Logwin AG

Annual Financial Report 2016

LOGWIN

Your Logistics

Key Figures 1 January – 31 December 2016

Earnings position *In thousand EUR*	2016	2015
Revenues		
Group	990,155	1,058,916
Change on 2015	*−6.5%*	
Air + Ocean	623,336	676,140
Change on 2015	*−7.8%*	
Solutions	369,071	380,766
Change on 2015	*−3.1%*	
Operating result (EBITA)		
Group	35,507	30,289
Margin	*3.6%*	*2.9%*
Air + Ocean	36,168	36,159
Margin	*5.8%*	*5.3%*
Solutions	5,285	500
Margin	*1.4%*	*0.1%*
Net result		
Group	26,354	15,674

Financial position *In thousand EUR*	2016	2015
Operating cash flows	32,809	29,993
Net cash flow	26,569	33,059

Net asset position	31 Dec 2016	31 Dec 2015
Equity ratio	35.0%	31.6%
Net liquidity *(in thousand EUR)*	102,591	77,288

	31 Dec 2016	31 Dec 2015
Number of employees	4,154	4,157

This document is a translation of the German original annual financial report of Logwin AG for the year ended 31 December 2016 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. It focuses on the Air + Ocean and Solutions business segments. Thus 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 sea freight, frequently in connection with upstream and downstream value added services. The Air + Ocean business segment has a global network of its own subsidiaries and longstanding partners, allowing it to be there for its customers in order 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 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 segment also maintains a special network for customers in the field of fashion and consumer goods.

With its Air + Ocean and Solutions business segments, the Logwin Group offers a range of logistical services for customer-specific requirements and manages supply chains between suppliers and consumers either partially or as a whole. The Logwin Group can take care of supply chain management, warehousing, value added services and transportation by road, rail, air or sea freight on behalf of its customers. The Logwin Group makes use of its own networks when providing its services. 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 quality, security and compliance requirements.

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

Financial performance management

Selected income and liquidity key performance indicators are of central importance for financial management in the Logwin Group. 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) of 5 October 2015:

The operating result – EBITA (earnings before interest, taxes and amortization) – measures the profitability of the Group and of the individual business segments. 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 and impairment losses on non-current assets. EBIT (earnings before interest and taxes) is calculated from EBITA less impairment losses on goodwill. The net result is another key performance indicator for the Logwin Group.

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. Furthermore, net liquidity is another key pro forma figure in the Logwin Group. Net liquidity is calculated as cash and cash equivalents less liabilities from leases and current loans and borrowings.

EBITA, the net result and net cash flow are fundamental elements of the remuneration system as well. Furthermore, discounted cash flow analyses are used as the basis for assessing the benefits of large investments.

Research and development

Development activities in the Logwin Group concentrate on service and process innovations. These innovations are generally developed 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 units 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
Chairman of the Management Board of DELTON AG
Bad Homburg v. d. Höhe (GER)

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

Marcus Cebulla (*1969)
Member of the Executive Committee
Aschaffenburg (GER)

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

Sebastian Esser (*1974)
Member of the Board of Directors and the Executive Committee (Chief Financial Officer)
Aschaffenburg (GER)

Dr. Michael Kemmer (*1957)
Non-executive member of the Board of Directors
Chief Executive Bundesverband Deutscher Banken
Berlin (GER)

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

Axel Steiner (*1973)
Member of the Executive Committee
Aschaffenburg (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 24 on page 62 of the notes to the consolidated financial statements. As of 31 December 2016, there were 146,257,596 fully paid up, no-par-voting shares issued and admitted for trading on the Frankfurt Stock Exchange, of which 2,037,806 shares were held as treasury shares of Logwin AG as of 31 December 2016 and therefore did not have voting rights or dividend rights.

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

Lit (c): The majority shareholder of Logwin AG is DELTON Vermögensverwaltung AG, Bad Homburg, Germany, which is a wholly owned subsidiary of DELTON AG, Bad Homburg, Germany. The sole shareholder of DELTON AG is Stefan Quandt. For further details please refer to notes 1 and 37 on pages 29 and 84 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 2016, 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 76,692,378 new no-par bearer shares with or without an issue premium ("prime d'émission") in exchange for cash and/or non-cash capital contributions.
- The company may repurchase its own shares in accordance with the provisions of the law.

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 cause or in the event of a takeover bid.

Economic report

Overall conditions

Global economy Global economic performance was stable in 2016 despite various challenges. The decline in commodities prices halted during the year. As of the end of the year in particular the price of crude oil was able to recover in comparison to the prior year. The leading economies in the euro area remained stable.

On the one hand, the development of the economies in Asia was characterized by lingering uncertainty regarding the overall economic performance of China. On the other, key economic data from relevant countries such as Thailand or Indonesia were marked by the effects of the decline in commodity prices, which had a significant impact on these countries' incoming and outgoing flows of goods. Some economies in other regions – such as Brazil, Russia and Turkey – were unable to escape a recession or experienced only very restrained growth.

German (logistics) industry The German economy grew by around 1.9% in 2016. Private consumer spending and investment also remained at a stable level. Among other things, this development was driven by the rise in employment figures and wage increases, which led to greater purchasing power for private households. By contrast, German foreign trade provided no additional impetus for the logistics industry despite the generally stable development.

Competition and market During the course of 2016, the logistics business was characterized by an increasingly challenging market and competitive environment in all relevant areas. This firstly demanded a high level of commitment to secure existing customer business and, secondly, made the intensive efforts and the acquisition of profitable new business needed to achieve the desired growth more difficult.

In intercontinental air and sea freight business, air and sea freight carriers responded to the ongoing decline in prices with intensified efforts for cooperations or mergers and further capacity reductions. The insolvency of the major South Korean shipping company Hanjin in the fall of 2016 presented shipping companies and ocean freight forwarders alike with extreme challenges in how to process existing transport orders on time and minimize losses caused by supply chain disruptions. Against the background of stable to slight growth on the market overall, sea freight rates climbed significantly in the fourth quarter. In the run-up to Chinese New Year, capacity bottlenecks were observed for the first time in many years at the end of 2016, particularly on transport routes from Asia to Europe and the US.

There were considerable surplus freight levels in the air freight sector as well in the final quarter of 2016, predominantly in Asia. The resulting bottlenecks on the main air freight relations led to a sharp increase in air freight rates, particularly between Asia and Europe and within Asia. This necessitated special efforts by all market participants throughout the sector to meet customer demand.

Business performance

In a still highly challenging market and competitive environment, the Logwin Group continued its good earnings performance and – despite negative factors in the second half of the year – ended 2016 as a whole with a significantly higher result compared to the previous year. While revenues in the Solutions business segment declined slightly, the Air + Ocean business segment, despite a positive volume development, was down significantly on the previous year's figure due to the very low freight rates. Specific impacts of the UK's decision to leave the EU are not apparent for the Logwin Group at this time.

The Air + Ocean business segment increased both air and ocean freight volumes in 2016 on a market that was between stagnation and minor growth overall. Encouraging growth in business with existing customers and in cooperation with long-term partners also contributed to this, as well as noticeable impulses from new customer businesses. By contrast, the effects of discontinued customer business reduced volume growth in Asia and Europe. The expansion of the global network was aided in 2016 by the establishment of subsidiaries in Slovakia and Peru. Seven new branches in total were opened in Germany, Spain, Poland and in the UK.

A challenging market and competitive environment once again demanded a strong focus on securing and continuing to develop existing business in the Solutions business segment. Furthermore, developments in 2016 were also characterized by the implementation of new logistics concepts at German locations. The business segment's presence was expanded by the opening of a new branch at a customer location in Bavaria. On the basis of securing important existing businesses as well as new and expanded business relationships in the retail sector with multi-year maturities, market success in the medium to long term was ensured.

Earnings position

Revenues The Logwin Group generated total revenues of EUR 990.2m in the 2016 financial year after EUR 1,058.9m in the previous year. The decline in revenues of 6.5% was essentially due to lower freight rates and negative exchange rate effects in the Air + Ocean business segment, as well as revised invoicing procedures in the Solutions business segment.

Air + Ocean
The Air + Ocean business segment generated revenues of EUR 623.3m in the financial year (prior year: EUR 676.1m), a decline of 7.8%. While the segment was able to increase the volume of air and sea freight slightly in a very demanding market environment, the low freight rates and exchange rate effects greatly reduced revenues for the year as a whole.

Solutions
Revenues in the Solutions business segment amounted to EUR 369.1m in 2016 were 3.1% below the previous year's figure of EUR 380.8m. In the year under review, the segment was influenced once again by high price and competitive pressure, which squeezed revenue volume. Overall, the revenue volume in existing business was confirmed.

Gross margin and gross profit The Logwin Group generated a gross profit of EUR 89.5m in 2016 and improved its gross margin significantly from 8.0% in the previous year to 9.0%. The gross profit was EUR 5.2m higher than the prior-year figure of EUR 84.3m due to volume increases and the previous year's cost-reduction measures.

Selling, general and administrative costs Selling, general and administrative expenses declined from EUR 59.2m in the previous year to EUR 56.1m in the 2016 financial year. As a result of currency effects in particular, selling expenses of EUR 28.2m were down slightly from the previous year's level of EUR 29.5m. General and administrative expenses decreased from EUR 29.8m to EUR 27.9m. In addition to currency effects, the decline was as a result of ongoing measures to optimize costs.

EBITA The Logwin Group generated an operating result before goodwill impairment (EBITA) of EUR 35.5m in the 2016 financial year, and thus significantly exceeded the previous year's EBITA by EUR 5.2m (prior year: EUR 30.3m). The Group's operating margin rose accordingly from 2.9% to 3.6%. The Air + Ocean business segment again delivered the significantly larger contribution to earnings. The earnings improvement was mostly generated by the Solutions business segment.

Air + Ocean
With EBITA of EUR 36.2m, the Air + Ocean business segment again achieved a very gratifying operating result at the high level of the previous year despite negative currency translation effects. Both the successful handling of existing business and measures to attract new business contributed to this. In light of the positive market trend, new subsidiaries, the opening of various locations and operational efficiency in all parts of the organization ensured the successful processing of the higher business volume.

Solutions
At EUR 5.3m, the operating result of the Solutions business segment was well above the prior-year figure of EUR 0.5m and was thus at a satisfactory level. The improvement was essentially achieved by an appreciable increase in gross profit with lower selling and administrative expenses. The measures taken in the previous year to increase the competitiveness of the German retail network, which had reduced the previous year's result considerably, thus had a positive effect in the year under review. The business segment's result was impacted by additional costs at some German contract logistics locations, partly due to the start of new business. Overall, the cost-reduction programs in the previous year and a positive quality in service provision clearly paid off for the business segment.

Financial result and income taxes The financial result of the Logwin Group improved by EUR 0.8m from EUR −2.6m to EUR −1.8m in the 2016 financial year, essentially as a result of the further decrease in interest expenses for current and non-current borrowings. Due to non-recurring tax effects, the income tax expense was reduced from EUR −7.7m in the previous year to EUR −7.3m despite the improved result.

Net result In the 2016 financial year the Logwin Group's net result climbed significantly from EUR 15.7m to EUR 26.4m, and was therefore up by EUR 10.7m as against the previous year.

Financial position

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

The Logwin Group reduced its financial liabilities again from EUR 15.4m to EUR 13.4m as of 31 December 2016. Financial liabilities relate almost exclusively to finance lease obligations.

Operating cash flows The Logwin Group's cash flow from operating activities amounted to EUR 32.8m in 2016, outperforming the positive figure for the previous year by EUR 2.8m (prior year: EUR 30.0m). This was achieved due to the increased operating result and rigorous working capital management.

Investing cash flows The Logwin Group's cash flow from investing activities amounted to EUR −6.2m, EUR −9.3m below the previous year's cash flow (prior year: EUR 3.1m). The cash inflow from investing activities in the previous year was due to proceeds from the disposal of consolidated subsidiaries and other business operations in addition to non-current assets in the amount of EUR 9.5m (2016: EUR 0.4m). The cash flow investments in various logistics facilities, general equipment and IT infrastructure amounted to EUR −6.5m and were therefore on par with the previous year's level.

Net cash flow The Logwin Group thus generated a net cash flow of EUR 26.6m (prior year: EUR 33.1m).

Financing cash flows The cash flow from financing activities amounted to EUR −4.0m in 2016 (prior year: EUR −7.9m) and essentially includes cash outflows for the repayment of liabilities from finance leases of EUR −2.4m (prior year: EUR −1.8m), distributions to non-controlling interests of EUR −0.6m (prior year: EUR −0.5m) and payments for the buyback of own shares of EUR −0.4m (prior year: EUR −2.9m).

Net asset position

Total assets The Logwin Group's total assets increased significantly from EUR 362.5m as of the end of the previous year to EUR 398.1m as of 31 December 2016. The rise in total assets was due in particular to the increase in cash and cash equivalents in addition to higher receivables year-on-year as of the end of the reporting period.

Non-current assets rose slightly to EUR 122.7m in the current year (prior year: EUR 122.2m). Goodwill was again the main item with EUR 66.8m (prior year: EUR 66.8m). Non-current assets also include property, plant and equipment of EUR 36.5m (prior year: EUR 35.2m), deferred tax assets of EUR 14.2m (prior year: EUR 14.2m) and other intangible assets of EUR 2.8m (prior year: EUR 3.9m).

The Logwin Group's current assets amounted to EUR 275.4m as of 31 December 2016 compared to EUR 240.3m as of the end of the previous year. The largest items under current assets were trade receivables of EUR 136.2m (prior year: EUR 126.9m) and cash and cash equivalents of EUR 116.0m (prior year: EUR 92.7m).

Equity The Logwin Group's equity amounted to EUR 139.1m as of the end of the 2016 reporting year against EUR 114.5m in the previous year. The increase in equity mainly reflects the net result for the 2016 financial year of EUR 26.4m (prior year: EUR 15.7m). The equity ratio increased accordingly from 31.6% as of the end of the prior year to 35.0% as of 31 December 2016. Equity was reduced by EUR 3.5m due to the buyback of treasury shares (prior year: EUR 3.0m). Treasury shares have been acquired by Logwin AG since 2014 as part of its share buyback program.

Liabilities Non-current liabilities declined slightly from EUR 48.3m in the previous year to EUR 48.0m at the end of the 2016 financial year due to the repayment of long-term liabilities from leases. By contrast, provisions for pensions and similar obligations increased and compensate the decrease partly. Current liabilities increased from EUR 199.7m to EUR 210.9m as of 31 December 2016 and primarily consist of trade accounts payable of EUR 155.8m (prior year: EUR 146.3m).

Cash and net liquidity Cash and cash equivalents of the Logwin Group came to EUR 116.0m as of the end of the 2016 reporting year after EUR 92.7m as of 31 December 2015. As a result of the higher level of cash and cash equivalents, the Group's net liquidity increased again significantly from EUR 77.3m as of the end of the previous year to EUR 102.6m as of 31 December 2016.

Employees

The Logwin Group had 4,154 employees worldwide as of 31 December 2016 compared with 4,157 employees as of the end of the prior year. The number of employees in the Air + Ocean business segment increased by 126 in the prior year. By contrast, the Solutions business segment employed 104 fewer people than in the previous year.

The number of employees in the Logwin Group in Germany fell from 1,917 to 1,888.

Report on the Logwin share

The Logwin share A total of 5.5 million Logwin AG shares were traded on all German stock exchanges in 2016. This was equivalent to a turnover of EUR 11.4m. Between the beginning and end of the reporting period, the price of Logwin share rose from EUR 1.77 to a Xetra closing price of EUR 2.26. However, the significance of the share price development is limited due to the very low volumes traded.

Share buyback program Based on the authorization granted by the Annual General Meeting held on 8 April 2015, the Board of Directors of Logwin AG again resolved to launch a share buyback program on 29 February 2016. The program expires on 30 September 2017. In the 2016 financial year, 224,261 shares were acquired (prior year: 1,740,850).

Key figures for the Logwin share

		31 Dec 2016	31 Dec 2015
Closing price (Xetra)	*in EUR*	2.259	1.810
High/low 52 weeks	*in EUR*	2.290/1.450	2.170/1.150
Total number of shares	*Units*	146,257,596	146,257,596
– thereof outstanding	*Units*	144,219,790	144,444,051
Market capitalization	*in million EUR*	325.8	261.4

Shareholdings The majority shareholder of Logwin AG is DELTON Vermögensverwaltung AG. The members of the Board of Directors and the Executive Committee of Logwin AG did not hold any shares or options to purchase shares in Logwin AG as of 31 December 2016.

Company rating The Logwin Group’s corporate credit rating from Standard & Poor’s was unchanged in 2016 at “BB–” with stable outlook.

Subsequent events report

There were no events subject to reporting requirements that occurred between 31 December 2016 and the preparation of the consolidated financial statements by the Board of Directors of Logwin AG on 28 February 2017.

Risk report

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). DELTON AG's Group 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 system-based 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

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 can also affect its business performance. In line with the legal requirements and with the aim of the early and systematic identification and management of risks that can lead to negative deviations in results or from forecasts, or jeopardize the Group as a going concern, the Logwin Group has established a comprehensive risk management system.

The possibility cannot be excluded that the risk management system could prove to be inadequate or inefficient, and that unrecognized risks or negative developments could materialize in the Group's course of business 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.

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 fall in the Logwin Group customer demand for logistics services in individual or all operating Logwin units, which could make it necessary for the Logwin Group to take further 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.

The increased terrorist incidents in many parts of the world often 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 financial position and performance. 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 re-examined 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 sea freight. Due to the very low industry concentration and the global oversupply of air and sea freight capacity, fiercer competition for stagnating air and sea 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. Such price hikes cannot always be passed on to customers immediately and in full. Logwin faces the risk of a significant decrease in earnings if such external price increases cannot be passed on promptly and in full to customers. As far as possible, this risk is taken into account by careful contract design and diversification in the service providers and suppliers engaged.

There is also the risk of an increase in diesel and heating oil prices, particularly in connection with transportation services and the management of logistics real estate. Based on the current low price level, there is the risk that prices could rise again sharply in the medium term, which can lead to an unexpected and, in some cases, very abrupt increase in the cost of production.

While the Logwin Group uses subcontractors in a significant part of its services, there are still risks of an underutilization of the transportation capacity and freight space maintained, particularly in the retail network of the Solutions business segment and in air freight. 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.

It is also important for the Logwin Group when providing seamless transportation and logistics services at different company locations to have appropriately qualified staff at 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 labor 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 counters 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 recruiting fairs.

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 as a going concern in the event of prolonged or sufficiently extensive disruptions. To limit IT risks, the Logwin Group continuously monitors potential threats to data security and its IT infrastructure. In addition, all the Group's software is regularly updated and reviewed to eliminate potential security risks and extend 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.

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 2016, the Logwin Group had unused credit facilities of EUR 39.5m (prior year: EUR 38.9m). 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 32 to the consolidated financial statements on page 78 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. 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.

Allowances are made for possible default risks on trade accounts receivable and other financial assets. Please refer to note 19 on page 59 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. On the other hand, assets that are neither past due nor impaired retain their full value.

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 as of 31 December 2016 would have an effect on the Group's net result of −/+ EUR 0.1m (prior year: −/+ EUR 0.2m).

Note 32 on page 79 of the notes 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 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. 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 2016, 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 2016 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. By order of the Administrative Court dated 25 November 2015, the appeal was rejected. The customs office did not initiate its enforcement based on a confirmation of cover by the insurer in charge of the loss adjustment. 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. As of the end of the reporting period, a remission of these payments is still considered to be rather likely 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 Logwin's liability 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. The proceedings are expected to continue in the first half of 2017.

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 a 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 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 2016 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 additional impairment will have to be recorded again 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 and outlook

Economic forecast In line with leading economic forecasts, the Logwin Group anticipates that global growth in 2017 will be stable or increase slightly. Subdued positive economic development is expected overall in the euro zone. Overall, the German economy will continue to expand modestly and is likely to see similar growth to 2016. For the Logwin Group, the development of individual sub-sectors in the German consumer market, particularly the textile and clothing sector, and the development of sectors highly dependent on imports and exports, will be of significant importance.

That key risk factors will negatively affect the business performance of the Logwin Group is considered to be realistic and is reflected in the forecast and planning of further business performance. This includes the muted growth expectations for the Chinese economy and the rise in political uncertainty following the elections in the US and some European countries as well.

Revenue expectations The Logwin Group anticipates moderate revenue growth for 2017. If the expected volume development is accompanied by rising freight rates, this can lead to a significant increase in revenues. The performance of the overall economy in 2017 will play a key role in this context.

Air + Ocean
The somber market environment and the fiercely competitive environment on the main markets of the Air + Ocean business segment could significantly slow the segment's highly positive development of recent years in the 2017 financial year. The successful sales efforts to gain new customers and expand business with existing customers continue to be actively pursued. However, in addition to the effect of volume developments for new and existing customers, revenues will greatly depend on freight rates and currency exchange rates in 2017 as in previous years. It is assumed that the recovery in the fourth quarter of 2016 will continue, though its extent and longevity throughout the 2017 financial year is uncertain. Targeted network expansion is expected to secure the volume growth of recent years.

Solutions
Revenues in the Solutions business segment should develop stable in 2017. New customer business and growth among existing customers should have a stimulating effect, though this could be curbed by declining volumes with existing customers and the end of special projects.

Earnings expectations Subject to the above conditions, the Logwin Group is aiming to achieve a moderate increase in earnings in 2017 as against the 2016 financial year.

Air + Ocean
The Air + Ocean business segment should be able to achieve a stable earnings development in 2017 if it succeeds in further expanding its current customer success and increasing transport volumes accordingly. Loss in margins and shrinking volumes may have a negative impact on earnings.

Solutions
The development in the Solutions business segment successfully initiated in 2017 should continue with a stable earnings performance. Uncertainty with regard to macroeconomic development and individual market segments, such as the textile, clothing and the automotive sectors, may pose a threat to achieving the targeted development in earnings.

Liquidity development The Logwin Group will continue to pursue its goal of generating a positive net cash flow in 2017. The expected Group net result as well as a business policy focused on profitability and liquidity, coupled with continuous optimization of working capital management, will contribute to this objective.

Consolidated Financial Statements

Income Statement

In thousand EUR	2016	2015	*Note/page*
Revenues	990,155	1,058,916	*8/48*
Cost of sales	−900,673	−974,599	*9/51*
Gross profit	**89,482**	**84,317**	
Selling costs	−28,189	−29,473	*9/51*
General and administrative costs	−27,906	−29,751	*9/51*
Other operating income	7,198	11,841	*10/51*
Other operating expenses	−5,078	−6,645	*10/51*
Operating result before goodwill impairment (EBITA)	**35,507**	**30,289**	
Goodwill impairment	–	−4,400	*11/52*
Net result before interest and income taxes (EBIT)	**35,507**	**25,889**	
Finance income	521	281	*12/52*
Finance expenses	−2,334	−2,832	*12/52*
Net result before income taxes	**33,694**	**23,338**	
Income taxes	−7,340	−7,664	*13/53*
Net result	**26,354**	**15,674**	
Attributable to:			
Shareholders of Logwin AG	25,930	15,059	
Non-controlling interests	424	615	
Earnings per share – basic and diluted (in EUR):			
Net result attributable to the shareholders of Logwin AG	**0.18**	**0.10**	
Weighted average number of shares outstanding	144,299,724	144,995,867	

Statement of Comprehensive Income

In thousand EUR	**2016**	**2015**	*Note/page*
Net result	**26,354**	**15,674**	
Unrealized gains/losses of securities, available-for-sale	7	−8	
Gains/losses on currency translation of foreign operations	944	1,653	
Other comprehensive income that may be reclassified into profit or loss in future periods	**951**	**1,645**	
Remeasurement of the net defined benefit liability	−2,162	995	*27/64*
Deferred tax from remeasurement of the net defined benefit liability	538	−301	*23/61*
Other comprehensive income that will not be reclassified into profit or loss in future periods	**−1,624**	**694**	
Other comprehensive income	**−673**	**2,339**	
Total comprehensive income	**25,681**	**18,013**	
Attributable to:			
Shareholders of Logwin AG	25,327	17,142	
Non-controlling interests	354	871	

Statement of Cash Flows

In thousand EUR	2016	2015	*Note/page*
Net result before income taxes	33,694	23,338	
Financial result	1,813	2,551	*12/52*
Net result before interest and income taxes	35,507	25,889	
Reconciliation adjustments to operating cash flows:			
Depreciation and amortization	8,043	7,604	*9/51*
Result from disposal of non-current assets	−11	−3,848	*10/51*
Goodwill Impairment	–	4,400	*11/52*
Other	−3,219	−2,780	
Income taxes paid	−7,422	−7,327	
Interest paid	−1,451	−1,715	
Interest received	521	281	
Changes in working capital, cash effective:			
Change in receivables	−10,346	11,733	
Change in payables	11,334	−4,064	
Change in inventories	−147	−180	
Operating cash flows	**32,809**	**29,993**	
Capital expenditures in PP&E and other intangible assets	−6,536	−6,462	
Proceeds from disposals of consolidated subsidiaries and other business operations, net of cash and cash equivalents	207	8,997	*14/54*
Proceeds from disposal of non-current assets	194	543	
Payments for acquisitions of subsidiaries	–	−8	
Other cash flows from investing activities	−105	−4	
Investing cash flows	**−6,240**	**3,066**	
Net cash flow	**26,569**	**33,059**	
Payment of current loans and borrowings	−454	−598	
Payment of liabilities from leases	−2,396	−1,770	
Payments for the change in non-controlling interests	–	−2,081	
Distribution to non-controlling interests	−620	−521	
Payments for acquisitions of own shares	−449	−2,938	
Other cash flows from financing activities	−56	−23	
Financing cash flows	**−3,975**	**−7,931**	
Effects of exchange rate changes on cash and cash equivalents	751	574	
Changes in cash and cash equivalents	**23,345**	**25,702**	
Cash and cash equivalents at the beginning of the year	92,661	66,959	
Change	23,345	25,702	
Cash and cash equivalents at the end of the period	**116,006**	**92,661**	*22/60*

Balance Sheet

Assets *In thousand EUR*	31 Dec 2016	31 Dec 2015	*Note/page*
Goodwill	66,821	66,821	*15/55*
Other intangible assets	2,797	3,852	*16/57*
Property, plant and equipment	36,525	35,185	*17/58*
Investments	821	729	
Deferred tax assets	14,232	14,165	*23/61*
Other non-current assets	1,475	1,399	
Total non-current assets	**122,671**	**122,151**	
Inventories	2,786	2,638	*18/58*
Trade accounts receivable	136,228	126,936	*19/59*
Income tax receivables	1,319	924	*20/60*
Other receivables and current assets	19,098	17,164	*21/60*
Cash and cash equivalents	116,006	92,661	*22/60*
Total current assets	**275,437**	**240,323**	
Total assets	**398,108**	**362,474**	

Liabilities *In thousand EUR*	31 Dec 2016	31 Dec 2015	*Note/page*
Share capital	131,202	131,202	
Group reserves	10,580	−14,747	
Treasury shares	−3,475	−3,026	
Equity attributable to the shareholders of Logwin AG	**138,307**	**113,429**	
Non-controlling interests	838	1,104	
Shareholders' equity	**139,145**	**114,533**	*24/62*
Non-current liabilities from leases	11,574	13,058	*25/63*
Pensions provisions and similar obligations	32,729	31,907	*27/64*
Other non-current provisions	3,070	3,271	*28/69*
Deferred tax liabilities	315	48	*23/61*
Other non-current liabilities	336	4	*31/70*
Total non-current liabilities	**48,024**	**48,288**	
Trade accounts payable	155,786	146,297	
Current liabilities from leases	1,565	1,583	*25/63*
Current loans and borrowings	276	732	*26/64*
Current provisions	7,608	7,188	*29/69*
Income tax liabilities	2,441	2,746	*30/69*
Other current liabilities	43,263	41,107	*31/70*
Total current liabilities	**210,939**	**199,653**	
Total liabilities and shareholders' equity	**398,108**	**362,474**	

Statement of Changes in Equity

In thousand EUR	Equity attributable to the		
	Share capital	Additional paid-in capital	Retained earnings
1 January 2015	**131,202**	**57,131**	**−88,196**
Net result			15,059
Other comprehensive income			694
Total comprehensive income			**15,753**
Distributions			
Compensation additional paid-in capital and net losses		−8,959	8,959
Change in non-controlling interests			−739
Acquisition of own shares			
31 December 2015	**131,202**	**48,172**	**−64,223**
1 January 2016	**131,202**	**48,172**	**−64,223**
Net result			25,930
Other comprehensive income			−1,624
Total comprehensive income			**24,306**
Distributions			
Acquisition of own shares			
31 December 2016	**131,202**	**48,172**	**−39,917**

The accompanying notes are an integral 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*
−28	**−57**	**−88**	**99,964**	**2,096**	**102,060**	
			15,059	615	15,674	
−8	1,397		2,083	256	2,339	
−8	**1,397**		**17,142**	**871**	**18,013**	
			–	−521	−521	
			–		–	*24/62*
			−739	−1,342	−2,081	
		−2,938	−2,938		−2,938	*24/62*
−36	**1,340**	**−3,026**	**113,429**	**1,104**	**114,533**	
−36	**1,340**	**−3,026**	**113,429**	**1,104**	**114,533**	
			25,930	424	26,354	
7	1,014		−603	−70	−673	
7	**1,014**		**25,327**	**354**	**25,681**	
			–	−620	−620	
		−449	−449		−449	*24/62*
−29	**2,354**	**−3,475**	**138,307**	**838**	**139,145**	

Notes to the Consolidated Financial Statements as of 31 December 2016

General Information

Notes to the Income Statement

Notes to the Statement of Cash Flows

Notes to the Balance Sheet

Other Notes

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 2016, were authorized for issue by resolution of the Board of Directors on 28 February 2017, and under Luxembourg law are still subject to approval by the Annual General Meeting. Logwin AG, 5 an de Längten, L-6776 Grevenmacher, is a limited company incorporated and domiciled in Grevenmacher, Luxembourg, whose shares are publicly traded on the Frankfurt Stock Exchange. The majority shareholder is DELTON AG, Bad Homburg vor der Höhe, Germany, through its wholly owned subsidiary DELTON Vermögensverwaltung AG, Bad Homburg vor der Höhe, Germany.

As an integrated logistics service provider, the Logwin Group has 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 Group are described in note 8 "Segment reporting."

2 Statement of compliance with IFRS

The consolidated financial statements of Logwin AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. All standards of the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRS IC), formerly known as the International Financial Reporting Interpretation Committee (IFRIC) or Standing Interpretation Committee (SIC), whose application is mandatory for financial year 2016, 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, except for derivative financial instruments and available-for-sale securities, which have been measured at fair value. The financial year corresponds to the calendar year. The consolidated financial statements are presented in euros (EUR). Unless stated otherwise, all figures are shown in thousands of euros (EUR k). Due to rounding differences, information included in these financial statements may differ slightly from the actual figures by +/− one unit (EUR k, % etc.).

4 Consolidation principles

The consolidated financial statements comprise the financial statements of Logwin AG and its subsidiaries (also referred to as the “Logwin Group” or the “Group” below) as of 31 December each year. In addition to Logwin AG as the parent company, the fully consolidated subsidiaries include one domestic and 55 foreign companies as of 31 December 2016 (prior year: two domestic and 56 foreign companies).

The consolidated entities including Logwin AG have developed as follows:

	31 Dec 2015	Additions	Disposals	31 Dec 2016
Luxembourg	3	–	1	2
Germany	14	–	–	14
Other countries	42	2	3	41
Total	**59**	**2**	**4**	**57**

The disposals relate to the deconsolidation of Logwin Solutions Italy S.r.l. i.L. effective 1 January 2016 and Logwin Road + Rail Luxemburg S.à r.l. i.L. effective 30 September 2016. Furthermore, Logwin Service Austria GmbH i.L. and Logistics International AG i.L. were deconsolidated effective 31 December 2016. The additions relate to the establishment of new subsidiaries of the Air + Ocean business segment in Slovakia and Peru.

Please refer to page 86 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 2016:

Standard / interpretation			Mandatory adoption (in the EU) for the annual period beginning on or after	Endorsement
Amendment	IFRS 10, IFRS 12, IAS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016	Yes
Amendment	IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	Yes
Amendment	IAS 1	Disclosure Initiative	1 January 2016	Yes
Amendment	IAS 16, IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	Yes
Amendment	IAS 16, IAS 41	Agriculture: Bearer Plants	1 January 2016	Yes
Amendment	IAS 19	Defined Benefit Plans: Employee Contributions	1 January 2016	Yes
Amendment	IAS 27	Equity Method in Separate Financial Statements	1 January 2016	Yes
Amendment	Various	Annual Improvements to IFRSs 2012 to 2014	1 February 2015	Yes
Amendment	Various	Annual Improvements to IFRSs 2012 to 2014	1 January 2016	Yes

The amendments to IFRS 10, IFRS 12 and IAS 28 serve to clarify various questions regarding the application of the exemption from the consolidation obligation under IFRS 10 if the parent company satisfies the definition of an “investment company”. Accordingly, parent companies are also exempt from the duty to prepare consolidated financial statements if the general parent company does not consolidate its subsidiaries and instead recognizes them at fair value in accordance with IFRS 10.

IFRS 11 contains regulations for accounting for joint operations and joint ventures in the statement of financial position and the income statement. While joint ventures are accounted for using the equity method, the presentation of joint operations provided for in IFRS 11 is comparable to proportionate consolidation.

The amendments to IAS 1 concern various reporting issues. They clarify that disclosures in the notes are only necessary if their content is not insignificant. This explicitly also applies if an IFRS requires a list of minimum disclosures. Notes on the aggregation and disaggregation of items in the balance sheet and the statement of comprehensive income have also been added. It has also been clarified how shares in the other comprehensive income of companies accounted for using the equity method should be presented in the statement of comprehensive income. Finally, a template for the structure of notes has been deleted to better reflect relevance for individual companies.

The IASB's amendments to IAS 16 and IAS 38 provide further guidance on the selection of an acceptable method of depreciation and amortization. Revenue-based methods are not permitted for property, plant and equipment and are only permitted for intangible assets in specific exceptions (rebuttable presumption of inappropriateness).

According to the amendments to IAS 41, bearer plants are to be recognized as property, plant and equipment in accordance with IAS 16 in the future as their use is comparable. However, their produce must also be recognized in accordance with IAS 41 in the future.

The amendments to IAS 19 clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, they create a practical expedient if the amount of the contributions is independent of the number of years of service.

The amendment to IAS 27 again allows the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in the separate financial statements of an investor. The existing options for accounting at cost or in accordance with IAS 39/IFRS 9 have been retained.

Amendments were made to seven standards in the 2010 to 2012 Annual Improvements cycle. Adjusting the wording of individual IFRSs is intended to clarify existing regulations. There are also amendments affecting disclosures in notes. This affects IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

Amendments were made to four standards in the 2012 to 2014 Annual Improvements cycle. Adjusting the wording of individual IFRSs/IASs is intended to clarify existing regulations. This affects IFRS 5, IFRS 7, IAS 19 and IAS 34.

Provided that the new or amended provisions are applicable to the Logwin Group, there was no significant impact on the consolidated financial statements of Logwin AG from the first-time adoption of the aforementioned provisions.

Moreover, the IASB and the IFRS IC have issued the following new or revised accounting standards whose adoption was not yet compulsory in financial year 2016. These standards will only become effective in the coming years. Moreover, a large number of these new accounting standards must still undergo the endorsement process of the European Commission. The Logwin Group did not exercise the option to voluntarily early adopt the accounting provisions in financial year 2016.

Standard / interpretation			Mandatory adoption (in the EU) for the annual period beginning on or after	Endorsement
New Standard	IFRS 9	Financial Instruments	1 January 2018	Yes
New Standard	IFRS 15	Revenue from Contracts with Customers	1 January 2018	Yes
New Standard	IFRS 14	Regulatory Deferral Accounts	1 January 2016	No
New Standard	IFRS 16	Leases	1 January 2019	No
Amendment	IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018	No
Amendment	IFRS 4	Applying IFRS 9 Financial Instruments	1 January 2018	No
Amendment	IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	n/a	No
Amendment	IFRS 15	Clarifications to IFRS 15	1 January 2018	No
Amendment	IAS 7	Disclosure Initiative	1 January 2017	No
Amendment	IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	No
Amendment	IAS 40	Transfers of Investment Property	1 January 2018	No
New Interpretation	IFRIC 22	Foreign Currency Transactions an Advance Consideration	1 January 2018	No
Amendment	IFRS 12	Annual Improvements to IFRSs 2014 to 2016	1 January 2017	No
Amendment	IFRS 1 IAS 28	Annual Improvements to IFRSs 2014 to 2016	1 January 2018	No

These new or revised accounting regulations are expected to have the following effects on future consolidated financial statements of the Logwin Group:

IFRS 9 “Financial Instruments” sets out requirements for recognizing, measuring and derecognizing financial instruments and for accounting for hedges. The IASB published the final version of the standard during the completion of various phases of its comprehensive project on financial instruments in July 2014. As a result, financial instruments previously accounted for under IAS 39 “Financial Instruments: Recognition and Measurement” will be accounted for fully under IFRS 9. The endorsement process on the compulsory adoption of the standard in the EU has been completed. The Logwin Group is still analyzing the effects on future statements resulting from an adoption of new regulations.

The aim of IFRS 15 “Revenue from Contracts with Customers” is to bundle the existing provisions for revenue recognition uniformly and comprehensively into a single standard. The standard will therefore replace all previous regulations in the future. Furthermore, additional qualitative and quantitative data are required to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In this context, the Logwin Group developed a list of criteria in the past year on the basis of which key customer contracts can be systematically examined, taking the future requirements into account. Based on this, the Group began to analyze the effects of IFRS 15 on future financial statements. Current results provide no indication for any significant effects. In the opinion of the Logwin Group, first-time adoption therefore results in significantly extended disclosure requirements in particular.

In IFRS 16 “Leases”, the IASB, together with the FASB, intends to develop recognition criteria that are compatible with the definitions of assets and liabilities in the framework concept. Contrary to the current requirements for lessees in accordance with IAS 17, IFRS 16 will no longer differentiate between operating leases and finance leases, and will instead require the recognition of all leases in the form of rights of use and corresponding lease liabilities. Based on its analyses to date, the Logwin Group expects the first-time adoption of the new regulations to have a substantial impact on the presentation of its financial position and performance. This comprises the expansion of the statement of financial position to reflect higher non-current assets and higher lease liabilities on the one hand and a partial shift of lease expenses from cost of sales, selling expenses and general and administrative expenses to finance costs on the other. In addition, extended quantitative and qualitative information on the amount, timing and uncertainty of cash flows will be required. The Logwin Group is planning to begin the computer-aided entry and analysis of leases at company level in the course of 2017.

The amendments to IAS 7 are intended to improve the information on changes in a company’s debt. According to the amendments, a company must provide disclosures on financial liabilities for which receipts and payments are classified in the statement of cash flows as cash flows from financing activities. Related financial assets must also be included in the disclosures (e.g. assets from hedging transactions). Changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes must be disclosed. The IASB proposes presenting this information in the form of a reconciliation between the opening and closing balances in the statement of financial position, but also allows other forms of presentation.

Subject to endorsement in EU law, the amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. To satisfy the new disclosure requirements, the Group intends to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses” are the result of draft annual improvements from 2010 to 2012. In response to feedback on the draft, the IASB resolved to clarify the recognition of deferred tax assets for unrealized losses with regard to debt securities in the context of a narrow scope project to amend IAS 12. In the future, unrealized losses in debt securities measured at fair value, where the tax basis is acquisition costs, will lead to deductible temporary differences. No significant effects resulting from the aforementioned clarifications are anticipated within the Logwin Group.

Based on current information, the new regulations listed below are not relevant to the Logwin Group and will therefore not have an effect on the net assets, financial situation and earnings position of the Group:

- IFRS 14 – Regulatory Deferral Accounts
- Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 10 and IAS 28 – Sales or Contributions of Assets between an Investor and its Associate or Joint Venture

The other new and revised regulations are not currently expected to have a material impact on the future financial statements of the Logwin Group.

6 Significant accounting judgments and estimates

The preparation of financial statements requires the 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, the spread for the credit risk and the debt ratio. The carrying amount of recognized goodwill as of 31 December 2016 amounted to EUR 66.8m (prior year: EUR 66.8m). Please refer to the explanations in note 15 “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 2016 is EUR 32.7m (prior year: EUR 31.9m). Please refer to note 27 “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 14.2m (prior year: EUR 14.2m). Please refer to note 23 “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. The 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 34 “Contingent liabilities and lawsuits.”

7 Summary of significant key figures and 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		2016	2015	31 Dec 2016	31 Dec 2015
1 EUR =					
Australian dollar	AUD	1.4886	1.4765	1.4596	1.4990
Brazilian real	BRL	3.8616	3.6912	3.4305	4.2590
Chinese renminbi	CNY	7.3496	6.9728	7.3202	7.0910
British pound	GBP	0.8189	0.7260	0.8562	0.7380
Hong Kong dollar	HKD	8.5900	8.6023	8.1751	8.4685
Polish zloty	PLN	4.3636	4.1829	4.4103	4.2400
Singapor dollar	SGD	1.5278	1.5250	1.5234	1.5449
Thailand baht	THB	39.0423	38.0004	37.7260	39.3340
US dollar	USD	1.1066	1.1096	1.0541	1.0926
South African rand	ZAR	16.2772	14.1503	14.4570	16.8847

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 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

The Logwin Group generates revenues from its business segments by providing logistics and service solutions for industry and commerce. Revenues are recognized net of sales deductions at the time they have materialized according to IFRS. This is generally the case when there is clear evidence of an agreement, ownership has been transferred or the service has been rendered, the price has been agreed or can be determined, and there is adequate certainty of receipt of payment.

Revenues in the Air + Ocean business segment and in connection with providing transportation services in the Solutions business segment are primarily generated through the sale of combined logistics services to customers for which, in addition to the provision of own logistics services, significant transportation services from external carriers are purchased. Revenues are realized from transportation services in accordance with the terms of the contract of transportation. In addition, the Solutions business segment generates revenues from distribution and storage based on customer contracts. Revenues are realized when the customer uses the service.

When a contract with a customer has already been performed but not yet invoiced, accruals are made for the agreed revenue and for the future costs where necessary. These accruals are based on analyses of existing contractual obligations and the experience of the Group. For business transactions which do not themselves generate revenue but which are conducted in connection with the principal sales activities, all income is set off against the associated expenses that arise from the same business transaction in accordance with IAS 1.34, if this is a fair reflection of the character of the business transaction or event, for example customs clearance activities.

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

EBIT and EBITA

A core measure of earnings for the Logwin Group is 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 non-current assets. EBIT (earnings before interest and taxes) is calculated from EBITA less impairment losses on goodwill.

Earnings per share

Earnings per share are calculated as a ratio of the net result for the period attributable to shareholders of Logwin AG to the weighted average number of shares outstanding. 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 selling costs.

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, if no impairment loss has 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 for impairment at least once a year. 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, checks and short-term deposits. Cash equivalents are short-term, highly liquid financial investments with an original maturity of up to three months.

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

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

Financial assets	Subsequent measurement	Changes in value
Held for trading or designated as at fair value through profit or loss	Fair Value	Realized and unrealized gains and losses are recognized in 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	Impairments 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 during financial year 2016 and the prior year.

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

Foreign exchange forward transactions are used within the Logwin Group to offset the risk of changes in the value of the corresponding underlying business transactions resulting from market price fluctuations. These derivative financial instruments are classified as held for trading. The amortized cost of non-current financial assets and liabilities is 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

In the Logwin Group, recognition at fair value applies to financial instruments classified as “held for trading” or “available for sale” 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”.

Factoring

The Logwin Group is using a factoring program for major German group companies. It is a flexible form of financing in which the factoring company provides a facility which Logwin can use up to the agreed limit in return for the sale of trade accounts receivable. If the facility is not used or only partially used, receivables sold are stated in the balance sheet as trade accounts receivable. The utilization of the factoring facility is accounted for in the Logwin Group by reducing the receivables as substantially all risks and rewards from the receivables are transferred to the factoring company. Accordingly, cash flows resulting from using the facility are reported as operating cash flow in the line item “Net cash in-/outflow from utilizing or repaying the factoring facility” provided that a utilization or repayment of a previous utilization was performed in the reporting period. There are no material payment obligations to be expected from continuing involvement. There are no obligations to repurchase receivables.

Leases

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

Finance leases, which transfer to the 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 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, America 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 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 2016 and 2015.

2016 *In thousand EUR*	**Air + Ocean**	**Solutions**	**Other**	**Conso-lidation**	**Group**
External revenues	621,289	367,148	1,718	–	990,155
Intersegment revenues	2,047	1,923	3,125	−7,095	–
Revenues	**623,336**	**369,071**	**4,843**	**−7,095**	**990,155**
Operating result before goodwill impairment (EBITA)	**36,168**	**5,285**	**−5,946**	**–**	**35,507**
Goodwill impairment	–	–	–	–	–
Net result before interest and income taxes (EBIT)	**36,168**	**5,285**	**−5,946**	**–**	**35,507**
Financial result					−1,813
Income taxes					−7,340
Net result					**26,354**
Segment assets	161,121	86,516	17,470	–	265,107
Unallocated assets					133,001
Total consolidated assets					**398,108**
Segment liabilities	142,192	85,049	15,596	–	242,837
Unallocated liabilities					16,126
Total consolidated liabilities					**258,963**

2015 *In thousand EUR*	**Air + Ocean**	**Solutions**	**Other**	**Conso-lidation**	**Group**
External revenues	674,569	379,449	4,898	–	1,058,916
Intersegment revenues	1,571	1,316	3,906	−6,793	–
Revenues	**676,140**	**380,765**	**8,804**	**−6,793**	**1,058,916**
Operating result before goodwill impairment (EBITA)	**36,159**	**500**	**−6,370**	**–**	**30,289**
Goodwill impairment	–	−4,400	–	–	−4,400
Net result before interest and income taxes (EBIT)	**36,159**	**−3,900**	**−6,370**	**–**	**25,889**
Financial result					−2,551
Income taxes					−7,664
Net result					**15,674**
Segment assets	153,081	83,044	17,165	–	253,290
Unallocated assets					109,184
Total consolidated assets					**362,474**
Segment liabilities	129,648	80,078	20,072	–	229,798
Unallocated liabilities					18,143
Total consolidated liabilities					**247,941**

Information according to geographical areas

The tables below present geographical information on revenues and specific items of non-current assets for financial years 2016 and 2015.

In thousand EUR	2016		2015	
Germany	440,425	45%	452,723	43%
Austria	179,329	18%	191,059	18%
Other EU	69,635	7%	82,034	8%
Asia/Pacific	241,829	24%	265,975	25%
Other	58,937	6%	67,125	6%
Total Revenues	**990,155**	**100%**	**1,058,916**	**100%**

Revenues from external customers are allocated according to the geographical location of the billing entity. In 2016 10.9%, or EUR 108.1m (prior year: EUR 111.0m) of the Logwin Group's total revenues accounts to a customer in the business segment Solutions.

In thousand EUR	31 Dec 2016		31 Dec 2015	
Germany	24,103	61%	23,907	61%
Austria	7,544	19%	8,051	21%
Luxembourg	2,606	7%	2,397	6%
Other EU	1,868	5%	1,171	3%
Asia/ Pacific	2,239	6%	2,494	6%
Other	962	2%	1,017	3%
Total non-current assets	**39,322**	**100%**	**39,037**	**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

9 Expenses by nature

In thousand EUR	2016	2015
Purchased services	−673,118	−739,655
Materials and supplies	−7,808	−8,562
Personnel expenses	−190,365	−192,356
Operating lease expenses	−37,705	−38,998
Depreciation and amortization	−8,043	−7,604
Sundry expenses	−39,729	−46,648
Total cost of sales, selling, general and administrative costs	**−956,768**	**−1,033,823**

Purchased services mostly comprise transportation services provided by third parties.

10 Other operating income and expenses

In thousand EUR	2016	2015
Foreign exchange gains	4,440	6,715
Gains from disposal of non-current assets	79	3,977
Sundry income	2,679	1,149
Other operating income	**7,198**	**11,841**

In the prior year the position “Gains from disposal of non-current assets” include substantially gains from the disposal of Press Logistics.

In thousand EUR	2016	2015
Foreign exchange losses	−4,149	−6,480
Losses from disposal of non-current assets	−68	−129
Sundry expenses	−861	−36
Other operating expenses	**−5,078**	**−6,645**

The sundry expenses include impairments on intangible assets of EUR 314k (prior year: EUR 0k).

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	2016	2015
Foreign exchange gains	4,440	6,715
Foreign exchange losses	−4,149	−6,480
Foreign exchange effects, net	**291**	**235**

11 Goodwill impairment

As of 31 December 2016, the Logwin Group performed an impairment test on recognized goodwill. Unlike in the previous year, this did not result in an impairment (prior year: EUR 4,400k).

12 Financial result

The following table shows the composition of the financial result in financial years 2016 and 2015:

In thousand EUR	2016	2015
Finance income	**521**	**281**
Interest expenses from bank accounts	−497	−641
Interest expenses from finance leases	−372	−406
Net interest expense from the unwinding of the discount on defined benefit obligations and from the return on plan assets	−687	−714
Other interest expenses	−653	−803
Other finance expenses	−125	−268
Finance expenses	**−2,334**	**−2,832**
Financial result	**−1,813**	**−2,551**

Other interest expenses include guarantee commissions and interest expenses from the unwinding of the discount on other non-current provisions.

Other finance expenses include foreign exchange effects from group financing.

13 Income taxes

Tax expenses for the Logwin Group are as follows:

In thousand EUR	2016	2015
Current income taxes	−6,629	−6,983
Deferred income taxes	−711	−681
Total income taxes	**−7,340**	**−7,664**

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

In thousand EUR	2016	2015
Net result before income taxes	**33,694**	**23,338**
Expected income taxes (tax rate 31.47%; prior year 31.47%)	**−10,603**	**−7,345**
Non-deductible goodwill impairment	–	−1,385
Foreign tax rate differential	2,738	2,539
Expenses not deductible for tax purposes	−2,048	−1,330
Tax effects relating to prior periods	1,102	401
Change in valuation allowances and effects from not recognizing deferred tax assets	1,504	−424
Other taxation effects	−33	−120
Total income tax expenses	**−7,340**	**−7,664**

The weighted tax rate used of 31.47% (prior year: 31.47%) reflects the tax rate of Logwin AG.

Notes to the Statement of Cash Flows

14 Proceeds from disposals of consolidated subsidiaries and other business operations

Proceeds from disposals of consolidated subsidiaries and other business operations in 2016 include agreed subsequent purchase price adjustments for sales from prior years. The prior year also includes proceeds from the disposal of companies of the Solutions business segment.

In thousand EUR	**2016**	**2015**
Consideration received	207	9,204
Less cash and cash equivalents disposed of	–	−207
Proceeds from disposals of consolidated subsidiaries and other business operations, net of cash and cash equivalents	**207**	**8,997**

In 2015 the following assets and liabilities were disposed of:

In thousand EUR	**2015**
Goodwill	4,045
Other non-current assets	1,757
Trade accounts receivable	7,595
Cash and cash equivalents	207
Other current assets	2,343
Assets disposed of	**15,947**
Non-current provisions	294
Trade accounts payable	8,267
Other current liabilities	1,869
Liabilities disposed of	**10,430**

Notes to the Balance Sheet

15 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 2016	31 Dec 2015
Air + Ocean	45,701	45,701
Solutions	21,120	21,120
Goodwill	**66,821**	**66,821**

In thousand EUR	Goodwill
Acquisition cost	224,623
Accumulated impairment	−149,357
Carrying amount as of 1 Jan 2015	**75,266**
Disposals	−4,045
Impairment	−4,400
Carrying amount as of 31 Dec 2015	**66,821**
Acquisition cost	220,578
Accumulated impairment	−153,757
Carrying amount as of 1 Jan 2016	**66,821**
Carrying amount as of 31 Dec 2016	**66,821**
Acquisition cost	220,578
Accumulated impairment	−153,757

Goodwill impairment testing
As in prior year, the Logwin Group performed its annual goodwill impairment test as of 31 December 2016. 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. 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 are

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 1.8% for the last planning year (31 December 2015: 1.7%). The average EBITA margin of 2016 (actual) through to 2020 (plan) of 1.9% (31 December 2015: 1.5%) was taken as the sustainable EBITA margin adjusted for special effects to calculate the perpetual annuity. Beyond the five-year period the growth rate used was unchanged from the prior year at 0.75%. A sustainable EBITA margin of 3.1% (in line with the prior-year plan) and an unchanged growth rate of 1.5% were used for the Air + Ocean business segment. The expected cash flows of the two business segments were discounted using a discount rate of 5.7% after tax (31 December 2015: 6.9%). This corresponds to an interest rate of 7.6% to 7.8% before tax (31 December 2015: 9.5% to 9.6%).

The impairment test as of 31 December 2016 did not result in an impairment loss.

Assuming that all factors remainded constant, a decrease in the sustainable EBITA margin, which is assumed for the financial planning of the Solutions business segment, from 1.9% by up to 0.5% to 1.4% no goodwill impairment would be assigned to the Solutions business segment. A reasonably possible increase in the weighted average cost of capital of 1%, would not have led to any impairment loss. Both effects occurring together would result in an goodwill impairment of EUR 11.1m.

16 Other intangible assets

Amortization of intangible assets of EUR 829k is included in cost of sales (prior year: EUR 955k). A further EUR 51k (prior year: EUR 24k) relates to selling costs and EUR 601k (prior year: EUR 700k) to general and administrative costs. The other intangible assets of the Logwin Group include only acquired intangible assets as of 31 December 2016.

In thousand EUR	**Software, concessions and other licenses**
Acquisition cost	38,245
Accumulated impairment	−33,582
Carrying amount as of 1 Jan 2015	**4,663**
Currency differences	9
Change in scope of consolidation	−42
Additions	901
Disposals	–
Amortization	−1,679
Carrying amount as of 31 Dec 2015	**3,852**
Acquisition cost	35,213
Accumulated impairment	−31,361
Carrying amount as of 1 Jan 2016	**3,852**
Currency differences	−3
Change in scope of consolidation	–
Additions	756
Disposals	−13
Amortization	−1,481
Impairments	−314
Carrying amount as of 31 Dec 2016	**2,797**
Acquisition cost	33,726
Accumulated impairment	−30,929

17 Property, plant and equipment

Cost of sales includes depreciation of property, plant and equipment of EUR 5,011k (prior year: EUR 4,595k), while selling costs include depreciation of property, plant and equipment of EUR 214k (prior year: EUR 225k) and general and administrative costs include depreciation of property, plant and equipment of EUR 1,337k (prior year: EUR 1,105k).

In thousand EUR	Land and buildings	Machinery and equipment	Tools, fixtures, furniture and office equipment	Vehicle fleet	Construction in progress	Total
Acquisition cost	69,664	36,642	38,274	9,549	235	154,364
Accumulated depreciation and impairment losses	−48,531	−31,215	−32,025	−8,369	–	−120,140
Carrying amount as of 1 Jan 2015	**21,133**	**5,427**	**6,249**	**1,180**	**235**	**34,224**
Currency differences	−12	50	109	−11	–	136
Change in consolidation scope	−47	−85	−129	−10	–	−271
Additions	1,789	424	3,115	728	1,352	7,408
Transfers	114	40	26	5	−185	–
Disposals	−12	−18	−284	−73	–	−387
Depreciation	−1,657	−990	−2,865	−413	–	−5,925
Carrying amount as of 31 Dec 2015	**21,308**	**4,848**	**6,221**	**1,406**	**1,402**	**35,185**
Thereof attributable to finance leases	*9,034*	*374*	*325*	*765*	–	*10,498*
Acquisition cost	68,706	35,529	37,674	9,371	1,402	152,682
Accumulated depreciation and impairment losses	−47,398	−30,681	−31,453	−7,965	–	−117,497
Carrying amount as of 1 Jan 2016	**21,308**	**4,848**	**6,221**	**1,406**	**1,402**	**35,185**
Currency differences	2	6	19	8	1	36
Change in consolidation scope	–	–	–	–	–	–
Additions	191	597	4,353	2,696	157	7,994
Transfers	98	1,052	−1	177	−1,326	–
Disposals	−1	−19	−87	−21	–	−128
Depreciation	−1,727	−1,056	−3,246	−533	–	−6,562
Carrying amount as of 31 Dec 2016	**19,871**	**5,428**	**7,259**	**3,733**	**234**	**36,525**
Thereof attributable to finance leases	*6,576*	*350*	*801*	*629*	–	*8,356*
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

As of 31 December 2016 and 2015, no property, plant and equipment was mortgaged to secure loans.

18 Inventories

Inventories primarily include packaging material, transport containers and vehicle spare parts with a value of EUR 2,786k (prior year: EUR 2,638k). No inventories were pledged.

In the reporting period, inventories of EUR 7,808k were recognized as an expense (prior year: EUR 8,562k).

In addition, an impairment charge of EUR 298k on packaging material was determined in the review of the recoverability of inventories. The impairments are included in full in the cost of sales.

19 Trade accounts receivable

In thousand EUR	31 Dec 2016	31 Dec 2015
Trade accounts receivable	**108,590**	**100,185**
Less allowance for doubtful accounts	–1,643	–1,387
Trade accounts receivable, net	**106,947**	**98,798**
Receivables from factoring	29,281	28,138
Total trade accounts receivable	**136,228**	**126,936**

The allowances changed as follows:

In thousand EUR	2016	2015
1 January	**–1,387**	**–1,685**
Currency differences	–43	5
Additions	–1,414	–1,116
Utilization	562	752
Reversals	639	600
Change in scope of consolidation	–	57
31. December	**–1,643**	**–1,387**

These expenses are reported in the item "Selling costs" of the income statement. The impairment losses recognized are not based on a concentration on significant individual receivables.

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

In thousand EUR	31 Dec 2016	31 Dec 2015
Aging structure not overdue	84,651	75,386
< 10 days	14,881	15,179
11 – 30 days	3,786	4,436
31 – 90 days	3,012	3,157
91 – 180 days	535	558
181 – 360 days	82	82
> 360 days	–	–

As of 31 December 2016, trade accounts receivable not sold to the factoring company in the amount of EUR 90,6m (prior year: EUR 80,0m) were secured by credit insurance. Secured receivables are generally subject to a deductible of 10% (prior year: 10%).

20 Income tax receivables

As of 31 December 2016, income tax receivables of EUR 1,319k (prior year: EUR 924k) include tax refunds from corporate income tax credits of EUR 68k (prior year: EUR 135k).

21 Other receivables and current assets

In thousand EUR	31 Dec 2016	31 Dec 2015
Receivables from the sale of non-current assets	100	200
Input tax refund	3,917	3,248
Advance payments	13,437	11,735
Derivative financial instruments	505	648
Miscellaneous receivables and assets	1,139	1,333
Total other receivables and current assets	**19,098**	**17,164**

The miscellaneous receivables and assets as of 31 December 2016 include receivables from billing transport containers totaling EUR 489k (prior year: EUR 478k).

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 the operational business other receivables and current assets were not subject to pledging.

22 Cash and cash equivalents

In thousand EUR	31 Dec 2016	31 Dec 2015
Cash	90,406	91,241
Cash equivalents	25,600	1,420
Total cash and cash equivalents	**116,006**	**92,661**

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 2016 cash and cash equivalents amounted to EUR 2.1m (prior year: EUR 2.2m), which the Logwin Group had at its disposal only after approximately two working days as a result of a settlement agreement.

Cash and cash equivalents include interest-bearing short-term deposits by Logwin AG with DELTON AG of EUR 25.0m (prior year: EUR 0m).

23 Deferred taxes

Deferred tax assets and liabilities consist of the following:

In thousand EUR	31 Dec 2016		31 Dec 2015	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	1,008	32	549	47
Property, plant and equipment	1,107	2,201	1,000	2,485
Investments	67	4	177	4
Current assets	49	672	2	1,055
Provisions	5,837	1	5,821	1
Liabilities	2,008	21	2,161	23
Tax loss carryforwards	13,877	–	15,542	–
Valuation allowances	−7,104	–	−7,520	–
Net amounts	−2,617	−2,617	−3,567	−3,567
Total deferred taxes	**14,232**	**315**	**14,165**	**48**

In the financial year 2016 the recognized deferred taxes changed as follows:

In thousand EUR	2016	2015
Deferred taxes, net as of 1 January	**14,117**	**16,518**
Change recognized in profit or loss	−711	−681
Change recognized in equity	538	−301
Currency and other differences	−27	25
Change in scope of consolidation	–	−1,444
Deferred taxes, net as of 31 December	**13,917**	**14,117**

The change recognized in equity concerns both in 2016 and in the previous year exclusively deferred tax effects on revaluation of net liability for defined benefit plans.

As of 31 December 2016, Logwin Group did not recognize any deferred tax liabilities on temporary differences from retained earnings of domestic and foreign subsidiaries of EUR 25.9m (prior year: EUR 15.2m) because it is not probable that the differences will reverse in the foreseeable future. The potential impact on income taxes amounts to EUR 3.1m (prior year: EUR 1.3m).

Net deferred tax assets amounting to EUR 8,320k (prior year: EUR 8,249k) 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 2016	31 Dec 2015
Tax losses	502,430	492,057
Deductible temporary differences	7,552	6,596
Total	**509,982**	**498,653**

As of 31 December 2016 limited unrecognized tax losses were used. In the prior year unrecognized tax losses amounted to EUR 51k with a recovery period of 5 years existed.

Insofar as a tax assessment has been made, loss carryforwards 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.

24 Shareholders' equity

Issued capital and authorized capital

As of 31 December 2016, there were 146,257,596 (prior year: 146,257,596) fully paid up, no-par voting shares issued. 144,219,790 of these shares were outstanding and 2,037,806 were held as treasury shares ("Treasury shares"). Treasury shares do not have voting rights or dividend rights. Each share represents EUR 0.897 of issued capital. In addition, the authorized capital of Logwin AG amounted to EUR 68,798k as of 31 December 2016 (prior year: EUR 68,798k). The authorized capital consisted of 76,692,378 no-par non-issued shares.

Profit/loss appropriation and capital reserves

The Annual General Meeting of Logwin AG on 13 April 2016 resolved the appropriation of the net income for the year as of 31 December 2015 of EUR 1,251k in the form of a transfer to the legal reserve, which was implemented accordingly by Logwin AG. The remaining amount of EUR 23,768k appropriated into the retained earnings. The net loss for 2014 of EUR 8,959k was offset against capital reserves in the prior year.

Dividends

For the past fiscal year, the Board of Directors proposes a dividend distribution of EUR 0.04 per share to the shareholders. The dividend has to be decided by the shareholders at the Annual General Meeting on 12 April 2017 and was therefore not 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 2016, this reserve in the amount of EUR 9,320k (prior year: EUR 8,070k) 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 −11,185k as of 31 December 2016 (prior year: EUR −9,562k). The change compared to the prior year of EUR −1,624k (prior year: EUR 694k) relates completely to the remeasurement of the net defined benefit liability 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, the effects of the fair value measurement of available for sale securities and any changes in the fair value of derivative financial instruments classified as cash flow hedges are reported under shareholders' equity as accumulated other comprehensive income. The accumulated other comprehensive income of EUR 951k (prior year: EUR 1,645k) primarily resulted of 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 29 February 2016. As of 31 December 2016 Logwin AG held 2,037,806 shares (prior year: 1,813,545) in total at a cost of EUR 3.5m (prior year: EUR 3.0m).

25 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 6 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 2016			
In thousand EUR	Current	1 to 5 years	Over 5 years	Total
Minimum lease payments	1,869	6,501	5,915	**14,285**
Finance costs	−304	−729	−113	**−1,146**
Present value of minimum lease payments	**1,565**	**5,772**	**5,802**	**13,139**

	31 Dec 2015			
In thousand EUR	Current	1 to 5 years	Over 5 years	Total
Minimum lease payments	1,927	6,684	7,675	**16,286**
Finance costs	−344	−928	−373	**−1,645**
Present value of minimum lease payments	**1,583**	**5,756**	**7,302**	**14,641**

26 Loans and borrowings

As of 31 December 2016, the Logwin Group had credit facilities (without guarantee facilities) amounting to EUR 39.5m (prior year: EUR 38.9m), 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 2016 the factoring facility was not utilized (prior year: EUR 0.0k).

Loans and borrowings reported as of 31 December 2016 totaling EUR 276k (prior year: EUR 732k) primarily refer to issued cheques that had not yet been charged (EUR 190k).

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

27 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 684k to private pension insurance schemes were recorded in financial year 2016 (prior year: EUR 868k). In addition, contribution payments of EUR 8,059k (prior year: EUR 7,811k) 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 2016**	**31 Dec 2015**
Present value of the obligation	34,334	33,460
Plan assets	−1,605	−1,553
Net defined benefit liability (funding status)	**32,729**	**31,907**

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	**2016**	**2015**
Net defined benefit liability as of 1 January	**31,907**	**34,106**
Expense recognized in profit or loss	1,170	1,097
Plan contributions and payments, net	−2,487	−1,922
Remeasurements recognized in equity	2,162	−995
Settlements	−53	−145
Change in consolidation scope	–	−294
Other changes	30	60
Net defined benefit liability as of 31 December	**32,729**	**31,907**

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	2016	2015
Present value of the obligation as of 1 January	**33,460**	**35,699**
Current service cost	483	383
Interest expenses	722	747
Actuarial gains (−)/losses (+)		
due to changes in demographic assumptions	–	2
due to changes in financial assumptions	2,414	−838
due to experience adjustments	−195	−138
Payments from company assets	−2,388	−1,909
Payments from plan assets	−146	−114
Settlements	−53	−145
Change in consolidation scope	–	−294
Other changes	37	67
Present value of the obligation as of 31 December	**34,334**	**33,460**

In thousand EUR	2016	2015
Plan assets as of 1 January	**1,553**	**1,593**
Interest income on plan assets	35	33
Return on plan assets not included in interest income	57	21
Contributions by the employer	99	13
Payments from plan assets	−146	−114
Other changes	7	7
Plan assets as of 31 December	**1,605**	**1,553**

As of 31 December 2016, the plan assets consisted of employer's pension liability insurance policies of EUR 731k (prior year: EUR 786k), pension trusts of EUR 383k (prior year: EUR 379k), direct insurance policies of EUR 312k (prior year: EUR 313k), and other forms of insurance of EUR 179k (prior year: EUR 75k). 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	2016	2015
Service costs	−483	−383
Net interest expense	−687	−714
Total pension expenses	**−1,170**	**−1,097**

In 2016, of the total amount of expenses for defined benefit plans, EUR 343k (prior year: EUR 280k) was included in cost of sales, EUR 87k (prior year: EUR 71k) in selling costs and EUR 53k (prior year: EUR 32k) 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 687k (prior year: EUR 714k) is included in finance expenses.

Actuarial assumptions

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

	31 Dec 2016	31 Dec 2015
Discount rate	1.6%	2.3%
Wage and salary trend	2.0%	2.5%
Pension trend	1.6%	1.75%

Life expectancy was based on the 2005 G mortality tables published by Prof. Dr. Klaus Heubeck for the German entities.

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 2016	31 Dec 2015
Discount rate	0.5 percentage points higher	−2,184	−2,379
	0.5 percentage points lower	2,451	2,670
Wage and salary trend	0.5 percentage points higher	210	585
	0.5 percentage points lower	−195	−522
Pension trend	0.5 percentage points higher	1,750	1,617
	0.5 percentage points lower	−1,592	−1,473
Life expectancy	Decrease in mortality rate by 10%	1,183	1,468

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 13.95 years (prior year: 13.45 years).

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

In thousand EUR	31 Dec 2016	31 Dec 2015
Payments due within the next financial year	1,521	1,676
Payments due in 2 to 5 years	5,924	6,001
Payments due in 6 to 10 years	7,711	8,283
Payments due in 11 to 15 years	7,560	8,270
Payments due in 16 to 20 years	7,072	7,787
Payments due in more than 20 years	16,071	18,116

28 Other non-current provisions

In thousand EUR	Long-service bonus provisions	Other	Total non-current provisions
1 January 2016	**2,924**	**347**	**3,271**
Additions	278	75	353
Utilization	−159	−245	-404
Release	−133	−17	-150
31 December 2016	**2,910**	**160**	**3,070**

In 2016, the interest portion from unwinding of the discount on the long-service bonus provisions amounted to EUR 37k (prior year: EUR 45k).

The other provisions mainly relate to provisions for vacancy costs.

29 Current provisions

In thousand EUR	Lawsuits and litigations	Onerous contracts	Warranties	Other	Total non-current provisions
1 January 2016	**533**	**1,218**	**1,648**	**3,789**	**7,188**
Additions	473	–	918	3,503	4,894
Utilization	−339	−600	−393	−1,462	−2,794
Release	−107	−526	−386	−677	−1,696
Currency differences	6	–	–	10	16
31 December 2016	**566**	**92**	**1,787**	**5,163**	**7,608**

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

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.

30 Income tax liabilities

The recognized liabilities are calculated from accrued income tax expenses for financial year 2016 and prior financial years amounting to EUR 5,188k (prior year: EUR 5,315k), less prepayments made totaling EUR 2,747k (prior year: EUR 2,569k).

31 Other liabilities

In thousand EUR	31 Dec 2016	31 Dec 2015
Liabilities relating to personnel: Wages and salaries	17,559	19,520
Social security	1,465	1,367
Accrued vacation	2,681	2,511
Other taxes and levies	5,706	5,829
Advances received from customers	4,557	2,504
Derivative financial instruments	792	1,218
Other liabilities, accruals and deferred income	10,503	8,158
Total other current liabilities	**43,263**	**41,107**
Sundry other non-current liabilities	336	4
Total other non-current liabilities	**336**	**4**
Total other liabilities	**43,599**	**41,111**

Other liabilities, accruals and deferred income as of 31 December 2016 include liabilities from billing transport containers totaling EUR 438k (prior year: EUR 410k).

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

In thousand EUR	31 Dec 2016	31 Dec 2015
Due within 1 year	22,918	24,872
Due 1 to 5 years	336	4
Other financial liabilities	**23,254**	**24,876**

Other Notes

32 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 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 IAS 39

In thousand EUR	**Carrying amount 31 Dec 2016**	Amortized cost	Fair value through profit or loss	Fair value through OCI
Loans and receivables (LaR)	258,456	258,456	–	–
Available-for-sale (AfS)	821	129	–	692
Held for trading (HfT)	505	–	505	-
Financial assets	**259,781**	**258,585**	**505**	**692**
At amortized cost (FLAC)	178,523	178,523	–	–
Held for trading (FLHfT)	792	–	792	–
Financial liabilities	**179,316**	**178,523**	**792**	**–**

In thousand EUR	**Carrying amount 31 Dec 2015**	Amortized cost	Fair value through profit or loss	Fair value through OCI
Loans and receivables (LaR)	226,642	226,642	–	–
Available-for-sale (AfS)	729	137	–	593
Held for trading (HfT)	648	–	648	–
Financial assets	**228,019**	**226,779**	**648**	**593**
At amortized cost (FLAC)	170,687	170,687	–	–
Held for trading (FLHfT)	1,218	–	1,218	–
Financial liabilities	**171,905**	**170,687**	**1,218**	**–**

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 IAS 39	**Carrying amount 31 Dec 2016**	Carrying amount in accordance with IAS 39: Amortized cost	Carrying amount in accordance with IAS 39: Fair Value	Carrying amount in accordance with IAS 17	**Fair Value as of 31 Dec 2016**
Assets						
Investments	AfS	**821**	**129**	**692**	**–**	**692**
Other non-current assets	LaR	**1,475**	**1,475**	**–**	**–**	**1,475**
Trade accounts receivable	LaR	**136,228**	**136,228**	**–**	**–**	**136,228**
	LaR	4,747	4,747	–	–	4,747
	HfT*	505	–	505	–	505
	n.a.	13,846	–	–	–	–
Other receivables and current assets	**Total**	**19,098**	**4,747**	**505**	**–**	**–**
Cash and cash equivalents	LaR	**116,006**	**116,006**	**–**	**–**	**116,006**
Liabilities						
Non-current liabilities from leases	n.a.	**11,574**	**–**	**–**	**11,574**	**11,703**
Other non-current liabilities	FLAC	**336**	**336**	**–**	**–**	**336**
Trade accounts payable	FLAC	**155,786**	**155,786**	**–**	**–**	**155,786**
Current liabilities from leases	n.a.	**1,565**	**–**	**–**	**1,565**	**1,702**
Current loans and borrowings	FLAC	**276**	**276**	**–**	**–**	**276**
	FLAC	22,125	22,125	–	–	22,125
	FLHfT*	792	–	792	–	792
	n.a.	20,345	–	–	–	–
Other current liabilities	**Total**	**43,263**	**22,125**	**792**	**–**	**–**

* 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

In thousand EUR	Measurement category in accordance with IAS 39	**Carrying amount 31 Dec 2015**	Carrying amount in accordance with IAS 39		Carrying amount in accordance with IAS 17	**Fair Value as of 31 Dec 2015**
			Amortized cost	Fair Value		
Assets						
Investments	AfS	**729**	**136**	**593**	**–**	**593**
Other non-current assets	LaR	**1,399**	**1,399**	**–**	**–**	**1,399**
Trade accounts receivable	LaR	**126,936**	**126,936**	**–**	**–**	**126,936**
	LaR	5,645	5,645	–	–	5,645
	HfT*	648	–	648	–	648
	n.a.	10,871	–	–	–	–
Other receivables and current assets	**Total**	**17,164**	**5,645**	**648**	**–**	**–**
Cash and cash equivalents	LaR	**92,661**	**92,661**	**–**	**–**	**92,661**
Liabilities						
Non-current liabilities from leases	n.a.	**13,058**	**–**	**–**	**13,058**	**13,689**
Other non-current liabilities	FLAC	**4**	**4**	**–**	**–**	**4**
Trade accounts payable	FLAC	**146,297**	**146,297**	**–**	**–**	**146,297**
Current liabilities from leases	n.a.	**1,583**	**–**	**–**	**1,583**	**1,661**
Current loans and borrowings	FLAC	**732**	**732**	**–**	**–**	**732**
	FLAC	23,654	23,654	–	–	23,654
	FLHfT*	1,218	–	1,218	–	1,218
	n.a.	16,235	–	–	–	–
Other current liabilities	**Total**	**41,107**	**23,654**	**1,218**	**–**	**–**

* 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:

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

The fair values of derivative financial instruments were 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 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 "Loans and receivables" 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 2016 *In thousand EUR*	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	691	–	–	**691**
Forward exchange contracts held for trading	–	505	–	**505**
Liabilities				
Forward exchange contracts held for trading	–	792	–	**792**

31 Dec 2015 *In thousand EUR*	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets	593	–	–	**593**
Forward exchange contracts held for trading	–	648	–	**648**
Liabilities				
Forward exchange contracts held for trading	–	1,218	–	**1,218**

There were no transfers between Level 1 and Level 2 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	From subsequent measurement Impairment	Net result 2016
Loans and receivables	506	–	–763	–257
Available-for-sale financial assets	–	7	–	7
Financial assets held for trading	526	7	–	533
Financial liabilities measured at amortized cost	–1,078	–	–	–1,078
Financial liabilities held for trading	391	3	–	394
Total	**345**	**17**	**–763**	**–401**

In thousand EUR	From interest	From subsequent measurement At Fair Value	From subsequent measurement Impairment	Net result 2015
Loans and receivables	256	–	–484	–228
Available-for-sale financial assets	–	–8	–	–8
Financial assets held for trading	133	–72	–	61
Financial liabilities measured at amortized cost	–1,309	–	–	–1,309
Financial liabilities held for trading	–1,748	3	–	–1,745
Total	**–2,668**	**–77**	**–484**	**–3,229**

Please refer to note 12 “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 both write-offs for default and impairment of receivables.

Financial risks

Unless shown below, please see the comments in the risk report of the management report on pages 11 et seq. for information on financial risks.

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 as of 31 December 2016 would have an effect on the Group's net result of –/+ EUR 0.1m (prior year: –/+ EUR 0.2m).

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 2016, 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 2016, 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:

In thousand EUR	31 Dec 2016 Loans and Borrowings	31 Dec 2016 Liabilities from leases	31 Dec 2015 Loans and Borrowings	31 Dec 2015 Liabilities from leases
Cashflow 1st year				
Interest	–	304	–	344
Redemption	276	1,565	732	1,583
Total	**276**	**1,869**	**732**	**1,927**
Cashflow 2nd year				
Interest	–	269	–	304
Redemption	–	1,548	–	2,078
Total	**–**	**1,817**	**–**	**2,382**
Cashflow 3rd year				
Interest	–	208	–	250
Redemption	–	1,432	–	1,334
Total	**–**	**1,640**	**–**	**1,584**
Cashflow 4th year				
Interest	–	160	–	207
Redemption	–	1,262	–	1,232
Total	**–**	**1,422**	**–**	**1,439**
Cashflow 5th year				
Interest	–	92	–	166
Redemption	–	1,530	–	1,112
Total	**–**	**1,622**	**–**	**1,278**
Cashflow after 5 years				
Interest	–	113	–	373
Redemption	–	5,802	–	7,302
Total	**–**	**5,915**	**–**	**7,675**

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

Forward exchange contracts

As of 31 December 2016, 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	31 Dec 2016 Nominal value in foreign currency	31 Dec 2016 Nominal value in EUR	31 Dec 2015 Nominal value in foreign currency	31 Dec 2015 Nominal value in EUR
Forward exchange contracts to hedge receivables of Logwin AG arising from group financing and the operating activities of group companies				
Sell				
AED	5,230	1,276	9,360	2,298
AUD	2,360	1,602	4,620	2,979
CHF	370	343	80	74
CNH	23,600	3,155	73,260	10,036
CZK	18,650	686	3,800	140
GBP	2,300	2,651	2,280	3,153
HKD	30,500	3,539	45,120	5,268
HUF	189,000	606	249,000	792
KRW	–	–	912,000	701
MYR	500	108	10,320	2,157
PLN	250	56	250	58
SGD	1,000	653	80	48
TRY	920	266	480	148
USD	3,380	3,163	6,350	5,761
Total		**18,104**		**33,613**
Forward exchange contracts to hedge liabilities of Logwin AG arising from group financing and the operating activities of group companies				
Buy				
AED	10,075	2,528	11,580	2,833
AUD	3,600	2,480	4,780	3,117
CHF	1,945	1,821	2,040	1,904
CNH	112,330	15,155	155,920	22,040
CZK	36,310	1,353	19,310	716
GBP	3,210	3,781	3,685	5,108
HKD	88,960	10,710	94,510	11,065
HUF	598,300	1,939	587,000	1,870
INR	–	–	12,600	173
KRW	–	–	912,000	726
MYR	600	130	900	193
SGD	3,325	2,202	3,530	2,287
TRY	920	265	480	149
TWD	17,000	514	17,000	472
USD	7,075	6,710	12,505	11,421
Total		**49,588**		**64,074**

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

In thousand EUR	31 Dec 2016		31 Dec 2015	
	Nominal amount	Fair Value	Nominal amount	Fair Value
Assets				
Forward exchange contracts	21,070	505	41,368	648
Total	**21,070**	**505**	**41,368**	**648**
Liabilities				
Forward exchange contracts	46,622	792	56,319	1,218
Total	**46,622**	**792**	**56,319**	**1,218**

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 to set-off at the end of the reporting period. If it were permitted, offsetting would allow a total of EUR 505k (prior year: EUR 648k) of the recognized assets of EUR 505k (prior year: EUR 648k) to be offset against the recognized liabilities of EUR 792k (prior year: EUR 1,218k).

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 utitlization 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 the 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 2016	31 Dec 2015
Liabilities from leases	−13,139	−14,641
Loans and borrowings	−276	−732
Gross financial debt	**−13,415**	**−15,373**
Cash and cash equivalents	116,006	92,661
Net liquidity	**102,591**	**77,288**
Trade accounts payable	−155,786	−146,297
Other liabilities and current provisions	−54,276	−51,569
Trade accounts receivable	136,228	126,936
Income tax receivables/liabilities	−1,122	−1,822
Other non-current and current receivables and assets	20,574	18,562
Inventories	2,786	2,638
Working Capital	**−51,596**	**−51,552**
Shareholders' equity	**139,145**	**114,533**

33 Financial commitments

The following table shows all unrecognized financial commitments as of 31 December 2016 and 2015:

In thousand EUR	31 Dec 2016	31 Dec 2015
Due within 1 year	33,736	30,151
Due within 2 to 5 years	47,333	48,306
Due after 5 years	10,656	9,317
Total	**91,725**	**87,774**

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 contract period is normally between 3 and 5 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 2016, operating lease expenses amounted to EUR 37,705k (prior year: EUR 38,998k). In 2016 the Group received EUR 2,423k (prior year: EUR 2,150k) from sub-leasing of logistics real estate and office buildings. In addition, income of EUR 532k (prior year: EUR 406k) from leasing of real estate from the Logwin-Group's portfolio, is reported. None of the leases is in itself of particular significance to the Group. Annual income in the coming years is expected to be comparable to this year. The average lease term is approximately 4 years.

34 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 2016 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. By order of the Administrative Court dated 25 November 2015, the appeal was rejected. The customs office did not initiate its enforcement based on a confirmation of cover by the insurer in charge of the loss adjustment. 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. 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 Logwin's liability 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. The proceedings are expected to continue in the first half of 2017.

35 Auditor's fees

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

In thousand EUR	Auditors of Luxembourg company 2016	Auditors of Luxembourg company 2015	Auditor's network abroad 2016	Auditor's network abroad 2015
Audit services	100	100	491	502
Tax services	–	–	29	10
Other services	1	1	3	15
Total	**101**	**101**	**523**	**527**

36 Key management personnel compensation

The compensation of non-executive members of the Board of Directors and of members of the Executive Committee includes all amounts received from group companies. The fixed portion of the regular compensation also includes other compensation components. In 2016, payments in the amount of EUR 103k (prior year: EUR 108k) were made to a defined contribution pension plan for members of management.

In thousand EUR	2016	2015
Members of the Executive Committee	2,813	3,215
thereof fixed portion of regular compensation	*1,844*	*2,003*
thereof variable portion of regular compensation	*969*	*1,212*
Non-executive members of the Board of Directors (fixed compensation)	120	120

37 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 2016 and 2015, the Logwin Group rendered or received services to or from certain associated and affiliated non-consolidated companies as part of its ordinary operations. Furthermore, there were supply and service relationships with the parent company DELTON AG and its subsidiaries.

	Associated and affiliated, not consolidated companies		DELTON AG and its Subsidiaries	
In thousand EUR	2016	2015	2016	2015
Services provided	25	5	388	228
Services received	220	269	536	536
Receivables as of 31 Dec	14	6	2	–
Payables as of 31 Dec	–	64	62	98

Logwin AG also concluded a framework agreement for money market transactions with DELTON AG in the year under review. Logwin AG had short-term deposits of EUR 25.0m (prior year: EUR 0m) with DELTON AG as of 31 December 2016; finance income amounted to EUR 8k in the reporting year.

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

In 2016, the Logwin Group’s revenues from companies of the BMW Group amounted to EUR 22,554k (prior year: EUR 22,818k). Receivables from BMW Group amounted to EUR 1,331k as of 31 December 2016 (prior year: EUR 2,476k).

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 1,469k in 2016 (prior year: EUR 1,552k). The liabilities to the BMW Group amount to EUR 19k as of 31 December 2016 (31 December 2015: EUR 7k).

Furthermore, there were transactions between the Logwin Group and members of its Board of Directors. In financial year 2016, these resulted in expenses for the Logwin Group in an amount of EUR 42k (prior year: EUR 34k).

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

38 Events after the reporting period

No other material events occurred between 31 December 2016 and the preparation of the consolidated financial statements by the Board of Directors of Logwin AG on 28 February 2017 which would require reporting.

39 List of shareholdings

The table below lists all companies of the Logwin Group as of 31 December 2016:

	Share of capital
Solutions	
Logwin Solutions Management GmbH, DE-Aschaffenburg	100.00%
Logwin Solutions Holding International GmbH, AT-Salzburg	100.00%
Logwin Solutions Austria GmbH, AT-Salzburg	100.00%
Logwin Solutions Network GmbH, DE-Aschaffenburg	100.00%
Logwin Solutions Spain S.A., ES-Madrid	100.00%
Logwin Solutions Deutschland GmbH, DE-Aschaffenburg	100.00%
Logwin Solutions Liechtenstein AG, LI-Eschen	100.00%
Logwin Solutions Neckartenzlingen GmbH, DE-Neckartenzlingen	100.00%
Air + Ocean	
Logwin Air + Ocean International GmbH, DE-Aschaffenburg	100.00%
Logwin Air + Ocean Beteiligungs GmbH, DE-Aschaffenburg	100.00%
Logwin Air + Ocean Deutschland GmbH, DE-Aschaffenburg	100.00%
Logwin Air + Ocean Switzerland AG, CH-Pratteln	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 Air + Ocean 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 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.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-Aschaffenburg	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-Aschaffenburg	100.00%
Logwin Holding Aschaffenburg GmbH, DE-Aschaffenburg	100.00%
Logwin Finance GmbH, DE-Aschaffenburg	100.00%
Logwin Solutions Holding Deutschland GmbH, DE-Aschaffenburg	100.00%
ANSH Aschaffenburger Nutzfahrzeuge, Service und Handels GmbH, DE-Aschaffenburg	100.00%
Aschaffenburger Versicherungsmakler GmbH, DE-Aschaffenburg	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%
East West Freight Limited, HK-Hongkong	100.00%
Leadway Container Line Ltd., SG-Singapore	100.00%
Lippe Logistik Verwaltungs GmbH i.L., DE-Lemgo	100.00%
Logwin Solutions Lojistik Hizmetleri ve Ticaret Ltd. Sti. i.L., TR-Istanbul	100.00%
Hellmann Beverage Logistics Inc, US-FL-Miami	50.00%
LAWE Vermögensverwaltungs GmbH i.L., AT-Salzburg	50.00%
FLW Mietbau- und Speditions GmbH i.L., AT-Salzburg	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 4,158 people on average (prior year: 4,188).

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 2016 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), 28 February 2017

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
(Member of the Board of Directors)

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

Report of the Réviseur d'entreprises agréé

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders dated 13 April 2016, we have audited the accompanying consolidated financial statements of Logwin AG, which comprise the consolidated balance sheet as at 31 December 2016, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Responsibility of the Réviseur d'Entreprises agréé
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Logwin AG as of 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the consolidated management report and the Corporate Governance Statement 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.

Other matter

The Corporate Governance Statement includes information required by Article 68bis paragraph (1) 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.

Report on other legal and regulatory requirements

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

The information required by Article 68bis 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 and included in the Corporate Governance Statement as published on the Company's website (http://www.logwin-logistics.com/company/investors/governance.html) is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 28 February 2017

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Frauke Oddone