04

ANNUAL REPORT 2004

MÜLLER | DIE LILA LOGISTIK


日本
1ST

ANNUAL REPORT 2004

	2004	2003	percentage change	absolute change
Sales	70,536 TEUR	59,223 TEUR	+ 19.1 %	+ 11,313 TEUR
EBIT	2,551 TEUR	2,443 TEUR	+ 4.4 %	+ 108 TEUR
EBIT margin	3.6 %	4.1 %	–	–
Group net result	1,027 TEUR	– 61 TEUR	–	+ 1,088 TEUR
Earnings per share	0.13 EUR	– 0.01 EUR	–	+ 0.14 EUR
Equity rate	20.6 %	18.9 %	–	–
Employees (yearly average)	846	745	+ 13.6 %	+ 101
Employees (as per 31/12)	1,022	724	+ 41.2 %	+ 298

GROUP MANAGEMENT REPORT OF MÜLLER – DIE LILA LOGISTIK AG FOR THE 2004 FINANCIAL YEAR

Preliminary remark:

This group management report describes the position of the Müller – Die lila Logistik AG group. Where the individual company of the same name is intended, this is indicated explicitly at the appropriate point.

Business model

As a supplier of logistical services, Müller – Die lila Logistik AG provides the essential functions in consultancy (Logistics Design) and implementation (Logistics Operating) of logistics solutions. At the same time the group concentrates on procurement logistics, production logistics and distribution logistics. The services are provided primarily in four core and target sectors:

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

Müller – Die lila Logistik AG's clients include many noteworthy, internationally operating companies.

Increase in real capital and increase in the holding in Emporias

In April the individual company Müller – Die lila Logistik AG increased its holding in Emporias Management Consulting GmbH by the issue of new shares. Making partial use of the authorised capital, the Management and Supervisory Boards of Müller – Die lila Logistik AG increased the company's share capital by means of a contribution in kind of EUR 200,000 to what is now EUR 7,900,000. The new shares served for the acquisition of a further 25 % of the share capital of Emporias Management Consulting GmbH, which was contributed to Müller – Die lila Logistik AG by the managing shareholder by way of a contribution in kind. In addition to the block of shares, the managing director will receive an additional payment of up to EUR 360,000 dependent on results. Shareholder subscription rights were excluded in order to make this acquisition possible. The new shares were issued at a price of EUR 2.11 per share.

Shareholdings

Changes in the consolidated companies

The following changes in the consolidated companies occurred during the 2004 accounting year:

Acquisition of the subsidiary in Graz

In the course of the outsourcing commission from Magna Steyr in Graz, Müller – Die lila Logistik AG acquired 100 % of the company at that time under the name Magna Steyr Logistik GmbH and changed the name to Müller – Die lila Logistik Austria GmbH. Since 1 July 2004 this company has been fully consolidated. This means that the Lila Logistik group is now also represented in Austria.

Formation of the joint venture with Vedes

The acquisition of a logistics commission also resulted in the creation of Vedes-Müller Logistik GmbH, a joint venture between Vedes Logistik GmbH and Müller – Die lila Logistik AG. At the Nuremberg location the joint venture has taken over parts of the logistics functions for the Vedes organisation since July 2004. Müller – Die lila Logistik AG holds 51 % of this company, which will be fully consolidated in the consolidated financial statements. The other 49 % of the company's shares are held by Vedes Logistik GmbH.

Changes in the investment portfolio

Increase in the holding in Emporias

As described in the above section, the holding in Emporias was increased by 25 % to 76 %.

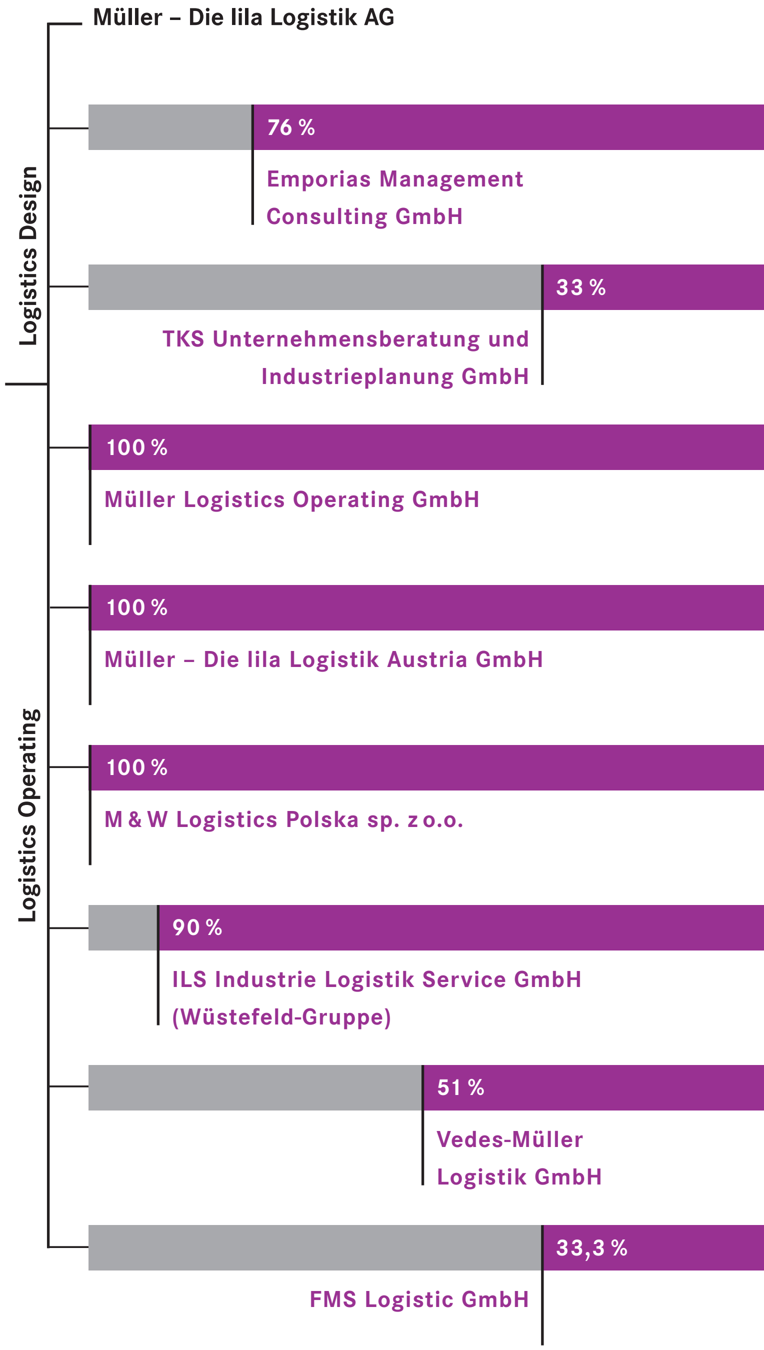
Reduction in the holding in TKS

Until December 2004 Müller – Die lila Logistik AG held 47 % of the shares in TKS Unternehmensberatung und Industrieplanung GmbH. At the end of 2004 14 % of the shares of Müller – Die lila Logistik AG were sold back to the majority shareholder of TKS. This way the current shareholding also reflects the entitlement to profit.

Purchase of M & W Logistics Polska sp. z o.o.

With the aim of strengthening the Lila Logistik brand in Poland, in December the company purchased from its own subsidiary, ILS Industrie Logistik Service GmbH, 100 % of the shares of M & W Logistics Polska sp. z o.o. This transaction had no immediate impact on the companies included in the consolidation as the Polish subsidiary had already been fully included in the consolidation in the past.

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



Profit transfer agreement

On 17 June 2004 the general meeting of shareholders of the individual company authorised the creation of the control and profit transfer agreement between the individual company Müller – Die lila Logistik AG and Emporias Management Consulting GmbH. The agreement was entered in the commercial register in the third quarter and therefore applies with retrospective effect from 1 January 2004.

Course of business

The group has operating locations in the following German cities:

Besigheim, Böblingen, Bremen, Herne, Leipzig, Minden, Nuremberg, Rodgau, Ulm and Unterföhring.

The locations outside Germany are in Graz (Austria) and Gliwice (Poland). In addition, the company entered at-equity has locations in:

- Eningen u. A.
- Arad (Rumania)
- Sopron (Hungary)
- Wrocław (Poland)

Turnover

Following the increase in sales activities that had already occurred in 2003 and the acquisition of commissions, the group achieved a clear increase in its sales revenues. This organic growth of 19.1 % resulted in sales revenues of EUR 70,536,000 (previous year: EUR 59,223,000).

The breakdown of sales revenues between the individual quarters shows that the two new major projects at the Graz and Nuremberg locations are contributing to the company's growth.

1st quarter:	22.3 %
2nd quarter:	24.2 %
3rd quarter:	26.1 %
4th quarter:	27.4 %

When the geographical breakdown of turnover is considered, the increased internationalisation becomes clear: in 2004 76.2 % (previous year: 92.3 %) of turnover was achieved in Germany and 23.8 % (previous year: 7.7 %) abroad.

Development of earnings

The earnings of Müller – Die lila Logistik AG also developed favourably over the past accounting year. Gross profit increased to EUR 11,285,000 (previous year: EUR 10,493,000).
At EUR 1,572,000 selling expenses remained at the previous year's level (previous year: EUR 1,557,000), with general and administrative expenses increasing to EUR 8,121,000 (previous year: EUR 7,599,000), primarily as the result of an increase in companies consolidated. Taking account of other operating revenues of EUR 958,000 (previous year: EUR 1,106,000) for the letting of warehouse area as well as income from the disposal of fixed assets, EBIT was EUR 2,551,000 (previous year: EUR 2,443,000). The reduction in liabilities in the 2004 accounting year can be seen from the reduced interest balance of minus EUR 1,485,000 (previous year: minus EUR 1,628,000). Income from financial assets accounted for on the basis of the equity method amounted to EUR 45,000 (previous year: loss of EUR 9,000). Outside shareholders in the majority holdings received equalisation payments of EUR 74,000 (previous year: EUR 5,000). The group result before taxes and minority interests improved to EUR 1,038,000 (previous year: EUR 614,000). In the course of the control and profit transfer agreement and the resulting fiscal unity with Emporias Management Consulting GmbH, taxes on income fell to EUR 190,000 in 2004 (previous year: EUR 459,000). Finally, the minority interests of plus EUR 179,000 (previous year: minus EUR 216,000) resulted in a clearly improved group annual result of EUR 1,027,000 (previous year: group deficit of EUR 61,000).

Development of the business areas

In comparison with the previous year both business areas increased their turnover. On (unconsolidated) turnover of EUR 3,823,000 (previous year: EUR 2,641,000) the consultancy and planning segment (Logistics Design) achieved earnings before interest and tax (EBIT) of EUR 844,000 (previous year: EUR 570,000).

The Logistics Operating business area (operational implementation of logistics) achieved turnover of EUR 67,339,000 (previous year: EUR 56,672,000) and EBIT of EUR 1,707,000 (previous year: EUR 1,873,000).

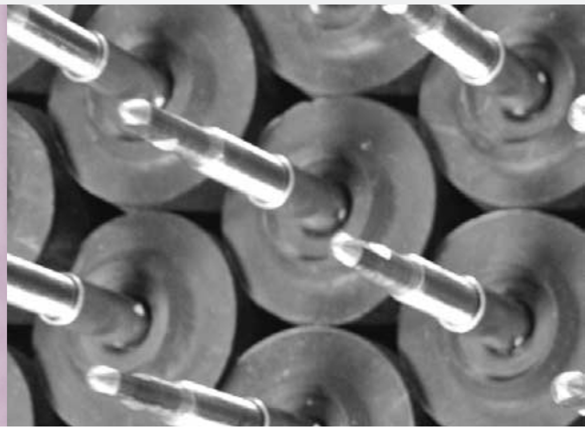
The development of turnover and earnings by business area can be seen in the following table:

2004

Data in thousand EUR	Sales revenues	EBIT
Logistics Design	3,823	844
Logistics Operating	67,339	1,707

2003

Data in thousand EUR	Sales revenues	EBIT
Logistics Design	2,641	570
Logistics Operating	56,672	1,873



Capital expenditure, depreciation and amortisation

Expenditure on fixed asset items during the accounting year amounted to EUR 3,323,000 (previous year: EUR 417,000). Against this there were revenues from the sale of fixed assets amounting to EUR 359,000 (previous year: EUR 703,000).

There was amortisation of goodwill in amount of EUR 25,000 (previous year: EUR 0). Account was taken of scheduled depreciation of fixed assets by means of write-downs amounting to EUR 1,809,000 (previous year: EUR 2,044,000).

Net assets and financial position

Total assets increased by 8.9 % to EUR 45,687,000 (previous year: EUR 41,971,000).

Essentially two asset positions resulted in the extension of the balance sheet: the increase in trade accounts receivable to EUR 9,325,000 (previous year: EUR 7,038,000), which came about in the course of the increase in turnover. In addition, the increase in tangible fixed assets to EUR 18,707,000 (previous year: EUR 18,096,000) resulted in the increase in the balance sheet total.

Trade accounts payable increased to EUR 4,031,000 (previous year: EUR 2,576,000). Significant was the increase in shareholders' equity to EUR 9,412,000 (previous year: EUR 7,931,000), which came about as a result of achievement of the net income for the year and the increase in capital equipment.

As planned, repayments on medium-term funding of company acquisitions were started in mid-2004, which is reflected in the reduction of the long-term loans. Repayments on long-term loans to fund property were at all times made as scheduled.

Cash flow and liquidity

The cash flow from current activities improved slightly and resulted in an inflow of funds of EUR 3,531,000 (previous year: inflow of EUR 3,315,000).

The cash flow from investment activities was minus EUR 1,313,000. Against disinvestment of EUR 359,000 (previous year: EUR 703,000) there were acquisitions of fixed assets amounting to EUR 1,912,000 (previous year: EUR 417,000).

The funds outflow from finance activities was marked by the loan take-up for congruent-term funding amounting to EUR 1,935,000 (previous year: EUR 0) and the reduction in liabilities amounting to EUR 3,614,000 (previous year: EUR 4,656,000). During the year under review Müller – Die lila Logistik AG thus again reduced part of its liabilities. Liquid assets increased by EUR 391,000 to EUR 1,271,000 (previous year: EUR 880,000).

Management changes

In February 2004 Mr Michael Bachmeier (formerly Chief Operating Officer) left the company's Management Board. His tasks were taken over by the Chief Executive Officer, Mr Michael Müller.

At its meeting on 19 March 2004 the Supervisory Board appointed Mr Rupert Früh as Chief Financial Officer. Mr Früh had joined the company in February 2003 as General Finance Manager.

Changes to the Supervisory Board

As a result of the group's growth in recent years and the associated increase in the number of personnel, legal rules provided for employee representatives to be appointed to the Supervisory Board by the personnel. This resulted in an increase in the size of the Supervisory Board from three to six members. Consequently the general meeting of shareholders appointed the fourth shareholder representative Mr Per Klemm. In the second half of the year the personnel of the Müller – Die lila Logistik AG group elected Messrs Volker Buckmann and Carlos Rodrigues as employee representatives on the Supervisory Board. Messrs Volker Schellenberg and Thomas Diesch were elected as substitute members.

Personnel

In the 2004 accounting year the number of employees increased significantly—by 41%—to 1,022 as at 31 December 2004 (previous year: 724). The average number of employees in the group during the year was 846 (previous year: 740), of whom 84% (previous year: 96%) were working in Germany and 16% (previous year: 4%) in Europe outside Germany. At the balance sheet date the number of women in the Lila Logistik team was 28% (previous year: 30%).

Risk report

Risk management (system)

To enable it at an early stage to identify and evaluate risks and to deal with them correctly, and in order to meet the requirements of the legal regulations (e.g. KonTraG), a risk management system was already introduced at Müller – Die lila Logistik AG a number of years ago. This risk management system has been developed and expanded in stages in the past. At its core it comprises the responsibility of the risk managers to use tools to identify at an early stage, analyse and evaluate the risks in the company and thus to be able to take the necessary precautionary measures.

The company's areas of activity involve risks as well as opportunities. As a service company focussing on logistics design consultancy and logistics operating, Müller – Die lila Logistik AG is exposed to the typical business risks, which can have a significant impact on its capital, finance and income position. This includes in particular falls in demand and the further company-specific, general risks listed here:

Macroeconomic risks

Fundamentally, Müller – Die lila Logistik AG is subject to the same economic risks as other companies. In particular a weakening

economy results in a reduced need for production materials and hence also in lower material flow volumes. A reason for this can also be reduced demand from abroad, which can have drastic effects on the export-focussed German economy. Oil price movements can also have negative effects. Seasonal effects and irregular distribution of business, for example as a result of company holidays on the part of clients, are well-known to Müller – Die lila Logistik AG and its subsidiaries and are taken into account in corporate planning.

Dependence on large customers

The strong involvement with customer processes implies a comparatively high level of certainty with regard to the existing business and future orders. This interlinking, and associated with it a certain dependency relationship, exists on both sides—both from the customer to the logistical services provider and vice versa. During the 2004 accounting year Müller – Die lila Logistik AG developed new customer relationships. This will continue to be one of the corporate goals in the future.

Sector risks

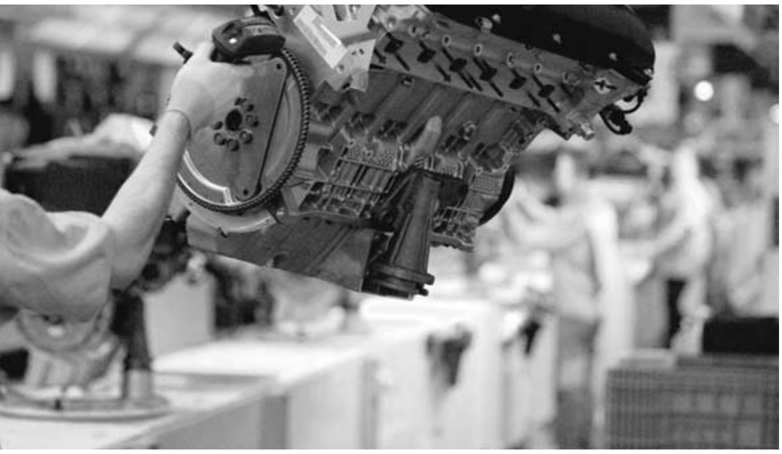
In the coming years experts expect significant growth in the outsourcing of logistics services in the continental European market. The demands made on solutions to optimise the complex parts of the value creation chain are increasing and the number of logistics service providers active in the market is very high. As a result of its close connections with customers, Müller – Die lila Logistik AG is able to recognise market trends at an early stage and to adjust accordingly to changes in the logistics market.

Dependence on individual members of the management

Müller – Die lila Logistik AG's economic success depends to a decisive extent on the qualifications of its employees. The organisation structures for positive development of the enterprise were implemented in 2004. Nevertheless, there is a fundamental risk of important holders of knowledge leaving the company.

Handling of major commissions

Each of the subsidiaries founded in 2004 started in July with a major commission. Fundamentally this involves risks, in particular calculation and liability risks and in the case of Müller – Die lila Logistik Austria GmbH also country risks. The interdisciplinary project teams will manage these risks by means of intensive project management and control.



IT risks

Networking of the various participants in the logistical processes demands functional and adaptable IT systems. Müller – Die lila Logistik AG protects these systems by the most up-to-date anti-virus programs and counter system-side failure by means of emergency plans, which also form part of the quality management.

Risks of internationalisation

In the individual markets Müller – Die lila Logistik AG has to take account of the differing and changing legal and tax framework and the respective market environment. This can involve substantial expense. Outside Germany there may also be a heightened risk of bad debts.

Müller – Die lila Logistik AG also does business outside the Eurozone, in particular in Poland. A portion of the invoices are not issued or settled in euros. Exchange rate fluctuations between the euro and other currencies of the countries outside the Eurozone may affect Müller – Die lila Logistik AG's group earnings.

Entry into existing employment relationships

Under German legislation the acquirer of a business or part of a business takes over by law the rights and duties of the employment relationships existing at the time of transfer of the business or part of a business. In the context of the future acquisition of businesses or parts of businesses the possibility is therefore not excluded that the subsidiaries may have to continue employment relationships which they would not have taken over were it not for the transfer under law. Even if the company has taken account of these economic burdens in the acquisition agreement with the disposing organisation, the possibility is not excluded that the continuation of the employment relationship required by law on acquisition of a business or part of a business may have a negative impact on the financial and earnings position of the companies.

Risks arising from the investment portfolio

As a result of supervision of the individual affiliates as well as standardised group accounting control, Müller – Die lila Logistik AG is informed in detail about developments and risks at the subsidiaries. Despite all measures taken, a negative impact on the company's financial and earnings position as a result of weaknesses in the profitability of the subsidiaries cannot be excluded.

Post-balance sheet events

No significant events occurred between the 2004 balance sheet date and publication of the annual financial statements.

Outlook

Müller – Die lila Logistik AG more than achieved its goals in the 2004 accounting year: the goal of achieving turnover of EUR 68,000,000 was as clearly exceeded at EUR 70,536,000 as was the aim of returning a net income for the year. Annual net income was clearly positive, amounting to EUR 1,027,000 (previous year: deficit for the year of EUR 61,000). Only a portion of the two major projects was included in the figures for the second half of 2004. With effect from the 2005 accounting year these commissions will be taken into account for the year as a whole and will thus support further growth of the company. For 2005 Müller – Die lila Logistik AG expects turnover growth of 10 % to EUR 78 million and a slight improvement in earnings in comparison with last year.

Besigheim, 11 March 2005

Michael Müller	Rupert Früh
Chief Executive Officer	Chief Financial Officer

GROUP BALANCE SHEET

(according to US GAAP) to 31 December 2004 and 2003

Assets

	31.12.2004 EUR	31.12.2003 EUR
Short-term assets		
Liquid assets	1,270,980	880,374
Marketable securities	162,762	255,107
Trade accounts receivable	9,325,360	7.037,520
Accounts receivable due from associated and affiliated companies	599,879	221,431
Inventories	191,652	284,845
Deferred taxes	167,167	313,714
Accrued income, prepaid expenses and other short-term assets	1,989,191	2,474,933
Total short-term assets	**13,706,991**	**11,467,924**
Long-term assets		
Tangible fixed assets	18,707,355	18,096,185
Intangible assets	449,099	209,702
Goodwill	9,558,249	9,111,952
Financial assets	46,678	46,678
Financial assets entered in the balance sheet using the equity method	1,314,710	1,356,286
Loans	3,788	2,045
Deferred tax assets	815,745	834,604
Other assets	1.084,387	845,193
Total long-term assets	**31,980,011**	**30,502,645**
Total assets	**45,687,002**	**41,970,569**

The group management report and the notes are part of the financial statements.

Liabilities

	31.12.2004 EUR	31.12.2003 EUR
Short-term liabilities		
Short-term portion of financial lease liabilities	144,877	15,987
Short-term loans and short-term portion of long-term loans	4,212,658	4.104,765
Short-term portion of the long-term shareholder's loan	439,533	551,607
Trade accounts payable	4.031,159	2.575,998
Accounts payable in the group context	25,150	173
Provisions	3.917,816	2,264,803
Income tax liabilities	94,553	512,580
Other short-term liabilities	2,280,808	1,904,967
Total short-term liabilities	**15,146,554**	**11,930,880**
Long-term liabilities		
Long-term loans	18,549,623	20,336,934
Long-term shareholders' loans	500,000	250,533
Long-term capital lease liabilities	312,529	0
Other long-term liabilities	242,575	0
Deferred taxes	8,340	0
Pension provisions	1,310,892	1,292,834
Total short-term liabilities	**20,923,959**	**21,880,301**
Minority interests	**204,780**	**228,336**
Shareholders' equity		
Capital subscribed	7,900,000	7,700,000
Capital surplus	9,628,003	9,406,003
Accumulated deficit	– 8,020,683	– 9,048,057
Other comprehensive income	– 95,611	– 126,894
Total shareholders' equity	**9,411,709**	**7,931,052**
Total liabilities	**45,687,002**	**41,970,569**

The group management report and the notes are part of the financial statements.

GROUP INCOME STATEMENT
(according to US GAAP) from 1 January to 31 December 2004 and 2003

	2004 EUR	2003 EUR
Sales	70,535,952	59,222,684
Cost of sales	– 59,250,550	– 48,729,983
Gross profit	**11,285,402**	**10,492,701**
Selling expenses	– 1,571,735	– 1,556,988
General and administrative expenses	– 8,121,411	– 7,598,639
Other operating income and expenses	958,331	1,105,754
Operating result	**2,550,587**	**2,442,828**
Interest income/expenses	– 1,484,892	– 1.627,597
Income from investments	1,103	1,104
Income/expenses from financial assets accounted for using the equity method	45,424	– 9,407
Other expenses	– 74,150	– 192,926
Group result before income tax (and minority interests)	**1,038,072**	**614,002**
Income taxes	– 189,819	– 459,138
Group result before minority interests	**848,253**	**154,864**
Minority interests	179,121	– 215,709
Group net income/deficit	**1,027,374**	**– 60,845**
Result per share (undiluted)	0.13	– 0.01
Result per share (diluted)	0.13	– 0.01
Average number of shares in issue (undiluted)	7,833,333	7,700,000
Average number of shares in issue (diluted)	7,833,333	7,700,000

The group management report and the notes are part of the financial statements.

	2004 EUR	2003 EUR
Group annual result	1,027,374	– 60,845
Changes for Minority interests	26,185	215,709
Depreciation and amortisation (excluding goodwill)	1,808,720	2,044,346
Amortisation of goodwill	24,503	0
Change in provisions and allowances	1,305,852	318,987
Profit/loss from the retirement of fixed assets	– 237,585	87,352
At equity valuation	41,576	9,407
Gains/losses on exchange	57,382	–17,135
Change in deferred tax assets/liabilities	– 262,576	–1,121
Change in inventories	93,193	129,806
Change in marketable securities	89,338	52,966
Change in trade accounts receivable and accounts receivable from associated and affiliated companies	–1,891,323	3,252,885
Change in accruals, deferrals and other assets	260,072	–189,204
Change in trade accounts payable and liabilities to affiliated companies and liabilities to related parties	1,150,538	– 2,373,105
Change in other liabilities, accruals and deferrals	38,104	–154,878
Cash flow from current activities	**3,531,353**	**3,315,170**
Acquisition of subsidiaries, less liquid assets acquired	239,383	– 51,093
Acquisition of fixed assets	–1,911,687	– 416,569
Income from the sale of fixed assets	358,943	702,510
Cash flow from investment activities	**–1,313,361**	**234,848**
Payments received from the take-up of short- and long-term loans	1,935,014	0
Payments arising from the repayment of loans	– 3,614,432	– 4,655,930
Change in shareholders' loans	– 51,607	51,607
Payments for capital leases	– 85,845	– 62,861
Interim dividend to minority shareholders	0	–127,877
Payment of notes payable	0	– 51,553
Cash flow from finance activities	**– 1,816,870**	**–4,846,614**
Change in cash and cash equivalents	**401,122**	**–1,296,596**
Changes in liquid assets caused by exchange rates	–10,516	–1,361
Liquid assets at the beginning of the period	880,374	2,178,331
Liquid assets at the end of the period	**1,270,980**	**880,374**

The group management report and the notes are part of the financial statements.

Balance at 31 December 2003
Increase in capital
Premium on capital increase
Other comprehensive income
Group result
Balance at 31 December 2004

Balance at 31 December 2002
Other comprehensive income
Group result
Balance at 31 December 2003

Statement of changes in group shareholders’ equity 2004

Subscribed capital EUR	Capital surplus EUR	Group accumulated deficit EUR	Other comprehensive income EUR	Total shareholders' equity EUR
7,700,000	9,406,003	– 9,048,057	– 126,894	7,931,052
200,000	0	0	0	200,000
0	222,000	0	0	222,000
0	0	0	31,283	31,283
0	0	1,027,374	0	1,027,374
7,900,000	**9,628,003**	**– 8,020,683**	**– 95,611**	**9,411,709**

Statement of changes in group shareholders’ equity 2003

Subscribed capital EUR	Capital surplus EUR	Group accumulated deficit EUR	Other comprehensive income EUR	Total shareholders' equity EUR
7,700,000	9,406,003	– 8,987,212	– 40,126	8,078,665
0	0	0	– 86,768	– 86,768
0	0	–60,845	0	– 60,845
7,700,000	**9,406,003**	**– 9,048,057**	**– 126,894**	**7,931,052**

Development of fixed assets
for the period from 1st January to 31 December 2004

	Acquisition or manufacturing cost			
	01.01.2004	Additions	Retirements	31.12.2004
	EUR	EUR	EUR	EUR
Intangible assets				
Franchises, trademarks and similar rights and assets as well as licences for such rights and assets	944,004.62	431,330.74	83,853.31	1,291,482.05
Goodwill	10,311,692.34	470,799.57	0.00	10,782,491.91
	11,255,696.96	**902,130.31**	**83,853.31**	**12,073,973.96**
Tangible assets				
Freehold land, leasehold rights/interests and buildings including buildings on land not owned	19,408,994.37	30,741.82	0.00	19,439,736.19
Other fixed assets, fixtures, furnitures and equipment	9,498,710.01 *	2,388,377.75	935,324.76	10,951,763.00
	28,907,704.38	**2,419,119.57**	**935,324.76**	**30,391,499.19**
Financial assets				
Shares in affiliated companies	30.677.51	0.00	0.00	30,677.51
Loans to affiliated companies	2,071,546.00	0.00	41,575.91	2,029,970.09
Participating interests	16,000.00	0.00	0.00	16,000.00
Other loans	2,045.17	1,795.43	0.00	3,840.60
	2,120,268.68	**1,795.43**	**41,575.91**	**2,080,488.20**
Total fixed assets	**42,283,670.02**	**3,323,045.31**	**1,060,753.98**	**44,545,961.35**

* Including write-ups

Depreciation/amortisation				Book values	
01.01.2004 EUR	Depreciation/ amortisation in the financial year EUR	Retirements EUR	31.12.2004 EUR	31.12.2004 EUR	31.12.2003 EUR
734,302.79	144,837.95	36,757.31	842,383.43	449,098.62	209,701.83
1,199,740.25	24,503.00	0.00	1,224,243.25	9,558,248.66	9,111,952.09
1,934,043.04	**169,340.95**	**36,757.31**	**2,066,626.68**	**10,007,347.28**	**9,321,653.92**
4,070,282.89	718,004.91	0.00	4,788,287.80	14,651,448.39	15,338,711.48
6,741,236.54	945,876.68	791,256.86	6,895,856.36	4,055,906.64	2,757,473,47
10,811,519.43	**1,663,881.59**	**791,256.86**	**11,684,144.16**	**18,707,355.03**	**18,096,184.95**
0.00	0.00	0.00	0.00	30,677.51	30,677.51
715,260.15	0.00	0.00	715,260.15	1,314,709.94	1,356,285.85
0.00	0.00	0.00	0.00	16,000.00	16,000.00
0.00	52.20	0.00	52.20	3,788.40	2,045.17
715,260.15	**52.20**	**0.00**	**715,312.35**	**1,365,175.85**	**1,405,008.53**
13,460,822.62	**1,833,274.74**	**828,014.17**	**14,466,083.19**	**30,079,878.16**	**28,822,847.40**

(1) Basis of the company and accounting methods

(a) Purpose of the company

Müller – Die lila Logistik AG ("the company" or "Lila Logistik") offers high-grade logistics services in consultancy and implementation. By developing client-specific solutions added value will be created, which results in cost savings for the client. The company offers logistics services in the automotive, electronics, consumer goods and industrial goods sectors in particular.

The company's headquarters are in Besigheim, Germany. The company carries out its business activities in Besigheim, Böblingen, Bremen Gliwice/Poland, Graz/Austria, Herne, Leipzig, Minden, Nuremberg, Rodgau, Ulm and Unterföhring.

(b) Basis of the statement

The consolidated financial statements were compiled on the basis of the US GAAP accounting principles generally recognised in the United States. The company's accounting is conducted in accordance with the "Grundsätzen ordnungsmäßiger Buchführung" (GoB – Principles of correct accounting) applicable in Germany. The GoB differ in a number of points from US GAAP. The company has therefore made adjustments in order to ensure correspondence of the consolidated financial statements with US GAAP.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and all significant subsidiaries. All significant accounts receivable and payable between affiliated companies and transactions within the group have been eliminated in the consolidated financial statements.

In the case of company mergers which are accounted for using the purchase method, all acquired assets and liabilities are to be stated at present value. The part of the purchase price that exceeds the present value of the assets acquired is capitalised as goodwill. Since 1 January 2002, on the basis of application of SFAS 142, goodwill is no longer amortised on a scheduled basis. If there are indications that the market values are below the book values other than temporarily, an examination is made of the book value retention of the participating interests accounted for using the purchase method as well as at-equity participating interests (including goodwill).

The investment in an unconsolidated company named TKS Unternehmensberatung und Industrieplanung GmbH, Eningen u. A. (33.0 % of the shares) is accounted for using the equity method. The group comprises the following companies, in which, directly or indirectly, Müller – Die lila Logistik AG has a majority holding:

- Emporias Management Consulting GmbH, Unterföhring (76.0 %)
- ILS Industrie Logistik Service GmbH, Herne (90.0 %)
- M & W Logistics sp. z o.o., Gliwice (Poland) (100.0 %)
- Müller – Die lila Logistik Austria GmbH, Graz (Austria) (100.0 %)
- Müller Logistics Operating GmbH, Besigheim (100.0 %)
- Vedes-Müller Logistik GmbH, Nuremberg (51.0 %)
- Wüstefeld Logistik GmbH, Herne (indirectly 90.0 %)

ILS Depot GmbH, a 90 % holding of Lila Logistik was not included in the group accounts.

(d) Currency translation

The functional currency for each of the company's subsidiaries is the local currency of the respective country in which the company is based. Accordingly, assets and liabilities that are accounted for in foreign currency in the balance sheets of the foreign subsidiaries (with the exception of shareholders' equity) are translated into EUR at the rate on the respective reference date. Income and expenses are translated at the average rate for the financial year concerned. The difference arising from the valuation of shareholders' equity at the historical rate and assets and other liabilities at the rate on the reference date is shown as currency translation difference in shareholders' equity without affecting the result. Accounts receivable and payable in foreign currencies are stated at the purchase rate applicable at the time of acquisition or at the rate applicable at the balance sheet date.

(e) Estimates

For the establishment of financial statements in accordance with generally recognised accounting principles, estimates and assumptions are necessary which affect the level of assets and liabilities, the size of contingent liabilities at the balance sheet date and the level of income and expenses during the reporting period. Actual results may differ from these assumptions.

(f) Accrued/prepaid stock market flotation expenses

In 2001 the company floated its shares on the Unlisted Securities Market in Frankfurt am Main, Germany. Legal and consultancy expenses net of tax, associated with the stock exchange flotation and incurred up to 31 December 2001, have been capitalised and offset against the premium accruing to the additional paid-in capital.

(g) Cash and cash equivalents

Cash and cash equivalents were composed as follows:

	31.12.2004 EUR	31.12.2003 EUR
Cash at banks	1,250,168	860,240
Cash on hands	20,812	20,134
Cash and cash equivalents	**1,270,980**	**880,374**

For purposes of the cash flow statement all means of payment with an original term of not more than three months are stated as liquid assets.

(h) Securities

Securities and shareholdings are assessed at market prices to the extent that such prices are available. Unrealised gains and losses from the market valuation of securities which are intended for disposal in the short term (trading securities) are taken to the result. Unrealised gains and losses from all other securities valued at market prices (available-for-sale securities) are stated (with account taken of taxation) as part of the cumulative "Other comprehensive income (loss)". Other securities are stated at cost of acquisition. On all securities depreciation is applied in the case of non-temporary reductions in value.
At 31 December 2004 "Short-term security investments" consisted exclusively of short-term available-for-sale securities amounting to EUR 162,762. An unrealised price gain in respect of these securities, amounting to EUR 2,061, has been accounted for in "Other comprehensive income (loss)" at 31 December 2004.
At 31 December 2003 "Short-term security investments" consisted exclusively of short-term, available-for-sale securities amounting to EUR 255,107. An unrealised price gain of EUR 5,068 in respect of these securities was accounted for in "Other comprehensive income (loss)" at 31 December 2003.

(i) Inventories

Inventories are stated at the lower of acquisition/manufacturing cost or market value.

(j) Tangible fixed assets

Tangible fixed assets are shown at acquisition cost less cumulative depreciation. Depreciation is applied on a straight-line basis over the assumed useful life. The following depreciation periods are used:

Software	3–4 years
Land improvements	15 years
Buildings and building fixtures	5–25 years
Vehicles and other means of transport	3–6 years
Fixtures, fittings and equipment	3–15 years

Rented building fixtures and objects to be accounted for by the company as capital lease contracts are depreciated over the assumed useful life but not more than the duration of the rent or lease contract. The assumed useful life is checked regularly by the company's management in the light of ongoing technical development. Maintenance and repair costs are treated as expense, while replacement and improvement investment, which extends the useful life or increases the capacity, is capitalised. On sale or disposal of items of property, plant and equipment the acquisition cost and cumulative depreciation are written off and any resulting gain or loss is taken to profit.
Construction-time interest is capitalised as part of the acquisition cost of a building constructed by the company and written off over the assumed economic life of the underlying asset. A total of EUR 113,926 of construction-time interest has been capitalised.

(k) Intangible assets

Acquired intangible assets have been valued at acquisition cost and amortised on a straight-line basis over their economic life of predominantly three years. Goodwill has been capitalised and its value retention is assessed regularly on the basis of estimated future cash flow.

(l) Long-lived assets

The company checks the valuation of long-lived assets, including intangible assets, when events or changed circumstances lead to the presumption that the book value of an asset no longer corresponds with its actual value (impairment of recoverability). Impairment of recoverability of an asset that is in use and is not to be disposed of results from comparison of the book value of that asset with the future cash flow that can probably be generated with that asset. If assets are to be regarded as overvalued, the assessed reduction in value corresponds with the amount by which the asset's book value exceeds its fair value. To date no such reduction in value has been determined.

(m) Finance instruments

The book value of the company's finance instruments, including liquid assets, accounts receivable, provisions as well as short- and long-term liabilities corresponds essentially with the fair value. The fair value of finance instruments corresponds with the amount for which the finance instrument would be traded between two parties in a current transaction, other than in conditions of forced sale or liquidation. The fair value of short-term liabilities is based on the quotation for these or similar finance instruments. The fair value of long-term liabilities is determined on the basis of the interest rates currently available to the company in the open market.

(n) Income taxes

Income taxes are determined annually on the basis of the asset and liability method in accordance with the provisions of the Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes", of the Financial Accounting Standard Board (FASB). All liabilities or claims arising from taxes on income, capital and assets, which arise during an accounting year, are shown in the consolidated financial statements with their effect on the operating results in accordance with the relevant applicable tax laws. To take account of the fiscal consequences of differences between valuations of assets and liabilities in the balance sheet for business purposes and the corresponding basis of assessment for tax purposes as well as tax-loss carry forwards, deferred tax assets/liabilities are formed each year. The size of the deferrals is based on the tax rates for taxable profit in the year in which the differences will probably be equalised. Deferred tax assets are, where necessary, written off against the amount probably achievable. Income tax includes the taxes to be paid or the taxes to be refunded by the financial authorities for the reporting period plus or minus changes in deferred tax assets/liabilities. The impact of changes in tax rates on deferred tax assets or liabilities is taken into account in the period in which the change comes into effect.

(o) Revenue recognition

In 1999 the U.S. Securities and Exchange Commission (SEC) published Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" (SAB 101) and revised it in 2004 by publication of SAB 104. SAB 101 and 104 describe the SEC's views regarding the application of US GAAP to the realisation of turnover. Particularly with regard to the periods in which the turnover is to be individually realised, general and specific guidelines are given.
In addition, SAB 101 and 104 provide indications of the cases in which gross or net turnover is to be shown.
Turnover is recorded at the time at which the services have been provided.

(p) Advertising

Advertising costs are expensed at the time at which they occur. For the accounting years ending on 31 December 2004 and 2003 they amounted to EUR 205,527 and EUR 173,969 respectively.

(q) Concentration of accounts receivable risks

At 31 December 2004 four customers accounted for a share of 53.2 %, and at 31 December 2003 four customers accounted for a share of 47.5 %, of total accounts receivable.

(r) Result per share	**2004**	**2003**
Result per share (undiluted)	EUR 0.13	EUR – 0.01
Result per share (diluted)	EUR 0.13	EUR – 0.01

(s) Stock option plan

On 5 March 2001 the General Meeting of Shareholders decided on a conditional increase in the share capital by up to EUR 600,000 by the issue of up to 600,000 bearer shares (conditional capital) and a change to the articles of association for the implementation of an employee participation programme in accordance with Article 192 (2) (3) of the German Companies Act.
Since introduction of the company's stock option plan in 2001 the company has followed FASB Financial Interpretation (FIN) No. 44, Accounting for Certain Transactions involving Stock Compensation (an interpretation of APB Opinion No. 25). In this document significant pronouncements of APB No. 25 with regard to the issue of stock options are clarified and expressed in specific terms.
Entitled persons are members of the Management Board and employees of the company. The term of each tranche of the stock options is a total of five years from the date of the tranche. Stock options that have not been exercised by the end of the term expire. The initial waiting period for first exercise is two years after granting of the stock options for each tranche. On termination of this initial waiting period 50 % of the stock options may be exercised. The waiting period for a further 25 % of the stock options granted in a tranche is three years from granting of the stock options; the waiting period for the remaining 25 % of the stock options granted in a tranche is four years from granting of the stock options.

The exercise price on acquisition of a share in the company corresponds for the first tranche with the issue price of the share at the end of the book-building process plus an uplift of 20 % as profit target. For the other tranches the exercise price corresponds with the average closing price for the last ten stock exchange trading days preceding the ordinary General Meeting of Shareholders for the relevant accounting year after which the stock options are allocated, plus an uplift of 20 % on this as profit target, but not less than the amount of share capital attributable pro rata to one share.

The option conditions provide that each option gives an entitlement to the purchase of one share.
A total of up to 600,000 stock options (total volume) may be issued in up to five annual tranches, beginning with the tranche for the year 2001, whereby no annual tranche may consist of more than 35 % of the total volume of stock options. No further tranche was issued for 2004. The basic data for the options issued since the adoption are as follows:

Option granted in	Reference price	Exercise price	Number of issued options	Existing options 31. 12. 2004	Exercisable options 31. 12. 2004
2001	EUR 7.00	EUR 8.40	141,540	93,710	–
2002	EUR 3.85	EUR 4.62	101,250	61,250	–
2003	EUR 1.06	EUR 1.27	112,500	94,500	–

The weighted present value of the stock options granted in July 2001, calculated using the “Black Scholes” stock option price model in accordance with SFAS 123, was EUR 397,727. For this purpose the following weighted average assumptions were made:

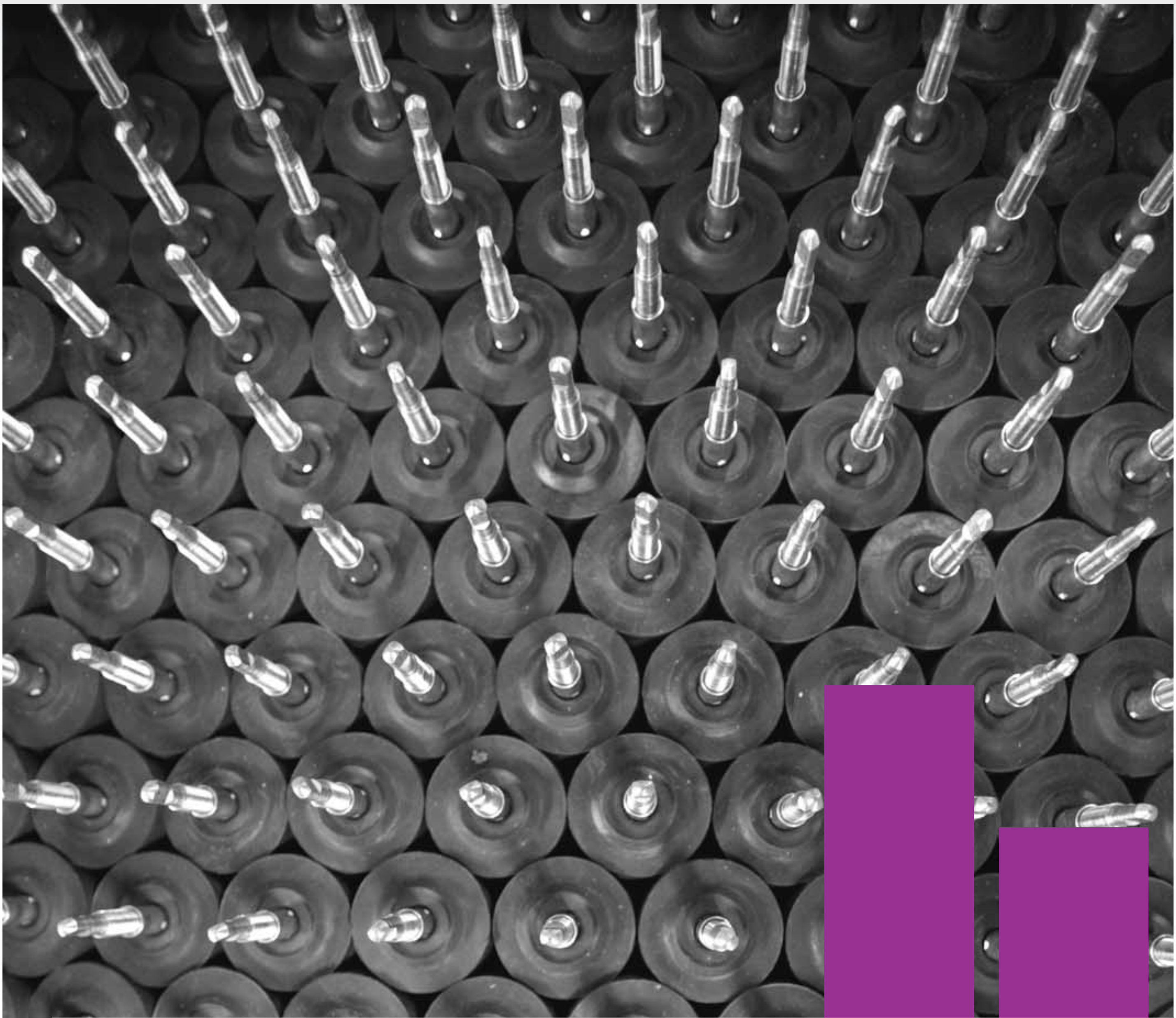
· Dividend yield:	None
· Share volatility:	60 %
· Anticipated duration:	4 years
· Risk-free interest rate:	3.6 %

Using an option price model corresponding with SFAS 123 the stock options granted in August 2002 show a weighted present value of EUR 24,553, which was determined on the basis of the following weighted average assumptions:

· Dividend yield:	None
· Share volatility:	80 %
· Anticipated duration:	4 years
· Risk-free interest rate:	4.3 %

The weighted depreciated present value of the stock options granted in August 2003, calculated using the “Black Scholes” stock option price model in accordance with SFAS 123, was EUR 31,167, which was determined on the basis of the following weighted average assumptions:

· Dividend yield:	None
· Share volatility:	75 %
· Anticipated duration:	4 years
· Risk-free interest rate:	3.0 %



Consolidated result (in thousand EUR):	2004	2003
Consolidated result	1,027	– 61
Less: total personnel expenses (after tax) associated with share-oriented compensation in the case of use of the accounting method based on market values (SFAS 123)	– 68	– 68
Pro-forma consolidated result	**959**	**– 129**

Result per share (in EUR):	2004	2003
Result per share	0.13	– 0.01
Pro-forma result per share	0.12	– 0.02
Result per share (fully diluted)	0.13	– 0.01
Pro-forma result per share (fully diluted)	0.12	– 0.02

No compensation expense has yet occurred for the tranches issued in 2003, 2002 and 2001.

The company uses the SFAS 123 explanatory regulations, but has decided to determine and state the effects on results of the stock option plan in accordance with APB 25.

The table beside shows the effects on the consolidated result and the result per share for the respective period that would have resulted from use of the Statement of Financial Accounting Standards ("SFAS") 123 "Accounting for Stock-Based Compensation" on all outstanding and not yet exercisable option rights:

(t) Comprehensive income

Since the 1998 accounting year the company has observed SFAS principle No. 130, "Reporting Comprehensive Income", for the statement of comprehensive income. Comprehensive income is to be interpreted as the change in shareholders' equity in the reporting period as a result of business transactions that is not attributable to additions to or repayments/disbursements of capital to the shareholders. In 2004 and 2003 actuarial losses arising from pension commitments, differences on currency translation and unrealised losses arising from available-for-sale securities are shown here.

(u) New accounting regulations

In November 2003 and March 2004 the EITF reached a consensus regarding some of the questions from EITF 03-1 "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments". EITF 03-1 deals with the meaning of other than temporary impairment and its application to securities that, according to SFAS 115 "Accounting for Certain Investments in Debt and Equity Securities", fall into the categories "Available-for-Sale" or "Held-to-Maturity", as well as equity instruments that are accounted for at acquisition cost according to the cost method. EITF requires certain quantitative and qualitative disclosures on unrealised losses related to securities that fall into the categories "Available-for-Sale" or "Held-to-Maturity".

In addition, EITF 03-1 specifies special disclosures for cost-method investments, which are accounted for at acquisition cost. The assessment and valuation rules of EITF 03-1 have been postponed until the publication of supplementary rules.

In November 2004 the FASB published SFAS 151 “Inventory Costs, an amendment of ARB No. 43, Chapter 4”. SFAS 151 clarifies that unusually high idle time costs, freight costs, disposal costs and material waste are to be accounted for as period expenses and requires classification of fixed production overheads as cost of sales on the basis of the normal capacity of the production facilities. SFAS 151 is to be applied prospectively to cost of sales occurring in accounting years beginning after 15 June 2005. No impact is expected on the consolidated financial statements.

In December 2004 the FASB published SFAS 123 (revised 2004) “Share-Based-Payment” (SFAS 123R). SFAS 123R regulates the reporting of transactions, in which a company exchanges its own equity instruments for goods or services. SFAS 123R also regulates the reporting of transactions in which a company incurs liabilities as a result of the acquisition of goods or services, the level of which depends on the present value of the company’s own equity instruments or which can be settled by the issue of the company’s own equity instruments.

Remuneration plans, which are to be shown as equity, are valued on a one-off basis at their present value at the time of granting. Until their settlement remuneration plans that are to be shown as liabilities are assessed on each balance sheet date at their present value. As from 1 July 2005 SFAS 123R is to be applied to any remuneration plans issued, modified, repurchased or cancelled from this date, on the basis of a modified prospective transitional method. The company is currently examining any impact of SFAS 123R on the group financial statements, but does not expect any effect.

(2) Company transactions

On 15 March 2001 the company founded the wholly owned subsidiary Müller Logistics Operating GmbH ("MLO"). The company's business is the development, planning, implementation, control and inspection of information and communication technologies, process-controlled logistics systems, parameterisable logistics platforms and logistics and services of all types. The company paid the initial capital contribution of EUR 25,000 in cash. A cash increase in share capital of EUR 975,000 to EUR 1,000,000 followed on 25 September 2001. In the context of the merger of the four companies liss - logistic information systems and solutions gmbh, Life Time Supply GmbH, Trade & Inventory Management GmbH and ml2 GmbH into MLO in 2003, the share capital was increased by a further EUR 10,000. Since its entry in the trade register the results of MLO have been consolidated in the company's consolidated financial statements.

On 22 February 2001 the company acquired a 51 % shareholding in liss - logistic information systems and solutions gmbh ("liss"). By purchase contract dated 21 July 2003 the remaining shares were acquired at a purchase cost of EUR 10,000. With effect from 1 January 2003 the company was merged with MLO. Since entry in the trade register the results of liss have been included in the company's consolidated financial statements.

With effect from 16 March 2001 the name of an inventory company belonging to the company was changed to Life Time Supply GmbH ("LTS"). The company has a share capital of EUR 25,000. The company was merged with MLO with effect from 1 January 2003. Since entry in the trade register the results of LTS have been included in the company's consolidated financial statements.

On 16 March 2001 the name of another of the company's inventory companies was changed to Trade & Inventory Management GmbH ("TIM"). The company has a share capital of EUR 25,000. The company was merged with MLO with effect from 1 July 2003. Since entry of TIM in the trade register, TIM's results have been consolidated in the company's consolidated financial statements.

With effect from 1 July 2003 the subsidiary ml2 GmbH ("ml2"), founded on 15 July 2002 with a share capital of EUR 50,000, was merged with MLO. Since entry of ml2 in the trade register its results have been included in the company's consolidated financial statements.

On 18 March 2001 a 19 % shareholding was acquired in TKS Unternehmensberatung und Industrieplanung GmbH ("TKS").
On 8 June 2001 the shareholding was increased to 51 %. The 51 % shareholding was acquired for a total of EUR 2,248,000. In October 2002 4 % of the shares in TKS were sold for EUR 20,000. In the context of the deconsolidation a loss of EUR 179,000 arose. The shareholding in TKS has been included in the consolidated financial statements since 1 October 2002 on the basis of the equity method. In December 2004 a further 14 % of the shares were disposed of. The holding henceforth amounts to 33 %.
TKS advises companies in all sectors on the planning and realisation of production, storage and distribution locations and takes over complete project management through to initial operation. TKS's results have been accounted for in the company's consolidated financial statements since 30 June 2001.
On 24 October 2001 a 51 % shareholding was acquired in Emporias Management Consulting GmbH ("Emporias") for EUR 128,000. In the context of a capital increase in the 2002 accounting year further acquisition costs of EUR 2,000 arose. Goodwill arising from the acquisition amounted to EUR 51,000. On 27 April 2004 a further 25 % of the shares in the context of an increase in the real capital in amount of EUR 422,000 of Müller – Die lila Logistik AG were acquired. In 2004 other purchase price payments accrued in amount of EUR 120,000 by the achievement of certain earnings level. The purchase procedures in 2004 arose in an additional Goodwill of EUR 480,000. In addition, in the case of achievement of certain earnings levels in each of 2005 and 2006, additional purchase price payments of maximum EUR 120,000 per annum will be due. The company's business is advising companies on strategic, organisational and IT matters.
On 30 November 2001 a 50.2 % shareholding was acquired in ILS Industrie Logistik Service GmbH ("ILS") for EUR 4,281,000. This resulted in goodwill of EUR 4,224,000. The acquisition of further shares in 2002 amounting to 39.8 % at a purchase cost of EUR 1,856,000 resulted in additional goodwill of EUR 1,581,000. A extraordinary depreciation on goodwill was made in 2002 in amount of EUR 813,000.
The company's business is logistics services of all kinds. The results of ILS (including its subsidiaries) have been included in the company's consolidated financial statements since 1 November 2001. ILS has two subsidiaries, one of which is of subordinate significance for the consolidated financial statements.
With effect from 1 January 2003 ILS acquired a further 50 % of M & W Logistics Polska sp. z. o.o. for EUR 80,000. The difference in liabilities resulting from the acquisition of the company is EUR 77,000. The holding was transferred within the group to

Müller – Die lila Logistik AG in December 2004. The group consequently now holds 100 % of the shares (previous year indirectly 90 %). This action resulted in a difference of EUR 22,000 on the liabilities side.

The silent partnership between Lila Logistik and V-Line Europe Export Marketing GmbH was dissolved by contract dated 22/30 December with effect from 31 December 2003. With proceeds of the sale amounting to EUR 320,000, a loss of EUR 190,000 was incurred.

(3) Business relationships to related parties

During the 2000 financial year the principal shareholder entered into an agreement with the company that repayment of a loan granted in 1998 in respect of an amount of EUR 251,000 will take place only on condition that the company earns profits of a sufficient amount in the future. Since the company reported a profit for the year ending 31 December 2004, that condition has been fulfilled.

In November 2002, in the context of the restructuring, the principal shareholder and Süd-Kapitalbeteiligungsgesellschaft mbH each granted the company an unsecured bullet loan of EUR 250,000. The loans were extended during 2004 until 30 June 2006.

At 31 December 2004 the executive directors and the members of the Supervisory Board held the following numbers of shares and options in Müller – Die lila Logistik AG:

	Shares	Options
Mr Michael Müller	4,059,000	40,000
Mr Rupert Früh	–	8,000
Mr Wolfgang Monning	13,428	–
Prof. Peter Klaus	714	–
Mr Volker Buckmann	–	–
Mr Per Klemm	46,450	–
Mr Klaus Langer	2,500	–
Mr Carlos Rodrigues	785	10,000

(4) Fixed assets

The analysis of consolidated fixed assets shows the development of consolidated fixed assets.

The interests at 31 December 2004, shown in the balance sheet in accordance with the equity method in amount of EUR 1,315,000, consisted of goodwill amounting to EUR 1,162,000 (previous year: EUR 1,162,000) and pro rata shareholders' equity of EUR 153,000 (previous year: EUR 194,000).

(5) Accounts receivable

At 31 December 2004 and 2003 value adjustments of EUR 279,000 and EUR 394,000 respectively were made to accounts receivable in respect of risks affecting receivables.

(6) Provisions

The provisions are made up as follows:

	31.12.2004 EUR	31.12.2003 EUR
Personnel expenses	1,565,653	843,823
Outstanding invoices	943,227	609,810
Cases of damage or loss	329,234	80,000
Annual closing, auditing and consultancy fees	288,500	219,550
Trade association	141,500	134,200
Other	649,702	377,420
Total provisions	**3,917,816**	**2,264,803**

(7) Liabilities

Short-term liabilities to credit institutions and the short-term portions of long-term liabilities to credit institutions consist of:

	31.12.2004 EUR	31.12.2003 EUR
Landesbank Baden-Württemberg current account	89,431	732,256
Deutsche Bank current account	0	1,262,513
Commerzbank Schwerte current account	0	34,332
Sparkasse Herne current account	836,119	176,371
Sparkasse Herne loan	1,050,027	1,045,858
Landesbank Baden-Württemberg loan	1,114,560	182,276
Deutsche Bank loan	660,000	200,000
Other loans	56,418	96,894
Sparkasse Herne construction account	357,904	357,904
Commerzbank Heilbronn current account	43	0
Commerzbank current account	460	0
Notes payable	0	16,361
Accrued interest	47,696	0
Total short-term liabilities	**4,212,658**	**4,104,765**

At 31 December 2004 the company held credit lines from Landesbank Baden-Württemberg (“LBBW”) totalling EUR 5,200,000, of which EUR 2,800,431 had been taken up. This consisted of a money-market loan of EUR 2,700,000 bearing interest at 3-month-EURIBOR plus a premium of 1.75 %, surety acceptances totalling EUR 11,000 and an overdraft of EUR 89,431 bearing interest at 8.25 % per annum. At the same date the company had a credit line from Deutsche Bank AG amounting to EUR 1,500,000, bearing interest at an annual rate of 6.25 % plus an annual commitment fee of 2 %, which had not been taken up however. In addition, at 31 December 2004 the company had an overdraft facility with Herner Sparkasse amounting to EUR 1,550,000. This was taken up on the one hand by an overdraft of EUR 836,119 bearing interest at 7.5 % per annum, while on the other hand a guarantee in the amount of EUR 5,000 bearing interest at 1.5 % per annum was charged to this.

The composition of long-term liabilities to credit institutions was as follows:	2004 EUR	2003 EUR
Bank loan (arranged in August 2004) of EUR 1,000,000. Quarterly repayment of EUR 62,500. The interest rate is calculated on the basis of 3-month Euro LIBOR, plus a surcharge of 2.58 %.	875,000	0
Bank loan amounting to EUR 2,830,000, repayable in quarterly instalments of EUR 100,000 plus interest; first payment in March 2002 with a term until December 2008 at 6.25 % interest plus 2.00 % commitment fee. Deferral of repayment of the instalments due, from 30 September 2002 to 30 June 2004.	2,230,000	2,630,000
Bank loan, repayable in one amount in March 2014 at 5.35 % interest.	1,597,276	1,597,276
Bank loan, repayable in one amount in June 2019 at a nominal value amounting to EUR 7,017,481 at 5.00 % interest.	7,017,481	7,017,481
Bank loan, repayable in quarterly instalments of EUR 31,956 plus interest; first payment in June 2001 with a term until March 2009 at 4.40 % interest. Deferral of repayment of the instalments due, from 30 September 2002 to 30 June 2004. Subsequently monthly repayment at EUR 10,652. Extension of term to March 2011.	798,893	862,805
Bank loan (total amount originally EUR 1,183,641, reduced to EUR 799,533, of which taken up: EUR 655,357), due in quarterly instalments; first instalment amounting to EUR 59,182 plus interest, starting in March 2001 with a term until December 2005 at an interest rate of 3-month Euro LIBOR plus 1.00 %. Deferral of repayment of the instalments due, from 30 September 2002 to 30 June 2004. Subsequently monthly repayment at EUR 19,728.	326,073	444,441
Bank loan, repayable in half-yearly instalments of EUR 5,681 and a final instalment of EUR 5,673; first payment in December 2002 with a term until June 2011 at 5.00 % interest.	73,851	85,214
Bank loan repayable in half-yearly instalments of EUR 178,952 plus interest; first payment at the end of March 2003. Term ends in 2015. Interest rate is 5.20 %.	4,090,335	4,448,239
Bank loan repayable in monthly instalments of EUR 4,169. The interest rate is 4.50 %.	976,725	1,022,584
Credit facility for money market loans of EUR 3,000,000. Deferral of repayment of the instalments due from 30 January 2003 to 30 June 2004. Special repayment in 2004 of EUR 300,000. Repayment will take place from 2005 at up to EUR 750,000 annually. The interest rate is 3.80 % to 3.95 % (previous year: 4.70 % to 5.24 %).	2,700,000	3,000,000
Revolving sales financing of various transport equipment, due between 2000 and 2005, at interest rates of 2.67 % to 4.25 %.	76,601	111,825
Total long-term liabilities	**20,762,235**	**21,219,865**
Less short-term portion of long-term liabilities	2,212,612	882,931
Long-term liabilities to credit institutions less short-term portion	**18,549,623**	**20,336,934**

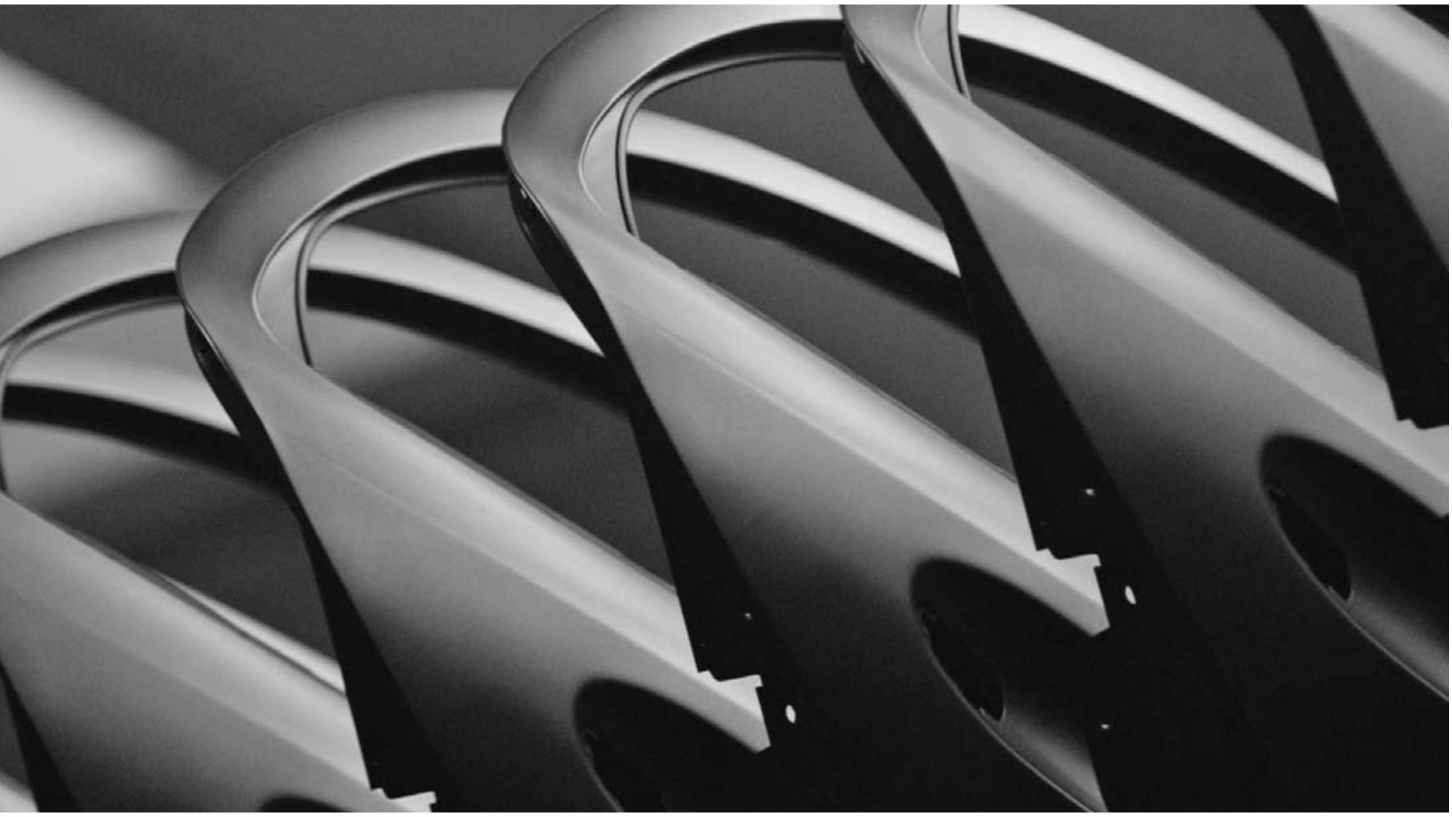
The current-account liabilities and bank loans are secured by land charges, transfers of security, assignment of entitlements under life assurance policies, rental and other accounts receivable, as well as pledging to the company of business interests and of shares held by the principal shareholder. In addition, security was provided by a state guarantee as well as by the guarantee of a managing director. As a result, the total amount of security amounts to EUR 19,959,384. Of the long-term liabilities to credit institutions, at 31 December 2004 EUR 12,718,212 had a remaining term of more than five years. Interest expense for short- and long-term liabilities amounted at 31 December 2003 to EUR 1,602,000 and in 2004 to EUR 1,426,000.

At 31 December 2004 interest income amounted to EUR 16,000 compared with EUR 13,000 at 31 December of the previous year.

(8) Contingent liabilities

Leasing

The company leases office areas and vehicles in the context of rental contracts cancellable in accordance with legal regulations and rental contracts entered into for a fixed period. Lease expenses arising from operating leases for the accounting years ending 31 December 2004 and 2003 amounted to EUR 5,981,030 and EUR 4,684,654 respectively. In addition, a capital lease agreement exists for a control system.



Minimum lease payments arising from capital leases for the accounting years ending 31 December 2004 and 2003 amounted to EUR 98,174 and EUR 65,880 respectively. Future minimum lease payments under operating and capital lease contracts entered into for fixed periods amount to:

Accounting year 31 December	Capital Leases EUR	Operating Leases EUR
2005	163,813	5,726,535
2006	163,813	3,810,010
2007	163,813	3,362,915
later	0	7,697,813
Total minimum payments	**491,439**	**20,597,273**
Less interest portion	34,033	
Cash value of the minimum lease payments (capital leases)	**457,406**	
Less short-term portion of the finance lease liabilities	144,877	
Long-term portion of the capital lease liabilities	**312,529**	

Since 1 September 1999 the company has been letting part of its office and warehouse area to a client. The lease contract runs until 31 December 2010. The income for 2004 and 2003 amounted to EUR 323,341 and EUR 313,445 respectively. Future income up to 31 December 2010 amounts to EUR 2,289,000.

Legal disputes

The company is involved in various legal disputes arising from its business operations. Taking account of the assessment of the company's lawyers, the Management Board is of the opinion that the outcome of the disputes will not have any significant negative effects on the company's financial and earnings position.

(9) Shareholders' equity

On 2 October 2000 the company was converted from a "Gesellschaft mit beschränkter Haftung" (GmbH: private limited company under German law) into an "Aktiengesellschaft" (AG: public company under German law). The company converted its initial share capital (Stammkapital) of EUR 540,000 into share capital (Grundkapital) and issued 540,000 shares without par value.

On 24 November 2000 the capital increases, the currency change and the change in legal form of the organisation were recorded in the trade register.

On 7 December 2000 the shareholders authorised the issue of 60,000 shares. This increased the company's share capital from EUR 540,000 to EUR 600,000. The additional company shares were issued for a total amount of EUR 6,500,000. EUR 60,000 of this amount was paid into the share capital and EUR 6,440,000 into capital reserves. The further increase in capital was recorded in the trade register on 22 December 2000.

On 8 February 2001 the General Meeting of Shareholders authorised an increase of EUR 5,400,000 in share capital out of retained earnings by conversion of a part of the capital reserves into share capital and the issue of 5,400,000 new bearer shares with a proportionate amount of the share capital of EUR 1.00 per share. This increase in capital was recorded in the trade register on 14 February 2001.

The General Meeting of Shareholders decided on 5 March 2001 to increase the share capital by EUR 1,700,000 to EUR 7,700,000 in total by cash contribution, and to issue 1,700,000 new bearer shares with a proportional amount of the share capital of EUR 1.00 per share. This further increase in capital was recorded in the trade register on 2 April 2001.

Making partial use of the authorised capital the company's share capital was increased by EUR 200,000 on the basis of a contribution in kind. The contribution in kind related to the acquisition of a further 25% of Emporias Management Consulting GmbH at a value of EUR 422,000. The new shares were issued at a price of EUR 2.11 per share. The amount of EUR 222,000 in excess of the share capital was placed in the capital reserve.

According to the German Companies Act (AktG) the dividend amount available for distribution to the shareholders is dependent on the company's shareholders' equity as stated in accordance with German commercial law in the individual company financial statements. Dividends may only be distributed in the amount of the retained earnings. These amounts differ from the total retained earnings according to the consolidated financial statements, which have been compiled in accordance with US GAAP.

At 31 December 2004 the German annual financial statements of the company showed an accumulated deficit of EUR 12,641,485 (31 December 2003 EUR 13,103,215).

(10) Stock exchange flotation

As a result of the stock exchange flotation on 30 May 2001 funds amounting to EUR 11.9 million were received by the company.

In connection with the stock exchange flotation, costs of EUR 2.9 million were incurred. After netting off against deferred tax assets of EUR 1.1 million this resulted in a net amount of EUR 1.8 million that was offset against the paid-in surplus in 2001.

(11) Pensions

Pension commitments have been made to present and former Management Board members of the parent company as well as to a former Managing Director of Wüstefeld Speditions GmbH. The level of the pensions has been set contractually and may increase with the time spent with the company.

Although there is no obligation under German law to secure these commitments by means of separate assets, corresponding insurance has been taken out. The surrender value of the insurance is contained in "Other assets".

Calculation of the pension liability was based on the following discounting interest rates and increases in remuneration.

	31.12.2004	31.12.2003
Discounting interest rate	4.75 – 5.0 %	5.0 %
Long-term increase in remuneration	1.5 – 1.6 %	1.5 – 1.6 %

The development of the pension liability and of the cost of this pension liability in the individual reporting periods can be stated as follows:

	31.12.2004 EUR	31.12.2003 EUR
Pension liability (PBO) at the start of the reporting period	**1,292,834**	**1,032,916**
Net retirement benefit expense: Service period expense	22,159	46,223
Interest expense	64,642	59,937
Amortisation of pension rights acquired retroactively in previous years	6,251	6,251
Amortisation of actuarial losses	34,083	318
Retirement benefit expense in the reporting period (total)	**127,135**	**112,729**
Repayment of liabilities	– 56,263	0
Change in effects of benefit entitlements acquired retroactively in previous years, not taken into account in expenses	– 47,095	– 6,251
Change in actuarial losses not taken into account in expenses	– 5,719	153,440
Pension liability (PBO) at the end of the period	**1,310,892**	**1,292,834**

Transition to net pension liability accounted for in the balance sheet:

	31.12.2004 EUR	31.12.2003 EUR
Funding status of plan assets	– 1,310,892	– 1,292,834
Actuarial losses not taken into account in expenses	185,466	191,185
Benefit entitlements acquired retroactively in previous years, not taken into account in expenses	27,921	75,016
Net pension liability accounted for in the balance sheet	**– 1,097,505**	**– 1,026,633**

Composition of the net pension liability accounted for in the balance sheet:

	31.12.2004 EUR	31.12.2003 EUR
Provision for pension expenses	– 1,310,892	– 1,292,834
Intangible assets	27,921	75,016
Offset against equity on a neutral basis	185,466	191,185
Net pension liability accounted for in the balance sheet	**– 1,097,505**	**– 1,026,633**

The accumulated benefit obligation at 31 December 2004 amounted to EUR 1,310,892 (31 December 2003: EUR 1,292,834).

(12) Other comprehensive income

In this position differences arising from currency translation, actuarial losses arising from pension liabilities and unrealised losses on securities (available-for-sale securities) are stated.

The composition of the components of "Other comprehensive income" is as follows:

	2004 EUR	2004 EUR	2003 EUR	2003 EUR
Unrealised profits (losses) from market valuation of securities (available-for-sale securities)	2,061		5,068	
Deferred taxes	– 770	1,291	– 1,892	3,176
Difference on currency translation	29,731		– 17,135	
Deferred taxes	– 11,298	18,433	5,943	– 11,192
Adjustment of pension liabilities	– 185,466		– 191,185	
Deferred taxes	70,131	– 115,335	72,307	– 118,878
Total other comprehensive income (loss)		**–95,611**		**– 126,894**

(13) Income taxes

The profit (loss) before income tax is attributable to the business operations in Germany.

Income tax expense (income) amounted to:

	2004 EUR	2003 EUR
Current taxes	34,367	317,461
Deferred taxes	155,452	141,677
Total income tax expense	**189,819**	**459,138**

In the case of the domestic companies a corporation tax rate of 25 % (2003: 25 %) was used at 31 December 2004 for calculation of deferred taxes. Account was also taken of a reunification surcharge of 5.5 % in each case on corporation tax and an effective municipal trade tax rate of 10.96 % (2003: 10.96 %). Taking account of the reunification surcharge and the municipal trade tax, the calculation of deferred taxes for the domestic companies resulted in a tax rate of 37.34 % (2003: 37.34 %).

In 2003 various tax laws in Germany were changed with effect from 1 January 2004. As a result of one of these tax law changes, dividends of domestic companies as well as gains from the sale of shares in other joint-stock companies will in future remain only 95 % free of tax instead of 100 %, while losses on disposal will continue to be non-deductible for tax purposes. In addition, as a result of introduction of 'least-actual' taxation, the use of loss carry-forwards for tax purposes has been restricted in the case of both corporation and municipal trade tax.

For the calculation of deferred taxes on differences that are not expected to be released until subsequent years this results in a tax rate at 31 December 2004 of 37.34 %.

The transition between the amounts when using the tax rate of 37.34 % for each of the accounting years ending 31 December 2004 and 2003 to the result before income tax and actual tax expense is as follows:

	2004 EUR	2003 EUR
Anticipated tax expense on the basis of the tax rates	– 387,616	– 229,268
Tax-free income	17,373	102,231
Differences in local tax rates	24,009	26,480
Write-ups/write-downs not deductible for tax purposes	28,058	0
Change in value adjustment on tax loss carry-forwards	162,139	– 423,419
Effect on the basis of the different loss allowed to be taken into account for municipal tax purposes	0	75,038
Non-deductible operating expenses	– 12,356	– 10,200
Other	– 21,426	0
Income tax expense	**– 189,819**	**– 459,138**
Effective tax rate	18.3 %	74.8 %

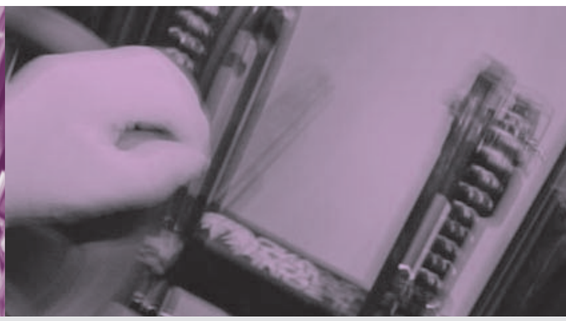
Deferred tax assets and liabilities are made up as follows:

	31.12.2004 EUR	31.12.2003 EUR
Deferred tax assets		
Tax loss carry-forwards	4,099,787	4,425,575
Pensions	118,820	118,027
Liability under capital leases	0	5,970
Shareholder's loan	0	93,549
Other	4,660	5,943
Total deferred tax assets	**4,223,267**	**4,649,064**
Less value adjustment	– 2,880,492	– 3,206,283
Deferred tax assets, net	1,342,775	1,442,781
Deferred tax liabilities		
Tangible fixed assets	47,032	35,733
Intangible assets	298,785	239,799
Provisions	10,318	17,039
Other	12,068	1,892
Total deferred tax liabilities	368,203	294,463
Deferred tax assets (liabilities) net	**974,572**	**1,148,318**

Deferred tax assets and liabilities have been stated in the consolidated balance sheets at 31 December 2004 and 2003 as follows:

	31.12.2004 EUR	31.12.2003 EUR
Deferred tax assets, short-term	167,167	313,714
Deferred tax assets, long-term	815,745	834,604
Deferred tax liabilities, long-term	– 8,340	0
	974,572	**1,148,318**

The changed tax rules on the use of tax loss carry-forwards will tend to result in a reduction in offsettable losses in the future. In 2004 this resulted in a reclassification of short-term deferred tax assets amounting to EUR 131,000 as long-term deferred tax assets. For corporation tax purposes losses may be carried back one year and forward for an unlimited period. For municipal trade tax purposes losses may only be carried forward for an unlimited period. At 31 December 2004 the company and its subsidiaries had a net operating loss carry-forward for corporation tax purposes amounting to approximately EUR 11,500,000 and for municipal trade tax purposes of approximately EUR 10,200,000 that can be carried forward for an unlimited period.



The company management considers it probable that the results of future business activity will generate sufficient taxable income to realise the deferred tax assets reported in the balance sheet.

(14) Segment information

Since the 1999 accounting year the company has been applying SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information. SFAS No. 131 replaces SFAS No. 14, Financial Reporting for Segments of a Business Enterprise, and sets standards for a company's reporting on business segments. Business segments are defined as a part of a company for which individual financial information is available.

The company and its subsidiaries operate in the "Logistics Operating" and "Logistics Design" segments, which are liable to render an account. In October 2002, in the context of the company restructuring undertaken in 2002, the segments "Trade and Inventory Management" and "Life Time Supply", which were liable to render an account, were integrated into the Logistics Operating segment.

The Logistics Operating segment comprises many logistics services in the areas of procurement organisation, warehousing, production supply, production acquisition, shipment, distribution organisation and the administration of customer bases, while at the same time optimising customer bases by means of additional services. Advising clients both with regard to strategic orientation and on all logistical issues is an essential part of the Logistics Design segment. The range of services in this context includes the selection and planning of locations as well as relocation of production facilities to Eastern Europe. In addition, clients are assisted in optimising their production and reworking IT-supported logistics processes.

Figures in thousand EUR	Logistics Design	Logistics Operating	Eliminations	Consolidated
2004				
Sales revenues	3,823	67,339	– 626	70,536
EBIT	844	1,707	0	2,551
Interest income	10	20	–1	29
Interest expense	– 6	–1,509	1	–1,514
Depreciation/amortisation	– 35	–1,908	0	–1,943
Segment assets	1,069	44,618	0	45,687
2003				
Sales revenues	2,641	56,672	– 90	59,223
EBIT	570	1,873	0	2,443
Interest income	10	63	– 1	72
Interest expense	– 6	–1,695	1	–1,700
Depreciation/amortisation	– 36	– 2,018	0	– 2,054
Segment assets	1,184	40,787	0	41,971

(15) Changes in the reporting corporate unit:

In the course of the restructuring of the group, the companies liss and LTS were merged with Müller Logistics Operating GmbH with effect from 1 January 2003 and the companies TIM and ml2 were merged with Müller Logistics Operating GmbH with effect from 1 July 2003.

M & W Logistics Polska sp. z o.o., Gliwice (Poland) was included in the consolidated financial statements for the first time with effect from 1 January 2003.

In the 2002 accounting year the shareholding in TKS Unternehmensberatung und Industrieplanung GmbH was reduced from 51 % to 47 % and as of 31 December 2002 it is accounted for in the financial statements on the basis of the equity method. At 31 December 2004 a further 14 % of the shares were sold.

Under US accounting principles (SFAS 141.54) the following company data and information are to be stated as if the companies acquired during 2004 had belonged to the Müller – Die lila Logistik AG group for the whole of 2004 or already at the beginning of the previous year.

	2004 thousand EUR	2003 thousand EUR
Sales revenues	76,496	61,324
Annual surplus/loss	1,027	– 51
Result per share (in EUR)	0.13	– 0.01

(16) Geographical information

Revenues have been allocated to the geographical regions on the basis of the client's registered office. Revenues, divided by country, are as follows:

	2004 EUR	2003 EUR
Inland	53,774,791	54,640,475
Europe excluding Germany	16,761,161	4,582,209
	70,535,952	59,222,684

(17) Information on significant clients

In the 2004 and 2003 accounting years revenues with four customers amounted to EUR 36,183,000 (= 51.3 % of total turnover) and EUR 31,209,000 (= 52.7 % of total turnover).

(18) Material expenses

Material expenses for the 2003 accounting year amounted to EUR 25,710,000 (previous year: EUR 19,898,000). Cost of materials is taken into account in the cost-of-sales column of the profit and loss account compiled in accordance with the cost-of-sales method. It comprises essentially expenses for services received.

(19) Personnel expenses and number of employees

Personnel expenses for the 2004 accounting year amounted to EUR 26,854,000 (previous year: EUR 21,595,000). The average number of employees during the year was 846.

(20) Remuneration of the Supervisory and Management Boards

Total remuneration granted to the parent company Management Board in 2003 amounted to EUR 873,751 (previous year: EUR 652,744). As in the previous year, emoluments paid to the Supervisory Board amounted to EUR 41,938 (previous year: EUR 28,125).

(21) Utilisation of Article 264 (3) of the German Commercial Code

A number of joint-stock 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 are the consolidated financial statements releasing such companies from publishing their own statement (befreiender Konzernabschluss) make use of the release possibility provided by Article 264 (3) of the German Commercial Code in respect of disclosure. These companies are:

- Emporias Management Consulting GmbH, Unterföhring
- ILS Industrie Logistik Service GmbH, Herne
- Müller Logistics Operating GmbH, Besigheim
- Wüstefeld Logistik GmbH, Herne

(22) Statement with regard to the Corporate Governance Codex

The joint statement by the Management Board and the Supervisory Board of Müller – Die lila Logistik AG in accordance with AktG Article 161 on the Corporate Government Codex was made public and available on a permanent basis in December 2004.

(23) Post-balance-sheet events

No notable events occurred between the balance sheet date and the date of publication of the annual financial statements.

(24) Notes to the fundamental accounting, valuation and consolidation methods used in the consolidated financial statements that release the group company from presenting individual financial statements, and which differ significantly from German law

Fundamental differences

Fundamentally different approaches underlie German and US accounting. While accounting on the basis of the German Commercial Code (HGB) emphasises the principle of caution and the protection of creditors, the primary objective of US accounting is to provide decision-making information for the shareholders. Greater value is therefore placed under US GAAP than under HGB on the comparability of annual financial statements – both over several years and between different companies – as well as on determination of profit on an accruals basis.

Goodwill

Under US regulations goodwill must be capitalised. Until 31 December 2001 goodwill arising from company acquisitions agreed prior to 1 July 2001, or whose acquisition occurred before 1 July 2001, was amortised on a scheduled basis. With effect from 2002 there has been no more scheduled amortisation.

The value retention of capitalised goodwill is now examined in the context of annual examinations. Account is taken of any necessary corrections by means of unscheduled amortisation.

Use of the purchase method is prescribed as compulsory for all acquisitions of companies agreed after 30 June 2001. The possibility under HGB of offsetting goodwill against shareholders' equity is not permissible.

Leasing

Under US GAAP the capitalisation of lease objects occurs not with the legal owner but with the economic owner. In the case of a so-called capital lease the risks and opportunities arising from ownership of the lease object lie predominantly with the lessee, without legal title transferring at the same time. Under US regulations such a capital lease is treated as a purchase. The lease object is capitalised with the lessee and a corresponding liability recorded in the balance sheet. Accordingly, the lessor records a receivable and turnover from the sale of the lease object.

Provisions

In principle under US accounting practice provisions are not separated but stated as a part of liabilities. To fulfil the regulations of the EU directives, contrary to the American view, provisions continue to be stated separately in the balance sheet.

Under US GAAP the possibilities of forming provisions are clearly regulated more restrictively than under HGB. Accordingly, under US accounting, provisions are only to be formed when a liability

exists towards a third party, it is probable that the liability will be claimed and the anticipated level of the necessary provision can be reliably estimated. Accruals for future expenses are consequently not permissible under US GAAP.
Unlike under German principles, pension provisions are determined with due regard for anticipated increases in wages and salaries. The calculation does not use the discount rate of 6 % applicable under German tax law, but the respective real interest rates of the individual countries.

Deferred taxes

Under US accounting regulations there is a duty to report deferred tax assets and liabilities arising from temporary differences between assessments for tax purposes and those stated in the consolidated balance sheet. Because of the future tax relief, tax losses carried forward represent an economic benefit. At the time that the loss arises, the future (deferred) tax benefit should therefore be capitalised on the basis of the extent to which it can be realised. For the effects in terms of amount, we refer to the explanations in Note 13 of the notes to the consolidated financial statements.

Unrealised profits

Under HGB on the basis of the applicable principle of prudence, only unrealised losses are to be shown in the balance sheet. Under US GAAP on the other hand certain unrealised profits also have to be stated. This is reflected in particular in the recording of unrealised profits from the valuation of foreign currency amounts at the accounting date. Under German regulations securities are to be stated at the lower of cost or market value. Under the US accounting regulations securities must also be stated at the higher market values, whereby changes in the market value are to be recorded directly in the income statement or in shareholders' equity.

Besigheim, 11 March 2005

Michael Müller	Rupert Früh
Chairman of the Management Board	Finance Director

The Supervisory Board has carried out the tasks allocated to it by law and by the articles of association. In four regular meetings the Supervisory Board dealt in detail with the development of Müller – Die lila Logistik AG, its group companies and the business areas.

Collaboration between Supervisory and Management Boards

The Management Board informed the Supervisory Board regularly and comprehensively about the company's position, in particular about the development of the business and financial position, about the personnel situation and about capital investment plans and fundamental questions of corporate policy and strategy. It also informed the Supervisory Board regarding major financial data by means of monthly reports and presented to it in good time for the adoption of resolutions, matters that the Supervisory Board has designated as requiring its consent. In so far as required by law or the articles of association, the Supervisory Board, after thorough examination, gave its vote on the corresponding suggestions of the Management Board. Between its meetings the Supervisory Board was also comprehensively advised of special business occurrences. Between the meetings of the Supervisory Board decisions required urgently were taken by written procedure. In addition, the chairman of the Management Board notified the chairman of the Supervisory Board during regular individual discussions of all essential developments and pending decisions.

Focus of the Supervisory Board's work

Areas of focus for the Supervisory Board's activity were consultation on the project start-ups in Nuremberg and Graz as well as the development of business at those locations in the second half of the year. In addition, the new organisational structures and the changes in the investment portfolio were discussed intensively. Thorough discussion took place on the increase in real capital and the increase in the holding in Emporias Management Consulting GmbH. Other subjects of discussion were the purchase of M & W Logistics Polska sp. z o.o., the sale of the shares in TKS Unternehmensberatung und Industrieplanung GmbH and the increase in the capital reserves of Vedes-Müller Logistik GmbH.

Increase in size of the Supervisory Board

As a result of the increase in the number of employees within the group the Supervisory Board had to be reconstituted in accordance with the provisions of the law and in particular the employees were called upon to elect employee representatives to the Supervisory Board. On 17 June 2004 the general meeting of shareholders first appointed the three sitting members and Mr Per Klemm as the fourth member of the shareholders to the Supervisory Board. In December the employees elected Messrs Volker Buckmann and Carlos Rodrigues to the Supervisory Board. At its constitutive meeting the Supervisory Board appointed Mr Wolfgang Monning as chairman and Professor Peter Klaus as his deputy.

Formation of committees

In the process of the increase in size of the Supervisory Board the Supervisory Board formed an Audit Committee which deals with accounting and risk management issues and with commissioning of the auditors and performance of the audit of the annual financial statements and passes regular recommendations on these topics to the Supervisory Board for its decision.

Corporate Governance

At the December meeting the 2004 statement of conformity as required by the 21 May 2003 version of AktG Article 161 on the

German Corporate Governance Kodex was issued and subsequently made permanently accessible on the company's website at www.lila-logistik.de. The Supervisory Board audits the efficiency of its work on a regular basis.

Changes in the membership of the Management Board

In February 2004 Mr Michael Bachmeier left the company's Management Board. His area of responsibility was taken over by Mr Michael Müller. On 19 March 2004 Mr Rupert Früh, until then General Manager, was appointed Chief Financial Officer.

Annual and group financial statements

The financial statements and consolidated financial statements drawn up by the Management Board for the year ended 31 December 2004, with the management reports for the company and the group for the financial year 2004, have been audited by the auditors, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main and Berlin, who were appointed on 17 June 2004 by the General Meeting of Shareholders of Müller – Die lila Logistik AG. The consolidated financial statements were produced as per Article 292a of the German Commercial Code in accordance with US GAAP (United States Generally Accepted Accounting Principles). The auditors found the annual and consolidated financial statements and management reports to be in accordance with the correctly maintained books and the legal regulations as well as the articles of association, and determined that the course of business and the risks involved in future development have been accurately represented. The auditors took part in the financial statements meeting of the Supervisory Board and reported on the significant results of their audit. In particular they gave explanations of the assets, liabilities, financial position and earnings of the company and the group. They have issued an unqualified opinion on the annual financial statements of the company and the group.

On the basis of its examination, the Supervisory Board has no objections and has endorsed the auditors' results. It therefore approves the annual financial statements of Müller – Die lila Logistik AG as compiled by the Management Board. The annual financial statements are thereby adopted. The Supervisory Board assents to the proposal of the Management Board on the application of the surplus for the year and the accumulated deficit remaining thereafter.

The Supervisory Board of Müller – Die lila Logistik AG warmly thanks the members of the Management Board and all employees for their intense personal efforts and their performance during the year under review.

Besigheim, March 2005

On behalf of the Supervisory Board

Wolfgang Monning
Chairman

Mutual statement of the Board of Directors and the Supervisory Board of Müller – Die lila Logistik AG according to § 161 AktG

The Board of Directors and the Supervisory Board of Müller – Die lila Logistik AG situated in Besigheim acknowledge the recommendation of the "Regierungskommission Deutscher Corporate Governance Kodex" of 21 May 2003 and declare that these recommendations have been and will be adhered to with the following exceptions:

Account on reimbursement of the Board of Directors and the Supervisory Board

The Deutsche Corporate Governance Kodex recommends listing the reimbursement of the Board of Directors and the members of the Supervisory Board in the appendix of the annual group figures split up into basic sum and components relating to the company development and components with long-term effects. Furthermore, the Deutsche Corporate Governance Kodex recommends listing these figures individualized (clause 4.2.4 and clause 5.4.5 DCGK). Müller – Die lila Logistik AG list the reimbursement of the Board of Directors and the Supervisory Board cumulated according to their organ. Furthermore, the stock options are reported separately.

Reimbursement of Supervisory Board depending on company earnings

For the Members of the Supervisory Board the Deutsche Corporate Governance Kodex recommends apart from a fixed reimbursement also a remuneration depending on the earnings of a company (clause 5.4.5 DCGK). The members of the Supervisory Board of Müller – Die lila Logistik AG receive a compensation that is fixed.

Publishing of interim reports

The Deutsche Corporate Governance Kodex recommends the publishing of interim reports within 45 days (clause 7.1.2 DCGK). Müller – Die lila Logistik AG will communicate these interim reports according to the regulations of the stock exchange immediately on completion, however, at the latest two months after the reporting period.

Besigheim, December 2004

for the Board of Directors

Michael Müller
Chief Executive Officer

for the Supervisory Board

Wolfgang Monning
Chairman of the
Supervisory Board

We have audited the consolidated financial statements, comprising the balance sheet, the income statement and the statements of changes in shareholders' equity and cash flows as well as the notes to the financial statements prepared by the Müller – Die lila Logistik AG for the business year from January 1 to December 31, 2004. The preparation and the content of the consolidated financial statements in accordance with Accounting Principles Generally Accepted in the United States of America (US GAAP) are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations 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 it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatements. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the amounts and disclosures in the consolidated financial statements is examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the Group for the business year in accordance with Accounting Principles Generally Accepted in the United States of America.

Our audit, which also extends to the group management report prepared by the Company's management for the business year from January 1 to December 31, 2005, has not led to any reservations. In our opinion on the whole the group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the group management report for the business year from January 1 to December 31, 2005, satisfy the conditions required for the Company's exemption from its duty to prepare consolidated financial statements and the group management report in accordance with German law.

Stuttgart, 11 March 2005

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Meyer	Hundshagen
Wirtschaftsprüfer	Wirtschaftsprüfer

COMPANY DIARY 2005

Publication of annual report	23 March
Publication of 3-month report	31 May
General meeting of shareholders	16 June
Publication of 6-month report	24 August
Publication of 9-month report	22 November

Publisher
Müller – Die lila Logistik AG
Ferdinand-Porsche-Straße 4
74354 Besigheim-Ottmarsheim
Tel.: +49 (0) 71 43/8 10-0
Fax: +49 (0) 71 43/8 10-199

info@lila-logistik.de
www.lila-logistik.de

Layout
H_2e, Ludwigsburg

Contact
Müller – Die lila Logistik AG
Ferdinand-Porsche-Straße 4
74354 Besigheim-Ottmarsheim
Tel.: +49 (0) 71 43/8 10-123
Fax: +49 (0) 71 43/8 10-199

investor@lila-logistik.de
www.lila-logistik.de

Note

With the exception of the historical information this communication contains statements about the future in the meaning of the "Safe Harbor" conditions of the US Private Securities Litigation Reform Act of 1995, which may be subject to risks and uncertainties. Actual results may differ strongly as a result of a number of factors. These factors include, without claim to completeness, risks relating to the development of products and services, to the introduction of new products and services, to continuing demand for services, to services and prices offered by competitors, to changed economic circumstances at home and abroad and to prompt performance by partner undertakings. Further information on these matters can be found in the company's sales prospectus and other publications made in the context of publications required by the stock-exchange supervisory authorities.