MÜLLER | DIE LILA LOGISTIK

ANNUAL REPORT 2006

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	2006	2005	percentage change	absolute change
Sales	80,750 kEUR	72,391 kEUR	+11.5 %	+8,359 kEUR
EBIT	4,376 kEUR	3,088 kEUR	+41.7 %	+1,288 kEUR
EBIT margin	5.4 %	4.3 %	-	-
Group net result	2,897 kEUR	1,363 kEUR	+112.5 %	+1,534 kEUR
Earnings per share	0.37 EUR	0.17 EUR	+117.6 %	+0.20 EUR
Equity rate	34.3 %	25.3 %	-	-
Employees (yearly average)	931	896	+3.9 %	+35
Employees (as per 31/12)	924	878	+5.2 %	+46

DEAR SHAREHOLDERS,
DEAR FRIENDS OF LILA LOGISTIK,

It is movement that makes us move forward. So we continued to progress with every new business year. With high motivation. In measurable terms.Our latest balance sheet is proof of this dynamic development, too: In 2006, Müller – Die lila Logistik AG successfully launched numerous projects and thus strengthened and expanded its position on the European logistics market and the business location Germany in a forward-looking way. This success is documented by two key figures: Posting an 11.5 % organic sales growth, we succeeded in exceeding the 80 million Euro sales level for the very first time. This progress not only marks a milestone in our balance sheet history. It reminds us, at the same time, of the starting point of our entrepreneurial activities which also represented a breakthrough. With the efficient combination of consulting and implementation, Müller – Die lila Logistik AG merged what in fact belongs together having in mind the enhancement of the effectiveness and efficiency of industrial and, as a consequence, logistics value chains. We also acted in accordance with this corporate concept in the past 2006 business year and developed and implemented innovative and, at the same time, long-lasting total solutions with a practiced eye for business as a whole – in all logistics-related segments: From purchasing via production and distribution to overall supply chain management.For the necessary industrial know-how and experience, we can draw on the still consistent concentration on our key industries, i.e. Automotive, Electronics, Industrial Goods and Consumer Goods, as well as the trust-based cooperation with our customers. The good result of the year 2006 is thus the outcome and simultaneously confirmation of our performance and our Group's strategy. Furthermore, it means a commitment and an incentive for our further activities.In order to make sure that we successfully combine goods and information and, thus, people in future as well, Müller – Die Lila Logistik AG started a new investment phase in 2006 with a timeline stretching into the year 2007. The aim of our activities is wider internationalization of our Group, particularly its expansion in the booming CEE countries. The central pivot point for the intense cultivation of the East European market will be our new Logistics Service Center in Poland which will start operations around the middle of this year. The signs are promising that we will meet this challenge, too. Because Lila Logistik is more than a well-known pan-European brand standing for creative logistics consulting and implementation delivered just in time from one single source. We meet this high demand thanks to the neverending commitment and innovativeness of our staff. With every project. Every day. For this, we extend our respect and thanks to them. Now, you can follow part of this success story in the latest Annual Report of our Group. The year 2006 is definitely worth reading.

Thank you very much for the trust you place in us.

Michael Müller	Rupert Früh
CEO	CFO
Müller – Die lila Logistik AG	

The Supervisory Board fulfilled all the duties incumbent upon it under the law and the articles of association in 2006. The Supervisory Board dealt in detail with the developments in Müller – Die lila Logistik AG, its group companies and business segments in four regularly convened meetings. Business transactions requiring Supervisory Board consent have been extensively discussed prior to voting on a resolution. With only one exception, all the members of the Supervisory Board attended all board meetings. However, in that case the absent member participated in the resolution process by absentee vote in writing.

Collaboration between the Supervisory and Management Board

The Management Board regularly and comprehensively informed the Supervisory Board throughout the financial year both orally and in writing about the position of the company and in particular about the development of its business and financial situation, personnel issues, and planned capital expenditure as well as fundamental issues of corporate policies and strategy. Management furthermore issued monthly reports on key financial figures to the Supervisory Board and submitted all matters requiring Supervisory Board consent for approval in a timely manner. After careful examination, and to the extent required by law or the articles of association, the Supervisory Board voted on the recommendations presented by the Management Board. The Supervisory Board was also kept thoroughly informed about special business transactions in the periods between its regular meetings. Decisions of an urgent nature that arose between the Supervisory Board's meetings were handled by correspondence. In joint meeting, the Supervisory Board convinced itself that the Management Board has properly handled the company's affairs and taken the necessary measures in due time and with careful, targeted planning. Furthermore, the Chairman of the Management Board was in regular contact with the Chairman of the Supervisory Board and kept him informed on the latest development of business, significant business events and pending decisions.

Focus of Consultations within the Supervisory Board

In 2006, the focus of the activities of the Supervisory Board was on regular consultations about the status and progress of our company's investment in Poland. The Supervisory Board moreover discussed the sale-and-lease-back of our property in Herne. The Supervisory Board resolved to reappoint Rupert Früh to the Management Board until March 2010. New organisational structures and the capital expenditure involved in that were further subjects of intense debate at the Supervisory Board meetings.

Committee Work

The Audit Committee deals with issues relating to accounting and risk management as well as the appointment of the auditor and the performance of the annual financial statement audit and convened for three meetings in the financial year 2006. The new Audit Committee member Professor Peter Klaus attended his first meeting in this capacity in December. The Audit Committee regularly gave recommendations for decision by the Supervisory Board. The Personnel Committee discussed relevant subjects at its meeting in detail and likewise referred its recommendations to the Supervisory Board.

Corporate Governance and Declaration of Conformity

At their meetings, the Supervisory Board and the Management Board repeatedly discussed recommendations and suggestions set forth in the German Corporate Governance Code and approved at their December meeting the 2006 declaration of conformity with the German Corporate Governance Code as amended on 12 June 2006 pursuant to article 161 of the German Stock Corporation Act (AktG). The declaration and notes thereto are included in the 2006 Annual Report and permanently available on the company's website www.lila-logistik.com.

At the June meeting, the Supervisory Board held its annual efficiency audit in the form of a self-evaluation based on a 36-item plan. Additionally, its efficiency is audited at regular intervals.

Personnel Changes in the Supervisory Board

Supervisory Board Chairman Wolfgang Monning left the Supervisory Board of Müller – Die lila Logistik AG effective 31 December 2006. Mr. Monning has terminated the appointment on his own accord. The voting Supervisory Board members unanimously elected a new Chairman at the December meeting.

Adoption of the Annual and Consolidated Financial Statements

The annual and consolidated financial statements of Müller – Die lila Logistik AG as of 31 December 2006 as prepared by the Management Board including the AG and consolidated management reports for the financial year 2006 have been audited by the audit firm KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft of Frankfurt/Main and Berlin by appointment of the annual general shareholders' meeting of Müller – Die lila Logistik AG on 22 June 2006. The consolidated annual financial statements have been prepared according to IFRS (International Financial Reporting Standards). The auditors found the annual and consolidated financial statements including the management report to be in accordance with the properly maintained books and legal regulations and determined that they accurately present the development of business as well as the business risk going forward. The auditors took part in the committee meeting devoted to the financial statements and the Supervisory Board's Audit Committee meeting preceding it where they reported on material audit findings. In particular, the auditors commented on the asset, financial, and income positions of both the company and the group. They approved without objection both the annual financial statements of the Aktiengesellschaft (joint stock company) and the consolidated financial statements.

The Supervisory Board has no objections and concurs with the auditors' opinion. The Supervisory Board therefore endorses the consolidated financial statements of Müller – Die lila Logistik AG and the AG annual financial statements for the financial year 2006, which are thereby adopted.

The Supervisory Board extends its gratitude to the Management Board and all employees of the Lila Logistik group for their strong personal commitment and performance in the past financial year.

The Supervisory Board extends its particular gratitude to Wolfgang Monning who has been a Supervisory Board member and Chairman of Müller – Die lila Logistik AG from its very inception.

Besigheim, March 2007

For the Supervisory Board

Prof. Peter Klaus
Chairman

CONSOLIDATED MANAGEMENT REPORT OF MÜLLER - DIE LILA LOGISTIK AG FOR THE FINANCIAL YEAR 2006.

Preamble

The present consolidated management report presents the economic and financial position of the group of companies consolidated at Müller – Die lila Logistik AG (Lila Logistik Group) in financial year 2006. Should any statements in this report pertain to the individual company of that same name, this will be explicitly pointed out at that time.

Business model

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

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

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

Equity investments

In the period under review, Lila Logistik Group has acquired an equity interest in Europäischer Ladungs-Verbund Internationaler Spediteure AG (E.L.V.I.S.).

Sector development

The logistics services market is very heterogeneous. It is generally quite hard to determine any congruent market trends and the main market segments in which our company operates, i.e. logistics design and logistics operations may show quite diverging trends. Small and medium-sized transport logistics enterprises faced enormous challenges in the year under review, for instance, road toll for trucks, rising costs for fuel and lubricants, and the market entry of foreign rivals. Moreover, customers from all industries are constantly trying to extract ever more efficiency potential from contract logistics.

In contrast to the above development, freight rates in European ground transport increased thanks to high demand and capacity bottlenecks in some markets. Overall, the logistics sector remains a growth industry both in Germany and Europe-wide. Favourable economic factors boost this development as does the increasing interlinking of the global flow of goods. Innovative solutions, modern IT systems, and high service quality are the hallmark features of successful market players in this sector.

For Lila Logistik Group as a small to medium-sized company in the logistics services sector we may sum up current market reality as promising for providers with clear idea of their target market and a strategy to match. Focussing on core customer industries and offering a comprehensive range of higher-quality logistics services was the key to our sales revenue growth in financial year 2006.

Business development

Sites and operating locations

Müller – Die lila Logistik Group operates domestic sites in following cities:
Besigheim, Böblingen, Bünde, Herne, Leipzig, Rodgau, Schorndorf, Ulm, Unterföhring, and Zwickau.

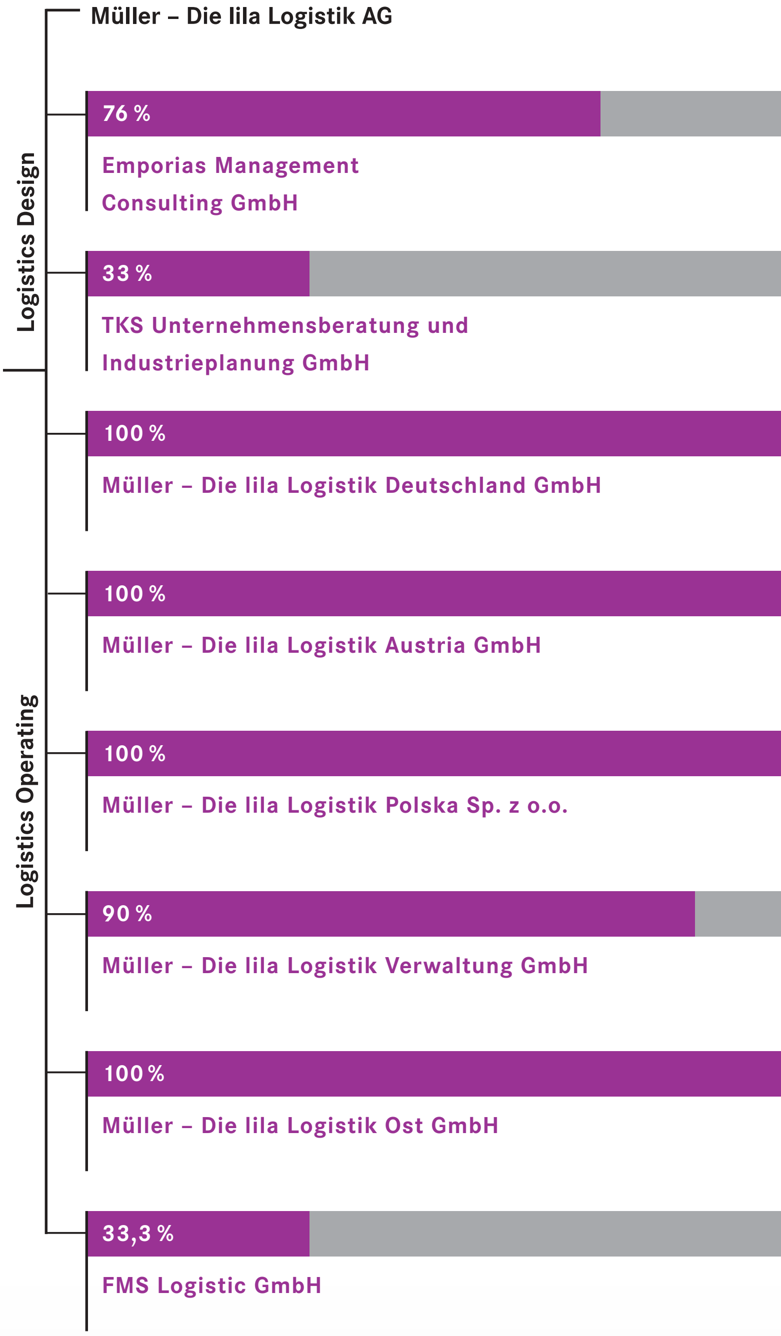
Our international operating locations are in Antwerp (Belgium), and Graz (Austria) as well as Gliwice and Wrozlav (Poland). Furthermore, TKS Unternehmensberatung- und Industrieplanung GmbH that the group consolidates at equity is operating sites in:

- Eningen u. A.
- Arad (Rumania)
- Györ (Hungary)
- Wrozlav (Poland)

Changes in the scope of consolidation

The company Müller – Die lila Logistik Ost GmbH has been included in the group's consolidated financial statements for the financial year 2006 of Müller – Die lila Logistik AG for the entire reporting period. Müller – Die lila Logistik Nord GmbH has been included in the consolidated financial statements for the first time in the year under review.

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



Sales revenues

The sales revenues of Lila Logistik Group increased 11.5 % in the year under review to kEUR 80,750 (previous year: kEUR 72,391). As our group realised purely organic sales revenue growth of kEUR 8,359 last year, we managed to surpass the EUR 80-million-mark in sales revenues for the first time in financial year 2006. The start-up of our projects in Antwerp (Belgium), Bünde, and Zwickau contributed to this.

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

	2006	2005
Quarter I	25.3 %	25.2 %
Quarter II	24.9 %	24.4 %
Quarter III	25.7 %	23.8 %
Quarter IIII	24.1 %	26.6 %

We realised 70.6 % of our sales revenues in Germany, the home market of Lila Logistik Group (previous year: 73.2 %). Increasing internationalisation shows in our rising sales revenues abroad that reached 29.4 % in the period under review (previous year: 26.8 %).

Earnings development

In financial year 2006, Lila Logistik Group realised a net profit for the year of kEUR 2,897(previous year: kEUR 1,363). Real estate transactions figured prominently in the net profit for the year contributing after resulting tax effects on balance kEUR 1,963 to our earnings.

Due to our more extensive use of external services in the wake of rising sales volume, cost of materials increased to kEUR 28,469 (previous year: kEUR 24,049). Our 2006 project start-ups, especially the ones in Antwerp (Belgium) and Zwickau (by Müller - Die lila Logistik Ost GmbH), contributed considerably to the personnel cost upcreep in our group to kEUR 30,519 (previous year: kEUR 27,976) and the increase in the other operating expense position to kEUR 20,127 (previous year: kEUR 18,181). The above-mentioned developments brought our operating earnings before interest and taxes (EBIT) to kEUR 4,376 (previous year: kEUR 3,088).

Through regular repayment of our financial liabilities and taking into account the income effects of our recent real estate transactions as well as new borrowing, our net interest expense dropped slightly to kEUR 1,424 (previous year: kEUR 1,442). Income from financial investments reported at equity came to kEUR 464 (previous year: kEUR 378).

Our pre-tax earnings improved to kEUR 3,342 (previous year: kEUR 1,951). Thanks to these developments, our undiluted earnings per share advanced to 37 euro cents (previous year: 17 euro cents). Our return on equity improved to 20.9 % (previous year: 12.4 %).

Segment development

Lila Logistik Group's planning and consulting operations closed their books in financial year 2006 with sales revenues of kEUR 2,642. Since some major consulting projects ended in the period under review, our logistics design segment fell slightly short of last year's figure at kEUR 3,699. Consequently, earnings before interest and taxes (EBIT) came to kEUR 453 (previous year: kEUR 824) corresponding to an EBIT margin of 17.2 % (previous year: 22.3 %).

Significant sales growth as well as higher order volumes and project starts were the hallmark features of business development in our logistics operations segment that focuses on the operating implementation of logistics processes. The segment's sales revenues rose 13.6 % to a total volume kEUR 78,169 (previous year: kEUR 68,829). The resulting EBIT increased 73.3 % from the prior year's comparable value to kEUR 3,923 (previous year: kEUR 2,264).

The following table shows our sales revenue and earnings development broken down by business segment:

2006

Figures in kEUR	Sales revenues	EBIT
Logistics Design	2,642	453
Logistics Operating	78,169	3,923

2005

Figures in kEUR	Sales revenues	EBIT
Logistics Design	3,699	824
Logistics Operating	68,829	2,264

Capital spending, depreciation, amortisation and impairments
In the past financial year 2006, our group's capital spending on assets came to kEUR 5,751 (previous year: kEUR 1,557). Of this capital expenditure, kEUR 2,571 went for expanding the Herne site that we sold still in financial year 2006 within the framework of a sale-and-lease-back transaction. Another capital spending project in 2006 was our site in Gliwice, Poland, in the amount of kEUR 2,434 for the construction of a new logistics services centre that we are planning to compete in financial year 2007. We furthermore spent kEUR 144 (previous year: kEUR 39) on licenses and other software as well as kEUR 598 (previous year: kEUR 1,028) on modernising and expanding our operating equipment including the purchase of new and replacement hardware components.

In the context of our annual impairment tests, we have made an extraordinary write-down on the book value of one property held as a financial investment to the tune of kEUR 944. Our depreciation, amortisation, and impairments in financial year 2006 totalled kEUR 2,881 (previous year: kEUR 1,846).

Asset and financial position
As of the balance sheet date on 31 December 2006, total assets of Lila Logistik Group came to kEUR 40,420 (previous year: kEUR 43,285). This corresponds to a 6.6 % decrease compared to the prior year. The decline in total assets was, mainly due to the sale of our Herne property in a sale-and-lease-back transaction and using part of the purchase price received to almost completely repay bank liabilities that arose from constructing the facility in the first place. Moreover, the extraordinary impairment of a property held as financial investment (kEUR 944) and lower trade receivables contributed considerably to the total asset decline.

Notwithstanding our 11.5 % sales revenue growth, trade receivables dropped to kEUR 10,460 (previous year: kEUR 11,638). This was primarily a result of a decline in business volume with above-average payment targets.

In contrast, our cash and cash equivalents leapt to kEUR 4,345 (previous year: kEUR 1,091) mostly thanks to the real estate transaction. This boosted our short-term assets to kEUR 15,898 (previous year: kEUR 13,527) while our long-term assets went down to kEUR 24,522 (previous year: kEUR 29,757).

On the equity and liabilities side of the balance sheet, short-term liabilities fell to kEUR 14,065 (previous year: kEUR 17,332) and long-term liabilities dropped to kEUR 12,486 (previous year: kEUR 14,990). The drop in short and long-term liabilities was primarily due to the repayment of short and long-term loans in the context of the sale-and-lease-back transaction for the Herne facility and continuing, scheduled principal repayments. The net profit for the year reduced our balance sheet loss to kEUR 3,938 (previous year: kEUR 6,835), our equity increased to kEUR 13,869 (previous year: kEUR 10,963). The above-mentioned developments boosted our equity ratio to 34.3 % (previous year: 25.3 %).

We are financing our ongoing business operations as well as the scheduled principal loan repayments from operating cash flow. We are financing long-term projects like the construction of the new logistics services centre in Gliwice, Poland, through medium and long-term bank loans as well as from operating cash flow. The loans are denominated in euros. Of our loan liabilities totalling kEUR 14,331, kEUR 3,442 has variable interest rates and the remainder has fixed interest rates.

Cash flow and liquidity

Our operating cash flow decreased 15.8 % to kEUR 2,585 (previous year: kEUR 3,071) in the year under review. Besides the proceeds from the sale of a real investment, the decrease in trade accounts payable made a considerable contribution to the reduction. On the other hand, the increase in the year-end result as well as the decrease in trade accounts receivable had a positive influence on the cash flow from current business operations.

Capex cash flow, in contrast, leapt with the inflow of liquidity from the real estate sale proceeds. Our capex cash flow reflects the extensive activities of Lila Logistik Group. On the one hand, we have embarked on an extensive capital spending programme with an investment volume of kEUR 5,774 in the year under review and, on the other, the sale-and-lease-back of our Herne facility. The latter will cause a cash drain to the tune of kEUR 1,018 per year in subsequent years.

We increased our stake in one of our subsidiaries by acquiring more of its capital. The purchase price for the capital stake had been pegged to the subsidiary, meeting certain earnings milestones. Since the subsidiary's 2006 earnings were off target, the purchase price had to be adjusted and the allocable goodwill reduced by kEUR 44.

In financial year 2006, we took out a note-backed bullet loan for kEUR 3,000 to help finance our working capital in the medium term. We also entered into a long-term amortised loan agreement in the amount of kEUR 6,000 with IKB Deutsche Industriebank AG to finance the capital spending projects of our subsidiary in Poland with a value of kEUR 819 as of 31 December 2006. The group furthermore booked an income of kEUR 22 from exercised stock options. Set against these cash inflows were cash outflows for repaying bank loans to the tune of kEUR 8,583 mostly funded from the proceeds of the sale-and-lease-back transaction and shareholder loans in the amount of kEUR 501. Including the scheduled instalment payments for finance leases, Lila Logistik Group booked an overall finance cash outflow in the amount of kEUR 5,815 (previous year: kEUR 2,472).

Cash and cash equivalents of Lila Logistik Group at the end of the reporting period came to kEUR 4,345 (previous year: kEUR 1,091). Our ratio of external capital to total capital, the so-called gearing, in the past financial year came to 0.66 (previous year: 0.75).

Overall statement of the group's development in financial year 2006

The financial year 2006 was economically a success for Lila Logistik Group. Our income situation improved not least thanks to the sale-and-lease-back of a property. We used a substantial part of the sale proceeds to reduce our financial liabilities. The expansion of existing logistics platforms completed in the past financial year is already generating positive earnings contributions.

Personnel

Lila Logistik Group build up its staff some more in financial year 2006. At our sites and locations in Germany and other European countries, we employed 931 persons on annual average (previous year: 896). Higher demand for Lila Logistik services especially abroad also showed in our regional staff distribution with 72 % being employed in Germany (previous year: 75 %) and 28 % abroad (previous year: 25 %).

In 2006, Lila Logistik Group offered for the first time graduate school programmes for master's degrees in business administration for the freighting, transport, and logistics industries focussing on logistics information systems in collaboration with the Heidenheim professional school [Berufsakademie]. We furthermore expanded our internal training programme in the past financial year. Lila Logistik Group also offered more interns the possibility to learn about our industry's procedures and processes in work study projects.

Capital structure

So far, the group has exclusively issued no-par bearer shares with a total of 7,938,375 no-par shares outstanding.

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

The following natural and legal persons own substantial inter-ests in our group's share capital: Mr. Müller holds EUR 4,066,500 (51.23 % equity stake), LBBW Spezialprodukte-Holding GmbH holds EUR 1,341,340 (16.90 % equity stake), and Mr. Reisdorf holds EUR 410,885 (5.18 % equity stake). The remaining shares are in free float.

Management Board appointment and amendment to the articles of association

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

Changes in the Management and Supervisory Boards

No personnel changes occurred in the Management Board in the period under review.

Chairman Wolfgang Monning left the Supervisory Board of Müller – Die lila Logistik AG effective 31 December 2006. The Supervisory Board members vested with voting rights unanimously elected the previous Vice Chairman professor Peter Klaus as new Supervisory Board Chairman at their December meeting.

Compensation report

As a regular component of our corporate governance report, the compensation report summarises the principles applied in calculating the compensation of Müller – Die lila Logistik AG's Management Board and explains the amount and structure of Management Board member income. The compensation report furthermore details the underlying principles and actual amounts of Supervisory Board compensation and states the shareholdings in the company of Management and Supervisory Board members.

The company has agreed individual pension commitments with some Management Board members.

Structure of Management Board member compensation

The Supervisory Board is the corporate body vested with the power to determine Management Board member compensation. The compensation for members of Müller – Die lila Logistik AG's Management Board is geared to the size of the company and its international operations. The Supervisory Board considers the responsibilities and corporate performance contributions of the respective Management Board members in determining their

remuneration. Our Management Board member compensation is performance based. It comprises a fixed salary, a variable bonus pegged to our business development, and a long-term incentive component.

The fixed-amount part of Management Board compensation consists of a basic salary to be paid in twelve monthly instalments. Our Management Board members do not receive Christmas or vacation bonuses.

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

The long-term incentive component is based on a stock option programme that entitles option holders to purchase shares in Müller - Die lila Logistik AG. In financial year 2006, the group issued no stock options to its Management Board members.

Management Board compensation in financial year 2006

In the past financial year, Management Board compensation totalled kEUR 848 (previous year: kEUR 657) that broke down as follows:

	2006	2005	2004
Salary	421 kEUR	432 kEUR	624 kEUR
Annual bonus	427 kEUR	225 kEUR	250 kEUR

Supervisory Board member compensation	2006	2005
Wolfgang Monning Supervisory Board Chairman	25 kEUR	25 kEUR
Prof. Peter Klaus Supervisory Board Vice Chairman	12 kEUR	12 kEUR
Volker Buckmann Supervisory Board member	6 kEUR	6 kEUR
Per Klemm Supervisory Board member	6 kEUR	6 kEUR
Klaus Langer Supervisory Board member	12 kEUR	12 kEUR
Carlos Rodrigues Supervisory Board member	6 kEUR	6 kEUR

Supervisory Board compensation in financial year 2006

The annual general shareholders' meeting of Müller – Die lila Logistik AG is the corporate body vested with the power to determine Supervisory Board member compensation pursuant to article 14 of the company's articles of association. Supervisory Board member compensation is based on the individual members' tasks and responsibilities.

Supervisory Board member compensation has two components:

- A fixed component, and
- A component based on membership in committees of Müller – Die lila Logistik AG.

The fixed annual compensation of regular Supervisory Board members serves as multiplier to determine the fixed compensation of the officers with the Supervisory Board Chairperson receiving three times as much and the Vice Chairperson one-and-a-half times as much.

In financial year 2006, the compensation for Supervisory Board members of Müller - Die lila Logistik AG totalled kEUR 67.

Shareholdings of Management and Supervisory Board members

As of 31 December 2006, our Management Board members held a total of 4,072,500 shares in our company corresponding to 51.30 % of Müller – Die lila Logistik AG's market capitalisation. Our Supervisory Board members held a total of 75,777 shares or 0.95 % of the company's share capital.

Please refer to the notes to the consolidated financial statements for an itemised break down of corporate officer shareholdings under section 3 Business Transactions With Related Parties.

Risk report

Risk management system

It is a well-known fact that business success cannot be attained without any risk. However, Lila Logistik Group considers it indispensable for economic success to be alert to the risks that arise in business reality and to handle them responsibly.

Pursuant to article 91, paragraph 2 of the German Stock Corporation Act [Aktiengesetz, AktG], a company's management has to take appropriate measures in particular by implementing a suitable risk monitoring system to detect existential risks to the company as early as possible. The German Commercial Code [Handelsgesetzbuch, HGB] moreover mandates that company's report on the company's future development and the resulting risks in its management report. Already several years ago, Lila Logistik Group has implemented a risk management system to detect risks early and handle them appropriately.

Lila Logistik Group's risk management system is based on groupwide standards and comprehensive reporting and information systems. We scrutinise all segments for risks and opportunities at regular annual planning meetings and evaluate their potential. Our group-wide controlling and reporting system monitors target compliance throughout the year. Moreover, our risk managers on site submit risk reporting data sheets as a quick and ready reference to our top executives. The group's internal reporting focuses on earnings calculations per site or company, forecast updates, and liquidity analyses as well as target/actual comparisons in terms of budgets and month-over-month development. Analyses of keydata like gross margin and return on sales allow us to spot negative developments right away and take immediate counter action. As such, our risk management revolves around management's responsibility to detect, analyse, and evaluate risks early so that the group is best protected.

Our auditors regularly check whether our risk management system is appropriate and suitable for its task within the framework of auditing our annual financial statements. Our risk management system in the year under review was found to satisfy all requirements of the German Corporate Control and Transparency Act [Gesetz Zur Kontrolle und Transparenz im Unternehmensbereich, KonTraG]. We have taken all required measures to detect existential risks early.

Our business segments offer both risks and opportunities. Lila Logistik Group mainly focuses on consulting activities (logistics design) and handling logistics operations (logistics operations) and is thus subject to business risks typical for these areas that may significantly impact our asset, financial, and income positions. In particular these risks include demand decline, company-specific risks as discussed below, and general risks.

Overall economic risk

Companies are always subject to general economic risks. As such, Lila Logistik Group is also subject to such risks. Economic disruptions cause demand declines for production materials and therefore reduce the overall flow of goods. Demand declines abroad may also severely impair the domestic flow of goods given the strong export bias of German industry. Moreover, oil price hikes can seriously impact the logistics sector. Müller – Die lila Logistik AG and its subsidiaries are also well aware of seasonal fluctuations in their business stemming from summer breaks or lulls in customer sectors. The group is taking such effects into account in its corporate planning.

Dependence on major customers

Lila Logistik Group has further expanded its customer base and existing business relations in financial year 2006. Our extensive involvement in customers' processes gives us a rather secure position in terms of continuity of existing and future business with our clientele. The resulting dependencies between logistics sourcer and provider are mutual. Expanding our customer base and maintaining existing customers remains amongst the top priorities of our business strategy going forward.

Sector risk

Logistics services are expected to be one of the up-and-coming growth sectors in the next few years with substantial business volume growth. Thanks to our close integration into customer processes, Lila Logistik Group is in a good position to spot market trends early and take appropriate steps to seize opportunities or avoid risks in the logistics market.

Financial risk

One of the many tasks of group parent Müller – Die lila Logistik AG is to ensure the necessary liquidity of the group. To this end, the group parent has to optimise the financing of the group. We typically hedge financing that is being passed on within the group to match the respective amounts and maturities to be refinanced.

Moreover, the business activity of Müller - Die lila Logistik AG entails financial risks resulting from changes in interest and foreign exchange rates. We hedge these risks with derivative financial instruments. Müller – Die lila Logistik AG hedges interest rate risks for the group with interest rate swap contracts.

To limit our exposure to exchange rate fluctuations, we almost exclusively bill our customers in euros. Other foreign exchange risks are hedged with financial hedging instruments like foreign exchange options and foreign exchange futures contracts. The contracts may have maturities of up to one year depending on how we judge the market. We typically use such instruments to hedge our exposure in Poland zlotys against the euro.

For a detailed discussion of our approach to interest rate and foreign exchange risk management please refer to the notes to the consolidated financial statements.

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Environmental protection and pertinent regulations

Stricter laws and regulations for environmental protection and resource conservation have caused our cost base to go up. On the other hand, our use of a modern vehicle fleet allows us to save costs both through better fuel economy and through tax and levy breaks. We have furthermore limited our exposure to environmental regulation risks with certified environmental protection management systems. On 3 March 2006, DEKRA Certification GmbH certified our group's environmental soundness status. The certification is subject to renewal through regular annual monitoring audits. At the time of writing this report, the monitoring audit under the certification protocols of ISO 9001:2000 and 14001:2004 was still underway. Our customers also regularly audit Lila Logistik Group's environmental soundness status.

Managing project starts

Project starts are generally subject to operating and financial risks especially calculation and liability as well as investment risks.
We are carefully analysing and monitoring these risks in our interdisciplinary project management and thorough project controlling processes. Based on the results of these processes we can take appropriate steps to minimise these risks.

Dependency on top-level management

The economic success of Lila Logistik Group crucially depends on the qualification of our staff. We have continuously evolved the organisational structures for positive professional development in 2006. There still remains the fundamental risk that key management talent may leave the company.

Handling large-scale project orders

Large-scale projects generally involve operating and financial risks especially calculation and liability as well as investment risks.
We are carefully analysing and monitoring these risks in our interdisciplinary project management and thorough project controlling processes. Based on the results of these processes we can take appropriate steps to minimise these risks.

IT risk

Networking all the various parties involved in the processes of Lila Logistik Group's logistics processes requires functional and adaptable IT systems. Lila Logistik Group is protecting these systems with state-of-the-art virus protection and firewalls and has back-up plans for downtime and system failure that are indispensable parts of our quality assurance management.

Internationalisation risk

Our group companies have to take account of our industry's rapid internationalisation and resulting business expansion of Lila Logistik Group into new markets. Economic and legal peculiarities of foreign markets can cause considerable expense of time and money to cope with. Moreover, foreign business is more prone to payment delays and debtor defaults. Lila Logistik Group has business operations outside the euro area in particular this involves Poland. Part of the invoices for our transactions there are not billed or paid in euros. Foreign exchange fluctuations in the value of the euro relative to currencies outside the euro area can thus impact the consolidated earnings of Müller – Die lila Logistik AG.

Assuming existing employment contracts

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

Investment portfolio risk

By assisting its individual group member companies and by handling the standardised group controlling, the group parent company Müller – Die lila Logistik AG has detailed knowledge of development and risks of its subsidiaries. Nonetheless, it cannot be ruled out that possible profitability problems of subsidiaries may burden the parent's financial and income position despite all the safeguards and protection measures taken.

Risk report summary

Overall, the group is mainly exposed to the typical risks of its sector, market, and general economic activity. The business risks to Lila Logistik Group are generally limited and manageable without any discernible existential risks. We currently also see no existential risks to the group for the foreseeable future.

Supplementary report

At the beginning of January 2007, Müller – Die lila Logistik AG has made a major principal repayment of kEUR 200 on a loan from majority shareholder Michael Müller.

Outlook

Lila Logistik Group will continue to operate in its markets and defined key customer sectors following its business model based on the two core activities of logistics consulting and implementation of logistics processes. We expect the networking of business processes in the extended euro area to progress. Lila Logistik Group stands to gain from its current market position. On middle-term, Lila Logistik Group expects continued lively growth of the logistics sector. Projecting beyond this in either scope or time would entail too much uncertainty from a business prudence point of view to make reasonable predictions given the high volatility of project business. As soon as the new logistics services centre in Poland will be completed in about mid-2007, the site will start its operating activities. The company expects to make its first positive contributions to group earnings from its operating activities toward the end of 2007 and will continue to do so over the course of the entire financial year 2008.

Lila Logistik Group considers the expansion of its presence in Poland the basis for establishing further business relations there and generally as a gateway for its future expansion into the CEE states.

The gradual change of the regulatory environment for domestic road freighting of goods by non-regional enterprises domiciled in foreign countries (so-called cabotage) until 2010 constitutes from Lila Logistik Group's perspective a material change in the regulatory environment. The company and its subsidiaries are already getting jointly prepared to deal with the corresponding effects of this change.

In the third quarter of the current financial year, the group plans to conclude its capital spending phase that Lila Logistik Group embarked on in the middle of 2006. The long-term liabilities are going to rise disproportionately moderately along with it. The further focus will then be on optimising our investment strategy.

For the current financial year 2007, the company expects somewhat higher sales revenues as well as slightly rising earnings considering the extraordinary effects from the sale-and-lease-back transaction. The forecast takes successful project starts in financial year 2006 as well as first positive earnings contributions from our logistics service centre in Poland toward the end of 2007 into account. For financial year 2008, the company expects again another moderate increase in sales revenue accompanied by substantial earnings growth primarily due to the fact that the logistics services centre in Poland will be operating for the whole year. After completion of the high capital spending phase in 2007, the group will shift its focus to continuous debt reduction in financial year 2008.

Please note that actual events may deviate from this forecast.

Besigheim, 16 March 2007

Früh

Michael Müller
Chief Executive Officer

Rupert Früh
Chief Financial Officer

Assets

	31.12.2006 EUR	31.12.2005 EUR
I. Short-term assets		
1. Liquidity	4,345,289	1,091,108
2. Trade receivables	10,459,697	11,637,706
3. Receivables from affiliated companies	0	1,000
4. Receivables from associated persons and companies in which equity interests are held	45,947	44,031
5. Inventories	48,850	125,946
6. Tax refund claims	291,175	172,158
7. Prepaid expenses and deferred income and other short-term assets	707,029	455,501
Total short-term assets	**15,897,987**	**13,527,450**
II. Long-term assets		
1. Intangible assets	266,807	299,988
2. Goodwill	9,754,084	9,798,248
3. Property, plant & equipment	11,235,070	15,380,677
4. Real estate held for financial investment purposes	870,011	1,865,233
5. Financial investments	61,903	74,178
6. Equity interests in associated companies	1,378,485	1,417,507
7. Loans	3,722	3,788
8. Deferred taxes	887,284	917,583
9. Tax refund claims	64,925	0
Total long-term assets	**24,522,291**	**29,757,202**
Total Assets	**40,420,278**	**43,284,652**

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

Equity & Liabilities

	31.12.2006 EUR	31.12.2005 EUR
I. Short-term liabilities		
1. Short-term share of financial leasing liabilities	263,639	249,536
2. Short-term loans and short-term portion of long-term loans	2,233,709	4,694,893
3. Shareholder loans	250,000	750,533
4. Trade liabilities	4,301,691	4,827,304
5. Intra-group liabilities	25,450	25,300
6. Liabilities to associated persons	191,910	237,250
7. Prepayments received	0	89,000
8. Provisions	509,865	800,982
9. Tax liabilities	1,014,890	713,322
10. Other short-term liabilities	5,273,796	4,944,070
Total short-term liabilities	**14,064,950**	**17,332,190**
II. Long-term liabilities		
1. Long-term loans	12,097,353	14,064,539
2. Long-term financial leasing liabilities	12,411	264,677
3. Liabilities to associated persons	0	120,000
4. Deferred taxes	11,024	24,526
5. Provisions	49,800	20,000
6. Pension Provisions	161,233	117,552
7. Other long-term liabilities	154,047	378,537
Total long-term liabilities	**12,485,868**	**14,989,831**
III. Equity		
1. Subscribed capital	7,938,375	7,920,750
2. Capital reserve	9,638,364	9,633,606
3. Stock options outstanding	23,341	26,567
4. Other comprehensive income	18,500	27,916
5. Balance sheet loss	-3,937,968	-6,835,056
6. Minority interests	188,848	188,848
Total shareholders' equity	**13,869,460**	**10,962,631**
Total liabilities	**40,420,278**	**43,284,652**

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

CONSOLIDATED INCOME STATEMENT

(IFRS) for the Period 1 January to 31 December 2006

	2006 EUR	2005 EUR
1. Sales revenues	80,750,018	72,391,073
2. Other operating income	5,613,298	2,813,794
3. Changes in the amount of construction contracts	7,938	-64,700
4. Cost of purchased materials and services	-28,468,956	-24,048,967
5. Personnel cost	-30,518,681	-27,975,775
6. Depreciation and amortisation of fixed and intangible assets	-2,880,699	-1,846,323
7. Other operating expenses	-20,127,013	-18,180,843
8. Operating earnings	**4,375,905**	**3,088,259**
9. Other interest and similar income	47,136	2,247
10. Interest expenses	-1,471,606	–1,444,287
11. Equity income	710	952
12. Income from financial assets stated at equity	463,699	377,684
13. Other expenses	-74,000	-74,000
14. Consolidated earnings before taxes (and minority interests)	**3,341,844**	**1,950,855**
15. Taxes on income	-444,756	-587,571
16. Consolidated net profit for the year	**2,897,088**	**1,363,284**
Earnings per share (undiluted)	0.37	0.17
Earnings per share (diluted)	0.36	0.17
Average number of shares outstanding (undiluted)	7,927,698	7,906,917
Average number of shares outstanding (diluted)	7,943,885	7,992,167

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

	2006 EUR	2005 EUR
Group annual net earnings	2,897,088	1,363,284
Adjustment for minority interests	0	-15,932
Depreciation and amortisation	2,880,699	1,846,323
Income from asset appreciation	-10,226	0
Changes in provisions and impairments	-81,631	-364,447
Profit / loss from asset disposals	-3,451,552	17,434
Valuation at equity	39,022	-102,797
Foreign exchange differences	-14,277	27,623
Change in SOP	-3,226	9,090
Change in deferred tax assets, tax refund claims, and tax liabilities	140,034	766,315
Change in inventories	77,096	65,706
Change in current-asset securities	0	162,762
Change in trade receivables and receivables from affiliated and associated companies	1,045,117	-2,311,152
Change in prepaid expenses, deferred income, and other assets	-250,489	-75,890
Change in trade liabilities, liabilities to affiliated companies, and liabilities to associated persons	-697,789	1,152,674
Change in other liabilities, prepayments received, and deferred items	15,201	529,862
Operating cash flow	**2,585,067**	**3,070,855**
Sale / acquisition of subsidiaries net of liquidity transfers	0	-404,023
First consolidation of subsidiaries	-2,044	0
Asset acquisition	-5,773,946	-1,426,847
Goodwill amortisation from purchase price adjustment	44,164	0
Revenues from asset disposals	11,546,373	1,054,585
Capex cash flow	**5,814,547**	**-776,285**
Contingent capital increase due to the stock option plan	22,383	26,353
Cash inflow from taking out short or long-term loans	4,154,212	630,815
Cash outflow for loan repayments	-8,582,581	-3,185,622
Change in shareholder loans	-500,533	0
Change in finance leases	-238,163	56,807
Cash flow from finance activities	**-5,144,682**	**-2,471,647**
Net liquidity change	3,254,932	-177,077
Foreign exchange-related liquidity change	-751	-2,795
Cash and cash equivalents at the beginning of the period	1,091,108	1,270,980
Cash and cash equivalents at the end of the period	**4,345,289**	**1,091,108**
Additional disclosures		
Interest received	9,299	2,247
Interest paid	1,229,347	1,326,581
Income taxes paid	243,155	48,887

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

Balance on 1 January 2006
Capital increase
Surplus from the capital increase
Consolidated earnings
Foreign exchange translation / fair valuation of securities
Stock options outstanding
Balance on 31 December 2006

Balance on 1 January 2005
Capital increase
Surplus from capital increase
Minority interests
Consolidated earnings
Foreign exchange translation / fair valuation of securities
Stock options outstanding
Balance on 31 December 2005

Changes in Equity 2006

	Subscribed capital EUR	Capital reserve EUR	Consolidated balance sheet loss EUR	Outstanding stock options EUR	Minority interests EUR	Cumulated other equity EUR	Equity (total) EUR
	7,920,750	9,633,606	-6,835,056	26,567	188,848	27,916	10,962,631
	17,625	0	0	0	0	0	17,625
	0	4,758	0	0	0	0	4,758
	0	0	2,897,088	0	0	0	2,897,088
	0	0	0	0	0	-9,416	-9,416
	0	0	0	-3,226	0	0	-3,226
	7,938,375	**9,638,364**	**-3,937,968**	**23,341**	**188,848**	**18,500**	**13,869,460**

Changes in Equity 2005

	Subscribed capital EUR	Capital reserve EUR	Consolidated balance sheet loss EUR	Outstanding stock options EUR	Minority interests EUR	Cumulated other equity EUR	Equity (total) EUR
	7,900,000	9,628,003	-8,198,340	17,477	204,780	19,724	9,571,644
	20,750	0	0	0	0	0	20,750
	0	5,603	0	0	0	0	5,603
	0	0	0	0	-15,932	0	-15,932
	0	0	1,363,284	0	0	0	1,363,284
	0	0	0	0	0	8,192	8,192
	0	0	0	9,090	0	0	9,090
	7,920,750	**9,633,606**	**-6,835,056**	**26,567**	**188,848**	**27,916**	**10,962,631**

	Historical and manufacturing costs				
	1.1.2006 EUR	Additions EUR	Disposals EUR	Reclassifi-cations EUR	31.12.2006 EUR
I. Intangible assets					
1. Concessions, industrial property and similar rights and assets as well as licences to such rights and assets	1,221,406.33	143,591.72	100,062.25	0.00	1,264,935.80
2. Goodwill	11,022,491.91	0.00	44,164.57	0.00	10,978,327.34
	12,243,898.24	**143,591.72**	**144,226.82**	**0.00**	**12,243,263.14**
II. Property, plant & equipment					
1. Properties and buildings including improvements of third-party porties	16,376,794.24	3,177,068.10	10,370,216.50	0.00	9,183,645.84
2. Properties held as financial investments	2,950,551.52	0.00	0.00	0.00	2,950,551.52
3. Other plants, operating and office equipment	10,491,213.85	598,248.54	2,739,510.26	0.00	8,349,952.13
4. Prepayments made and plants under construction	0.00	1,827,537.33	0.00	0.00	1,827,537.33
	29,818,559.61	**5,602,853.97**	**13,109,726.76**	**0.00**	**22,311,686.82**
III. Financial assets					
1. Equity interests in affiliated companies	58,177.51	0.00	27,500.00	0.00	30,677.51
2. Equity interests in associated companies	2,132,767.26	0.00	39,021.97	-10,225.84	2,083,519.45
3. Equity investments	16,000.00	5,000.00	0.00	10,225.84	31,225.84
4. Other loans	3,840.60	0.00	0.00	0.00	3,840.60
	2,210,785.37	**5,000.00**	**66,521.97**	**0.00**	**2,149,263.40**
	44,273,243.22	**5,751,445.69**	**13,320,475.55**	**0.00**	**36,704,213.36**

Consolidated asset analysis for the financial year 2006

Cumulated depreciation and amortisation					Book values	
1.1.2006	**D&A in FY 2006**	**Disposals**	**Reclassifi-cations**	**31.12.2006**	**31.12.2006**	**31.12.2005**
EUR	EUR	EUR	EUR	EUR	EUR	EUR
921,418.48	176,684.22	99,974.49	0.00	998,128.21	266,807.59	299,987.85
1,224,243.25	0.00	0.00	0.00	1,224,243.25	9,754,084.09	9,798,248.66
2,145,661.73	**176,684.22**	**99,974.49**	**0.00**	**2,222,371.46**	**10,020,891.68**	**10,098,236.51**
4,376,490.75	645,215.00	2,902,755.41	0.00	2,118,950.34	7,064,695.50	12,000,303.49
1,085,318.62	995,221.90	0.00	0.00	2,080,540.52	870,011.00	1,865,232.90
7,110,840.70	1,063,510.87	2,167,236.76	0.00	6,007,114.81	2,342,837.32	3,380,373.15
0.00	0.00	0.00	0.00	0.00	1,827,537.33	0.00
12,572,650.07	**2,703,947.77**	**5,069,992.17**	**0.00**	**10,206,605.67**	**12,105,081.15**	**17,245,909.54**
0.00	0.00	0.00	0.00	0.00	30,677.51	58,177.51
715,260.15	0.00	0.00	-10,225.84	705,034.31	1,378,485.14	1,417,507.11
0.00	-10,225.84*	0.00	10,225.84	0.00	31,225.84	16,000.00
52.20	66.70	0.00	0.00	118.90	3,721.70	3,788.40
715,312.35	**-10,159.14**	**0.00**	**0.00**	**705,153.21**	**1,444,110.19**	**1,495,473.02**

* This item represents an appreciation of historical costs. The income is recognised under other operating income.
Depreciation and amortisation in FY 2006 came to EUR 2,880,698.69.

(1) Accounting Principles

General information

The consolidated financial statements as of 31 December 2006 of Müller – Die lila Logistik AG have been prepared in accordance with the International Financial Reporting Standards (IFRS), as prescribed by European Union Directive. The application of the standard results in a true and fair representation of Müller – Die lila Logistik AG's actual asset, financial, and income positions.

The accounting and valuations as well as explanations and disclosures to our consolidated financial statements under IFRS for the financial year 2006 are generally based on the same accounting and valuation methods used for our consolidated financial statements for the financial year 2005.

We are not preparing consolidated financial statements under German Commercial Code rules, as article 315a, paragraph 1 of the German Commercial Code [Handelsgesetzbuch, HGB] in conjunction with article 4 of Ordinance no. 1606/2002 of the European Parliament and Council of 19 July 2002 prescribes that consolidated financial statements be prepared according to International Financial Reporting Standards.

Business model

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

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

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

Corporate domicile

Müller – Die lila Logistik AG is registered with the commercial registry of the Stuttgart district court under no. HRB 301979 and headquartered in Besigheim, Germany. Other business locations include Antwerp in Belgium, Gliwice and Wrozlav in Poland, Graz in Austria, as well as Böblingen, Bünde, Herne, Leipzig, Rodgau, Schorndorf, Ulm, Unterföhring, and Zwickau in Germany.

Moreover, our company owns a partnership stake in TKS Unternehmensberatung und Industrieplanung GmbH that we consolidate at equity. TKS has business locations in: Eningen unter Achalm in Germany, Arad in Rumania, Györ in Hungary, and Wrozlav in Poland.

Consolidation scope and methods

Our consolidated financial statements as of 31 December 2006 include in addition to Müller – Die lila Logistik AG generally all domestic and foreign companies in which Müller – Die Lila Logistik AG directly or indirectly holds the majority of voting rights or otherwise has a controlling interest in.

Müller – Die lila Logistik AG starts to consolidate these companies from the time it gains control over them. TKS Unternehmensberatung und Industrieplanung GmbH is being consolidated at equity in the consolidated financial statements. All other equity interests listed in the table above are fully consolidated.

ILS Depot GmbH of Herne in which Müller – Die lila Logistik AG indirectly holds a 90 % interest is not consolidated due to lack of operating activity. Müller – Die lila Logistik Verwaltung GmbH owns a 100 % stake in Müller – Die lila Logistik Nord GmbH. The company has been included in our consolidated financial statements since 1 January 2006.

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

Participation	Corporate domicile	Registered capital in kEUR	Equity interest in percent
Müller – Die lila Logistik Deutschland GmbH	Besigheim	1,010	100 %
Müller – Die lila Logistik Austria GmbH	Graz (Austria)	35	100 %
Müller – Die lila Logistik Polska Sp. z o.o.	Gliwice (Poland)	947 *	100 %
Müller – Die lila Logistik Ost GmbH	Zwenkau	25	100 %
Müller – Die lila Logistik Verwaltung GmbH	Herne	256	90 %
Müller – Die lila Logistik GmbH	Herne	31	(indirectly) 90 %
Müller – Die lila Logistik Nord GmbH	Bünde	25	(indirectly) 90 %
Emporias Management Consulting GmbH	Unterföhring	50	76 %
TKS Unternehmensberatung und Industrieplanung GmbH	Eningen u. A.	26	33 %

* Note: The company increased its registered capital in financial year 2006 from PLN 100,000 by PLN 3,600,000 that amounted as of the balance sheet date to PLN 3,700,000 in local currency. PLN 107,000 of this capital has not yet been paid up.

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

All significant receivables and liabilities between affiliated companies and intra-group transactions have been eliminated in the consolidated financial statements. For mergers accounted for under the purchase method, all assets and liabilities are recognised at present value. The purchase price share in excess of the acquired assets' present value is capitalised as goodwill.

Under IFRS 3, scheduled amortisation for acquired goodwill has been replaced by annual impairment tests pursuant to IFRS 36 independently of impairment indicators. As the regulations of IFRS 3 apply retroactively, we discontinued scheduled amortisation. We still impairment test the book values of at-equity stated interests and those accounted for using the purchase method (including goodwill) each year and adjust their values if we find indications for more than temporary differences between fair value and book value. The impairment tests performed in the process of preparing the annual financial statements did not reveal any changes.

The financial year of Müller – Die lila Logistik AG and its consolidated subsidiaries is the calendar year. The only exception is TKS Unternehmensberatung und Industrieplanung GmbH whose financial year runs from 1 July of one year to 30 June of the subsequent year. For the purpose of integrating the company into our consolidated financial statements, TKS always prepares an interim financial statement as of 31 December of each given year.

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

For financial years beginning on 1 January 2006 or thereafter, changes in IAS 19 and 39, IFRS 1 and 6, as well as IFRIC 4 and 5 have taken effect. This did not affect our consolidated financial statements.

Standards and interpretations not adopted early

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

IFRS 7	Financial instruments: Disclosures
IFRS 8	Segment Reporting
IAS 1	Presentation of Financial Statements: Capital disclosures
IFRIC 7	Applying the Restatement Approach under IAS 29 : Runaway-inflation reporting
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 11	Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements

IFRS 7 Financial instruments: Disclosures

In August 2005, the IASB published IFRS 7. The standard regulates disclosures on financial instruments that were previously covered by IAS 30 Disclosures on the Financial Statements of Banks and Similar Financial Institutions and IAS 32 Financial Instruments: Presentation. Under the new standard some disclosure obligations changed or have been augmented. IFRS 7 application is binding for financial years starting from 1 January 2007. Early adoption is recommended.

The standard will be binding for all companies and when Müller – Die lila Logistik AG will first apply it in financial year 2007, it will probably result in extended disclosures on financial instruments.

IFRS 8 Segment Reporting

Under IAS 14, segment reporting so far had to use the risk-and-reward approach. Under IFRS 8, segment reporting now uses the management approach for segment identification. According to this approach, relevant information is data regularly given to the so-called chief operating decision makers for decision-making purposes. At the same time, segment valuation no longer uses the financial accounting approach of IAS 14 but rather the management approach. IFRS 8 now has to be applied to all financial years beginning on 1 January 2009 or thereafter. Earlier application is allowed. Müller – Die lila Logistik AG will first apply IFRS 8 in financial year 2009 and this will result in a changed presentation of the segment report.

Changes in IAS 1 Presentation of Financial Statements: Capital disclosures

In August 2005, the IASB gave a notice of change to IAS 1 in the context of publishing IFRS 7 Financial Instruments: Disclosures. According to this, financial statements have to include information that allows the recipients of such financial statements to assess the objectives, methods, and processes of the respective company's capital management. The amended IAS 1 is mandatory for financial years beginning on 1 January 2007 or thereafter. Early adoption is recommended. Müller – Die lila Logistik AG will first apply the amended IAS 1 in financial year 2007 with the result of extended disclosures in the notes to the annual financial statements.

The interpretation has no impact on future consolidated financial statements of Müller – Die lila Logistik AG, as none of our consolidated companies has made any transactions described in the interpretation and also will not do so in the foreseeable future.

IFRIC 7 Applying the Restatement Approach under IAS 29

IFRIC 7 regulates the application of IAS 29 at the time when a national economy is first deemed to have runaway inflation and pertains to the accounting of deferred taxes in this context. IFRIC 7 is mandatory for financial years beginning on 1 January 2007 or thereafter but is not currently relevant to our consolidated financial statements.

IFRIC 8 Scope of IFRS 2

In January 2006, the IASB published its interpretation of IFRIC 8 that pertains to the scope of IFRS 2. IFRS 2 Share-based Payment applies to business transactions in the context of which a company receives goods or services against a share-based compensation. According to IFRIC 8, IFRS 2 also applies if a company cannot clearly identify the goods or services received. IFRIC 8 has to be applied to financial years beginning on 1 May 2006 or thereafter. Early adoption is recommended.

IFRIC 9 Reassessment of Embedded Derivatives

IFRIC 9 contains clarifying regulations on accounting for embedded derivatives pursuant to IAS 39. The decision whether an embedded derivative is to be accounted for separately from the underlying contract generally has to be made at the time of entering into the contract. Under IFRIC 9, a reassessment of accounting presentation is only permissible during the term of the contract if there are material changes in the underlying contract conditions and thus the related cash flow. IFRIC 9 has to be applied to financial years beginning on 1 June 2006 or thereafter with early adoption being recommended. We currently do not expect the application of IFRIC 9 to affect future consolidated financial statements of Müller – Die lila Logistik AG.

IFRIC 10 Interim Financial Reporting and Impairment

IFRIC 10 states that impairments recognised in interim financial statements that require restatement under IAS 36 or IAS 39 may not be reversed in subsequent interim, annual, or consolidated financial statements. IFRIC 10 applies to financial years beginning on 1 November 2006 or thereafter. This will not affect the consolidated financial statements of our company.

IFRIC 11 Group and Treasury Share Transactions

IFRIC 11 addresses the issue of how to account for group-wide, share-based compensation, the effect of intra-group staff turnover and share-based transactions where the company has to pay or accept payment from external parties in treasury shares. IFRIC 11 applies to financial years beginning on 1 March 2007 or thereafter. Early adoption is recommended. We do not expect the application of IFRIC 11 to affect future consolidated financial statements of Müller – Die lila Logistik AG.

IFRIC 12 Service Concession Arrangements

IFRIC 12 addresses the accounting for infrastructure work performed by private enterprises. The interpretation will be mandatory for financial years beginning on 1 January 2008 or thereafter. Early adoption is permissible. We do not expect the application of IFRIC 12 to affect future consolidated financial statements of Müller – Die lila Logistik AG.

Accounting methods

a) Foreign currency translation

The functional currency of each subsidiary is the local currency of its domicile country. As such, assets and equity and liabilities that are denominated in the local currency of foreign subsidiaries in their balance sheets (equity excepted) are translated into euros at the exchange rate on the respective balance sheet date. Income and expenses are translated into euros at the average exchange rate for the respective financial years.

The difference resulting from equity valuation at the historical exchange rate and assets and other equity and liabilities at the exchange rate on the balance sheet date is recognised without earnings impact as profit reserve under equity.

b) Estimates

The preparation of financial statements according to international financial reporting standards requires making certain estimates and assumptions that may impact the amount of assets, equity and liabilities, legal liabilities on the balance sheet date, and income and expense in the reporting period. Actual figures may deviate from these estimates and assumptions.

c) Cash and cash equivalents

Cash and cash equivalents are recognised at nominal value. According to the cash flow statement, cash and cash equivalents include cash on hand and immediately callable credit balances at banks.

d) Securities

Securities and equity investments are recognised at fair value to the extent that this can be determined. Unrealised profits and losses from fair valuation of securities held for short-term sale (trading securities) are expensed in the income statement. Unrealised profits and losses from all other fair-valued securities (investment securities or securities available for sale) are recognised under other comprehensive income net of taxes. Other securities are recognised at historical costs. All securities are written down if more than temporary impairments exist.

e) Property, plant and equipment

Property, plant and equipment assets are recognised at historical costs minus cumulated depreciation and amortisation. Depreciation and amortisation is mostly linear over the usual operating service life.

We apply the following depreciation and amortisation periods:

Software	3–10 years
Property improvements	5–21 years
Buildings and building improvements	3–25 years
Vehicles and other transport devices	2–11 years
Operating and office equipment	3–25 years

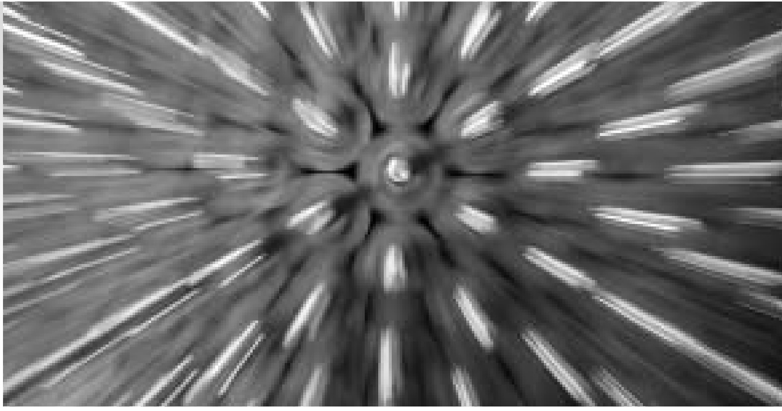
Subsequent costs of acquisition are capitalised. Minor assets up to a value of EUR 410 net of VAT are fully depreciated in the year of acquisition with the asset analysis showing both asset addition and disposal in the year of acquisition for the sake of simplicity. Interest on outside capital is capitalised.

Pursuant to IAS 20, the subsidy amount is to be subtracted from the historical or manufacturing costs of subsidised asset acquisitions.

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

The company regularly verifies the service life of assets in terms of technological progress. Maintenance and repair costs are expensed while capital spending on replacement and improvements that extend the usual operating service life or the capacity of an asset are capitalised. If property, plant & equipment assets are sold or disposed of, they are booked out at historical costs minus cumulated depreciation and amortisation with resulting profits or losses being expensed in the income statement.

Real property held as financial investment is recognised at historical costs minus scheduled amortisation pursuant to IAS 16 with any impairments being recognised pursuant to IAS 36.



f) Intangible assets

Acquired intangible assets are valued at historical costs and amortised linearly over their economic service life of usually three years.

g) Long-term assets

The company regularly tests its long-term assets including intangible assets for impairment and performs additional impairment tests if events or changed circumstances suggest that the book value of an asset may no longer correspond to its actual value. Assets in use and not available for sale are impairment tested by comparing the book value of the asset to its fair value. For this purposes the fair value is the higher of its sale value or projected value of cash flows this asset will probably generate. The impairment corresponds to the amount that the asset's book value exceeds its fair value.

Segment cash flows are projected from plans for a two-year period. For subsequent periods, cash flow projections take the expected growth rates of the respective segments into account. The average applied growth rate in financial year 2006 was 1 %. The plans are in particular based on assumptions concerning the macroeconomic outlook and the development of sale prices, personnel costs, and energy prices. Cash flows for the cash-generating business units Müller – Die lila Logistik Deutschland GmbH and Müller – Die lila Logistik Verwaltung GmbH have been discounted at 5.8 % and for the cash-generating business unit Emporias Management Consulting GmbH at 8.7 %. Cash flows of the at equity consolidated TKS Unternehmensberatung und Industrieplanung GmbH have been discounted at 8.7 % as well.

h) Interest on outside capital

Interest on outside capital has been capitalised for the new construction of a building in Gliwice, Poland.

i) Financial instruments

Financial assets are always recognised at their respective settlement date. Financial assets are stated at acquisition cost at the time of first recognition. Thereafter, financial assets held for sale and trading are always recognised at fair value. Loans and receivables and all financial assets for which no quotes in an active market can be obtained and whose fair value cannot be reliably determined are recognised at historical costs if they do not have definite maturities. Financial assets with definite maturities are valued at amortised cost using the effective interest rate method.

Financial liabilities are first recognised at historical costs corresponding to the fair value of the equivalent. Thereafter, financial liabilities except derivative financial instruments are valued at amortised costs.

The book value of the company's financial instruments including cash and cash equivalents, trade receivables and other assets, and short and long-term liabilities generally correspond to their fair value. The fair value of financial instruments corresponds to the amount at which the financial instruments have been traded between two parties in a current transaction with the exception of forced sales or liquidations. The fair value of short-term liabilities corresponds to the price quotes of these or similar financial instruments. The fair value of long-term liabilities is determined based on open-market interest rates currently available to the company.

Müller – Die lila Logistik AG only uses derivative financial instruments for hedging purposes. The objective is to reduce foreign exchange and interest rate risks in operating activities and resulting financing needs. All derivative financial instruments (interest rate swaps and foreign exchange future contracts) are recognised at fair value as of the balance sheet date according to IAS 39. The fair value of derivative financial instruments is determined based on market data and generally accepted valuation methods. Fair value changes in the derivative financial instruments used and their underlying transactions are recognised either under earnings (fair value hedge) or equity (cash flow hedge).

Fair value changes in effective cash flow hedge instruments used to balance future cash flow risks from already existing or planned underlying transactions may result in unrealised profits or losses that are initially recognised in the amount of the covered underlying transaction without earnings impact under comprehensive income. The earnings impact of the hedged underlying transaction results in simultaneous reclassification into the income statement. Earnings impacts in excess of the hedged underlying transaction are immediately expensed in the income statement. Unrealised profits and losses from ineffective hedges immediately impact earnings.

j) Taxes on income

Actual income taxes are always recognised pursuant to pertinent tax regulations.

Deferred income taxes are determined using the liability method in accordance with IAS 12 Income Taxes. Deferred taxes are accrued to take account of tax consequences of valuation differences between assets and liabilities as stated in the IFRS balance sheet, on the one hand, and the tax assessment base and tax loss-carryforwards, on the other.

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

The income tax position includes tax liabilities and refund claims for the period under review plus or minus any changes in deferred taxes.

k) Sales recognition

Sales revenues are recognised at the time the logistics services have been rendered (IAS 18.20). Revenues from consulting services (logistics design) amounted to kEUR 2,642 (previous year: kEUR 3,699) and revenues from logistics services in the logistics operations segment came to kEUR 78,169 (previous year: kEUR 68,829).

(I) Earnings per share

Undiluted earnings per share	2006	2005
Consolidated net profit (in kEUR)	2,897	1,363
Recognised personnel expense pursuant to IFRS 2 (in kEUR)*	-3	9
Undiluted consolidated net profit (in kEUR)	2,894	1,372
Weighted average number of shares outstanding (in thousands of no-par shares)	7,928	7,907
Undiluted earnings per share (in EUR)	0.37	0.17

* Adjusting the original assumptions for the exercise of options to actual figures as of the balance sheet date caused a reduction of personnel expense pursuant to IFRS 2.

Diluted earnings per share	2006	2005
Undiluted consolidated net profit (in kEUR)	2,894	1,372
Diluting earnings effects from stock options (in kEUR)	3	-9
Diluted consolidated net profit (in kEUR)	2,897	1,363
Weighted average number of shares outstanding in thousands of no-par shares	7,928	7,907
Diluting potential shares from stock options (in thousands of no-par shares)	16	85
Diluted weighted average number of shares outstanding (in thousands of no-par shares)	7,944	7,992
Diluted earnings per share (in EUR)	0.36	0.17

The consolidated net profit corresponds to earnings after taxes on income. The weighted average number of shares has been calculated after their issue.

Diluted earnings per share have been calculated fundamentally like undiluted earnings per share. However, the input figures have been adjusted for all capital diluting effects resulting from the potential new shares. The subscription rights from vested employee interests discussed in the contingent capital section may dilute the undiluted earnings per share in the future and have been included in the calculation of diluted earnings per share to the extent that dilution potential already existed in the period under review.

(2) Corporate Transactions

On 27 April 2004, the company acquired another 25 % stake in Emporias Management Consulting GmbH within the framework of a capital increase in kind of Müller – Die lila Logistik AG in the amount of kEUR 422. Upon meeting contractually agreed earnings milestones in the years from 2004 to 2006, supplementary purchase price payments of at most kEUR 120 per year become due and payable. In accordance with IFRS 3, these have been expensed due to the probability of these earnings milestones being passed and resulted in goodwill appreciation. In 2004, the overall resulting goodwill appreciation amounted to kEUR 720. Owing to the company's earnings performance in financial year 2006, goodwill decreased by kEUR 44. The acquisition thus caused an overall cash outflow of kEUR 316 of which kEUR 76 have been expensed in financial year 2006 (previous year: kEUR 120).

In the course of our business expansion and to finance the construction of a logistics building at Müller – Die lila Logistik Polska Sp. z o.o., the company increased its capital by kEUR 924. The capital not yet paid up amounts to PLN 107,000.

Pursuant to the notarised contract dated 20 May 2005, the joint venture of Vedes Logistik GmbH and Müller – Die lila Logistik AG has been retroactively terminated effective 1 April 2005.
Müller – Die lila Logistik AG has sold its stake with a nominal value of kEUR 13 to Vedes Logistik GmbH.

On 20 December 2005, the company acquired a management company with a registered capital of kEUR 25 for a purchase price of kEUR 28 and renamed it to Müller – Die lila Logistik Ost GmbH.

(3) Business Transactions with Related Parties

In financial year 2000, the main shareholder made an agreement with the company that it only has to repay the loan for kEUR 251 granted in 1998 under the condition that the company generates sufficient profits to serve this obligation. If the condition is met, Michael Müller shall be entitled to claim loan service at the original interest rate but at least 6 % per year. The company met the improvement condition already in financial year 2004 with a net profit for the year. On 31 December 2006, the company still owed a total of kEUR 250 under this loan. The resulting total interest expense in financial year 2006 came to kEUR 15. The loan has been paid down to kEUR 50 with a kEUR 200 payment made in January 2007 after the balance sheet date.

The two unsecured bullet loans in the amount of kEUR 250 each granted in November 2002 within the context of the company's restructuring by the main shareholder and Süd-Kapitalbeteiligungsgesellschaft mbH have been repaid in full in financial year 2006. The total interest expense on these two loans in financial year 2006 came to kEUR 24.

Müller – Die lila Logistik Polska Sp. z o.o. hired TKS Polska Projektowanie Premyslowe Sp. z o.o., a subsidiary of TKS Unternehmensberatung und Industrieplanung GmbH to plan the new construction of a logistics service centre in Gliwice (Poland). Pursuant to the agreement dated 26 October 2005, the cost of rendering these planning services total kEUR 300 plus a travel and expense allowance of kEUR 15. In financial year 2006, TKS Polska Projektowanie Premyslowe Sp. z o.o. received payments in the amount of kEUR 247 (amount translated from PLN to EUR).

As of 31 December 2006, our Management Board and Supervisory Board members owned the following number of shares and stock options in Müller – Die lila Logistik AG:

31 December 2006	Shares	Options
Mr. Michael Müller	4,066,500	12,500
Mr. Rupert Früh	6,000	2,000
Mr. Wolfgang Monning	21,428	-
Mr. Prof. Peter Klaus	4,614	-
Mr. Per Klemm	46,450	-
Mr. Klaus Langer	2,500	-
Mr. Carlos Rodrigues	785	5,000

(4) Consolidated Assets

The consolidated asset analysis shows the development of group assets.

The company sold its heritable building right and building in Herne to a leasing company within the framework of a sale-and-lease-back transaction at a book profit of kEUR 3,309.

For the real property held as a financial investment in Bochum that is being accounted for using the purchase cost method we are disclosing the following income statement:

	2006	2005
Rental income	72 kEUR	205 kEUR
Operating expense	64 kEUR	45 kEUR
Amortisation methods	linear and degressive	linear and degressive
Underlying service life periods	3–25 years	3–25 years
Purchase cost	2,950 kEUR	2,950 kEUR
Cumulated amortisation	1,085 kEUR	1,034 kEUR
Book value on 1 January	1,865 kEUR	1,916 kEUR
Scheduled amortisation	-51 kEUR	-51 kEUR
Extraordinary amortisation	-944 kEUR	0 kEUR
Book value on 31 Dezember	870 kEUR	1,865 kEUR
Fair value on 31 Dezember	870 kEUR	2,080 kEUR

The operating expense for the Bochum property is completely related to generating rental income.

Fair value has been calculated on the basis of probably realisable rental income applying a discounting factor of 6 %. No external expert appraisal was available. The extraordinary amortisation of kEUR 944 made in the year under review was, on the one hand, due to the expansion of the Herne logistics service centre with resulting lower own use of the Bochum facility and, on the other, to the current regional market for such storage space.

In the context of building a logistics service centre in Poland, the company has incurred capital spending obligations in the amount of some EUR 7.4 million. Müller – Die lila Logistik AG furthermore capitalised interest on outside capital of kEUR 104. The underlying interest rate comes to about 7 %.

As of 31 December 2006, liabilities to banks comprised a loan secured with property liens of kEUR 8,436, a mortgage including interest and incidental costs in the amount of PLN 28.8 million (on the balance sheet date 31 December 2006 this corresponded to EUR 7.5 million), and chattel mortgages of kEUR 201.

Goodwill breaks down by cash-generating unit as follows:

	31.12.2006 kEUR	**31.12.2005** kEUR
Müller - Die lila Logistik Verwaltung GmbH	4,983	4,983
Müller - Die lila Logistik Deutschland GmbH	4,044	4,044
Emporias Management Consulting GmbH	727	771
Total	**9,754**	**9,789**

The reduction of goodwill allocable to Emporias Management Consulting GmbH resulted from the company's earnings situation in 2006 (see also section 2 on corporate transactions).

Equity investments accounted for at equity came to kEUR 1,378 (previous year: kEUR 1,418). The key figures of the investment consolidated at equity, TKS, were as follows:

	31.12.2006 kEUR	**31.12.2005** kEUR
Assets	4,128	3,862
Equity	681	800
Liabilities and provisions	3,447	3,062
Sales revenues	5,434	1,198
Period profit / loss (-)	1,405	1,144

(5) Inventories

The inventory position comprises raw materials, consumables, supplies, and merchandise recognised at the lower of net realisable value or historical cost. Work in progress is valued at the lower of net realisable value or manufacturing costs as of the balance sheet date. The net realisable value represents the probable sale price minus selling costs.

Pursuant to IAS 2, manufacturing costs include immediately allocable direct costs (salaries) and overhead allocable to the production process. Financing costs are not included. Appropriate and sufficient impairments are made to account for inventory risks arising from storage time and loss of usability. No impairments had to be made for the inventories existing on the respective balance sheet dates.

	31.12.2006 kEUR	31.12.2005 kEUR
Raw materials, consumables, and supplies	41	126
Work in progress	8	0
Total	**49**	**126**

(6) Receivables

Trade receivables are recognised at amortised historical costs. If default or transfer risks exist, the receivables are recognised at their lower realisable value. This is also reflected in the specific impairments. As of 31 December 2006, impairments totalled kEUR 440 (previous year: kEUR 296).

(7) Cash and Cash Equivalents

Cash and cash equivalents comprised the following components:

	31.12.2006 kEUR	31.12.2005 kEUR
Credit balances with banks	4,312	1,086
Cash on hand	33	5
Total	**4,345**	**1,091**

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

(8) Provisions

	Date 1.1.2006 kEUR	With-drawals kEUR	Write-backs kEUR	Allocation kEUR	Date 31.12.2006 kEUR
Long-term provisions	**20**	**12**	**0**	**42**	**50**
Auditing and consulting costs	310	284	26	15	15
Damages	338	105	91	232	374
Other	153	118	35	121	121
Short-term provisions	**801**	**507**	**152**	**368**	**510**
Total provisions	**821**	**519**	**152**	**410**	**560**

Long-term provisions primarily consist of personnel provisions.

The decrease in auditing and consulting costs is due to the fact that auditing costs are shown under other liabilities in 2006. The comparable amount for 2006 comes to kEUR 290.

Damage provisions have been made in the amount of estimated payments for damages incurred in financial year 2006 that have not yet been regulated.

(9) Liabilities to banks

Liabilities to banks break down by maturities as follows:

	kEUR
Up to 1 year	2,234
Over 1 and up to 5 years	4,965
Over 5 years	7,132
Total	**14,331**

Liabilities to banks principally pertain to two bullet loans that mature in 2014 (kEUR 1,234) and 2019 (kEUR 5,898) totalling kEUR 7,132 and a note-based bullet loan that matures in 2009 for kEUR 3,000.

The other liabilities to banks (kEUR 4,199) are loans (kEUR 3,637) with fixed and variable repayment rates that will be paid back by the end of 2009 and current account liabilities in the amount of kEUR 562.

In financial year 2005, we netted for the first time claims on the insurance for the repayment of two loans totalling kEUR 1,062 based on corresponding agreements with the lending banks and the insurers against loan liabilities. The netted amount came to kEUR 1,307 in financial year 2006.

Interest expense for short and long-term financial liabilities amounted to kEUR 1,445 (previous year: kEUR 1,444) in the year under review. Interest income came to kEUR 47 (previous year: kEUR 2).

(10) Legal and contingent liabilities

The company is renting office space and transport devices under rental agreements with legal termination periods and under fixed-term agreements. In 2006, rental expense amounted to kEUR 6,857 (previous year: kEUR 5,739).

Moreover, the company has entered into finance leases for a shelf system as well as an IT server and its expansion. The minimum lease payments under finance leases in financial year 2006 came to kEUR 273 (previous year: kEUR 238). Future minimum lease payment on operating and finance lease agreements entered into for fixed terms break down as follows:

Financial year to 31 December 2006	**Finance Lease** kEUR	**Operate Lease** kEUR
2007	273	6,568
2008	13	4,527
2009	0	3,577
2010	0	2,530
2011	0	1,559
Thereafter	0	5,338
Total minimum payments	**286**	**24,100**
Minus interest share	9	
Present value of minimum lease payments	**277**	
Minus short-term share of the finance lease obligations	264	
Long-term share of the finance lease obligations	**13**	

Financial year to 31 December 2005	**Finance Leases** kEUR	**Operating Leases** kEUR
2006	265	4,800
2007	265	4,012
2008	15	3,235
2009	0	2,592
2010	0	1,902
Thereafter	0	484
Total minimum payments	**545**	**17,025**
Minus interest share	30	
Present value of minimum lease payments	**515**	
Minus short-term share of finance lease obligations	250	
Long-term share of finance lease obligations	**265**	

The residual book value of assets accounted for under finance leases as of 31 December 2006 came to kEUR 264 (previous year: kEUR 468).

Operating lease agreements mainly involve renting storage and office space as well as vehicles. The increase in minimum payments on operating lease agreements primarily results from a sale-and-lease-back transaction of Müller - Die lila Logistik GmbH.

The company has been renting out part of its office and storage space to a customer since 1 September 1999. The rental agreement expires on 31 December 2010. The rental income came to kEUR 370 in 2006 (previous year: kEUR 391). The future rental income projected to 31 December 2010 comes to kEUR 1,794.

(11) Litigation

The company is involved in various legal disputes resulting from our operations. Management thinks after due consideration of its council's advice that this litigation will not have material negative impact on the company's asset and income positions.

(12) Subscribed Capital

On 2 October 2000, the company changed its legal form from a limited liabilities partnership [Gesellschaft mit beschränkter Haftung, GmbH] to joint stock company [Aktiengesellschaft, AG]. In the process, the company converted its registered capital of kEUR 540 into share capital and issued 540,000 no-par shares.

On 24 November 2000, the capital increases, currency switch, and change of legal form were entered into the commercial register.

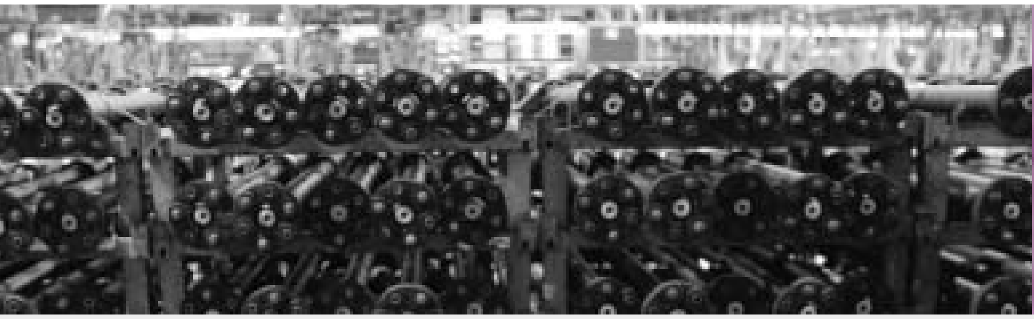
On 7 December 2000, the shareholders approved the issuance of 60,000 shares. This increased the company's share capital from kEUR 540 to kEUR 600. The new shares were offered for a total amount of kEUR 6,500. Of this amount, kEUR 60 was paid into the share capital and kEUR 6,440 into capital reserves. On 22 December 2000, the capital increase was entered into the commercial register.

On 8 February 2001, the annual general shareholders' meeting approved the increase of the share capital by kEUR 5,400 from company coffers by converting part of the capital reserve to share capital and issuing 5,400,000 new no-par bearer shares for a nominal share capital value of 100 euro cents per no-par share. The capital increase was entered into the commercial register on 14 February 2001.

The annual general shareholders meeting resolved on 5 March 2001 to increase the share capital by kEUR 1,700 to a total of kEUR 7,700 by cash contribution and to issue 1,700,000 new no-par bearer shares with a nominal share capital value of 100 euro cents per no-par share. This new capital increase was entered into the commercial register on 2 April 2001.

By partially utilising the authorised capital, the company's share capital was increased by kEUR 200 against contribution in kind in 2004. The contribution in kind pertains to the acquisition of another 25 % stake in Emporias Management Consulting GmbH at a value of kEUR 422. The new shares were offered at EUR 2.11 per share. The surplus proceeds in excess of the share capital portion came to kEUR 222 and were paid into capital reserves.

The annual general shareholders' meeting on 16 June 2005 resolved the dissolution of the existing and creation of new authorised capital I and II. Management has been authorised to increase the company's share capital subject to Supervisory Board consent by issuing new no-par shares



against capital contributions in cash or kind but in total not exceeding kEUR 3,160 in one or more tranches up to 16 June 2010 (authorised capital I).

Management has been furthermore authorised to increase the company's share capital subject to Supervisory Board consent by issuing new no-par shares against cash capital contribution but in total not exceeding kEUR 790 in one or more tranches up to 16 June 2010 (authorised capital II). The changes have been entered into the commercial register on 16 August 2005. With the resolution of these changes all prior existing capital increase authorisations lapsed.

Based on the contingent capital increase resolved on 5 March 2001 and 15 May 2001 (contingent capital) kEUR 17 (previous year: kEUR 21) in subscription shares have been issued in financial year 2006. At the end of the financial year, the company's share capital came to kEUR 7,938 (previous year: kEUR 7,921); the residual contingent capital at the end of the financial year came to kEUR 562 (previous year: kEUR 579). The change was entered into the commercial register on 20 December 2006.

According to the German Stock Corporation Act [Aktiengesetz, AktG] the profit share available for dividend distribution to shareholders depends on a company's equity as stated in its individual annual financial statements prepared according to the German Commercial Code [Handelsgesetzbuch, HGB]. Dividend distributions may only be made in amounts up to the balance sheet profit. These amounts deviate from the total balance sheet profit according to IFRS consolidated financial statements. As of 31 December 2006, the company's individual annual financial statements under German Commercial Code rules and regulations showed a balance sheet loss of kEUR 8,150 (previous year: kEUR 11,605).

(13) Capital reserve – initial public offering

Through its initial public offering on 30 May 2001, the company received an inflow of funds in the amount of EUR 11.9 million. The company incurred EUR 2.9 million in costs from going public. After offsetting this against deferred tax assets of EUR 1.1 million, this comes to a net amount of EUR 1.8 million that was netted against capital reserves in 2001.

(14) Contingent Capital: employee shareholdings

The annual general shareholders' meeting on 5 March 2001 resolved the contingent increase of share capital by up to kEUR 600 through issuing up to 600,000 new no-par bearer shares and adopted an amendment to the by-laws to conduct an employee stock ownership programme pursuant to article 192, paragraph 2, item 3 AktG. Management Board members and employees will be entitled to subscription rights. The subscription rights have total terms of 5 years per tranche starting with the tranche issue. Subscription rights that have not been exercised by the end of the respective tranche term expire. The qualifying period for first-time exercising is two years from subscription right allotment per tranche. After the end of the qualifying period, 50 % of the subscription rights may be exercised. The next 25 % of subscription rights in a given tranche may be exercised after a qualifying period of three years from subscription right allotment. The qualifying period for the remaining 25 % of the subscription rights is four years from the time of allotment. The exercising price for purchasing the company shares for the first tranche corresponds to the original issue price of the shares at the end of the book building process plus a 20 % premium as performance incentive. For the other tranches, the exercising price corresponds to the average closing price of the last ten trading days prior to the annual general shareholders' meeting of the respective financial year following the subscription right allotment plus a 20 % premium as performance incentive but at least the prorated share capital amount allocable to the share.

The option conditions provide that that each option entitles the subscription right holder to purchase one no-par share. A total volume of up to 600,000 subscription rights are to be issued in up to 5 annual tranches beginning with the first tranche in 2001. No more tranches have been issued for the years 2004 and 2005. At the end of 2005, the contingent capital has thus expired. The following table shows the base data of the options programme since it has been resolved:

Options granted in the year	Reference price	Exercising price	Number of options issued	Existing options as of 31.12.2006	Options exercised in 2006	Existing options as of 1.1.2006	Expired options in 2006
2001	EUR 7.00	EUR 8.40	141,540	–	–	71,580	71,580
2002	EUR 3.85	EUR 4.62	101,250	43,250	–	50,250	7,000
2003	EUR 1.06	EUR 1.27	112,500	49,857	17,625	67,750	250

Half of the stock options of the year 2003 may be exercised in the time from 25 August 2005 to the end of the following 10 banks days or from 29 March 2006 to the end of the following 10 bank days as well as on all subsequent exercising windows. Another 25 % of the 2003 stock options may be exercised one year later at the above-mentioned conditions. The remaining 25 % can be exercised for the first time two years later at the above-mentioned conditions. Options that have not been exercised expire on 18 August 2008 at the latest.

Adjusted for the changed fundamental conditions in terms of fluctuation and actual exercising of the options allotted in 2003, the company received resulting income of EUR 3,226 (previous year: expense of EUR 9,090) in financial year 2006. The cumulated expense up to 31 December 2006 thus comes to EUR 23,341. We recognised this in the balance sheet under equity. The weighted present value of the stock option rights allotted in 2003 has been determined using the Black-Scholes stock option price model and amortised linearly over the 4 year option term. To this end, we applied the following weighted average assumptions:

Dividend yield	None
Share volatility	75 %
Expected term	4 years
Risk-free interest	3.0 %

The expense for the stock options allotted in the years 2001 and 2002 need not be included under the application rules of IFRS 2 in conjunction with IFRS 1. This accords with economic reality, as the option exercise price of EUR 8.49 for the 2001 tranche and EUR 4.62 for the 2002 tranche are above our current share price level.

In August and September 2006, 17,625 stock options have been exercised. The stock traded for EUR 2.16 per share on average in this period.

(15) Other comprehensive income

This position shows the differences from foreign exchange translations each net of their respective deferred tax expense.

Other comprehensive Income	2006 EUR	2005 EUR
Differences from foreign exchange translations	29,524	44,552
Deferred taxes	-11,024	-16,636
Other comprehensive income	**18,500**	**27,916**

(16) Pension provisions

The company has made pension commitments to its Management Board members, a former Management Board member and a former Managing Director of Müller – Die lila Logistik GmbH. The pension amounts have been contractually agreed and may increase with the time of company service.

Although German law does not mandate securing such commitments with separate assets we have taken out corresponding insurance policies. The repurchase value of these policies qualifies as a so-called plan asset within the meaning of IAS 19 (as amended in 2004) and has been netted against the corresponding provisions.

Pension provisions have to be determined pursuant to IAS 19 using the projected unit credit method taking foreseeable future developments into account. This includes making assumptions on future compensation and pension increases. We calculated the obligation amount using the following assumptions:

Pensions	**2006**	**2005**
Discount rate	4.21 to 4.48 %	3.50 to 4.20 %
Expected yield on plan assets	4.00 to 4.25 %	4.18 to 4.50 %
Long-term increase of pension payments	1.00 to 2.00 %	1.00 to 2.00 %

The net pension expense breaks down as follows:

Net expense on pension plans	**2006** EUR	**2005** EUR
Period unit credit expense	31,340	30,842
Interest expense	62,517	62,844
Expected yield on plan assets	-52,475	-57,197
Amortisation of actuarial losses	55,715	2,622
Net expense/(-) net income	**97,097**	**39,111**

Actual income from plan assets amounted to kEUR 70.

Net pension plan obligations as shown in the balance sheet	**2006** EUR	**2005** EUR
Projected unit credits for pension commitments	1,604,778	1,697,319
Plan asset value	1,275,025	1,211,228
Projected unit credits net of fund assets	329,753	486,091
Actuarial losses not shown in the balance sheet	168,520	368,539
Net pension plan obligations as shown in the balance sheet	**161,233**	**117,552**

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

Projected unit credits of pension commitments	**2006** EUR	**2005** EUR
Projected unit credits as of 1 January	1,697,319	1,310,892
Period unit credit expense	31,340	30,842
Interest expense	62,517	62,844
Actuarial profits and losses	-123,436	339,963
Pension payments	-62,962	-47,222
Discounting of old commitments	0	0
Projected unit credits as of 31 December	**1,604,778**	**1,697,319**

Plan asset value	**2006** EUR	**2005** EUR
Plan assets as of 1 January	1,211,228	992,738
Expected income	52,475	57,197
Employer contributions	35,985	57,119
Actuarial profit	20,869	0
Payments made	-45,532	-22,766
Additions through pledging	0	126,940
Plan asset value as of 31 December	**1,275,025**	**1,211,228**

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

Projected unit credits and plan assets developed since 1 January 2004 (time of switch to IFRS pursuant to IFRS 1):

	2006 kEUR	**2005** kEUR	**2004** kEUR	**1.1.2004** kEUR
Projected unit credits	1,605	1,697	1,311	1,293
Plan asset value	1,275	1,211	993	887
	330	**486**	**318**	**406**
Actuarial losses not shown on the balance sheet	169	369	30	0
Net obligation	161	117	288	406

The company furthermore has made a commitment to one Management Board member to make premium payments into a reinsured support fund. In 2006, this involved premium payments of kEUR 6.

(17) Other operating income and expenses

The other operating income and expense in the financial years 2006 and 2005 mainly comprise income from provision write-backs, asset sales, insurance claims, rents and management fees, and income from adjusting the asset value of reinsurance policies. The income from a sale-and-lease-back real estate transaction in 2006 comes to kEUR 3,309.

The other operating expense in the financial years 2006 and 2005 included the following major items: Vehicle costs, rent and other room costs, external personnel costs, insurance premiums, indemnity expense, advertising and travel expense, telecommunication costs, and rent and leasing expense for operating and office equipment.

(18) Income taxes

For our German operations, the applicable taxes on income comprise corporation tax including solidarity surcharge and trade income tax. Comparable income taxes apply to our foreign operations.

Deferred taxes in the individual balance sheets result from the expected utilisation of tax loss-carryforwards and differences in the valuations for tax and commercial accounting purposes as well as consolidation transactions. Deferred taxes have been calculated pursuant to IAS 12.

The profit (loss) before taxes on income is allocable to our German operations. The income tax expense (income) came to:

Income tax expense	2006 kEUR	2005 kEUR
Taxes paid or accrued	423	505
- thereof abroad	193	115
Deferred taxes	22	83
Total income tax expenses	**445**	**588**

Of the income tax expense kEUR 59 (previous year: kEUR -303) pertain to prior periods.

For our domestic operations, we calculated deferred taxes at a corporation tax rate of 25 % (previous year: 25 %) as of 31 December 2006. We furthermore included the solidarity surcharge of 5.5 % on the corporation tax and an effective trade tax rate of 10.96 % (previous year: 10.96 %).

Including the solidarity surcharge and trade income tax, the total tax rate for purposes of calculating deferred taxes in our domestic operations thus came to 37.34 % (previous year: 37.34 %).

The following table shows the reconciliation of amounts calculated using the hypothetical tax rate of 37.34 % for each of the financial years ending on 31 December 2006 and 2005 to our earnings before income taxes and actual tax expenses:

Income taxes	2006 kEUR	2005 kEUR
Expected tax expenses based on the tax rates	-1,248	-728
Tax-exempt income	157	141
Differences in local tax rates	-27	71
Changes in impairment of tax loss-carryforwards	719	349
Non-period tax expenses/ income	59	-303
Non-deductible operating expenses	-52	-62
Other	-53	-56
Income tax expenses	**-445**	**-588**

In 2006, non-period income taxes mainly consisted in capitalising the corporation tax credit in the amount of kEUR 65. Non-period income in 2005 pertained to adjustments for the tax audit of our domestic operations.

For the foreign exchange differences recognised under other comprehensive income, we booked a deferred tax liability of kEUR 11 (previous year: kEUR 16) without earnings impact under equity in the period under review.

The deferred tax assets and liabilities break down as follows:

	31.12.2006 kEUR	31.12.2005 kEUR
Deferred tax assets		
Tax loss-carryforwards	1,236	1,219
Liabilities to related enterprises	165	369
Obligations under capital leases	46	2
Other assets	635	855
Other	118	76
Total deferred tax assets	**2,200**	**2,521**
Deferred tax liabilities		
Property, pant and equipment assets	43	13
Intangible assets	442	365
Provisions	224	550
Liabilities to banks	554	467
Other liabilities	0	216
Other	61	17
Total deferred tax liabilities	**1,324**	**1,628**
Net deferred tax assets (liabilities)	**876**	**893**

Deferred tax assets and liabilities have been recognised in the consolidated financial statements for the financial years ending on 31 December 2006 and 2005 as follows:

	31.12.2006 kEUR	31.12.2005 kEUR
Long-term deferred tax assets	887	918
Long-term deferred tax liabilities	11	25
Net deferred taxes	**876**	**893**

For corporation tax purposes, German law allows losses to be applied one year back or carried forward without time restriction from 2004 onward. For trade tax purposes, losses may only be carried forward without time restriction. On 31 December 2006, Müller – Die lila Logistik AG and its subsidiaries had corporation tax loss-carryforwards of some kEUR 8,800 and trade tax loss-carryforwards of around kEUR 6,100 that may be carried forward for an unlimited time until they have been used up. The impairments on tax loss-carryforwards after changes in their amounts resulting from the external tax audit totalled on 31 December 2006 kEUR 1,757 (previous year: kEUR 2,531). The impairment in financial year 2006 corresponds to the profit amount these tax loss-carryforwards have been offset against because Müller - Die lila Logistik AG posted positive net earnings that year.

Management considers it likely that operating activities going forward will generate sufficient taxable income to utilise the deferred tax assets carried on the balance sheet.

(19) Segment report

The segment report has been prepared according to IAS 14 (Segment Reporting). Based on the group's internal reporting and organisational structure, our consolidated financial statements present key data also differentiated by corporate segments and regions. In line with the main organisational structure, the primary reporting distinguishes between the group segments logistics design and logistics operations.

The logistics design segment focuses on customer consulting in the areas of strategy and all logistics matters. Its range of services comprises site selection and planning as well as production relocation to Eastern Europe. The segment furthermore assists customers in optimising their production and redesigning their IT-supported logistics processes.

The logistics operations segment offers a large range of logistics services in the areas of sourcing organisation, warehousing, production supplying, production out and in-sourcing, shipping, distribution organisation, and administration of customer portfolios at simultaneous portfolio optimisation through additional services.

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

Primary Segment: Business Segment

kEUR	Logistics design	Logistics operations	Eliminations	Group
2006				
Revenues from external customers	2,617	78,133	0	80,750
Revenues from other group segments	25	36	-61	0
Total revenues	2,642	78,169	-61	80,750
EBIT	453	3,923	0	4,376
Depreciation, amortisation and impairments	23	2,858	0	2,881
Capital expenditure	46	5,705	0	5,751
Segment assets	2,744	36,540	-108	39,176
Segment debt	485	10,816	-108	11,193
Operating cash flow	112	2,133	340	2,585
Capex cash flow	-7	5,822	0	5,815
Finance cash flow	0	-4,805	-340	-5,145
Net income/expense from investments consolidated at equity	464	0	0	464
Book value of investments consolidated at equity	1,378	0	0	1,378
2005				
Revenues from external customers	3,617	68,774	0	72,391
Revenues from other group segments	82	55	-137	0
Total revenues	3,699	68,829	-137	72,391
EBIT	824	2,264	0	3,088
Depreciation, amortisation and impairments	32	1,814	0	1,846
Capital expenditure	142	1,415	0	1,557
Segment assets	2,989	43,943	-4,565	42,367
Segment debt	621	14,968	-3,773	11,816
Operating cash flow	-14	3,500	750	4,236
Capex cash flow	-31	-745	0	-776
Finance cash flow	-71	-2,713	-750	-3,534
Net income/expense from investments consolidated at equity	378	0	0	378
Book value of investments consolidated at equity	1,417	0	0	1,417

The impairment of a property in Bochum 2006 resulted in an impairment charge of kEUR 944 that is allocable to the logistics operations segment.

Secondary Segment: Regions

kEUR	Germany	International	Eliminations	Group
2006				
Sales revenue from external customers by customer domicile	57,000	23,750	0	80,750
Segment assets by geographical asset location	33,897	7,267	-1,988	39,176
Capital expenditure by geographical asset location	2,524	5,325	-2,098	5,751
2005				
Sales revenue from external customers by customer domicile	53,000	19,391	0	72,391
Segment assets by geographical asset location	41,463	4,677	-3,773	42,367
Capital expenditure by geographical asset location	1,382	175	0	1,557

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

(20) Financial instruments

Financial risk management

Müller – Die lila Logistik AG group is exposed to various risks in its finance activities that the company controls and monitors through a systematic risk management system as set forth in the group's risk management manual. The risk management objective to avoid risk concentration.

Below, we will discuss individual risks pertaining to interest rates, loans, liquidity, and exchange rates as well as the respective risk management measures in detail.

Interest rate risk

Interest rate risks to the company's asset and income positions may arise from market-related interest rate changes and credit rating changes in case of new borrowing.

We avoid the risk of interest rate changes to some extent by entering into corresponding fixed-rate agreements. Other interest risk management measures include the use of derivative financial instruments like interest rate swaps. Given our balance sheet structure, we are only exposed to interest rate risk in the area of financial liabilities.

Of our short and long-term financial liabilities totalling kEUR 14,331, kEUR 3,342 is subject to interest rate adjustment in the coming financial year. The remaining short and long-term financial liabilities are under fixed rate agreements until their respective maturities. The interest rate on our short and long-term financial liabilities in financial year 2006 averaged around 6 %.

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

As part of our risk management we regularly discuss current interest rate levels and where interest rates may be headed as well as what derivative financial instruments to use and how to use them.

We primarily use interest rate swap transactions. In 2006, we entered into an interest rate swap contract in the context of a variable-rate loan. The interest rate swap has a maturity of 10 years matching the variable-rate loan and runs from 29 June 2007 to 31 March 2017. Due to the lack of hedge efficacy, the interest rate swap has been expensed in the income statement. As of the balance sheet date, the swap had a negative fair value of kEUR 24. The underlying nominal volume amounts to kEUR 4,500.

Credit risk

Müller – Die lila Logistik group has business relations with banks of excellent repute. We are countering default risks to our receivables by carefully checking counterparty credit ratings and rendering extensive services for major customers from the automotive and consumer goods industries that have correspondingly good credit ratings.

Liquidity risk

To meet its financial obligations, Müller – Die lila Logistik group needs sufficient liquidity. Our liabilities to banks are denominated in euros. On 31 December 2006, the group had credit lines with

Baden-Württembergische Bank AG (BW-Bank) totalling kEUR 2,500. This credit line includes kEUR 235 in guaranteed credit of Müller – Die lila Logistik AG. As of the balance sheet date, the company has drawn on this credit line in the amount of kEUR 778. One of our subsidiaries has a guaranteed credit line with BW-Bank in the amount of kEUR 437 for co-suretyships that are not included in the main credit line.

The group furthermore has a credit line with Deutsche Bank AG in the amount of kEUR 1,500 that has not been drawn on as of the balance sheet date.

Further guaranteed credit lines with Herner Sparkasse and Commerzbank AG have been drawn on to the tune of kEUR 240.

On 12 July 2006, Landesbank Baden-Württemberg extended Müller – Die lila Logistik AG a note-backed bullet loan in the amount of kEUR 3,000. The bank charged a fee of 1.00 % of the loan amount at the disbursement date. The interest rate is 6.66 % per annum. The loan is to be paid back in one payment on 15 June 2009.

IKB Deutsche Industriebank AG extended a loan to Müller – Die lila Logistik Polska Sp. z o.o. in the amount of kEUR 6,000 for a maximum term of 10 years. The loan is being paid out in full according to construction progress after it has been documented that the project can sustain itself. The commitment fee is 0.75 % per annum of the respective residual loan amount not yet disbursed and payable from the effective date of the loan agreement in quarterly instalments for the preceding three-month period. At the end of the loan documentation process, the bank charged a one-off processing fee of 0.75 %.

The interest rate has been set at 6-month-EURIBOR (EURO Interbank Offered Rate) plus an initial margin of 2 % per year. As soon as Müller – Die lila Logistik AG has been released from its absolute guarantee as primary obligor under a maximum-amount surety but no earlier than upon approval of its audited annual financial statements as of 31 December 2007, the margin will be calculated based on the audited annual financial statements of Müller – Die lila Logistik Polska Sp. z o.o. depending on its gearing.

We have entered into a long-term interest rate hedging instrument contract (payer swap) with IKB Financial Products. The payer swap has been discussed in the interest rate risk section above.

The loan is to be repaid in semi-annual instalments beginning 6 months after the commencement of business operations. The repayment structure has to take the business plan into account inasmuch as that the principal repayments are lower for a maximum of two years in the project's start-up phase and go up as soon as the operation is expected to run at full capacity. Starting on 30 September 2007, the loan service will consist of two semi-annual instalments of kEUR 120 each, from 30 September 2008, two semi-annual instalments of kEUR 210 each, and from 30 September 2009, 16 semi-annual instalments of kEUR 334 each.

Current account liabilities and bank loans of Müller – Die lila Logistik AG amount to kEUR 13,208 and are secured with liens against property, chattel mortgages, assignments of life insurance policies, rent and other receivables, pledged equity interests, and shares of Müller – Die lila Logistik AG held by the main shareholder.

The financing obligations of Müller – Die lila Logistik Polska Sp. z o.o. are mainly secured through a mortgage and registered property liens as well as through assigning all insurance claims (operation disruption insurance, fire insurance etc.). The loan took effect on 31 December 2006 for an amount of kEUR 819.

Foreign exchange risk

Because Müller – Die lila Logistik AG has embarked on a growth course abroad with capital spending and business expansion beyond the euro area, we have engaged in foreign exchange transactions starting in the third quarter of 2006. Exchange rate fluctuations without corresponding hedging measures may thus increasingly pose risks to the group's asset and income situation. We are countering this risk through foreign exchange future and currency option contracts.

Within the framework of its foreign exchange risk hedging, Müller – Die lila Logistik AG has entered into foreign exchange options contracts on the Poland Zloty (PLN) with banks to secure its own foreign exchange transactions.

The applicable fair values are calculated through econometric models or derived from market data.

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

In financial year 2006, Müller – Die lila Logistik AG expensed so-called firm commitments owing to their lack of efficacy. The transactions have a positive fair value of kEUR 54.

The company entered into a foreign exchange option contract with a nominal value totalling kEUR 2,179. The nominal value comprises non-netted amounts of bid or ask prices of the respective derivatives. The fair value shown corresponds to the price at which external third parties would take over the rights or obligations from the derivative financial instruments.

The group is exposed to default risk to the extent that individual business partners may not meet their contractual obligations and thus cause Müller – Die lila Logistik AG group financial harm. To counter default risk, we have entered into derivative transactions with various business partners of excellent credit rating.

(21) Number of employees

The group employed 971 persons (previous year: 896) on annual average in the year under review. The break-down looks as follows:

	Operating	Administrative	Trainees	Total	Thereof temporary staff
2006	631	300	40	971	57
2005	592	272	32	896	69

(22) Board member compensation

In financial year 2006, the Management Board members of the parent company received compensation totalling kEUR 848 (previous year: kEUR 657). The annual general shareholders' meeting on 22 June 2006 resolved that the disclosures required under article 285, paragraph 1, no. 9a, sentences 5 through 9 of the German Commercial Code [Handelsgesetzbuch, HGB] as amended by the German Management Compensation Disclosure Act [Vorstandsvergütungs-Offenlegungsgesetz, VorstOG] shall be omitted for 5 years from 1 January 2006.

The Supervisory Board members received the following compensation broken down by person and components:

Name	Function	2006 Supervisory Board compensation	2006 Committee compensation	2005 Supervisory Board compensation	2005 Committee compensation
Wolfgang Monning	Supervisory Board Chairman	19 kEUR	6 kEUR	19 kEUR	6 kEUR
Prof. Peter Klaus	Supervisory Board Vice Chairman	10 kEUR	2 kEUR	10 kEUR	2 kEUR
Klaus Langer	Supervisory Board member	6 kEUR	6 kEUR	6 kEUR	6 kEUR
Per Klemm	Supervisory Board member	6 kEUR	–	6 kEUR	–
Volker Buckmann	Supervisory Board member	6 kEUR	–	6 kEUR	–
Carlos Rodrigues	Supervisory Board member	6 kEUR	–	6 kEUR	–

In financial year 2006, Supervisory Board member compensation totalled kEUR 67 (previous year: kEUR 67).

(23) Group auditor fees and services

	2006	2005
	kEUR	kEUR
Auditing fees	96	89
Tax advisory services	5	0
Other fees	38	80
Total	**139**	**169**

Auditing fees include fees for the mandatory audit of the annual and consolidated financial statements of the individual company Müller – Die lila Logistik AG and its subsidiaries Müller – Die lila Logistik Deutschland GmbH and Emporias Management Consulting GmbH using HGB and IFRS accounting.

Other fees mostly pertain to consulting services in the context of interim reporting issues and audit-related advice especially in the context of IFRS accounting for individual facts and circumstances.

(24) List of equity investments as of 31 December 2006

	Equity stake
Consolidated affiliated companies	
Emporias Management Consulting GmbH, Unterföhring	76.00 %
Müller – Die lila Logistik Austria GmbH, Graz (Österreich)	100.00 %
Müller – Die lila Logistik Deutschland GmbH, Besigheim	100.00 %
Müller – Die lila Logistik GmbH, Herne	indirect 90.00 %
Müller – Die lila Logistik Nord GmbH, Bünde	indirect 90.00 %
Müller – Die lila Logistik Ost GmbH, Zwenkau	100.00 %
Müller – Die lila Logistik Polska Sp. z o.o., Gliwice (Polen)	100.00 %
Müller – Die lila Logistik Verwaltung GmbH, Herne	90 %
Associated companies	
TKS Unternehmensberatung und Industrieplanung GmbH, Eningen u. A.	33.00 %
Non-consolidated associated companies and investments	
ILS Depot GmbH, Herne	indirect 90.00 %
FMS Logistic GmbH, Besigheim	33.33 %

(25) Application of § 264 Abs. 3 HGB

Some corporate entities that are affiliated, consolidated companies of Müller – Die lila Logistik AG are relieved of their full reporting obligation by virtue of their inclusion in the consolidated financial statements of Müller – Die lila Logistik AG and thus claim exemption from the obligation to prepare individual notes to their annual financial statements, management report, and disclosures under article 264, paragraph 3 HGB.

The following companies claim the reporting exemption:

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

(26) Declaration of compliance with the german corporate governance code

The joint declaration of the Management and Supervisory Boards of Müller – Die lila Logistik AG on the company's compliance with the German Corporate Governance Code pursuant to article 161 AktG as been published and made permanently available in December 2006.

(27) Supplementary report

Significant events that occurred between the balance sheet date and the publication date of these statements are included in the supplementary report. The Supervisory Board has released the consolidated financial statements of Müller – Die lila Logistik AG for publication on 16 March 2007.

Besigheim, 16 March 2007

Michael Müller
Chief Executive Officer

Rupert Früh
Chief Financial Officer

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

The management board and supervisory board of Müller – Die lila Logistik AG, headquartered in Besigheim, acknowledge the recommendations of the Government Commission on the German Corporate Governance Code (GCGC) as amended on 12 June 2006 and declare that they were and are in compliance with these recommendations except for those listed below:

Individualised Reporting of Compensation for Members of the Management Board and Supervisory Board

The German Corporate Governance Code recommends that the compensation for members of the management board and the supervisory board be disclosed in the notes to the annual financial statements broken down into fixed, performance-based, and long-term incentive components unless the annual general shareholders' meeting resolved otherwise by corresponding majority (Number 4.2.4). The 2006 annual general shareholders' meeting voted against applying this recommendation so that we continue to refrain from publishing individual itemised compensation accounts for our board members. Müller – Die lila Logistik AG states management board compensation on a year-to-date basis. Stock options are reported separately. The German Corporate Governance Code furthermore recommends disclosing the compensation for supervisory board members by fixed and performance-based components in the notes to the consolidated financial statements (Number 5.4.7 GCGC). The company has been disclosing supervisory board member compensation by individual and broken down into its components since fiscal 2005.

Performance-based compensation for the Supervisory Board

The German Corporate Governance Code recommends that the members of the supervisory board receive a variable, performance-based compensation component in addition to their fixed compensation (Number 5.4.7 GCGC). The members of the supervisory board of Müller - Die lila Logistik AG receive only fixed compensation.

Publication deadlines for Interim Reports

The German Corporate Governance Code recommends that interim reports be published within 45 days (Number 7.1.2 GCGC). Müller – Die lila Logistik AG will publish its interim reports immediately after their preparation in accordance with the German stock exchange rules and regulations, but in any case no later than two months after the end of the reporting period.

Besigheim, December 2006

For the Management Board	For the Supervisory Board
Michael Müller	Wolfgang Monning
Chairman	Chairman

We have audited the consolidated financial statements prepared by the Müller – Die lila Logistik AG, Besigheim, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2006. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 of the German Commercial Code (HGB) are the responsibility of the parent company`s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Müller – Die lila Logistik Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Stuttgart, 16 March 2007

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Meyer	Hundshagen
Wirtschaftsprüfer	Wirtschaftsprüfer

COMPANY DIARY 2007

Publication of annual report	29 March 2007
Publication of 3-month-report	24 May 2007
General meeting of shareholders	22 June 2007
Publication of 6-month-report	21 August 2007
Publication of 9-month-report	28 November 2007

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

info@lila-logistik.com
www.lila-logistik.com

Layout
Leonhardt & Kern

Contact
Müller – Die lila Logistik AG
Investor Relations
Ferdinand-Porsche-Straße 4
74354 Besigheim-Ottmarsheim
Germany
Tel.: +49 (0) 71 43/8 10-125
Fax: +49 (0) 71 43/8 10-129

investor@lila-logistik.com
www.lila-logistik.com

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