Logwin AG

Interim Financial Report

as of 30 June 2018

LOGWIN

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Key Figures 1 January – 30 June 2018

Earnings position *In thousand EUR*	**2018**	**2017**
Revenues		
Group	540,104	541,383
Change on 2017	*-0.2 %*	
Air + Ocean	361,316	358,683
Change on 2017	*0.7 %*	
Solutions	179,179	183,785
Change on 2017	*-2.5 %*	
Operating result (EBITA)		
Group	22,879	18,467
Margin	*4.2 %*	*3.4 %*
Air + Ocean	21,083	17,469
Margin	*5.8 %*	*4.9 %*
Solutions	4,754	4,425
Margin	*2.7 %*	*2.4 %*
Net result		
Group	17,764	13,079

Financial position *In thousand EUR*	**2018**	**2017**
Operating cash flows	4,257	-14,857
Net cash flow	551	-22,576

Net asset position	**30 June 2018**	**31 Dec 2017**
Equity ratio	39.4 %	36.6 %
Net liquidity *(in thousand EUR)*	108,986	116,549

	30 June 2018	**31 Dec 2017**
Number of employees	4,122	4,133

The interim financial report as of 30 June 2018 is published in English and German. The English version is a translation from the German original, which is authoritative.

Group Interim Management Report

Overall conditions

Global economy The global economy continued to develop steadily in the first half of 2018. In Europe the long lasting upswing lost momentum at the beginning of the year. Overall this was also evident in world trade, where the growth noticeably decreased in the first few months of the year.

German economy and logistics industry The German economy has been in a continuous upswing since the beginning of 2013. However, following the very strong increase in production in the second half of 2017, economic momentum has noticeably slowed down since the beginning of the year. The labor market development with high income growth and increasing employment accompanied by a shortage of skilled labor is increasingly being seen as a handicap. On the demand side, economic development has mainly relied on government and private investment as well as private consumption, while the industrial economy is weakening, particularly as a result of declining exports. Demand in the German logistics industry was slightly growing in the first half year of 2018. The signs continue to point to growth, despite increasing uncertainty about the effects of possible further trade barriers and political developments.

Competition and market Logistics business has been characterized by high volatility and therefore a challenging market and competitive environment in all relevant areas over 2018 to date.

The air freight market reported considerable growth in the first half of the year although it slowed compared to the second half of 2017 with the high growth rates of all regions. The air freight rates only slightly increased despite the major demand on key routes. In ocean freight, export volumes stagnated, but import volumes increased slightly, with still very volatile freight rates. The consolidation of the ocean carrier market continued. This led to a major challenge for customers and the logistics industry due to the significant adjustments to timetables on all routes.

The contract logistics market continued to be characterized by strong competition and margin pressure. Major sectors as retail trade continue to undergo fundamental industry-wide change processes and respond with changes in requirements to logistics.

Business performance of the Logwin Group

The Logwin Group was able to continue its good earnings performance in the first half of 2018. With revenue at almost the same level as in the previous year, the result of the first half of 2018 was significantly higher than in the previous year.

Basis for this performance was the pleasing volume development in the Air + Ocean business segment. Here it was possible to further increase both air and ocean freight volumes in a slightly growing overall market. The decline in freight rates in ocean freight, on the other hand, had an opposite effect on revenue development especially in the second quarter of 2018.

Revenue in the Solutions business segment declined slightly overall. The further development of the existing business and the implementation of new business remained in the focus in the first half of the year. The development of existing customers as well as new business, especially in the retail transport network in Germany, was overall satisfactory.

With regard to the definition, calculation and reconciliation of the financial performance indicators of the Logwin Group and the related explanatory notes, we refer to the section "Financial performance management" in the Group management report in the annual financial report of Logwin AG as of 31 December 2017.

Earnings position

Revenues The Logwin Group generated revenues of EUR 540.1m in the first half of 2018, falling slightly below the prior year's figure of EUR 541.4m. The decline in revenues results mainly from one time effects in the Solutions segment and from the freight rate development in the ocean freight business in the Air + Ocean business segment. The first time adoption of IFRS 15 lead to a reduction of revenues in an amount of EUR 6.5m due to factors relating to deferrals at the balance sheet date. With regard to the effects of the application of new accounting standards on the interim report, we refer to the section "Changes in significant accounting policies" in the notes to the condensed consolidated interim financial statements.

Air + Ocean
The Air + Ocean business segment achieved revenues of EUR 361.3m (prior year: EUR 358.7m) in the first six months of fiscal year 2018. The positive development compared to the prior year is mainly due to higher freight volumes on almost all transport routes. A significant decrease in freight rates in the ocean freight business had a negative impact on the revenue development. The first time adoption of IFRS 15 negatively affected revenue in an amount of EUR 4.9m as a result of deferrals relating to the balance sheet date.

Solutions
The revenues of the Solutions business segment amounted to EUR 179.2m in the first half of 2018, lying slightly below prior year's level of EUR 183.8m. The decrease in revenue compared to prior year's level mainly resulted from the finalization of a special project as well as the closing of a loss-making site. In addition, the first-time application of the provisions of IFRS 15 results in delimitation effects of EUR -1.6m as of the balance sheet date.

Gross margin and gross profit The gross margin of the Logwin Group was 8.8% in the first half of 2018 lying above the prior year's figure of 8.5%. The gross profit of EUR 47.8m exceeded the prior year's figure (EUR 45.8m). In addition to the decrease in ocean freight rates positive cost developments at important locations were key factors for this development.

Selling, general and administrative costs Selling expenses were down significantly compared to the prior year's level (EUR 14.3m) at EUR 13.1m in the first two quarters. Furthermore, administrative expenses fell noticably from EUR 13.5m in the prior year to EUR 12.3m.

Operating result (EBITA) The Operating result of the Logwin Group of EUR 22.9m in the first half of 2018 significantly exceeded the prior year's figure of EUR 18.5m. An increase in earnings in the Air + Ocean business segment contributed substantially to the improvement in EBITA. The Solutions business segment also achieved an increase in earnings. The Group's operating margin increased strongly from 3.4% to 4.2%.

Air + Ocean
At EUR 21.1m in the first half of 2018, the operating result of the Air + Ocean business segment was EUR 3.6m above the prior year's result of EUR 17.5m. In an intense market and competitive environment, in particular the rising freight volume had a positive effect on the earnings.

Solutions
The Solutions business segment achieved an operating result of EUR 4.8m in the first six months of 2018 (prior year: EUR 4.4m). Earnings were raised due to volume increases for existing and new customers as well as by the reduction of operating costs and the absence of special effects.

Financial result and income taxes Financial result for the first two quarters of 2018 improved significantly to EUR -0.3m compared to EUR -0.7m in the prior year. Despite the significant increase in earnings income tax expense of EUR -4.8m in the first half of 2018 was only slightly above the expense of EUR -4.7m in the comparable prior-year period that was burdened by an one-time effect.

Net result for the period The Logwin Group generated a net result of EUR 17.8m in the first six months of 2018 and was significantly above up on the prior year's figure of EUR 13.1m by EUR 4.7m.

Financial position

Operating cash flows Logwin Group's cash flows from operating activities amounted to EUR 4.3m in the first half of the year and were by EUR 19.2m significantly above the prior year's figure (2017: EUR –14.9m). On the one hand, this increase is attributable to the higher result and, in addition, to a significantly lower year-on-year increase in working capital compared with the end of 2017.

Investing cash flows The cash outflow from investing activities of the Logwin Group amounted to EUR -3.7m in the first two quarters of 2018 and was down EUR 4.0m on the prior year's figure of EUR -7.7m. The change is essentially a result of lower investments in the Solutions business segment.

Net cash flow The Logwin Group generated a net cash flow of EUR 0.6m in the first two quarters of the current year (prior year EUR -22.6m).

Financing cash flows The Cash flows from financing activities amounted to EUR -8.3m in the first half of 2018 compared to EUR -6.7m in the prior year, including the dividend payment of EUR -7.2m to the shareholders of the Logwin AG for the fiscal year 2017, which is increased by EUR -1.4m.

Net asset position

Total assets The Logwin Group reported total assets of EUR 417.3m as of 30 June 2018, which are EUR 6.5m lower than the prior year's figure (31 December 2017: EUR 423.8m). While non-current assets in total were unchanged, there were major changes in current assets due to working capital effects. The change in trade accounts receivable and contract assets (down EUR 2.2m) and other receivables and current assets (up EUR 3.5m) as of the end of the reporting period was faced by a modest decline in cash and cash equivalents (down EUR 8.2m).

Cash and net liquidity Cash and cash equivalents of the Logwin Group amounted to EUR 119.4m as of 30 June 2018 (31 December 2017: EUR 127.6m). Net liquidity was still at a high level of EUR 109.0m (31 December 2017: EUR 116.5m).

Liabilities Non-current liabilities decreased from EUR 44.9m as of 31 December 2017 to EUR 43.7m as of the end of the first half of 2018 as a result of a decrease of liabilities from leases and provisions for pensions and similar obligations resulting from pension payments. Current liabilities amounted to EUR 209.1m as of the end of the reporting period (31 December 2017: EUR 223.8m) and mainly include declining trade accounts payable of EUR 160.1m (31 December 2017: EUR 168.4m).

Equity The equity of the Logwin Group increased from EUR 155.1m as of 31 December 2017 to EUR 164.5m in the first half of 2018 due to the positive net result for the period. Offsetting this, equity was reduced by the distribution of an increased dividend to the shareholders of Logwin AG, effects from the currency translation of foreign subsidiaries and the recognition of the effects of the first time adoption of the new accounting standards IFRS 9 and IFRS 15.

As of 30 June 2018, the equity ratio was 39.4% even up against the prior year's figure (31 December 2017: 36.6%).

Employees

The Logwin Group employed 4,122 people worldwide as of 30 June 2018 (31 December 2017: 4,133). The number of employees in the Solutions business segment decreased by 18 compared to the end of 2017. The decline is partially offset by opposing developments in the Air + Ocean business segment and central areas.

Risks

There were no developments subject to reporting obligations in respect of the remission procedure for back payment of import VAT for customs clearance which Logwin Road + Rail Austria GmbH performed with joint and several liability on behalf of customers, who are alleged to have been part of a missing trader (VAT Carousel) fraud. The continuation of the procedure was taken up as expected in the course of the year so far. Independent of the application for full remission of payments plus interest, a confirmation of cover by the insurer in charge of the loss adjustment continues to exist. As of the reporting date, a remission of the payment obligation is considered to be rather likely. We refer to the annual financial report 2017 for further information.

In the first half of 2018, the Logwin Group's risk exposure has remained largely unchanged compared with the disclosures in the annual financial report 2017. We therefore refer to the 2017 risk report for further details on current and potential risks.

2018 General Meeting

The Annual General Meeting of Logwin AG took place in Luxembourg on 11 April 2018. In addition to the approval of the annual financial statements for 2017, the proposal of the Board of Directors to pay a dividend of EUR 2.50 per share for the fiscal year 2017 was approved by the Annual General Meeting by a large majority. Further details of the resolutions can be found at https://www.logwin-logistics.com/company/investors/annual-general-meeting.html.

Outlook

General Conditions Based on the development year-to-date, Logwin Group expects a stable growth development of the global economy. German economy should also develop steadily in the coming months in line with prior periods.

Revenue expectations Assuming a stable global economic development and stable exchange rates, the Logwin Group still expects a slight growth in revenue for the 2018 financial year.

Earnings expectations Based on the results achieved by the two business segments in the first half of 2018, the assumption of continued rising revenues and taking into account the continuous review of the budget planning and the forecasts for the full 2018 financial year, Logwin Group aims for a further increase in EBITA and in net result.

Liquidity development Based on the expected increased earnings development and the continuing high efforts to optimize working capital, Logwin Group expects a further increase in net cash flow.

Condensed Consolidated Interim Financial Statements

Income Statement

1 January - 30 June *In thousand EUR*	2018	2017
Revenues	540,104	541,383
Cost of sales	-492,313	-495,589
Gross profit	**47,791**	**45,794**
Selling costs	-13,114	-14,295
General and administrative costs	-12,302	-13,530
Other operating income	3,344	2,909
Other operating expenses	-2,840	-2,411
Operating result before goodwill impairment (EBITA)	**22,879**	**18,467**
Goodwill impairment	-	-
Net result before interest and income taxes (EBIT)	**22,879**	**18,467**
Finance income	184	255
Finance expenses	-511	-932
Net result before income taxes	**22,552**	**17,790**
Income taxes	-4,788	-4,711
Net result	**17,764**	**13,079**
Attributable to:		
Shareholders of Logwin AG	17,505	12,908
Non-controlling interests	259	171
Earnings per share - basic and diluted (in EUR):		
Net result attributable to the shareholders of Logwin AG	**6.07**	**4.48**
Weighted average number of shares outstanding	2,884,395	2,884,369

Statement of Comprehensive Income

1 January - 30 June *In thousand EUR*	2018	2017
Net result	**17,764**	**13,079**
Unrealized gains of securities, available-for-sale	-	2
Reclassification of currency translation differences into profit or loss	-	-382
Losses on currency translation of foreign operations	-664	-2,822
Other comprehensive income that may be reclassified into profit or loss in future periods	**-664**	**-3,202**
Remeasurement of the net defined benefit liability	-	1,471
Deferred tax from remeasurement of the net defined benefit liability	-	-285
Other comprehensive income that will not be reclassified into profit or loss in future periods	**-**	**1,186**
Other comprehensive income	**-664**	**-2,016**
Total comprehensive income	**17,100**	**11,063**
Attributable to:		
Shareholders of Logwin AG	16,891	11,036
Non-controlling interests	209	27

Statement of Cash Flows

1 January - 30 June *In thousand EUR*	2018	2017
Net result before income taxes	22,552	17,790
Financial result	327	677
Net result before interest and income taxes	22,879	18,467
Reconciliation adjustments to operating cash flows:		
Depreciation and amortization	3,637	4,051
Result from disposal of non-current assets	275	102
Other	-621	-3,253
Income taxes paid	-4,539	-3,346
Interest paid	-490	-626
Interest received	184	255
Changes in working capital, cash effective:		
Change in receivables	-2,418	-27,908
Change in payables	-14,763	-2,397
Change in inventories	113	-202
Operating cash flows	**4,257**	**-14,857**
Capital expenditures in PP&E and other intangible assets	-4,585	-7,608
Proceeds from disposals of consolidated subsidiaries and other business operations, net of cash and cash equivalents	650	-439
Proceeds from disposal of non-current assets	282	329
Other cash flows from investing activities	-53	-1
Investing cash flows	**-3,706**	**-7,719**
Net cash flow	**551**	**-22,576**
Repayment of current loans and borrowings	-54	33
Payment of liabilities from leases	-858	-815
Distribution to non-controlling interests	-179	-196
Distribution to shareholders of Logwin AG	-7,211	-5,769
Financing cash flows	**-8,302**	**-6,747**
Effects of exchange rate changes on cash and cash equivalents	-456	-1,301
Change in cash and cash equivalents	**-8,207**	**-30,624**
Cash and cash equivalents at the beginning of the year	127,609	116,006
Change	-8,207	-30,624
Cash and cash equivalents at the end of the period	**119,402**	**85,382**

Balance Sheet

Assets *in thousand EUR*	30 June 2018	31 Dec 2017
Goodwill	66,821	66,821
Other intangible assets	4,208	2,946
Property, plant and equipment	33,870	34,450
Investments	908	855
Deferred tax assets	12,434	12,895
Other non-current assets	660	934
Total non-current assets	**118,901**	**118,901**
Inventories	2,405	2,518
Trade accounts receivable	140,987	152,399
Contract assets	9,207	-
Income tax receivables	2,287	1,794
Other receivables and current assets	24,106	20,592
Cash and cash equivalents	119,402	127,609
Total current assets	**298,394**	**304,912**
Total assets	**417,295**	**423,813**

Liabilities *in thousand EUR*	30 June 2018	31 Dec 2017
Share capital	131,300	131,300
Group reserves	32,520	23,104
Equity attributable to the shareholders of Logwin AG	**163,820**	**154,404**
Non-controlling interests	682	663
Shareholders' equity	**164,502**	**155,067**
Non-current liabilities from leases	8,882	9,356
Pensions provisions and similar obligations	30,541	31,080
Other non-current provisions	2,925	3,024
Deferred tax liabilities	821	802
Other non-current liabilities	516	641
Total non-current liabilities	**43,685**	**44,903**
Trade accounts payable	160,098	168,367
Current liabilities from leases	1,482	1,598
Current loans and borrowings	52	106
Current provisions	8,579	8,014
Income tax liabilities	4,825	4,513
Other current liabilities	34,072	41,245
Total current liabilities	**209,108**	**223,843**
Total liabilities and shareholders' equity	**417,295**	**423,813**

Statement of Changes in Equity

In thousand EUR	Equity attributable to the		
	Share capital	Additional paid-in capital	Retained earnings
1 January 2017	**131,202**	**48,172**	**-39,917**
Net result			12,908
Other comprehensive income			1,186
Total comprehensive income			**14,094**
Distributions			-5,769
Offsetting of additional paid-in capital against share capital	98	-98	
Cancellation of own shares		-3,475	
30 June 2017	**131,300**	**44,599**	**-31,592**
1 January 2018 before adoption of new IFRS-Standards	**131,300**	**44,599**	**-19,095**
Effects from adoption of new IFRS-Standards			-289
1 January 2018 after adoption of new IFRS-Standards	**131,300**	**44,599**	**-19,384**
Net result			17,505
Other comprehensive income			-
Total comprehensive income			**17,505**
Distributions			-7,211
30 June 2018	**131,300**	**44,599**	**-9,090**

The accompanying notes are an integral part of these consolidated interim financial statements.

shareholders of Logwin AG					
Accumulated other comprehensive income					
Available-for-sale reserve	Currency translation reserve	Treasury shares	**Total**	Non-controlling interests	**Total share-holders' equity**
-29	**2,354**	**-3,475**	**138,307**	**838**	**139,145**
			12,908	171	13,079
2	-3,060		-1,872	-144	-2,016
2	**-3,060**		**11,036**	**27**	**11,063**
			-5,769	-196	-5,965
			-		-
		3,475	-		-
-27	**-706**	**-**	**143,574**	**669**	**144,243**
-25	**-2,375**	**-**	**154,404**	**663**	**155,067**
25			-264	-11	-275
-	**-2,375**	**-**	**154,140**	**652**	**154,792**
			17,505	259	17,764
-	-614		-614	-50	-664
-	**-614**		**16,891**	**209**	**17,100**
			-7,211	-179	-7,390
-	**-2,989**	**-**	**163,820**	**682**	**164,502**

Notes to the Condensed Consolidated Interim Financial Statements as of 30 June 2018

1 Basis of accounting

These condensed consolidated interim financial statements have been prepared pursuant to § 115 WpHG and in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The interim statements comply in particular with the provisions of IAS 34 "Interim financial reporting" and do not include all the information and disclosures required in the consolidated annual financial statements. These condensed consolidated interim financial statements should therefore be read in conjunction with the Group`s annual financial statements as of 31 December 2017.

For the preparation of the condensed interim consolidated financial statements the same accounting policies and valuation methods have been adopted as were applied for the preparation of the consolidated financial statements of Logwin AG as of 31 December 2017. Exceptions to this are the new accounting policies listed in the section "Changes in significant accounting policies", which result from the first-time adoption of IFRS 9 and IFRS 15 as of 1 January 2018 in the Logwin Group.

The condensed consolidated interim financial statements have been approved by the Audit Committee of Logwin AG on 25 July 2018.

2 Consolidation scope

As of 30 June 2018 the group of fully consolidated companies comprises two domestic and 54 foreign subsidiaries (31 December 2017: two domestic and 54 foreign companies).

The consolidated entities including Logwin AG have developed as follows:

	31 Dec 2017	Additions	Disposals	30 Jun 2018
Luxembourg	2	-	-	2
Germany	14	-	1	13
Other countries	40	1	-	41
Total	**56**	**1**	**1**	**56**

The addition relates to one newly established entity in France allocated to the Air + Ocean business segment. The disposal relates to the merger of two companies of the group in the Solutions business segment.

3 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 adopted for the first time for financial year 2018:

Standard/interpretation			Mandatory adoption (in the EU) for the annual period beginning on or after	En-dorse-ment
New Standard	IFRS 9	Financial Instruments	1 January 2018	Yes
New Standard	IFRS 15	Revenue from contracts with customers	1 January 2018	Yes
Amendment	IFRS 15	Clarifications to IFRS 15	1 January 2018	Yes
Amendment	IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018	Yes
Amendment	Various	Annual Improvements to IFRSs – cycle 2014 to 2016	1 January 2018	Yes
Amendment	IAS 40	Transfer of investment property	1 January 2018	Yes
Amendment	IFRS 2	Classification and Measurement of share-based Payment Transactions	1 January 2018	Yes
New Interpretation	IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	Yes

The aforementioned new or amended accounting provisions and interpretations in general became applicable for the current reporting period. The Logwin Group had to change its accounting policies and make adjustments as a result of adopting the following standards:

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

The impacts of the adoption of these standards and the resulting new accounting policies are disclosed in the section "Changes in significant accounting policies". For additional information we refer to note 5 of the Annual Financial Report 2017. All other new standards did not have any significant impact on the group's accounting policies and did not require any adjustments nor have a material effect on these condensed interim financial statements of Logwin AG and thus are not explained in more detail.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. However, the Logwin Group has not early adopted them in preparing these condensed consolidated interim financial statements. The following presents an update to information provided in the last annual financial statements regarding the expected impact of the first time adoption of IFRS 16 "Leases" as it will have a material impact on the future consolidated financial statements of the Group.

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. Contrary to the current requirements for lessees in accordance with IAS 17, IFRS 16 no longer differentiates between operating leases and finance leases, and instead requires all leases to be recognized in the form of rights of use and corresponding lease liabilities. Based on its analyses to date, Logwin Group expects the first-time adoption of the new regulations to have a substantial impact on the presentation of its assets, liabilities, financial position and financial performance. In the 2017 financial year, an IT-based analysis of the leases in the Logwin Group was initiated. Based on the data recorded, the application of the practical expedients permitted by the standard as well as the exercise of individual options is currently being decided for both the first time and ongoing application of IFRS 16.

Thus far, an expanded balance sheet due to higher non-current assets and higher lease liabilities for existing operating leases of land and buildings like offices and warehouse facilities, vehicle fleet and equipment has been identified as significant. In the income statement, the straightline leasing expenses, which were previously included in cost of sales, selling and administrative expenses, are replaced by depreciation of right-of-use of leased assets and interest expenses leading to an improvement in EBITA. At the same time, the Logwin Group´s cash flow statement will be impacted by a shift from the cash flow from operations to the net cash used in financing activities. Overall, the application of IFRS 16 for the Logwin Group is cash neutral. In addition, extended quantitative and qualitative disclosures on the amount, timing and uncertainty of cash flows are required.

No significant impact is expected for the Logwin Group's existing finance leases. The factual impact of applying IFRS 16 on the financial statements in the period of initial application depends among other things on the Logwin Group's incremental borrowing rate as of 1 January 2019, the composition of Logwin Group's lease portfolio at that date and the Group's latest assessment of whether it will exercise any lease renewal options. In addition, the IFRS 16 is subject to practical exemptions and derogations, and there are options granted to exercise. Depending on the further economic developments and the decisions to be made regarding the exercise of options and practical exemptions, the first-time application of IFRS 16 as of 1 January 2019 will provide the precise details of the effects.

The Logwin Group will apply the standard for the 2019 financial year according to the modified retrospective method, i.e. there will be no adjustment to the prior year's figures. Furthermore, the practical facilitation with regard to the continuation of the previous definition of a lease applied to existing contracts.

This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases under IAS 17 and IFRIC 4.

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

4 Changes in significant accounting policies

This note explains the impact of the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers" in these group´s condensed consolidated interim financial statements and discloses the resulting new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

In accordance with the transitional provisions, IFRS 9 and IFRS 15 were generally adopted without restating comparative information. Reclassifications and adjustments arising from the new provisions are therefore not reflected in the balance sheet as at 31 December 2017, but are recognized in the opening balance sheet as of 1 January 2018 without effecting net result.

The following table presents the adjustments recognized for each individual line item in the opening balance sheet. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail below.

	Originally presented	Impact of first-time adoption		Restated
Assets *in thousand EUR*	**31 Dec 2017**	**IFRS 15**	**IFRS 9**	**01 Jan 2018**
Deferred tax assets	12,895	-104	155	12,946
Total non-current assets	**118,901**	**-104**	**155**	**118,952**
Trade accounts receivable	152,399	-11,969	-536	139,894
Contract assets	-	14,955	-90	14,865
Cash and cash equivalents	127,609	-	-1	127,608
Total current assets	**304,912**	**2,986**	**-627**	**307,271**
Total assets	**423,813**	**2,882**	**-472**	**426,223**

Liabilities *in thousand EUR*	**31 Dec 2017**	**IFRS 15**	**IFRS 9**	**01 Jan 2018**
Group reserves	23,104	184	-448	22,840
Non-controlling interests	663	13	-24	652
Shareholders' equity	**155,067**	**197**	**-472**	**154,792**
Trade accounts payable	168,367	8,960	-	177,327
Other current liabilities	41,245	-6,275	-	34,970
Total current liabilities	**223,843**	**2,685**	**-**	**226,528**
Total liabilities and shareholders' equity	**423,813**	**2,882**	**-472**	**426,223**

IFRS 9 Financial Instruments

The first time adoption of IFRS 9 "Financial Instruments" as of 1 January 2018 has resulted in minor changes to existing accounting practices of the Logwin Group, mainly affecting the classification of financial assets and financial liabilities and the valuation methods used for impairment.

The requirements of IFRS 9 provide for a new classification model for financial assets compared to IAS 39. Subsequent measurement of financial assets is now based on three categories with different models of measurement and different recognition of changes in value. This involves financial assets being classified both based on the contractual cash flow characteristics of the instrument and also the business model in which the instrument is held. Depending on these conditions, financial assets are measured at amortized cost using the effective interest method (AC), at fair value through other comprehensive income (FVtOCI) or at fair value through profit or loss (FVtPL). However, the previous requirements governing financial liabilities largely remain unchanged in IFRS 9. As of 1 January 2018, the Logwin Group has assessed which business models apply to the financial assets held and has classified its financial instruments into the appropriate IFRS 9 categories.

The new classification requirements have no material effects on these financial statements. Through application of the new classification model, there is a change in reporting of instruments of the category “available for sale” (AfS) recognised under financial assets. These instruments have been transferred to the category “fair value through profit and loss” (FVtPL) and thus related fair value gains were transferred from the available for sale financial assets reserve to retained earnings as of 1 January 2018. We refer here to the statement of changes in equity.

The new impairment model in IFRS 9 sets out three stages that will determine the losses to be recognized and the interest revenue. Accordingly, losses already expected at the time of acquisition are to be recognized in the amount of the present value of the 12-month expected credit loss (stage 1). If the credit risk increases significantly, the loss allowance has to be increased to an amount equal to the lifetime expected credit losses (stage 2). If objective evidence of impairment exists, interest revenue is to be recognized based on the net carrying amount (carrying amount less the loss allowance) (stage 3). However, lifetime expected credit loss measurement always applies for trade receivables and contract assets without a significant financing component.

For trade receivables and contract assets the simplified expected credit loss model is applied whereby for all instruments, irrespective of their credit quality, a loss allowance is to be recognized at an amount equal to the expected credit losses over the remaining life. Credit risks within each group are segmented according to common credit risk attributes. The starting point for this is usually an external credit risk rating. Receivables which have been sold to a factoring company are measured using the rating of the factoring company. Estimated expected credit losses are calculated based on historical knowledge of actual credit losses. These figures are adjusted using scaling factors to reflect the differences between the economic conditions at the time the historical data is collected, the current conditions and the Group´s view of economic conditions over the expected term of the receivables. Additionally, loss given default (LGD) rates are taken into account, which are derived from historical values of recovery rates.

The impairments of cash and cash equivalents and other financial instruments recognized at amortized costs are calculated according to the general model based on expected credit losses within twelve month and reflect the short maturities. At the beginning and the end of the reporting period, these instruments have a low default risk based on their external rating. Changes in credit risks are monitored through observations of published external credit ratings.

As there are no hedge accounting activities practiced at the reporting date, the application of the new provisions for hedge accounting in IFRS 9 has no effect on the consolidated financial statements.

IFRS 9 has been applied following the standard retrospective approach, with the practical expedients permitted under the standard and with no restatement of the comparison period. Thus, in accordance with the transitional provisions in IFRS 9.7.2.15 and 9.7.2.26, comparative figures have not been restated. Differences between the book values of the financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as of 1 January 2018. The total effect on the group´s retained earnings as of 1 January 2018 amounts to EUR -0.5m. With regard to the transition effects, we refer to the table on page 17.

IFRS 15 Revenue from contracts with customers

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

The first time adoption of IFRS 15 lead to a change in the method of revenue recognition in the international logistics and freight forwarding business from recognition at a point in time to recognition over time. Revenue in this context had hitherto been recognized, pursuant to IAS 18.25, at the point in time at which service acts of considerable significance within the scope of a transport contract are rendered. By contrast, pursuant to IFRS 15.31, an entity has to recognize revenue from a service contract when it satisfies a performance obligation by transferring a promised service to a customer. A performance obligation is considered to be satisfied over a specific period of time if the customer continually receives the benefit from the entity's service and simultaneously receives and uses the benefits while the service is performed. For transport services, this results in recognition of revenue over time. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual elapsed delivery time relative to the total expected delivery time.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule if applicable. If the services rendered by the Logwin Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized. This led to the first-time recognition of contract assets in the balance sheet as of 1 January 2018.

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

Entities must disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will depend on the specific circumstances of each entity as to how much detail is disclosed. For the Logwin Group, a breakdown of sales by existing segments and geographical regions is considered appropriate for its circumstances.

IFRS 15 has been applied following the modified retrospective approach with any cumulative effects recognized in retained earnings as of 1 January 2018 and with no restatement of the comparison period. Retained earnings as of 1 January 2018 increased by EUR 0.2m as a result of the transition. With regard to the transition effects, we refer to the table on page 17.

Overview of effects on the condensed consolidated interim financial statements

The following tables summarize the effects of the adopting of IFRS 15 and IFRS 9 on the Group's condensed consolidated interim statement of financial position as at 30 June 2018 and its condensed statement of profit or loss for the six months then ended for each of the line items affected. Line items that were not affected by the changes have not been included.As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. With the exception of shifts within the operating cash flow, there were no effects on the cash flow statement.

	Reported amount	Impact of first time adoption		As if IAS 18 resp. IAS 39 amount
1 January - 30 June *In thousand EUR*	2018	IFRS 15	IFRS 9	2018
Revenues	540,104	6,463	-	546,567
Cost of sales	-492,313	-6,091	-	-498,404
Gross profit	**47,791**	**372**	**-**	**48,163**
Selling costs	-13,114	-	31	-13,083
General and administrative costs	-12,302	-78	-	-12,380
Operating result (EBITA)	**22,879**	**294**	**31**	**23,204**
Income taxes	-4,788	-36	7	-4,817
Net result	**17,764**	**258**	**38**	**18,060**
Attributable to:				
Shareholders of Logwin AG	17,505	250	39	17,794
Non-controlling interests	259	8	-1	266
Earnings per share - basic and diluted (in EUR):				
Net result attributable to the shareholders of Logwin AG	**6.07**	**0.09**	**0.01**	**6.17**
Weighted average number of shares outstanding	2,884,395	2,884,395	2,884,395	2,884,395

Assets *in thousand EUR*	Reported amount	Impact of first time adoption		As if IAS 18 resp. IAS 39 amount
	30 Jun 2018	IFRS 15	IFRS 9	30 Jun 2018
Deferred tax assets	12,434	68	-148	12,354
Total non-current assets	**118,901**	**68**	**-148**	**118,821**
Trade accounts receivable	140,987	15,330	533	156,850
Contract assets	9,207	-9,331	124	-
Cash and cash equivalents	119,402	-	1	119,403
Total current assets	**298,394**	**5,999**	**658**	**305,051**
Total assets	**417,295**	**6,067**	**510**	**423,872**

Liabilities *in thousand EUR*	2018	IFRS 15	IFRS 9	2018
Group reserves	32,520	66	487	33,073
Non-controlling interests	682	-5	23	700
Shareholders' equity	**164,502**	**61**	**510**	**165,073**
Trade accounts payable	160,098	1,593	-	161,691
Other current liabilities	34,072	4,413	-	38,485
Total current liabilities	**209,108**	**6,006**	**-**	**215,114**
Total liabilities and shareholders' equity	**417,295**	**6,067**	**510**	**423,872**

5 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.

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 tables below set forth segment information of the business segments.

1 January - 30 June 2018 *In thousand*	Air + Ocean	Solutions	Other	Consolidation	Group
External revenues	360,387	178,636	1,081	-	540,104
Intersegment revenues	929	543	1,548	-3,020	-
Revenues	**361,316**	**179,179**	**2,629**	**-3,020**	**540,104**
Operating result before goodwill impairment (EBITA)	**21,083**	**4,754**	**-2,958**	**-**	**22,879**
Financial result					-327
Income taxes					-4,788
Net result					**17,764**

1 January - 30 June 2017 *In thousand*	Air + Ocean	Solutions	Other	Consolidation	Group
External revenues	357,472	183,075	836	–	541,383
Intersegment revenues	1,211	710	1,597	-3,518	-
Revenues	**358,683**	**183,785**	**2,433**	**-3,518**	**541,383**
Operating result before goodwill impairment (EBITA)	**17,469**	**4,425**	**-3,427**	**-**	**18,467**
Financial result					-677
Income taxes					-4,711
Net result					**13,079**

6 Disaggregation of revenue

In the following table, external revenues are disaggregated by existing segments and primary geographical markets in order to reflect the influence of economic factors on the nature, amount, timing and uncertainty of revenues and cash flows.

1 January - 30 June 2018 *In thousand EUR*	Air + Ocean	Solutions	Other	Group
Germany	131,852	115,218	1,081	248,151
Austria	35,236	59,721	-	94,957
Other EU	41,292	3,697	-	44,989
Asia/Pacific	125,625	-	-	125,625
Other	26,382	-	-	26,382
Total external revenues	**360,387**	**178,636**	**1,081**	**540,104**

1 January - 30 June 2017 *In thousand EUR*	Air + Ocean	Solutions	Other	Group
Germany	122,851	117,857	836	241,544
Austria	36,095	61,510	-	97,605
Other EU	39,988	2,599	-	42,587
Asia/Pacific	129,070	-	-	129,070
Other	29,468	1,109	-	30,577
Total external revenues	**357,472**	**183,075**	**836**	**541,383**

7 Share capital and reserves

The Annual General Meeting of Logwin AG took place in Luxembourg on 11 April 2018. In addition to the approval of the annual financial statements for 2017, the proposal of the Board of Directors to pay a dividend of EUR 2.50 per share for the fiscal year 2017 was approved by the Annual General Meeting by a large majority. Further details of the resolutions can be found at https://www.logwin-logistics.com/company/investors/annual-general-meeting.html.

8 Additional information on financial instruments

The following table shows the fair values of derivative financial instruments and material non-current financial instruments whose fair value could be reliably determined as of 30 June 2018 and 31 December 2017:

	Fair Value	
In thousand EUR	**30 Jun 2018**	**31 Dec 2017**
Available-for-sale financial assets	-	680
Securities measured at fair value through profit and loss (FVtPL)	733	-
Equity investments measured at fair value through profit and loss (FVtPL)	175	-
Derivative financial instruments from currency hedges		
with positive market value	857	261
with negative market value	-915	-545
Non-current liabilities from leases*	-8,844	-9,297

*The carrying amounts are stated in the balance sheet on page 11.

Due to the first time adoption of IFRS 9 there was a reclassification of financial instruments from the available for sale category to the financial assets measured at fair value through profit and loss (FVtPL) category.

Available-for-sale financial assets in accordance with IAS 39 or rather securities and equity investments measured at fair value through profit and loss are reported as investments in the balance sheet. Derivative financial instruments from currency hedges are presented under other receivables and current assets or other current liabilities. We refer to the annual financial report 2017 for disclosure regarding the methods and assumptions used to determine the fair value of financial instruments.

9 Contingent liabilities

In the first six month there were no material changes in contingent liabilities in respect of bank and other guarantees, letters of comfort and other liabilities arising in the ordinary course of business. It can still be assumed that no significant obligations will arise from this.

There were no developments subject to reporting obligations in respect of the remission procedure for back payment of import VAT for customs clearance which Logwin Road + Rail Austria GmbH performed with joint and several liability on behalf of customers, who are alleged to have been part of a missing trader (VAT Carousel) fraud. The continuation of the procedure was taken up as expected in the course of the year so far. Independent of the application for full remission of payments plus interest, a confirmation of cover by the insurer in charge of the loss adjustment continues to exist. As of the reporting date, a remission of the payment obligation is considered to be rather likely. We refer to the annual financial report 2017 for further information.

10 Related party transactions

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

In financial years 2018 and 2017, the Logwin Group rendered or received services to or from certain associated and affiliated non-consolidated companies as part of its ordinary operations. 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	
1 January - 30 June *In thousand EUR*	**2018**	**2017**	**2018**	**2017**
Services provided	43	24	119	97
Services received	104	62	266	268
	30 Jun 2018	**31 Dec 2017**	**30 Jun 2018**	**31 Dec 2017**
Receivables	24	27	2	4
Payables	226	190	86	100

Logwin AG also concluded a framework agreement for money market transactions with DELTON AG. Logwin AG had short-term deposits of EUR 30.0m (31 December 2017: EUR 30.0m) with DELTON AG as of 30 June 2018; finance income amounted to EUR 15k in the reporting year (prior year EUR 13k).

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 the first six months of 2018, the Logwin Group’s revenues from companies of the BMW Group amounted to EUR 11,546k (prior year: EUR 17,358k). Receivables from BMW Group amounted to EUR 2,178k as of 30 June 2018 (31 December 2017: EUR 4,464k).

In addition, Logwin Group companies procured vehicles from the BMW Group, by leasing. The resulted expenses for the Logwin Group for the first half-year of 2018 amounted to EUR 733k (prior year: EUR 680k). Liabilities to the BMW Group amounted to EUR 4k as of 30 June 2018 (31 December 2017: EUR 70k).

Furthermore, there were transactions between the Logwin Group and members of its Board of Directors. In the first six months of 2018, no expenses occured for the Logwin Group (prior year: EUR 45k).

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

11 External review

The consolidated interim financial statements were neither audited according to articles 69 and 340 of the Luxembourg law dated August 10, 1915 with all following changes, nor limited reviewed by an auditor.

12 Events after the reporting period

No significant events occurred after the reporting period.

Responsibility statement

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year."

Dr. Antonius Wagner	Sebastian Esser
(Chairman of the Board of Directors)	(Deputy Chairman of the Board of Directors)