ANNUAL REPORT 2007

MÜLLER - DIE LILA LOGISTIK AG

ACCORDING TO HGB

Contents

Management Report of
Müller - Die lila Logistik AG
for the Financial Year 2007

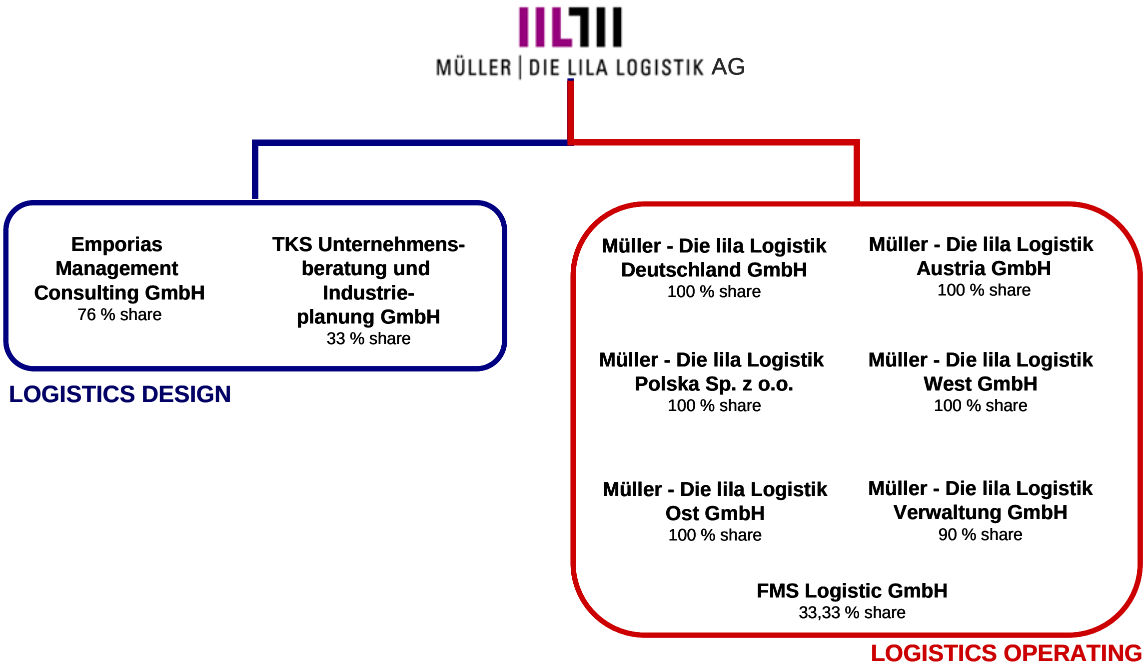
Object of the company
Müller - Die lila Logistik AG performs various management functions for Lila Logistik Group. The subsidiaries perform the operational logistics activities like consulting, and logistics service operations.

The company's personnel consists of the Management Board, the secretariat to the Management Board, distribution, controlling, corporate development, and investor relations / marketing staff.

All functions mentioned above are either group management functions or internal services that the group parent renders to its subsidiaries against remuneration. The group parent is a joint stock corporation [Aktiengesellschaft] domiciled in Besigheim, Germany, with no secondary business locations.

Equity investments
Within the scope of the outsourcing order of Hella KGaA Hueck & Co., Lippstadt, the new affiliated company Müller – Die lila Logistik West GmbH, Herne, carries out inhouse, production and dispatch logistics of the customer at this company’s site in Recklinghausen. There have been no other changes in the equity investment portfolio.

The group is currently structured as follows (not including indirect subsidiaries):



Profit transfer agreements
Müller - Die lila Logistik AG has entered into profit transfer and control agreements with the following of its subsidiaries:
Müller - Die lila Logistik Deutschland GmbH, Besigheim,
Müller - Die lila Logistik Verwaltung GmbH, Herne, and
Emporias Management Consulting GmbH, Unterföhring.

Financial framework conditions and the logistics market
According to the Kiel Institute for the World Economy, the increase in world production and thus the growth of global economy were very strong during 2007. The economy of newly industrialising countries expanded very dynamically, and additionally the production increase in the industrial countries moved up a gear. The business climate clearly blurred towards the end of the year, particularly in response to the housing market crisis (the so-called subprime crisis) in the United States of America. In the euro area, the upswing slowed down a bit in the course of the year 2007. The main driving forces were investments and exports whereas private consumption rose at a slower rate.

As reported by the German Federal Statistical Office [Statistisches Bundesamt], the German economy again grew strongly in 2007 (press release No. 015 of 15.01.2008). The price-adjusted gross domestic product (GDP) rose 2.5 % on the previous year. The price and calendar-adjusted GDP growth rate was 2.6 % in the year 2007. This economic growth was supported by all economic sectors, but particularly the manufacturing industry (+ 5.2 %), trade, transport and the hospitality industry (+ 2.3 %), as well as financial, renting and business services providers (+ 3.1 %). The average number of persons in employment was, on average, more than 39.7 million (+ 1.7 %) and reached its highest level since German reunification. The number of unemployed persons decreased by 15.1 % to 3.6 million. The upswing that started in 2006 has, however, slowed down considerably.

The logistics industry benefited from the positive business development in many parts in the year 2007. Road freight transport showed the highest growth rate as to its share in comparison with other transport systems in 2007. This positive development was confronted with adverse effects on the cost side. In April 2007, new regulations of working hours came into effect for driving personnel. In conjunction with higher diesel and energy costs, these new regulations for working hours and driving hours have a negative effect on the framework conditions of this sector.

The most important trends in the logistics industry still are the growing internationalisation of the commodity flows within the key industries as well as the growing demand for logistics services at a higher quality level. Increasing cost pressure in the transport sector as well as higher and higher requirements as to efficiency increases from the customers` side were dominating factors in the industry during past year.

The effects thereof on the subsidiaries have an indirect influence on Müller – Die lila Logistik AG by affecting income from investments and profit transfer agreements.

Business development
Sales revenues
The sales revenues of Müller - Die lila Logistik AG amounted to kEUR 2,164 (previous year: kEUR 1,233) in financial year 2007. In contrast to the year before, more services provided by subsidiaries were invoiced to customers by Müller – Die lila Logistik AG totalling kEUR 438. On the other hand, rental income which in earlier years was recognised in the item `Other operating income` was recognised in the item `Sales revenues` in the amount of kEUR 430 (previous year: kEUR 370). By far the most part of the total sales revenues stemmed from German and Austrian operations.

Earnings development
In financial year 2007, the company realised a net profit for the year of kEUR 724 (previous year: kEUR 3,456). The following factors had the greatest influence on the earnings development of Müller - Die lila Logistik AG: The income from equity investments amounting to kEUR 596 fell short of its targets, since in one investment no distribution was made and the earnings were retained in financial year 2007. Income from profit transfer agreements totalling kEUR 1,621 was substantially lower than in previous years, particularly from one subsidiary. Furthermore, earnings in 2007 were not influenced by exceptional earnings from the sale of property as compared to the previous year (kEUR 3,309).

The main income and cost items developed as follows in financial year 2007: As last year, we had no cost of materials to expense. Other operating income decreased on the year before to kEUR 957 (previous year: kEUR 1,204) primarily as a result of partly adverse effects. On the one hand, our other operating income decreased due to the recognition of rental income under `Sales revenues`, on the other hand, it increased due to the write-back of tax provisions for previous periods as well as the commission for the conclusion of a rental agreement resulting in a decrease of kEUR 247 in a year-on-year comparison. Personnel expenses decreased by kEUR 127 to kEUR 1,400 (previous year: kEUR 1,527) since the variable compensation components were down compared to last year’s level. Depreciation, amortisation, and impairments on intangible assets and property, plant & equipment amounting to kEUR 636 in financial year 2007 remained at last year’s level (previous year: kEUR 642). Higher advertising and travelling costs as well as higher cost of services hired, especially intra-group services, resulted in other operating expense in the amount of kEUR 2,315 (previous year: kEUR 1,727) in comparison to the previous year. The stronger use of a working capital credit by the subsidiary in Poland contributed significantly to the increase in interest income to kEUR 696 (previous year: kEUR 322).

In financial year 2007, earnings per share were EUR 0.09 (previous year: EUR 0.44). Return on equity came to 6.0 % (previous year’s return on equity: 30.7 %). The return on equity is equivalent to the ratio of net profit to equity.

Capital spending and depreciation, amortisation and impairments
In the period under review, Müller - Die lila Logistik AG spent kEUR 636 on the assets base of the company (previous year: kEUR 2,125). This amount includes an increase of the capital reserve at the subsidiary in Poland in the amount of kEUR 532.

Depreciation, amortisation and impairments on intangible assets and property, plant & equipment came to kEUR 636 in the financial year under review (previous year: kEUR 642). In financial year 2007, we again did not have to write down financial assets.

Asset and financial situation

As of the balance sheet date on 31 December 2007, total assets amounted to kEUR 32,647 (previous year: kEUR 29,653). The company's non-current assets were kEUR 21,523 on a par with the previous year. The increase in total assets by 10.1 % is essentially the result of changes in current assets on the assets side. In the current assets, the increase in receivables from affiliated companies to kEUR 8,279 (previous year: kEUR 5,822) was, on the one hand, the result of the expansion of the credit line as well as the use of the working capital credit of the subsidiary in Poland. On the other hand, the increase in assets from reinsurances to kEUR 1,998 (previous year: kEUR 1,675) contributed to an increase in other assets to kEUR 2,516 (previous year: kEUR 1,970) with the result that current assets as of the key date came to kEUR 11,092 (previous year: kEUR 7,922).

On the liabilities side of the balance sheet, the annual surplus resulted in a reduction of the accumulated loss with the effect that the company's total equity rose to kEUR 12,007 (previous year: kEUR 11,261). Total liabilities came to kEUR 19,438 (previous year: kEUR 16,392) as of the last day of the financial year. Of these, liabilities to banks totalled kEUR 16,535 (previous year: kEUR 14,691) for long-term real estate financing and working capital financing. Additionally, a bonded loan in the amount of kEUR 2,000 taken up in 2007 has been taken into account. Within the framework of cash management, liabilities to subsidiaries amounted to kEUR 2,000 (previous year: kEUR 744). Equity accounted for 36.8 % (previous year: 38 %) of total assets.

Cash flow und liquidity

Cash and cash equivalents came to kEUR 3 (previous year: kEUR 131) as of the last day of the period. Operating cash outflow amounted to kEUR 1,366 (previous year's cash inflow: kEUR 764). This is essentially the result of decreases in provisions as well as the increase in receivables and other assets. The increase of the capital reserve of the subsidiary in Poland caused a considerable cash outflow from financial investment amounting to kEUR 629 (previous year: kEUR 2,122). Cash inflow from finance activities, on the other hand, amounted to kEUR 1,867 (previous year: kEUR 1,476) which was primarily influenced by a bonded loan taken up in the amount of kEUR 2,000 to finance the working capital of the subsidiaries.

The debt ratio, i.e. the debt to capital ratio, slightly changed in comparison to the previous year and came to 0.63 (previous year: 0.62).

Overall assessment of the company's development in financial year 2007

In comparison to the previous year, the net profit for the financial year 2007 was notably lower. The main reason is that previous year's earnings were boosted by an exceptional effect from the sale of a property. Furthermore, the earnings from the business operations of the subsidiaries and the earnings from equity investments fell short of expectations.

Capital structure
As a result of the use of share options under an employee participation stock option plan, the number of no-par bearer shares issued by the company so far increased to 7,955,750 (previous year: 7,938,375).

The annual shareholders` meeting on 16 June 2005 authorised the Management Board to increase the company's share capital subject to Supervisory Board consent by issuing new no-par shares against capital contributions in cash or kind in one or more tranches, but in total not exceeding kEUR 3,160 up to 16 June 2010 (authorised capital I). The Management Board has been furthermore authorised to increase the company's share capital subject to Supervisory Board consent by issuing new no-par shares against contributions in cash in one or more tranches, but in total not exceeding kEUR 790 up to 16 June 2010 (authorised capital II).

Mr. Müller holds a share of EUR 4,069,000 (a 51.15 % equity stake) in the share capital. Bensel Verwaltungs- und Beratungs-Gesellschaft für Vermögensanlagen mbH notified the company that its share in the share capital was EUR 1,341,000 (16.86 %) on 5 September 2007 and that this share was attributable to Süd-Kapitalbeteiligungs-Gesellschaft mbH. Mr. Reisdorf notified the company that his share in the share capital was EUR 410,885 (5.16 %) on 31 October 2006. The remaining shares are in free float.

Management Board appointment and amendment to the Articles of Association
According to the company's articles of association, the Supervisory Board is the corporate body vested with the power to appoint Management Board members, sign their employment contracts, and terminate or annul such appointments. The Supervisory Board is furthermore authorised to change the articles of association of the company to the extent that such change only affects the wording of the articles of association.

Changes in the Management and Supervisory Boards
No personnel changes occurred in the Management Board in the period under review.

In 2007, the year under review, there was a change in the Supervisory Board of Müller - Die lila Logistik AG: Upon application of the Management Board of the company, Dr. Gerd Wecker was appointed to the Supervisory Board by court decision of 18 April 2007 according to § 104 paragraph 2 AktG [German Stock Corporation Act]. His tenure of office expired with the end of the general shareholders` meeting on 22 June 2007. On the same day, the general shareholders` meeting elected Dr. Gerd Wecker to the Supervisory Board of Müller – Die lila Logistik AG in accordance with the agenda.

Compensation report
The following compensation report explains the structure and the amount of Management Board member compensation. The compensation report takes into account the regulations of the German Commercial Code [Handelsgesetzbuch] as amended with the German Act on the Disclosure of Management Compensation [Vorstandsvergütungsoffenlegungsgesetz (VorstOG)] as well as the recommendations of the German Corporate Governance Code, as far as the company complies with the recommendations.

Furthermore, the shareholdings in the company of Management and Supervisory Board members are stated.

Additionally, there are individual pension commitments to Management Board members.

Structure of Management Board compensation
The Supervisory Board is the corporate body vested with the power to fix Management Board member compensation. The compensation for members of the Management Board of Müller - Die lila Logistik AG is geared to the size of the company and its international operations. In addition, consideration is given to the responsibilities and the individual performance contributed by the Management Board members. Our Management Board member compensation is performance-based. It comprises a fixed compensation component and a variable bonus.

The fixed-amount component of Management Board compensation consists of a basic salary to be paid in twelve monthly instalments. Christmas or vacation bonuses are not granted.

The Management Board members receive a variable bonus pegged to certain quantitative corporate goals that closely follow the group's overall EBT as set forth in the respective Management Board members` employment contracts.

Management Board compensation in financial year 2007
In the past financial year, Management Board compensation totalled kEUR 607 (previous year: kEUR 848) that broke down as follows:

	2007	**2006**	**2005**
	k€	k€	k€
Salary	442	421	432
Annual bonus	165	427	225

Supervisory Board compensation in financial year 2007
The annual general shareholders` meeting of Müller - Die lila Logistik AG is the corporate body vested with the power to fix Supervisory Board member compensation pursuant to § 14 of the company's articles of association. Supervisory Board member compensation is based on the individual members` tasks and responsibilities.

The compensation has two components:

- A fixed component, and
- a component based on membership in a committee of the company.

The fixed annual compensation of the Supervisory Board chairperson is three times the fixed annual compensation of regular Supervisory Board members, the fixed annual compensation of the vice chairperson is one-and-a-half times as much.

In financial year 2007, the compensation for the Supervisory Board members of Müller – Die lila Logistik AG totalled kEUR 68 (previous year: kEUR 67).

Supervisory Board member compensation

Name	Function	2007	2006
Wolfgang Monning	Supervisory Board Chairman (until 31 December 2006)	--	25 k€
Prof. Peter Klaus	Supervisory Board Chairman (from 1 January 2007)	22 k€	12 k€
Dr. Gerd Wecker	Supervisory Board Vice Chairman (Supervisory Board Member from 18 April 2007)	16 k€	--
Volker Buckmann	Supervisory Board Member	6 k€	6 k€
Per Klemm	Supervisory Board Member	6 k€	6 k€
Klaus Langer	Supervisory Board Member	12 k€	12 k€
Carlos Rodrigues	Supervisory Board Member	6 k€	6 k€

Supervisory Board member compensation for services provided individually
For services provided individually in financial year 2007, Supervisory Board member Dr. Gerd Wecker received an amount of kEUR 2.

Shareholdings of Management and Supervisory Board members
Pursuant to § 15a WpHG (German securities trading act), Management Board and Supervisory Board members of Müller – Die lila Logistik AG shall disclose any purchase or sale of shares in their own listed company and/or any related financial instruments. This also applies to specific executives performing managerial tasks and to any persons they are close to. In the reporting year 2007, Müller – Die lila Logistik AG received two notifications before 31 December 2007, which were also published on the website of the company, stating that Prof. Peter Klaus purchased a total of 5,000 shares of Müller – Die lila Logistik AG through the Stuttgart stock exchange in the first quarter of the financial year.

As of 31 December 2007, Management Board members held a total 4,077,000 shares in the company corresponding to 51.25 % of Müller - Die lila Logistik AG`s listed share capital. Supervisory Board members held a total of 59,349 shares or 0.75 % of the company's share capital.

An individual list of shareholdings of the bodies of the company is given in the Notes under "3. Other disclosures".

Personnel
In comparison with the previous year, the number of persons employed by Müller – Die lila Logistik AG has not changed. On 31 December 2007, Müller - Die lila Logistik AG employed nine persons, not including members of the boards.

Risk report

Risk management system

The conduct of business is always performed within the critical range between chances and risks. In doing business, the Lila Logistik group is confronted with risks in different areas. We take reasonable, assessable and controllable risks if the chances they provide give reason to expect long-term added value.

Pursuant to § 91 paragraph 2 of the German Stock Corporation Act [Aktiengesetz], the Management Board of Müller – Die lila Logistik AG shall have a risk management system in place. The German Commercial Code [Handelsgesetzbuch] moreover requires reporting on the future development and any risks expected with it in the Management Report. In order to identify, assess and manage risks properly and as early as possible, Müller - Die lila Logistik AG implemented a risk management system a few years ago already.

The risk management system of Müller – Die lila Logistik AG is based on group-wide standards and comprehensive reporting and information systems. At annual planning meetings, all business segments are scrutinized for chances and risks which are then analysed and evaluated with respect to all aspects of business. The group-wide controlling and reporting system monitors target compliance throughout the year. The “risk management” and “internal audit” departments supervise the processes within the Lila Logistik group with a view to any existing and potential risks.

Moreover, the company’s risk managers on site submit risk reporting data sheets as a quick and ready reference to the top executives. The internal reporting system enables to identify negative developments right away and to take immediate counter actions. As such, risk management revolves around management’s responsibility to detect, analyse, and evaluate risks early so that the necessary protective measures can be taken.

There are chances and risks to handle within the company’s fields of activities. Müller - Die lila Logistik AG as a services provider with a focus on consulting (Logistics Design) and the provision of logistics services (Logistics Operating) has to run the typical business risks which may influence the asset, financial and earnings situation. They include, above all, downturns in demand and the other general and company-specific risks described here:

Overall economic risks

In 2007, the development of the global economy was generally very positive. Although the global economic growth will strongly slow down in 2008, most analysts do not expect a long-term slump of global economy. As a consequence of the subprime mortgage crisis in the US and its effects on the financial markets, the obviously cooled-off US American economy, the high crude oil prices as well as the resulting worries of investors and consumers, the risks of an unfavourable development have, however, evidently risen.

A slow-down of the economic growth could clearly weaken the demand for capital and consumer goods and, ultimately, for transport and logistics services. As a result, there are considerable economy-based risks for the asset, financial and earnings situation of the subsidiaries and, therefore, Müller – Die lila Logistik AG.

Müller – Die lila Logistik AG and its subsidiaries are well aware of seasonal effects and sales fluctuations due to e.g. summer breaks in customer sectors and are taking such effects into account during their annual planning meetings and regular forecast deliberations throughout the year.

Risks of the sector

The logistics industry is largely dependent on the general economic development. As a result, negative economic developments could cause a decrease in the demand for logistics services. Furthermore, external factors may cause continuous price increases, particularly in the transport segment. In 2007, the transport industry had to cope with additional costs in the amount of EUR 4.7 billion just as a result of the new directives for driving personnel. For the transport of goods by road which was particularly affected by the new legal situation this results in a 9.4 % rise in transport costs. This is the conclusion of the study "Neues Fahrpersonalrecht in der Europäischen Union" (new directives for driving personnel in the European Union), prepared by the Center of Excellence for Logistics [Logistik-Kompetenz-Zentrum (LKZ)] in co-operation with the Fraunhofer-Center for Applied Research on Technologies for the Logistics Service Industries (ATL) in Nuremberg. Further cost increases as a result of the new directive are expected in 2008 as well. This could cause additional rises in transport services prices.

For part of the transport services, the Lila Logistik group uses subcontractors in order to provide the services agreed. In some cases, these services are purchased at prices fixed for a longer term or in accordance with individual orders. Unavailability of sufficient transport capacities or unexpected capacity bottlenecks may cause price increases in the purchase of services. An essential risk also lies in the development of the crude oil prices. If the prices remain stubbornly high or rise strongly, this will undoubtedly make our own transport services more expensive.

Dependence on major customers

In financial year 2007 as well, Müller – Die lila Logistik AG established new customer relations and intensified existing business relations. Extensive involvement in customers` processes gives the company a rather secure position in terms of continuity of existing business and future orders. The resulting dependencies between the logistics outsourcer and the logistics provider are mutual. Expanding our customer base and maintaining existing customers remains amongst the top priorities of our business strategy going forward.

Financial risks

One of the key tasks of Müller – Die lila Logistik AG is to ensure availability of financial resources for the companies of the group. To this end, the parent company also optimises the financing of the group. We typically hedge financing that is being passed on within the group to match the respective amounts and maturities to be financed.

In this respect, there are risk factors that are crucial to Müller – Die lila Logistik AG and its subsidiaries: On the one hand, there are risks resulting from changes in interest rates which are controlled by using derivative financial instruments like interest rate swaps. Medium- and long-term financings are hedged based on maturities and amounts by converting variable interest rates predominantly into fixed interest rate contracts. On the other hand, there are risks resulting from exchange rate changes which have an influence both on the operating cash flow and the financial figures as at the balance sheet dates. The effects on the operating cash flows are limited by using identical currencies for inflows and outflows whenever possible; if this cannot be achieved fully, flanking measures are used as required, as e.g. foreign exchange forwards. The effects on items on the balance sheet (above all in the loans section) are taken into account by using cross currency swaps. Regular observation of the exchange rate development is the responsibility of the financial controller of the subsidiary not operating in the Euro currency area. The exchange rates triggering the conclusion of a hedging as soon as they are reached are fixed in advance. For the fixing of these thresholds, the assessment of research departments of large German banks are used.

Environmental protection and obligations as a result of environmental laws
Growing requirements on environmental protection and the use of resources cause higher expenses. Savings in statutory levies, on the other hand, can be achieved by using modern vehicles. The danger that an environmental risk occurs is additionally reduced with certified environmental management systems.

Dependency on top-level management
The economic success of Müller - Die lila Logistik AG crucially depends on the qualification of the company's staff. The organisational structures have continuously been improved for a positive corporate development in 2007. Nevertheless, there still remains the fundamental risk that key knowledge carriers may leave the company.

Managing project starts
Project starts are generally subject to operating and financial risks, especially calculation and liability risks. We are carefully assessing these risks in our interdisciplinary project management and through intense project controlling processes. Based on the results of this assessment, we can take appropriate steps to reduce these risks.

IT risks
Networking all the various parties included in the logistics processes of the Lila Logistik group requires fully operational and adaptable IT systems. Müller - Die lila Logistik AG is protecting these systems with state-of-the-art virus protection software and has back-up plans for system failures that are also essential parts of the quality management system.

Internationalisation risks
The company has to take account of the increasing internationalisation and the resulting expansion of the Lila Logistik group's business activities into additional markets.

Economic and legal peculiarities of foreign markets can cause considerable expense of time and money to cope with. Moreover, foreign business is more prone to the risk of payment delays and debtor defaults.

Subsidiaries of Müller – Die lila Logistik AG also have business operations outside the euro area, in particular in Poland. Part of the invoices for the business transactions there are not billed or paid in euros. Foreign exchange fluctuations in the value of the euro relative to currencies outside the euro area can influence the earnings of Müller – Die lila Logistik AG.

Assuming existing employment contracts
Under German law, the purchaser of a full or partial going concern assumes the rights and obligations of this going concern at the time of legal ownership transfer including the rights and obligations arising from employment contracts. In the context of future acquisitions of a full or partial going concern, it is therefore possible that the subsidiaries will have to assume employment contracts that they would not have taken over without the legal transfer of rights and obligations under the going concern regulation. Even if the respective company has taken account of such economic burdens in its purchase agreement with the seller, it remains possible that the statutory continuation of employment contracts under the ongoing concern regulation will adversely affect the respective company's financial and income situation when a full or partial going concern is purchased.

Investment portfolio risks
By assisting its individual affiliated companies and by handling the standardised group controlling, the group parent company Müller - Die lila Logistik AG has detailed knowledge of the development and risks of its subsidiaries. Nonetheless, it cannot be ruled out that possible profitability problems of subsidiaries may burden the parent's financial and income situation despite all protection measures taken. Risks may additionally occur with investments where the equity stake held is not 100%. They could have an influence on the relationship to other stakeholders, pertain to resolutions of stakeholder, and have effects culminating in the control and development of the company.

Comprehensive assessments on the basis of the income capitalisation valuation method are made at least once per year in order to identify any necessary unscheduled deprecation of the equity investment. On 31 December 2007, no impairment needed to be recognised.

Risk report summary
Overall, Müller – Die lila Logistik AG is mainly exposed to the typical risks of its sector, market, and general business activity. In total, it can be stated that the company's risks are generally limited and manageable without any discernible existential risk. We currently also see no existential risk for the foreseeable future.

Report on post-balance sheet events
Müller - Die lila Logistik AG transacted the sale of the property at the headquarters in Baden Wurttemberg originally planned for 2007 in January 2008. The effects from this transaction which was originally scheduled for 2007 will now influence the financial results of the first quarter of 2008. The purchasing price for the property arrived in Besigheim in February. The cash inflow will be used to pay back liabilities as planned in the amount of approx. EUR 9 million.

In addition, Müller – Die lila Logistik AG was served a suit from TKS Unternehmensberatung und Industrieplanung GmbH in March 2008 for damages arising out of alleged breaches of a covenant in restraint of competition with regard to specific services provided in the logistics design segment for the time since 18 September 2007 and for a promise not to continue the activities concerned.

Outlook

Müller - Die lila Logistik AG will continue to operate in its defined key customer sectors following the business model as a holding company for a group of subsidiaries that engage in the two core activities of logistics consulting and implementation of logistics processes. The steadily increasing networking of global and above all European business processes will continue to have a positive effect on the development of Müller – Die lila Logistik AG. Despite the persisting crisis of confidence on the capital markets and its effects as well as the lower growth rates of the German economy in comparison with the previous year, the company expects positive growth rates in the logistics industry in 2008.

On a medium-term basis, Müller – Die lila Logistik AG expects positive contributions to its financial success above all from the subsidiary in Poland. The predicted cost increases as a result of the energy and diesel prices as well as the new driving personnel directives will, however, have a negative effect on the subsidiaries` contributions to earnings at short-term level.

The sale of the property at Besigheim will contribute earnings in the amount of EUR 4.6 million in financial year 2008. When adjusted to offset this special effect, the company expects that the operating result of financial year 2008 will be above previous year's level. A major part will come from the distributions of some subsidiaries. The progressing debt relief of the company will be pushed ahead in 2008 as well and is planned to be achieved over the following years. The sale of the property at Besigheim causes a balance sheet contraction as a result of the disposal of fixed assets as well as a reduction of liabilities. As a consequence, interests payable will decrease.

For the asset, financial and income situation, the company expects the 2008 trend adjusted for the special effect to continue in financial year 2009.

We explicitly point out that actual results may differ from these forward-looking statements.

Besigheim, 25 March 2008

Michael Müller Chief Executive Officer	Rupert Früh Chief Financial Officer

Responsibility Statement according to §§ 264(2) sentence 3 and 289(1) sentence 5 HGB (German Commercial Code)

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

Besigheim, 25 March 2008

Michael Müller	Rupert Früh
Chief Executive Officer	Chief Financial Officer

Balance sheet as at 31 December 2007

Assets

			2007	2006
			EUR	EUR
A.	**Non-current assets**			
	I.	**Intangible assets**		
		1. Concessions, industrial property rights and similar rights as well as licenses in such rights and assets	11,024.00	27,672.00
		2. Goodwill	1,058,806.00	1,263,736.00
	II.	**Property, plant & equipment**		
		1. Properties, property-like rights and buildings includings buildings on third-party properties	6,136,391.06	6,437,374.06
		2. Other improvements, operating, and office equipment	257,773.00	322,179.51
	III.	**Financial assets**		
		1. Equity interests in affiliated companies	10,464,049.96	9,876,971.50
		2. Loans to affiliated companies	2,122,583.76	2,122,583.76
		3. Equity investments	1,470,368.22	1,470,368.22
		4. Other loans	2,060.00	2,060.00
	Non-current assets, total		**21,523,056.00**	**21,522,945.05**
B.	**Current assets**			
	I.	**Receivables and other assets**		
		1. Trade receivables	281,501.68	0.00
		2. Receivables from affiliated companies	8,279,354.61	5,821,609.73
		3. Receivables from companies with which a participation relationship exists	12,332.90	0.00
		4. Other assets -- thereof with residual maturities of more than one year EUR 1,998,070.45 (previous year: EUR 1,701,404.99)--	2,516,265.91	1,969,550.08
	II.	**Cash on hand and credit balances with banks**	2,858.19	130,967.40
	Current assets, total		**11,092,313.29**	**7,922,127.21**
C.	**Prepaid expenses and deferred income**		31,983.16	208,332.51
	Assets, total		**32,647,352.45**	**29,653,404.77**

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Balance sheet as at 31 December 2007

Liabilities and Shareholders' Equity

			2007	2006
			EUR	EUR
A.	**Equity**			
	I.	**Subscribed capital**	7,955,750.00	7,938,375.00
	II.	**Capital reserve**	11,477,052.51	11,472,361.26
	III.	**Balance sheet loss**	-7,425,502.43	-8,149,531.10
	Equity, total		**12,007,300.08**	**11,261,205.16**
B.	**Provisions**			
	1.	Pension provisions and similar obligations	507,350.00	427,417.00
	2.	Tax provisions	114,022.91	801,608.69
	3.	Other provisions	579,796.47	771,348.65
	Provisions, total		**1,201,169.38**	**2,000,374.34**
C.	**Liabilities**			
	1.	Liabilities to banks --thereof with residual maturities of up to one year EUR 11,405,211.99 (previous year: EUR 1,830,369.44)--	16,535,211.99	14,690,547.40
	2.	Trade liabilities --with a residual maturity of up to one year	124,122.26	75,600.01
	3.	Liabilities to affiliated enterprises --with a residual maturity of up to one year--	2,000,346.14	744,456.40
	4.	Other liabilities --with a residual maturity of up to one year-- --thereof for taxes EUR 555,027.10 (previous year: EUR 337,011.54)--	777,869.60	881,221.46
	Liabilities, total		**19,437,549.99**	**16,391,825.27**
D.	**Prepaid expenses and deferred income**		1,333.00	0.00
	Equity and Liabilities, total		**32,647,352.45**	**29,653,404.77**

MÜLLER | DIE LILA LOGISTIK

Income statement for the period from 1 January to 31 December 2007

		2007	2006
		EUR	EUR
1.	Sales revenues	2,164,035.46	1,232,630.51
2.	Other operating income	957,150.84	1,203,994.57
3.	Personnel cost		
	a) Wages and salaries	-1,214,492.24	-1,379,141.87
	b) Social insurance contributions and pension provision	-185,565.49	-147,479.41
	--thereof for pension provision EUR 92,410.11		
	(previous year: EUR 63,943.11)--		
4.	Depreciation, amortisation, and impairments of non-current and PP&E assets	-636,233.47	-641,789.32
5.	Other operating expense	-2,315,314.16	-1,727,011.93
6.	Investment income	596,420.32	803,133.17
7.	Income from profit transfer agreements	1,620,790.92	4,994,028.13
8.	Other interest and similar income	695,878.76	321,830.23
9.	Interest and similar expense	-1,118,360.39	-893,795.92
10.	**Income from ordinary business activity**	**564,310.55**	**3,766,398.16**
11.	Taxes on income	14.31	-274,207.63
12.	Other taxes	159,703.81	-36,324.46
13.	**Net profit for the year**	**724,028.67**	**3,455,866.07**
14.	Loss carry-forward	-8,149,531.10	-11,605,397.17
15.	**Balance sheet loss**	**-7,425,502.43**	**-8,149,531.10**

Notes to the Annual Financial Statements

for Financial Year 2007

1. General information on the annual financial statements as well as the accounting and valuation methods used

1.1 Structure

The annual financial statements have been prepared in accordance with legal regulations. The balance sheet has been prepared pursuant to article 266 of the German Commercial Code [Handelsgesetzbuch (HGB)] in the structure required for large companies. The income statement has been prepared using the total expenditure format pursuant to article 275, paragraph 2 HGB.

1.2 Accounting methods

The annual financial statements include all assets, liabilities, expenses, and income unless otherwise required by law.

Non-current and current assets, equity, and liabilities are shown separately in the balance sheet and are sufficiently subdivided.

Non-current assets only include assets of a permanent nature used for the operation of the business. Provisions have been made pursuant to article 249 HGB.

1.3 Valuation methods

Opening balance sheet values of a given financial year accord with the closing balance sheet value of the preceding year for the same item. Valuations assume the continuation of business operations. Assets and debts were valued separately. All value recognitions are conservative and all foreseeable risks and losses that have been incurred up to the balance sheet date have particularly been taken into account even if these have only become known in the period between the balance sheet date and the preparation of the annual financial statements. Only profits that have been realised by the balance sheet date are recognised. The valuation methods used in preparing the preceding annual financial statements have been maintained. Expenses and income of the financial year under review are stated independently of the time of payment.

Individual items have been valued as follows:

Intangible assets and property, plant & equipment are stated at amortised historical costs or costs of conversion. Depreciation, amortisation, and impairments are calculated over the shortest permissible period using the linear depreciation method and prorated over time.

Low-value goods (defined as discrete objects acquired or manufactured for up to EUR 410.00 net of VAT each) are fully amortised in their year of acquisition.

Goodwill is amortised over its prospective economic service life pursuant to article 255, paragraph 4, sentence 3 HGB.

Financial assets are valued at historical costs minus applicable impairments. As soon as the reasons for impairment are no longer valid, an appreciation in value of financial assets is recognised up to their amortised historical costs.

Receivables, other assets, and cash and cash equivalents are recognised at nominal value. Reinsurance policies stated under `Other assets` are set at their respective asset value unless this exceeds the value of the underlying obligation.

Provisions are determined according to prudent business practise. Pension obligations are calculated by actuarial expertise based on the Heubeck 2005G actuarial tables and an interest rate of 6.0 % as in the previous financial year. Other provisions cover all discernible risks and contingent liabilities. Liabilities are stated at their respective repayment amounts.

1.4 Currency translation

As of the balance sheet date, the company had no receivables or liabilities denominated in foreign currencies.

1.5 Discount

The discount shown in the balance sheet resulted from financing the property located at Besigheim-Ottmarsheim, Ferdinand-Porsche-Straße 4, in 1999. The original amount of kEUR 281 is being amortised as planned linearly over 20 years. As a result of the sale of the Besigheim company grounds and the repayment of financing, an extraordinary write-off in the amount of kEUR 159 was recorded.

2. Explanation of individual balance sheet and income statement items

2.1 Explanation of individual balance sheet items

2.1.1 Non-current assets

The asset analysis shows the development and classification of individual non-current asset items and their depreciation, amortisation, and impairment in the financial year under review.

2.1.2 Financial assets

Müller – Die lila Logistik AG regularly reviews the book values of its financial and intangible assets for indications of impairment or appreciation as of the balance sheet date. Due to the earnings situation of 2006 as well as the underlying plans of our subsidiaries and equity investments, we booked an appreciation in our financial assets totalling kEUR 443 as of 31 December 2006. This was recognized in the income statement up to the historical costs.

In 2006, our subsidiary Müller – Die lila Logistik Polska Sp. z o.o. increased its nominal capital by kEUR 924. Outstanding contributions for Müller – Die lila Logistik Polska Sp. z o.o. totalled kEUR 28 and were fully paid up in 2007. By general resolution of 27 September 2007, another increase of the capital reserve totalling kEUR 532 was approved, which was fully paid in financial year 2007. Repayment of this increase of the capital reserve will be made by 31 December 2008 provided it will not be required to cover the loss shown in the annual financial statements. The book value of Müller – Die lila Logistik AG`s investment in Müller – Die lila Logistik Polska Sp. z o.o. is now kEUR 2,236 (previous year: kEUR 1,676).

On 20 August 2007, Müller – Die lila Logistik AG took over Blitz 07-632 GmbH, registered under HR B 169187 in Munich, from Blitzstart Holding AG and Blitz Beteiligungs GmbH with a share capital of kEUR 25. The acquisition price for this shelf company was kEUR 27. On the same day, this company was renamed Müller – Die lila Logistik West GmbH, and its registered office was moved to Herne. The purpose of this company is development, planning, performance, supervision and control of information and communication technologies, process-controlled logistics systems, parametrisable logistics platforms as well as logistics and services of all kinds.

2.1.3 Current assets

Trade receivable as at the end of the year were kEUR 282 (previous year: kEUR 0).

Receivables from affiliated companies totalled kEUR 8,279 and primarily comprised year-end payments under profit transfer agreements as well as receivables from a loan and a working capital credit of Müller – Die lila Logistik AG to Müller – Die lila Logistik Polska Sp. z o.o. (revolving line of credit for the financing of the working capital) amounting to kEUR 4,772. Trade receivables from affiliated companies are kEUR 1,635.

Receivables from affiliated companies are broken down as follows:

Company	**31.12.2007**	**31.12.2006**
Müller – Die lila Logistik Deutschland GmbH	1,389 k€	1,874 k€
Müller – Die lila Logistik Verwaltung GmbH	1,162 k€	3,561 k€
Müller – Die lila Logistik West GmbH	245 k€	-
Emporias Management Consulting GmbH	559 k€	106 k€
Müller – Die lila Logistik Ost GmbH	52 k€	-
Müller – Die lila Logistik Polska Sp. z o.o.	4,816 k€	208 k€
Müller – Die lila Logistik Nord GmbH	37 k€	47 k€
Müller – Die lila Logistik GmbH	19 k€	26 k€
Total	**8,279 k€**	**5,822 k€**

Receivables from companies with which a participation relationship exists include a loan to FMS Logistic GmbH, Besigheim-Ottmarsheim, including interests totalling kEUR 12.

Other asset amounting to kEUR 2,516 (previous year: kEUR 1,970) primarily consist of reinsurance policies with repurchase values totalling kEUR 1,998 (previous year: kEUR 1,675), miscellaneous other assets totalling kEUR 417 (previous year: kEUR 18), and tax receivables of kEUR 85 (previous year: kEUR 277).

2.1.4 Prepaid expenses and deferred income

The decrease in prepaid expenses and deferred income from kEUR 176 to kEUR 32 is the result of the extraordinary depreciation of the discount totalling kEUR 159.

2.1.5 Share capital

The company's share capital amounts to about kEUR 7,956 (previous year: kEUR 7,938) divided into 7,955,750 (previous year: 7,938,375) no-par bearer shares.

On 8 February 2001, the annual general shareholders' meeting approved the increase of the share capital from corporate funds by kEUR 5,400 to kEUR 6,000. In the course of the company's initial public offering, the annual general shareholders' meeting on 5 March 2001 resolved a share capital increase by kEUR 1,700 to kEUR 7,700. The Management Board was authorised to increase the share capital subject to Supervisory Board consent in one or more tranches by a total of not more than kEUR 3,000 up to 5 March 2006. The annual general shareholders' meeting on 5 March 2001 furthermore resolved a contingent share capital increase by up to kEUR 600. The contingent capital has been earmarked for the employee stock option plan.

On 27 April 2004, the Management Board decided with Supervisory Board consent to increase the share capital by kEUR 200 to kEUR 7,900 by utilising the authorised capital. The capital increase was entered into the commercial register on 15 June 2004.

The annual general shareholders' meeting on 16 June 2005 resolved the dissolution of the previous and creation of new authorised capital I and capital II. The Management Board has been authorised to increase the company's share capital subject to Supervisory Board consent by issuing new no-par shares against contributions in cash or kind in one or more tranches, but in total not exceeding kEUR 3,160 up to 16 June 2010 (authorised capital I). The Management Board has been furthermore authorised to increase the company's share capital subject to Supervisory Board consent by issuing new no-par shares against contribution in cash in one or more tranches, but in total not exceeding kEUR 790 up to 16 June 2010 (authorised capital II).

Based on the contingent capital increase resolved on 5 March 2001 and 15 May 2001, kEUR 17 (previous year: kEUR 17) in pre-emptive shares were issued in the financial year 2006 for the last time. At the end of the financial year, the company's share capital came to kEUR 7,956 (previous year: kEUR 7,938); the residual contingent capital at the end of the financial year came to kEUR 544 (previous year: kEUR 562).

2.1.6 Capital reserve

As in the prior year, the capital reserve of kEUR 11,477 (previous year: kEUR 11,472) mostly consists of the premium from the capital increase in the context of the company's initial public offering in the amount of kEUR 11,240 and the premium on the contribution in kind of kEUR 222 for the capital increase entered into the commercial register on 15 June 2004. In financial year 2007, the difference between the shares' face value and the exercising price for the stock options (17,375 no-par converted stock options from the employee participation stock option programme) came to kEUR 5 (previous year: kEUR 5).

2.1.7 Pension provisions
The pension provisions pertain to obligations to Management Board members active at the balance sheet date 2007 as well as one retired former Management Board member.

An amount of kEUR 200 (previous year: kEUR 186) was recognised for pension obligations for former members of the Management Board, the managment of merged companies and their survivors.

2.1.8 Other provisions
Other provisions totalling kEUR 580 (previous year: kEUR 771) primarily pertain to obligations to personnel in the amount of kEUR 266 (previous year: kEUR 553), financial statement auditing and other audit costs of kEUR 198 (previous year: kEUR 189) as well as other reserves totalling kEUR 116 (previous year: kEUR 29) which primarily pertain to provisions for deferred repairs.

2.1.9 Tax provisions
Tax provisions in the amount of kEUR 114 (previous year: kEUR 802) pertain to the financial years 2007 through 2006.

2.1.10 Liabilities
The following table provides an overview of our liabilities by reason and residual maturity:

	Total	Thereof with residual maturities of up to one year	Thereof with residual maturities of one to five years	Thereof with residual maturities of more than five years
	k€	k€	k€	k€
Liabilities to banks	16,535	11,405	5,130	0
Trade liabilities	124	124	0	0
Liabilities to affiliated companies	2,000	2,000	0	0
Other liabilities	778	778	0	0
Total liabilities	**19,437**	**14,307**	**5,130**	**0**
(previous year	16,392	3,532	4,245	8,615)

Liabilities to banks
Our liabilities to banks as of 31 December 2007 were fully secured with liens against property, assignment of life insurance policies and claims, chattel mortgages, and pledged shares in our company.

The transfer of medium and long-term liabilities to short-term liabilities to banks is due to the sale of the property in Besigheim with financial effects as of 1 January 2008 and the respective repayment totalling kEUR 9,030.

Other liabilities

On 30 December 2000, majority shareholder Michael Müller granted the company a loan moratorium under the proviso of improvement. The conditional waiver in the amount of kEUR 251 lapsed with the company's net profitability. Net profitability was defined as Müller - Die lila Logistik AG posting a net profit for the year. The company meeting the net profitability condition, Michael Müller was entitled to loan service at the original interest rate, but at least 6 % per year. The company met the net profitability condition already in financial year 2004 with a net profit for the year. On 31 December 2007 the loan was set off against the amount receivable from the main shareholder and valued at kEUR 15 as of 31 December 2007 (previous year: kEUR 250). Settlement of the remaining liabilities occurred in 2008. In financial year 2007, the interest incurred totalled kEUR 4 (previous year: kEUR 15).

Liabilities to affiliated companies

Our liabilities to affiliated companies come to kEUR 2,000 (previous year: kEUR 744) and are liabilities to the following companies:

Company (ink)	**31.12.2007**	**31.12.2006**
Müller – Die lila Logistik Deutschland GmbH	531 k€	0 k€
Müller – Die lila Logistik Verwaltung GmbH	9 k€	0 k€
Müller – Die lila Logistik West GmbH	250 k€	-
Emporias Management Consulting GmbH	367 k€	0 k€
Müller – Die lila Logistik Ost GmbH	340 k€	156 k€
Müller – Die lila Logistik GmbH	1 k€	0 k€
Müller – Die lila Logistik Austria GmbH	502 k€	588 k€
TOTAL	**2,000 k€**	**744 k€**

kEUR 160 of the liabilities to affiliated companies is trade payables.

2.2 Explanations to the Income Statement

2.2.1 Sales revenues

In financial year 2007, the company realised sales revenues of kEUR 2,164 (previous year: kEUR 1,233). The increase in sales revenues was essentially the result of the fact that, in contrast to the year before, our subsidiaries were billing their clients for services through Müller - Die lila Logistik AG. In addition, sales revenues include rental income from the building at the Besigheim location amounting to kEUR 430 which was recognized under `Other operating income` (kEUR 370) in the year before.

Of the sales revenues achieved, revenues from affiliated companies amount to kEUR 1,297 (previous year: kEUR 1,233).

Sales revenue breaks down into domestic and foreign as follows:

	2007		2006	
	K€	in % of total sales revenues	K€	in % of total sales revenues
Domestic	2,116	97.8 %	1,216	98.6 %
Foreign	48	2.2 %	17	1.4 %
Total	**2,164**	**100.0 %**	**1,233**	**100.0 %**

The foreign sales revenues were exclusively achieved at an intragroup level with Müller - Die lila Logistik Austria GmbH.

2.2.2 Other operating income

Other operating income amounts to kEUR 957 (previous year: kEUR 1,204) and primarily pertains to the increase in the asset value of reinsurance policies of kEUR 324, a commission for the conclusion of a rental agreement for the property at Besigheim amounting to kEUR 350, income from writing back provisions amounting to kEUR 260, proceeds from the sale of property, plant & equipment amounting to kEUR 7 as well as miscellaneous other operating income amounting to kEUR 16.

This furthermore includes non-period income of kEUR 267 (previous year: kEUR 102).

2.2.3 Other operating expense

Our other operating expense amounts to kEUR 2,315 (previous year: kEUR 1,727). The item comprises external personnel costs and contracted work of kEUR 589 (thereof kEUR 560 pertaining to intragroup services), insurance costs of kEUR 461, consulting costs (including costs for preparing and auditing financial statements) of kEUR 336, advertising and travel costs of kEUR 328, room costs including repairs and maintenance of kEUR 249, vehicle costs of kEUR 95, postage and telephone costs of kEUR 26, rent for operating and office equipment as well as business supplies of kEUR 27, and miscellaneous other operating expense amounting to kEUR 204.

This item includes non-period expense totalling kEUR 26 (previous year: kEUR 32).

2.2.4 Interest

Our interest income of kEUR 696 (previous year: kEUR 322) pertains in the amount of kEUR 652 (previous year: kEUR 322) to affiliated companies. The increase in interest income from affiliated companies is the result of the higher use of a working capital credit line by Müller – Die lila Logistik Polska Sp. z o.o. Our interest expense of kEUR 1,118 (previous year: kEUR 894) includes kEUR 22 (previous year: kEUR 21) in interest paid to affiliated companies.

2.2.5 Other taxes

Other taxes show a balance of kEUR 160 in our favour. This includes tax refunds for previous years in the amount of kEUR 188. This item furthermore includes property taxes of kEUR 26 and taxes on motor vehicles in the amount of kEUR 2.

2.2.6 Net profit for the year

The net profit for the year came to kEUR 724 (previous year: kEUR 3,456). This total comprises a profit transfer from Müller - Die lila Logistik Deutschland GmbH in the amount of kEUR 275 (previous year: kEUR 1,275), a profit transfer from Müller - Die lila Logistik Verwaltung GmbH in the amount of kEUR 872 (previous year: kEUR 3,361) net of a guaranteed dividend of kEUR 5, and a profit transfer from Emporias Management Consulting GmbH in the amount of kEUR 548 (previous year: kEUR 432) net of a guaranteed dividend of kEUR 69.

2.2.7 Profit appropriation

The net profit of the financial year 2007 will be carried forward.

3. Other disclosures

The company’s Management Board and Supervisory Board have the following members:

Management Board

Michael Müller	Chief Executive Officer residing in Stuttgart Forwarding merchant
Rupert Früh	Chief Financial Officer residing in Buchen im Odenwald Master of Economics

In financial year 2007, the company paid its Management Board total compensation of kEUR 607 (previous year: kEUR 848). The annual general shareholders` meeting on 22 June 2006 resolved that the disclosures required under article 285, paragraph 1, no. 9a, sentences 5 through 9 HGB as amended by the German Management Compensation Disclosure Act [Vorstandsvergütungs-Offenlegungsgesetz (VorstOG)] will not be made for a period of five years from 1 January 2006. As of 31 December 2007, the Management Board members of Müller – Die lila Logistik AG held the following shares and options in the company:

Michael Müller
Chief Executive Officer: 4,069,000 shares

Rupert Früh
Member of the Management Board: 8,000 shares

Supervisory Board

Professor Peter Klaus D.B.A/ Boston Univ.	Chairman of the Supervisory Board residing in Bamberg Full professor of business administration, Logistics Department, University of Erlangen / Nuremberg, Head of the Fraunhofer study group on technologies of the logistics services industry [Arbeitsgruppe für Technologien der Logistik-Dienstleistungswirtschaft (ATL)], Nuremberg Vice Chairman of the Supervisory Board of BILOG AG, Bamberg Vice Chairman of the Supervisory Board of Grieshaber Logistics Group AG, Bad Säckingen, and Vice Chairman of the Supervisory Board of Markt- und Kühlhallen AG, Munich
Dr. Gerd Wecker	Vice Chairman of the Supervisory Board residing in Munich Lecturer, consultant / no other offices
Klaus Langer	Member of the Supervisory Board residing in Stuttgart Tax advisor and certified auditor / no other offices
Per Klemm	Member of the Supervisory Board residing in Stuttgart Managing director / no other offices
Volker Buckmann	Member of the Supervisory Board residing in Dortmund Commercial cleark / no other offices
Carlos Rodrigues	Member of the Supervisory Board residing in Flein Master of Business Administration (FH) / no other offices

At its meeting on 13 December 2006, the Supervisory Board elected Professor Peter Klaus new Supervisory Board Chairman effective 1 January 2007. Upon application of the Management Board of the company, Dr. Gerd Wecker was appointed to the Supervisory

Board by judicial appointment of 18 April 2007 according to § 104 paragraph 2 AktG (German stock corporation act). His tenure of office expired with the end of the general shareholders` meeting on 22 June 2007. At the general shareholders meeting, Dr. Gerd Wecker was on the same day elected to the Supervisory Board of Müller – Die lila Logistik AG in accordance with the agenda. At the meeting on 15 June 2007, Dr. Gerd Wecker was elected Vice Chairman of the Supervisory Board.

Supervisory Board member compensation amounted to kEUR 68 (previous year: kEUR 67) in the year under review.

Supervisory Board member compensation broken down by person and category was as follows:

Name	Function	Supervisory Board compensation	Committee compensation
Prof. Peter Klaus	Chairman of the Supervisory Board from 01.01.2007	K€ 19	K€ 3
Dr. Gerd Wecker	Vice Chairman of the Supervisory Board from 15.06.2007	K€ 10	K€ 6
Klaus Langer	Supervisory Board member	K€ 6	K€ 6
Per Klemm	Supervisory Board member	K€ 6	-
Volker Buckmann	Supervisory Board member	K€ 6	-
Carlos Rodrigues	Supervisory Board member	K€ 6	-

For services provided individually, Supervisory Board member Dr. Gerd Wecker additionally received kEUR 2.

On 31 December 2007, Supervisory Board members of Müller – Die lila Logistik AG owned the following shares and options in the company:

31 December 2007	Shares
Prof. Peter Klaus	9,614
Per Klemm	46,450
Klaus Langer	2,500
Carlos Rodrigues	785

Personnel

In financial year 2007, the average number of employees was 9 (previous year: 9) not including Managing Board members.

Equity investments
The company owns equity stakes of 20% or more in the following enterprises:

Müller - Die lila Logistik Deutschland GmbH, Besigheim	
Equity stake	100 percent
Total equity	K€ 1,147
Net profit for the year 2007 (according to profit and loss transfer agreement)	k€ 0
Müller - Die lila Logistik Polska Sp. z o.o., Gliwice	
Equity stake	100 percent
Total equity	k€ 848
Net loss for the year 2007	k€ 619
Müller - Die lila Logistik Austria GmbH, Graz	
Equity stake	100 percent
Total equity	k€ 357
Net profit for the year 2007	k€ 319
Müller - Die lila Logistik Ost GmbH, Zwenkau	
Equity stake	100 percent
Total equity	k€ 220
Net profit for the year 2007	k€ 165
Müller - Die lila Logistik West GmbH, Herne	
Equity stake	100 percent
Total equity	k€ 32
Net profit for the year 2007	k€ 7
Müller - Die lila Logistik Verwaltung GmbH, Herne	
Equity stake	90 percent
Total equity	k€ 638
Net profit for the year 2007 (according to profit and loss transfer agreement)	k€ 0
Müller - Die lila Logistik GmbH, Herne	
Equity stake	indirectly 90 percent
Total equity	k€ 156
Net profit for the year 2007 (according to profit and loss transfer agreement)	k€ 0
ILS Depot GmbH, Herne	
Equity stake	indirectly 90 percent
Total equity	k€ 26
Net profit for the year 2007 (according to profit and loss transfer agreement)	k€ 0

Müller - Die lila Logistik Nord GmbH, Bünde

Equity stake	indirectly 90 percent
Total equity	k€ 19
Net loss for the year 2007	k€ 6

Emporias Management Consulting GmbH, Unterföhring

Equity stake	76 percent
Total equity	k€ 154
Net profit for the year 2007 (according to profit and loss transfer agreement)	k€ 0

TKS Unternehmensberatung und Industrieplanung GmbH, Eningen u. A.

Equity stake	33 percent
Equity on 30.06.2007	k€ 1,750
Net profit for the financial year 2006/2007	k€ 1,392

FMS Logistic GmbH, Besigheim

Equity stake	33.33 percent
Total equity (preliminary)	k€ 79
Net profit for the year 2007 (preliminary)	k€ 37

Auditors` services and fees

	2007	**2006**
	k€	k€
Fees for financial statement audits	99	96
Tax advisory services	48	5
Other fees	44	38
	191	139

The auditors' fees comprise fees for the statutory audit of the individual and consolidated financial statements of Müller – Die lila Logistik AG as well as the financial statements of its subsidiaries Müller – Die lila Logistik Deutschland GmbH and Emporias Management Consulting GmbH according to German Commercial Code [Handelsgesetzbuch (HGB)] principles and IFRS for the financial year 2007.

Other fees are mostly for consulting services in the context of quarterly reporting issues and audit-related consulting particularly on the subject of how to account for individual facts under IFRS as well as a one-time audit of the data migration into the new Diamant accounting system.

Notices pursuant to article 21, paragraph 1 of the German Securities Trading Act [Wertpapierhandelsgesetz, WpHG]

Mr. Müller has a share of EUR 4,069,000 (51.15 %) in the share capital. Bensel Verwaltungs- und Beratungs-Gesellschaft für Vermögensanlagen mbH notified the company that its share in the share capital was EUR 1,341,000 (16.86 %) on 5 September 2007 and that this amount is attributable to Süd-Kapitalbeteiligungs-Gesellschaft mbH. Mr. Reisdorf notified the company that his share in the share capital was EUR 410,855 (5.16 %) on 31 October 2006. The remaining shares are in free float.

Derivative financial instruments

In financial year 2007, an interest-based hedge in the form of an interest rate swap was transacted within Müller – Die lila Logistik AG. The interest rate swap hedges a bank liability with a nominal value of kEUR 2,000. The market value and fair value, respectively, is EUR 14,535.50 as at 31 December 2007. From the point of view of Landesbank Baden-Württemberg, the valuation is made using generally applied valuation methods. This is not a current market value. There is no carrying amount and no such item on the balance sheet.

4. Legal liabilities and other financial obligations

The company has assumed sureties and avals for subsidiaries totalling kEUR 10,503 (previous year kEUR 2,694). The increase is the result of the conclusion of loan agreements for Müller – Die lila Logistik Polska Sp. z o.o., Gliwice (Poland).

Other financial obligations not shown in the balance sheet and not constituting legal liabilities within the meaning of article 251 HGB existed as of the balance sheet date in the form of continuing performance obligations (rental and lease agreements). The future expense on these comes to kEUR 167; in 2007 it came to kEUR 78.

5. Declaration of compliance with the German Corporate Governance Code

The joint declaration of the Management and Supervisory Boards of Müller - Die lila Logistik AG pursuant to article 161 of the German Stock Corporation Act [Aktiengesellschaftsgesetz (AktG)] on compliance with the German Corporate Governance Code has been published and made permanently available in December 2007.

Besigheim, 25 March 2008

The Management Board

Development of Changes in Noncurrent Assets

		Historical and manufacturing costs			
		1.1.2007	Additions	Disposals	31.12.2007
		EUR	EUR	EUR	EUR
I.	**Intangible assets**				
	1. Concessions, industrial property rights,and similar rights and assets as well as licenses to such rights and assets	103,357.55	1,366.50	0.00	104,724.05
	2. Goodwill	4,345,433.83	0.00	0.00	4,345,433.83
		4,448,791.38	**1,366.50**	**0.00**	**4,450,157.88**
II.	**Property, plant & equipment**				
	1. Properties, property-like rights, and buildings including buildings on third-party properties	8,535,521.02	0.00	0.00	8,535,521.02
	2. Other improvements, operating, and office equipment	1,040,547.92	47,899.46	16,004.86	1,072,442.52
		9,576,068.94	**47,899.46**	**16,004.86**	**9,607,963.54**
III.	**Financial assets**				
	1. Equity interests in affiliated enterprises	9,876,971.50	587,078.46	0.00	10,464,049.96
	2. Loans to affiliated enterprises	2,122,583.76	0.00	0.00	2,122,583.76
	3. Equity investments	1,470,368.22	0.00	0.00	1,470,368.22
	4. Other loans	2,060.00	0.00	0.00	2,060.00
		13,471,983.48	**587,078.46**	**0.00**	**14,059,061.94**
		27,496,843.80	**636,344.42**	**16,004.86**	**28,117,183.36**

		Cumulated amortisation				Book vallues	
		1.1.2007	D&A&I in the financial year	Disposals	31.12.2007	31.12.2007	31.12.2006
		EUR	EUR	EUR	EUR	EUR	EUR
I.	**Intangible assets**						
	1. Concessions, industrial property rights,and similar rights and assets as well as licenses to such rights and assets	75,685.55	18,014.50	0.00	93,700.05	11,024.00	27,672.00
	2. Goodwill	3,081,697.83	204,930.00	0.00	3,286,627.83	1,058,806.00	1,263,736.00
		3,157,383.38	**222,944.50**	**0.00**	**3,380,327.88**	**1,069,830.00**	**1,291,408.00**
II.	**Property, plant & equipment**						
	1. Properties, property-like rights, and buildings including buildings on third-party properties	2,098,146.96	300,983.00	0.00	2,399,129.96	6,136,391.06	6,437,374.06
	2. Other improvements, operating, and office equipment	718,368.41	112,305.97	16,004.86	814,669.52	257,773.00	322,179.51
		2,816,515.37	**413,288.97**	**16,004.86**	**3,213,799.48**	**6,394,164.06**	**6,759,553.57**
III.	**Financial assets**						
	1. Equity interests in affiliated enterprises	0.00	0.00	0.00	0.00	10,464,049.96	9,876,971.50
	2. Loans to affiliated enterprises	0.00	0.00	0.00	0.00	2,122,583.76	2,122,583.76
	3. Equity investments	0.00	0.00	0.00	0.00	1,470,368.22	1,470,368.22
	4. Other loans	0.00	0.00	0.00	0.00	2,060.00	2,060.00
		0.00	**0.00**	**0.00**	**0.00**	**14,059,061.94**	**13,471,983.48**
		5,973,898.75	**636,233.47**	**16,004.86**	**6,594,127.36**	**21,523,056.00**	**21,522,945.05**

CORPORATE GOVERNANCE

Declaration of the Management Board and the Supervisory Board of Müller - Die lila Logistik AG pursuant to § 161 of the German Stock Corporation Act [Aktiengesetz (AktG)]

The Management Board and the Supervisory Board of Müller - Die lila Logistik AG, head-quartered in Besigheim, adhere to the recommendations of the Government Commission on the German Corporate Governance Code (GCGC) as amended on 14 June 2007 and declare that these recommendations were and are complied with except for those listed below:

Individualised reporting of compensation for members of the Management Board and Supervisory Board
The German Corporate Governance Code recommends that the compensation for members of the Management Board and the Supervisory Board be disclosed, subdivided into non-performance-related, performance-related, and long-term incentive components, unless decided otherwise by the annual general shareholders` meeting by sufficient majority vote (number 4.2.4 therein). The general shareholders` meeting 2006 voted against such disclosures so that we continue to refrain from publishing the individual amounts of compensation accounts for our Management Board members. Müller - Die lila Logistik AG discloses the total amount of compensation paid to the members of the Management Board. Stock options are reported separately. The German Corporate Governance Code furthermore recommends reporting the compensation of Supervisory Board members in the notes to the consolidated financial statements, subdivided into fixed as well as performance-related components (number 5.4.7 GCGC). The company has been disclosing Supervisory Board member compensation and other compensation and advantages granted individually to Supervisory Boardmembers, broken down into its components, since financial year 2005.

Performance-related compensation for the Supervisory Board
The German Corporate Governance Code recommends that members of the Supervisory Board receive fixed as well as performance-related, variable compensation (number 5.4.7 GCGC). The members of the Supervisory Board of Müller - Die lila Logistik AG receive only fixed compensation.

Formation of a Nomination Committee by the Supervisory Board
The German Corporate Governance Code recommends to form a Nomination Committee "…exclusively composed of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the general meeting" (number 5.3.3.). The Supervisory Board of Müller – Die lila Logistik AG carefully considers the resolutions recommended to the general shareholders` meeting including the proposals for the election of Supervisory Board members.

Publication deadlines for interim reports
The German Corporate Governance Code recommends that interim reports be made publicly accessible within 45 days of the end of the reporting period (number 7.1.2 GCGC). Müller - Die lila Logistik AG makes the interim reports publicly accessibly immediately upon completion in accordance with stock exchange regulations, but in any event not later than within two months of the end of the reporting period.

Besigheim, December 2007

For the Management Board
Michael Müller
Chairman

For the Supervisory Board
Prof. Peter Klaus
Chairman

Auditor’s Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Müller - Die lila Logistik AG, Besigheim, for the business year from 1 January to 31 December 2007. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Müller - Die lila Logistik AG in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Stuttgart, 25 March 2007

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Meyer	Hamm
Wirtschaftsprüfer	Wirtschaftsprüfer

Contact

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