,905
Revaluation	–	–
Foreign exchange effects	1	–39
31 Dec 2018	**50**	**11,478**

in thousand EUR	Loans and borrowings	Liabilities from leases
1 Jan 2017	**276**	**13,139**
Cash effective	–161	–1,584
Non-cash effective:		
New finance lease agreements	–	159
Revaluation	–	–799
Foreign exchange effects	–9	39
31 Dec 2017	**106**	**10,954**

Notes to the Balance Sheet

18 Goodwill

Allocation of goodwill to cash-generating units

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

in thousand EUR	31 Dec 2018	31 Dec 2017
Air + Ocean	45,701	45,701
Solutions	21,120	21,120
Goodwill	**66,821**	**66,821**

in thousand EUR	Goodwill
Carrying amount as of 1 Jan 2017	**66,821**
Carrying amount as of 31 Dec 2017	**66,821**
Acquisition cost	220,578
Accumulated impairment	–153,757
Carrying amount as of 1 Jan 2018	**66,821**
Carrying amount as of 31 Dec 2018	**66,821**
Acquisition cost	220,578
Accumulated impairment	–153,757

Goodwill impairment testing
The Logwin Group performed its annual goodwill impairment test as of 31 December 2018. 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 a financial plan covering a period of a maximum of five years. The financial plan is based on the business plans of the business segments.

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

- Budgeted revenue growth rates: the anticipated growth rates of the industry, which is relevant for the respective business segment, are used to determine the budgeted revenue growth rates. Overall stable revenue 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. Deviations from planning were analyzed and taken into account where necessary in the form of discounts on the business plans presented. The amount of necessary discounts is reestablished in each case when the impairment test is performed.

The business plan of the Solutions business segment forecasts an EBITA margin of 2.0% for the last planning year (31 December 2017: 2.1%). The average EBITA margin of 2018 (actual) through to 2022 (plan) of 2.1% (31 December 2017: 2.1%) was taken as the sustainable EBITA margin to calculate the perpetual annuity. Beyond the five-year period the growth rate used was unchanged from the prior year at 0.75%. The expected cash flows of the business segment were discounted using a discount rate of 6.4% after tax (31 December 2017: 5.9%). This corresponds to an interest rate of 8.2% before tax (31 December 2017: 8.0%). A sustainable EBITA margin of 3.7% (31 December 2017: 3.7%) and an unchanged growth rate of 1.5% were used for the Air + Ocean business segment. The expected cash flows of the business segment were discounted using a discount rate of 7.0% after tax (31 December 2017: 6.5%). This corresponds to an interest rate of 9.2% before tax (31 December 2017: 8.4%).

The impairment test as of 31 December 2018 did not result in an impairment loss.

For the Air + Ocean business segment, no change in material assumptions deemed possible would lead to an impairment.

The estimated recoverable amount of the Solutions business segment exceeds its carrying amount by EUR 23.9m (prior year: EUR 33.2m). In the event of a possible reduction in the amount used for the financial planning, the assumed sustainable EBITA margin of currently 2.1% by 0.5 percentage points to 1.6%, there would be no impairment of the goodwill allocated to the Solutions business segment. Even an increase in weighted average cost of capital of 1% that was reasonably considered possible would not result in any impairment. If both effects were to occur together, an impairment loss would have to be recognized. On its own the discount rate would have to change 1.7 percentage points respectively the sustainable EBITA margin would have to change 0.6 percentage point so that the estimated recoverable amount is equal to the carrying amount of the asset.

19 Other intangible assets

Amortization of intangible assets of EUR 292k is included in cost of sales (prior year: EUR 319k). A further EUR 35k (prior year: EUR 52k) relates to selling costs and EUR 757k (prior year: EUR 636k) to general and administrative costs. The other intangible assets of the Logwin Group do not include any internally generated assets as of 31 December 2018.

in thousand EUR	**Software, concessions and other licenses**
Acquisition cost	33,726
Accumulated impairment	–30,929
Carrying amount as of 1 Jan 2017	**2,797**
Currency differences	–3
Change in scope of consolidation	–2
Additions	1,161
Disposals	–
Amortization	–1,007
Impairments	–
Carrying amount as of 31 Dec 2017	**2,946**
Acquisition cost	34,394
Accumulated impairment	–31,448
Carrying amount as of 1 Jan 2018	**2,946**
Currency differences	–8
Change in scope of consolidation	–
Additions	3,802
Disposals	–4
Amortization	–1,084
Impairments	–29
Carrying amount as of 31 Dec 2018	**5,623**
Acquisition cost	38,050
Accumulated impairment	-32,427

The additions in the financial year 2018 mainly relate to investments in new transport management systems.

20 Property, plant and equipment

Cost of sales includes depreciation of property, plant and equipment of EUR 5,246k (prior year: EUR 5,218k), while selling costs include depreciation of property, plant and equipment of EUR 157k (prior year: EUR 177k) and general and administrative costs include depreciation of property, plant and equipment of EUR 1,210k (prior year: EUR 1,349k).

in thousand EUR	Land and buildings	Machinery and equipment	Tools, fixtures, furniture and office equipment	Vehicle fleet	Construction in progress	Total
Acquisition cost	68,654	36,961	37,883	11,351	234	155,083
Accumulated depreciation and impairment losses	–48,783	–31,533	–30,624	–7,618	–	–118,558
Carrying amount as of 1 Jan 2017	**19,871**	**5,428**	**7,259**	**3,733**	**234**	**36,525**
Currency differences	–5	–35	–82	–7	–	–129
Change in consolidation scope	–	–	–10	–	–	–10
Additions	599	711	2,307	3,095	147	6,859
Transfers	19	–	–	181	–200	–
Disposals	–98	–566	–218	–63	–34	–979
Depreciation	–1,595	–1,046	–3,085	–1,018	–	–6,744
Impairments	–940	–132	–	–	–	–1,072
Carrying amount as of 31 Dec 2017	**17,851**	**4,360**	**6,171**	**5,921**	**147**	**34,450**
Thereof attributable to finance leases	*5,355*	*14*	*647*	*471*	–	*6,487*
Acquisition cost	68,525	34,105	36,826	13,608	147	153,211
Accumulated depreciation and impairment losses	–50,674	–29,745	–30,655	–7,687	–	–118,761
Carrying amount as of 1 Jan 2018	**17,851**	**4,360**	**6,171**	**5,921**	**147**	**34,450**
Currency differences	–	–14	–45	–7	–	–66
Change in consolidation scope	–	–	–	–	–	–
Additions	1,883	372	5,408	1,123	938	9,724
Transfers	104	15	28	–	–147	–
Disposals	–310	–100	–244	–18	–	–672
Depreciation	–1,426	–887	–3,165	–1,135	–	–6,613
Impairments	–630	–529	–40	–5	–	–1,204
Carrying amount as of 31 Dec 2018	**17,472**	**3,217**	**8,113**	**5,879**	**938**	**35,619**
Thereof attributable to finance leases	*5,010*	*90*	*2,558*	*705*	–	*8,363*
Acquisition cost	68,797	34,224	39,901	13,505	938	157,365
Accumulated depreciation and impairment losses	–51,325	–31,007	–31,788	–7,626	–	–121,746

As of 31 December 2018 and 2017, no property, plant and equipment was mortgaged.

21 Inventories

Inventories primarily include packaging material and loading equipment with a value of EUR 2,799k (prior year: EUR 2,518k). No inventories were pledged.

In the reporting period, inventories of EUR 9,016k were recognized as an expense (prior year: EUR 7,756k).

In addition, an impairment charge of EUR 100k (prior year: EUR 267k) on packaging material was determined in the review of the recoverability of inventories. The impairments are included in full in the cost of sales.

22 Trade accounts receivable

in thousand EUR	31 Dec 2018	31 Dec 2017
Trade accounts receivable, gross	**116,299**	**117,955**
Less value adjustments under the simplified approach	–494	–
Trade accounts receivable	**115,805**	**117,955**
Less value adjustments for receivables with impaired creditworthiness	–1,256	–1,604
Trade accounts receivable, net	**114,549**	**116,351**
Trade accounts receivable from factoring	30,460	36,048
Total trade accounts receivable including factoring	**145,009**	**152,399**

The Group has recognized the following contract assets:

in thousand EUR	31 Dec 2018	1.1.2018
Current contract assets from transport services	19,598	14,955
Expected credit losses on contract assets under the simplified approach	–118	–90
Contract assets	**19,480**	**14,865**

Contract assets increased as the Group increasingly provided transport services not yet invoiced in connection with import transactions.

Contract liabilities in the amount of EUR 9,864k (1 January 2018: EUR 11,969k) were offset against due to contractual conditions unconditional claims for consideration that had not yet fallen due on the balance sheet date.

Revenues in the amount of EUR 11,969k were realized in the reporting period from contractual liabilities existing as of 1 January 2018.

The following table contains information on credit risk and expected credit losses for trade receivables and contract assets as of 31 December 2018.

in thousand EUR	Corre-sponds to external rating	Gross book value	Estimated loss rate (weighted average)	Estimated value adjustment	Impairment credit worthiness
Low risk	A to AAA	27,286	0.01%	3	no
Medium risk	B to BBB	132,508	0.40%	530	no
Below average	C to CCC	4,992	1.59%	79	no
Loss event	D	1,571	79.95%	1,256	yes
Total		**166,357**		**1,868**	

The value adjustments for trade receivables with impaired creditworthiness based on the expected loss over the entire remaining term developed as follows:

in thousand EUR	2018	2017
1 January	**–1,604**	**–1,643**
Currency differences	–10	74
Additions	–898	–645
Utilization	626	201
Reversals	630	408
Change in scope of consolidation	–	1
31 December	**–1,256**	**–1,604**

The valuation allowances for trade receivables and contract assets with unimpaired credit-worthiness under the simplified approach in accordance with IFRS 9 developed as follows:

in thousand EUR	2018
1 January	**–**
Impact of first-time adoption of IFRS 9	–626
Currency differences	17
Additions	–101
Reversals	98
31 December	**–612**

The value adjustments made are not based on any concentration on significant individual receivables.

The table below shows the aging of unimpaired trade accounts receivable

in thousand EUR	31 Dec 2018	31 Dec 2017
not overdue	80,123	88,492
< 10 days	21,475	18,627
11 – 30 days	5,816	4,565
31 – 90 days	4,832	3,848
91 – 180 days	2,181	819
181 – 360 days	122	–
> 360 days	–	–

As of 31 December 2018, trade accounts receivable not sold to the factoring company in the amount of EUR 77.8m (prior year: EUR 80.2m) were secured by credit insurance. Secured receivables are generally subject to a deductible of 10% (prior year: 10%). The Group does not hold any other collateral or other credit enhancements to cover its credit risk related to its financial assets.

23 Other receivables and current assets

in thousand EUR	31 Dec 2018	31 Dec 2017
Receivables from the sale of non-current assets	65	739
Receivables from loans granted to affiliated, non-consolidated companies	5	–
Input tax refund	4,171	2,693
Advance payments	16,004	15,853
Derivative financial instruments	423	261
Miscellaneous receivables and assets	1,127	1,046
Total other receivables and current assets	**21,795**	**20,592**

The miscellaneous receivables and assets as of 31 December 2018 include receivables from billing transport containers totaling EUR 840k (prior year: EUR 735k).

Other receivables and current assets are due within one year. As in the prior 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.

24 Cash and cash equivalents

in thousand EUR	31 Dec 2018	31 Dec 2017
Cash	154,824	96,672
Cash equivalents	708	30,937
Total cash and cash equivalents	**155,532**	**127,609**

Cash and cash equivalents comprise checks, cash in hand and bank balances as well as cash equivalents with a total maturity of up to three months from the date of acquisition.

As of 31 December 2018 cash and cash equivalents amounted to EUR 3.2m (prior year: EUR 2.0m), which the Logwin Group had at its disposal only after approximately two working days as a result of a settlement agreement.

In the prior year cash and cash equivalents mainly include short-term deposits by Logwin AG with DELTON Health AG of EUR 30.0m.

Cash and cash equivalents classified as carrying a low credit risk were written down by EUR 1k as of 31 December 2018 in accordance with IFRS 9.

25 Deferred taxes

Deferred tax assets and liabilities consist of the following:

	31 Dec 2018		31 Dec 2017	
in thousand EUR	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	1,437	22	860	29
Property, plant and equipment	1,569	1,718	1,043	1,858
Investments	74	3	73	8
Current assets	1,381	2,132	184	1,271
Provisions	6,626	35	6,178	25
Liabilities	5,344	3,390	3,317	27
Tax loss carry forwards	14,026	–	13,001	–
Valuation allowances	–9,101	–	–8,802	–
Retained earnings of domestic and foreign subsidiaries	–	662	–	543
Net amounts	–6,949	–6,949	–2,959	–2,959
Total deferred taxes	**14,409**	**1,013**	**12,895**	**802**

In the financial year 2018 the recognized deferred taxes changed as follows:

in thousand EUR	2018	2017
Deferred taxes, net as of 1 January	**12,093**	**13,917**
Change recognized in profit or loss	1,169	–1,508
Change recognized in equity	168	–130
Currency and other differences	–34	–77
Change in scope of consolidation	–	–109
Deferred taxes, net as of 31 December	**13,396**	**12,093**

In 2018, the change recognized directly in equity relates to deferred tax effects on revaluations of the net liability from defined benefit pension plans and from the initial recognition of deferred tax effects from IFRS 9 and IFRS 15 as of 1 January 2018. In the prior year, the change recognized directly in equity related exclusively to deferred tax effects on revaluations of the net liability from defined benefit pension plans.

As of 31 December 2018 the Logwin Group did recognize deferred tax liabilities of EUR 0.7m on temporary differences from retained earnings of domestic and foreign subsidiaries of EUR 19.0m. The Logwin Group did not recognize any deferred tax liabilities on temporary differences from retained earnings of domestic and foreign subsidiaries of EUR 2.8m (prior year: EUR 9.3m) because it is not probable that the differences will reverse in the foreseeable future. The potential impact on income taxes amounts to EUR 1.2m (prior year: EUR 2.4m).

Net deferred tax assets amounting to EUR 163k (prior year: EUR 60k) have been recognized despite tax losses in the reporting year or in the prior year due to the Logwin Group's expectation of sustained positive results based on the forecast figures on the taxable income of the relevant entities within a future period of five years. For the following temporary differences and unused tax losses no deferred tax assets have been recognized since it is not probable that future taxable profit will be available against which the deductible temporary differences or tax losses can be utilized:

in thousand EUR	31 Dec 2018	31 Dec 2017
Tax losses	460,530	506,260
Deductible temporary differences	9,922	8,849
Total	**470,452**	**515,109**

Insofar as a tax assessment has been made, loss carry forwards are reported in accordance with this assessment. If no assessment has yet been made, the calculated value, or the value reported to the tax authorities, is used.

26 Shareholders' equity

Issued capital and authorized capital

As of 31 December 2018, a total of 2,884,395 (prior year: 2,884,395) fully paid-up no-par value registered shares with voting rights had been issued. Of these, 2,884,395 shares were outstanding (prior year: 2,884,395). Each share represents EUR 45.52 of the share capital (prior year: EUR 45.52). In addition, as of 31 December 2018 Logwin AG had authorized capital totaling EUR 68,700k (prior year: EUR 68,700k), divided into a further 1,509,105 new no-par-value shares to be issued (prior year: 1,509,105).

Profit/loss appropriation and capital reserves

The Annual General Meeting of Logwin AG on 12 April 2018 resolved the appropriation of the net income for the year as of 31 December 2017 in the form of a dividend payment of EUR 2.50 per share (prior year: 2.00 per share) for a total amount of EUR 7,211k (prior year: EUR 5,769k) as well as a transfer of EUR 1,186k to the legal reserve (prior year: EUR 613k). The remaining amount of EUR 15,323k appropriated into the retained earnings (prior year: EUR 5,882k).

Distribution

The distribution has yet to be decided by the shareholders at the Annual General Meeting on 10 April 2019 and has therefore not yet been recognized as a liability in this financial statements.

Retained earnings

Distributable retained earnings

According to Luxembourg law, a company must allocate at least 5% of the net result for the period as stated in the local financial statements to a legal reserve until the reserve equals 10% of issued capital of the company. As of 31 December 2018, this reserve in the amount of EUR 11,120k (prior year: EUR 9,934k) 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.

Defined benefit plans

Remeasurements of the net defined benefit liability in the form of actuarial gains and losses as well as return on plan assets not included in interest income are recognized in equity and may not be reclassified to profit or loss in future periods. These amounts are recorded in retained earnings and amounted to EUR –11,346k as of 31 December 2018 (prior year: EUR –10,858k). The change of EUR –488k compared to the prior year relates completely to the remeasurement of the net defined benefit liability (prior year: EUR 327k) after deduction of the associated deferred taxes.

Accumulated other comprehensive income

Differences from the translation of the financial statements of subsidiaries with a functional currency other than the euro are reported under shareholders' equity as accumulated other comprehensive income. Also included for 2017 are effects from the fair value measurement of available-for-sale securities that were reclassified to retained earnings as of 1 January 2018. As of fiscal 2018, these effects will be recognized in profit or loss as part of the application of IFRS 9. The accumulated other comprehensive income of EUR –1,299k (prior year: EUR -4,970k) primarily resulted from the translation of the financial statements of subsidiaries. The amounts recognized in equity may need to be reclassified under certain circumstances to profit or loss in future periods.

Treasury shares

Based on the authorization granted by the Annual General Meeting held on 8 April 2015, the Board of Directors resolved a share buyback program on 22 December 2016 until 30 September 2017. As of 31 December 2016 Logwin AG held shares in total at a cost of EUR 3,475k. By resolution of the Extraordinary General Meeting from 12 April 2017 the cancellation of these shares took place. No no-par-value shares were acquired in the 2018 financial year (prior year: 40 no-par-value shares). In connection with the restructuring of the share capital the Annual General Meeting on 12 April 2017 has anew empowered the Board of Directors to resolve a share buyback program until 31 March 2020.

27 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 the distribution of dividends, additional debt or further leasing. The average term of leases is approximately 5 years.

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

	31 Dec 2018			
in thousand EUR	Current	1 to 5 years	Over 5 years	Total
Minimum lease payments	1,980	4,497	5,652	**12,129**
Finance costs	–205	–397	–49	**–651**
Present value of minimum lease payments	**1,775**	**4,100**	**5,603**	**11,478**

	31 Dec 2017			
in thousand EUR	Current	1 to 5 years	Over 5 years	Total
Minimum lease payments	1,762	4,180	5,541	**11,483**
Finance costs	–164	–306	–59	**–529**
Present value of minimum lease payments	**1,598**	**3,874**	**5,482**	**10,954**

28 Loans and borrowings

As of 31 December 2018, the Logwin Group had credit facilities (without guarantee facilities) amounting to EUR 39.1m (prior year: EUR 39.4m), which had not been drawn at the reporting date as well as at the end of the prior year. Furthermore, depending on the amount of sold receivables, a contractual limit of EUR 45.0m (prior year: EUR 45.0m) was available to the Logwin Group from factoring at the reporting date. As of 31 December 2018 as well as in the prior year the factoring facility was not utilized.

Loans and borrowings reported as of 31 December 2018 totaling EUR 50k (prior year: EUR 106k).

The interest rate on the current loans and borrowings were variable and therefore at market level.

29 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations are recognized due to plans for commitments for retirement, invalidity and survivors' pensions. The Logwin Group has both defined benefit and defined contribution plans.

Defined contribution plans
Under the defined contribution plans of the Group, payments in a total amount of EUR 325k to private pension insurance schemes were recorded in financial year 2018 (prior year: EUR 298k). In addition, contribution payments of EUR 7,860k (prior year: EUR 7,898k) were made to public pension insurance schemes.

Defined benefit plans
Defined benefit obligations mainly result from (funded and unfunded) pension commitments to employees, mostly of German group companies. The Logwin Group's obligations relate primarily to obligations from vested benefits in connection with benefit plans closed in the past. The benefits payable are mostly lifetime pension payments. In addition, there are legal claims of Austrian employees to severance payments.

A characteristic of the defined benefit obligations is that the Logwin Group grants the promised benefit level and thus bears the financing and longevity risk. If the obligations are partially or fully funded, the financing risk is replaced by the general market risk. As the Logwin Group's plan assets are primarily employer's pension liability insurance policies, direct insurance policies and pension trusts, the volatility of which is comparatively low, the risk is also low.

The net defined benefit liability recognized in the balance sheet is as follows:

in thousand EUR	31 Dec 2018	31 Dec 2017
Present value of the obligation	32,741	32,618
Plan assets	–1,540	–1,538
Net defined benefit liability (funding status)	**31,201**	**31,080**

The development of the net defined benefit liability in the current financial year and in the prior year is described in the following table:

in thousand EUR	2018	2017
Net defined benefit liability as of 1 January	**31,080**	**32,729**
Expense recognized in the income statement	980	968
Plan contributions and payments, net	–1,426	–1,830
Remeasurements recognized in equity	606	–457
Settlements	–91	–243
Other changes	52	-87
Net defined benefit liability as of 31 December	**31,201**	**31,080**

Other changes include primarily effects from the currency translation of the net defined benefit liability.

The change in the net defined benefit liability breaks down to the development of the present value of the obligation and the plan assets as follows:

in thousand EUR	**2018**	**2017**
Present value of the obligation as of 1 January	**32,618**	**34,334**
Current service cost	452	477
Interest expenses	558	515
Actuarial gains (-)/losses (+)		
due to changes in demographic assumptions	276	–
due to changes in financial assumptions	477	–248
due to experience adjustments	–147	–261
Payments from company assets	–1,383	–1,788
Payments from plan assets	–73	–73
Settlements	–91	–243
Other changes	54	–95
Present value of the obligation as of 31 December	**32,741**	**32,618**

in thousand EUR	**2018**	**2017**
Plan assets as of 1 January	**1,538**	**1,605**
Interest income on plan assets	30	24
Return on plan assets not included in interest income	–	–52
Contributions by the employer	43	42
Payments from plan assets	–73	–73
Other changes	2	–8
Plan assets as of 31 December	**1,540**	**1,538**

As of 31 December 2018, the plan assets consisted of employer's pension liability insurance policies of EUR 658k (prior year: EUR 691k), pension trusts of EUR 354k (prior year: EUR 362k), direct insurance policies of EUR 260k (prior year: EUR 270k), and other forms of insurance of EUR 268k (prior year: EUR 215k). The expected contributions to plan assets amount to EUR 42k in the following year.

The expenses for defined benefit plans recognized in profit or loss are as follows:

in thousand EUR	2018	2017
Service costs	–452	–477
Net interest expense	–528	–491
Total pension expenses	**–980**	**–968**

In 2018, of the total amount of expenses for defined benefit plans, EUR 339k (prior year: EUR 329k) was included in cost of sales, EUR 65k (prior year: EUR 84k) in selling costs and EUR 48k (prior year: EUR 64k) in general and administrative costs. The net interest expense from unwinding of the discount on the obligation as well as from the return on plan assets of EUR 528k (prior year: EUR 491k) is included in finance expenses.

Actuarial assumptions

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

	31 Dec 2018	31 Dec 2017
Discount rate	1.7%	1.7%
Wage and salary trend	2.5%	2.5%
Pension trend	1.75%	1.6%

Life expectancy was based on the 2018G mortality tables published by Prof. Dr. Klaus Heubeck for the German entities (prior year: 2005G mortality tables).

The discount rates were determined based on yields on high-quality corporate bonds which match the underlying obligations in terms of currency and maturity.

The wage and salary trends take into account inflation adjustments and career-related salary increases, and are based (similar to the turnover rates) on past experience and expectations for the future.

The pension trends either correspond to the contractually guaranteed pension adjustments or are based on the provisions in place for pension adjustments.

Changes in the principal actuarial assumptions would have had the following effects on defined benefit obligations:

	in thousand EUR	31 Dec 2018	31 Dec 2017
Discount rate	0.5 percentage points higher	–1,935	–1,961
	0.5 percentage points lower	2,165	2,197
Wage and salary trend	0.5 percentage points higher	112	116
	0.5 percentage points lower	–105	–108
Pension trend	0.5 percentage points higher	1,631	1,633
	0.5 percentage points lower	–1,488	–1,488
Life expectancy	Decrease in mortality rate by 10%	1,138	1,124

The sensitivity analyses presented take into account the change of one assumption, with the other assumptions remaining unchanged compared with the original calculation. This means possible correlations between the individual assumptions were not taken into account. The method used to calculate the sensitivities is the same method that is used to determine the present value of the defined benefit obligation.

In order to examine the sensitivity of the present value of the defined benefit obligation to changes in the assumed life expectancy, the mortality rates were lowered by 10% in a comparative calculation, which resulted in an increase in life expectancy of around one year (prior year: one year).

The weighted average duration of the defined benefit obligation based on the present values of the obligation is 13.43 years (prior year: 13.62 years).

The maturity profile of undiscounted payments of the defined benefit obligation is as follows:

in thousand EUR	31 Dec 2018	31 Dec 2017
Payments due within the next financial year	1,378	1,448
Payments due in 2 to 5 years	6,012	6,090
Payments due in 6 to 10 years	7,930	7,799
Payments due in 11 to 15 years	7,878	7,410
Payments due in 16 to 20 years	6,456	6,517
Payments due in more than 20 years	14,524	15,175

30 Other non-current provisions

in thousand EUR	Long-service bonus provisions	Other	Total non-current provisions
1 January 2018	**2,913**	**111**	**3,024**
Additions	544	–	544
Utilization	–150	–8	–158
Release	–	–103	–103
Currency differences	–27	–	–27
31 December 2018	**3,280**	**–**	**3,280**

In 2018, the interest portion from unwinding of the discount on the long-service bonus provisions amounted to EUR 22k (prior year: EUR 25k).

31 Current provisions

in thousand EUR	Lawsuits and litigations	Onerous contracts	Warranties	Other	Total current provisions
1 January 2018	**477**	**1,061**	**2,263**	**4,213**	**8,014**
Additions	211	172	1,418	3,398	5,199
Utilization	–155	–554	–613	–1,770	–3,092
Release	–8	–180	–578	–950	–1,716
Currency differences	–7	–	–	17	10
31 December 2018	**518**	**499**	**2,490**	**4,908**	**8,415**

The reported provisions for lawsuits and litigations relate to various litigation risks.

Provisions for onerous contracts were recognized due to operating lease agreements in place, whose contractual obligations are not sufficiently covered by the expected economic benefit of the relevant locations.

The provisions for warranties primarily include provisions for freight and liability damage from operating activities.

The other current provisions include, among other things, various provisions for various contractual and recourse risks as well as provisions for outstanding invoices and customer bonuses.

32 Income tax liabilities

The recognized liabilities are calculated from accrued income tax expenses for financial year 2018 and prior financial years amounting to EUR 7,601k (prior year: EUR 7,191k), less prepayments made totaling EUR 2,967k (prior year: EUR 2,678k).

33 Other liabilities

in thousand EUR	31 Dec 2018	31 Dec 2017
Liabilities relating to personnel:		
Wages and salaries	18,829	16,705
Social security	1,376	1,318
Accrued vacation	2,680	2,695
Other taxes and levies	6,209	5,437
Advances received from customers	1,513	1,969
Derivative financial instruments	477	545
Other liabilities, accruals and deferred income	6,210	12,576
Total other current liabilities	**37,294**	**41,245**
Sundry other non-current liabilities	443	641
Total other non-current liabilities	**443**	**641**
Total other liabilities	**37,737**	**41,886**

Other liabilities, accruals and deferred income as of 31 December 2018 include liabilities from billing transport containers totaling EUR 467k (prior year: EUR 566k).

The advances received from customers represent contract liabilities within the definition of IFRS 15.

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

in thousand EUR	31 Dec 2018	31 Dec 2017
Due within 1 year	24,147	21,479
Due 1 to 5 years	443	641
Other financial liabilities	**24,590**	**22,120**

Other Notes

34 Additional information on financial instruments

The following tables provide additional information on the financial instruments held by the Logwin Group. They show the financial assets and liabilities by IFRS 9 or for the prior year by IAS 39 measurement category as well as the balance sheet items containing financial instruments with the corresponding carrying amounts and the fair value.

Financial instruments by measurement category according to IFRS 9

in thousand EUR	**Carrying amount 31 Dec 2018**	Mandatory valuation at fair value in accordance with IFRS 9	Held for trading
Amortized cost	326,601	–	–
Fair value through profit or loss (FVTPL)	1,200	777	423
Financial assets	**327,801**	**777**	**423**
Amortized cost	212,818	–	–
Fair value through profit or loss (FVTPL)	477	–	477
Financial liabilities	**213,295**	**–**	**477**

Financial instruments by measurement category according to IAS 39

in thousand EUR	**Carrying amount 31 Dec 2017**	Amortized cost	Fair value through profit or loss	Fair value through OCI
Loans and receivables (LaR)	287,803	287,803	–	–
Available-for-sale (AfS)	855	175	–	680
Held for trading (HfT)	261	–	261	–
Financial assets	**288,919**	**287,978**	**261**	**680**
At amortized cost (FLAC)	190,050	190,050	–	–
Held for trading (FLHfT)	545	–	545	–
Financial liabilities	**190,595**	**190,050**	**545**	**–**

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 EUR	Measurement category in accordance with IFRS 9	**Carrying amount 31 Dec 2018**	Carrying amount in accordance with IAS 17	**Fair Value as of 31 Dec 2018**
Assets				
Investments	FVTPL	**777**	**–**	**777**
	Amortized cost	347	–	347
	n.a.	325	–	–
Other non-current assets	**Total**	**672**	**–**	**–**
Trade accounts receivable	Amortized cost	**145,009**	**–**	**145,009**
Contract assets	Amortized cost	**19,480**	**–**	**19,480**
	Amortized cost	6,234	–	6,234
	FVTPL	423	–	423
	n.a.	15,138	–	–
Other receivables and current assets	**Total**	**21,795**	**–**	**–**
Cash and cash equivalents	Amortized cost	**155,532**	**–**	**155,532**
Liabilities				
Non-current liabilities from leases	n.a.	**9,703**	**9,703**	**9,521**
Other non-current liabilities	Amortized cost	**443**	**–**	**443**
Trade accounts payable	Amortized cost	**188,654**	**–**	**188,654**
Current liabilities from leases	n.a.	**1,775**	**1,775**	**1,734**
Current loans and borrowings	Amortized cost	**50**	**–**	**50**
	Amortized cost	23,670	–	23,670
	FVTPL	477	–	477
	n.a.	13,147	–	–
Other current liabilities	**Total**	**37,294**	**–**	**–**

in thousand EUR	Measurement category in accordance with IAS 39	**Carrying amount 31 Dec 2017**	Carrying amount in accordance with IAS 39		Carrying amount in accordance with IAS 17	**Fair Value as of 31 Dec 2017**
			Amortized cost	Fair Value		
Assets						
Investments	AfS	**855**	**175**	**680**	**–**	**680**
Other non-current assets	LaR	**934**	**934**	**–**	**–**	**934**
Trade accounts receivable	LaR	**152,399**	**152,399**	**–**	**–**	**152,399**
	LaR	6,859	6,859	–	–	6,859
	HfT*	261	–	261	–	261
	n.a.	13,472	–	–	–	–
Other receivables and current assets	**Total**	**20,592**	**6,859**	**261**	**–**	**–**
Cash and cash equivalents	LaR	**127,609**	**127,609**	**–**	**–**	**127,609**
Liabilities						
Non-current liabilities from leases	n.a.	**9,356**	**–**	**–**	**9,356**	**9,297**
Other non-current liabilities	FLAC	**641**	**641**	**–**	**–**	**641**
Trade accounts payable	FLAC	**168,367**	**168,367**	**–**	**–**	**168,367**
Current liabilities from leases	n.a.	**1,598**	**–**	**–**	**1,598**	**1,580**
Current loans and borrowings	FLAC	**106**	**106**	**–**	**–**	**106**
	FLAC	20,935	20,935	–	–	20,935
	FLHfT*	545	–	545	–	545
	n.a.	19,765	–	–	–	–
Other current liabilities	**Total**	**41,245**	**20,935**	**545**	**–**	**–**

* 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 recognized in profit or loss

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

For listed securities, the fair value can be determined on the basis of market information available at the balance sheet date in accordance with Level 1. For publicly traded financial instruments, the market value on the balance sheet date represents the fair value of the instrument.

The fair values of derivative financial instruments were determined in accordance with Level 2 of the fair value hierarchy using the quoted prices of the contracting parties and valuation techniques such as the present value method based on currently observable market data. The fair values of the currency derivatives were calculated using the respective spot rate and the yield curves of the respective currency. The fair values of interest rate swaps were calculated based on discounted future expected cash flows. Market interest rates for equivalent terms were used for discounting purposes.

The fair values of unlisted equity instruments are generally determined in accordance with Level 3 of the fair value hierarchy. If sufficient information is available to measure the fair value, they are measured using the discounted cash flow method using the cash flow forecasts of the company concerned. In accordance with IFRS 9.B.5.2.3., if there is not enough new information to measure fair value or if there is a wide range of possible fair value measurements, the acquisition costs are regarded as the best estimate of fair value.

The fair values for liabilities from lease agreements and other loans and borrowings with variable rates of interest were determined on the assumption that agreed rates of interest are equivalent to market interest rates. Consequently, their carrying amounts are deemed to match their fair values. Valuation models are used to calculate the fair values for liabilities from lease agreements and loans and borrowings with fixed interest rates. The inputs (interest rates) are based on observable market data.

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

The following table provides an overview of the classification of the financial assets and financial liabilities of the Logwin Group that were recognized at fair value, in accordance with the fair value hierarchy:

31 Dec 2018 *in thousand EUR*	Level 1	Level 2	Level 3	**Total**
Assets				
FVTPL	592	423	185	**1,200**
Liabilities				
FVTPL	–	477	–	**477**

31 Dec 2017 *in thousand EUR*	Level 1	Level 2	Level 3	**Total**
Assets				
Available-for-sale financial assets	680	–	–	**680**
Forward exchange contracts held for trading	–	261	–	**261**
Liabilities				
Forward exchange contracts held for trading	–	545	–	**545**

There were no transfers between Level 1, Level 2 and Level 3 in the financial and in the prior year.

Net results from financial instruments by measurement category

in thousand EUR	From interest	From subsequent measurement at Fair Value	Impairment	Net result 2018
Assets at amortized cost	372	–	–265	107
Assets at fair value through profit or loss	–	–23	–	–23
Liabilities at amortized cost	–812	–	–	–812
Liabilities at fair value through profit or loss	–64	67	–	3
Total	**–504**	**44**	**–265**	**–725**

in thousand EUR	From interest	From subsequent measurement At Fair Value	Impairment	Net result 2017
Loans and receivables	421	–	–334	87
Available-for-sale financial assets	–	4	–	4
Financial assets held for trading	464	9	–	473
Financial liabilities measured at amortized cost	–220	–	–	–220
Financial liabilities held for trading	1,193	–49	–	1,144
Total	**1,858**	**–36**	**–334**	**1,488**

Please refer to note 14 “Financial result” for information on interest income and expenses. Gains and losses from subsequent valuation at fair value relate primarily to the valuation of derivative financial instruments held to hedge currency risks. Impairment losses include impairment of receivables.

Financial risks

Liquidity risks

The business operations of the operating units of the Logwin Group as a logistics provider require it to use loans, factoring 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 at the Logwin Group.

The Logwin Group manages its liquidity risk by monitoring the current liquidity situation on a daily basis. Liquidity planning is used to determine future requirements and to analyze on a regular basis whether the Logwin Group is in a position to meet its financial liabilities by the agreed maturity dates. The Logwin Group also limits its liquidity risk through strict working capital management and financing from various sources. As of 31 December 2018, the Logwin Group had unused credit facilities of EUR 39.1m (prior year: EUR 39.4m). The Logwin Group can also utilize a contractually agreed maximum amount of EUR 45.0m from the factoring facility depending on the volume of receivables sold which was not used during the financial year 2018.

Note 34 to the consolidated financial statements on page 101 provides a maturity analysis of the financial liabilities.

Engaging in the transportation business on a global scale requires the possibility of guarantees and collateral being provided by generally recognized guarantors, for example to customs and tax authorities and in the process of handling air and ocean transports worldwide. The Logwin Group will be faced with liquidity and earnings risks if such established financial instruments are no longer available to the Logwin Group to a sufficient extent, or if the customary mechanisms underlying international financial business transactions fail to work. The risk is reduced by diversification and contractual agreements with leading financial service providers selected according to defined criteria.

Credit risks

Credit risk is the risk that a counterparty will not meet its contractual obligations and that the Logwin Group will incur financial losses as a result. As of 31 December 2018, the Group's maximum credit risk, excluding collateral held or other credit enhancements, is derived from the carrying amounts of the respective financial assets reported in the consolidated balance sheet as of 31 December 2018. Value adjustments are made for impending default risks. Please refer to Note 22 on page 81 of the Notes to the Consolidated Financial Statements for the scope of valuation allowances and the maturity structure of trade receivables. In contrast, assets that are neither past due nor impaired are fully recoverable.

There are essentially credit risks arising from relationships with customers and banks. Credit risks arising from relationships with customers are minimized by detailed credit assessments and a restrictive allocation of credit periods. Furthermore, in nearly all countries trade credit insurance exists for the majority of customers. Credit risks resulting from relationships with banks (counterparty risk) are counteracted via diversification of banking relationships.

In order to minimize the credit risk, the Logwin Group has developed credit risk classifications in order to categorize exposures according to their degree of default risk. The credit rating information is provided by independent rating agencies where available and, if not available, the Logwin Group uses other publicly available financial information and internally available information of the Group to evaluate its major customers and other debtors. The Group's exposure and the creditworthiness of the counterparties are continuously monitored and the total value of the transactions concluded is allocated to the eligible counterparties.

Currency risks

The companies of the Logwin Group generate revenues in various currencies in the course of carrying out their worldwide activities and therefore also recognize their assets in non-euro currencies. As a result, the Group is subject to ongoing currency risks. Moreover, between the companies of the Logwin Group there are internal financing balances in foreign currencies. As a result, a significant risk to earnings and liquidity from the negative effects of exchange rate movements cannot be excluded.

Wherever feasible, the Logwin Group reacts to potential foreign exchange risks affecting liquidity by using hedging instruments. The Logwin Group's hedging transactions in connection with foreign currency receivables and liabilities reduce the uncertainty of future cash flows from hedged items with regard to the risk of exchange rate fluctuations. Taking into account hedging activities, a change in the respective functional currency of the group companies by +/– 10% in relation to the US dollar, the main foreign currency of the Logwin Group, as of 31 December 2018 would have an effect on the Group's net result of –/+ EUR 0.3m (prior year: –/+ EUR 0.1m).

As the euro is the reporting currency of the Logwin Group, the financial statements of the companies are translated into euro, which is the functional currency of the Group, for the purposes of the consolidated financial statements. These translation-related foreign currency risks are not typically hedged in the Logwin Group. This can create a considerable impact on the presentation of the earnings position and net assets of the Logwin Group.

Interest rate risks

Interest rates can change after a prolonged phase of low interest rates as a result of various influential factors. Increased rates of interest can pose a risk to the earnings of the Logwin Group. As of 31 December 2018, the Group had financial liabilities subject to variable interest rates resulting from finance lease contracts. Based on the variable-interest, unhedged financial liabilities, a change in the rate of interest as of 31 December 2018, by +/– 100 basis points would have an effect on the financial result of –/+ EUR 0.1m (prior year: /+ EUR 0.1m).

Maturity analysis of financial liabilities

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

	31 Dec 2018		31 Dec 2017	
in thousand EUR	Loans and Borrowings	Liabilities from leases	Loans and Borrowings	Liabilities from leases
Cash flow 1st year				
Interest	–	205	–	164
Redemption	50	1,775	106	1,598
Total	**50**	**1,980**	**106**	**1,762**
Cash flow 2nd year				
Interest	–	157	–	135
Redemption	–	1,705	–	1,506
Total	**–**	**1,862**	**–**	**1,641**
Cash flow 3rd year				
Interest	–	106	–	80
Redemption	–	1,085	–	1,355
Total	**–**	**1,191**	**–**	**1,435**
Cash flow 4th year				
Interest	–	81	–	50
Redemption	–	694	–	695
Total	**–**	**775**	**–**	**745**
Cash flow 5th year				
Interest	–	53	–	41
Redemption	–	616	–	318
Total	**–**	**669**	**–**	**359**
Cash flow after 5 years				
Interest	–	49	–	59
Redemption	–	5,603	–	5,482
Total	**–**	**5,652**	**–**	**5,541**

Trade accounts payable and derivative financial liabilities in existence at the reporting date are always due within one year.

Forward exchange contracts

As of 31 December 2018, the Logwin Group had various forward 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:

in thousand EUR	31 Dec 2018		31 Dec 2017	
	Nominal value in foreign currency	**Nominal value in euros**	**Nominal value in foreign currency**	**Nominal value in euros**
Forward exchange contracts to hedge receivables of Logwin AG arising from group financing and the operating activities of group companies				
Sell				
AED	4,090	953	6,530	1,499
AUD	5,170	3,196	3,150	2,051
CNH	28,800	3,571	5,400	676
COP	455,000	121	903,000	249
CZK	2,700	105	4,000	156
GBP	4,260	4,781	3,315	3,695
HKD	31,700	3,491	28,900	3,144
HUF	272,000	841	313,800	1,011
PLN	12,800	2,968	550	130
THB	–	–	19,500	500
TRY	1,700	234	500	115
USD	7,000	6,075	5,940	5,006
ZAR	4,400	267	–	–
Total		**26,603**		**18,232**
Forward exchange contracts to hedge liabilities of Logwin AG arising from group financing and the operating activities of group companies				
Buy				
AED	8,180	1,923	9,005	2,077
AUD	1,770	1,094	4,050	2,650
CHF	–	–	949	812
CNH	75,690	9,552	69,100	8,779
CZK	23,650	912	27,220	1,063
GBP	3,880	4,336	2,930	3,280
HKD	132,200	14,547	112,670	12,181
HUF	786,000	2,432	788,300	2,544
PLN	12,150	2,820	–	–
SGD	1,448	914	2,008	1,258
THB	–	–	2,000	52
TRY	5,430	907	2,980	674
TWD	17,000	489	17,000	486
USD	9,530	8,306	11,210	9,448
Total		**48,232**		**45,304**

The forward exchange contracts all have a term of less than one year.

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

in thousand EUR	31 Dec 2018		31 Dec 2017	
	Nominal amount	Fair Value	Nominal amount	Fair Value
Assets				
Forward exchange contracts	31,150	423	24,469	261
Total	**31,150**	**423**	**24,469**	**261**
Liabilities				
Forward exchange contracts	43,686	477	39,067	545
Total	**43,686**	**477**	**39,067**	**545**

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

Netting agreements are set out in the master agreements in place with the banks through which derivative financial instruments are concluded. However, these netting agreements only take effect in the event of insolvency. The presentation of the net amount for accounting purposes is therefore not permitted, as there is only a theoretical right of set-off at the end of the reporting period. If it were permitted, offsetting would allow a total of EUR 423k (prior year: EUR 261k) of the recognized assets of EUR 423k (prior year: EUR 261k) to be offset against the recognized liabilities of EUR 477k (prior year: EUR 545k).

Capital management

The goal of the Logwin Group's capital management is to preserve its financial stability and maintain an adequate equity level for Logwin AG. It can react to negative changes in the capital structure by adjusting its equity or debt resources in particular through the utilization of existing credit facilities and the factoring facility.

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

The following items are covered by capital management:

in thousand EUR	31 Dec 2018	31 Dec 2017
Liabilities from leases	–11,478	–10,954
Loans and borrowings	–50	–106
Gross financial debt	**–11,528**	**–11,060**
Cash and cash equivalents	155,531	127,609
Net liquidity	**144,003**	**116,549**
Trade accounts payable	–188,654	–168,367
Other liabilities and current provisions	–49,432	–52,925
Trade accounts receivable	145,009	152,399
Contract assets	19,480	–
Income tax receivables/liabilities	–2,020	–2,719
Other non-current and current receivables and assets	22,466	21,526
Inventories	2,799	2,518
Working Capital	**–50,352**	**–47,568**
Shareholders' equity	**184,686**	**155,067**

35 Financial commitments

The following table shows all unrecognized financial commitments as of 31 December 2018 and 2017:

in thousand EUR	31 Dec 2018	31 Dec 2017
Due within 1 year	35,283	37,647
Due within 2 to 5 years	49,834	37,957
Due after 5 years	13,159	11,001
Total	**98,276**	**86,605**

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 or contingent rent payments. The average term of lease-contracts is between three and five years There are no resulting restrictions on the Group's activities concerning dividends, additional debt or the conclusion of further leasing contracts.

In financial year 2018, operating lease expenses amounted to EUR 38,854k (prior year: EUR 39,011k). In financial year 2018, the Group received EUR 1,550k (prior year: EUR 1,816k) from sub-leasing agreements. Furthermore rental income from Logwin's real estate portfolio amounted to EUR 945k (prior year: EUR 906k). None of the leases itself are of particular importance for the Logwin Group. For the next few years the Logwin Group plans with an amount of annual rental income as high as this year. The average contract period is about four years.

36 Contingent liabilities and lawsuits

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 as of 31 December 2018 will not result in material obligations.

To the extent necessary, provisions are recognized for individual matters that could possibly lead to a claim. Beyond this, no claims are expected.

Logwin Road + Rail Austria GmbH was served with a claim from the Austrian customs authorities in April 2010 demanding back payment of import VAT of around EUR 17m plus interest 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 VAT granted at that time was now revoked since the consignee of the goods was allegedly a participant in a missing trader (VAT carousel) fraud. The relevant Logwin company lodged an appeal against the decision but it was unsuccessful. The customs office did not initiate its enforcement based on a confirmation of cover by the insurer in charge of the settlement of damages. In the remission procedure initiated, Logwin, also with reference to court rulings under European law, filed for the full remission of these payments plus interest as the company believes it is not at fault. The proceedings before the Federal Finance Court has been initially suspended as the court wanted to wait for a decision by the European Court of Justice in another case which is of considerable importance for the remission proceedings. As of the end of the reporting period, a remission of these payments is still considered to be more likely than not against the backdrop of favorable prospects. Therefore, as in the previous year, no liabilities have been reported in these financial statements to cover this matter. A confirmation of cover by the insurer in charge of the loss adjustment still exists if the liability of Logwin Road + Rail Austria GmbH has been recognized by declaratory judgment and the request for remission has been legally rejected. There could be considerable negative consequences on the Logwin Group's net asset and financial position if the remission procedure proves unsuccessful and the insurer fails to provide (sufficient) cover despite its confirmation of cover. After the decision of the European Court of Justice was announced on 14 February 2019, the proceedings are expected to continue in the first half of 2019.

37 Auditor's fees

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

	Auditors of Luxembourg companies		Auditor's network abroad	
in thousand EUR	**2018**	**2017**	**2018**	**2017**
Audit services	109	109	504	490
Tax services	–	-	–	2
Audit-related services	–	34	-	-
Other services	1	1	33	3
Total	**110**	**144**	**537**	**495**

38 Key management personnel compensation

The compensation of non-executive members of the Board of Directors and of members of the Executive Committee includes all amounts received from group companies. The fixed portion of the regular compensation also includes other compensation components. In 2018, payments in the amount of EUR 84k (prior year: EUR 88k) were made to a defined contribution pension plan for members of management.

in thousand EUR	2018	2017
Members of the Executive Committee	2,596	2,417
thereof fixed portion of regular compensation	*1,615*	*1,645*
thereof variable portion of regular compensation	*981*	*772*
Non-executive members of the Board of Directors (fixed compensation)	120	120

39 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 2018 and 2017, the Logwin Group rendered or received services to or from certain associated and affiliated non-consolidated companies as part of its ordinary operations. In addition, there were supply and service relationships with the former parent company DELTON Health AG (formerly DELTON AG) and its subsidiaries.

Until December 2018, DELTON Health AG - via its wholly owned subsidiary DELTON Vermögensverwaltung – held a majority interest in Logwin AG, Grevenmacher/Luxembourg (Logwin). As part of a structural realignment at DELTON Health AG, the investment in Logwin AG was transferred from DELTON Vermögensverwaltung AG in December 2018 to the newly founded DELTON Logistics S.à r.l., Grevenmacher/Luxembourg.

Mr. Stefan Quandt is the sole shareholder of DELTON Health AG, DELTON Logistics S.à r.l. and shareholder and Deputy Chairman of the Supervisory Board of BMW AG, Munich. He is a related party to BMW AG, DELTON Logistics S.à r.l. and DELTON Health AG within the meaning of IAS 24 “Related Party Disclosures”.

	Associated and affiliated, not consolidated companies		DELTON Health AG and its Subsidiaries	
in thousand EUR	2018	2017	2018	2017
Services provided	311	76	234	193
Services received	274	233	630	547
Receivables as of 31 Dec	46	27	1	4
Payables as of 31 Dec	184	190	187	100

Logwin AG also concluded a framework agreement for money market transactions with DELTON AG in the year 2016. Logwin AG had no short-term deposits (prior year: EUR 30.0m) with DELTON AG as of 31 December 2018; finance income amounted to EUR 29k (prior year: EUR 28k) in the reporting year.

In 2018, the Logwin Group's revenues from companies of the BMW Group amounted to EUR 23,386k (prior year: EUR 29,816k). Receivables from BMW Group amounted to EUR 2,235k as of 31 December 2018 (prior year: EUR 4,464k).

In addition, Logwin Group companies procured vehicles from the BMW Group, predominantly by leasing. This gave rise to expenses for the Logwin Group of EUR 1,465k in 2018 (prior year: EUR 1,370k). No liabilities to the BMW Group exist as of 31 December 2018 (31 December 2017: EUR 70k).

Furthermore, there were transactions between the Logwin Group and members of its Board of Directors. In financial year 2018, these resulted in expenses for the Logwin Group in an amount of EUR 15k (prior year: EUR 63k).

All transactions with related parties were conducted under standard market conditions at arm's length.

40 Events after the reporting period

No material events occurred between 31 December 2018 and the preparation of the consolidated financial statements by the Board of Directors of Logwin AG on 4 March 2019 which would require reporting.

41 List of shareholdings

The table below lists all companies of the Logwin Group as of 31 December 2018:

	Share of capital
Solutions	
Logwin Solutions Management GmbH, DE-Großostheim	100.00%
Logwin Solutions Holding International GmbH, AT-Salzburg	100.00%
Logwin Solutions Austria GmbH, AT-Salzburg	100.00%
Logwin Solutions Spain S.A., ES-Madrid	100.00%
Logwin Solutions Deutschland GmbH, DE-Großostheim	100.00%
Logwin Solutions Neckartenzlingen GmbH, DE-Neckartenzlingen	100.00%
Air + Ocean	
Logwin Air + Ocean International GmbH, DE-Großostheim	100.00%
Logwin Air + Ocean Beteiligungs GmbH, DE-Großostheim	100.00%
Logwin Air + Ocean Deutschland GmbH, DE-Großostheim	100.00%
Logwin Air + Ocean UK Limited, GB-Uxbridge	100.00%
Logwin Air + Ocean Belgium N.V., BE-Antwerpen	100.00%
Logwin Air + Ocean Czech S.r.o., CZ-Mladá Boleslav	100.00%
Logwin Air + Ocean Hungary Kft., HU-Budapest	100.00%
Logwin Air + Ocean The Netherlands B.V., NL-1438 AX Oude Meer	100.00%
Logwin Poland Sp.z.o.o., PL-Piaseczno	100.00%
Logwin Air + Ocean Italy S.r.l., IT-Milano	51.00%
Logwin Air & Ocean Spain S.L., ES-Barcelona	100.00%
Logwin Air + Ocean Austria GmbH, AT-Salzburg	100.00%
Logwin Air and Ocean Lojistik Hizmetleri ve Ticaret Limited Sirketi, TR-Istanbul	100.00%
Logwin Air + Ocean Slovakia s.r.o. SK-Bratislava	100.00%
Logwin Air + Ocean France S.A.S., FR-Villepinte	100.00%
Logwin Air and Ocean South Africa (Pty.) Ltd., ZA-Johannesburg	100.00%
Logwin Air and Ocean Kenya Ltd., KE-Nairobi	60.00%
Leadway Container Depot (Pty) Ltd, ZA-Lynnwood	100.00%
Logwin Air & Ocean Hong Kong Ltd., HK-Hongkong	100.00%
Logwin Air + Ocean Taiwan Ltd, TW-Taipeh	100.00%
Logwin Air + Ocean Philippines Inc., PH-Paranaque City	100.00%
Logwin Air & Ocean Korea Ltd., KR-Seoul	100.00%
Logwin Air + Ocean China Ltd., CN-Shanghai	100.00%
Logwin Air + Ocean Shanghai Ltd., CN-Shanghai	100.00%
Logwin Air & Ocean Far East Ltd., HK-Hongkong	100.00%
Logwin Air + Ocean Singapore Pte. Ltd., SG-Singapore	100.00%
Logwin Air & Ocean Vietnam Company Limited , VN-Hochiminh City	100.00%
Logwin Air + Ocean Malaysia Sdn. Bhd., MY-Kuala Lumpur	100.00%
Logwin Air + Ocean (Thailand) Ltd., TH-Bangkok	100.00%
P.T. Logwin Air & Ocean Indonesia, ID-Jakarta	90.00%
Logwin Air & Ocean India Pvt. Ltd., IN-Mumbai	100.00%
Logwin Air & Ocean Australia Pty. Ltd., AU-Alexandria	100.00%

Logwin Air + Ocean Mexico S.A. de C.V., MX-City	100.00%
Logwin Air + Ocean Colombia SAS, CO-Bogota	100.00%
Logwin Air + Ocean Brazil Logística e Despacho Ltda., BR-Sao Paulo	100.00%
Logwin Air + Ocean Chile S.p.A., CL-Santiago	100.00%
Logwin Air + Ocean Perú S.R.L. PE-Lima	100.00%
Logwin Air & Ocean Middle East LLC, AE-Dubai	60.00%
Other	
Logwin AG, LU-Grevenmacher	100.00%
Logwin Holding Immo Aschaffenburg GmbH, DE-Großostheim	100.00%
Logwin Air + Ocean Holding Austria GmbH, AT-Salzburg	100.00%
Logwin Road + Rail Austria GmbH, AT-Salzburg	100.00%
Thiel AS Logistics AG, LU-Grevenmacher	100.00%
Logwin Road + Rail Deutschland GmbH, DE-Großostheim	100.00%
Logwin Holding Aschaffenburg GmbH, DE-Großostheim	100.00%
Logwin Finance GmbH, DE-Großostheim	100.00%
Logwin Service GmbH, DE-Großostheim	100.00%
Aschaffenburger Versicherungsmakler GmbH, DE-Großostheim	100.00%
Not consolidated	
Logwin Air and Ocean Simesonke (Pty.) Ltd., ZA-Spartan-Kempton Park	100.00%
Leadway Freight Ltd. HK-Hongkong n.o.	100.00%
Logwin Forwarding Malaysia Sdn. Bhd., MY-Kuala Lumpur	49.00%
A + O Distribution Corporation, PH-Paranaque City	100.00%
Supply Chain International Ltd., NZ-Auckland	33.00%
East West Freight Limited, HK-Hongkong	100.00%
Leadway Container Line Ltd., SG-Singapore	100.00%
Logwin Solutions Lojistik Hizmetleri ve Ticaret Ltd. Sti. i.L., TR-Istanbul	100.00%
LOGWIN Romania S.R.L, RO-Bukarest	100.00%
Hellmann Beverage Logistics Inc, US-FL-Miami	50.00%
Transcontainer-Universal GmbH & Co. KG, DE-Bremen	0.80%

Investments of the Logwin AG are not consolidated, if the company does not carry out any business operations or if the Group does not exercise any significant influence on the company. Furthermore for investments of minor importance for the consolidated financial statements no consolidation using the at equity method has been carried out.

In the year under review, the Logwin Group employed 4,234 people on average (prior year: 4,152).

Declaration by the Board of Directors

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

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. Pursuant to the provisions of the Luxembourg Commercial Code, the group management report contains an analysis of the net assets, financial position and results of operations of the Group, as well as further information.

The consolidated financial statements, the group 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 group management report for financial year 2018 did not give rise to any objections. By way of resolution by the Board of Directors, the consolidated financial statements and the group management report were therefore approved for publication.

In line with Luxembourg law, the consolidated financial statements and the group management report must still be approved by the Annual General Meeting.

The Board of Directors of Logwin AG

Grevenmacher (Luxembourg), 4 March 2019

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 group management report 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."

Dr. Antonius Wagner
(Chairman of the Board of Directors)

Sebastian Esser
(Deputy Chairman of the
Board of Directors)

To the Shareholders of
Logwin AG, Société Anonyme
5, an de Längten
L-6776 Grevenmacher

This text was drawn up for information purposes only. In case of discrepancies between the german and the english text, the german text shall prevail.

Report of the Réviseur d'entreprises agréé

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Logwin AG and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (the "CSSF"). Our responsibilities under those Regulation, Law and standards are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill

Please refer to note 7 in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Information on the value of goodwill can be found under note 18 to the consolidated financial statements.

a) Why the matter was considered to be one of most significant in the audit?
Goodwill amounted to EUR 66.8 million as at 31 December 2018 and thus represented 14.2% of total assets.

Impairment of goodwill is tested annually or as necessary on the level of the Air & Ocean and Solutions business segments. For this purpose, the carrying amount of the assets is compared with their recoverable amount for the respective business segment. If the carrying amount exceeds the recoverable amount, an impairment loss must be recognised. In this regard, the recoverable amount corresponds to the value in use, which is determined using a valuation model based on the discounted cash flow method. The key date for annual impairment testing is 31 December. Impairment testing of goodwill is complex and based on a range of assumptions that require judgement. These assumptions include the expected business and earnings development of the business segments for the next five years, the assumed long-term growth rates, the discount rate used and the allocation of carrying amounts to the two business segments.

As a result of the impairment tests conducted, the Company established that there was no impairment requirement.

There is a risk for the consolidated financial statements that a negative deviation in the assumptions and estimates underlying the measurement that are described in the notes could result in valuation falling short of the carrying amounts.

b) How the matter was addressed in the audit?
With the involvement of our valuation specialists, we assessed the appropriateness of the significant assumptions and the calculation model of Logwin AG. For this purpose, we discussed the expected business and earnings development and the assumed long-term growth rates with those responsible for planning. We also reconciled this information with other internally available forecasts, e.g. for tax purposes, and with the approved strategic corporate planning. Furthermore, we evaluated the consistency of assumptions with external market assessments and the market capitalisation of Logwin AG. We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and by analysing deviations.

Since even small changes to the discount rate can have a significant impact on the results of impairment testing, we compared the assumptions and parameters underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data.

To ensure the computational accuracy of the valuation model used, we verified the Company's calculations on the basis of selected risk-based elements. In order to take account of forecast uncertainty for impairment testing, we investigated the impact of potential changes in the discount rate, earnings performance and the long-term growth rate on the recoverable amount (sensitivity analysis) by calculating alternative scenarios and comparing these with the values stated by the Company.

Finally, we assessed whether the disclosures in the notes on impairment of goodwill were appropriate. This also includes an assessment of the appropriateness of disclosures in the notes in accordance with IAS 36.134(f) on sensitivity in the event of a reasonably possible change in key assumptions used for measurement.

Measurement of deferred tax assets arising from temporary differences and loss carryforwards

For the accounting policies applied, please refer to note 7 in the notes to the consolidated financial statements. Further disclosures on deferred tax assets can be found under note 25 to the consolidated financial statements.

a) Why the matter was considered to be one of most significant in the audit?
In the consolidated financial statements, deferred tax assets of EUR 14.4 million are recognised in the consolidated balance sheet. The recognition and measurement of deferred tax assets are based on the Company's corporate planning and thus depend heavily on the assessment of the Board of Directors, which means they are subject to uncertainty. This requires estimates of future taxable income, the timing of reversal of temporary differences and the usability of loss carryforwards.

There is a risk for the consolidated financial statements that the estimates of the Company are not appropriate and that the deferred tax assets recognised are not recoverable.

b) How the matter was addressed in the audit?
Our tax specialists were involved in the audit of tax matters together with the audit team. With their support, we assessed the internal processes established for the recognition and calculation of deferred tax assets arising from temporary differences as well as loss carryforwards. We also analysed the corporate planning and assessed the Company's calculation of values for computational accuracy. Based on internal corporate forecasts of the future tax income of Logwin AG and its significant affiliated companies, which partly form reporting entities for income tax purposes, we assessed the value of deferred tax assets recognised for loss carryforwards and deductible temporary differences against the approved strategic corporate planning and evaluated the suitability of the underlying planning data. In addition, we verified the reconciliation of the financial statements to tax income/expense and also audited the other disclosures in the notes.

Allowances for trade receivables and completeness of recognition and adherence to the accrual basis regarding trade receivables and payables

Please refer to note 7 in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Information on trade receivables can be found in note 22 to the consolidated financial statements.

a) Why the matter was considered to be one of most significant in the audit?
Trade receivables and contract assets as well as trade payables amounted to EUR 164.5 million and EUR 188.7 million respectively as at 31 December 2018 and account for a considerable share of assets and liabilities.

As at 31 December 2018, contract assets amounting to EUR 19.5 million have been disclosed for the first time. Furthermore, contract liabilities amounting to EUR 9.9 million were netted with contractual receivables incurred at year end, but due and payable at a later date.

The starting point for determining the amount of the valuation allowance for trade receivables is the expected loss for the remaining term based the simplified approach of the impairment model according to IFRS 9. To estimate a specific allowance, the matters considered include external default risk valuations and historical values of credit default. In case of the existence of a coverage commitment by a factoring company, the trade receivables will be valued using the default risk valuation of said factoring company. Furthermore, the valuation allowance for trade receivables is based on the age structure.

This assessment of allowances requires the exercise of judgement and depends on the Company's estimates and assumptions. Accordingly, there is the risk that allowances for trade receivables have not been made in a sufficient amount.

Recognition of trade receivables and contract assets on an accrual basis, i.e. revenue from transport services, requires estimates concerning the performance status of the individual shipment, especially as starting with the financial year 2018 an input-oriented, time based revenue recoginition in line with IFRS 15 is realized. These estimates are based on historical values and projected values, as well as on contractual arrangements and agreements. Determining that trade receivables are recognised on an accrual basis depends on Company estimates and assumptions which require judgement. There is the risk that trade receivables have not been recognised on an accrual basis.

The complete recognition of trade payables relating to transportation services and the accrual basis recognition of trade payables, consequently the cost of sales from transportation services, also requires estimates concerning the status of service performance of individual shipments and the related costs, which may not yet be invoiced. These estimates are based on historical values and projected values, as well as on contractual arrangements and agreements. Determining that trade payables are recognised in full and according to the accrual basis depends on Company estimates and assumptions which require judgement. There is the risk that trade payables have not been recognised in a sufficient amount and/or that they have not been recognised on an accrual basis.

b) How the matter was addressed in the audit?
We assessed the appropriateness of the significant assumptions and judgements for the valuation in assessing the recoverability of trade receivables and contract assets. In relation to this, the mathematical accuracy of the value adjustment in line with IFRS 9 was tested. The Group's assessment of creditworthiness of each customer was assessed at operating company level. To do this, we also analysed the age structure of trade receivables and the historical default rates. We recalculated the allowances on a sample basis and performed reconciliations.

We assessed the estimates concerning the completeness of recognition of payables and the appropriate accrual basis recognition of trade receivables and payables. To do this, we verified selected IT systems and the internal controls intended to ensure completeness and adherence to the accrual basis that we identified as relevant in the processes. As part of the sample-based review of customer transactions, we evaluated the contractual basis and verified the estimates that were made. Customer transactions were reviewed at operating company level. Balance enquiries were made in selected companies to request confirmation from customers and suppliers. Furthermore, we evaluated the extent to which deferred income for outstanding invoices was realised in the following year.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the consolidated management report, the Corporate Governance Statement and Corporate Social Responsibility report but does not include the consolidated financial statements and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of ccounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of report of "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "Réviseur d'Entreprises agréé" by the General Meeting of the Shareholders on 11 April 2018 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 4 years.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement, as published on the Company's website (http://www.logwin-logistics.com/company/investors/governance.html), is the responsibility of the Board of Directors. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent, at the date of this report, with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014, on the audit profession were not provided and that we remain independent of the Group in conducting the audit.

Other matter

The Corporate Governance Statement includes information required by Article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Luxembourg, 4 March 2019

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Yves Thorn