
MÜLLER | DIE LILA LOGISTIK

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**Note**

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# ANNUAL REPORT 2008

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| | 2008 | 2007 | percentage change | absolute change |
|---|---|---|---|---|
| Sales | 88,681 T€ | 82,723 T€ | +7.2 % | +5,958 T€ |
| EBIT | 7,892 T€ | 1,477 T€ | +434.3 % | +6,415 T€ |
| EBIT margin | 8.9 % | 1.8 % | – | – |
| Group net result | 3,875 T€ | 942 T€ | +311.4 % | +2,933 T€ |
| Earnings per share | 0.49 € | 0.12 € | +308.3 % | +0.37 € |
| Equity rate | 39.5 % | 29.0 % | – | – |
| Employees (yearly average) | 1,033 | 956 | +8.1 % | +77 |
| Employees (as per 31/12) | 1,031 | 1,005 | +2.6 % | +26 |

# DEAR SHAREHOLDERS,
# DEAR FRIENDS OF LILA LOGISTIK,

2008, a year which presented itself to us with a wide variety of facets like hardly any other year in our company's now 18-year history. Two subjects accompanied us as central themes in the host of tasks that we had to manage: The strengthening and refinement of our business model and the successfully accomplished reduction of the debts of our group of companies. Both have been and will continue to be a solid basis to foster the successful further development of our group.

The financial crisis has not spared us either. Nevertheless we posted a positive contribution to the operating result also in the 3rd and 4th quarter of 2008. We took the first indications of a slump in business, which started to show in summer, very seriously and adapted ourselves to it at an early stage already. We took counter-measures and prepared us for the different scenarios. Therefore, we could continuously achieve positive operating results up to the end of the year.

At the present time, we, like others, are not in a position to tell you to which extent and which intensity the global economic and financial crisis will develop in future. What we do know is that the Lila business model is a model with a promising future. This can be seen from the experience we have made so far, the result of the 2008 financial year and the talks with our customers. In line with that, we put a focus of our future-oriented activities on consulting. The planning and consulting segment is combined under the new name LILA CONSULT. This segment comprises consulting, logistics engineering and interim management functions. Support for the application of logistics solutions for routing and factory, which complete our business model, is provided within the scope of the LILA OPERATING segment.

At the same time, new projects, the establishment of Value Added Logistics in Wroclaw and the launch of Müller – Die lila Logistik Slovakia in Bratislava speak for themselves already now so that we will be able to expect stable growth in the medium-term future.

Once again we scrutinised existing structures and then decided to restructure the managerial organisation. In detail: The new managerial structure is oriented towards the divisions of our company, i.e. distribution/sales, production and services. Distribution/sales-related activities of Müller – Die lila Logistik AG and its subsidiaries as well as the logistics consulting business segment have been assigned directly to our Chief Executive Officer. The overall responsibility for the segment implementing and applying logistics processes in routing and factory have been transferred to a chief representative from our own ranks. The Chief Financial Officer is, as before, responsible for the financial and administrative management which we call "Services" in future. In addition he is now responsible for the IT of the group.

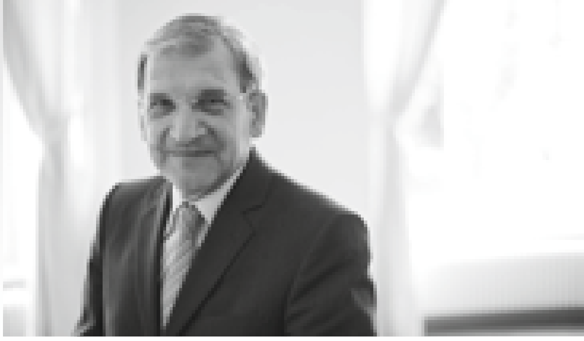
A consequential step: The change from the Prime Standard to the General Standard at he Frankfurt Stock Exchange. Müller – Die lila Logistik AG will continue to fulfil the reporting and disclosure obligations of a listed company as prescribed by law. With this change, we, however, achieve a substantial reduction of expenses, for the benefit of our company.

It's worth having a look at the 2008 financial statements. We cannot say how the overall economic crisis is going to develop. But not matter what the future will bring, we are sure of one thing: That the combination of Lila Consult und Lila Operating provides us with a business model with a promising future, from which our customers will benefit as well. So we see ourselves in a strong position, with a motivated and first-class team. We will address the challenges we are faced with in a difficult environment in a highly focused and pro-active way.

We look forward to shaping the future, and we thank you for your trust in us.

| | |
|---|---|
| Michael Müller | Rupert Früh |
| (Chief Executive Officer) | (Chief Financial Officer) |

Müller – Die lila Logistik AG



The Supervisory Board fulfilled all the duties incumbent upon it under the law, the articles of association and the rules of procedure throughout the year under review. We advised the Management Board as to the management of the company and supervised the conduct of business on a regular basis. The Supervisory Board was involved in all decisions which are of vital importance for the company directly and at an early stage. The Supervisory Board voted on the reports and proposals for resolutions presented by the Management Board after having examined and discussed them in detail. In financial year 2008, the Supervisory Board closely dealt with the economic situation and the strategic and operational development of the company, its subsidiaries and its business segments at four regularly convened meetings. No member of the Supervisory Board was absent at more than half of the meetings.

**Co-operation between Supervisory Board and Management Board**

The Management Board regularly informed the Supervisory Board about the position of the company and its group companies, about corporate policies and the latest development of business comprehensively and promptly both in writing and orally. The Supervisory Board was also kept thoroughly informed about special business transactions in the periods between its regular meetings. Of special importance is the monthly reporting system showing and explaining key production and financial data in comparison with budgeted figures, previous year's figures as well as forecast figures. In the year under review, the Chairman of the Supervisory Board was in regular contact with the Chief Executive Officer. The Management Board submitted all matters requiring Supervisory Board consent for approval in a timely manner. Decisions of an urgent nature about business events occurring between the Supervisory Board meetings were taken in writing by way of circular resolution. The Supervisory Board voted on the proposals presented by the Management Board after thorough examination as required under law and the articles of association. The Supervisory Board satisfied itself that the Management Board had taken all measures incumbent upon it under law for risk control and that the risk control system is operating efficiently. There were no reasons for complaints regarding the activities of the Management Board.

**Focus of consultation within the Supervisory Board**

At the Supervisory Board meeting in March, the auditor explained the major focal points of his audit and reported about the result of the audit of the 2007 Annual Statements of the company and the group. At this meeting, the Annual Statements 2007 were adopted. Proceedings instituted by TKS Unternehmensberatung und Industrieplanung GmbH against the company and the resulting consequences and risks for the company were in the focus of the oral voting in the period between the meeting held in March and the meeting held in June. At the meeting in June, the Management Board gave the Supervisory Board a report about the state of preparations for the forthcoming general shareholder's meeting. The Supervisory Board dealt in detail with the agenda for the general shareholder's meeting as well as the substantive items. Other focal items included the acquisition of additional shares in an equity investment, the annual efficiency audit as well as the assessment of crucial risks for Lila Logistik group. Two key issues were the subject of the joint meeting in October. On the one hand, the Management Board explained the measures for the further strategic approach taken by Lila Logistik group. On the other hand, the Management Board and the Supervisory Board dealt with the worsening economic situation as a whole and its effect on Lila Logistik group. Amendments to the German Corporate Governance Code [Deutscher Corporate Governance Kodex] as well as other adjustments required by law for the activities of the Supervisory Board were dealt with. The fourth meeting of the year was dominated by the budget for 2009 and the presentation of measures taken in response to the slump in economic conditions.

**Committee work**

To ensure efficient performance of its tasks, the Supervisory Board established an *Audit Committee and a Personnel Committee.* They prepare in detail the resolutions to be taken by the Supervisory Board and the subjects that need to be discussed by the plenary Supervisory Board.

**Corporate Governance Code and Declaration of Conformity**

The Supervisory Board dealt with the contents of the German Corporate Governance Code as amended on 6 June 2008 in great details. At their meeting on 12 December 2008, the Management Board und the Supervisory Board issued an up-dated declaration of conformity pursuant to § 161 of the German Stock Corporation Act [AktG] and made it permanently available on the company's website (www.lila-logistik.com); it is also fully included in this Annual Report. The Supervisory Board audits the efficiency of its activities at regular intervals.

**Changes in the Supervisory Board**

There were no changes in the composition of the Supervisory Board in the period under review.

**Adoption of the Annual and Consolidated Financial Statements**

KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, (previously KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main and Berlin), has audited the annual and consolidated financial statements of Müller – Die lila Logistik AG as of 31 December 2008 and issued an unqualified audit opinion. The consolidated financial statements have been prepared in accordance with § 315a of the German Commercial Code [HGB] on the basis of the international financial reporting standards IFRS, as applicable in the EU. The auditor conducted the audit in accordance with § 317 HGB taking into account the German generally accepted standards for the audit of financial statements promulgated by Institut der Wirtschaftsprüfer (IDW) [Institute of Public Auditors in Germany].

The auditor took part in the meeting of the Audit Committee on 17 March 2009 where he reported about the key results of his audit and was available for supplementary and further questions and information. The chairman of the Audit Committee delivered a detailed report about the audit and the results obtained by the Audit Committee at the meeting of the Supervisory Board on 18 March 2009.

The audit of the annual and consolidated financial statements by the Supervisory Board did not reveal any reasons for objections, and the Supervisory Board concurs with the auditor's opinion. The Supervisory Board therefore approves the consolidated financial statements of Müller – Die lila Logistik AG and the AG annual financial statements, which are thereby adopted. The Supervisory Board acknowledges the proposal of the Management Board referring to the appropriation of the annual surplus and the profit.

The Supervisory Board thanks the Management Board, all employees as well as the employee representatives of all group companies for the work performed and their strong commitment during the previous financial year.

Besigheim, in March 2009

For the Supervisory Board

Prof. Peter Klaus
Chairman

**Declaration of conformity 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, headquartered in Besigheim, adhere to the recommendations of the Government Commission on the German Corporate Governance Code (GCGC) as amended on 6 June 2008 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 total compensation of each member of the Management 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 (section 4.2.4).

*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 granted are reported separately.*

**Committee chair**

The German Corporate Governance Code recommends that the chairman of the Supervisory Board "(shall) also chair the committees that handle contracts with members of the Management Board and prepare the Supervisory Board meetings." (section 5.2).

*The chairman of the Supervisory Board, Prof. Peter Klaus, is a member of the committee that handles the contracts with the members of the Management Board (Personnel Committee). Due to the high number of tasks of the chairman of the Supervisory Board and the intense and continued co-operation of the committee members, the Personnel Committee is chaired by Dr. Gerd Wecker.*

**Performance-related compensation for the Supervisory Board**

The German Corporate Governance Code recommends not only fixed compensation, but in addition "... performance-related compensation. Performance-related compensation should also contain components based on the long-term performance of the enterprise." (section 5.4.6).

*Müller – Die lila Logistik AG is of the opinion that there should not be a motive-based connection between the supervisory duties and the financial performance of the enterprise since the supervisory duties are clearly defined. Any further supervision, if at all possible, will not necessarily result in improved financial performance of the enterprise. The members of the Supervisory Board of Müller – Die lila Logistik AG receive adequate 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" (section 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. In addition to the existing Audit Committee as well* *as the existing Personnel Committee, the formation of a Nomination Committee requires an excessively high amount of extra time and expenses. Questions that must be handled by the Nomination Committee are discussed and decided by the Supervisory Board.*

**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 (section 7.1.2).

*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. Publication within 45 days causes a disproportionate increase in workload for all parties involved in their preparation.*

Besigheim, December 2008

For the Supervisory Board

Prof. Peter Klaus
Chairman of the
Supervisory Board

For the Management Board

Michael Müller
Chairman of the
Management Board

# CONSOLIDATED MANAGEMENT REPORT OF MÜLLER – DIE LILA LOGISTIK AG FOR THE 2008 FINANCIAL YEAR.

**Preamble**

The present consolidated management report presents the position of the group of companies consolidated at Müller – Die lila Logistik AG (Lila Logistik group) in financial year 2008. Should any statements in this report pertain to the individual company of that same name, this will be explicitly noted.

**Business model**

Lila Logistik group is a national and international logistics provider offering comprehensive consulting (Logistics Design) and implementation (Logistics Operating) functions for custom logistics solutions. Lila Logistik group generally differentiates in both segments between routing tasks (in the more generous meaning of road freighting) and factory tasks (handling goods and processes). The areas of sourcing, production, and distribution logistics represent our group's core operating activities. Our services focus on the following four core sectors:

- Automotive (automobile manufacturers and their suppliers)
- Electronics
- Consumer goods
- Industrial goods

Lila Logistik group's customers include renowned national and international companies.

**Equity investments**

As to the investment portfolio of Müller – Die lila Logistik AG, the following changes occurred in the period under review: In the second quarter of 2008, the company disposed of the shares held in TKS Unternehmensberatung und Industrieplanung GmbH (TKS), Eningen u. A., and sold them to TKS. Lila Logistik group now does not hold any shares in TKS any longer. At the end of the financial year 2008, an additional 10 % share in Müller – Die lila Logistik Verwaltung GmbH (MLV), Herne, was acquired. Müller – Die lila Logistik AG now holds 100 % of the shares in MLV. As part of the project launch in Wroclaw (Poland), a shelf company was acquired and immediately afterwards renamed Value Added Logistics Sp. z o.o. This new project for a customer from the electronics industry comprises an in-house logistics solution for household appliances. In October, the company established Müller - Die lila Logistik Slovakia s.r.o. domiciled in Bratislava, the capital of Slovakia. The commercial unit is located at the premises of the customer about 40 kilometres to the north in Malacky.

**Financial framework conditions and the logistics market**

"World Economy in a Downward Spiral". This headline of a press release of Institut für Weltwirtschaft in Kiel gives an apt summary of the development of the world economy in 2008. The growth of the world economy which was still strong the year before came to an end in 2008. The financial crisis and its impacts on real economy hit nearly all national economies during the second half of the year and resulted in a strong downward trend so that the global economic activities downright collapsed near the end of the year. The fall in demand in industrial countries and the worsening of the conditions in the environment of the financial markets step by step also ended the upswing in the newly industrialized countries in the course of the year 2008.

According to independent economic institutes, the German economy has fallen into a recession. Institut für Weltwirtschaft in Kiel (IfW) reports about a deep recession: "... this is the deepest economic slump for the German economy since the year 1974" (Press release published by IfW dated 22 December 2008). The growth of the price adjusted gross domestic product (GDP) calculated by Statistisches Bundesamt [federal statistical office] was 1.3 % in the financial year 2008 just ended, compared with 2.5 % one year earlier. The German economy grew only in the first three months of the year 2008 (+1.5 %). For the first time since 2003, the external balance, i.e. the difference between exports and imports of goods and services, slowed down the economic development with a negative growth of minus 0.3 % in 2008. The number of unemployed persons, on the other hand, was 3.1 million and had fallen to the lowest level since 1993.

The development of the economy in Germany had direct effects on the logistics industry. Parallel with the downswing in the economy as a whole, the order books of the logistics industry were shrinking as well in the second half of the year. The automotive industry and the automotive supply industry as well as retail trade were the most affected sectors. The economic slowdown had particularly negative effects on the sales made by the transportation segment.

Lila Logistik group could, nevertheless, note a positive development of business up to the end of the year. The demand for logistics services of higher quality provided by the Logistics Design segment remained strong during the total financial year.

### Business developments

#### Sites and operating locations

Müller – Die lila Logistik group's domestic sites are in the following towns and cities: Besigheim, Böblingen, Bünde, Herne, Recklinghausen, Schorndorf, Ulm, Unterföhring, Zwenkau and Zwickau.

The international operating locations are in Antwerp (Belgium), Graz (Austria), Gliwice, Wroclaw (both Poland) and Bratislava (Slovakia).

**The current group structure (not showing the individual companies) is as follows:**

**Müller – Die lila Logistik AG**

- 100 % — Müller – Die lila Logistik Deutschland GmbH
- 100 % — Müller – Die lila Logistik Verwaltung GmbH
- 100 % — Müller – Die lila Logistik West GmbH
- 100 % — Müller – Die lila Logistik Ost GmbH
- 100 % — Müller – Die lila Logistik Austria GmbH
- 100 % — Müller – Die lila Logistik Slovakia s.r.o.
- 100 % — Müller – Die lila Logistik Polska Sp. z o.o.
- 100 % — Value Added Logistics Sp. z o.o.
- 76 % — Emporias Management Consulting GmbH
- 33,33 % — FMS Logistic GmbH

### Changes in the scope of consolidation

As part of a project start in Wroclaw (Poland), a shelf company was acquired and immediately afterwards renamed Value Added Logistics Sp. z o.o. This new project of a customer from the electronics industry comprises an in-house logistics solution for household appliances. The company has been consolidated as from the third quarter of 2008.

### Control parameters

Lila Logistik group's measurement-relevant parameters include financial and non-financial internal control parameters.

Financial control parameters are, e.g., the following key figures: Earnings before interest and tax (EBIT), profit for the year, operating cash flow, Capex cash flow, cash flow from finance activities, and earnings per share. Important elements of the operating control of business units are target/actual comparisons, their analysis from the management's point of view, forward-looking information, as e.g. details about targets, strategies, chances and risks.

Besides purely financial control parameters, non-financial factors as, for instance, level of training of staff members, quality performance levels as well as customer satisfaction are of major importance.


### Sales revenues

Lila Logistik group increased its sales revenues during financial year 2008 by kEUR 5,958 to kEUR 88,681 (previous year kEUR 82,723). Despite the general economic downturn leading to production decreases in all industries above all during the second half-year, Lila Logistik group recorded sales growth of 7.2 %. Major contributions came from Müller – Die lila Logistik West GmbH which was included during the total period under review as well as the positive development of sales made by the subsidiaries in Poland. Furthermore, the demand for consulting services of Lila Logistik group was stronger in financial year 2008. As a whole, sales decreases at other companies could be more than offset. The general trends having a strong influence on the economy are reflected in the sales figures shown on a quarterly basis. While there were sales losses in the fourth quarter, Lila Logistik group could increase its sales volumes in the previous quarters compared with the same periods last year.

Our sales revenues developed as follows on a quarter-by-quarter comparison:

| | 2008 | 2007 |
|---|---|---|
| 1. quarter | 25.4 % | 24.6 % |
| 2. quarter | 26.3 % | 24.7 % |
| 3. quarter | 25.0 % | 23.6 % |
| 4. Quartal | 23.3 % | 27.1 % |

Lila Logistik group grew in Germany and abroad during the period under review. With a sales growth of 7.5 % compared with 6.3 %, growth in Germany was slightly stronger than abroad. In total, the sales revenues of Lila Logistik group in Germany accounted for 76.5 % (previous year 76.2 %), the other European countries accounted for 23.5 % (previous year 23.8 %).

**Earnings development**

Earnings before interest and taxes (EBIT) amounted to kEUR 7,892 (previous year kEUR 1,477) as of the end of the financial year.

The significant increase on the previous year is based on two pillars: On the one hand, the operating result (EBIT) of the group rose by kEUR 4,715 as a result of the disposal of the real property in Besigheim within the framework of a a sale-and-lease-back transaction. On the other hand, EBIT, adjusted for special effects from the above-mentioned real property transaction as well as the disposal of the shareholdings in TKS, could significantly be increased compared with the previous year to kEUR 4,207 (previous year kEUR 1,477). Despite the sales increase by kEUR 5,958, the costs of material decreased by kEUR 2,808 and totalled kEUR 28,415 (previous year kEUR 31,223) at the end of the period. The lower use of external services, above all in the routing segment of the German locations, as well as moves towards personnel-intensive services reduced the cost of material of Lila Logistik group in net terms. Including the personnel expenses of Müller – Die Lila Logistik West GmbH over the total period under review, the group's personnel expenses rose to kEUR 33,853 (previous year kEUR 30,971). Depreciation and amortisation of tangible and intangible assets amounted to kEUR 1,502 and was slightly below the level of the previous year which came to kEUR 1,596. Other operating expenses rose by kEUR 3,855 to kEUR 24,015 (previous year kEUR 20,160) which was mainly due to the book loss from the sale of the shareholdings in TKS Unternehmensberatung und Industrieplanung GmbH, the consolidation
of Müller – Die lila Logistik West GmbH as well as the higher expenses in connection with the use of external staff.

"Other interest and similar earnings" rose from kEUR 747 during previous year to kEUR 1,670 at the end of the period under review. In parallel, finance costs rose by kEUR 1,764 to kEUR 3,136 (previous year kEUR 1,372). They included losses due to interest rate derivatives (minus kEUR 355) and diesel price hedges (minus kEUR 151) as well as currency losses as at the closing date.

Revenues from financial investments recognised using the at-equity method did no longer exist after the disposal of the shareholdings in TKS (previous year kEUR 452).

The group's pre-tax earnings for the financial year 2008 amounted to kEUR 6,351 (previous year kEUR 1,246). Group earnings after tax were kEUR 3,875 (previous year kEUR 942). As a result of the earnings development described above, earnings per share came to EUR 0.49 (previous year EUR 0.12). The return on equity was 22.6 % (previous year 6.3 %).

#### Segment development

The development of sales in the planning and consulting segment of Lila Logistik group was positive in financial year 2008. In comparison with the previous year, sales revenues could be increased by 70.8 % or kEUR 2,316. Although this Logistics Design segment could not escape the general economic downturn at the end of the financial year, sales revenues of all four quarters totalled kEUR 5,588 (previous year kEUR 3,272). The operating result (EBIT) for 2008 of minus kEUR 176 (previous year kEUR 571) includes the extraordinary expenses of kEUR 1,030 resulting from the disposal of TKS Unternehmensberatung und Industrieplanung GmbH. Adjusted for these extraordinary expenses, the operating result from planning and consulting services came to kEUR 854.

The Logistics Operating segment which implements and applies logistics solutions posted both higher sales revenues and a significantly better operating result in comparison with the previous year. Through the application of logistics solutions at the customers' premises or at Lila Logistik's own logistics services centres as well as through value adding logistics services, the group made sales amounting to kEUR 83,314 (previous year kEUR 79,890). The operating result (EBIT) of this segments amounted to kEUR 8,068 (previous year kEUR 906) of which kEUR 4,715 were allocable to the special effect from the disposal of the real property at the Besigheim location. Adjusted for this amount, the operating result was kEUR 3,353, which is equivalent to an adjusted EBIT margin of 4.1 %. The factory segment, i.e. the handling of goods and processes, recorded a positive development of business during the financial year just ended. The routing segment in which the transportation services provided by Lila Logistik group are pooled showed a weak performance over the total financial year.

The following table shows the development of sales and earnings broken down by business segment:

| **2008** in k€ | Sales revenues | EBIT |
|---|---|---|
| Logistics Design | 5,588 | −176 |
| Logistics Operating | 83,314 | 8,068 |

| **2007** in k€ | Sales revenues | EBIT |
|---|---|---|
| Logistics Design | 3,272 | 571 |
| Logistics Operating | 79,890 | 906 |

#### Capital spending, depreciation, amortisation, and impairments

In financial year 2008, Lila Logistik group's capital spending on fixed assets came to kEUR 2,908 (previous year kEUR 10,184). As a result of the completion of the investment phase 2007 at a subsidiary in Poland, the level of capital spending was lower in accordance with plans. Capital spending on property, plant and equipment, above all on modernising and expanding exist-

ing operating equipment at the business locations, accounted for kEUR 2,250.

Depreciation on property, plant and equipment and intangible assets amounted to kEUR 1,502 (previous year kEUR 1,596).

**Asset and financial position**

Since the 4th quarter of 2008, Lila Logistik group has applied factoring. Reasons for starting with factoring were, on the one hand, to reduce the total of trade receivables which had substantially risen in the course of time and, on the other hand, to ensure financing of the working capital, also called net current assets, with continuously rising sales. Additional advantages of factoring are the fast conversion of claims into liquidity and the security of claims provided with factoring. As a result of the use of factoring, there are changes in the accounting structure as well as the key figures on the statement of financial position (equity ratio, due date). In financial year 2008, basic factoring agreements were made for several companies of the group. At first, factoring was implemented only for Müller – Die lila Logistik Deutschland as from December 2008. Accounts receivable were taken over on a fiduciary basis. For 2009 it is planned to broaden the scope of factoring to other companies of Lila Logistik group. However, due to the current financial and economic crisis, a restrictive assessment is made of insurance companies providing coverage for claims.

The balance sheet total decreased as of the closing date 31 December 2008 to kEUR 43,442 (previous year kEUR 51,349). On the assets side of the statement of financial position, the following factors which partly have antagonistic effects were responsible for the fact that the balance sheet total was reduced by kEUR 7,907: Under the short-term assets, liquid funds of Lila Logistik group consistently decreased in the course of the financial year and amounted to kEUR 8,469 (previous year kEUR 1,295) as of the reporting date. Trade receivables of Lila Logistik group were, compared with the previous year, reduced by kEUR 6,163 to kEUR 9,663 at the end of the period (previous year kEUR 15,826). This was due to an improved claims management and the use of factoring, as described above. After the disposal of the real properties in Besigheim and Bochum, assets held for sale during the previous period went down to nil (previous year kEUR 7.014) so that short-term assets totalled kEUR 19,489 (previous year kEUR 24,809). As a result of the sale of the shareholdings in TKS, there were no longer any equity investments in associated companies on the statement of financial position (previous year kEUR 1,831). Other long-term assets decreased as of the closing date in total to kEUR 23,953 (previous year kEUR 26,541).

The liabilities side of the statement of financial position is dominated by the decrease of liabilities, mainly due to the revenue received through the disposal of the real property in Besigheim amounting to kEUR 10,900. Short-term loans and the short-term portion of long-term loans decreased by kEUR 7,137 to kEUR 3,836 (previous year kEUR 10,973). Under long-term debts, long-term loans were repaid as planned during financial year 2008. In total, long-term loans decreased by kEUR 3,156 to kEUR 7,611 (previous year kEUR 10,767).

Retained income as a result of the net profit for the year amounted to kEUR 879 (previous year minus kEUR 2,996).

The equity ratio was 39.5 % (previous year 29.0 %).

**Cash flow and liquidity**

The operating cash flow of Lila Logistik group amounted to kEUR 8,357 (previous year minus kEUR 691) for the period under review. Crucial influential factors were the higher group profit, the reduction of claims using factoring and the improved claims management. The cash flow from investment activities could be increased to kEUR 9,326 (previous year kEUR minus 9,574) primarily due to the sale of the real estates in Besigheim and Bochum as well as the completion of the investment phase of a subsidiary in Poland. The substantial repayment of loans through the sale of real property as well as a small volume of new borrowings resulted in a cash flow from finance activities of minus kEUR 10,434 (previous year cash inflow of kEUR 7,191).

As of the closing date 31 December 2008, cash and cash equivalents of Lila Logistik group came to kEUR 8,469 (previous year kEUR 1,295). This high level of cash and cash equivalents had intentionally been built up considering the current economic environment. The debt ratio that indicates what proportion of debt a company has relative to its assets came to 0.60 (previous year 0.71).

**Overall assessment of the development of business**

Business during financial year 2008 was good for Lila Logistik group. The assets, financial and earnings position met the expectations of the management. The special effect from the sale of real property had a positive effect on the results; the special effect from the disposal of TKS Unternehmensberatung und Industrieplanung GmbH had a negative impact on the results. The development of business during 2008 up to the date of the preparation of this management report in financial year 2009 complied with the expectations of the management taking account of the difficult market environment.

**Personnel**

Also for 2008, Lila Logistik group can show a growth in the number of employees who are essentially responsible for the success of the company. During the financial year just ended, on average 1,033 persons, excluding trainees and apprentices were employed at locations in Germany and abroad. In Germany, the average number of persons employed was 691, which corresponds to a portion of 67 % of the total staff of the group (previous year 69 %). In Austria, Poland and Belgium, Lila Logistik group employed 342 persons or 33 % of the staff employed (previous year 31 %).

At the turn of the year, the group trained 54 persons for logisticians for the group's own requirements. The training offer included, on the one hand, logistics-related training for commercial and industrial careers. On the other hand, the co-operation with the Heidenheim professional school (Berufsakademie) which had began three years earlier was expanded even further in 2008. In addition, our location at Zwenkau cooperates closely with the Saxony professional school [University of Cooperative Education Glauchau (Studienakademie Glauchau)]. For Lila Logistik group, the dual courses at both schools are an optimum combination of intense theoretical studies and first hands-on experience at the company in order to support and train junior staff. The average training ratio of 4.4 % was on previous year level (previous year 4.5 %). In financial year 2008, advanced training and internal further training measures were carried out for the members of staff on a regular basis in order to meet the growing requirements of logistics. As a result, an ongoing improvement process is guaranteed.

**Capital structure**

So far, the group has exclusively issued no-par bearer shares with a total of 7,955,750 no-par shares outstanding.

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

Mr. Michael Müller holds a stake of EUR 4,069,000 (51.15 % equity stake). Landesbank Baden-Württemberg notified the company that the share of Süd KB Unternehmensbeteiligungsgesellschaft mbH & Co. Kommanditgesellschaft in the share capital was EUR 1,341,000 (16.86 % of voting rights) on 22 December 2008 and that this amount is attributable to Landesbank Baden-Württemberg. Mr. Rudolf Reisdorf notified the company that his share in the share capital was EUR 796,370 (10.01 %) on 9 October 2008. The remaining shares are in free float.

**Management Board appointment and amendments to the articles of association**

According to the group's articles of association, the Supervisory Board is the corporate body vested with the power to appoint Management Board members. 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 and Supervisory Boards in the period under review.

**Compensation report**

The following compensation report explains the structure and the amount of Management Board and Supervisory Board compensation. The compensation report takes into account the provisions of the German Commercial Code [Handelsgesetzbuch] as amended by the German Management Compensation Disclosure Act [Vorstandsvergütungs-Offenlegungsgesetz (VorstOG)] as well as the recommendations of the German Corporate Governance Code to the extent that the company complies with these recommendations.

Additional disclosures are made with reference to shareholdings of Management Board and Supervisory Board members. Furthermore, there are pension commitments to members of the Management board in accordance with individual agreements.

**Structure of Management Board compensation**

The Supervisory Board is the corporate body vested with the power to determine Management Board member compensation. The compensation for members of Müller - Die lila Logistik AG's Management Board is geared to the size of the company and its international operations. In addition, consideration is given to the responsibilities and corporate performance contributions of the respective Management Board members. Our Management Board member compensation is performance based. It comprises a fixed salary and a variable bonus

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

Our Management Board members receive a variable bonus pegged to certain quantitative corporate goals that closely follow the EBT of the group as set forth in the respective employment contracts.

**Management Board compensation in financial year 2008**

In the past financial year, Management Board compensation totalled kEUR 873 (previous year kEUR 607) that broke down as follows:

| | 2008<br>k€ | 2007<br>k€ | 2006<br>k€ |
|---|---|---|---|
| Salary | 440 | 442 | 421 |
| Annual bonus | 433 | 165 | 427 |

**Supervisory Board compensation in financial year 2008**

The annual general shareholders' meeting of Müller – Die lila Logistik AG is the corporate body vested with the power to determine 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.

Compensation consists of two components:

- A fixed component, and
- a component based on membership in committees 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. Committee chairpersons receive one and a half times the fixed compensation of regular committee members.

In financial year 2008, the compensation for the Supervisory Board members of Müller - Die lila Logistik AG totalled kEUR 73 (previous year kEUR 68).

**Supervisory Board member compensation**

| | 2008 k€ | 2007 k€ |
|---|---|---|
| **Prof. Peter Klaus** Supervisory Board Chairman | 23 | 22 |
| **Dr. Gerd Wecker** Supervisory Board Vice Chairman | 18 | 16 |
| **Volker Buckmann** Supervisory Board Member | 6 | 6 |
| **Per Klemm** Supervisory Board Member | 6 | 6 |
| **Klaus Langer** Supervisory Board Member | 14 | 12 |
| **Carlos Rodrigues** Supervisory Board Member | 6 | 6 |

**Supervisory Board member compensation for services provided individually**

During the financial year 2008, no additional consulting services were rendered by individual members of the supervisory board.

**Shareholdings of Management and Supervisory Board members**

Pursuant to § 15a WpHG [Wertpapierhandelsgesetz (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 2008, Müller – Die lila Logistik AG received one notification before the closing date 31 December 2008, which was also published on the website of the company, stating that Prof. Peter Klaus purchased a total of 5,400 shares of Müller – Die lila Logistik AG through the Stuttgart stock exchange in the first quarter of the financial year.

As of 31 December 2008, 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 64,749 shares or 0.81 % of the company's share capital.

An individual list of shareholdings of the bodies of the company is given in the Notes under item 25 "Business relations to related parties".

## Risk report

### Risk management system

Pursuant to § 91 paragraph 2 of the German Stock Corporation Act [Aktiengesetz], the Management Board of Müller – Die lila Logistik AG shall have an early warning/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 an efficient risk management system when going public 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 and controls target compliance throughout the year. The “risk management” department supervises the processes 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.

### Essential risk political principles

Müller – Die lila Logistik AG is fully aware of the fact that all business activities are always exposed to risks. Considering this, Müller – Die lila Logistik AG pursues a restrictive, i.e. risk averse strategy. An action or decision must not put the further existence of the company at risk in any way. Risks must be mitigated or avoided and residual risks must be controlled by risk management measures as far as possible.

There are both chances and risks to be handled 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) is exposed to the typical business risks which may substantially influence the assets, financial and earnings position. They include, above all, downturns in demand and the other general and company-specific risks described here:

### Overall economic risks

A crucial risk for the economy as a whole is due to the mortgage crisis in the United States of America and the resulting turbulences on the international financial markets. In financial year 2008, the capital and credit markets experienced significant fluctuations which added momentum to the slump in the world economy at the end of the year. If, as a result of these fluctuations and the slowdown of the economy, the negative effects will persist or even increase, it cannot be guaranteed that they will not have any substantial negative effects on our assets, financial and earnings position as well as our ability to raise capital. The current crunch on the financial markets could, e.g., impede the financing opportunities not only of Lila Logistik group, but also of our customers and services providers, with the consequence that intentions as regards our services may change or be delayed or that transactions are perhaps not carried out.

Another economic slowdown could considerably weaken the demand for investment and consumer goods and, in the end, for transportation and logistics services. Therefore, there are significant economy-related risks for the assets, financial and earnings position of Lila Logistik group.

Furthermore, our customers and services providers may become unable to pay invoices in due time or fully because they are not in a position to generate sufficient sales or find it more difficult to get access to the capital markets. Likewise it must be expected that companies will go into administration which could pose additional risks for the assets, financial and earnings position of Lila Logistik group.

Numerous other factors like fluctuation of energy and raw material prices as well as global political conflicts will continue to influence macro-economic factors and the international capital markets. The imponderability as to the economic and political conditions may considerably affect our assets, financial and earnings position.

**Risks relating to transportation services**

The logistics industry is to a large extent dependent on the overall economic development. Negative economic trends might, therefore, result in a decrease in the demand for logistics services.


In addition, external factors may lead to a continuous rise in costs, above all in the transportation segment. As from 1 January 2009, the toll payable on German motorways has been significantly increased. Since 1 January 2009, the forwarders must pay on average 16.3 euro cents instead of 13.5 euro cents per kilometre for heavy vehicles. According to Güterkraftverkehr Logistik und Entsorgung (BGL) e.V. [Freight Haulage, Logistics and Disposal (BGL)], the truck toll rose by 40 % to 90 % depending on the emission class. This could result in further cost increases for the transportation services providers. Additionally, there are at present some customers who refuse to pay the toll increase, which means that the cost would have to be borne by the company.

DSLV (Deutscher Speditions- und Logistikverband e.V, Bonn) [German Association for freight forwarding and logistics] reports that, according to Statistisches Bundesamt [Federal Office of Statistics], Wiesbaden, the number of insolvency proceedings rose by 23.5 % and as far as forwarders are concerned by 15.7 % in financial year

2008 in comparison with the previous year. The effects of the increasingly strong slow-down of the economy since late autumn 2008 could significantly increase the risk of insolvency for transportation services providers. For part of the transportation services, 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 for individual orders. Unavailability of sufficient transport capacities or unexpected capacity bottlenecks may cause sourcing-related cost increases. In order to limit the risk of supply shortages, we select our subcontractors very carefully. A geographic distribution of orders in our segments makes us less dependent of regional supply bottlenecks and helps us find alternatives when supply difficulties occur locally.

Another major risk factor is the volatile development of the crude oil prices. If the prices go up considerably, the cost incurred by the transportation services providers could rise substantially. In order to ensure a fixed calculation basis in the routing segment and to become partly independent from the imponderability of the diesel market, Lila Logistik has hedged the diesel prices as far as the demand during the first six months of 2009 is concerned.

The hedging of an expected price increase may incur the risk that in the event of prices going downward the purchasing price (= current market price + hedging fee) is higher than the current market price.

**Dependence on major customers**

Also in financial year 2008, Lila Logistik group 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 the retention of existing customers remains amongst the top priorities of our business strategy going forward.

About half of the total sales made by Lila Logistik group are currently generated with customers from the automotive and automotive supply industry. The general conditions for the automotive industry and the automotive supply industry are difficult at present. For the medium-term future, it is expected that sales and profits will decrease, while the number of insolvency proceedings and the resulting mergers and acquisitions will rise. Industry experts are of the opinion that, in addition, the problem of excess capacities on the automotive markets world-wide will even get worse, as was revealed by a global survey among the 200 leading representatives of the automotive and automotive supply industry in January 2009.

Due to the ongoing slow-down of the economy, the reduced credit rating of key account customers harbours bad debt risks. We manage these default risks on the one hand with a claims handling and debt collection management system and partly with factoring; nevertheless it cannot be ruled out entirely that the assets, financial and earnings position of Lila Logistik group will be at risk in the event of a key account customer going into administration. In the event of potential sales shortfalls, we make short-term capacity adjustments.

**Financial risks**

One of the key tasks of Müller - Die lila Logistik AG is to ensure availability of financial resources for 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 two 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 such as 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 reporting 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 such as foreign exchange forwards are used as required.

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 hedge transaction as soon as they are reached are fixed in advance. For the fixing of these thresholds, the assessments of research departments of large German banks are used. Details relating to interest risk hedging and currency management are given in the Notes to the Consolidated Financial Statement.

**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**

Motivated and competent staff and managers are a crucial success factor for Lila Logistik group. Therefore, there are risks that such key personnel cannot be found for vacancies or cannot be retained in our group. The organisational structure for a positive development of the company was consistently improved in 2008. Target group oriented investments in human resources at managerial level additionally strengthen identification with the company. We address interested young persons early and have a company-wide training system in place in order to ensure that the necessary “new blood” is available for our workforces.

**Managing project starts**

Project starts are in general exposed 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**

The integration of all the various parties included in the logistics processes of 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 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 delays in payments and defaults by debtors.

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 Lila Logistik group.

**Assumption of existing employment contracts**

Under German law, the purchaser of a full or partial going concern assumes the rights and obligations of this full or partial 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 going concern regulation will adversely affect the respective company's financial and earnings position 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, 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 earnings position despite all preventive measures taken. Risks may additionally occur with investments where the equity stake held is not 100%. They could relate to the relationship with other stakeholders, pertain to resolutions of stakeholders, and have effects culminating in the control and development of the company. Furthermore, this may cause impairments risks as regards the recognised goodwill.

**Report on events subsequent to the statement of financial position date**

ILS Depot GmbH, Herne, was liquidated effective 6 January 2009. The indirect share in the company which was not operational and was not consolidated was 100 %.

In an ad hoc release published on 9 February 2009, the company informed that the Management Board and the Supervisory Board of Müller – Die lila Logistik AG decided to apply for a change of listing from Prime Standard to General Standard at the Frankfurt Stock Exchange. In compliance with the requirements regulated by law, Müller – Die lila Logistik AG listed in the General Standard will continue to fulfil its reporting and disclosure obligations, as, for example, the preparation and publication of annual reports and interim reports in accordance with IFRS as well as the ad hoc disclosure obligation. The application was presented to the management of the Frankfurt Stock Exchange on the same day and was published on the web page at www.deutsche-boerse.com on 18 February 2009. The revocation will be effective from 18 May 2009.

**Outlook**

**Outlook on economic developments**

The effects of the international financial crisis on real economy can be foreseen only inadequately; the economy is faced with previously unknown challenges. According to estimations of the German Federal Ministry of Economics and Technology (monthly report 02-2009 BMWi), the global recession has become stronger. The euro area is also still suffering from a significant cyclical slump. In December, both the Economic Sentiment Indicator (ESI) and the Business Climate Index (BCI) of the EU Commission fell to the historically lowest level since their introduction in 1985. The recession affects the strongly export dependent Germany industry. The sharp decline in production in the manufacturing industry continues unabatedly. For the present year, the perspectives remain bleak for the time being which can be seen from the low levels of all sentiment indicators.

**Logistics industry**

The combination of logistics consulting and the application of logistics processes will continue to be in the focus of the business model of Lila Logistik group. Within the scope of this business model, automotive, electronics, consumer goods and industrial goods will remain the target industries of Lila Logistik group. In addition, the business model is expanded to other future and growth oriented industries. Due to the economic crisis which affects a broad range of industrial sectors, the company expects that the competitive and economic conditions will be more difficult in financial year 2009. It is expected that the interlacing of global and, above all, European business processes which is continuously growing irrespective of the present economic crisis will have a positive effect on the development of Lila Logistik group in the medium-term future.

In the near future, the external cost increases due to the higher toll fees and production decreases in the automotive and automotive supply industry will adversely affect the earnings contributions from the subsidiaries. In the medium-term future, the investments made in the past will have positive effects on the development of earnings of Lila Logistik group.

Considering the economic situation at present, it is difficult to make reliable forecasts concerning the development during the total current financial year. Taking first indicators as a basis,

the company expects for the financial year 2009 that a positive operating result less special effects will be below the level of the previous year. The still existing uncertainties on the financial and real markets do not permit any quantifiable prognosis for 2010 at present.

We expect the successful certification of our quality management system in accordance with ISO 9901 and of our environmental management system in accordance with ISO 14001 for the years 2008/2009 as well.

**Change in the managerial organisation**

The managerial organisation of the group was restructured and is now oriented towards the business divisions distribution/ sales, production and services. The distribution/sales activities of Müller - Die lila Logistik AG and its subsidiaries as well as the logistics consulting segment are directly assigned to the Chief Executive Officer. The overall responsibility for the implementation of logistics processes in routing and factory was transferred to a chief representative. The Chief Financial Officer is, as before, responsible for the financial and administrative management, which is in future called ‘services’, and he is, with immediate effect, also responsible for the IT of the group.

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

Besigheim, 17 March 2009

| | |
|---|---|
| Michael Müller | Rupert Früh |
| Chief Executive Officer | Chief Financial Officer |

# as at 31 December 2008 (in accordance with IFRS)

## Assets

| | Notes | 31.12.2008 € | 31.12.2007 € |
|---|---|---|---|
| **I. Long-term assets** | | | |
| 1. Intangible assets | 11 | 864,427 | 398,099 |
| 2. Goodwill | 11 | 9,754,081 | 9,754,084 |
| 3. Property, plant & equipment | 11 | 12,247,408 | 12,904,636 |
| 4. Non-current financial assets | 11 | 86,903 | 61,903 |
| 5. Equity stakes in associated companies | 11 | 0 | 1,830,665 |
| 6. Loans | | 110,350 | 110,350 |
| 7. Deferred taxes | 10 | 396,075 | 1,277,140 |
| 8. Tax refund claims | | 57,445 | 63,117 |
| 9. Other non-current financial assets | | 436,582 | 140,712 |
| **Long-term assets, total** | | **23,953,271** | **26,540,706** |
| **II. Short-term assets** | | | |
| 1. Cash and cash equivalents | 15 | 8,469,145 | 1,294,673 |
| 2. Trade receivables | 13 | 9,662,762 | 15,826,398 |
| 3. Receivables from associated persons, associated companies and companies in which equity stakes are held | | 27,682 | 153,465 |
| 4. Inventories | 12 | 52,147 | 29,493 |
| 5. Tax refund claims | | 321,150 | 108,205 |
| 6. Assets held for sale | 14 | 0 | 7,013,567 |
| 7. Other short-term assets | 16 | 956,290 | 382,959 |
| **Short-term assets, total** | | **19,489,176** | **24,808,760** |
| **Assets, total** | | **43,442,447** | **51,349,466** |

The notes and the consolidated management report are integral parts of the consolidated financial statements.

## Liabilities

| | Notes | 31.12.2008<br>€ | 31.12.2007<br>€ |
|---|---|---|---|
| **I. Long-term liabilities** | | | |
| 1. Long-term loans | 21 | 7,611,250 | 10,767,222 |
| 2. Long-term financial leasing liabilities | 22 | 30,245 | 145,105 |
| 3. Liabilities to associated persons | | 100,000 | 0 |
| 4. Deferred taxes | 10 | 1,077,832 | 231,877 |
| 5. Other provisions | 19 | 259,434 | 287,371 |
| 6. Pension provisions | 18 | 475,958 | 482,097 |
| 7. Other long-term liabilities | | 706,635 | 81,983 |
| **Long-term liabilities, total** | | **10,261,354** | **11,995,655** |
| **II. Short-term liabilities** | | | |
| 1. Short-term share of financial leasing liabilities | 22 | 114,861 | 125,406 |
| 2. Short-term loans and short-term portion of long-term loans | 21 | 3,835,588 | 10,972,586 |
| 3. Shareholder loans | 25 | 0 | 15,355 |
| 4. Trade liabilities | | 2,693,818 | 6,027,901 |
| 5. Liabilities to associated persons and associated companies | | 596,252 | 229,573 |
| 6. Other provisions | 19 | 525,369 | 479,288 |
| 7. Tax debts | | 1,032,925 | 1,006,314 |
| 8. Other short-term liabilities | | 7,216,672 | 5,607,161 |
| **Short-term liabilities, total** | | **16,015,485** | **24,463,584** |
| **III. Equity** | | | |
| 1. Subscribed capital | 17 | 7,955,750 | 7,955,750 |
| 2. Capital reserve | 17 | 9,643,055 | 9,643,055 |
| 3. Retained earnings | 17 | 879,324 | −2,995,677 |
| 4. Stock options outstanding | 17 | 23,341 | 23,341 |
| 5. Accumulated other comprehensive income | 17 | −1,372,834 | 74,910 |
| **Share of equity attributable to shareholders of the parent company** | | **17,128,636** | **14,701,379** |
| 6. Minority interests | 17 | 36,972 | 188,848 |
| **Equity, total** | | **17,165,608** | **14,890,227** |
| **Liabilities, total** | | **43,442,447** | **51,349,466** |

The notes and the consolidated management report are integral parts of the consolidated financial statements.

# CONSOLIDATED INCOME STATEMENT
## for the period 1 January to 31 December 2008
## (in accordance with IFRS)

| | Notes | 2008 € | 2007 € |
|---|---|---|---|
| 1. Sales revenues | 5 | 88,680,561 | 82,722,660 |
| 2. Changes in the amount of work in progress | | 0 | −7,938 |
| 3. Other operating income | 6 | 6,996,026 | 2,711,571 |
| 4. Cost of purchased materials and services | | −28,414,834 | −31,223,355 |
| 5. Personnel cost | 7 | −33,852,901 | −30,970,711 |
| 6. Depreciation and amortisation of intangible and fixed assets | 9 | −1,502,004 | −1,595,935 |
| 7. Other operating expenses | 8 | −24,015,050 | −20,159,765 |
| **8. Operating earnings** | | **7,891,798** | **1,476,527** |
| 9. Other interest and similar income | | 1,669,779 | 746,766 |
| 10. Finance cost | | −3,136,099 | −1,372,185 |
| 11. Equity income | | −74,157 | −57,646 |
| 12. Income from financial assets stated at equity | | 0 | 452,180 |
| **13. Consolidated earnings before taxes (and after minority interests)** | | **6,351,321** | **1,245,642** |
| 14. Taxes on income | 10 | −2,476,320 | −303,351 |
| **15. Consolidated net profit for the year** | | **3,875,001** | **942,291** |
| of which | | | |
| Shareholders of the parent company | | 3,875,001 | 942,291 |
| Minority shareholders | | 0 | 0 |
| Earnings per share | | 0.49 | 0.12 |

The notes and the consolidated management report are integral parts of the consolidated financial statements.

| | 2008<br>€ | 2007<br>€ |
|---|---|---|
| Group annual net earnings | 3,875,001 | 942,291 |
| Depreciation and amortisation | 1,502,004 | 1,595,935 |
| Changes in provisions and impairments | −160,789 | 502,283 |
| Profit from asset disposals and assets held for sale | −4,765,576 | −27,635 |
| Valuation at equity | 1,029,664 | −452,180 |
| Foreign exchange differences | 162,271 | −12,554 |
| Change in stock option plan | −32,462 | 0 |
| Change in deferred tax assets, tax refund claims, and tax liabilities | 1,409,662 | 7,199 |
| Change in inventories | −22,655 | 19,357 |
| Change in trade receivables and receivables from affiliated and associated companies | 6,887,213 | −5,448,644 |
| Change in other current assets | −869,165 | 183,358 |
| Change in trade liabilities, liabilities to affiliated companies and liabilities to associated persons | −2,892,403 | 1,738,422 |
| Change in other liabilities and prepayments received | 2,234,164 | 261,300 |
| **Operating cash flow** | **8,356,929** | **−690,868** |
| Acquisition of consolidated companies, less cash | −251,363 | 0 |
| Acquisition of long-term assets | −2,344,415 | −9,732,244 |
| Acquisition of shares from associated companies | −44,000 | 0 |
| Acquisition from sale of shares from associated companies | 845,000 | 0 |
| Revenues from disposals of long-term assets and assets held for sale | 11,121,129 | 158,374 |
| **Capex cash flow** | **9,326,351** | **−9,573,870** |
| Contingent capital increase due to the stock option plan | 0 | 22,066 |
| Cash inflow from taking out short or long-term loans | 880,000 | 8,555,494 |
| Cash outflow from loan repayments | −11,172,970 | −1,146,748 |
| Change in shareholder loans | −15,355 | −234,645 |
| Change in finance leases | −125,406 | −5,538 |
| **Cash flow from finance activities** | **−10,433,731** | **7,190,629** |
| Net liquidity change | 7,249,549 | −3,074,109 |
| Foreign exchange-related liquidity change | -76,404 | 23,493 |
| Cash and cash equivalents at the beginning of the period | 1,294,673 | 4,345,289 |
| Conditional changes from basis of consolidation | 1,327 | 0 |
| **Cash and cash equivalents at the end of the period** | **8,469,145** | **1,294,673** |
| **Additional disclosures** | | |
| Inflow from interests[1] | 762,895 | 173,730 |
| Inflow from taxes from income | 36,282 | 0 |
| Outflow from interests[1] | 1,318,214 | 1,261,743 |
| Income taxes paid[2] | 959,844 | 385,593 |

[1] Included in the cash flow from finance activities
[2] Included in the operating cash flow[2]


| |
|---|
| Balance on 1 January 2008 |
| Acquisition of minority interests |
| Consolidated earnings |
| Foreign exchange translation |
| Stock options outstanding |
| **Balance on 31 December 2008** |

| |
|---|
| Balance on 1 January 2007 |
| Capital increase |
| Surplus from the capital increase |
| Consolidated earnings |
| Foreign exchange translation |
| **Balance on 31 December 2007** |

## Changes in Equity 2008

| Subscribed capital € | Capital reserve € | Revenue reserves € | Outstanding stock options € | Cumulated other equity € | Minority interests € | Equity (total) € |
|---|---|---|---|---|---|---|
| 7,955,750 | 9,643,055 | −2,995,677 | 23,341 | 74,910 | 188,848 | 14,890,227 |
| 0 | 0 | 0 | 0 | −151,876 | −151,876 | |
| 0 | 0 | 3,875,001 | 0 | 0 | 0 | 3,875.001 |
| 0 | 0 | 0 | 0 | −1,424,888 | 0 | −1,424,888 |
| 0 | 0 | 0 | 0 | −22,856 | 0 | −22,856 |
| **7,955,750** | **9,643,055** | **879,324** | **23,341** | **−1,372,834** | **36,972** | **17,165,608** |

## Changes in Equity 2007

| Subscribed capital € | Capital reserve € | Revenue reserves € | Outstanding stock options € | Cumulated other equity € | Minority interests € | Equity (total) € |
|---|---|---|---|---|---|---|
| 7,938,375 | 9,638,364 | −3,937,968 | 23,341 | 18,500 | 188,848 | 13,869,460 |
| 17,375 | 0 | 0 | 0 | 0 | 0 | 17,375 |
| 0 | 4,691 | 0 | 0 | 0 | 0 | 4,691 |
| 0 | 0 | 942,291 | 0 | 0 | 0 | 942,291 |
| 0 | 0 | 0 | 0 | 56,410 | 0 | 56,410 |
| **7,955,750** | **9,643,055** | **−2,995,677** | **23,341** | **74,910** | **188,848** | **14,890,227** |

| | Historical and manufacturing costs | | | | |
|---|---|---|---|---|---|
| | 1.1.2008 | Additions | Disposals | Exchance differences | 31.12.2008 |
| | € | € | € | € | € |
| **I. Intangible assets** | 1,643,609.18 | 659,8701.68 | 851.50 | −2,500.24 | 2,300,128.12 |
| **II. Goodwill** | 10,978,327.34 | 0.00 | 109,740.18 | 0.00 | 10,868,587.16 |
| **III. Property, plant & equipment** | | | | | |
| 1. Property and buildings including improvements of third-party properties | 11,377,337.85 | 0.00 | 0.00 | −1,591,919.60 | 9,785,418.25 |
| 2. Other plants, operating and office equipment | 8,304,680.77 | 2,167,752.51 | 136,347.56 | −49,608.81 | 10,286,476.91 |
| 3. Plants under construction | 0.00 | 11,216.57 | 0.00 | 0.00 | 11,216.57 |
| | **19,682,018.62** | **2,178,969.08** | **136,347.56** | **−1,641,528.41** | **20,083,111.73** |
| **IV. Properties held as financial investments** | | | | | |
| 1. Equity interests in affiliated companies | 30,677.51 | 25,000.00 | 0.00 | 0.00 | 55,677.51 |
| 2. Equity investments | 31,225.84 | 0.00 | 0.00 | 0.00 | 31,225.84 |
| | **61,903.35** | **25,000.00** | **0.00** | **0.00** | **86,903.35** |
| **V. Equity interests in associated companies** | 2,535,699.15 | 44,000.00 | 2,579,699.15 | 0.00 | 0.00 |
| **VI. Other loans** | 110,350.27 | 0.00 | 0.00 | 0.00 | 110,350.27 |
| | **35,011,907.91** | **2,907,839.76** | **2,826,638.39** | **−1,644,028.65** | **33,449,080.63** |

## Consolidated asset analysis for the financial year 2008

| Cumulated depreciations | | | | | Book values | |
|---|---|---|---|---|---|---|
| 1.1.2008 | D&A in FY 2008 | Disposals | Exchance differences | 31.12.2008 | 31.12.2008 | 31.12.2007 |
| € | € | € | € | € | € | € |
| 1,245,510.17 | 193,304.44 | 184.50 | −2,928.66 | 1,435,701.45 | 864,426.67 | 398,099.01 |
| 1,224,243.25 | 0.00 | 109,737.18 | 0.00 | 1,114,506.07 | 9,754,081.09 | 9,754,084.09 |
| 253,198.13 | 506,836.36 | 0.00 | −98,005.28 | 662,029.21 | 9,123,389.04 | 11,124,139.72 |
| 6,524,184.30 | 801,863.12 | 120,031.73 | −32,340.85 | 7,173,674.84 | 3,112,802.07 | 1,780,496.47 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,216.57 | 0.00 |
| **6,777,382.43** | **1,308,699.48** | **120,031.73** | **−130,346.13** | **7,835,704.05** | **12,247,407.68** | **12,904,636.19** |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 55,677.51 | 30,677.51 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 31,225.84 | 31,225.84 |
| **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **86,903.35** | **61,903.35** |
| 705,034.31 | 0.00 | 705,034.31 | 0.00 | 0.00 | 0.00 | 1,830,664.84 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 110,350.27 | 110,350.27 |
| **9,952,170.16** | **1,502,003.92** | **934,987.72** | **−133,274.79** | **10,385,911.57** | **23,063,169.06** | **25,059,737.75** |

The statement of changes in noncurrent assets is an integral part of the notes to the consolidated financial statements and thus an integral part of the consolidated financial statements.

## Accounting principles

### (1) General information

The consolidated financial statements of Müller – Die lila Logistik AG as of 31 December 2008 have been prepared in accordance with the International Financial Reporting Standards and the interpretations of the International Financial Reporting Interpretations Committee, as applicable in the EU, and additionally in accordance with the commercial regulations as applicable under § 315a (1) of the German Commercial Code [Handelsgesetzbuch (HGB)]. All mandatory pronouncements of the International Accounting Standards Board (IASB) have been applied.

Due to the preparation of the consolidated financial statements in kEUR, rounding differences may occur in sums of amounts because the calculation of single items is based on figures in euro.

The accounting and valuations as well as explanations and disclosures to the consolidated financial statements under IFRS for the financial year 2008 are generally based on the same accounting and valuation methods used for the consolidated financial statements for the financial year 2007.

### (2) Business model

Lila Logistik group is a national and international logistics provider offering comprehensive consulting (logistics design) and implementation (logistics operating) functions for custom logistics solutions. In logistics operating, Lila Logistik group generally differentiates between routing tasks (in the more generous meaning of road freighting) and factory tasks (handling goods and processes). The areas of sourcing, production and distribution logistics represent our group's core operating activities.

Our services focus on the following four core and target sectors:

- Automotive (automobile manufacturers and their suppliers)
- Electronics
- Consumer goods
- Industrial goods

Lila Logistik group's customers include renowned national and international companies from various industries.

### (3) Corporate domicile

Müller – Die lila Logistik AG is registered with the commercial registry of the Stuttgart local court under No. HRB 301979 and headquarters in Ferdinand-Porsche-Straße 4 in 74354 Besigheim-Ottmarsheim, Germany. Other business locations as at 31 December 2008 include Antwerp (Belgium), Böblingen, Bünde (Germany), Gliwice (Poland), Graz (Austria), Herne, Malacky (Slovakia), Recklinghausen, Schorndorf, Ulm, Unterföhring, Wroclaw (Poland), Zwenkau and Zwickau.

Due to the disposal of all shares in TKS Unternehmensberatung und Industrieplanung GmbH, the TKS locations in Stuttgart, Arad (Romania), Mosonmagyaróvár (Hungary) and Wroclaw (Poland) are no longer part of Lila Logistik group.

### (4) Consolidation scope and method

Our consolidated financial statements as of 31 December 2008 include in addition to Müller – Die lila Logistik AG generally all domestic and foreign companies in which Müller – Die Lila Logistik AG directly or indirectly holds the majority of voting rights or otherwise has a controlling interest in, with the exception of ILS Depot GmbH, Herne, and Müller – Die lila Logistik Slovakia s.r.o. Bratislava (Slovakia) which were not included in the consolidation scope since it is of negligible importance.

Müller – Die lila Logistik AG starts to consolidate these companies from the time it gains control over them.

Müller – Die lila Logistik AG holds all equity interests listed above directly. The only exceptions are Müller – Die lila Logistik GmbH and Müller – Die lila Logistik Nord GmbH which both are fully-owned subsidiaries of Müller – Die lila Logistik Verwaltung GmbH.

ILS Depot GmbH, Herne, in which Müller – Die lila Logistik AG indirectly held at closing date a 100 % interest via Müller – Die lila Logistik Verwaltung GmbH has not been included in the consolidated financial statements due to lack of operating activity. ILS Depot GmbH was liquidated on 6 January 2009.

On 28 October 2008, Müller – Die lila Logistik Slovakia s.r.o. was established in Bratislava, Slovakia. It was not included in the consolidated financial statements as at the statement of financial position date due to lack of operating activity.

In FMS Logistic GmbH, Besigheim, Müller – Die lila Logistik AG holds a 33.33 % interest that is not consolidated using the equity method due to lack of significance.

On 20 June 2008, the shelf company GRINFI Sp. z o.o. domiciled in Warsaw/Poland was acquired at a purchasing price equivalent to approx. kEUR 16. On 20 June 2008, its registered office was moved to Gliwice and afterwards the company was renamed Value Added Logistics Sp z o.o. On 22 July 2008, a capital increase amounting to kEUR 141 was made; on 12 November 2008, an additional capital payment amounting to kEUR 398 was made.

For the subsidiary Müller – Die lila Logistik Polska Sp. z o.o., an additional capital payment amounting to kEUR 5,914 was approved by shareholders` resolution of 4 August 2008. At the same time, the conversion of two loans amounting to KEUR 1,100  and kEUR 4,772, which Müller – Die lila Logistik AG had granted to Müller – Die lila Logistik Polska

**The following table shows the fully consolidated companies:**

| **Company** | **Domiciled in** | **Registered capital** in K€ | **Equity stake in percent** |
|---|---|---|---|
| Müller – Die lila Logistik Deutschland GmbH | Besigheim | 1,010 | 100 % |
| Müller – Die lila Logistik Ost GmbH | Zwenkau | 25 | 100 % |
| Müller – Die lila Logistik Verwaltung GmbH | Herne | 256 | 100 % |
| Müller – Die lila Logistik GmbH | Herne | 31 | mittelbar 100 % |
| Müller – Die lila Logistik Nord GmbH | Bünde | 25 | mittelbar 100 % |
| Müller – Die lila Logistik West GmbH | Herne | 25 | 100 % |
| Müller – Die lila Logistik Austria GmbH | Graz (Austria) | 35 | 100 % |
| Müller – Die lila Logistik Polska Sp. z o.o. | Gliwice (Poland) | 887* | 100 % |
| Value Added Logistics Sp. z o.o. | Gliwice (Poland) | 120* | 100 % |
| Emporias Management Consulting GmbH | Unterföhring | 50 | 76 % |

*converted at closing rate

Sp. z o.o. since 2006, as well as payment of an amount of kEUR 42 were made.

The share in Müller – Die lila Logistik Verwaltung GmbH domiciled in Herne was increased from 90 % to 100 % as of 30 December 2008. The purchase price for the 10 % share was kEUR 500. With the higher equity investment in Müller – Die lila Logistik Verwaltung GmbH, the indirect shares in Müller – Die lila Logistik GmbH, Herne, Müller – Die lila Logistik Nord GmbH, Bünde, and ILS Depot GmbH also increased from 90 % to 100 %.

On 2 May 2008, Müller – Die lila Logistik AG came to an agreement with the shareholders of TKS Unternehmensberatung und Industrieplanung GmbH (TKS) on a consensual separation. Before that, the company had, as part of the total process, acquired the one-percent share of another minority shareholder for a purchasing price of kEUR 44. The cash flow as a result of the disposal of the afterwards 34 % of the shares of TKS amounted to kEUR 845 which contributes to a further reduction of debts, while the book loss is kEUR 1,030. TKS Unternehmensberatung und Industrieplanung GmbH was accounted for in the consolidated financial statements using the equity method up to financial year 2007.

All receivables and liabilities between the consolidated companies and all transactions within the group have been eliminated in the consolidated financial statements.

As far as mergers are concerned, the purchase method is used under which the identifiable goodwill and debts which previously had not been accounted for in the financial statements of the acquired company are recorded at their fair value at the date of purchase within the framework of the first-time measurement. The purchasing cost of the investment is set off against the group's share of equity in the subsidiary measured at its fair value at the acquisition date. If there is an excess of cost over net assets acquired, it is capitalised as goodwill.

IFRS 3 prohibits amortisation of goodwill acquired in a business combination and instead requires the goodwill to be tested for impairment annually in accordance with IFRS 36, irrespective of the existence of indicators of potential impairment.

Receivables and liabilities between affiliated companies and other intragroup revenues have been eliminated against the corresponding expenses. As in the previous year, there were no intercompany profits that needed to be eliminated.

The financial year of Müller – Die lila Logistik AG and its consolidated subsidiaries is the calendar year.

**List of equity stakes held on 31 December 2008:**

| Consolidated compainies | Equita stake |
|---|---|
| Müller – Die lila Logistik Deutschland GmbH, Besigheim | 100 % |
| Müller – Die lila Logistik Ost GmbH, Zwenkau | 100 % |
| Müller – Die lila Logistik Verwaltung GmbH, Herne | 100 % |
| Müller – Die lila Logistik West GmbH, Herne | 100 % |
| Müller – Die lila Logistik Austria GmbH, Graz (Austria) | 100 % |
| Müller – Die lila Logistik Polska Sp. z o.o., Gliwice (Poland) | 100 % |
| Value Added Logistics Sp. z o.o., Gliwice (Poland) | 100 % |
| Müller – Die lila Logistik GmbH, Herne | indirectly 100 % |
| Müller – Die lila Logistik Nord GmbH, Bünde | indirectly 100 % |
| Emporias Management Consulting GmbH, Unterföhring | 76 % |

| Non-consolidated affiliated companies and equity interests | |
|---|---|
| Müller – Die lila Logistik Slovakia s.r.o., Bratislava (Slowakia) | 100 % |
| ILS Depot GmbH, Herne | indirectly 100 % |
| FMS Logistic GmbH, Besigheim | 33,33 % |

**Application of § 264 (3) HGB [Handelsgesetzbuch (German Commercial Code)]**

The following companies which are affiliated consolidated companies of Müller – Die lila Logistik AG and for which the consolidated financial statements of Müller – Die lila Logistik AG represent exempting consolidated financial statements apply the exemptions available pursuant to § 264 (3) of the German Commercial Code [Handelsgesetzbuch (HGB)] with regard to the preparation of the Notes and the Management Report as well as disclosures made:

Müller – Die lila Logistik Deutschland GmbH, Besigheim
Müller – Die lila Logistik Verwaltung GmbH, Herne
Müller – Die lila Logistik GmbH, Herne
Emporias Management Consulting GmbH, Unterföhring

**Accounting and measurement methods**

The annual financial statements of the companies included are uniformly prepared pursuant to IAS 27 in accordance with the accounting and valuation principles laid down for the group. If the financial statements of companies prepared in accordance with the provisions of their respective national law differ from these principles, all necessary adjustments are made.

The accounting and valuation methods used for the previous year were used again without any change.

The statement of financial position dates of the existing equity investments are not different.

The statement of financial position, the income statement, the statement of changes in group shareholders' equity and the statement of cash flows were rounded up to full euro amounts.

#### Foreign currency translation

The consolidated financial statements are prepared in euro as the functional and reporting currency of the group. Receivables and liabilities denominated in a foreign currency in the individual financial statements are translated promptly at the exchange rate at the date of the business transaction. Changes in exchange rates are taken into account by a revaluation at the middle exchange rate prevailing on the statement of financial position date.

The translation differences recognised in the income statement amounted to minus kEUR 298 (previous year kEUR 859).

The translation of the annual financial statements of included subsidiaries prepared in a foreign currency is based on the functional currency concept pursuant to *IAS 21 The Effects of Changes in Foreign Currency Exchange Rates.* As a result, all assets and liabilities are translated at the middle exchange rates at the date of the statement of financial position, whereas the equity is translated at historical rates.

The difference resulting from the translation of income and expense presented on the income statement at the average rates of the year and the statements of financial position at the exchange rate on closing date is allocated to the accumulated other consolidated earnings. The difference resulting from the foreign currency translation of the equity at historical cost is also allocated to the accumulated other earnings.

In the consolidated financial statements as at 31 December 2008 and 2007, the following exchange rates were used as a basis for the foreign currency having material influence on the consolidated financial statements.

#### Exchange rate on closing date

| | | 31.12.2008 | 31.12.2007 |
|---|---|---|---|
| Polen | 1 EUR = PLN | 4.1724 | 3.5820 |

#### Average exchange rate

| | | 2008 | 2007 |
|---|---|---|---|
| Polen | 1 EUR = PLN | 3.5166 | 3.7829 |

#### Estimates

The preparation of financial statements in accordance with IFRS requires making certain estimates and assumptions that have an influence on the valuation of assets and liabilities, the kind and scope of contingencies, the concrete details of purchase commitments as of the statement of financial position date and the levels of income and expense during the period under review. The assumptions and estimates essentially relate to the group-wide determination of useful lives, the value of capitalised goodwill – above all the cash flow forecasts and discount factors used in this connection, the collectability of receivables, the recognition and measurement of provisions as well as the likelihood of realis-ing future tax reliefs. Actual figures may deviate from these estimates. Changes are recognised in profit and loss when better knowledge becomes available.

#### Intangible assets

Acquired intangible assets are measured at acquisition cost and amortised on a straight-line basis over their useful life of usually three years.

As of 31 December 2008, intangible assets with infinite life do not exist.

**Goodwill**

Goodwill is not amortised on a scheduled basis, but is subject to an annual impairment test.

**Property, plant & equipment**

Property, plant & equipment are measured in accordance with IAS 16 at acquisition or manufacturing cost reduced by the amount of accumulated scheduled depreciation as well as non-scheduled impairment.

Depreciation is mainly by the straight-line method in accordance with the usually expected useful life:

| | |
|---|---|
| Licences, protective rights, software etc. | 1 to 3 years |
| Buildings | 4 to 25 years |
| Technical equipment and machines | 1 to 10 years |
| Operating and office equipment | 3 to 25 years |

Subsequent acquisition costs are capitalised.

Leased building improvements and equipment the company has to account for under finance leasing are depreciated and amortised over the term of the rental or leasing agreement.

The management of the company regularly verifies the useful life in terms of technological progress. Maintenance and repair costs are recognised as expense, while capital spending on replacement and improvements that lengthen the usual useful life or increase the capacity are capitalised. If property, plant & equipment are sold or disposed of, they are expensed at historical cost less accumulated depreciation and amortisation with resulting profits and losses being recognised in the income statement.

**Real property held as financial investment**

Real property held as financial investment is recognised in the statement of financial position at historical cost less scheduled depreciation in accordance with IAS 16 and, if applicable, impairment in accordance with IAS 36.

**Impairment of intangible assets, goodwill, property, plant & equipment and non-current financial assets**

*IAS 36 Impairment of Assets* requires that an assessment be performed at every reporting date whether there are indications that assets shown on the statement of financial position may be impaired. If such indications can be identified or if an annual review is required, such as for intangible assets with infinite useful life as well as goodwill, a so-called impairment test is performed. In this context, the recoverable amount of an asset or a cash generating unit is estimated in order to determine whether an impairment loss needs to be recognised. The recoverable amount is the higher of its fair value less costs to sell and its value in use – always with reference to the individual asset or cash generating unit. Lila Logistik group determines the recoverable amount based on value in use.

For the determination of the value in use, the estimated future cash flows are discounted to the present value with a risk adjusted discount rate using the discounted cash flow method.

The expected business segment cash flows are projected from plans for a three-year period. For subsequent periods, the planned growth is taken into account by means of a 1 % reduction of the discount rate. The plans are in particular based on assumptions concerning macroeconomic developments as well as the development of sales prices, personnel costs and energy prices. The cash flows for the cash generating units were discounted at interest rates between approx. 8 % and approx. 12 %.

An impairment loss must be recognised if the book value of the asset or cash generating unit exceeds the fair value less costs to sell and value in use. Non-scheduled impairment is recognised immediately in the income statement.

A correction of non-scheduled impairment of assets affecting net income made in previous years is made for an asset other than goodwill if the reasons causing it no longer exist. The appreciation is, however, only made to the extent that the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years is not exceeded afterwards. A reversal of impairment losses on goodwill is not allowed.

**Interest on outside capital**

Interest on outside capital was capitalised for the new construction of a building in Gliwice, Poland, in 2006 and 2007.

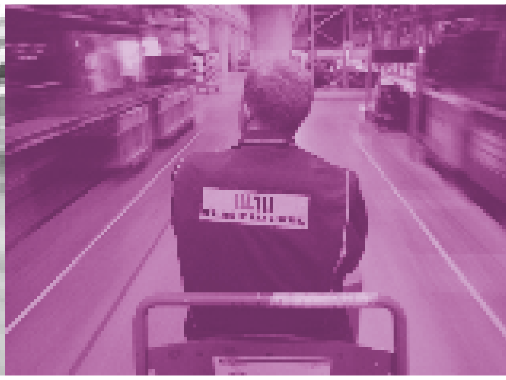
**Financial instruments**

A financial instrument is an agreement which simultaneously creates a financial asset in one company and a financial liability or an equity instrument in another company.

Financial assets primarily pertain to cash and cash equivalents, trade receivables and other assets.

Financial liabilities regularly establish a claim for return in cash or other financial assets. They include primarily trade liabilities, liabilities to banks, financial leasing liabilities and derivative financial liabilities.

On initial recognition, financial assets are valued at fair value. The fair value of financial instruments corresponds with the amount for which it would be traded between two parties in a current transaction, other than in conditions of forced sale or liquidation. For all financial assets which are subsequently not assessed at fair value, the transaction costs directly attributable to their acquisition need to be taken into account. Financial assets are always recognised at their respective settlement date.



Cash and cash equivalents which include cash in hand, cash accounts and money invested with banks on a short-term basis have a residual maturity of up to three months and are valued at amortised cost or fair value, respectively.

Trade receivables as well as other short-term assets are recognised – where applicable, using the effective interest method – at amortised cost less impairment. The impairment losses which are recognised in the form of individual value adjustments as well as value adjustments for the expected use of discounts and interest losses take adequate account of expected default risks. In determining the default risks, historical default experience is taken into account as well.

Other long-term assets are recognised using the effective interest method with amortised cost.

Financial assets held for trading are recognised at fair value. They include primarily derivative financial instruments which are not part of a hedging relationship under IAS 39 and, therefore, shall be classified as "held for trading". Profit or loss from a subsequent measurement is recognised in the income statement and presented under other long-term assets.

Primary financial assets allocated to categories other than those listed above are categorised as "available for sale" and are always recognised at fair value. Profits and losses from the measurement at fair value are recognised at fair value in equity. This, however, does not apply to permanent or material impairments as well as currency-based changes in value of debt instruments which are recognised in the income statement. The accumulated profits and losses from the measurement at fair value are only recognised in the income and loss statement upon disposal of the financial assets. If the fair value of unlisted equity instruments cannot be measured with adequate reliability, the shares are measured at amortised cost (if necessary, less impairment). Dividends are recognised at the date when the right to receive payment is acquired.

To date, Müller – Die lila Logistik AG has not made use of the possibility to designate financial assets as "financial assets at fair value through profit or loss" when they are recognised in the income statement for the first time.

At each reporting date, the carrying amounts of the financial assets which need not be measured at fair value through profit or loss are reviewed as to whether there are objective substantial indications that impairment will occur (e.g. considerable financial difficulties of the debtor or high probability of an insolvency proceeding relative to the debtor or a breach of contract). Impairments, if any, as a result of a lower fair value in comparison to the carrying amount are recognised through profit or loss. If impairments of fair values of financial assets held for sale were previously not recognised through profit or loss in the equity, they must be eliminated from the equity up to the amount of the impairment determined and transferred to profit or loss in the income statement. If it is found at later assessment dates that the fair value has objectively risen as a result of events after the date of recognition, impairments are reversed in profit or loss up to the corresponding amount. The fair value of loans and receivables valued at amortised cost which must be determined based on the impairment test corresponds with the actual cash value of the estimated cash flows and the future cash flows discounted by the original effective interest rate.

On initial recognition, financial liabilities are measured at fair value. For all financial liabilities which are later on not measured by profit and loss, the transaction cost directly attributable to their acquisition are also recognised at fair value.

Trade liabilities as well as other primary financial liabilities are, once they have been recognised for the first time, always measured at amortised acquisition cost using the effective interest method.

As regards financial liabilities, Müller – Die lila Logistik AG has to date not used the option to choose their designation as "financial liabilities at fair value through profit or loss".

Derivative financial instruments not forming part of an effective hedging relationship in accordance with IAS 39 shall be classified as “held for trading” and shall, therefore, be accounted for at fair value in profit or loss. If they are negative, they are recognised as financial liabilities.

Müller – Die lila Logistik AG uses derivative financial instruments for hedging purposes only. The aim is to reduce currency and interest rate risks as well as price fluctuations of diesel fuel during business operations and as to the resulting financial requirements. Derivative financial instruments are neither held nor issued for speculation purposes. According to IAS 39, all derivative financial instruments (interest rate swaps, diesel price hedges as well as currency forwards) shall be accounted for at market value on the reporting date. These values may be positive or negative. The market values of the derivative financial instruments are determined taking market data and generally accepted assessment methods as a basis. For the recognition of changes in fair value it is crucial whether or not the derivative financial instrument is part of an effective hedging relationship in accordance with IAS 39. If no hedge accounting is applied, the changes in the fair values of derivative financial instruments shall be recognised in profit or loss immediately. If, on the other hand, an effective hedging relationship as set out in IAS 39 exists, the hedge will be recognised as such.

If an effective hedging relationship (hedge accounting) exists, changes in the market value of the derivative instruments used and the related hedged items are either recognised in profit or loss as fair value hedge or in the equity as cash flow hedge.

A fair value hedge is used to hedge the fair values of assets recognised in the statement of financial position, of liabilities recognised in the statement of financial position or firm commitments not yet recognised in the statement of financial position. Any change in the fair value of the derivative instrument used as the hedging instrument shall be recognised in profit or loss in the income statement; the carrying amount of the hedged item shall be adjusted for gain or loss to the extent of the hedged risk (basis adjustment). The adjustments of the carrying amount are not amortised until the hedging relationship has been discontinued.

A cash flow hedge is used to hedge against fluctuations in future cash flows from assets and liabilities recognised in the statement of financial position, from firm commitments (relating to currency risks) or from highly probable forecast transactions. In the event of changes of the market value of effective cash flow hedge instruments used to balance future cash flow risks from already existing or planned hedged items, unrealised gains or losses are at first recognised in equity up to the amount of the hedged item. The recognition in profit or loss of the hedged item simultaneously results in an adjustment entry in the income statement; effects on profits or losses exceeding the hedged item are directly recognised in the income statement. For ineffective hedging relationships, unrealised gains or losses are recognised immediately in the income statement.

On 14 August 2008, Müller – Die lila Logistik AG entered into an interest rate derivative contract designated as a cash flow hedge. An exact description of this cash flow hedge is given under item 24 “Financial instruments“. In financial year 2007, no hedge accounting was applied.

The following table shows the book values as well as the fair values of all financial instruments per category in kEUR as at 31 December 2008:

| | Cash and cash equivalents | | Loans and receivables | | Assets available for sale | | Assets held for trading | | Liabilities valued at amortised cost | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Book value | Fair value | Book value | Fair value | Book value | Fair value | Book value | Fair value | Book value | Fair value |
| Long-term assets | | | | | 87 | 87 | | | | |
| Borrowings | | | 108 | 108 | 2 | 2 | | | | |
| Other non-current financial assets | | | 435 | 435 | | | 2 | 2 | | |
| Cash and cash equivalents | 8,469 | 8,469 | | | | | | | | |
| Trade receivables | | | 9,663 | 9,663 | | | | | | |
| Receivables from associated persons, associated companies and companies in which equity stakes are held | | | 28 | 28 | | | | | | |
| Other short-term assets | | | 858 | 858 | | | | | | |
| Loans | | | | | | | | | 11,447 | 11,764 |
| Trade liabilities | | | | | | | | | 2,694 | 2,694 |
| Liabilities to associated persons and associated companies | | | | | | | | | 696 | 696 |
| Other short-term liabilities | | | | | | | | | 6,038 | 6,038 |
| **Total** | **8,469** | **8,469** | **11,092** | **11,092** | **89** | **89** | **2** | **2** | **20,875** | **21,192** |

The following table shows the book values as well as the fair values of all financial instruments by category in kEUR as at 31 December 2007:

| | Cash and cash equivalents | | Loans and receivables | | Assets available for sale | | Assets held for trading | | Liabilities valued at amortised cost | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Book value** | **Fair value** | **Book value** | **Fair value** | **Book value** | **Fair value** | **Book value** | **Fair value** | **Book value** | **Fair value** |
| Long-term assets | | | | | 62 | 62 | | | | |
| Borrowings | | | 108 | 108 | 2 | 2 | | | | |
| Other non-current financial assets | | | 59 | 59 | | | 82 | 82 | | |
| Cash and cash equivalents | 1,295 | 1,295 | | | | | | | | |
| Trade receivables | | | 15,826 | 15,826 | | | | | | |
| Receivables from associated persons, associated companies and companies in which equity stakes are held | | | 153 | 153 | | | | | | |
| Other short-term assets | | | 289 | 289 | | | | | | |
| Long term loans | | | | | | | | | 10,767 | 10,400 |
| Short term loans | | | | | | | | | 10,973 | 10,756 |
| Shareholder loans | | | | | | | | | 15 | 15 |
| Trade liabilities | | | | | | | | | 6,028 | 6,028 |
| Liabilities to associated persons and associated companies | | | | | | | | | 215 | 215 |
| Other short-term liabilities | | | | | | | | | 4,710 | 4,710 |
| **Total** | **1,295** | **1,295** | **16,435** | **16,435** | **89** | **89** | **2** | **2** | **32,708** | **32,124** |

The fair value of loans and receivables primarily corresponds with the book value. This is above all due to the fact that they are in general short-term instruments. For long-term loans and receivables, the book value represents a reasonable approximation to the fair value.

The fair values of assets held for trading are determined using mathematical financial assessment models and/or market data.

With respect to the short-term liabilities valued at amortised cost, it is assumed that the fair values correspond with the book values due to the short maturities.

The fair values of long-term loans were determined as actual cash value of expected future cash flows.

With respect to loans with variable interest rates, it is assumed that the interest rate of the loan approximately corresponds with the interest rates prevailing on the market on the closing date due to the interest rate adjustments agreed. As a result, the book value of these loans basically is the fair value.

For loans with fixed interest rates, the interest rates used for discounting are interest rates which include the general market interest rate level as well as individual credit rating and risk adjustments.

Financial instruments were recognised in the income statement with the following net results:

| | **2008**<br>k€ | **2007**<br>k€ |
|---|---:|---:|
| Asset held for trading* | −608 | 58 |
| Asset available for sale | 0 | 17 |
| Loans and receiveables | 51 | −180 |
| Liabilities measured at amortised cost | 0 | −159 |

*They are derivatives which are not included in hedge accounting.

Net gains and losses from derivative instruments include effects from market value changes which are recognised fully in the earnings and losses of the period.

The net results neither include interest income nor income from the translation of foreign currency.

Interest income from financial assets totals kEUR 176 (previous year kEUR 91). Interest income includes income from the translation of foreign currency in the amount of kEUR 1,287 (previous year kEUR 523) as well as income from assets held for trading in the amount of kEUR 206 (previous year kEUR 133). Total interest paid for financial liabilities amounts to kEUR 893 (previous year kEUR 1,265). Finance costs include costs of foreign currency translations in the amount of kEUR 1,429 (previous year kEUR 32) as well as costs relating to assets held for trading amounting to kEUR 814 (previous year kEUR 75).

The net profits/losses from loans and receivables primarily relate to results from impairments and appreciations in value which are recognised under other operational income and expenses, respectively.

**Taxes on income**

Actual income taxes are always accounted for pursuant to pertinent tax regulations in the individual countries. The expected actual income tax must be calculated for every single item subject to tax. In addition, temporary differences as a result of differences in the treatment of specific items on the statement of financial position, i.e. between local financial statements according to tax laws and the IFRS consolidated financial statements, must be assessed. If there are temporary differences, they always result in the recognition of deferred taxes on the assets and liabilities side.

Deferred taxes on income are determined using the liability method in accordance with *IAS 12 "Income taxes"*. Deferred taxes are accrued to take account of tax consequences of valuation differences between assets and liabilities as stated in the statement of financial position according to IFRS, on the one hand, and the tax assessment base and tax loss carry forwards, on the other.

The amount of deferred taxes depends on the tax rate on the taxable income in the year in which the differences will probably be settled. Deferred tax assets may be reduced to the probably realisable amount, if necessary. The effect of tax rate changes for deferred tax assets and liabilities is recognised in the period in which such tax rate changes have been adopted.

The income tax item includes tax liabilities to tax authorities and refund claims for the period under review plus or less any changes in deferred taxes.

**Pension provisions and similar obligations**

The assessment of pension provisions and similar obligations is made in accordance with IAS 19. The pension awards within Lila Logistik group are contribution-based systems and performance-based commitments. Obligations from performance-based commitments are determined in accordance with the so-called projected unit credit method [Anwartschaftsbarwertverfahren]. With this method, not only the pensions and projected unit credits already known on the reporting date, but also future increases in salaries and pensions shall be taken into account using a conservative estimate as a basis.

The calculation is based on annual actuarial valuations taking into account the biometric tables 2005 G of Prof. Dr. Klaus Heubeck.

Actuarial profits and losses are only considered if they exceed the 10 % corridor of the projected benefit obligations or – if this is the case – the fair value of the plan assets (corridor method). They are then spread over the expected average remaining working lives of the beneficiaries concerned.

For the part of pension commitments financed by the employees, insurance was taken out. The reinsurance claim corresponds with the actuarial reserve of the insurance company in accordance with business plans. Furthermore, there are reinsurance agreements on an individual basis.

Taking this as a basis, the provisions for reinsured pension commitments are netted out with the plan assets in accordance with IAS 19 in the revised version.

The service costs, the interest portion of transfers to provisions as well as income from assets of in-vestment funds are netted out under personnel expenses.

Pension commitments are always considered to be long-term.

**Realisation of sales and earnings and recognition of expenses**

Sales revenues are measured at the fair value of the consideration received or to be received and represent the amounts recoverable for services during business as usual. Price reductions, discounts and sales tax have been deducted.

Sales are recognised at the time the logistics services have been rendered (IAS 18.20) and the volume of sales can reliably be determined.

The unconsolidated revenues from consulting services (Logistics Design) amount to kEUR 5,588 (previous year kEUR 3,272), and the unconsolidated revenues from logistics services in the Logistics Operating segment amount to kEUR 83,314 (previous year kEUR 79,890).

Sales from forwarding logistics are realised as soon as the freight has been delivered, sales from contract logistics are realised as soon as the specifically defined object of the agreement has been brought to completion, and sales from consulting services are realised when the contractually agreed components have been performed.

Interest income is recognised in proportion to time taking into account the effective interest method.

In total, expenses are recognised if it is probable that there will be a cash outflow from the company.

Finance costs are recognised through profit and loss in the period in which they have occurred.

**Earnings per share**

| **Diluted/undiluted earnings per share** | **2008** | **2007** |
|---|---|---|
| Consolidated net profit (in k€) | 3,875 | 942 |
| Weighted average number of shares outstanding (in thousands) | 7,956 | 7,945 |
| Diluted/undiluted earnings per share (in €) | 0.49 | 0.12 |

The difference as regards the weighted average number of shares outstanding is due to the use of share options from the share option programme exercised for the last time during the previous year.

**Changes in accounting and valuation methods due to new standards or interpretations**

| | |
|---|---|
| IAS 39/ IFRS 7 | "Financial Instruments: Recognition and Measurements" / "Financial Instruments: Disclosures" (applicable to financial years starting on or after 1 July 2008) |
| IFRIC 11 | "Group and Treasury Share Transactions" (applicable to financial years starting on or after 1 March 2007) |
| IFRIC 14/ IAS 19 | "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (applicable to financial years starting on or after 1 January 2008) |

All standards and interpretations listed above that had to be applied for the first time did not result in material changes in the consolidated financial reporting of Müller – Die lila Logistik AG.

**Standards and interpretations not applied early**

The IASB has published the following standards, interpretations, and changes to existing standards whose application is not yet binding and that Müller - Die lila Logistik AG chose not to apply before this will be required:

| | |
|---|---|
| IFRS 8 | Segment Reporting (applicable to financial years starting on or after 1 January 2009) |
| IAS 1 | Presentation of Financial Statements (applicable to financial years starting on or after 1 January 2009) |
| IAS 32/ IAS 1 | Puttable instruments and obligations arising on liquidation (applicable to financial years starting on or after 1 January 2009) |
| IAS 23 rev. | Borrowing costs (applicable to financial years starting on or after 1 January 2008) |
| IFRS 3/ IAS 27 | Business Combinations / Consolidated and Separate Financial Statements (appli-cable to financial years starting on or after 1 July 2009) |

| | |
|---|---|
| IFRS 2 | Share-based Payment – Vesting Conditions and Cancellations (applicable to financial years starting on or after 1 January 2009) |
| IFRS 1/ IAS 27 | First-time Adoption of International Financial Reporting Standards/Consolidated and Separate Financial Statements (applicable to financial years starting on or after 1 January 2009) |
| IFRIC 12 | Service Concession Arrangements (applicable to financial years starting on or after 1 January 2008) |
| IFRIC 13 | Customer Loyalty Programmes (applicable to financial years starting on or after 1 July 2008) |
| IFRIC 15 | Agreements for the Construction of Real Estate (applicable to financial years starting on or after 1 January 2009) |
| IFRIC 16 | Hedges of a Net Investment in a Foreign Operation (applicable to financial years starting on or after 1 October 2008 |
| IFRIC 17 | Distributions of Non-cash Assets to Owners (applicable to financial years starting on or after 1 July 2009) |
| IFRS 1 | First-time Adoption of International Financial Reporting Standards (applicable to financial years starting on or after 1 July 2009) |
| IAS 39 | Financial Instruments: Recognition and Measurement (applicable to financial years start-ing on or after 1 July 2009) |

**IFRS 8 Segment Reporting**

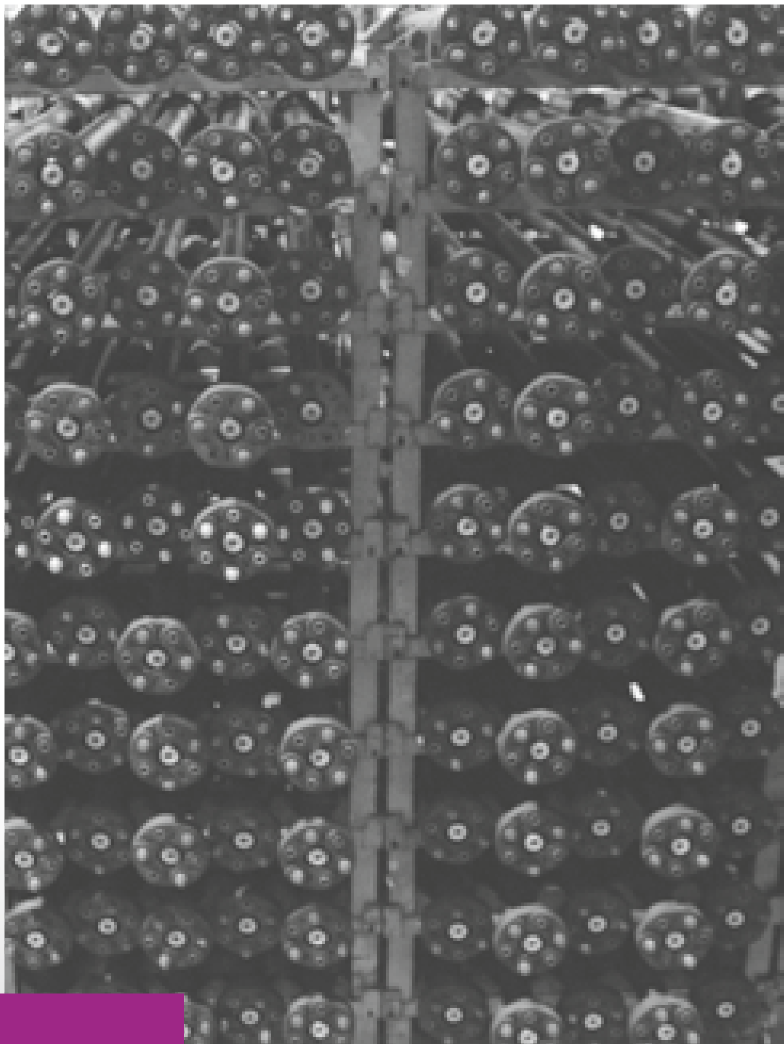
IFRS 8 sets out the requirements an entity must meet with respect to the disclosure of financial infor-mation about its operating segments. The standard follows the so-called “Management Approach”, which means that information about the operating segments of an entity shall be based on internal reporting data. IFRS 8 will be applied by Müller – Die lila Logistik AG for the first time in financial year 2009 and then result in changes in segment reporting information.

**IAS 1 – Presentation of Finanacial Statements: A revised Presentation**

The revised version of the IAS 1 standard introduces new requirements for the presentation of non-owner changes in equity. The revised IAS 1 standard will influence the presentation of the consoli-dated financial statements.

**IAS 23 – Borrowing Costs**

The principal change in this standard relates to the elimination of the option to recognise defined borrowing costs directly as expense. For assets that necessarily take a substantial period of time to get ready for their intended use or sale, the borrowing costs must in future be capitalised. This will in general result in



a change of the accounting and valuation methods of Müller – Die lila Logistik AG. Substantial effects on future consolidated financial statements of Müller – Die lila Logistik AG are not expected.

**IFRS 3/IAS 27 - Business Combinations/Consolidated and Separate Financial Statements**

The recently revised standard IFRS 3 comprises the following changes which will probably have an influence on Müller – Die lila Logistik AG:

- The expansion of the definition of business combinations will probably have the effect that more acquisitions of equity interests in businesses will have to be presented as business combinations.
- With the exception of costs for issuing equity instruments and debt instruments, the transaction costs associated with the acquisition of a business must be expensed in the period in which they are incurred.
- All interests held in an acquired business when control is obtained must be measured at their fair value at the acquisition date in profit or loss.
- Contingent consideration must be measured at its fair value; if the amount of contingent consideration changes, such changes must be recognised in profit or loss in later periods.
- Non-controlling interests (formerly called minority interests) must be measured either as proportionate interest in the net identifiable assets or liabilities of the acquiree or at fair value. This option can be used on a transaction by transaction basis.

The revised version of IFRS 3 will be applied prospectively for the first time as of 31 December 2010 so that there are no effects on business acquisitions of periods prior to that date.

The revised version of IAS requires that the additional acquisition of non-controlling (minority) interests in already fully consolidated companies and the disposal of equity interests in fully consolidated companies must be presented as transaction costs. It also requires that in the event of a loss of control of a subsidiary any retained equity interest in the subsidiary must be remeasured at its fair value and recognised in profit or loss. Application of the revised IAS 27 standard is mandatory for the first time for the consolidated statements 2010.

The other amended or new newly adopted standards and interpretations (IFRS 1, IFRS 2, IAS 32/IAS 1, IFRIC 12, IFRIC 13, IFRIC 15, IFRIC 16, IFRIC 17) whose application is not yet mandatory will probably not have any effects on the assets, financial and earnings position as well as the cash flows.

**Corporate transactions**

For the subsidiary Müller – Die lila Logistik Polska Sp. z o.o., additional capital payments amounting to kEUR 5,914 were approved by shareholders' resolution of 4 August 2008. At the same time, the conversion of two loans amounting to KEUR 1,100 and kEUR 4,772, which Müller – Die lila Logistik AG had granted to Müller – Die lila Logistik Polska Sp. z o.o. since 2006, as well as payment of an amount of kEUR 42 were made.

On 20 June 2008, a shelf company with a share capital of kEUR 16 and domiciled in Warsaw / Poland was acquired at a purchasing price equivalent to approx. kEUR 16. On 20 June 2008, its registered office was moved to Gliwice and afterwards the company was renamed Value Added Logistics Sp z o.o.

On 22 July 2008, a capital increase amounting to kEUR 141 was made; on 12 November 2008, additional capital payments amounting to kEUR 398 were made.

On 28 October 2008, Müller - Die lila Logistik Slovakia s.r.o. was established and provided with a share capital of kEUR 25. The share capital was fully paid in cash. The company is headquartered in Bratislava, Slovakia. At this company, logistics operations will be delivered from 2009.

On 2 May 2008, Müller – Die lila Logistik AG came to an agreement with the shareholders of TKS Unternehmensberatung und Industrieplanung GmbH (TKS) on a consensual separation. Before that, the company had, as part of the total process, acquired the one-percent share of another minority shareholder for a purchasing price of kEUR 44. The cash flow as a result of the disposal of the afterwards 34 % share in TKS amounted to kEUR 845 which contributed to a further reduction of debts, while the book loss is kEUR 1,030.

In 2008, the share in Müller - Die lila Logistik Verwaltung GmbH domiciled in Herne was increased from 90 % to 100 % as of 30 December 2008. The seller is the managing director of a subsidiary. The purchasing price for the 10 % share amounted to kEUR 500.

Net of the corresponding minority shareholdings amounting to kEUR 152 and taking account of deferred tax liabilities amounting to kEUR 146, customer relations amounting to kEUR 232 were allocated with a lifetime of 3 years and contractual relations amounting to kEUR 262 were allocated with a lifetime of 2 to 3 years to long-term assets.

## Notes to the consolidated income statement

### (5) Sales revenues

Sales revenues include the amounts charged to customers for goods delivered and services provided. Revenue decreases as a result of e.g. rebates and discounts are recognised as sales reductions. The sales revenues were achieved with services in the forwarding and contract logistics (Logistics Operat-ing) segment as well as consulting services (Logistics Design) and were broken down by geographic markets as follows:

| | 2008<br>k€ | 2008<br>% | 2007<br>k€ | 2007<br>% |
|---|---|---|---|---|
| Germany | 67,797 | 76.5 | 63,074 | 76.2 |
| Other European countries | 20,884 | 23.5 | 19,649 | 23.8 |
| **Total** | **88,681** | **100** | **82,723** | **100** |

### (6) Other operating income

Other operating income for the financial years 2008 and 2007 essentially include income from the disposal of assets, income from the reversal of provisions, compensation from insurances, rental and administrative income. The increase in other operating income by kEUR 4,284 in 2008 is primarily the result of income from the sale of the real property in Besigheim in a sale-and-lease-back transaction (kEUR 4,791).

### (7) Personnel cost

| | 2008<br>k€ | 2007<br>k€ |
|---|---|---|
| Wages and salaries | 28,103 | 25,466 |
| Social security contributions | 2,885 | 3,069 |
| Old age pension cost | 2,865 | 2,436 |
| **Total** | **33,853** | **30,971** |

### (8) Other operating expenses

Other operating expenses in the financial years 2008 and 2007 primarily include the following costs: Vehicle cost, rental and room cost, cost of services hired, insurance contributions, cost as a result of damages, advertising and travel cost, cost of telephone and data lines as well as rental and leasing cost for business and office equipment.

The disposal of the shares in TKS Unternehmensberatung und Industrieplanung GmbH previously included at equity in the consolidated financial statements resulted in a book loss amounting to kEUR 1,030 which is recognised under other operating expenses.

### (9) Depreciation and amortisation of intangible and fixed assets

| | 2008<br>k€ | 2007<br>k€ |
|---|---|---|
| Depreciation and amortisation of intangible assets | 193 | 245 |
| Depreciation and amortisation of fixed assets* | 1,309 | 1,351 |
| **Total** | **1,502** | **1,596** |
| of which impairment costs pursuant to IAS 36 | 0 | 0 |

*Note: In 2007 incl. real estates held as finance investments

### (10) Taxes on income

Taxes on income comprise the corporate tax including solidarity tax and the trade tax payable in Germany as well as comparable taxes on income payable abroad.

Deferred taxes in the individual balance sheets are the result of the expected use of tax losses carried forward and the differences in the valuations in the IFRS and tax balance sheets as well as the consolidation processes. They are calculated in accordance with IAS 12.

The tax reduction act [Steuersenkungsgesetz] adopted in financial year 2007 results in a decrease of the corporate tax rate in Germany from 25 % to 15 % from the assessment period 2008 on.

For the companies in Germany, a corporate tax rate of 15 % was used for the calculation of deferred taxes as at 31 December 2007. Additionally, a solidarity surcharge of 5.5 % on corporate tax as well as a trade tax rate of 13.76 % (previous year 13.76 %) were taken into account.

Taking account of the solidarity surcharge and trade tax, the resulting tax rate for the calculation of deferred taxes for the companies in Germany was 29.59 % for the years 2008 and 2007.

Taxation in countries other than Germany is calculated at the tax rates applicable in these countries and is between 19 % and 34 % (previous year also between 19 % and 34 %).

Taxes on income broken down by origin are as follows:

| Taxes on income | 2008<br>k€ | 2007<br>k€ |
|---|---|---|
| Taxes paid or payable | 893 | 479 |
| – of which abroad | 514 | 304 |
| Deferred tax expense | 1,583 | –176 |
| **Taxes on income** | **2,476** | **303** |

Taxes on income in the amount of kEUR 155 relate to previous periods (previous year kEUR 75).

Deferred taxes in the amount of kEUR 1,583 (previous year kEUR 382) are the result of temporary differences or reversals thereof. Deferred tax expense as a result of the change of the corporate tax rate in Germany amounts to kEUR 206 for the financial year 2007.

The transition between amounts using a tax rate of 29.59 % (previous year 37.34 %) for the financial year ended on 31 December 2008 for earnings before taxes on income and the actual tax expense is as follows:

| | 2008<br>k€ | 2007<br>k€ |
|---|---|---|
| Expected tax expense as a basis | –1,879 | –465 |
| Tax-free income | 1 | 212 |
| Differences in local tax rates | -25 | 7 |
| Changes in tax rates | 0 | –206 |
| Change of value adjustment on tax losses carried forward | 94 | 330 |
| Non-period tax expense/income | -155 | –75 |
| Non-allowable operating costs | –455 | –51 |
| Others | –57 | –55 |
| **Income tax expense** | **–2,476** | **–303** |

The deferred tax assets and liabilities are as follows:

**Composition of deferred taxes**

| | 31.12.2008 k€ | 31.12.2007 k€ |
|---|---|---|
| **Deferred tax assets** | | |
| Tax losses carried forward | 935 | 1.223 |
| Other assets | 156 | 710 |
| Other liabilities | 442 | 186 |
| Liabilities – associated companies | 105 | 34 |
| Miscellaneous | 274 | 130 |
| **Deferred tax assets, in total** | **1,912** | **2,283** |
| **Deferred tax liabilities** | | |
| Fiscal special item | 1,405 | 0 |
| Liabilities to banks | 0 | 619 |
| Goodwill | 471 | 303 |
| Provisions | 495 | 231 |
| Property plant & equipment | 193 | 4 |
| Miscellaneous | 30 | 81 |
| **Deferred tax liabilities, in total** | **2,594** | **1,238** |
| **Deferred tax liabilities (assets), net** | **–682** | **1,045** |

The deferred tax assets and tax liabilities were presented in the consolidated statements of financial position as of 31 December 2008 and 2007 as follows:

| **Division of deferred taxes** | 31.12.2008 k€ | 31.12.2007 k€ |
|---|---|---|
| Deferred tax assets, long-term | 396 | 1,277 |
| Deferred tax liabilities, long-term | 1,078 | 232 |
| **Deferred taxes, balanced** | **–682** | **1,045** |

Since 2004, it has been allowed in Germany to carry losses back and forward one year for corporate tax purposes. For trade tax purposes, losses can only be carried forward indefinitely. On 31 December 2008, Müller – Die lila Logistik AG and its subsidiaries had loss carry-forwards for, respectively, corporate tax purposes and other comparable taxes applicable in countries other than Germany amounting to approx. kEUR 8,050 (previous year kEUR 9,100) and for trade tax purposes amounting to approx. kEUR 4,245 (previous year kEUR 5,800) which can be carried forward indefinitely. The value adjustments on tax loss carry-forwards total kEUR 938 (previous year kEUR 1,032) as of 31 December 2008.

## Notes to the consolidated statement of financial position

### (11) Long-term assets

The development of long-term group assets is shown in the enclosed Statement of changes in non-current assets.

In the financial year 2008, the real property at the headquarters in Besigheim was sold in a sale-and-lease-back transaction. The selling price for the real property was kEUR 11,000; the book value at the time of disposal was kEUR 6,153. Net of necessary reserves and additional IFRS adjustments, the book profit was kEUR 4,715.

In 2007, a real property in Bochum of the subsidiary Müller – Die lila Logistik Verwaltung GmbH, Herne, which was not necessary for business operations, was at first reclassified to short-term assets ("assets available for sale"). It was sold on 26 March 2008. The purchasing price amounting to kEUR 875 will be paid in instalments over 36 months and exceeded the book value amounting to kEUR 861.

Impairment costs pursuant to IAS 36 did not occur in financial year 2008.

In financial year 2007, interests on borrowed capital amounting to kEUR 212 were capitalised in con-nection with the construction of the Logistics Service Center in Poland. The underlying capitalization rate of borrowing costs is approx. 7 %. For 2008, no interests on borrowed capital were capitalised.

No changes occurred in the goodwill in comparison with the previous year. Goodwill broken down by cash generating units is as follows:

| | 31.12.2008<br>k€ | 31.12.2007<br>k€ |
|---|---|---|
| Müller – Die lila Logistik Verwaltung GmbH | 4,983 | 4,983 |
| Müller – Die lila Logistik Deutschland GmbH | 4,044 | 4,044 |
| Emporias Management Consulting GmbH | 727 | 727 |
| **Total** | **9,754** | **9,754** |

As a result of the disposal of the shareholdings in TKS Unternehmensbeteiligung und Industrieberatung GmbH in 2008, there are no shareholdings in associated companies any longer.

The book value of this investment which had been accounted for at equity until the selling date amounted to kEUR 1,831. In financial year 2007, revenues from associated companies amounted to kEUR 452. In financial year 2008, there were no longer any revenues from investments accounted for in accordance with the at-equity method.

### (12) Inventories

The inventory position comprises raw materials, consumables, supplies, and merchandise recognised at the lower of net realizable value or historical cost. Work in progress is valued at the lower of net realisable value or manufacturing cost as of the reporting date. The net realisable value is the estimated selling price less the estimated costs necessary to make the sale.

Pursuant to IAS 2, manufacturing cost include directly allocable costs (salaries) and manufacturing overheads. Finance costs are not included. Appropriate and sufficient impairments are made to account for inventory risks arising from storage time and loss of usability. No impairments had to be made for the inventories existing on the respective reporting dates. The amount posted for inventories in the form of raw materials, consumables and supplies was kEUR 52 on the reporting date (previous year kEUR 29).

**(13) Receivables**

Trade receivables are recognised at amortised historical cost. If default or transfer risks exist, the receivables are recognised at their lower realisable value. This is also reflected in the individual impairments as well as value adjustments for the estimated use of discounts and interest losses.

| | 31.12.2008<br>k€ | 31.12.2007<br>k€ |
|---|---|---|
| **Trade receivables** | **9,663** | **15,826** |
| – of which value adjustments | 321 | 493 |

The decrease in receivables is above all due to an improved claims management as well as the use of factoring services as from December 2008. Reasons for factoring were, on the one hand, to reduce the total of trade receivables which had substantially risen in the course of time and, on the other hand, to benefit from the general advantages of factoring. In financial year 2008, basic factoring agreements were made for several companies of the group. At first, factoring was implemented only for Müller – Die lila Logistik Deutschland in December 2008. As of the reporting date, the total amount of receivables sold was kEUR 2,351. For 2009 it is planned to broaden the scope of factoring to other companies of Lila Logistik group. However, due to the current financial and economic crisis, a restrictive assessment is made of insurance companies providing coverage for claims.

Value adjustments are reported on separate adjustment accounts within Trade receivables.

The value adjustment account for trade receivables developed as follows:

| | 2008<br>k€ | 2007<br>k€ |
|---|---|---|
| **As of 1.1.** | **493** | **455** |
| Addition | 241 | 252 |
| Closing/use | –413 | –213 |
| **As of 31.12.** | **321** | **493** |

All income and expense from impairments of trade receivables are recognised under, respectively, other operating expense and income.

The age structure of overdue receivables that do not qualify for an individual impairment test is as follows as of the reporting date:

| | 31.12.2008<br>k€ | 31.12.2007<br>k€ |
|---|---|---|
| 1 to 30 days overdue | 1,535 | 3,678 |
| 31 to 60 days overdue | 236 | 465 |
| 61 to 90 days overdue | 15 | 104 |
| More than 90 days overdue | 74 | 194 |

With regard to receivables that were neither past due nor impaired, no indications suggesting that the debtors will not meet their obligations were identified at the closing date. Receivables due on the closing date 31 December 2008 were mainly settled in due time before or on the date of the set-up of this financial statement.

All trade receivables are due within one year.

### (14) Assets held for sale

In financial year 2007, the item "Assets held for sale" included the real properties in Besigheim and Bochum which were sold in 2008. As of the closing date 31 December 2008, no other assets were held for sale.

The "Assets held for sale" in financial year 2007 were fully allocable to the Logistics Operating segment.

### (15) Cash and cash equivalents

Cash and cash equivalents in the reporting currency represent the nominal value of cash and cash equivalents. The fair value of cash and cash equivalents in foreign currencies is determined by currency translation based on the rate at the closing date.

Cash and cash equivalents comprised the following components:

| | 31.12.2008<br>k€ | 31.12.2007<br>k€ |
|---|---|---|
| Cash on hand | 15 | 10 |
| Credit balance with banks | 8,454 | 1,285 |
| **Total** | **8,469** | **1,295** |

For the statement of cash flows, all cash and cash equivalents with original maturities of no more than three months are stated as cash and cash equivalents.

The increase in cash and cash equivalents is due to the high level of cash and cash equivalents that had intentionally been built up considering the current economic environment.

### (16) Other assets

Other short-term assets primarily pertain to receivables from vendors with a debit balance, tax claims, receivables from employees and advance payments.

### (17) Equity

#### Subscribed capital

The fully paid-in share capital of Müller – Die lila Logistik AG totals kEUR 7,956 as of 31 December 2008. The shares are issued in bearer form and are divided into 7,955,750 shares.

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 capital contributions in cash or kind, but in total not exceeding kEUR 3,160 in one or more tranches 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 cash capital contribution but in total not exceeding kEUR 790 in one or more tranches up to 16 June 2010 (authorised capital II). The changes were entered into the commercial register on 16 August 2005. With the resolution of these changes all prior existing capital increase authorisations lapsed.

According to the German Stock Corporation Act [Aktiengesetz (AktG)] the profit share available for dividend distribution to shareholders depends on a company's equity as stated in its individual annual financial statements prepared according to the German Commercial Code [Handelsgesetzbuch (HGB)]. Dividend distributions may only be made in amounts up to the profit shown on the balance sheet. These amounts deviate from the total profit shown in the consolidated financial statements and the statement of financial position in accordance with IFRS. As of 31 December 2008, the company's individual annual financial statements under German Commercial Code rules and regulations showed an accumulated loss of kEUR 9,009 (previous year kEUR 7,426). The capital has been fully paid up.

#### Minority interests

The minority interests relate to minority equity stakes in German subsidiaries. The changes in comparison with the previous year are the result of the acquisition of an additional 10 % share in Müller – Die lila Logistik Verwaltung GmbH in financial year 2008.

#### Other comprehensive income

Other comprehensive income includes differences from foreign currency exchange translations as well as changes in the fair value of cash flow hedging instruments. The differences from the currency translation are exclusively due to the subsidiaries in Poland.

| | 2008<br>€ | 2007<br>€ |
|---|---|---|
| Difference from foreign currency exchange translations | −1,349,977 | 92,482 |
| Market valuation of derivative instruments | −32,462 | 0 |
| Deferred taxes | −9,605 | -17,572 |
| **Other comprehensive income** | **−1,372,834** | **74,910** |

The development of the group's equity is shown in the Statement of changes in group shareholders` equity. Presentation is done in accordance with the principles set out in IAS 1.

### (18) Pension provisions

In Lila Logistik group, there are contribution- and performance-based pension plans. Under the contribution-based pension plans, the commitment of the individual companies is limited to paying the agreed contribution. Under the performance-based pension plans, the commitment towards pensionable present and retired employees as well as their survivors requires the payment of promised benefits.

The company has made pension commitments to its Management Board members and a former Management Board member of the parent company as well as a former Managing Director of Müller – Die lila Logistik GmbH. The pension amounts have been contractually agreed and may increase with the time of company service. Although German law does not mandate securing such commitments with separate assets, equivalent insurance policies have been taken out. The repurchase value of these policies qualifies as a so-called plan asset within the meaning of IAS 19 (revised in 2004) and has been netted against the corresponding provisions.

Furthermore, pension commitments have been made to employees; the amounts are determined in accordance with a pension regulation and may increase with the time of company service.

Pension provisions always have to be determined pursuant to IAS 19 using the projected unit credit method and taking foreseeable future developments into account. For all performance-based benefit systems, actuarial assumptions are inevitable. Besides life expectancy which in Germany is based on the tables 2005 G of Prof. Dr. Klaus Heubeck, the obligation amounts were calculated using the following assumptions:

| | 2008 | 2007 |
|---|---|---|
| Discount rate | 5.82 to 5.87 % | 5.17 to 5.45 % |
| Fluctuation rate | 0.00 and 3.00 % | 0.00 and 3.00 % |
| Pension trend | 1.00 to 2.00 % | 1.00 to 2.00 % |
| Expected yield on plan assets | 4.25 to 4.50 % | 4.00 to 4.50 % |
| Expected salary increase | 0.00 % | 0.00 % |

The expected yield on plan assets is based on the portfolio structure of the plan assets in conjunction with the available market returns of comparable investments.

The necessity of recognising actuarial gains or losses is tested on the basis of the individual plans in accordance with the corridor method. According to this method, the total of unrecognised actuarial gains or losses exceeding the higher amount of the plan asset or defined benefit obligation by more than 10 % is spread over the remaining active life of beneficiaries.

The net pension expense breaks down as follows:

| Net expense on pension plans | 2008 € | 2007 € |
|---|---|---|
| Period unit credit expense | 64,924 | 40,474 |
| Interest expense | 97,100 | 72,369 |
| Expected yield on plan assets | −58,332 | −51,062 |
| Amortisation of actuarial losses | 0 | 3,540 |
| **Not expense/(-) net income** | **103,692** | **65,321** |

Actual income from plan assets amounted to kEUR 44 (previous year kEUR 86).

| Recognised net pension plan obligations | 2008 € | 2007 € |
|---|---|---|
| Projected unit credits for pension commitments | 1,865,686 | 1,814,327 |
| Plan asset value | −1,535,672 | −1,370,840 |
| Projected unit credits net of fund asset | 330,014 | 443,487 |
| Unrecognised actuarial gains/losses | 145,944 | 38,610 |
| **Recognised net pension plan obligations** | **475,958** | **482,097** |

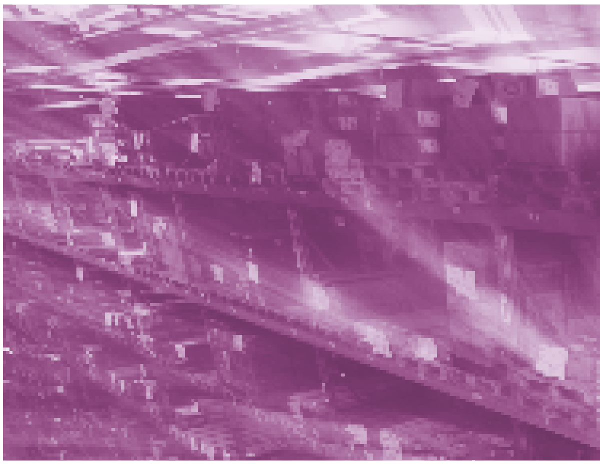
The projected unit credits of the pension commitments developed as follows:

| Projected unit credits of pension commitments | 2008 € | 2007 € |
|---|---|---|
| Projected unit credits as of 1.1. | 1,814,327 | 1,604,778 |
| Period unit credit expense | 64,924 | 40,474 |
| Interest expense | 97,100 | 72,369 |
| Actuarial gains | −121,712 | −169,035 |
| Pension payments | −64,870 | −64,805 |
| Change in benefit oblilgations | 75,917 | 0 |
| Assumption of pension obligations as part of an outsourcing project | 0 | 330,546 |
| **Projected unit credits as of 31.12.** | **1,865,686** | **1,814,327** |

The plan asset value developed as follows:

| Plan asset value | 2008 € | 2007 € |
|---|---|---|
| Plan assets as of 1.1. | 1,370,840 | 1,275,025 |
| Change in benefit obligations | 86,232 | 0 |
| Expected income | 58,332 | 51,062 |
| Employer contributions | 85,000 | 56,404 |
| Actuarial loss (previous year gain) | −14,002 | 34,554 |
| Payments made | −46,883 | −46,205 |
| Amount not recognised as an asset (IAS 19.58(b)) | −3,847 | 0 |
| **Plan asset value as of 31.12.** | **1,535,672** | **1,370,840** |

Plan assets consist exclusively of reinsured policies pledged to the beneficiaries.



For financial year 2009, the best possible estimate of the amounts paid into the scheme is kEUR 86 (previous year kEUR 85).

The development of projected unit credits and plan assets for the current period under review and the four preceding periods is as follows:

| | **2008** k€ | **2007** k€ | **2006** k€ | **2005** k€ | **2004** k€ |
|---|---|---|---|---|---|
| Projected unit credits | 1,866 | 1,814 | 1,605 | 1,697 | 1,311 |
| Plan asset value | 1,536 | 1,371 | 1,275 | 1,211 | 993 |
| **Difference** | **330** | **443** | **330** | **486** | **318** |
| Unrecognised actuarial gains/losses | 146 | 39 | −169 | −369 | −30 |
| **Net obligations** | **476** | **482** | **161** | **117** | **288** |
| Experience-based adjustment of pension obligations as of the reporting date | 122 | 169 | 123 | −199 | −42 |
| Experience-based adjustment of plan assets as of the reporting date | −14 | 35 | 21 | −1 | 11 |

The company furthermore has made a contribution-based commitment to one Management Board member to make premium payments into a reinsured support fund. In 2008, this involved premium payments of kEUR 6 (previous year kEUR 6).

Payments for contribution-based commitments as well as contributions to the German statutory pension insurance are recognised as expense in the period under review. In financial year 2008, such payments came to kEUR 2,523 (previous year kEUR 2,326).

**(19) Other provisions**

| | As of 1.1.2008 k€ | Use k€ | Reversal k€ | Addition k€ | As of 31.12.2008 k€ |
|---|---|---|---|---|---|
| **Long-term provisions** | **287** | **68** | **8** | **48** | **259** |
| Damages | 434 | 224 | 144 | 343 | 409 |
| Others | 46 | 46 | 0 | 116 | 116 |
| **Short-term provisions** | **480** | **270** | **144** | **459** | **525** |
| **Total provisions** | **767** | **338** | **152** | **507** | **784** |

Long-term provisions primarily relate to provisions for personnel.

Provisions for damages were made up to the estimated amount to be paid for damages caused, but not yet paid in financial year 2008.

| | As of 1.1.2008 k€ | Use k€ | Reversal k€ | Addition k€ | As of 31.12.2008 k€ |
|---|---|---|---|---|---|
| **Long-term provisions** | **50** | **0** | **0** | **237** | **287** |
| Damages | 374 | 309 | 35 | 404 | 434 |
| Others | 136 | 118 | 0 | 28 | 46 |
| **Short-term provisions** | **510** | **427** | **35** | **432** | **480** |
| **Total provisions** | **560** | **427** | **35** | **669** | **767** |

## (20) Contingent debts

There are no contingent liabilities as of the closing date.

## (21) Liabilities to banks

Liabilities to banks broken down by maturity are as follows:

| | 31.12.2008 k€ | 31.12.2007 k€ |
|---|---|---|
| Up to 1 year | 3,836 | 10,973 |
| 1 year to 5 years | 5,275 | 7,762 |
| More than 5 years | 2,336 | 3,005 |
| **Total** | **11,447** | **21,740** |

For information about the asset backing of liabilities to banks, we refer to item 24 “Liquidity risks“.

The repayment of medium-term and long-term liabilities to banks was primarily due to the sale of the real property at the Besigheim location. Using the sales revenue achieved, the company, on the one hand, made an early repayment of two loans in the amount of kEUR 1,597 (expiring in 2014) and kEUR 7,017 (expiring in 2019) in February 2008. On the other hand, another loan totalling kEUR 415 was redeemed.

The liabilities with a term to maturity between one and five years relate to the long-term portion of a kEUR 2,670 loan taken up for the subsidiary Müller – Die lila Logistik Polska Sp. z o.o., a bullet loan due in 2011 of Müller – Die lila Logistik AG amounting to kEUR 2,000 as well as the long-term portion of another loan of Müller – Die lila Logistik AG amounting to kEUR 605.

The liabilities with a term to maturity of, respectively, up to one year and more than 5 years (kEUR 6,172) relate to loans amounting to kEUR 6,100 with fixed or variable redemption as well as liabilities on current accounts and deferred interest amounting to kEUR 72.

In financial year 2005 for the first time, claims from insurances in the amount of kEUR 1,062 which were used for the repayment of two loans were set off against loan liabilities. The set-offs were made on the basis of relevant agreements with the loan granting banks and the insurance companies concerned. As a result of the repayment of the loans concerned, no set-offs were made in 2008. The off-set amount in financial year 2007 amounts to kEUR 1,577.

Interest expense for short- and long-term liabilities amounted to kEUR 893 (previous year kEUR 1,265) in the financial year under review. Interest income came to kEUR 176 (previous year kEUR 91).

### (22) Leasing relations

The company rents office space and transportation means within the scope of rental/leasing agreements that are terminable or made for a specific period of time in accordance with legal requirements. Rental/leasing expenses totalled kEUR 8,453 in 2008 and kEUR 8,776 in 2007, respectively.

Furthermore, there is a finance leasing agreement relating to a transport management system. The leasing payments from finance leasing for financial year 2008 amounted to kEUR 142 (previous year kEUR 140). The amounts of future minimum leasing payments from operate and finance leasing agreements made for a specific period of time are as stated in the following table:

| **Financial year 2008** | **Finance Lease** k€ | **Operate Lease** k€ |
|---|---|---|
| 2009 | 122 | 7,605 |
| 2010 | 30 | 4,982 |
| 2011 | 0 | 3,698 |
| 2012 | 0 | 2,673 |
| 2013 | 0 | 1,944 |
| Later | 0 | 5,054 |
| **Total minimum amount** | **152** | **25,956** |
| Less interests | 7 | |
| **Present value of the minimum leasing payments** | **145** | |
| Less short-term portion of the finance lease obligation | 115 | |
| **Long-term portion of the finance lease obligation** | **30** | |

| **Financial year 2007** | **Finance Lease** T€ | **Operate Lease** T€ |
|---|---|---|
| 2008 | 140 | 7,163 |
| 2009 | 122 | 5,362 |
| 2010 | 30 | 3,354 |
| 2011 | 0 | 2,520 |
| 2012 | 0 | 1,961 |
| Später | 0 | 6,995 |
| **Total minimum amount** | **292** | **27,355** |
| Less interests | 23 | |
| **Present value of the minimum leasing payments** | **269** | |
| Less short-term portion of the finance lease obligation | 124 | |
| **Long-term portion of the finance lease obligation** | **145** | |

The amortised value of assets accounted for as finance lease amounts to kEUR 135 as of 31 December 2008 (previous year kEUR 261).

The operate lease agreements primarily pertain to the renting of storage and office spaces as well as vehicles. The increase in minimum payments from operate lease primarily results from a leasing relationship of Müller – Die lila Logistik Deutschland GmbH within the scope of a sale-and-lease-back transaction relating to a piece of land and a building in Besigheim.

Since 1 September 1999, the group has let part of its office and storage space to a customer. The rental agreement ends on 31 December 2010. The income for 2008 and 2007 including incidental expenses was kEUR 458 and kEUR 430, respectively. Taking the present amounts as a basis, future income will be kEUR 918 until 31 December 2010.

Some rental relationships contain renewal options which primarily applies to the tenancies of the company's buildings in Herne and Besigheim.

### (23) Segment information

The segment report has been prepared according to IAS 14 (Segment Reporting). Based on the group's internal reporting and organisational structure, our consolidated financial statements present key data differentiated by corporate segments and regions.

In line with the main organisational structure, primary reporting distinguishes between the group segments Logistics Design and Logistics Operating. The Logistics Design segment focuses on customer consulting in the areas of strategy and all logistics matters. Its range of services comprises site selection and planning. The segment furthermore assists customers in optimising their production and redesigning their IT-supported logistics processes.

The Logistics Operating segment offers a large range of logistics services in the areas of sourcing organisation, warehousing, production supplying, production out and in-sourcing, shipping, distribution organisation, and administration of customers' inventories simultaneously aimed at inventory optimisation through additional services.

Settlement prices for intra-group sales are generally set at market value. Segment earnings are shown as the respective operating result. Segment assets comprise all assets except deferred taxes and current income tax refund claims. Capital expenditure and depreciation, amortisation, and impairments pertain to intangible assets and property, plant & equipment. Segment debts include deferred and current income tax liabilities, financial liabilities, and all other liabilities and provisions. Segment finance cash flow mainly comprises changes in leasing liabilities, changes in shareholder loans, and cash flow from the use of new bank loans or the repayment of bank loans.

## Primary segment: Business segment 2008

| | Logistics Design k€ | Logistics Operating k€ | Eliminations k€ | Group k€ |
|---|---|---|---|---|
| **2008** | | | | |
| Revenues from external customers | 5,564 | 83,117 | 0 | 88,681 |
| Revenues from other group segments | 24 | 197 | −221 | 0 |
| Total revenues | 5,588 | 83,314 | −221 | 88,681 |
| **Operating result** | **−176** | **8,442** | **−374** | **7,892** |
| Depreciation, amortisation, and impairments | 34 | 1,468 | 0 | 1,502 |
| Capital expenditure | 227 | 2,696 | −15 | 2,908 |
| Segment assets | 2,867 | 40,961 | −1,160 | 42,668 |
| Segment debts | 1,144 | 12,735 | −1,160 | 12,719 |
| Operating cash flow | 386 | 19,071 | 0 | 19,457 |
| Capex cash flow | −168 | −1,606 | 0 | −1,774 |
| Finance cash flow | 0 | −10,434 | 0 | −10,434 |

The sale of TKS Unternehmensberatung und Industrieplanung GmbH in financial year 2008 which had been accounted for at equity up to the selling date resulted in a book loss of kEUR 1,030 which is allocable to the Logistics Design segment. Segment assets and segment liabilities are transferred to the consolidated statement of financial position as follows:

| | 2008 k€ |
|---|---|
| Segment assets | 42,668 |
| Tax refund and intangible loans | 774 |
| **Corporate assets** | **43,442** |
| Segment debts | 12,719 |
| Tax depts and intangible taxes | 2,111 |
| Interest-bearing debts | 11,447 |
| **Corporate debts** | **26,277** |

| 2007 | Logistics Design k€ | Logistics Operating k€ | Eliminations k€ | Group k€ |
|---|---|---|---|---|
| Revenues from external customers | 2,915 | 79,808 | 0 | 82,723 |
| Revenues from other group segments | 357 | 82 | −439 | 0 |
| Totel revenues | 3,272 | 79,890 | −439 | 82,723 |
| **Operating result** | **571** | **906** | **0** | **1,477** |
| Depreciation, amortisation, and impairments | 18 | 1,578 | 0 | 1,596 |
| Capital expenditure | 19 | 10,165 | 0 | 10,184 |
| Segment assets | 3,959 | 46,324 | −382 | 49,901 |
| Segment debts | 699 | 24,097 | −382 | 24,414 |
| Operating cash flow | −105 | −836 | 250 | −691 |
| Capex cash flow | −16 | −9,558 | 0 | −9,574 |
| Finance cash flow | 0 | 7,441 | −250 | 7,191 |
| Netincome/expense from investments consolidated at equit | 452 | 0 | 0 | 452 |
| Book value of investments consolidated at equity | 1,831 | 0 | 0 | 1,831 |

## Secondary segment: Regions

| | Germany k€ | International k€ | Eliminations k€ | Group k€ |
|---|---|---|---|---|
| **2008** | | | | |
| Sales revenues from external customers by customer domicile | 67,797 | 20,884 | 0 | 88,681 |
| Segment assets by geographical asset location | 27,819 | 15,392 | −543 | 42,668 |
| Capital expenditure by geographical asset location | 8,480 | 195 | −5,767 | 2,908 |
| **2007** | | | | |
| Sales revenues from external customers by customer domicile | 63,074 | 19,649 | 0 | 82,723 |
| Segment assets by geographical asset location | 38,112 | 16,675 | −4,886 | 49,901 |
| Capital expenditure by geographical asset location | 1,661 | 9,110 | −587 | 10,184 |

Sales revenues from external customers are shown by the geographical location of the sales revenue realisation. Transactions between individual group segments are based on the arm’s length principle.

### (24) Financial instruments

#### Financial risk management

Müller – Die Lila Logistik group is exposed to various risks in its financial activities which are controlled and monitored through a systematic risk management system documenting in writing:

- Credit risks
- Liquidity risks
- Market risks

Risk management is aimed at avoiding any concentration of risks.

For further information pertaining to the group’s risk management, please see the Risk Report forming part of the Management Report.

Individual risks and the respective risk management measures are described below.

#### Credit risks

Pursuant to IFRS 7, credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

In order to counter credit risks from operating business and specific financial activities, financial business relations are only maintained with banks of excellent repute.

Transactions with derivative instruments are also only with made first-class banks. They are primarily used to hedge currency and interest risks.

Default risks to receivables are countered by carefully checking counterparty credit ratings (primarily by using external data bases), by consistently supervising accounts receivable from customers with high credit ratings. In order to optimise our claims management and reduce default risks, we started using factoring services from December 2008. The default risks are taken into account by equivalent value adjustments.

Risk concentrations with regard to the customer structure are due to the fact that 56 % of all sales revenues are achieved with 5 large customers. These 5 customers account for 65 % of trade receivables. Since at some locations of Müller – Die lila Logistik AG services are provided to one single customer, a concentration of risks may occur at the locations concerned.

The maximum default risk can be seen from the book values of the assets on the statement of financial position. At the closing date, material agreements decreasing the maximum default risk do not exist.

For further details, we refer to No 13.

#### Liquidity risks

Liquidity risk is defined as the risk that a company could not be able to settle or meet its obligations from financial liabilities.

One of the crucial tasks of Müller – Die lila Logistik AG is to ensure the provision of funds for the group. In this connection, the parent also provides for an optimisation of the group funding structure. In order to safeguard liquidity on a longer term, the credit lines of Lila Logistik group and their collaterals were restructured in financial year 2008. Sufficient liquidity for the subsidiaries is provided by corresponding internal loans and working capital credit lines, for the purpose of an optimisation between the companies by interest and cash pooling, respectively. Furthermore factoring is now being applied as a basis of working capital financing in order to improve and secure liquidity.

In order to be able to meet its financial liabilities, Lila Logistik group needs sufficient liquidity. Efficient provision of liquidity is constantly overseen. In order to ensure solvency and financial flexibility at any time, a liquidity reserve in the form of credit lines and cash and cash equivalents is maintained. Liabilities to banks are denominated in euros.

On 31 December 2008, the group had a credit line from Baden-Württembergische Bank AG (BW-Bank) in the amount of kEUR 3,000 which can be used both by Müller – Die lila Logistik AG and Müller - Die lila Logistik Deutschland GmbH. The credit line can optionally be used as overdraft or money market credit and additionally as an aval credit for amounts up to kEUR 2,000. As of the reporting date, the credit line was not used for overdraft or money market credits, however in the form of aval credits amounting to kEUR 1,164.

At the same date, the group had a credit line from Deutsch Bank AG in the amount of kEUR 1,000 which was used as of the balance sheet date in the amount of kEUR 57.

In addition, the group has a credit line from Sparkasse Herne up to a total of kEUR 900 which was not used as of the reporting date.

Additionally, aval credits from Sparkasse Herne and Commerzbank AG in the total amount of kEUR 441 were used.

There is no time limit for the group on these credit lines.

On 12 July 2006, Müller - Die lila Logistik AG was granted a note loan by LBBW in the amount of kEUR 3,000. A 1 % fee of the amount of the loan was debited on the payment day. The interest rate is 6.6 % p.a. Repayment of the full amount of the loan is scheduled for 15 June 2009.

On 13 August 2007, another note loan agreement in the amount of kEUR 2,000 was made between LBBW and Müller – Die lila Logistik AG. At the payment date, a 1.5 % fee of the amount of the loan was debited. The interest rate is based on the 3-month EURIBOR plus a 2.5 % margin. Repayment of the full amount will be made on 25 June 2011.

With a view to existing interest rate risks, an interest rate swap was arranged with BW-Bank for the note loan in the amount of kEUR 2,000. Further details about this interest rate swap are given in the section Interest rate risks.

In 2006, IKB Deutsche Industriebank AG granted Müller – Die lila Logistik Polska Sp. z o.o. a loan in the amount of kEUR 6,000 for a maximum of 10 years. Payment was made at 100 % in accordance with the progress of construction work when proof of project financing through equity was provided. The loan commitment fee is 0.75 % p.a. upon conclusion of the loan agreement, calculated on the unused amount of credit, payable quarterly in arrears. A one-time handling fee of 0.75 % was charged on completion of the credit documentation.

On 12 July 2007, the loan in the amount of kEUR 6,000 was divided into two commitments of kEUR 4,500 and kEUR 1,500.

The interest rate of the new credit commitments is linked to the 6-month EURIBOR plus a margin of initially 2 % p.a. Beginning with the release of Müller – Die lila Logistik AG from directly liable surety-ship up to a limited amount (Höchstbetragsbürgschaft), but not earlier than on the basis of its attested annual financial statements as of 31 December 2007, the margin is calculated on the basis of attested annual financial statements of Müller – Die lila Logistik Polska Sp. z o.o. in relation to the debt-to-equity ratio.

A long-term interest rate hedging concept was arranged by agreeing an interest rate hedge instrument (payer swap) with IKB Financial Products. Further explanations to the payer swap are given in the section Interest rate risks.

Repayment of the loans is made in half-year instalments beginning six months after the start of business operations. The repayment structure is designed such that initially lower repayment and later-on higher repayment will be made:

Two half-year instalments à kEUR 90 and à 30 kEUR from 30 September 2007; two half-year instalments à kEUR 158 and kEUR 53 from 30 September 2008, and 16 half-year instalments à kEUR 250 and à kEUR 83 from 30 September 2009. Furthermore, an amount equivalent to 50 % of the operating cash flow less scheduled repayment of the credit as well as less approved capital spending must be paid for the loan of kEUR 1,500 as special payment.

On 31 July 2008, Kreissparkasse Ludwigsburg granted a loan amounting to kEUR 880 to Müller – Die lila Logistik AG. The interest rate was fixed with the first disbursement in December 2008. Rate fixing is geared to the 3-month EURIBOR plus a margin of 1.1 %. Repayment will be made quarterly, beginning on 31 December 2008.

In order to safeguard liquidity on a long-term basis, the credit lines of Lila Logistik group and its collaterals were restructured in financial year 2008.
Current bank liabilities of Müller – Die lila Logistik AG are not secured.

Collaterisation of Sparkasse Herne is established through a back bond of Müller – Die lila Logistik AG amounting to kEUR 1,740.

Security for the financing at Müller – Die lila Logistik Polska Sp. z o.o. is primarily provided by a directly liable suretyship up to a limited amount (Höchstbürgschaft), a mortgage, the transfer of all insurance claims as well as declarations of commitment. The loan is valued at kEUR 5,550 as of 31 December 2008 (previous year kEUR 5,880).

During the previous year, securities were provided by means of mortgages, assignments of life insurances and claims, chattel mortgages and share pledges.

As to the maturity of liabilities to banks, we refer to the corresponding statements under 21.

The following table shows how future undiscounted cash flows (incl. interests and repayments) of liabilities have an influence on the liquidity position of the group as of 31 December 2008.

| | 2009 | 2010 | 2011 | 2012 | 2013 | Später | Summe |
|---|---|---|---|---|---|---|---|
| | k€ | k€ | k€ | k€ | k€ | k€ | k€ |
| Liabilities to banks | 4,401 | 1,308 | 3,207 | 1,052 | 840 | 2,601 | **13,409** |
| Trade accounts payable | 2,694 | – | – | – | – | – | **2,694** |
| Other financial obligations | 6,038 | – | – | – | – | – | **6,038** |

For the previous year, the figures were as follows:

| | 2008 | 2009 | 2010 | 2011 | 2012 | Später | Summe |
|---|---|---|---|---|---|---|---|
| | T€ | T€ | T€ | T€ | T€ | T€ | T€ |
| Liabilities to banks | 11,937 | 4,346 | 1,114 | 2,999 | 885 | 3,471 | **24,752** |
| Trade accounts payable | 6,028 | – | – | – | – | – | **6,028** |
| Other financial obligations | 4,710 | – | – | – | – | – | **4,710** |

**Market risks**

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks include the following three types: Cur-rency risk, interest rate risk, and other price risks.

**Currency risks**

Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in currency exchange rates.

As a result of the expansion of business and investments beyond the euro area, foreign currency transactions have been made since the third quarter of 2006. They primarily pertain to the purchase and sale of goods as well as personnel costs. Therefore, currency exchange rate fluctuations without corresponding hedging measures have an increasing influence on the group's assets and earnings position. We are countering this risk through corresponding derivative hedging instruments.

Within the framework of its currency risk hedging, Müller – Die lila Logistik Polska Sp. z o.o. enters into foreign exchange forward contracts on the Poland zloty (PLN) with banks to secure its own foreign currency transactions.

Our currency hedging strategy generally aims at hedging amounts denominated in foreign currencies at the time a receivable or liability denominated in such foreign currency arises by entering into derivative financial instrument contracts with banks or by netting the amount against opposite cash flows denominated in that currency. The hedged item may also be transactions planned for the future whose currency risks may be hedged with short-term (less than one year) hedging instruments. If the hedging transactions meet the strict documentation and efficiency requirements of hedge accounting, cash flow or fair value hedges are recognised.

The forward exchange dealings as of 31 December comprised nominal values totalling kEUR 850. The nominal values are the non-netted amounts of bid or ask prices of the respective derivatives. In 2008, the currency options concluded had a total volume of kEUR 900 (previous year kEUR 7,503). Profits were not made (previous year kEUR 27), the resulting losses, on the other hand, totalled kEUR 88 (previous year kEUR 75).

Lila Logistik group is exposed to default risks to the extent that individual business partners cannot meet their contractual obligations and thus cause financial harm for the group. To counter default risks, we have entered into derivative transactions with various business partners of excellent credit rating.

**Interest rate risks**

An interest rate risk with negative effects on the assets and earnings position primarily results from market-related interest rate changes and credit rating changes in connection with the use of credits.

Such risks of interest rate changes are to some extent countered by entering into corresponding fixed-rate agreements. Other interest risk management measures include the use of derivative financial instruments like interest rate swaps. Due to the structure of our statement of financial position, exposure to interest rate risks only exists for financial liabilities.

Of our short and long-term financial liabilities totalling kEUR 11,447 (previous year kEUR 21,740), an amount of kEUR 57 (previous year 4,714) is subject to interest rate adjustment at dates in the coming financial year. The remaining short and long-term financial liabilities are under fixed rate agreements until their respective maturities. The interest rate on our short and long-term financial liabilities in financial year 2008 averaged around 9.6 % (previous year 7 %).

For short-term group financing purposes, Müller – Die lila Logistik AG sometimes enters into loan agreements with variable interest rates. This gives us the chance to reduce financing costs if the interest rates on outside capital drop. Müller – Die lila Logistik group is thus exposed to interest-rate-related cash flow risks.

As part of our risk management we regularly discuss current interest rate levels and the future development of interest rates as well as what derivative financial instruments to use and how to use them.

We exclusively use interest rate swaps. In 2006, we entered into an interest rate swap contract in the context of a variablerate loan. The interest rate swap has a maturity of 10 years matching the variable-rate loan and runs from 29 June 2007 to 31 March 2017. The negative fair value as of the reporting date is minus kEUR 240 (previous year plus kEUR 67). The underlying nominal volume amounts to kEUR 4,163 (previous year kEUR 4,500).

On 27 July 2007, the company entered into an interest rate swap agreement for the note loan with a nominal value of kEUR 2,000. The maturity date is 15 June 2011 matching the maturity of the note loan. As of the reporting date, the negative fair value is minus kEUR 101.

On 14 August 2008, Müller – Die lila Logistik AG entered into an interest rate derivative within the meaning of a cash flow hedge with Kreissparkasse Ludwigsburg. The nominal volume of the hedged item is kEUR 825. The market value and fair value, respectively, is minus kEUR 32 as of 31 December 2008 and was recognised directly in equity due to the effective hedging relation-


ship. The agreed term is from 30 December 2008 up to 30 September 2012. The obligation to pay arising from the hedged item is in quarterly amounts of kEUR 55, starting 30 December 2008.

IAS 39 defines strict requirements for the application of hedge accounting. They are complied with by Müller – Die lila Logistik AG as follows. At the inception of a hedge, both the relationship between the financial instrument used as hedging instrument and the hedged item and the target and hedging strategy are properly documented. This includes both the concrete allocation of the hedging instruments to the corresponding assets and liabilities, respectively, or (already agreed/expected) future transactions and the assessment of the level of effectiveness of the hedging instruments used. The effectiveness of existing hedges is tested on an on-going basis; if a hedge becomes ineffective, it is reversed immediately.

Interest rate fluctuation risks are presented in accordance with IFRS 7 using sensitivity analyses. They present the effects of changes in market interest rates on interest payments, interest income and expense, other components of profits or losses as well as, where applicable, the equity. The interest rate sensitivity analyses are based on the following assumptions:

Changes in market interest rates on primary financial instruments with fixed rates only have an influence on profit and loss if they are measured at fair value. As a consequence, all financial instruments with fixed interest rates measured at amortised cost are not exposed to interest rate fluctuation risks within the meaning of IFRS 7.

Fluctuations of market interest rates of financial instruments used as hedging instruments within a cash flow hedge for hedging interest-rate-related fluctuations in payments have an influence on the equity and are, therefore, considered in the equity-related sensitivity calculations.

Fluctuations of market interest rates influence the interest income from variable interest rate primary financial instruments whose interest payments are not designated as hedged items within the scope of cash flow hedges against fluctuations in interest rates and are, therefore, included in the calculation of the income/loss-related sensitivity calculations.

Fluctuations of market interest rates on interest rate derivatives (interest rate swaps, currency swaps) which are not included in a hedging relationship under IAS 39 influence the other financial result and are, as a consequence, considered in the income/loss-related sensitivity calculations.

If the market interest rate level as of 31 December 2008 had been 100 basis points higher (lower), the group's earnings and equity would have been kEUR 139 (previous year kEUR 51) lower (higher). The hypothetical effects on profits/losses result from the potential effect from variable interest rate primary financial debts and interest rate derivatives.

**Other price risks**

Other price risks are defined as the risk that the fair value or future cash flow of a financial instrument will fluctuate as a result of changes in market prices (excluding those resulting from the interest rate risk or currency risk), no matter whether these changes are caused by specific factors of the individual financial instrument or its issuer or by factors pertaining to all similar financial instruments traded on the market.

As in the previous year, Müller – Die lila Logistik group did not hold any essential financial instruments which are exposed to a market price risk (e.g. stock market prices or indexes) as of 31 December 2008.

**Capital management**

The capital managed by the group corresponds with the consolidated equity. The group's capital management has been aimed at maintaining a healthy and sound balance sheet structure based on going concern values as well as ensuring the necessary financial scopes for future investments.

The group monitors equity by employing the equity ratio and return on equity ratio. The equity ratio is the equity as a percentage of total assets. The return on equity ratio is determined by measuring net profit as a percentage of average equity.

As of 31 December 2008 the equity ratio is 39.5 % (previous year 29.0 %). As a result, the equity ratio is slightly below the target corridor of 40 % to 45 %.

The return on equity ratio on 31 December 2008 was 22.6 % (previous year 6.3 %). The high return on equity ratio results from a sale-and-lease-back transaction made in the financial year. In the medium term future, the group aims to achieve a return on equity ratio of 7 % to 10 %.

These key figures are as shown in the table below:

| | 2008<br>k€ | 2007<br>k€ |
|---|---|---|
| Equity excluding minority interests | 17,129 | 14,701 |
| Minority interests | 37 | 189 |
| Equity | 17,166 | 14,890 |
| Total assets | 43,442 | 51,349 |
| **Equity ratio** | **39.5 %** | **29.0 %** |
| Net profit of the group | 3,875 | 942 |
| **Return on equity** | **22.6 %** | **6.3 %** |

The group is not subject to minimum capital requirements.

**Other explanatory notes**

**(25) Business relations to related parties**

In financial year 2000, the main shareholder made an agreement with the company that it only has to repay the loan for kEUR 251 granted in 1998 under the condition that the company generates sufficient profits to serve this obligation. If the condition is met, Michael Müller shall be entitled to claim loan service at the original interest rate, but at least 6 % per year. The company met the improvement condition already in financial year 2004 with a net profit for the year. The loan was repaid in January 2008; on 31 December 2007, the company had still owed a total of kEUR 15 under this loan. For financial year 2008, no interest expense occurred (previous year kEUR 4).

A sports sponsoring project in 2007, in which among others Michael Müller participated, was supported by several sponsors. Lila Logistik group contributed kEUR 25 to this project.

Müller – Die lila Logistik Polska Sp. z o.o. hired TKS Polska Projektowanie Premyslowe Sp. z o.o., a subsidiary of TKS Unternehmensberatung und Industrieplanung GmbH, to plan the new construction of a logistics service centre in Gliwice (Poland). Pursuant to the agreement dated 26 October 2005, the cost of rendering these planning services total kEUR 300 plus a travel and expense allowance of kEUR 15. The project was completed in October 2007. In financial year 2007, TKS Polska Projektow-anie Premyslowe Sp. z o.o received payments in the amount of kEUR 58.

Due to the additional investment in Müller – Die lila Logistik Verwaltung GmbH bringing the shareholding up to 100 % during financial year 2008, there are liabilities to the managing director of a subsidiary amounting to kEUR 250 for the years 2009 and 2010.

In financial year 2008, Emporias Management Consulting GmbH rented space from its managing partner. Rental expenses accruing in this context were kEUR 13 (previous year kEUR 13). In addition, the company used project-related consulting services and bought software from Dr. Jacobi GmbH whose partner is at the same time a managing partner of Emporias Management Consulting GmbH. The volume of the consulting services amounted to kEUR 107 (previous year kEUR 81). As of 31 December 2008, the short-term liabilities to Dr. Jacobi GmbH amounted to kEUR 9 (previous year kEUR 5).

As of 31 December 2008, members of the Management Board and the Supervisory Board owned the following number of shares in Müller – Die lila Logistik AG:

| | 31.12.2008 Shares | 31.12.2007 Shares |
|---|---|---|
| Mr. Michael Müller | 4,069,000 | 4,069,000 |
| Mr. Rupert Früh | 8,000 | 8,000 |
| Mr. Prof. Peter Klaus | 15,014 | 9,614 |
| Mr. Per Klemm | 46,450 | 46,450 |
| Mr. Klaus Langer | 2,500 | 2,500 |
| Mr. Carlos Rodrigues | 785 | 785 |

No share options existed at the end of the financial year.

**Board member compensation**

In financial year 2008, the Management Board members of the parent company received compensation totalling kEUR 873 (previous year kEUR 607). The annual general shareholders' meeting on 22 June 2006 resolved that the disclosures required under § 285 sentence 1 no. 9 a sentences 5 - 9 of the German Commercial Code [Handelsgesetzbuch (HGB)] in the version of the German Management Compensation Disclosure Act [Vorstands-vergütungs-Offenlegungsgesetz (VorstOG)] in conjunction with § 314 (1) (6 a) of HGB shall be omitted for 5 years from 1 January 2006

| | 2008 k€ | 2007 k€ |
|---|---|---|
| Salary | 440 | 442 |
| Bonus for the year | 433 | 165 |

Salary includes payment for contribution-based schemes amounting to kEUR 6 (previous year kEUR 6).

The pension commitments relate to obligations to members of the Management Board who were active as of the closing date and one retired former member of the Management Board. For pension commitments to former members of the Management Board, the management of merged companies as well as their surviving dependents, pension provisions amounting to kEUR 215 (previous year kEUR 200) were made.

The supervisory board members received the following compensation broken down by person and components:

| | | 2008 Supervisory Board compensation | 2008 Committee compensation | 2007 Supervisory Board compensation | 2007 Committee compensation |
|---|---|---|---|---|---|
| Prof. Peter Klaus | Supervisory Board Chairman | 19 k€ | 4 k€ | 19 k€ | 3 k€ |
| Dr. Gerd Wecker | Supervisory Board Vice Chairman | 10 k€ | 8 k€ | 10 k€ | 6 k€ |
| Klaus Langer | Supervisory Board member | 6 k€ | 8 k€ | 6 k€ | 6 T€ |
| Per Klemm | Supervisory Board member | 6 k€ | – | 6 k€ | – |
| Volker Buckmann | Supervisory Board member | 6 k€ | – | 6 k€ | – |
| Carlos Rodrigues | Supervisory Board member | 6 k€ | – | 6 k€ | – |

In financial year 2008, Supervisory Board member compensation totalled kEUR 73 (previous year kEUR 68).

For services provided individually in financial year 2007, Supervisory Board member Dr. Gerd Wecker additionally received an amount of kEUR 2. For financial year 2008, no such payments were made.

**(26) Litigations**

At the end of March 2008, Müller – Die lila Logistik AG was served with a complaint by TKS Unternehmensberatung und Industrieplanung GmbH for damages arising out of alleged infringements of a covenant in restraint of competition in the logistics design segment for the time since 18 September 2007 and for a promise not to continue such activities. After the mutually agreed separation and the disposal of the shareholdings in TKS, the disputes have been resolved fully out of court.

As of the reporting date 31 December 2008 the company has been involved in various legal disputes which arise in the normal course of business. Giving due consideration to the assessment of the lawyers of the company, the Management Board does not think that these litigations will have a material negative impact on the assets and earnings position of the company.

### (27) Number of employees

The group employed 1,080 persons (previous year 1,001) on annual average. The break-down is as follows:

| | 2008 | 2007 |
|---|---|---|
| Operating | 709 | 636 |
| Administrative | 324 | 320 |
| Trainees | 47 | 45 |
| **Gesamt** | **1,080** | **1,001** |

of which 11 (previous year 19) were temporary staff.

### (28) Auditor fees and services

| | 31.12.2008 | 31.12.2007 |
|---|---|---|
| | k€ | k€ |
| Auditing fees | 156 | 99 |
| Tax advisory services | 54 | 48 |
| Other services | 50 | 44 |
| **Total** | **260** | **191** |

### (29) Declaration of compliance with the German Corporate Governance Code

The Management Board and the Supervisory Board of listed Müller - Die lila Logistik AG, Besigheim, have given a declaration in accordance with § 161 of the German Stock Corporation Act [Aktiengesetz (AktG)] on the recommendations of the 'Commission of the German Corporate Governance Code' and made permanently available to shareholders by publishing it on the website of the company on the Internet (www.lila-logistik.com).

### (30) Events occurring after the date of the statement of financial position

Significant events between the date of the statement of financial position and the date of publication are included in the Supplementary Report.

The Management Board of Müller – Die lila Logistik AG released the consolidated financial statements on 13 March 2008 for submittal to the Supervisory Board. The task of the Supervisory Board is to examine the consolidated financial statements and to declare whether or not it approves the consolidated financial statements.

Besigheim, in March 2009

Michael Müller
Chief Executive Officer

Rupert Früh
Chief Financial Officer

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

Besigheim, in March 2009

Michael Müller

Rupert Früh

We have audited the consolidated financial statements prepared by the Müller – Die lila Logistik AG, Besigheim, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 of the German Commercial Code (HGB) are the responsibility of the parent company`s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 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 consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group 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 consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group 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 consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Müller – Die lila Logistik Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development."

Stuttgart, 17 March 2009
KPMG AG Wirtschaftprüfungsgesellschaft

(previously KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft)

| | |
|---|---|
| Göttgens | Hamm |
| Wirtschaftsprüfer | Wirtschaftsprüfer |


## COMPANY DIARY 2009

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|---|---|
| Publication of annujal report | 26 March 2009 |
| Publication of 3-month-report | 20 May 2009 |
| General meeting of shareholders | 26 June 2009 |
| Publication of 6-month-report | 21 August 2009 |
| Publication of 9-month-report | 26 November 2009 |