

DATE March 10, 2005

Eilzustellung
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Name



THIEL

Logistics+Services

Industry

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Year

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ANNUAL REPORT

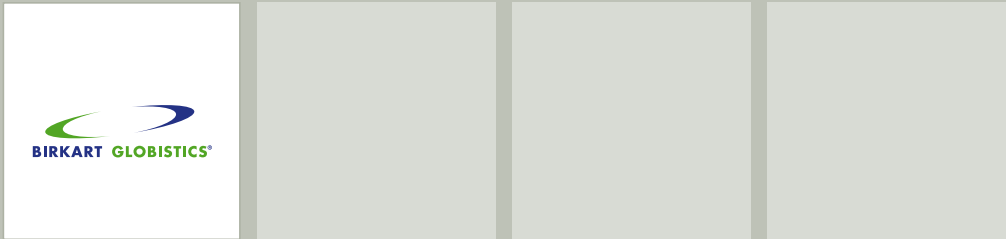
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Thiel Logistik AG Portfolio

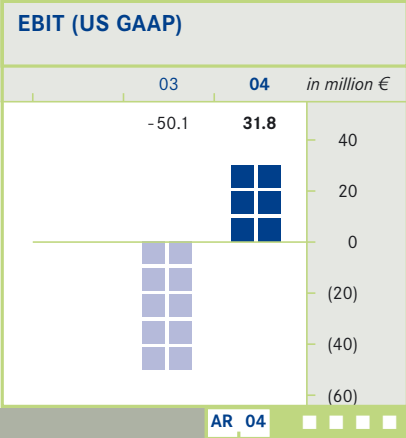
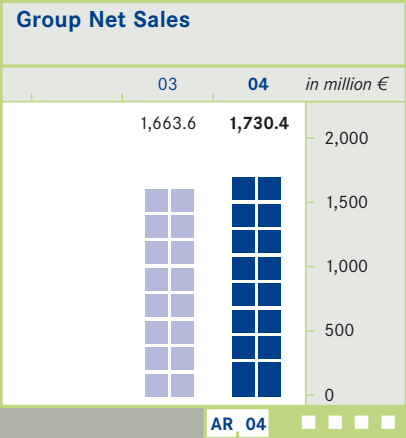
Industry Solutions



Air & Ocean



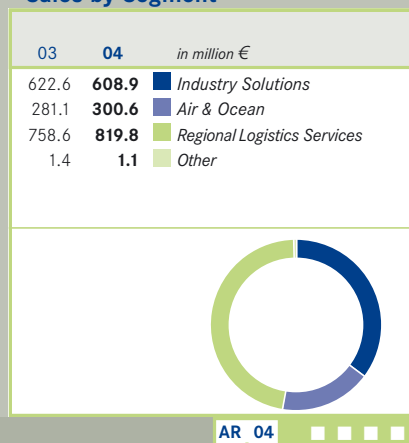
Regional Logistics Services



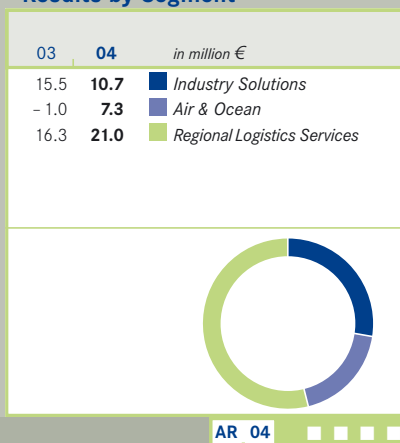
Information about Thiel Logistik AG

Thiel Logistik AG, Grevenmacher (Luxembourg) develops complete logistics and service solutions as an external partner for industry and commerce. In 2004, the Thiel Logistik Group achieved sales of 1.7 billion euros and currently employs more than 8,900 people in 44 countries. With more than 446 locations on all continents, Thiel Logistik AG is present in the major European markets and in every important procurement and sales market worldwide. The Group's business segments are Industry Solutions (THIEL Automotive, THIEL FashionLifestyle, THIEL Media and THIEL Furniture), Air & Ocean and Regional Logistics Services, whose areas of operation extend from Germany and the Benelux countries via Austria and Switzerland to the countries of Central and Eastern Europe. Thiel Logistik AG ranks among the market leaders in its business segments. Thiel Logistik AG is listed on the MDAX segment of the German Stock Exchange. The principle shareholder is DELTON AG, Bad Homburg, with 50.26 percent of the share capital.

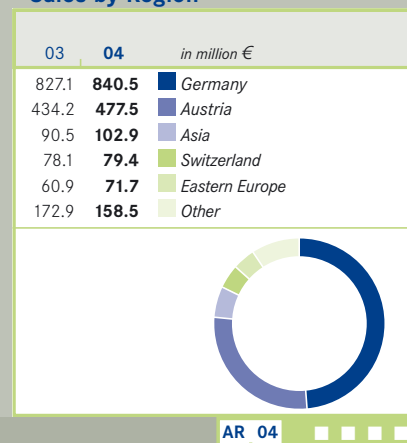
Sales by Segment



Results by Segment



Sales by Region



Key Figures

■ ■	<i>in thousand €</i>	2004	2003¹	<i>Changes</i>
Group Net Sales				
Industry Solutions		608,941	622,555	- 2.19 %
Air & Ocean		300,577	281,071	6.94 %
Regional Logistics Services		819,801	758,586	8.07 %
Other		1,071	1,386	- 22.73 %
Total Net Sales		1,730,390	1,663,598	4.01 %
Segment results				
Industry Solutions		10,714	15,512	- 30.93 %
Air & Ocean		7,284	- 979	N/A
Regional Logistics Services		21,017	16,255	29.30 %
Non-allocated results		- 13,974	- 23,572	40.72 %
Operating income²		25,041	7,216	247.02 %
EBIT (US GAAP)⁴		31,769	- 50,139	N/A
EBIT (IFRS)		34,070	N/A	N/A
Net income (loss)		1,045	- 156,207	N/A
Earnings per share (in €)		0.01	- 1.82	N/A
Operating cash flow		60,865	38,505	58.07 %
Capital expenditure		- 26,878	- 36,825	- 27.01 %
Free cash flow³		48,602	16,577	193.19 %
Depreciation and amortization		- 40,769	- 43,439	- 6.15 %
EBITDA²		73,918	43,313	70.66 %
Net financial debt		150,184	267,471	- 43.85 %
Net financial debt/ EBITDA		2.03	6.18	- 67.15 %
Capital stock		139,344	107,187	30.00 %
Shareholders' equity (US GAAP)		375,164	279,753	34.10 %
Shareholders' equity (IFRS)		377,842	N/A	N/A
Number of employees		8,912	9,613	- 7.29 %

¹ Reclassification according to US GAAP SFAS 144 (discontinued operations)

² Before restructuring and impairment

³ Free cash flow = operating cash flow - capital expenditure + interest payments

⁴ EBIT (US GAAP) = operating income + other financial income (expense) + equity in earnings of associated companies

Contents

Executive Board of Thiel Logistik AG	02
Letter to the Shareholders	04
Report on the Stock	08
Corporate Governance Report	12
Thiel Logistik AG Portfolio	20

Management Report 36

Economy and Logistics Market	38
The Company at a Glance	40
Industry Solutions	42
THIEL Automotive	44
THIEL FashionLifestyle	46
THIEL Media	48
THIEL Furniture	50
Air & Ocean	52
Birkart Globistics	54
Regional Logistics Services	56
Quehenberger	58
Südkraft	60
delacher	62
Financial Position	64
Human Resources	74
Risk Management Report	76
Supplementary Report	77

Consolidated Financial Statements 78

Consolidated Statement of Income	81
Consolidated Balance Sheet	82
Consolidated Statement of Cash Flows	84
Consolidated Statement at Changes in Shareholders' Equity	85
Notes to Consolidated Financial Statements	86
Auditors' Opinion	144
Significant Subsidiaries	145
Glossary	146
Notices	148
Financial Calendar	Cover
Imprint	Cover



From left to right: Martin Löffler, Stefan Delacher, Dr. Klaus Eierhoff



Dear Shareholders, 2004 has shown that the Thiel Logistik Group is back on the path to profitable sales growth.

Sales have increased by four percent to 1.730 billion euros, with organic growth achieved in all four quarters of 2004 and a positive consolidated net income of 1.05 million euros.

Earnings also steadily improved. The quarterly net result was positive for the first time in the second quarter of 2004, and from the third quarter of 2004 on we were able to post a consolidated net income for the first time in over two years. The operating result improved substantially to 25 million euros. The successful realignment of the Group into three profitable growth segments was a major contributing factor in this performance. These segments are Industry Solutions, the international air and sea freight business and extremely efficient Regional Logistics Service Providers.

2004: Profitable growth The restructuring and realignment of the Thiel Logistik Group required in 2003 has now been completed. 2004 was used to strengthen the financing structure, solidify the operations of the three business segments and align the company to the growth markets in Eastern Europe and Asia.

The improvement in operations is demonstrated particularly by the award of the A-Class license in China in the Air & Ocean business segment, and the expansion of the Central and East European network, currently made up of more than 60 sites.

The positive business performance was underpinned by newly-acquired customers and the expansion of existing customer relationships.

The outsourcing contract with the Austrian company Agrolinz Melamine International, totaling around 100 million euros in volume, the expansion of logistics services at the Schweinfurt site for the automotive supplier ZF Sachs and the contract to handle global distribution for the Frankfurter Allgemeine Zeitung in cooperation with the existing service providers are just some examples of the increased demand for the specialized logistics knowledge of the Thiel Logistik Group companies.

Successful capital increase and corporate bond 2004 was also characterized by the restructuring and significant strengthening of the liabilities side of the balance sheet. The key elements of this financial restructuring were the capital increase of 100 million euros with full subscription rights for the shareholders, and the successful placing of a 130 million euro corporate bond.

Increasing the value of the company as a corporate goal For the future evaluation of the Thiel Logistik Group the crucial factor to consider is its operational direction and how this drives up earnings. With this purpose in mind, all the Group's long-term contracts were rigorously examined to see whether they were in line with the returns required. If returns targets were not met, the terms were renegotiated and contracts were not extended or they were cancelled. Key financial ratios such as EVA (economic value added), EBIT contributions and return on invested capital are the primary tools used to assess expected returns. Investments and new orders only contribute to company value if the interest rate on the tied-up capital is appropriate.

Strict cost management was prescribed for all departments throughout the Group in order to further increase profitability. Moreover, working capital management enabled close to 36 million euros in liquidity inflow to be generated in the cash flow account. The term for trade accounts receivable was substantially reduced in particular.

Performance-related employee compensation Implementing the required measures, both strategically and at the operational level, demanded a great deal of commitment and flexibility from the workforce in 2004 as well. The Executive Board would therefore like to thank all employees for the commitment they have shown.

All the managers in the Group have approved a changed compensation system, whereby up to 40 percent of the salary is dependent on achieving individual and Group performance-related targets and measurements. In the process the value enhancement to operations is not just assessed at the level of the individual business unit, but also in terms of the business segments achieving their targets and the value enhancement for the Group as a whole.



Chief Executive Officer (CEO)

Name Dr. Klaus Eierhoff

executive member
of the Board of Directors

Areas of responsibility

Business Segment

Industry Solutions

Internal Auditing,

Corporate Strategy,

Human Resources,

Corporate Communications

"Having a clear strategy and implementing it consistently are the basis for profitable growth and increasing the value of our operations."

Logistics market growing The future direction of the Thiel Logistik Group is governed by the expectation that the market for logistics services will become increasingly specialized and continue to expand as well. In keeping with its end-to-end, integrated approach, the Thiel Logistik Group takes into account the entire logistics chain.

The trend towards innovative outsourcing projects for the industry is continuing to accelerate. In addition, the relocation of production sites is resulting in an increased demand for logistics services. Internationally networked groups need logistics service providers who can not only offer classic transportation and warehousing operations along the supply chain but who can also link their IT into the internal production processes.

Value-added services such as quality control on site, pick and pack and key ratio-driven appraisal of distribution will be combined with integrated quality management.

The Thiel Logistik Group is well positioned here, and is increasingly being used for outsourcing projects in the industry. This includes logistics consulting.

In the THIEL FashionLifestyle business unit and in the Automotive business unit too, consulting services of this nature are positioned at the beginning of the logistics supply chain.

The fact that the market similarly recognized this achievement in 2004 is shown by the distinction awarded in the industry's image ranking, with the company recording the greatest increase in image valuation of all the German logistics service providers examined.



Chief Financial Officer (CFO)

Name Martin Löffler

Areas of responsibility

Corporate Treasury, Corporate IT,
 Group Financial Reporting,
 Group Controlling,
 Legal/Insurance Department,
 Facility Management/Purchasing,
 Taxes,
 Investor Relations

“Our successful capital measures have allowed us to strengthen our financial base and significantly improve our financial flexibility.”

2005 with further growth in sales and profit Further organic sales growth targeted for 2005. Suitable acquisitions could additionally help increase growth, provided they fit into the strategic corporate concept and make a positive contribution to returns. Additional focus will be on organizing sales even more profitably.

The Automotive and Südkraft business units will contribute to the Group results in 2005 with better operating results, even if they are not yet achieving the three-percent EBIT margin guideline.

The aim is for all the other sectors of the Group to fall within this target corridor, however.

We are therefore confident from today's perspective that we will achieve the targets set for 2005.

Two years after the fundamental restructuring and reorganization of the Group, Thiel Logistik is as a result a profitable, quality-focused logistics service provider, and well positioned in the growth markets of the industry.

We would be very pleased if you, as shareholders, customers and employees, would continue to accompany and support us as we head along this road.

Grevenmacher, Luxembourg, February 2005



Dr. Klaus Eierhoff
CEO and Executive Member of the Board of Directors



Chief Marketing Officer (CMO)

Name Stefan Delacher

Areas of responsibility

Business Segments:

Regional Logistics Services

Air & Ocean

Corporate Marketing

“We recognize the integrated nature of logistics and will use innovative logistics solutions to expand our competitive position.”



Report on the stock

The German stock market in 2004 saw a slight increase for DAX and MDAX companies, and business that was, by and large, quiet. Whereas in the first three months of 2004 continued hopes of a revival in the German and European economies resulted in a significant rise in stock prices, stock market trading and indexes settled down quite considerably in the second quarter of 2004. The repeated failure to hit the psychologically important 4000-thousand mark on the DAX led to some agitation among all market participants for several weeks in summer 2004. However, by the end of the year the German leading index had recovered, and closed at over 4,200 points, just touching seven percent above that of January 1, 2004.

Stock price rose at the beginning of the year Against this backdrop, the Thiel Logistik stock price was affected by special factors – especially in the first quarter of 2004 – and a resulting stock price that paralleled the performance of the MDAX during the further course of the year. A very successful first presentation by the new management in Paris in the second week of January 2004 resulted in higher numbers of buy orders from French institutional investors. Underpinned by a detailed study by the CAI Cheuvreux bank and by other projections for the stock made by prominent analysts, the Thiel Logistik stock price gained significant momentum of its own in the first few weeks of the year. The stock price rose to 7.50 euros with the restructuring year 2003 completed, and in advance of the increase in shareholders' equity announced for March/April 2004 by way of a cash capital increase with full subscription rights for the stockholders. This was accompanied by very high trading in the stock, at times well over one million shares per day. With the presentation of the annual report at the DVFA analysts conference on March 1, 2004, and the announcement of the terms of the capital increase, the stock price and trading in the stock settled noticeably.

Successful capital increase The capital increase at the subscription price of 3.90 euros for each new share was taken up well by the market. Following a calm period in the summer months that reflected the performance of the German and European capital markets, the announcement of a corporate bond in October/November 2004 led briefly to stock price declines. By the end of the year the stock price had withdrawn to a level of 4.20 euros – nevertheless on very low trading.

Successful placement of the corporate bond When the successful issue of the corporate bond and the resulting restructured liabilities side of the balance sheet was announced the stock price put in a noticeable recovery in the first weeks of 2005. Accompanied by good trading, the stock price rose by approximately 20 percent to reach a level of 4.80 euros. Having achieved the psychologically important 38- and 200-day line the stock price managed to stabilize in February 2005 at a high level once more.



Analyst coverage The number of analysts reporting regularly on the Thiel Logistik Group was far higher than the year before. The company's Executive Board responded to the increased coverage with conferences accompanying the presentation of the quarterly reports, participation in important capital market conferences and a significantly greater number of roadshows.

Analyst coverage

Institute	Analyst
Baden-Württembergische Bank AG	Volker Stoll
Bankhaus Lampe KG	Christoph Schlienkamp
Bayerische Hypo- und Vereinsbank AG	Christian Obst
Bayerische Landesbank	Dr. Ulrich Horstmann
CAI Cheuvreux	Georg Remshagen
Cazenove & Co. Ltd.	Sebastian Künne
Concord Effekten AG	Harald Duell
Deutsche Bank AG	Dr. Lars Slomka
DZ Bank AG	Raimon Kaufeld
Equinet Institutional Services AG	Jochen Rothenbacher
Landesbank Baden-Württemberg	Achim Wittmann
M. M. Warburg & Co.	Nils Machemehl
Sal. Oppenheim	Hartmut Moers
SES Research GmbH	Klaus Linde

Capital increase and corporate bond In March/April 2004 Thiel Logistik AG successfully implemented its capital increase. The share capital increased from 107,187,487.50 euros to 139,343,733.75 euros, yielding a total of 111,474,987 shares.

In December 2004 the company issued a corporate bond with a term of eight years and a volume of 130 million euros. In addition the company and the bond was rated by Moody's and Standard & Poor's. The corporate bond was allocated to international investors using a book building procedure, it was oversubscribed several times on issue, and has since been trading above the issue price.

Compliance Thiel Logistik AG has adopted a compliance structure that centrally monitors and administrates insider trading, ad hoc reporting, and directors' dealings. All the employees and managers in the company who are affected have been notified accordingly. The changes resulting from the Investor Protection Improvement Act (AnSVG) have been communicated within company and implemented.

Shareholders' structure As of December 31, 2004, and after the capital increase, the principal shareholder DELTON AG held a 50.26 percent stake in the capital of Thiel Logistik AG, making the free float unchanged at 49.74 percent. The company has received no notifications from companies pursuant to section 25 of the WpHG (German Securities Trade Act). On the basis of a shareholder structure analysis conducted in January 2005, the company assumes there is a block of shares of approximately one million shares currently located with German, French, English and well over two million shares with American funds.

The Thiel Logistik stock is listed on the following indices:

Index	ISIN number	Symbol
Classic all Share	DE 0007203341	CLXP
HDAX	DE 0008469016	HDAX
L-MDAX	DE 0001717056	MDXL
MDAX	DE 0008467416	MDAX
MIDCAP Market	DE 0007203291	MIDP
Prime all Share	DE 0007203325	PXAP
Prime IG Logistics	DE 0007238347	IILB
Prime Transportation & Logistics	DE 0009660241	CXPL



The Board of Directors

From left to right: Prof. Dr. Werner Delfmann, Dr. Antonius Wagner (Deputy Chairman), Berndt-Michael Winter (Chairman), Dr. Klaus Eierhoff, Dr. Yves Prussen

Corporate Governance Report

The Board of Directors and the Executive Board of Thiel Logistik AG manage the businesses responsibly, and are committed to transparent company management and control. Thiel Logistik AG is a company with worldwide operations, with its registered office in Luxembourg. The company's management and oversight structures are based on Luxembourg law, on the company statutes, on German capital market laws (owing to its inclusion in the German Stock Market's Prime Segment and its membership in the MDAX Select Index) and finally on the German Corporate Governance Code (implemented in a form that is specific to the company, and with only a few exceptions).

The Board of Directors and the Executive Board have established binding regulations for conduct that complies with the law, for dealing with conflicts of interest and for handling insider information and stock transactions of executives (Directors' Dealings). With the enactment of the German Investor Protection Improvement Act (AnSVG), the company introduced a compliance structure for itself. The Board of Directors and the Executive Board of Thiel Logistik AG have issued the following declaration of compliance pursuant to § 161 of the German Stock Company Act (AktG) on January 7, 2005, and made this available to its stockholders on the Thiel Logistik AG website at www.thiel-logistik.com:

Joint voluntary declaration by the Board of Directors and the Executive Board of Thiel Logistik AG in accordance with § 161 of the German Stock Company Act (AktG):

Since the last declaration of compliance on January 12, 2004, the company has been in compliance with the recommendations of the Government Commission on the German Corporate Governance Code (code version of May 21, 2003) as published in the electronic Federal Gazette on July 4, 2003, with the following exceptions. On December 7, 2004, the Board of Directors resolved to continue to comply with the recommendations in the future, with the following exceptions:

- 1. Code section 3.8** The company's existing D&O insurance provides no insurance cover for willful breach of duty. Where there is insurance cover, there is no deductible for members of the Executive Board nor for members of the Board of Directors. In the case of the publicly listed companies, contrary to the recommendation of the German Corporate Governance Code no standard practice has yet developed regarding the deductible for D&O insurance for company officers. The company therefore rejects a deductible for fiscal year 2005 as well.
- 2. Code section 4.2.2 paragraph 1** The recommendation that the Board of Directors' plenum should determine the compensation structure of the Executive Board does not appropriately reflect corporate law in Luxembourg, whereby a company may have an Executive Board with both executive and non-executive members on the Board of Directors and an Executive Board. It is therefore deemed correct for the compensation of the executive members of the Board of Directors and the Executive Board to be determined solely by the Executive Board's Human Resources Committee consisting only of non-executive members of the Board of Directors.
- 3. Code section 4.2.4 paragraph 2** The right to privacy prohibits the reporting of individual compensation of the members of the Executive Board or executive members of the Board of Directors.
- 4. Code section 5.4.5 paragraph 2, sentence 1** Members of the Board of Directors are entitled to stock options based on the existing Stock Option Plan. The Stock Option Plan specifies the maximum number of stock options for the relevant group of authorized shareholders, but it is not designed as performance-related compensation.
- 5. Code section 5.4.5 paragraph 3** The right to privacy prohibits the reporting of individual compensation of the non-executive members of the Board of Directors.
- 6. Code section 7.1.4** With respect to the list of third party companies in which the company has an investment that is considered of corporate significance, all information has been stated with the exception of information related to results.

Grevenmacher, January 7, 2005


Berndt-Michael Winter

(Chairman of the Board of Directors)


Dr. Klaus Eierhoff

(Member of the Board of Directors
and Executive Board Chairman)

Management structures Thiel Logistik AG, which has its corporate headquarters in Grevenmacher, is subject to Luxembourg corporate law. The company has implemented a two-tiered management and oversight structure with an Executive Board and a Board of Directors, and has thus adapted itself to the corporate governance rules for a German stock corporation to the extent permissible under Luxembourg corporate law.

There are rules of procedure applicable to the Board of Directors and the Executive Board that govern rights and duties, transactions requiring formal approval and how this board is to operate. In addition to the Board of Directors, the Annual General Meeting is the company's second governing body. All boards are obliged to act in the interests of the shareholders and the company.

Thiel Logistik AG reports to its shareholders on the business performance and the financial and earnings four times during the fiscal year on fixed dates in the financial calendar. Ad hoc announcements are published as legally required.

Board of Directors The Board of Directors is the body elected by the Annual General Meeting that exercises both managerial and supervisory duties.

The company's Board of Directors has five members. Berndt-Michael Winter as Chairman, Dr. Antonius Wagner as Deputy Chairman and Prof. Dr. Werner Delfmann and Dr. Yves Prussen are non-executive members of the Board of Directors. The company's Executive Board Chairman, Dr. Klaus Eierhoff, is an executive member of the Board of Directors. Most of the supervisory and oversight functions are carried out by the non-executive members of the Board of Directors.

The Board of Directors oversees and advises the Executive Board on managing the business operations delegated to it. The Board of Directors meets at regular intervals to discuss business performance and planning, and to discuss the strategy and its implementation. The Board of Directors discusses the quarterly reports and the annual financial statements of Thiel Logistik AG, taking into consideration the auditor's reports and the results of the examination by the Audit Committee.

Members of the Board of Directors serve for a maximum of six years. The Board of Directors has given itself rules of procedure that govern its tasks and how it operates.

In fiscal year 2004 the Board of Directors performed the tasks for which it was responsible by law and according to the company's statutes. The Board of Directors met 14 times during the year. A half of these meetings were in person, the other half via telephone conferences, and the Board adopted three resolutions by written procedure.

The Board of Directors adopted resolutions primarily on the following topics:

- Strategy, investments and divestments
- Preparation of the individual and consolidated financial statements
- Risk Report for fiscal year 2004
- Budget 2005
- Capital increase and the issue of a corporate bond
- Declaration of compliance with the German Corporate Governance Code

“Related Party Transactions” are referred to under section 37 of the Notes to the Consolidated Financial Statements. Wherever Board of Directors members might otherwise have been faced with conflicts of interests during the Board of Directors’ deliberations, the Board of Directors members concerned did not take part in that discussion nor in the adoption of that resolution. There were no conflicts of interest in fiscal year 2004.

The rules of procedure for the Board of Directors stipulate that committees are to be formed, whose duties and responsibilities are consistent with the requirements of the German Corporate Governance Code. From among its own membership the Board of Directors formed a Finance Committee with four members, an Audit Committee with three members, and a Human Resources Committee also with three members. These committees fulfill the functions delegated to them by the rules of procedure in the name of and on behalf of the Board of Directors.

The Finance Committee met three times in fiscal year 2004, and gave their attention in particular to the budget, financial and investment planning, carrying out the capital increase of spring 2004 and the terms for this, and arrangements for issuing a corporate bond in December 2004. The Audit Committee met five times. The matters it discussed included the individual and consolidated financial statements, the quarterly reports, the risk management system, the internal auditing reports and the emphasis in the audits of financial statements. The Human Resources Committee met seven times in fiscal year 2004 and gave their attention to the principles for compensating the Executive Board and Human Resource policies in the Group.

Executive Board The Board of Directors appointed the Executive Board consisting of its present three members, and delegated to it the management of day-to-day business. The Chairman of the Executive Board is at the same time an executive member of the Board of Directors. The Executive Board is obliged to act in the interests of the company and undertakes to increase the sustainable value of the enterprise. The Executive Board’s tasks include developing a corporate strategy, preparing the corporate budget, risk management, allocating resources and supervising the management of the operating companies.

The Executive Board is also responsible for central holding functions, especially Group controlling, central cash management, Group financial reporting and appointments to management positions. In conjunction with the Board of Directors, the Executive Board prepares the quarterly reports and the individual and consolidated financial statements.

The Executive Board collaborates closely with the Board of Directors and provides it with full, regular, timely oral and written reports with respect to all questions of strategy and implementation relevant to the company as a whole, along with planning, business development, the financial and earnings position and corporate risks.

Annual General Meeting The Annual General Meeting, which is held in April in accordance with the company statutes, is the decision-making body of the shareholders of Thiel Logistik AG. The shareholders of Thiel Logistik AG participate in making basic decisions through this body. Thiel Logistik AG enables its shareholders to exercise their rights as shareholders through proxies (who must follow the shareholder's instructions) without participating in the Annual General Meeting in person. The Chairman of the Board of Directors chairs the Annual General Meeting. The Annual General Meeting adopts resolutions on all matters assigned to it by law, and these resolutions are binding on all shareholders and the company. This includes, in particular, the approval of the individual and consolidated financial statements, the appropriation of profits, the release of the Board of Directors from liability for its management activities and the choice of an auditor for the annual financial statements. Amendments to the statutes and capital measures are adopted exclusively by the Annual General Meeting and implemented by the Board of Directors.

Risk management Thiel Logistik AG has a system for recording and monitoring business and financial risks. The risk management system, which by order of the Board of Directors has been examined by the auditor in accordance with the provisions applicable to German companies listed on the stock exchange, is designed to recognize corporate risks at an early stage and to control them. In addition, the system aims to ensure that corporate goals are achieved. The principles of Thiel Logistik AG's internal control system have been defined and established in such a way as to ensure accurate and timely accounting for all business transactions, and to provide reliable information about the company's financial situation for internal and external use. However, since in general even the internal control and risk management system cannot avoid risks, absolute protection against losses or fraudulent acts is not possible.

Accounting and auditing The Thiel Logistik Group does its accounting in accordance with U.S. Generally Accepted Accounting Principles (US GAAP). The individual financial statements for Thiel Logistik AG are prepared in accordance with the accounting principles of the Grand Duchy of Luxembourg. The financial statements are prepared by the Board of Directors and the Executive Board, audited by an independent auditor and subsequently approved by the Annual General Meeting. The independent auditor is elected by the Annual General Meeting.

The Audit Committee of the Board of Directors determines the focus of the audit. It also checks the auditor's fee and the independence of the auditor. Starting January 1, 2005, the Thiel Logistik Group has been preparing its accounts in accordance with IFRS (International Financial Reporting Standards) principles.

Individual and consolidated financial statements The individual and consolidated financial statements for Thiel Logistik AG, prepared by the Board of Directors and the Executive Board as of December 31, 2004, were audited by Ernst & Young and given an unqualified auditor's opinion. The auditor confirmed that the management report and the Group management report were in accordance with the relevant financial statements.

Financial disclosure Thiel Logistik AG places a high value on transparency. Through regular, open, and current communication the company simultaneously informs its shareholders and all capital market participants, financial analysts, shareholder associations, the media and the interested public about the company's status and all material business developments. In fiscal year 2004 all management conferences accompanying the presentation of the quarterly reports were transmitted live over the internet on the company's homepage. Moreover, the Executive Board participated in numerous capital market conferences, and presented the company's business prospects and the capital market guidance.

Compliance With the enactment of the German Investor Protection Improvement Act (AnSVG) in October 2004, the company created a Compliance Committee and established the internal structures required. In the 4th quarter of 2004 an insider database was set up, the compliance officer reported on a regular basis and all the employees concerned were given information about their responsibilities under the new law. Additionally, the company made provisions by means of a communication guideline for any events of major significance within the Group companies to be notified immediately, assessed and the information passed to the relevant boards.

Executive Board compensation The Human Resources Committee of the Board of Directors is responsible for determining the Executive Board's compensation. The compensation of the members of the Executive Board of Thiel Logistik AG is guided by the amount and structure of the compensation of Executive Boards in comparable companies. The special areas of responsibility of the individual members of the Executive Board are taken into account when determining compensation. The compensation system applicable for all Executive Board members is based on the following elements:

The compensation comprises two components – fixed compensation and a variable bonus. The bonus depends on the attainment of financial and qualitative goals. The goals can be set for one or several years. The three measurement criteria are:

- The Economic Value Added (EVA) of the Thiel Logistik Group
- Earnings Before Interest and Taxes (EBIT) of the Thiel Logistik Group
- Strategic-qualitative objectives

An annual target income is set by contract, which assumes that the goals of all three criteria have been achieved in full. The relative proportion of the variable compensation components to the target income rises as the target income itself increases. For 2004 this proportion was set to between 30 percent and 55 percent of the target income, if all the goals were reached in full. Depending on quantitative results and qualitative performance, the bonus can be between 0 percent and 200 percent of the target bonus. There is no minimum guaranteed bonus, so the amount of the Executive Board's compensation is to a great extent dependent on performance. The Human Resources Committee can fix special compensation, and can issue stock options within the framework of the law and of the resolutions adopted by the Annual General Meeting.

Governing Bodies of the Company

Board of Directors

Non-Executive Members:

Berndt-Michael Winter, Chairman

Chairman of the Management Board of DELTON AG, Bad Homburg (Germany)

Other positions:

Chairman of the Supervisory Board of DELTON Vermögensverwaltung AG, Bad Homburg (Germany),

Chairman of the Supervisory Board of CEAG AG, Bad Homburg (Germany),

Member of the Board of Directors of CeDo Household Products Ltd., Telford (UK) (until December 21, 2004),

Member of the Supervisory Board of Mast-Jägermeister AG, Wolfenbüttel (Germany) (since April 22, 2004)

Dr. Antonius Wagner, Deputy Chairman

Member of the Management Board (CFO) of DELTON AG, Bad Homburg (Germany)

Other positions:

Sole Management Board member of DELTON Vermögensverwaltung AG, Bad Homburg (Germany),

Member of the Supervisory Board of CEAG AG, Bad Homburg (Germany),

Member of the Supervisory Board of Kraftverkehr Bayern GmbH, Munich (Germany),

Member of the Board of Directors of CeDo Household Products Ltd., Telford (UK) (until December 21, 2004)

Prof. Dr. Werner Delfmann

Professor at the University of Cologne (Germany)

Other positions:

Chairman of the Supervisory Board of KNOWTICE AG, Frankfurt am Main (Germany),

Chairman of the Executive Board of "Arbeitsgemeinschaft Verpackung und Umwelt", Berlin (Germany)

Dr. Yves Prussen

Attorney in Luxembourg

Other positions:

Member of the Board of Directors of Banque Degroof S.A. (Luxembourg),

Member of the Board of Directors of Richemont Finance S.A. (Luxembourg),

Member of the Board of Directors of Alliance Capital S.A. (Luxembourg),

Member of the Board of Directors of Robert Fleming S.A.R.L. (Luxembourg)

Executive Member:

Dr. Klaus Eierhoff

Chairman of the Executive Board of Thiel Logistik AG, Grevenmacher (Luxembourg)

Other positions (within the Group):

Chairman of the Supervisory Board of Microlog Logistics AG, Cologne (Germany),

Chairman of the Supervisory Board of Kraftverkehr Bayern GmbH, Munich (Germany),

Member of the Advisory Council of LOG Beteiligungs GmbH, Bad Lippspringe (Germany)

Finance Committee

Berndt-Michael Winter, Chairman

Prof. Dr. Werner Delfmann

Dr. Klaus Eierhoff

Dr. Antonius Wagner

Human Resources Committee

Berndt-Michael Winter, Chairman

Dr. Yves Prussen

Dr. Antonius Wagner

Dr. Antonius Wagner, Chairman
Dr. Yves Prussen
Berndt-Michael Winter

Audit Committee

Dr. Klaus Eierhoff, Chairman

Executive Board

Martin Löffler

Other positions (within the Group):

Member of the Supervisory Board of Microlog Logistics AG, Cologne (Germany)

Stefan Delacher

Other positions:

Member of the Advisory Council of BERTSCH HOLDING GmbH,
Bludenz-Vorarlberg (Austria)

Within the Group:

Chairman of the Supervisory Board of delacher Logistics AG, Wolfurt-Bahnhof (Austria),
Chairman of the Board of Directors of delacher + co Transport AG,
Muttentz-Basel (Switzerland),
Member of the Supervisory Board of Microlog Logistics AG, Cologne (Germany),
Member of the Supervisory Board of Quehenberger Logistik AG,
Bergheim-Salzburg (Austria),
Member of the Supervisory Board of delacher + co Transport Kft., Budapest (Hungary),
Member of the Board of Directors of gst Plateforme Europeenne, sas, Scionzier (France),
Sole Administrator of Birkart España S.A., Coslada-Madrid (Spain) (until October 1, 2004)

Stock Ownership

The members of the Board of Directors and of the Executive Board owned the following stock as of December 31, 2004:

Members of the Board of Directors (Non-Executive)

	Stock held	Options
Berndt-Michael Winter	-	-
Dr. Antonius Wagner	-	-
Prof. Dr. Werner Delfmann	-	-
Dr. Yves Prussen	-	-
Total	0	0

Members of the Board of Directors (Executive) and Members of the Executive Board

	Stock held	Options
Dr. Klaus Eierhoff	15,000	-
Martin Löffler	-	-
Stefan Delacher	-	8,000
Total	15,000	8,000

“So who provides the back-up
when a car is being built?”





Logistics in the driving seat.

Logistics for manufacturing vehicles is as complex today as the cars themselves. The technology is being steadily refined, international collaboration between the automotive companies' plants throughout the world is becoming progressively stronger and production subprocesses are being outsourced to suppliers with increasing frequency.

For many years now THIEL Automotive has been developing customized service packages consisting of logistics and complimentary services. Its outstanding IT expertise helps manage complicated production chains and optimize the costs of designing the chain.



Logistics is into clothes.

Whether its textiles, accessories or cosmetics – seasonal peaks, collections that change with increasing frequency and globally-networked production all make logistics in the fashion and lifestyle sector the crucial success factor.

As a market leader in Germany and Austria in shipping hanging textiles, THIEL FashionLifestyle organizes and implements complete supply networks, from the international purchasing of the materials for the manufacturer to quality control through to warehousing, pick and pack and distribution to the sales outlets.

“So who can already see what the latest trends will be in two years time?”

 **THIEL** *FashionLifestyle*
Logistics+Services





Logistics leads the way.

To make sure readers get the information they want even at breakfast time, THIEL Media delivers 1,100 different newspapers and magazines – nationwide and worldwide. That's around a third of the market volume in Germany.

But the THIEL Media Industry Solution goes even further. It demonstrates its value as an expert partner at every point along the print supply chain – including delivering paper to the print shops, inserting advertising items and handling overnight distribution.

“So who makes sure I can do some further training and development – even at 5.15 a.m. if I choose?”



“So who can deliver furniture without a mark on it
– despite tight delivery schedules?”



 **THIEL** *Furniture*
Logistics+Services



Logistics takes care of the valuables.

Handling furniture requires experience, care and special equipment. After all, it's not very often that furniture can be packed in standard-size boxes and stacked on pallets. THIEL Furniture has more than just many years of experience in handling top-quality furniture backing it – it also designs the entire supply chain for the furniture industry.

THIEL Furniture provides single-source handling of all the logistics processes – from manufacturer through to the European furniture stores. The result is furniture that arrives quicker and with fewer complaints.



Logistics links worlds together.

Supplying observatories in Chile, shipping entire coal power stations, renting huge cargo planes for transporting XXL sizes or dispatching small 1.5-volt batteries for remote controls. None of this is a problem for Birkart Globistics, the specialist in intercontinental air and sea freight with more than 63 branches in all the important business markets of the world.

Asia and the growth market of China play a crucial role in these services. Equipped with the A-Class license, the company has been able to offer complex supply chain management solutions throughout China since 2005.

“So who makes sure power
is available everywhere?”



“So who looks after my winter tires
in the summer?”

Quehenberger



Logistikgruppe



A close-up photograph of a man with a shaved head and a goatee, wearing a bright red jacket. He is looking back over his right shoulder towards the camera. The background is blurred, suggesting an industrial or warehouse setting. The jacket has the word 'Quehenberger' and a logo partially visible on the sleeve.

Logistics uses its initiative.

In ways both small and large. As one of the top regional logistics companies in Austria, Central and Eastern Europe, the Quehenberger business unit has been providing international companies with complex logistics solutions for decades now. And it still looks after its local customers as well.

For one example, it stores winter and summer tires, depending on the season, in special tire warehouses for workshops and tire dealers. A complex network and high-tech warehouses are success factors in end-to-end logistics – especially in Central and Eastern Europe.



SÜDKRAFT

Logistics likes it clean.

Südkraft provides clean logistics, especially for the chemical industry.

For all kinds of granules as well as powdered products – Südkraft is one of the biggest providers of specialized silo transport in Germany. Südkraft provides the whole range of modern logistics services. Whether it's complex warehousing solutions, silo transport, distribution solutions or hazardous goods logistics.

Südkraft is increasingly the company the German industry turns to when sophisticated, qualified logistics are demanded.



SÜDKRAFT

“So who steps in
when the chemistry has to be right?”





Logistics is everywhere.

Logistics also makes sure drinks are filled into bottles, quickly and cleanly. Delacher handles all the in-house logistics at Alpla, the world's leading plastic bottle manufacturer based in Austria – and makes sure the entire process runs smoothly. After all, in Austria, just like in Switzerland, delacher ranks among the top logistics service providers, with warehousing and distribution logistics, transportation and comprehensive rail logistics.

Its focus is on solutions for the steel, paper and plastic segments, and on the “thermal supply chain” from the port to the retailers in southern Europe.

“So who quenches a big thirst
with little bottles – fast?”

 **delacher+co** LOGISTICS GROUP



Name



Industry

Logistics

Year

2004

Management Report

X



CHECKED

Highlights of the Fiscal Year

Net income for fiscal year 2004

Organic sales growth for six quarters in succession

Positive EBIT for the fifth quarter in succession

Further organic sales growth targeted for 2005.

Selective acquisitions could additionally help increase growth, provided they fit into the strategic corporate concept and make a positive contribution to returns.

Additional focus will be on managing sales even more profitably.

Economy and Logistics Market.....	38
The Company at a Glance	40
Industry Solutions	42
THIEL Automotive	44
THIEL FashionLifestyle	46
THIEL Media	48
THIEL Furniture	50
Air & Ocean	52
Birkart Globistics	54
Regional Logistics Services	56
Quehenberger	58
Südkraft	60
delacher	62
Financial Position	64
Human Resources	74
Risk Management Report	76
Supplementary Report	77

Economy and Logistics Market

Global economic conditions 2004 was characterized by dynamic development in the global economy. Real gross domestic product grew worldwide by five percent, stronger than at any time in almost 30 years. The upswing came on the back of a strong rebound in world trade, driven in particular by significant increases in exchanges of goods in the East Asian region. As a result, global trade in goods and services resumed the post-recession pickup with increased vigor. Despite the vitality in the world economy and a substantial increase in the price of crude oil, inflation remained at around 3.8 percent. Nevertheless, the overall positive picture lost some of its shine as a result of what was just a moderate increase in employment and even higher budget deficits in many countries.

The high rates of growth in the global economy mask the different development trends in individual regions of the world. The greatest growth was experienced in China, which achieved economic growth of nine percent. In Europe, economic expansion was primarily driven by the EU accession states.

Euro zone Economic development in the euro zone improved noticeably, and gross domestic product grew by two percent. Following a very positive performance in the first half of the year, the high oil price and the increase in the euro exchange rate dampened growth in the second half of the year. Private consumer spending rose slightly by 1.4 percent year-on-year, but continued to trail overall economic growth. A more favorable consumer environment is being hampered by the continued poor employment situation and the uncertainty with regard to comprehensive reforms in some of the euro zone countries.

The ten Central and East European states that joined the European Union in May performed significantly better than the whole European Union, with real economic growth of up to five percent.

Germany With a real growth rate of 1.7 percent, the German economy achieved its highest growth since the boom year of 2000, but continues to be one of the poorer performing countries within the EU in terms of growth. Growth was driven by heavy increases in exports and a slight pickup in spending on plant and equipment, whereas domestic demand stagnated owing to weak private consumer spending. A detailed breakdown of the growth rates confirms that German economic growth is dependent on foreign trade: Net exports (exports minus imports) accounted for 1.2 percent of the economic growth while the contribution made by domestic demand remained stuck at 0.5 percent.

Private consumption continues to be the Achilles heel of the German economy. The reasons for the restraint in demand are the continued rise in jobless figures in 2004, the low growth in wages and the uncertainty of many consumers.

Austria Following the revival in the first half of the year which was set in motion by an improved situation for industry, Austria's growth continued on its upward path in the second half of the year as well, and grew in real terms by two percent. Domestic demand started to pick up speed, and private consumption showed the initial signs of recovery. The labor market on the other hand was slow to pick up. However, although the level of employment reached a new peak towards the end of the year due to an increased labor supply, there was no perceptible fall in unemployment.

Switzerland The Swiss economy returned to growth in 2004 with a growth rate of 1.9 percent. The main drivers of growth are exports and investment activity. However, growth was also accelerated by private consumption, with high retail sales indicating a solid upturn. At 3.8 percent, unemployment, though edging upwards, was still way below the European average.

Logistics market The logistics market benefited greatly from the trend towards internationalization in the economy. Trade worldwide grew faster than production: While European companies still bought twice as many goods outside Western Europe in 2003, experts believe that this figure is likely to double again in the next few years. Consumer goods and industrial goods are carried over ever longer distances with increasingly shorter delivery times. The additional expense incurred by international trade is reflected in costs: According to a joint study by the European Logistics Association and AT Kearney, the logistics expenses of European companies accounted for around eight percent of sales.

In Germany the logistics industry is maintaining its position as an important growth area in the economy. Its share of real gross domestic product is now around 7.5 percent.

Total sales in the European logistics market are put at 585 billion euros. The eastern enlargement of the European Union in particular is extremely important for the logistics industry: The European Union is rapidly becoming one of the largest economic regions in the world as a result of ten new countries joining the European Community. Approximately 75 million new EU citizens are already generating a total of more than 400 billion euros in goods and services. The logistics service providers must also adapt to the very special demands of this market. Whereas the countries in this region were for a long time simply destination countries for goods purchased from Western Europe, these states are also becoming increasingly attractive as locations for production and as selling markets. In Poland, Hungary and the Czech Republic especially, fully-fledged logistics centers are in the process of being set up that can match Western requirements.

Apart from the new EU member states, upcoming countries like Russia, Romania and Bulgaria are extremely attractive propositions for end-to-end logistics service providers. New challenges are emerging in these areas as increasing numbers of companies relocate their production to Central and Eastern Europe, giving rise in turn to new duties and responsibilities for logistics.

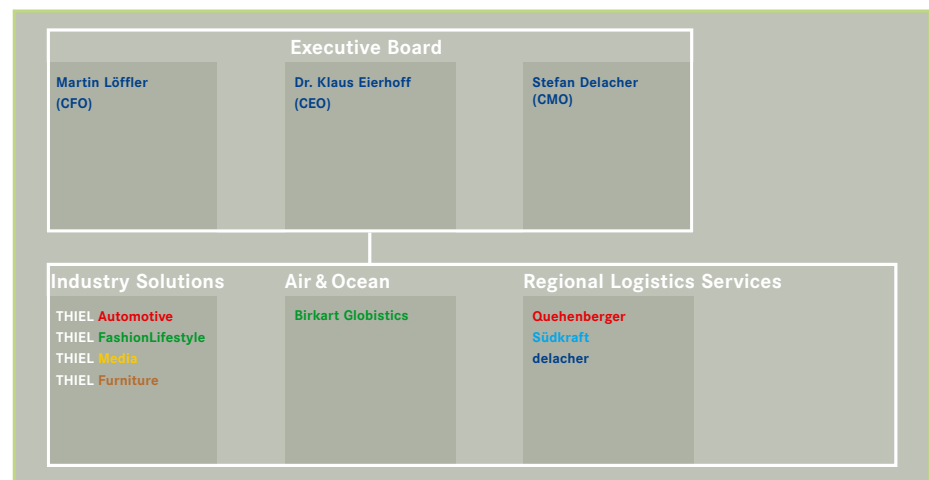
The Company at a Glance

Thiel Logistik: En route to becoming a leading international logistics group

Logistics is a competitive factor and plays a key role in business management. Logistics today means far more than transporting, warehousing and distributing goods. In an era of globalized production and international division of labor, logistics chains are becoming even more complex. Volume of trade is growing, consumer and industrial goods are carried over increasingly long distances while delivery times are shortening. The demand is for service providers who can offer end-to-end logistics concepts as well as add-on services such as quality control, pick and pack, labeling and commissioning.

Recognizing the integrated nature of logistics Global competition is forcing companies to optimize and speed up their supply chains. Full solutions are demanded that can link the various processes – from procurement to production through to delivery to the end customer – to an end-to-end logistics chain. Enterprise-wide supply chain management is the key challenge facing modern logistics. Thiel Logistik AG recognized this trend at an early stage and concentrated on end-to-end logistics services. This approach is reflected not least of all in the Group structure of Thiel Logistik AG.

The Structure of the Group



Group realigned to profit Its business performance during the reporting year 2004 demonstrates that the Thiel Logistik Group has succeeded in accomplishing the turnaround. With the strategic realignment and restructuring now complete, the new structure of the Group, comprising three business segments, has been put in place. All the main divestments this required have been carried out, and so in 2004 the Thiel Logistik Group focused on continuing to consolidate and expand its business operations. The target of 20 million euros in operating profit had been reached as early as the third quarter – achieved through our own efforts, as organic growth of 2.8 percent clearly demonstrates. Business performance was especially successful in the upco-ming markets of Central and Eastern Europe and in the Far East, particularly in China.

Sales rose by four percent over the year before, up from 1,663.6 million euros to 1,730.4 million euros. The operating profit of 25.0 million euros for fiscal year 2004 was significantly up on the target of 20 million euros. Following a net loss of 156.2 million euros in the prior year, the Thiel Logistik Group stated a net profit of 1.0 million euros for fiscal year 2004.

Capital increase and a corporate bond issue One of the most important undertakings of 2004 was to rearrange the capital and financing structure of the Group. In the first half of the year the Thiel Logistik Group successfully carried out a capital increase of around 100 million euros from authorized capital with subscription rights, in order to strengthen its capital equity base. Thiel Logistik AG issued its 130 million euro corporate bond, with an interest rate of 8.0 percent per annum for a term of eight years, primarily to settle short-term liabilities in favor of long-term bond financing, and to be able to repay the high amount of funds tied-up on the assets side of the accounts by restructuring securities. The capital increase and the issue of the long-term corporate bond has completed the restructuring of the liabilities side of the balance sheet, putting the financing of the Group on a solid footing.

Internal synergies and improved cost efficiency A good number of projects were initiated within the Group with the objective of managing existing sales more profitably. This was accomplished by optimizing internal processes and improving cooperation between the business units. The idea behind cross-buying is to increasingly purchase freight forwarding and logistics services internally, instead of from external partners. Cross-selling aims to broaden existing customer relations across the Group, and the customer relationship management (CRM) project was implemented with this aim in mind. Customers will each have just the one contact, in keeping with the principle of “one face to the customer”. As a central interface this system helps complement local logistics services by enhancing them with pan-regional services from the Group. Purchasing is to be further refined by tracking bids for tender for external services centrally, so as to achieve better terms.

Selective investments and improved working capital management In line with the goal of profit-focused investment management, investments during the reporting year were focused on the business units of Furniture (Vossheide furniture distribution center), Automotive, Quehenberger and Südkraft (logistics halls in Freiberg and Schweinfurt). Improved working capital management enabled trade accounts receivable to be reduced by 29.3 million euros to 205.3 million euros, and the average days sales outstanding by 2 days to 36 days, in order to strengthen the company's self-financing.

Focusing business activities As part of the divestment strategy Südkraft, a business unit of the Thiel Logistik Group, separated from its public transportation activities in Ingolstadt and Munich. In addition, the Thiel Logistik Group sold its shares in DPD Austria GmbH to GeoPost International Management & Development Holding GmbH.

Outlook The goals for 2005 are to continue organic growth, and to achieve a further significant improvement in the operating profit.

Industry Solutions



Industry Solutions play an outstanding role at the Thiel Logistik Group. With the range of services they provide they offer more than integrated logistics solutions alone – as specialists they actually redesign the supply chain of an industry, and maintain a broad portfolio of services ready to meet special requirements. The Thiel Logistik Group developed its Industry Solutions through working on client projects, and has expanded them into comprehensive supply chain management for automotive, fashion & lifestyle, media and the furniture industry. They are rooted in a fundamental understanding of the particular industry, and provide modular solutions to meet all requirements along the entire supply chain. In reporting year 2004 the Thiel Logistik Group posted sales of 608.9 million euros in this business segment compared to 622.6 million euros the year before. The result decreased from 15.5 million euros to 10.7 million euros. This was primarily on the back of sales and earnings declines in the THIEL Automotive business unit which were due to the weak automotive economy.

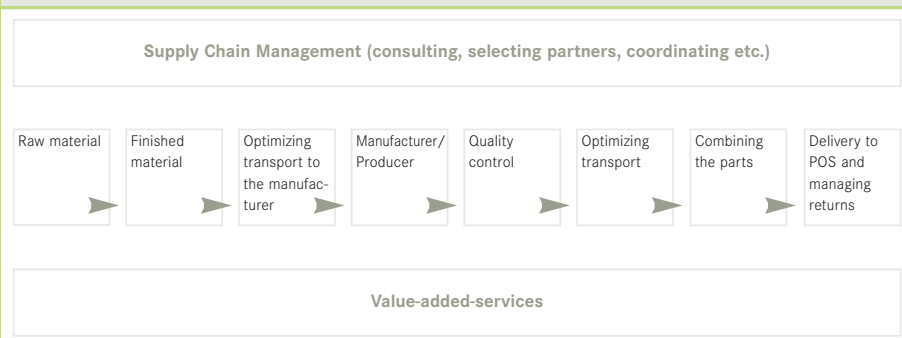
Innovative, end-to-end solutions across the globe The Industry Solutions embody the Thiel Logistik Group’s pioneering competence and expertise in end-to-end, integrated logistics. The Thiel Logistik Group specialists know their specific markets and adapt their services perfectly to the demands of their customers, with their own special networks ensuring independence from standard networks. These link the production and selling markets of an industry across the world, using specialized IT tools, developed in line with the needs of the individual industries, to map and manage goods flows. Thiel Industry Solutions work by dovetailing into the world of their customers, meaning not at one but many different levels. As a result they turn logistics into an important competitive advantage for their customers – customers that regularly rank among the top companies in their particular industries.

Supply Chain for special industries/logistics as a competitive advantage

The Thiel Industry Solutions excel because they are not bound to a particular region, so they can support their customers along the entire value chain, from purchasing the primary materials or pre-products to production and warehousing through to delivery to the point-of-sale.

Supply Chain – Industry Solutions

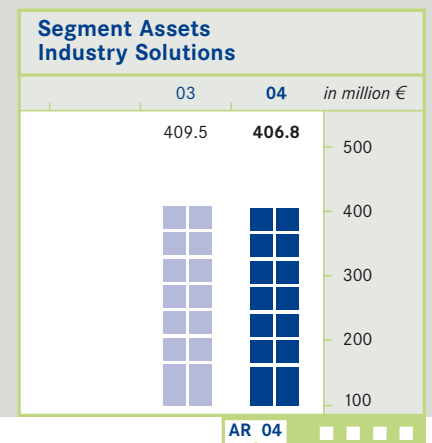
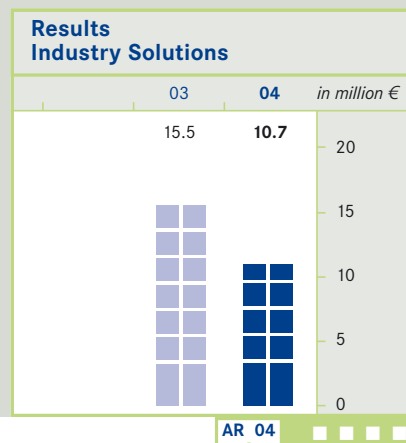
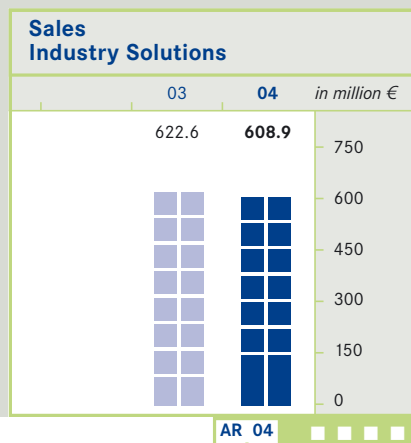
Example: THIEL FashionLifestyle



In addition to purely transporting and warehousing operations, the portfolio of services includes numerous add-on services such as quality control, picking and packing and consulting. The THIEL FashionLifestyle Industry Solution is one example of this. Here the integrated value chain extends from raw material suppliers and textile producers to worldwide transport and complete warehousing through to distribution onto the retailer's shelves. Along this value chain Fashion & Lifestyle provides a variety of value-added services such as quality control, checking suppliers, labeling and ironing the textiles.

Cutting costs through transparent processes Industry Solutions enable transparent management of goods flows by utilizing their specific service portfolio, special infrastructures for warehousing and transport and their own IT systems developed in-house. This in turn guarantees the customer a smooth process, increases the efficiency of the entire service system and ensures that costs and resources are optimized. The Thiel Logistik Group applies the solutions approach to all Industry Solutions. What this means is that before the company takes on any services for the customer it offers to examine their logistics structures and processes. This enables optimum solutions to be developed. In the process the Thiel Logistik Group takes the entire value chain into account, with the aim of identifying savings potentials and quality improvements, and realizing these by optimizing the management of the value chain. Movements of goods and costs alike become transparent as a result, and the customer receives a binding "price per item".

Business model and value chain There are distinctive factors at play within Industry Solutions. For example, besides procurement logistics, at THIEL Media the end of the value chain is also important. This is the part of the chain where wholesalers, mail centers and rail station bookstores operate. The THIEL Automotive Industry Solution focuses on outsourcing models where the local logistics service provider forms an integral part of in-factory logistics. THIEL FreshNet provides logistics solutions for the high-growth food sector that enable the entire supply chain to be managed – from producer to end consumer. With sales of approximately 10 million euros in fiscal year 2004, THIEL FreshNet is operating in an industry with very good potential.





0001/0004	
Business segment	Industry Solution THIEL Automotive
Name	Microlog, Cologne
Founded in	1956
Main locations	Germany, Western Europe, Eastern Europe
Total number of locations	55
Employees	1,418
Management	Jörn Peter Struck, CEO
	Dr. Stephan Freichel, COO
	Dr. Thomas Olemotz, CFO
	CHECKED

The THIEL Automotive business unit is the Thiel Logistik Group's logistics specialist in industrial contract logistics for the automotive industry. With its lead company Microlog, THIEL Automotive operates in all automotive industry sectors, meaning for manufacturers as well as suppliers. Years of experience, 55 locations in Europe, one of the largest Central and Eastern European networks and direct links to global procurement, production and selling markets combine to enable THIEL Automotive to handle all the processes along the supply chain – its services range from the development of comprehensive logistics designs, to warehousing with special IT links to customer systems, procurement logistics including incoming goods controls and quality controls, through to distribution and production logistics with “just-in-sequence” delivery.

Outsourcing trend unabated Increasingly frequent model changes and varieties are continuing to accelerate the dynamic that governs the automotive industry. The pressure of competition and costs is constantly stepping up demands on suppliers, manufacturers and logistics service providers, yielding considerable growth potential for specialized logistics providers. Those automotive suppliers who were able to expand their portfolio of services in the Original Equipment Manufacturer (OEM) area experienced a positive performance. Expanding into the Chinese market, and the Central and Eastern European market in particular, is expected to result in a further impetus to growth.

Growth in the automotive industry led by exports – economic momentum lacking In Germany the domestic market for new cars was weak on account of the poor economy. The German automotive industry and its suppliers are profiting mainly from the dynamic export market. A good 70 percent of all cars produced in Germany were exported. Almost all the major car manufacturers have announced that they will be constructing production facilities in Central and Eastern Europe, and the new EU accession states remain important regions for vehicle factories in Germany and Western Europe to supply with vendor parts.

Tough market environment impacts business performance The THIEL Automotive business unit with its lead company Microlog Logistics generated sales of 208.8 million euros in fiscal year 2004 compared to 220.8 million euros the previous year. Pressure on business with existing customers as a result of the difficult market environment, restructuring costs and special effects all had an impact on sales and earnings. Included here are one-time expenses for redundancy payments for two Executive Board members who stepped down from the board on June 30, 2004, and expenses for necessary social compensation plans. Jörn Peter Struck, responsible for the Industry Solutions business segment in the Thiel Logistik Group, was appointed the new spokesman of the Executive Board of Microlog. The Supervisory Board appointed Dr. Stephan Freichel to the Executive Board effective October 1, 2004, as Chief Operations Officer (COO), charged with making the focus of the operational business even stronger. Dr. Thomas Olemotz continues to be in charge of Finance and Human Resources on the Executive Board. During the period under review the company completed the restructuring of its IT sector.

Strategic positioning in order to strengthen the operating business THIEL Automotive was unable to achieve the targets in the reporting period. In view of the growing demands and increasing competition in the automotive industry, the management of the business unit, supported by the Corporate Strategy policy unit, redefined the strategy in the second half of 2004, with implementation to follow in 2005.

Collaboration with ZF Lenksysteme extended – IT-driven CKD packaging system

In the fourth quarter of 2004 two major projects for expanding business with existing customers were successfully concluded: ZF Lenksysteme engaged THIEL Automotive for a further three years as a contract logistics provider. In addition to procurement and distribution logistics for car and truck steering systems, the enhanced range of services will also include customer service in future. Locton, the Automotive subsidiary, developed its own IT system for the automotive supplier ZF Lenksysteme, with whom Automotive has already worked closely for 14 years. This is a shipment system, designed to monitor every stage of the packaging and to ensure that the parts – around 25 million items per year – are shipped to China complete.

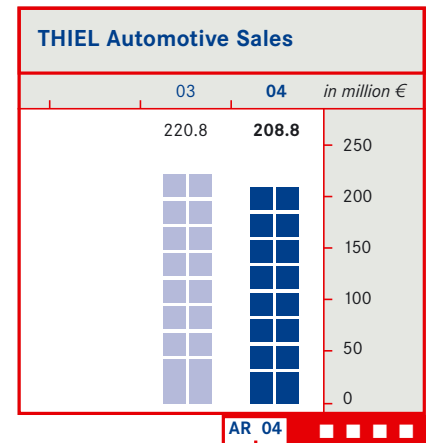
Managing the new Dynamic Center In cooperation with the Südkraft business unit, THIEL Automotive is handling goods loading and yard management for BMW's new Dynamic Center in Dingolfing. The contract includes sorting all the goods in the dispatch areas of the Dynamic Center and loading them for shipment by road, air and sea, as well as full yard management for the swap bodies, trailers and containers. This contract serves at the same time as an example of inter-company cooperation within the Group's new sales structure, because the offer was prepared under Microlog's leadership and in collaboration with its subsidiary and the Südkraft business unit, and marketed by the THIEL Automotive business unit. Südkraft will also operate the shuttle transport between the BMW plants and the Dynamic Center as well as site transport.

Success continues for the co-sourcing model with Hirschmann The collaboration with Hirschmann Electronics on the co-sourcing project is proving extremely successful. Processing times for goods received, supply to production and delivery to the end customer have substantially decreased. Modern IT systems make this increased performance possible – as a result, all orders arriving from the SAP computer center are recorded in a warehouse management system and managed electronically until they have been fully processed.

Microlog Personnel Services acquires Cologne/Bonn airport as customer

Through its subsidiary Microlog Personnel Services (MPS), the business unit was also able to further establish itself in the market as a personnel service provider and acquire the highly coveted Cologne/Bonn airport as a new customer. MPS staff are employed at the airport as qualified freight dispatch staff.

Focusing on the operating business The realigned sales activities focus on existing and new customers. Microlog's outstanding expertise in IT provides many different approaches to constructing sophisticated logistics offers. Additional optimization of freight purchasing, increasing productivity and reviewing the fixed costs of sites is making it possible to cut costs. THIEL Automotive concluded a long-term cooperation agreement for South African suppliers with the automotive supplier ZF Lemförder, for whom THIEL Automotive handles the consolidation of European suppliers at the Schorndorf facility. The divestment of the Qmark Group in the USA halfway through 2004 has increased the regional focus of the business unit. At the Heppenheim warehouse site an agreement with a customer has not been extended beyond June 30, 2005, which would result in decreasing utilization of the capacities at the Heppenheim premises. However, customer contacts are promising, and as a result management is expecting the utilization of capacities at the Heppenheim site in fiscal year 2005 to return to a level that will justify the carrying amount of the premises. Reference is made to Note 34 "Contingencies".



0046/0148	Industry Solutions	AR 04
x	Management Report	Thiel Logistik



0002/0004	
Business segment	Industry Solution THIEL FashionLifestyle
Name	THIEL FashionLifestyle Logistics & Services, Hamburg
Founded in	2002 (predecessor to dks 1964)
Main locations	Germany, Spain, Austria, Romania, Macedonia
Total number of locations	54
Employees	1,552
Management	Detlef Kükenshöner Friedhelm Schmitter
	CHECKED

The THIEL FashionLifestyle business unit provides road, air and ocean transport, specializing in commissioning and distributing textiles and lifestyle products, such as perfumes, accessories and wellness products, worldwide. Using an approach based on the concept of a coherent and worldwide integration of the entire THIEL FashionLifestyle logistics chain, the business unit organizes complex supply and distribution chains “from raw materials through to the boutique”. This covers the whole process, starting with picking up the materials from the manufacturer to equipping finishing plants and through to delivery of the articles to the point-of-sale and returns management. Warehousing, pick and pack and a range of other value-added services such as quality control, textile finishing, labeling and presorting the goods for the correct shelves round out the services portfolio. THIEL FashionLifestyle is the market leader in Germany and Austria for hanging garments and commission processing. Its regional focus is on Central and Eastern Europe and the supply chains from the Far East.

Integrated single-source logistics THIEL FashionLifestyle has the expertise that allows it to best incorporate comprehensive logistics services into the customer’s goods management. State-of-the-art IT solutions ensure the transparency of all the processes involved, from the manufacturer to the retail outlet. All the goods traffic on the European and Asian trading markets is managed from a single source. THIEL FashionLifestyle is able to offer tailor-made solutions to individual customers as a result of the experience it has acquired over many years, its sector-specific know-how and a unique network that integrates all the partners along the logistics chain.

Short product cycles demand efficient logistics The companies working in the industry face increasingly shorter lifecycles for their products and collections. Textile and lifestyle companies need to be able to react rapidly to the behavior of their customers in order to survive in the market. Efficient logistics are a crucial factor in this respect, as costs are continually being squeezed in the industry. Increasing numbers of manufacturers are concentrating on their core competencies and outsourcing logistics services. On the other hand, vertically integrated textile dealers with their own procurement and distribution are taking larger market share. The industry is only slowly recovering after two difficult years in 2002 and 2003 when sales declined by six to eight percent. The textile industry also felt the impact of a persistently poor economic environment in Germany during the period under review. Fewer customers have resulted in sales in the textile trade fallen by an average of four percent.

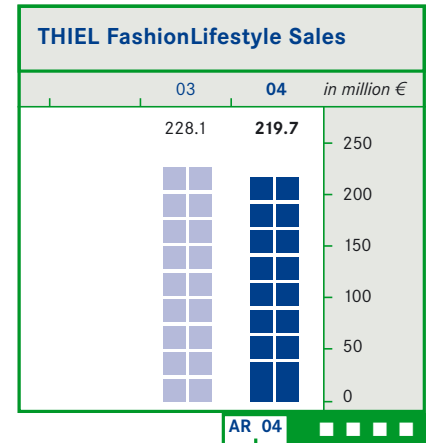
Growth bucks the trend In fiscal year 2004 THIEL FashionLifestyle achieved sales of 219.7 million euros despite the tough market environment. The market leader in the textile logistics sector has completed its turnaround and is developing in a profitable direction for the first time. The hanging garments sector made a substantial contribution to this result. Transport volumes and the number of garments transported both grew significantly. This also had a positive effect on total sales as the transportation of hanging garments commands higher rates of payment than shelf goods. A sales campaign in Spain practically doubled the volume of hanging garments, and is a key factor determining the further expansion of THIEL FashionLifestyle’s southern European network in 2005. And in Austria the company succeeded in extending and expanding important contracts with existing customers in this market. The collaborations with the Group’s operations in Hungary and Slovakia, already organized in the run-up to the EU eastern enlargement, ensure that shipments could be sent smoothly and efficiently, which in turn led to a continual stream of new orders from customers.

Delivering Theory's fashion products from Hong Kong and New York onto European shelves THIEL FashionLifestyle realizes the entire supply chain for EU-wide distribution on behalf of the New York fashion house Theory, and handles all the tax and customs matters involved. The exclusive fashion house brings out two collections a year, which are fetched from the manufacturers in the Hong Kong and New York and delivered to around 50 boutiques and department stores in twelve European countries ready for sale.

Software-driven supply chain management for Charles Vögele In terms of new customer business, the collaboration with the Charles Vögele fashion group that started in the first quarter of 2004 is particularly worthy of mention. As a lead logistics provider, the business unit supports the company in managing the entire logistics chain, from quality control in production to shipping, processing, and warehousing and through to delivery to the retailers' shelves. Other major customers include C&A, Woolworth, Peek & Cloppenburg, Adler, New Yorker, Zara, Huber, Esprit and Skiny.

RFID project In the third quarter THIEL FashionLifestyle began developing a global RFID project, the aim being to use this advanced technology to continue to offer state-of-the-art solutions in the future, and to expand its leadership in the market. During the project the packaging units are fitted with the appropriate RFID tags before they even leave the production facility. This simplifies goods handling along the entire logistics chain, ensuring reliable distribution.

Significant improvement in earnings – strategic alliance in prospect The significant increase in efficiency that was announced at the beginning of 2004 has been achieved, and as a result targets were convincingly beaten. In fiscal year 2005 THIEL FashionLifestyle is planning a strategic alliance in procurement and distribution logistics in order to expand and secure the overall European special network. This, together with the expansion of its quality leadership, should provide for further growth, especially in Turkey and in Central and Eastern Europe. In Central and Eastern Europe especially, the business unit is working hard to step up its commitment, particularly in logistics for new labels and the commissioning processing plants. Strong growth is expected in textile logistics both in Central and Eastern Europe and in the Far East. China's market share of textile production could reach up to 50 percent over the medium-term. From the logistics perspective this means increasing transports from the Far East.



0048/0148	Industry Solutions	AR 04
x	Management Report	Thiel Logistik



0003/0004	
Business segment	Industry Solution THIEL Media
Name	Overbruck Spedition GmbH, Hamburg
Founded in	1955
Main locations	Germany, Czech Republik, Poland
Total number of locations	32
Employees	251
Management	Matthias Winter, CEO
CHECKED	

THIEL Media with its lead company Overbruck is the market leader in press logistics in Germany. Together with its subsidiary VerlagsService Eichberg, Overbruck uses a nationwide network of 32 locations to ship more than 1,100 newspaper and magazine titles, approximately one third of the entire market volume. THIEL Media operates in the business segments of newspapers, magazines, contract logistics, printed paper, procurement logistics, print shops and logistics services. In these business segments THIEL Media offers its customers throughout Germany and the rest of the world the entire logistics chain from production through to the retail trade.

Specialized logistics for the media industry As the logistics chain is complete from end to end, customers no longer have to subcontract assignments to different service providers with their various modes of transportation. And by pooling several customers' tonnage together, THIEL Media is able to optimize transport processes, achieving advantages in pricing.

Specializing in the market segment for brochures and catalogs, Overbruck plans and implements distribution throughout Europe of brochures and advertising supplements from the printers through to the newspaper and magazine production plants. The company also offers value-added services such as labeling, packaging and consignment. As an outsourcing partner for printing plants, THIEL Media manages their dispatch areas and warehousing, and also makes sure they are supplied with paper. In the paper logistics sector Overbruck is responsible right up to the rotary printing presses for keeping the print shops supplied with paper rolls and disposing of paper. Overbruck's own used ring of companies provides the special vehicles this work requires. The vehicle fleet contains around 50 vehicles specially equipped to meet the latest guidelines for transportation and loading safety, especially for transporting paper. These vehicles ensure that print rolls and other paper products are safely transported every day from producer to print shop.

End-to-end print supply chain As one of the leading European air freight press forwarders, Overbruck transports more than 200 German and international newspapers to over 70 business and tourist centers worldwide. THIEL Media's integral approach sets itself apart from competitors, none of whom operate outside particular subsectors or business subsegments.

Eichberg, the THIEL Media subsidiary, specializes in transporting daily newspapers to companies and private customers in over 100 German cities seven days a week. To handle this work Eichberg maintains its own branch offices and freight handling facilities in order to bring the newspapers from the print shops to the readers in the shortest time possible. In addition, Eichberg handles alternative mail deliveries.

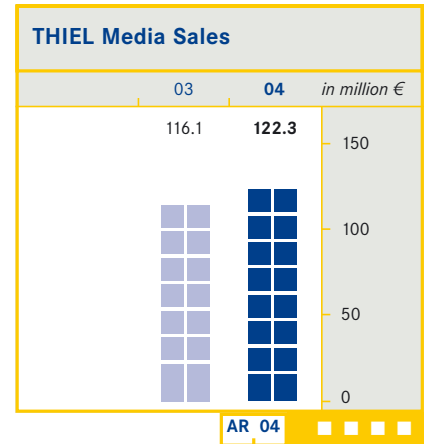
Press logistics in Germany is a small, self-contained market dominated by a handful of providers. The decreasing volume of advertisements and smaller circulations since 2001, coupled with an overall weakened economic situation in Germany and resulting rigid cost management, has meant that business in this sector is declining slightly.

Growth bucks the trend Despite these tough economic conditions THIEL Media delivered a positive business performance in the period under review. THIEL Media posted sales of 122.3 million euros in fiscal year 2004. A direct comparison with last year is not possible because the Air/Sea non-press business segment has been regrouped, and because of the first-time consolidation in the Thiel Logistik Group in the second quarter of 2003. As a result the sales and business performance in the reporting period, adjusted for the disposal of the Air/Sea non-press business segment, increased slightly over 2003.

New customers acquired and services offer expanded Since May 2004 Overbruck has handled all the air freight press transportation for the "Frankfurter Allgemeine Zeitung" and the "Frankfurter Allgemeine Sonntagszeitung" to all the major business and tourist centers worldwide. This contract was awarded by Medienservice GmbH & Co. KG, a joint venture of the Frankfurter Allgemeine Zeitung and the Fiege Group. At the beginning of 2004 Overbruck was successfully certified under the new ISO standard 9001:2000. The certification confirms the customer-focused, high quality process work involved in the sale, development, and implementation of logistics services in the areas of press logistics, air and sea freight, and courier services.

In addition, the existing service contract for in-house logistics in the central printing plant of the Frankfurter Rundschau was extended until 2007. The subsidiary VerlagsService Eichberg was awarded the contract by EP-Europost to deliver printed matter and letters. Eichberg separates the mailings by destination and distributes these to the recipients via the newspaper networks. In fiscal year 2004 THIEL Media also succeeded in acquiring the Heinrich Vogel Verlag, Munich, as a new customer, and since October 2004 has handled the distribution for two of the publishing company's trade publications.

Focussing on Central and Eastern Europe The company slightly exceeded the targets for the reporting period. The aim for the current fiscal year is to expand the Overbruck network into Poland and the Czech Republic. The first step in this direction was taken in 2004 with the setting up of the subsidiary Overbruck Polska in Warsaw. Because the overall market for press products in Germany is stagnating, manufacturers of press products are subject to enormous efficiency and cost pressures. In the logistics market for paper, customers' chief demands are for warehousing costs to be reduced and "just-in-time" deliveries guaranteed. There is further potential here as well. As a result, management anticipates that the business will continue to develop positively.



0050/0148	Industry Solutions	AR 04
x	Management Report	Thiel Logistik



0004/0004	
Business segment	Industry Solutions THIEL Furniture
Name	LOG Beteiligungs GmbH, Lemgo-Vosshede
Founded in	1982
Main locations	Germany Poland
Total number of locations	14
Employees	531
Management	Axel Niehausmeier, CEO Ralf Herget, CFO
CHECKED	

The THIEL Furniture Industry Solution is the largest service provider in Europe to serve the furniture logistics sector along the entire supply chain for finished products. It brings furniture produced by German manufacturers to the customer and also delivers premium quality products from Central and Eastern Europe and the Far East to the European furniture stores – affordably, on schedule and reliably.

Complete supply chain for the furniture industry The business unit excels through the holistic approach it takes to furniture logistics, including procurement logistics, import and delivery to the end customer. In addition to warehousing and transportation, THIEL Furniture offers its customers a wide selection of add-on services, ranging from planning and management of procurement logistics to value-added services in packaging and through to assembly service, returns management and waste disposal.

As a neutral service provider, the six operating companies of THIEL Furniture pool the goods flows from different manufacturers and importers, reduce freight handling by using special warehouse solutions and provide a full-coverage distribution network.

Apart from the market leader Schieder Möbel, some of its customers include Kerkhoff International, Euro Diffusion, Black Red White and Welle Möbel.

Weak furniture sector leading to tighter competition Unlike some other industries, the furniture industry is characterized by disproportionately high logistics costs that can account for up to 30 percent of the cost of the goods.

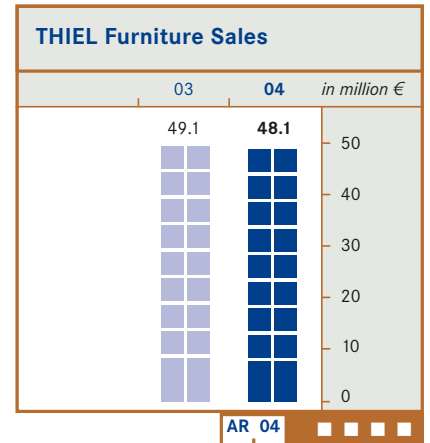
Long delivery times, high inventory levels and frequent complaints due to damage in transport are typical. THIEL Furniture is able to significantly lower these costs, improve processes and as a result substantially reduce the loss ratio.

The competitive environment of the furniture industry is heavily fragmented and characterized by shakeout competition and high cost pressure. Because the weakened economy has meant consumers reining in their spending, the performance of the furniture sector was rather sluggish in the reporting period.

On top of this there were several shifts within the market segments in 2004, with German production facilities in particular feeling the impact. The import business was the only area to record growth – especially imports from the Asian region.

Growth in Central and Eastern Europe THIEL Furniture posted sales of 48.1 million euros in the reporting period, practically matching sales of 49.1 million euros generated in the prior year. Business with new customers and rising sales from cross-border traffic, above all with Central and Eastern European countries, was not quite sufficient to compensate for the losses in the German market.

New furniture distribution center in Lemgo-Vossheide Two major investments were made in the reporting period. As a result, since March 2004 THIEL Furniture has had a modern 25,000 square meter furniture distribution center in Lemgo-Vossheide in Eastern Westphalia. Goods that are ready for delivery are collected together here, picked, loaded into special vehicles and delivered to individual furniture stores in Germany at the time and date specified. As a result, goods can be delivered to the customer with just one warehouse transshipment. No additional distribution forwarders are required to further handle the goods, which means no additional sources for mistakes to occur. THIEL Furniture uses an IT control software it developed in-house to notify the customer when the goods have arrived in the furniture store. Customers can also log on to the tracking and tracing system and find out the present delivery status of their order at any time. The second investment saw around 11,000 square meters of space added to the warehouse in the Polish town of Ilawa. This extra space came into operation in January 2005.



Major new customers were gained in addition to expanding the existing customers business with companies in the Schieder Group. These include HPI from February 2005, D&S, Decker and Astor. In addition to developing the Central and Eastern European business, business activities in 2004 were also extended to the growing Asian markets. Furniture imports from Malaysia are one example.

Further growth in Central and Eastern Europe and Asia Targets for 2004 were not reached. As the consumer goods economy is expected to pick up slightly in 2005, the business unit is expecting sales and earnings to put in a positive performance. Additional synergies and rationalization measures should contribute to an increase in sales and improvement in results. Tough market competition will force furniture manufacturers to further improve efficiency and reduce costs. As a result experts are expecting production facilities to increasingly be relocated to Central and Eastern Europe. Poland and the Czech Republic in particular are production locations under consideration by German furniture manufacturers. But South Africa, Australia, Romania, Russia, the Ukraine, White Russia and Asian locations are also becoming increasingly important in this respect. THIEL Furniture benefits from this trend because as a contract logistics provider it also offers cross-border logistics concepts.

Air & Ocean



The Air & Ocean business segment is responsible for air and sea freight operations in the Thiel Logistik Group, and ensures seamless connection to the major intercontinental selling and procurement markets. Air & Ocean also uses these capabilities to support the Thiel Logistik Group's Industry Solutions and Regional Logistics Services business segments.

In 2004 the Air & Ocean business unit generated sales of 300.6 million euros. This is a 6.9 percent increase in sales over last year's 281.1 million euros. The result improved from -1.0 million euros the year before to 7.3 million euros.

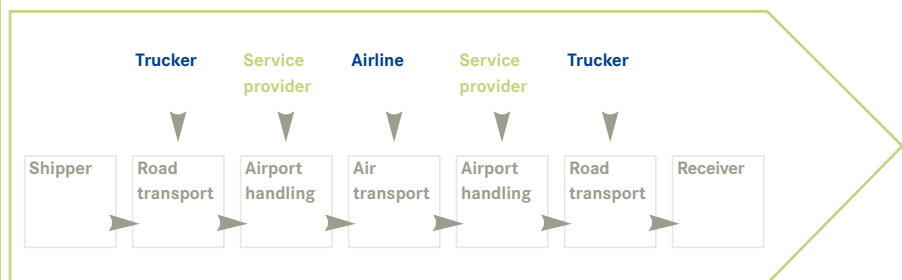
Global expertise in air and sea freight The internationalization of markets and the growing number of multinational production networks means air and sea traffic has become hugely important, with air freight allowing for rapid connection of international markets, and sea freight transporting large quantities of goods at affordable rates.

The Air & Ocean business segment couples air and sea freight with efficient overall logistics solutions, and complements these with value-added services – value enhancing add-on services ranging from quality control to assembly on site. Making this all possible is a worldwide network with 63 sites and strategic partnerships around the globe, with the emphasis on Europe, Asia and South Africa.

Solid network with frequent loading intervals Air & Ocean transports more than one million air freight shipments each year and over 200,000 sea freight containers.

The air freight sector consists primarily of importing and exporting packaged goods shipments and full loads. With 60 regular airfreight destinations, some with daily flights, customers have access to a solid, intercontinental network with very frequent loading intervals and a premium quality service. By 2010 airfreight traffic is expected to be growing at an annual rate of six percent.

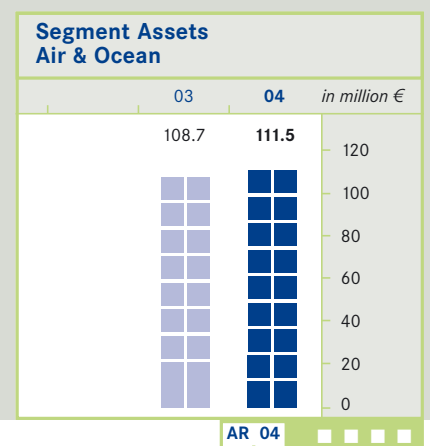
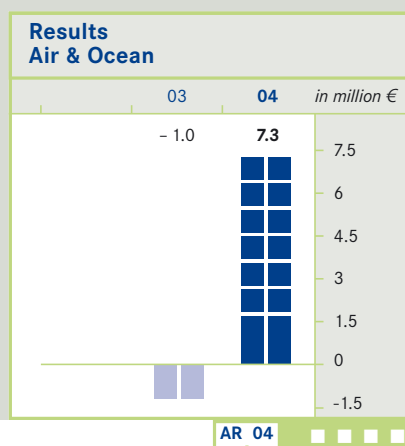
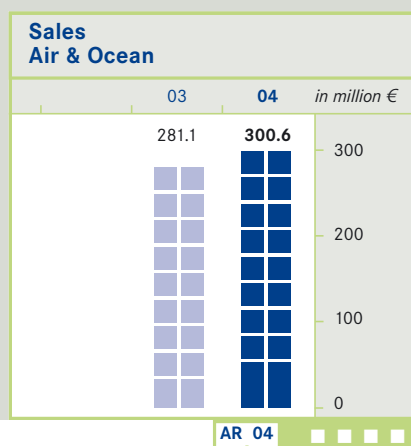
Supply Chain – Air & Ocean



Globalization – the booming economies of Asia are noteworthy in this respect – means that intercontinental good flows and thus sea freight traffic along with it are going to continue to increase. The Air & Ocean business unit takes this all into account – its sea freight services handle transport to more than 100 destinations, sailing on a regular basis. Besides standard products such as FCL (Full Container Load) and LCL (Less than Container Load) its services include transportation of gateway containers. These are not unloaded at the port but instead transported as complete containers to the final destination. The advantages are easier handling and fewer transshipments of the goods. The sea freight sector is forecast to be hitting growth rates of over five percent a year by 2010.

Custom-made and industry-tailored Complementing the air and sea freight services of Air & Ocean are offers tailored specifically to the needs of individual industries. The Ship Spare Logistics System is one example of this. The worldwide spare parts service keeps container ships, tankers and cruise ships supplied with spare parts and technical equipment – from the smallest fuse to the ship's propeller. Air & Ocean brings together parts from suppliers all round the world, transports them to the ship's next destination and delivers them on board, bundled separately.

Inherent in all the cross-border transportation services and value-added services on site is the crucial advantage the customer gains from Air & Ocean's country-specific expertise and smoothly functioning organization abroad and overseas.



0054/0148	Air & Ocean	AR 04
x	Management Report	Thiel Logistik



0001/0001	
Business segment	Air & Ocean
Name	Birkart Globistics GmbH & Co. KG, Aschaffenburg
Founded in	1877
Main locations	worldwide
Total number of locations	63
Employees	1,239
Management	Michael U. Villinger, CEO Hauke Müller, Europe; Bruno Michael, South and Middle America; James Kilpatrick, Far East; Wolfgang Laube, South East Asia; Patrick Federle, Africa
	CHECKED

Birkart Globistics is responsible within the Thiel Logistik Group as lead company for the Air & Ocean business segment. The Air & Ocean's global network with 63 sites and over 1,200 employees provides logistics services around the world. While an expert partner covers North America, Birkart Globistics has its own networks in Europe, the Far East, Southeast Asia, South Africa and South America. In Asia alone, Birkart Globistics has eleven national subsidiaries and 33 branches.

This form of cooperation with partners has proved itself a groundbreaking model for intercontinental air and sea freight. Birkart Globistics was one of the founding members of the FUTURE airfreight cooperation and the Group 99 sea freight cooperation. The company operates successfully in both cooperations.

The positive business performance of Birkart Globistics is primarily due to the increase in volumes achieved. There was an increased demand for intercontinental air and sea freight services, the result of very pleasing market dynamics and the contribution made by the economic upturn in Asia and in Central and Eastern Europe. Birkart Globistics achieved growth rates in transport volumes of around 30 percent in 2004 just in the trade it handled between Asia and Europe alone. Revenue increased substantially, especially in China, but also in Southeast Asia, South America and South Africa.

The increase in sales came from the new customer business as well as from the expansion of business with existing customers. The following are just two examples: In addition to the sea freight business for a leading specialty chemical producer, Birkart Globistics has been handling its airfreight too. Furthermore, it also succeeded in expanding the airfreight business for a prominent automotive supplier from South Africa.

China: A-license and new branches In the fall of 2004 Birkart Globistics received the A-license for China, which it is already using to work actively in Shanghai. Starting January 1, 2006 – when the legally prescribed notice period expires – the company will be able to implement complex supply chain management solutions throughout the whole of the People's Republic. This new, unrestricted A-license will enable the nationwide service to be expanded further. The existing A-license – limited to the Wai Gao Quiao customs-free trade zone in Shanghai – has already provided foreign companies with numerous opportunities to trade with China over the past three years.

Birkart Globistics been present in Hong Kong for more than 30 years and in the Chinese market for 16 years, and continued to expand its commitment during the reporting period. In 2004 six new branch offices were set up in Peking, Nanjing, Ningbo, Qingdao, Suzhou and Xiamen, giving Birkart Globistics a total of 13 sites in China. Apart from handling air and sea freight, the company offers distribution logistics, warehousing and full value-added services such as pick and pack, labeling and handling payments in the RMB national currency and in foreign currencies too. The warehousing services offered are particularly interesting for many companies who do not wish to invest in their own warehouse in China.

New service operating since 2004 The “Fashion-X-Press” service has been developed in partnership with Lufthansa Cargo, an intercontinental express service for textiles. The scheduled door-to-door service enables special sample collections or small amounts of fashion items to be brought from sender to receiver-quickly and wrinkle-free. Because the textiles are transported using a start-to-finish hanging system there is no need for expensive preparation prior to shipment or costly work to ready the garments afterwards. The fashion express service links Germany in the first instance to the most important target regions of Hong Kong, Singapore, Shanghai, and Jakarta. Other fashion markets will be added later.

IT expertise as a competitive factor The growing complexity of processes requires logistics service providers to be highly accomplished in IT. As with the goods themselves, information and data need to flow uninterrupted between all parties involved. The IT in this case becomes more than just a tool for mapping the operating processes – it is actually an essential element in communication, planning and quality management.

In air and sea freight the former linear supply chains have evolved into networks. Throughout the entire transaction, Birkart Globistics’ high level of IT expertise guarantees a smooth flow of information – from the air freight online booking service to tracking & tracing via the Internet through to e-billing.

Outlook Birkart Globistics with its Air & Ocean business segment beat its sales and earnings targets by a substantial amount in the reporting period.

The success is based on the high levels of performance, service and quality of the global network. Customers benefit from single-source integrated logistics solutions that gives them competitive advantages through worldwide value-added services.

Air & Ocean will remain on track for growth in the future too. And with a positive overall economy in the current year and demand for contract logistics continuing to rise in Europe and the Far East, the successful business performance is set to continue in 2005 as well.

Regional Logistics Services



Thinking globally and acting regionally – the Thiel Logistik Group’s Regional Logistics Service Providers focus on providing logistics services for leading customers from the regional core markets, supporting their international operations at the same time. The business segment enjoys local roots and intensive customer relationships, some of which have developed over many years. The Thiel Logistik Group’s regional subsidiaries, organized as a group around the strong brands of the Quehenberger, Südkraft and delacher business units, offer a comprehensive range of services. In reporting year 2004 the Thiel Logistik Group posted sales of 819.8 million euros in this business segment compared to 758.6 million euros the year before. The result of the business segment increased from 16.3 million euros to 21.0 million euros.

Regional strengths, international direction The regional subsidiaries focus on the core markets of Germany, Austria, Switzerland and the Benelux countries, as well as the countries of Central, Southeastern and Eastern Europe. The Thiel Logistik Group has a network of 300 sites serving these areas in Europe, with as many as 60 of these branches located in 15 Central and Eastern European countries. It also maintains many of its own customs offices at the EU external borders. This network guarantees access to worldwide goods flows. The portfolio of services ranges from transport management for all modes of freight transport through to end-to-end, integrated logistics in the form of comprehensive outsourcing projects.

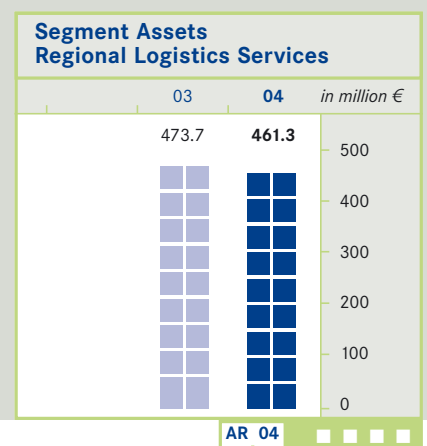
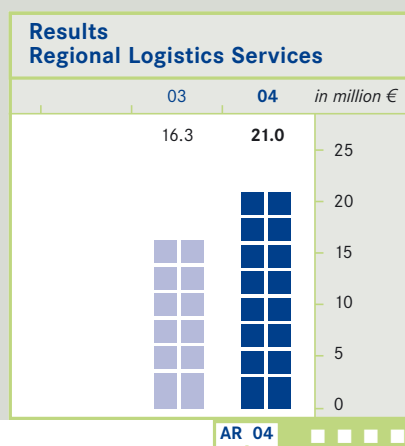
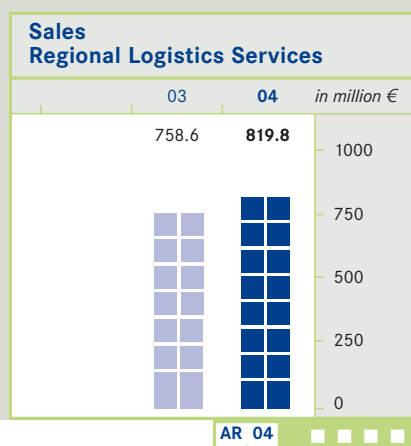
Outsourcing creating added value In times of a much greater awareness of costs, the outsourcing of logistics services is becoming increasingly important for more and more companies in industry and commerce, as it cuts fixed costs and increases efficiency of business activities. Annual growth rates of up to 15 percent are expected in the contract logistics sector over the next few years. The Regional Logistics Service Providers that benefit from the lasting trend towards outsourcing are those that can handle complex logistics tasks working as an expert, reliable and innovative partner. Apart from their traditional expertise in transportation, freight handling and warehousing, the Regional Logistics Service Providers also ensure access to continental transport networks and are experts in cross-sector consulting. Particular fields of competence have emerged in these areas. For example, the Regional Logistics Service Providers – Quehenberger and Südkraft in particular – use specially trained staff and equipment to store and transport hazardous goods.

Supply Chain – Regional Logistics Services



Strength in Central and Eastern Europe Its solid network of branch offices gives the Thiel Logistik Group an essential competitive edge, both in the Regional Logistics Services' domestic markets and in the upcoming Central and Eastern European markets. It has been a long time since Central and Eastern Europe were regarded simply as attractive locations for production. Nowadays they are becoming increasingly important as selling markets as well. The Thiel Logistik Group's services support its customers as they undertake this expansion. Over the last ten years or more the Thiel Logistik Group has been expanding its infrastructures in line with western standards, so that they now form one of the largest networks in Central and Eastern Europe. Many years of experience, deep-rooted local knowledge, standardized IT solutions and interface connections, modern warehousing, transacting business in the language of the particular country along with central management – all these factors help guarantee top quality and reliability round the clock. For example, over the past few years investment has been stepped up at the Czech, Polish and Hungarian sites of the Quehenberger business unit, and capacities have been expanded. As a result, the unit is able to provide fully-fledged logistics to these countries as well. And with a network that stretches from St. Petersburg to Tirana, and from Pilsen to Alma Ata, the Thiel Logistik Group is one of the most important logistics service providers in this economic region. In the fresh food logistics sector the delacher business unit, through its subsidiary Früchtetrans, provides a complete “thermal supply chain” for fruit and vegetables that also handles incoming goods controls and quality controls in addition to transport.

Regional Logistics Solutions business model The business model is primarily based on the strong market position of the Quehenberger, Südkraft and delacher business units in their regions. Value-added services are becoming increasingly important, alongside classic transportation and warehousing solutions. Consequently, transport services, cargo handling and warehouse activities are rounded out by services that include container management, cleaning and merchandising logistics. Apart from packaged goods transport, the value-added model features national and cross-border freight transport in general, plus industrial contract logistics.



Quehenberger



Logistikgruppe

0001/0003	
Business segment	Regional Logistics Services
Name	Quehenberger Quehenberger Logistik AG & Co. KG, Bergheim/Salzburg
Founded in	1965
Main locations	Austria, Germany Eastern Europe, the CIS countries
Total number of locations	114
Employees	1,439
Management	Klaus Hrazdica, CEO Felix Baminger, CFO (until April 30, 2005), Rolf Frischknecht, CFO (from May 1, 2005)
	CHECKED

Quehenberger is one of the leading providers of end-to-end logistics solutions in Austria and Central and Eastern Europe, and is one of the market leaders in Austria in contract logistics. The services the company offers are based on modules that cover areas ranging from transportation and warehousing to supply chain management and through to complete solutions, including all upstream and downstream services and value-added services. As a specialist in chemicals the Quehenberger subsidiary Logochem supplies specific logistics and special services for the chemical industry. These include freight management, C-parts management or consulting.

Logotec realizes comprehensive outsourcing projects in the high-tech logistics sector for electronic products and in technical customer service. These range from consulting to individual distribution solutions through to special warehousing for technical products. On top of this Quehenberger is active in the mineral oil and tire trades, as well as in forestry management and in the consumer goods sector. Quehenberger employs around 1,439 staff at its 114 sites. In Austria alone Quehenberger has a nationwide network of more than 35 sites, and almost 60 locations in 13 states in Central and Eastern Europe.

Strength in Central and Eastern Europe Quehenberger is represented in Eastern and southeastern Europe mainly through its subsidiary, Welz Internationale Spedition. Welz is the Austrian company specializing in logistics services to Eastern and South-eastern Europe, as well as in sea freight, railroad haulage and customs clearance. Quehenberger plans to grow its business volume in the rail transportation sector, and the management team has been expanded for this purpose.

Significant sales growth 2004 was an extremely successful year in Quehenberger's history. Overall, Quehenberger profited from the sustained trend towards outsourcing in various branches of industry. Sales increased by 19 percent from 319.3 million euros in 2003 to 378.9 million euros. This significant rise in sales is due to the expansion of business with existing and new customers. The new truck toll system in Austria accounts for approximately five percent of this increase in sales.

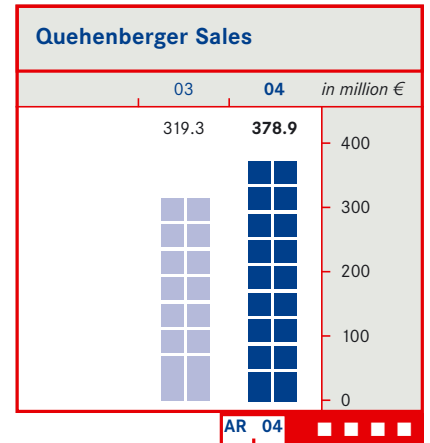
New customers gained during the course of the year include Austria Tabak, Ebenseer Betonwerke, Kumho Tires and Profi-Reifen. In the existing customers business Quehenberger profited from the growth achieved by its major customers, accompanying their expansion. And for many customers Quehenberger expanded its portfolio of services. Particular growth was achieved in the chemicals, consumer goods, automotive, tire trade and household appliances industries.

Expansion in Central and Eastern Europe With the EU now enlarged, Quehenberger has strengthened its commitment in Central and Eastern Europe. A new logistics terminal in Prague, the inauguration of a logistics center in Sofia and a 24-hour service in the freight forwarding network between Austria and the new EU member states are examples of the Central and Eastern European strategy's focus on expansion. On top of this Quehenberger expanded its network in White Russia with the addition of a new site in Gomel, bringing the number of branch offices it has here to now more than six. Quehenberger's network consists of 60 sites in 13 countries in Central and Eastern Europe.

Value-added services offered increasingly In June the 'tire motel' in Traiskirchen came into operation, where Quehenberger has been contracted by major Austrian car dealers to store, clean and balance winter and summer tires. Quehenberger is also widening the range of value-added services it offers in other sectors too. For example, the company operates a tank-cleaning facility in the greater Vienna area and a safety engineering center in Salzburg. With the new "Competence Center for Forestry Logistics" Quehenberger provides complete end-to-end logistics solutions, utilizing all modes of transport for the timber and paper industry. Its aim is to mark itself out as a leading logistics service provider in this market segment too. Since November 2004 Quehenberger has been the first Austrian company to operate a truck using AdBlue, the exhaust gas reduction agent, in order to convert the entire vehicle fleet to the environmentally sound technology once a successful trial phase is completed.

As a result of implementing the new Group strategy, Quehenberger is now also responsible for the tire logistics site of Logsar/ Lothringen in Sarreguemine as well as the Thiel LPR Service, the technical service for Xerox customers in southern Germany.

Continued growth in 2005 Fiscal year 2004 was an extremely successful one for Quehenberger, far exceeding all targets. Quehenberger is expecting moderate growth to continue in 2005. The EU eastern enlargement and the upcoming industries in Rumania, the Ukraine and Russia are expected to provide a boost to growth. This is leading to increased demand for pan-national logistics solutions. Quehenberger is ideally positioned here as a result of its end-to-end logistics expertise and large network of branch offices in Austria and Central and Eastern Europe. To modernize its IT environment the company will be continuing to invest heavily in new software – especially in the freight forwarding sector.





0002/0003	
Business segment	Regional Logistics Services
Name	Südkraft
	Südkraft Spedition GmbH, Munich
Founded in	1919
Main locations	Germany,
	the Benelux Countries,
Total number of locations	67
Employees	1,509
Management	Henning Mack, CEO
	Hans-Hasso Kersten, CFO
	CHECKED

As a major logistics specialist, Südkraft designs and implements individual and end-to-end solutions for contract logistics, road, tank and silo transportation. Within Thiel Logistik Group's business segments Südkraft handles the regional services in Germany and the Benelux countries, which means logistics services at the regional level, from transport services to complex contract logistics. The company, whose roots go back to 1919, has 67 sites in Germany and abroad. Companies in many different branches benefit from Südkraft's know-how, especially in industrial contract logistics.

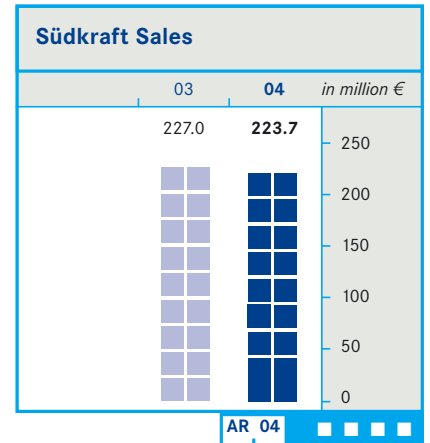
Complex logistics solutions for the automotive industry Südkraft provides the automotive industry with complex national and international networks in procurement logistics, manages suppliers warehouses and ensures "just-in-sequence" delivery to production.

Specialist in contract logistics Südkraft provides full contract logistics solutions for the chemical, foodstuffs and paper/paperboard container industries. The range of services it offers include full distribution and procurement logistics, in-house logistics, e-commerce, supplier storage and general warehousing. These are complemented by a full-range of value-added services, including materials planning for goods received, assembly, commissioning, packing and labeling plus maintenance, disposal and returns management. Südkraft has a modern fleet of well-equipped vehicles at its disposal, and maintains a large number of modern warehouse locations that meet the most recent safety standards.

Expert in hazardous goods and silo transports For its road transport solution Südkraft provides the full range of national and international consolidated freight transport services in more than 25 countries, from partial and full loads through to hazardous goods and special transport. Südkraft is one of the leading providers of tanker and silo transport in Germany – for chemical granules and powdered products in particular. Südkraft possesses the technical facilities and trained personnel to handle national and European transport for the chemical industry, which demands the highest levels of quality and extensive certification for transporting the sensitive freight contents. In addition to normal and hazardous goods transport, the unit also offers customers add-on services such as raw materials procurement, warehousing and silo transport. Specializing in transporting construction materials and minerals, Südkraft carries bulk goods and also handles the transportation of temperature-controlled construction materials for "just-in-time" delivery.

Tighter competition squeezed margins Owing to the weak domestic economy during the period covered by the report, many logistics service providers have been subject to a tough price war in the core markets in which Südkraft operates. This trend has been exacerbated by the increase in fuel costs and the stage-by-stage authorization of cabotage in the EU states, a process which is allowing non-resident carriers to carry out transportation in the national markets. The pressure on margins brought about by competition, together with the economic situation in the core market of Germany, resulted in unsatisfactory results in 2004.

Stronger focus on core competencies In 2004 Südkraft generated sales of 223.7 million euros. This represents a significant drop in sales from the year before. Supported by the Corporate Strategy policy unit, a Südkraft management team developed the new corporate strategy with a heavier concentration on the successful areas of contract logistics and road, tank and silo transportation. The passenger transportation businesses in Munich and Ingolstadt were sold as a result of the closer focus on the strategic core areas. Moreover, the investments in the MDS inland waterways transportation company and the SZG port cargo handling company were sold to the joint-venture partners in each case. Management was also reconfigured as part of the new strategy. For example, Mr. Henning Mack joined the management team of Südkraft as CEO in April 2004. And Hans-Hasso Kersten as CFO completed the makeup of the new team in November 2004. Owing to the unsatisfactory earnings situation, a comprehensive costs and earnings management program, "Fit for Future", was launched in May 2004. The high one-off costs involved in introducing this program impacted the result.



Customer projects During the year under review Südkraft handled the coordination of the factory-to-factory transportation between the five Bavarian sites of the BMW Group for its long-standing customer BMW. In addition, the company has been contracted to handle site and shuttle transport for the new BMW Dynamic Center (spare parts supply) in Dingolfing. Südkraft was awarded the contract by ZF Sachs to build and operate a treatment facility for transport containers at the ZF Sachs AG premises in Schweinfurt. Since October 2004, approximately 80,000 transport containers have been checked, prepared and cleaned each month in the 5,500-square-meter hall, and readied for the manufacturer's driveline and chassis technology production. Since May last year Südkraft has been handling the entire engine filter warehousing for Mahle GmbH for the latter's customer, BMW. Südkraft set up a warehouse for this project at the Freiberg site. This warehouse is stocked up to eight times per day with engine filters delivered via shuttle truck from Mahle GmbH's Oehringen production facility. Südkraft provides "just-in-time" delivery of the filters to nine BMW plants in Germany, tailored flexibly to respond to demand.

Certification for the chemical industry A new tank and silo cleaning facility was put into operation at the Ludwigshafen site in March, certified to comply with SQAS cleaning (Safety Quality Assessment System). More than 150 silo and tank vehicles are cleaned here each week. The facility has also been authorized since October to display the "European Cleaning Document". Major chemical producers demand this certificate before loading can commence.

Merchandising segment expanded The merchandising segment of the contract logistics sector also continued to make progress. This segment provides, for example, a web-ordering platform to customers such as John Deere, featuring an all-in-one administration procedure.

Continuing to focus on core business segments During the period under review the consolidation of the business unit was a primary focus. The targets were not reached. Management expects the earnings situation to substantially improve in 2005. As part of the strategic realignment, the three fields of competence, namely contract logistics, road freight and tanker and silo transportation, will all be expanded, and IT expertise and innovative value-added services enhanced.



0003/0003	
Business segment	Regional Logistics Services delacher
Name	delacher Logistics Group, Wolfurt/Bahnhof
Founded in	1946
Main locations	Switzerland, Austria, The Netherlands, Hungary, France, Turkey
Total number of locations	45
Employees	839
Management	Peter Cootjans, CEO Nikolaus Kohler, CEO
	CHECKED

The delacher business unit with its lead company of the same name is responsible for the Thiel Logistik Group's regional operations in Western Austria, Switzerland, France, Hungary, the Netherlands, Turkey and Greece. This business unit comprises leading and specialized transport and logistics service providers such as Nunner, SES, Geris, Früchtetrans, TK Logistik and Atlastransport, with a total of 45 sites in 7 countries.

Global network for tailor-made logistics solutions The delacher unit companies are among the top-ranking logistics service providers in their home markets. The outstanding logistics solutions they provide include those for the steel, paper and chemical industries, and for warehousing and distribution logistics. They offer combined road and rail transport plus integrated freight logistics in South Eastern, Central Eastern and Eastern Europe. And through its Früchtetrans company delacher also offers a comprehensive supply chain for fruits and vegetables from producer to point-of-sale in Switzerland.

Tighter competition and a new era in the East During the reporting period delacher faced a variety of economic factors in its markets. While the Netherlands, Austria and Switzerland recorded only slight economic growth, the Central and Eastern European countries expanded considerably, with growth rates of up to 10 percent. The competitive pressure in the core markets was exacerbated by road-pricing in Austria, the introduction of the truck toll system in Germany and increased charges for the Swiss heavy goods vehicle levy. Business performance was also impacted by lost income in the customs clearance business in the wake of the EU expansion in spring 2004.

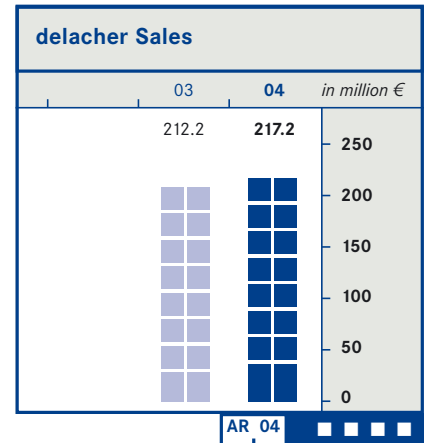
Growth despite poor economy Despite the tough economic environment and heavy competitive pressure, delacher exceeded its sales targets in 2004. Sales rose from 212.2 million euros the year before to 217.2 million euros. Sales growth was achieved in particular in the markets of Switzerland and the Netherlands from transportation to and from South Eastern, Central Eastern and Eastern Europe, and in the Czech Republic. And in Turkey the business unit was also able to strengthen its market position, despite the devaluation of the Turkish Lira. Sales also witnessed a substantial increase in the "thermal supply chain" for fruit and vegetables. A new site was established in Cadenazzo in order to satisfy the demands of the local market in the Italian speaking regions of Switzerland as well. As a result Früchtetrans was able to further improve its competitiveness and to create a north-south axis, a very important factor in fresh food logistics. Apart from the performance of the sites in Moravia and southern Switzerland, one other important project involved aligning delacher's German-French transport network to the changed flow of goods for import and export. This meant changing both structure and transport lines. In May 2004 for example, a new operating facility was inaugurated in the Alsace town of Saint Louis to provide customers in this region too with freight forwarding services to the new accession states of the European Union. As a result of selectively expanding customer relationships and optimizing the business model, net sales in western Austria and Switzerland increased and the competitive position further improved.

Logistics partnership with Alpla extended One example of this approach is the extension of the logistics partnership with Alpla, the leading Austrian manufacturer of plastic bottles, caps and packaging systems. Delacher handles all the customer's in-house logistics, from conveying the raw materials to the production facilities through to managing goods received, and including the transport services involved. At the end of 2004 the present outsourcing contract was extended by a further two years, and the company is additionally handling the management of a new high-bay warehouse.

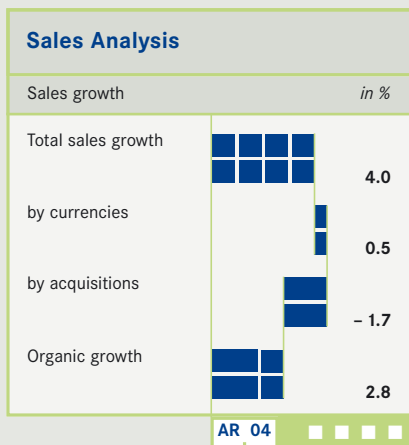
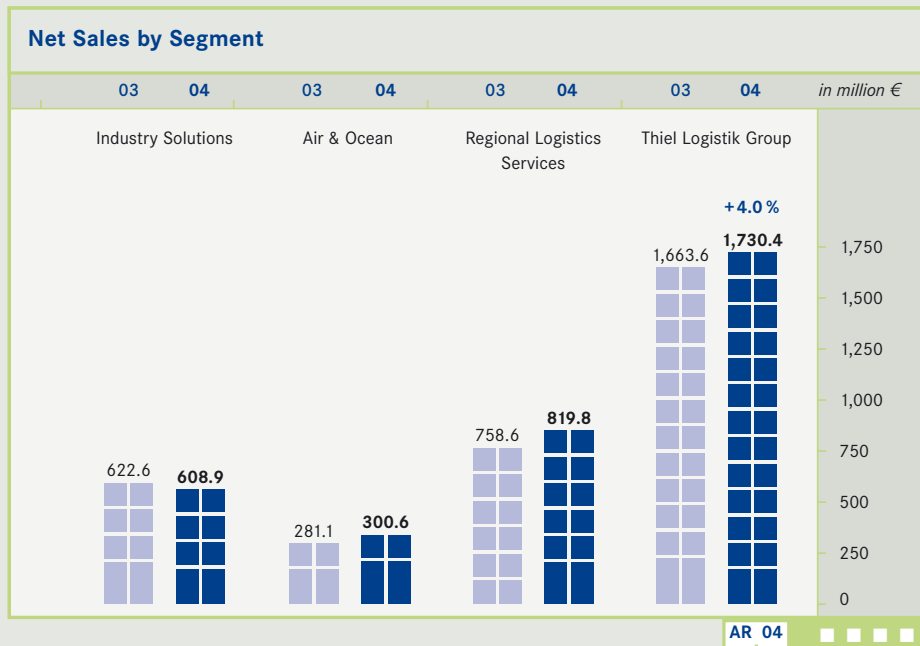
Making better use of cross-selling and increasing customer retention In order to be able to offer customers services that are even more comprehensive, customer relationships software that was used in the Thiel Logistik Group was implemented at additional delacher unit companies. It meant extra savings and synergy potentials could be leveraged and the supply chain optimized. It also enhanced the services offered by networking them with other business units in the Thiel Logistik Group. The transportation and logistics services of the Thiel sites and brands were coordinated, particularly in the markets of Switzerland, Austria and the Netherlands, and cross-selling potentials were identified and consistently utilized. For example, Nunner's transport solutions in Switzerland and Vorarlberg to Turkey and Greece were more efficiently implemented.

The quality of the service was further enhanced with the expansion of the management systems in Austria, Hungary and Switzerland. The central companies of the business unit are certified to ISO 9001: 2000 levels, and key parts of the company were certified in 2004 to comply with SQAS guidelines as well as to ISO 14001 standards, resulting in comprehensive management systems that meet all the criteria required.

Further development of core competencies In 2004 delacher slightly exceeded its targets. Plans for 2005 include the steady further development of the three core competencies – expanding the local logistics services, developing industry competencies and the "thermal supply chain". The combined solution of road and rail transportation will become increasingly important now that the toll system has been introduced in Germany and charges for highway usage in Austria and Switzerland increased.



Financial Position



Net Sales In fiscal year 2004 the Thiel Logistik Group generated consolidated net sales of 1,730.4 million euros, an increase of 4.0 percent over the figure for the same period in 2003 of 1,663.6 million euros. Adjusted for currency effects sales grew by 4.5 percent. Currency effects in the Thiel Logistik Group occur as a result of its strong presence in Switzerland and in the growth markets of Eastern Europe and Asia. The initial consolidation of the Overbruck Group was carried out in April 2003. In fiscal year 2004 the Overbruck Group was included in the accounts for 12 months, acquisition-related sales growth was 1.7 percent. New customer acquisition and expansion of existing business relationships resulted in organic growth of 2.8 percent.

In fiscal year 2004 a breakdown of the Thiel Logistik Group's regional sales show Germany at 48.6 percent, Austria at 27.6 percent and Switzerland at 4.6 percent. Compared to the year before there was significant total growth in the growth markets of Asia, which had a 5.9 percent share of sales, and Eastern Europe, with a share of 4.1 percent. Other regions generated sales of 9.2 percent.

Regional Sales Split

	in thousand €		Change	Change currency-adjusted
	2004	2003		
Germany	840,527	827,135	1.6 %	1.6 %
Austria	477,470	434,194	10.0 %	10.0 %
Asia	102,871	90,523	13.6 %	23.3 %
Switzerland	79,356	78,047	1.7 %	3.2 %
Eastern Europe	71,668	60,854	17.8 %	18.7 %
Others	158,498	172,845	- 8.3 %	- 9.3 %
Total	1,730,390	1,663,598	4.0 %	4.5 %

Adjusted for currency effects, an analysis of the growth in sales shows the Asian and Eastern Europe regions experiencing the greatest sales growth momentum, at 23.3 percent and 18.7 percent respectively. Sales growth of 10.0 percent was achieved in Austria, adjusted for currency effects.

Result In the 2004 reporting period the Thiel Logistik Group achieved a clear reversal of the trend in the operating performance. The Thiel Logistik Group's gross margin is subject to seasonal fluctuations. The THIEL FashionLifestyle business unit in particular had an effect on the interim development, due to its strong performance in the first and third quarters. There was a gross profit of 129.5 million euros in fiscal year 2004, an increase of 4.6 percent over the previous year's figure of 123.8 million euros. The gross margin last fiscal year came to 7.5 percent (2003: 7.4 percent). Margins increased strongly in the Air & Ocean and Regional Logistics Services segments. One-time expenses in the Industry Solutions business segment reduced the gross margin. Strict cost management resulted in a substantial reduction in operating expenses. Operating expenses came to 104.5 million euros in fiscal year 2004, compared to 116.6 million euros in the same period of the prior year. This figure includes depreciation and amortization of 40.8 million euros (2003: 43.4 million euros). As a result, operating income before special effects increased by 247.0 percent over the year before, up from 7.2 million euros to 25.0 million euros in the 2004 reporting period.

Key figures of the Consolidated Statement of Income

	in thousand €		2004	2003	Change
Net sales			1,730,390	1,663,598	4.0 %
Cost of sales			- 1,600,882	- 1,539,808	4.0 %
Gross profit			129,508	123,790	4.6 %
Operating expenses			- 104,467	- 116,574	- 10.4 %
Operating income before special effects			25,041	7,216	247.0 %
Special effects			- 1,380	- 50,013	- 97.2 %
Operating income			23,661	- 42,797	N/A
Other income (expenses)			8,108	- 7,342	N/A
Earnings before interest and taxes (=EBIT)			31,769	- 50,139	N/A
Net interest			- 16,954	- 15,405	10.1 %
Income taxes			- 2,388	- 7,328	- 67.4 %
Income from continuing operations			12,427	- 72,872	N/A
Income from discontinued operations			- 7,073	- 84,250	- 91.6 %
Minority interests			- 4,309	915	N/A
Net Income (loss)			1,045	- 156,207	N/A
EBITDAR ¹⁾			143,705	109,426	31.3 %
Operating lease expenses			- 69,787	- 66,113	5.6 %
EBITDA ²⁾			73,918	43,313	70.7 %
Depreciation and amortization			- 40,769	- 43,439	- 6.1 %
Gross Margin			7.5 %	7.4 %	0.6 %
EBITDA-Margin			4.3 %	2.6 %	64.1 %
EBITDAR-Margin			8.3 %	6.6 %	26.3 %
EBIT-Margin			1.8 %	N/A	N/A
EBITDA / Net interest			4.4	2.8	55.1 %

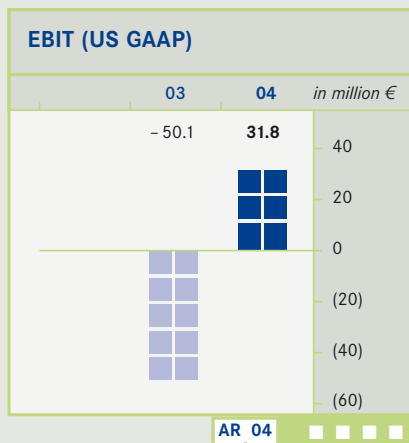
¹⁾ before restructuring and operating lease expenses

²⁾ before restructuring

2003 was a year of restructuring and realignment for the Thiel Logistik Group. Special effects amounting to 50.0 million euros included restructuring costs, impairment of tangible and intangible assets and impairment of goodwill. In fiscal year 2004 special effects resulted from impairment of capitalized customer contracts and long-lived assets amounting to 1.4 million euros. This means the operating income shows a clear reversal of trend, from -42.8 million euros the year before to 23.7 million euros in the current period under review.

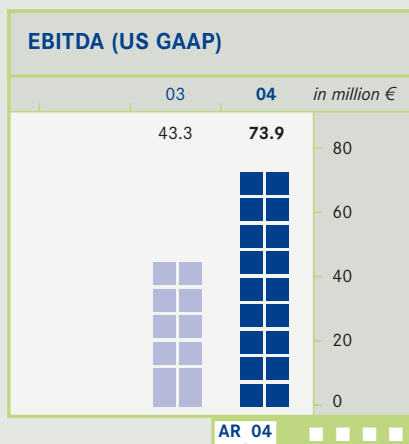
Other income (expense) includes results from investments, securities and other financial instruments. In fiscal year 2004 other income of 8.1 million euros was generated (2003: -7.3 million euros). During the 2004 reporting period, the sale of investments is reflected in other income; in fiscal year 2003 a write-down was made for investments as a result of exiting the general hospital supply business.

This other income (expense) is incorporated into the definition of the EBIT. This reflects the fact that starting with the annual report 2005 it will in future be reported in the statement of income in accordance with IFRS principles. The satisfying operating performance and the income from the sale of investments reversed the EBIT, taking it from -50.1 million euros in 2003 to 31.8 million euros in the reporting period, an EBIT margin of 1.8 percent.



Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) rose from 43.3 million euros in the prior year by 70.7 percent to 73.9 million euros, an EBITDA margin of 4.3 percent. When consolidated earnings are adjusted for the operating lease expenses (EBITDAR), the result is a 31.3 percent improvement in earnings, up from 109.4 million euros in 2003 to 143.7 million euros in fiscal year 2004.

The Group's net interest result was -17.0 million euros, and increased in fiscal year 2004 by 10.1 percent (2003: -15.4 million euros). The successful restructuring of the liabilities side of the balance sheet that resulted from the capital increase in April 2004 and the bond issue in December 2004 led to a one-time interest expense incurred as part of the changeover to long-term borrowings. The ratio of the EBITDA to the net interest increased by 55.1 percent, up from 2.8 in the same period in 2003 to 4.4 in the 2004 reporting period.



The income tax expenses declined by 67.4 percent, from 7.3 million euros in 2003 down to 2.4 million euros in the reporting year. 2003 was affected by valuation allowances for deferred tax assets; in the reporting year tax loss carry-forwards were stated as recoverable as a result of successful business performance and corporate optimization. The effective tax rate in the reporting year was -16.1 percent (2003: 11.2 percent).

Income from discontinued operations decreased in fiscal year 2004 to -7.1 million euros (2003: -84.3 million euros). The group of companies classified as discontinued operations consists of transportation service providers in the Central European region and Asia. In 2004 BTL Logistics AG, Muri, Switzerland, and the information technology sector of the Microlog Group were sold from among the group of discontinued operations.

The minorities' share of 2004 net income was -4.3 million euros (2003: 0.9 million euros). The reversal of trend underway is also evident in the net income. Following a net loss of 156.2 million euros in 2003, net income of 1.0 million euros was generated in 2004.

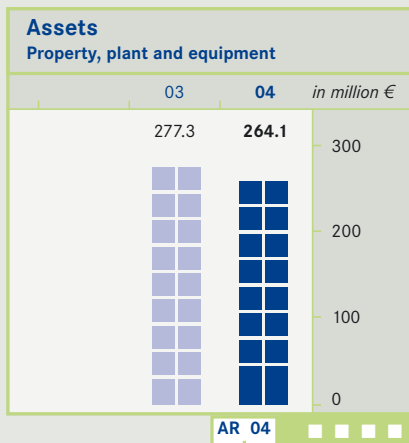
Assets and Equity Structure

	<i>in thousand €</i>	2004	2003	Change
Total Assets:				
Cash and Cash equivalents		87,369	51,012	71.3 %
Trade accounts receivable		205,348	234,613	- 12.5 %
Other short-term assets		35,547	44,528	- 20.2 %
Assets of discontinued operations		11,738	35,213	- 66.7 %
Property, plant and equipment		264,074	277,301	- 4.8 %
Intangible assets		23,632	30,545	- 22.6 %
Goodwill		286,761	287,758	- 0.4 %
Other long-term assets		43,514	37,531	15.9 %
Total Liabilities and Shareholders' Equity				
Short-term bank borrowings		19,834	157,031	- 87.4 %
Trade accounts payable		165,362	154,684	6.9 %
Accrued expenses, other liabilities and deferred income		82,646	109,337	- 24.4 %
Liabilities of discontinued operations		7,957	34,520	- 76.9 %
Other short-term liabilities		21,679	16,936	28.0 %
Long-term bank borrowings		34,789	107,927	- 67.8 %
Bonds payable		130,000	-	N/A
Lease obligations, long-term		46,183	47,031	- 1.8 %
Long-term personnel obligations		38,937	46,759	- 16.7 %
Other long-term liabilities		31,241	42,288	- 26.1 %
Minority interest		4,191	2,235	87.5 %
Shareholders' equity		375,164	279,753	34.1 %
Key figures to Balance Sheet				
Equity ratio		39.2 %	28.0 %	40.0 %
Net financial debt		150,184	267,471	- 43.9 %
Gross financial debt		237,553	318,483	- 25.4 %
Net financial debt / EBITDA		2.0	6.2	- 67.1 %

Compared to the reporting date of December 31, 2003, total assets fell by 4.1 percent to 958.0 million euros (2003: 998.5 million euros). The capital increase in April 2004 had an extending impact on the balance sheet, while the repayment of short-term borrowings and net proceeds from the divestment program had a contracting impact. The local public transport businesses in Ingolstadt and Munich, the BTL Group and the IT sector of Microlog Group were sold in fiscal year 2004.

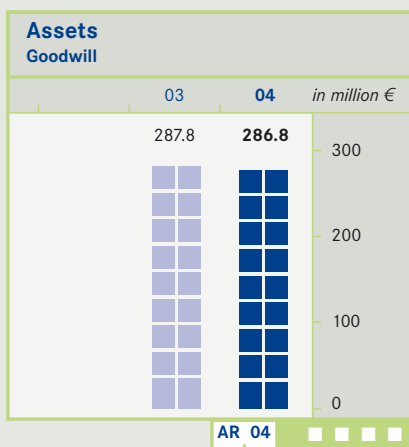
The positive operating performance and the cash flow from the capital increase resulted in an increase in cash and cash equivalents, up from 51.0 million euros at December 31, 2003, to 87.4 million euros at December 31, 2004. The decline of 29.3 million euros in trade accounts receivable, from 234.6 million euros to 205.3 million euros, is the result of focusing heavily on working capital management in fiscal year 2004. At 36 days, the average days sales outstanding was considerably improved (2003: 38 days).

Other short-term assets were down 9.0 million euros, from 44.5 million euros to 35.5 million euros. This resulted from the sale of a property in the Quehenberger lead company, a decline in tax assets and a short-term loan being called in. The sale of the BTL Group, the IT sector of the Microlog Group and payments received from the sale of companies resulted in a decline in the assets of the discontinued operations from 35.2 million euros at December 31, 2003, to 11.7 million euros by the reporting date, a drop of 66.7 percent.



Property, plant and equipment decreased by 4.8 percent to 264.1 million euros (2003: 277.3 million euros). The sale of the assets of lead company Südskraft's local public transport businesses reduced property, plant and equipment by around 10 million euros. Asset additions in the Thiel Logistik Group in fiscal year 2004 came to 29.9 million euros, while asset disposals came to 14.0 million euros and depreciation to 31.2 million euros.

Intangible assets decreased by 6.9 million euros in the reporting period, down from 30.5 million euros to 23.6 million euros. Asset additions came to 4.0 million euros, as against amortization of 9.6 million euros. There were no significant disposals of intangible assets in the reporting period. As there were no new acquisitions in fiscal year 2004, goodwill remained virtually unchanged at 286.8 million euros (2003: 287.8 million euros).



Other long-term assets increased from 37.5 million euros as of December 31, 2003, to 43.5 million euros, an 15.9 percent rise. This balance sheet item also includes costs to be amortized over the term of the bond.

In fiscal year 2004 repayments of short-term bank borrowings led to a substantial improvement in the ratio of short- to long-term bank borrowings. Short-term borrowings fell by 137.2 million euros, from 157.0 million euros down to 19.8 million euros. Trade accounts payable rose in fiscal year 2004 by 10.7 million euros to 165.4 million euros (2003: 154.7 million euros).

Accrued expenses, other liabilities and deferred income decreased in the past 12 months by 26.7 million euros to 82.6 million euros (2003: 109.3 million euros). The final purchase price installments for the Overbruck Group of 20.0 million euros were paid in 2004. The 26.5 million euro decrease in the liabilities of discontinued operations, from 34.5 million euros down to 8.0 million, was due to the sale of BTL Group and the IT sector of the Microlog Group.

Other short-term liabilities increased from 16.9 million euros to 21.7 million euros, a rise of 4.8 million euros. The improvement in the Thiel Logistik Group's results was reflected in an increase in tax provisions.

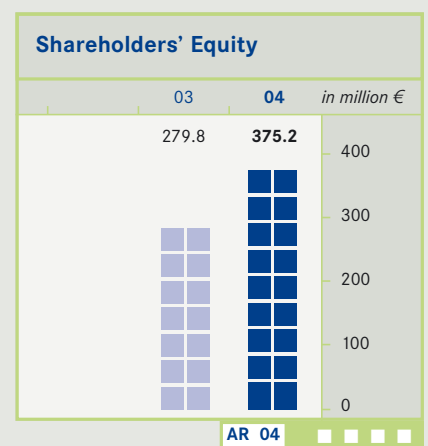
The market for corporate bonds in the second half of 2004 was very strong. In December 2004 the Thiel Logistik Group placed a bond with a volume of 130 million euros in order to refinance existing bank borrowings. The bond has a term of 8 years and a fixed interest rate of 8.0 percent. The rearrangement of external financing resulted in the repayment of 73.1 million euros in long-term bank borrowings, down to 34.8 million euros (2003: 107.9 million euros).

Long-term lease obligations at 46.2 million euros remained constant year-on-year (2003: 47.0 million euros). Long-term personnel obligations declined from 46.8 million euros to 38.9 million euros, a decrease of 16.7 percent. This substantial decrease resulted from the compensation of long-term personnel obligations at the Birkart lead company.

Other long-term liabilities decreased from 42.3 million euros to 31.2 million euros. The decrease in the corporate tax rate in Austria and disposals of long-lived assets reduced deferred tax liabilities.

The income allocation to minority interest increased the minorities' share by 2.0 million euros, from 2.2 million euros to 4.2 million euros.

The issuing of 25,724,997 shares by way of the capital increase raised shareholders' equity by 96.5 million euros. As a whole, shareholders' equity increased to 375.2 million euros (2003: 279.8 million euros), while the equity ratio rose from 28.0 percent to 39.2 percent.



Key figures to balance sheet The development of corporate debt highlights the solid financing structure of the Thiel Logistik Group. Net financial debt (bank borrowings, bonds payable and lease obligations minus cash and cash equivalents) decreased in the 2004 reporting period from 267.5 million euros to 150.2 million euros, a reduction of 117.3 million euros. Gross financial debt (without cash and cash equivalents included) improved by 25.4 percent, from 318.5 million euros to 237.6 million euros.

Net financial debt as a ratio to EBITDA improved from 6.2 in 2003 to 2.0 in fiscal year 2004.

Investments In 2004, 34.0 million euros were invested in the Thiel Logistik Group (2003: 38.5 million euros), 2.0 percent of net sales. Following the high investments in the prior periods, profit-focused investment management trimmed back investment volumes accordingly. Of the total sum invested in the reporting year, 88.1 percent was invested in tangible assets and 11.9 percent in intangible assets.

There was major capital expenditure on the following projects:

- New central warehouse location for THIEL Furniture in Lemgo-Vossheide, Germany, 5.6 million euros were spent on this.
- About 2.5 million euros were invested in expanding a THIEL Furniture warehouse in the Polish town of Ilawa.
- Approximately 2.0 million euros were invested in expanding business relationships with the customer ZF Sachs in the form of a new preparation hall.

Investments by Segment

	<i>in thousand €</i>	2004	2003	<i>Change</i>	<i>Share of total</i>
Industry Solutions		19,408	16,128	20.3 %	57.1 %
Air & Ocean		1,145	1,284	- 10.8 %	3.4 %
Regional Logistics Services		11,400	19,407	- 41.3 %	33.5 %
Holdings		2,031	1,656	22.7 %	6.0 %
Total		33,984	38,476	- 11.7 %	100.0 %

Industry Solutions accounted for a major portion of the investment volume at 57.1 percent, while Air & Ocean accounted for 3.4 percent and Regional Logistics Services for 33.5 percent of the investment volume in 2004. 6.0 percent was invested in holding companies.

Cash flow The cash flow statement shows the sources and uses of funds for the periods 2003 and 2004 compared, and is therefore of key significance in assessing the financial position of the Thiel Logistik Group. Cash funds reviewed in the cash flow statement are equivalent to the balance sheet item "Cash and cash equivalents". Net changes in cash from discontinued operations are represented as a separate line item in the cash flow statement.

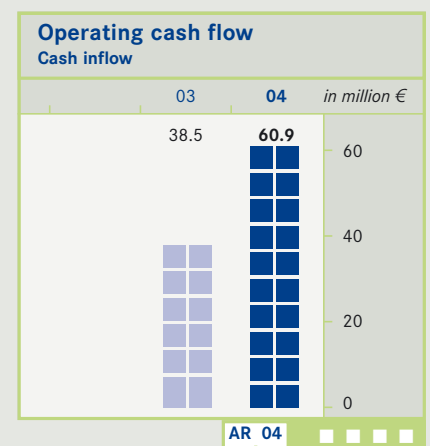
The Group's cash flow statement performed very well in fiscal year 2004. The operating cash flow and the free cash flow exceeded last year's figures.

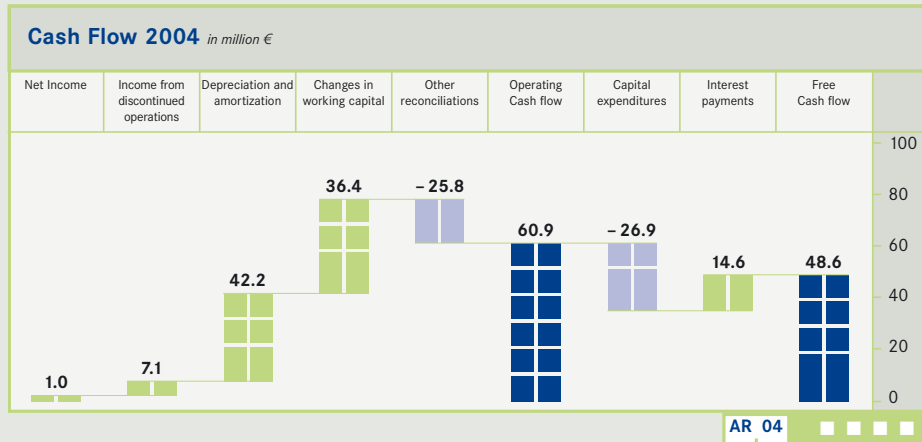
Cash Flow Statement

	<i>in thousand €</i>	2004	2003	<i>Change</i>
Net Income		1,045	- 156,207	N/A
Income from discontinued operations		7,073	84,250	- 91.6 %
Depreciation and amortization		42,206	87,175	- 51.6 %
Changes in working capital		36,369	20,606	76.5 %
Other reconciliations		- 25,828	2,681	N/A
Operating Cash flow		60,865	38,505	58.1 %
Capital expenditures		- 26,878	- 36,825	- 27.0 %
Divestments		32,916	15,862	107.5 %
Acquisitions of subsidiaries		- 20,637	- 92,767	- 77.8 %
Other changes in Cash flow from investing activities		2,294	13,739	- 83.3 %
Cash flow from investing activities		- 12,305	- 99,991	- 87.7 %
Changes in bank borrowings		- 210,007	31,125	N/A
Issuance of corporate bond		126,546	-	N/A
Issuance of common stock		94,910	-	N/A
Other changes in Cash flow from financing activities		- 10,093	- 12,747	- 20.8 %
Cash flow from financing activities		1,356	18,378	- 92.6 %
Net cash used in discontinued operations		- 13,975	- 16,049	- 12.9 %
Effects of exchange rate changes on cash		416	- 1,396	N/A
Changes in Cash and cash equivalents		36,357	- 60,553	N/A
Cash and cash equivalents at end of period		87,369	51,012	71.3 %
Free Cashflow ¹⁾		48,602	16,577	193.2 %

¹⁾ Free Cashflow = Operating Cash flow - Capital expenditures + Interest payments

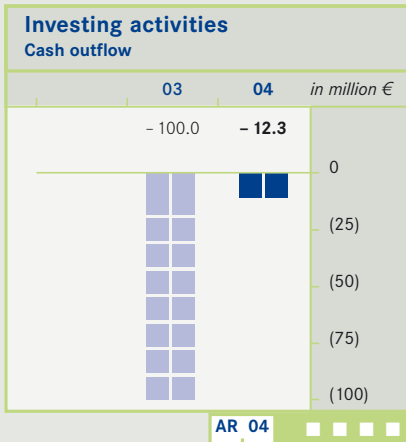
Based on net income of 1.0 million euros (2003: -156.2 million euros), the reconciliation of the operating cash flow shows a result of 7.1 million euros from the reclassification of the discontinued operations (2003: 84.3 million euros), and depreciation and amortization of 42.2 million euros. By way of comparison, at 87.2 million euros the item depreciation and amortization in 2003 was very much the result of the impairment of long-lived assets, goodwill and other investments.



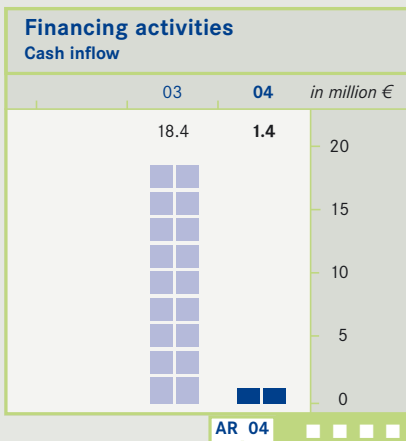


In fiscal year 2004, working capital management generated an operating cash effect of 36.4 million euros (2003: 20.6 million euros). This was achieved especially through improved receivables management. The other reconciliation items, amounting to -25.8 million euros in 2004, include book gains from disposals of long-lived assets, the compensation of long-term personnel obligations in the lead company Birkart and changes in deferred taxes (2003: 2.7 million euros).

The operating cash flow increased by 58.1 percent in fiscal year 2004, from 38.5 million euros to 60.9 million euros. Adjusted for capital expenditures in non-current assets of -26.9 million euros (2003: -36.8 million euros) and interest payments of 14.6 million euros (2003: 14.9 million euros) the free cash flow experienced a very substantial improvement of 193.2 percent, up from 16.6 million euros to 48.6 million euros.



The divestment process resulting from the Thiel Logistik Group's strategic realignment was completed in fiscal year 2004, providing a positive cash effect of 32.9 million euros (2003: 15.9 million euros). This reflects the sale of the local public transport businesses in the lead company Südkraft and the sale of a property belonging to the lead company Quehenberger plus the sale of the share in DPD Austria GmbH. The repayment of the remaining purchase price installments for the Overbruck Group resulted in a cash outflow of 20.0 million euros. In total there was a cash outflow of 20.6 million euros for acquisitions.



Other changes in cash flow from investing activities came to 2.3 million euros in 2004 (2003: 13.7 million euros), and included changes in other granted loans and securities.

The capital increase and the issue of a corporate bond put the financing of the Thiel Logistik Group on a solid footing. The capital increase contributed 94.9 million euros to the Group, while the issue of the corporate bond resulted in a cash inflow of 126.5 million euros. The improvement in the ratio of short- to long-term borrowings that resulted from the change in bank borrowings led to a cash outflow of 210.0 million euros.

The other changes in cash flow from financing activities amounting to -10.1 million euros (2003: -12.7 million euros) included changes to the finance lease obligations.

The line item net cash used in discontinued operations contains all those corporate divisions that were assessed based on US GAAP criteria as operations to be discontinued in the current reporting period. The relevant proceeds from the sale of the corporate divisions in fiscal year 2004 are also included in this line of the cash flow statement. Cash outflows from discontinued operations amounted to 14.0 million euros in the current reporting period compared to 16.0 million euros in the same period in 2003.

Effects of exchange rate changes on cash occur in the Thiel Logistik Group, especially in the currencies Swiss francs, Polish zloty, Hong Kong dollars and Hungarian forints. In 2004 this produced an effect on the cash position of 0.4 million euros (2003: -1.4 million euros).

As of December 31, 2004, the Thiel Logistik Group reported total cash and cash equivalents of 87.4 million euros (2003: 51.0 million euros).

IFRS

As of January 1, 2005, the Thiel Logistik Group will be adopting IFRS (International Financial Reporting Standards) accounting principles. Changing from US GAAP to IFRS accounting principles has no material effect on the financial figures of the Thiel Logistik Group.

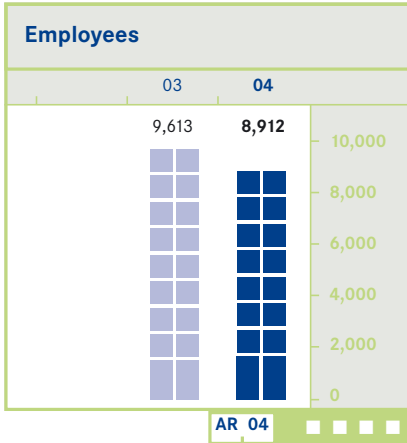
Adoption of IFRS

	<i>in thousand €</i>	IFRS	US GAAP	Change
Earnings before interest and taxes (EBIT)		34,070	31,769	7.2 %
Net interest		- 19,537	- 16,954	15.2 %
Net income		883	1,045	- 15.5 %
Shareholders' Equity		377,842	375,164	0.7%

The EBIT under IFRS rules compared to US GAAP increases by 2.3 million euros to 34.1 million euros (US GAAP: 31.8 million euros). Under IFRS rules, the interest components from long-term personnel obligations will be stated in the net interest result in the Consolidated Financial Statements of the Thiel Logistik Group. In the US GAAP financial statements of the Thiel Logistik Group the interest expense from long-term personnel obligations is a component of the operating expenses. The net income of 0.9 million euros under IFRS rules is practically unchanged compared to the net income of 1.0 million euros using US GAAP.

Using IFRS rules, shareholders' equity increases by 2.6 million euros, from 375.2 million euros to 377.8 million euros. IFRS rules consider minority interests to be a component of shareholders' equity. In the US GAAP financial statements of the Thiel Logistik Group, the minority interests are stated as a separate balance sheet item before shareholders' equity. A detailed overview of IFRS accounting in the Thiel Logistik Group is included in the Notes to the Consolidated Financial Statements under point 39 "First time adoption of International Financial Reporting Standards (IFRS)".

Human Resources



Employees Around 8,900 staff work for our customers and partners at the Thiel Logistik Group in 30 countries on five continents. The success of the Group is based on the sum of all the individual services they provide, the quality of their work and their ability to innovate. Our employees are the engine that drives the company forward and continually optimizes our logistics services.

Fewer employees The Thiel Logistik Group employed 8,912 staff as of December 31, 2004 (full time basis: 8,490 employees). This is a reduction of 701 from the year before, or around seven percent. The reduction in the number of employees is due to the restructuring measures that were introduced in 2003, in particular in the Industry Solutions Automotive, Media and Fashion & Lifestyle, as well as at the Regional Logistics Service Provider Südkraft. On the other hand, numbers increased at Air & Ocean and at the Regional Logistics Service Provider Quehenberger, owing to the company stepping up its commitment in Asia and in Central and Eastern Europe.



Continued optimization of management structures Once all the central functions had been pooled into the holding in Grevenmacher as part of the restructuring of the Thiel Logistik Group in 2003, the task then was to create structures for establishing these central functions. In the process the proviso was that only administrative central functions were to be combined at the headquarters in Grevenmacher, while the operating functions were to remain in the subsidiaries. With these roles in mind, Thiel Logistik AG reassessed staff numbers working in central functions in the holding, resulting in a further reduction of the workforce at the holding in Grevenmacher from 70 to 61 employees. This structure means the holding is now prepared for the challenges of the future.

Developing employees and managers A key element of our Human Resources policy is to provide our employees and managers with regular further training and development, and to retain them in the company for the long-term. For it is particularly the case in logistics that well-trained and flexible employees become increasingly important when the automated processes start to reach the limits of their capabilities. More flexible than any technology, well-trained employees can react to changing customer and market requirements, and continually improve products, processes and procedures. To make sure that our employees and managers continue to be excellently prepared to meet new challenges, Human Resources has the goal and the obligation to carefully align its employee development to the needs of the individual employees.

Competency profile and staff development We are continually working on appointing the best people to positions in the Group, helping employees gain the qualifications that are appropriate and relevant to their work, and efficiently utilizing and networking the huge amounts of knowledge in the Group. A system for analyzing competencies has been developed for designing individual staff development programs. The system helps assess and analyze the skills of the employees. Together with the requirement profiles used in the job evaluation we are then able to provide employees with individual career development programs, identify talents and promote and develop their skills in our business units or within the company as a whole.

The “Young Professionals” work/talent development group At the initiative of the Executive Board, Human Resources at the holding has collaborated with the Human Resource staff in the business units to develop a Group-wide project designed to further the skills of junior managers. Basic requirements for participation in the “Young Professionals” work/talent development group are an age limit of 35 years maximum, successful completion of a graduate studies program or similar, several years’ work experience thereafter and at least one year’s work experience in the Group plus above-average performance in projects within the Group. The in-service program has a duration of approximately 2 years and consists of three modules. The first group of 10 employees from different business units started on the program in fall 2004. Further groups will follow at intervals of approximately 18 months. The selection process will be enhanced by using a development assessment center in the initial stages coupled with an assessment based on a questionnaire to analyze potential.

Q-Academy – management development at Quehenberger Logistik Human Resources development is basically the direct responsibility of the business units, who offer their staff training and seminars in specific technical areas. For example, the Quehenberger business unit developed a comprehensive program during the period under review for developing their managers. The two-year program started in fall 2004, and is based on the value and management principles of the business unit, with every manager and junior manager attending.

Training and development in the Thiel Logistik Group Particularly in times of high youth unemployment, it is vitally important to offer young people qualifications training that will improve their opportunities on the labor market. We believe we have a social responsibility in this respect, and so we have been training young people in the different business units for many years. This is demonstrated in the Thiel Furniture business unit, where in 2004 we created new training places for the first time. As of December 31, 2004, 359 young people were working as job trainees in the Thiel Logistik Group, in occupations ranging from drivers to inventory management and administration specialists through to freight forwarding logistics staff.

Risk Management

Risk management Managing a logistics corporation with global operations demands efficient management structures and effective systems of control. For this reason the Group-wide risk management that the Thiel Logistik Group has had in place since 2003 has voluntarily been subjected to the auditor's examination. The audit concluded that the system is suited to achieving the goals stated in KonTraG (German Control and Transparency of Companies Act).

The existing risk management was further enhanced in 2004 in line with the company's ongoing development in order to continue to ensure the early detection of operational and financial risks whose effects could jeopardize the existence of the Group. The risks that are of major significance for the Thiel Logistik Group are those in particular that are associated with changes in market conditions in the logistics sector.

Risk management system The Thiel Logistik Group's approach to risk management includes reporting three times in the fiscal year. This is supplemented by mandatory direct reporting should sudden risks or unfavorable developments occur. The risk situation is assessed on a regular and standardized basis, and compared with existing guidelines. This enables countermeasures to be taken at the appropriate time. In accordance with the management structure of the Group, the individual subsidiaries report their risks to their respective lead companies. These then examine the risks and forward them to the Group's risk control officer, who studies all the risks and produces a report for the Executive Board. This report contains all the individual risks and risks for the Group that exceed the reporting threshold. The Executive Board takes note of the risk report, approves it for submission to the Board of Directors and decides on a program of action. The risk control officer subsequently draws up the Board of Directors report, taking into account the reporting threshold. In addition to stating the risks, risk reporting also involves assessing the probability of occurrence and the risk potential. It will also detail measures already taken or planned. Moreover, the report will present an overview of expected medium- to long-term developments. To the greatest extent possible, operational risks are identified, evaluated and managed at company level by the risk owner responsible. Where it deems necessary, the Executive Board will intervene in managing the risks. This procedure ensures that risks are carefully managed and the Group-wide risk strategy implemented as a result.

The Thiel Logistik Group's risk strategy Thiel Logistik AG's pan-European and international focus exposes it to a number of risks. These risks are directly associated with actively conducting business. The willingness to take risks is a necessary forerunner to being able to exploit opportunities. The Thiel Logistik Group's risk strategy is consequently directed towards best exploiting existing opportunities, and only taking risks if these may provide the opportunities to produce an appropriate increase in value. However, in order to fundamentally limit the risks, the Group companies only take those risks that can be managed within the Group using recognized methods and procedures.

Political and macro-economic risks Changes in the legal or regulatory requirements are common risks to logistics services providers. The financial impact of the introduction of the toll system in Germany for 2005 and the accompanying changes in the market cannot be fully planned for. Nevertheless, formulating contracts appropriately can enable the greatest amount of planning reliability possible. Business forecasts are naturally also based on assumptions regarding macro-economic factors such as the state of the economy.

The Group is not in a position to fully influence these risks, despite having flexible cost structures. Political developments in individual areas of operation could affect the existing businesses and the business models underlying them. However, from the Group perspective the present risk potential is only of lesser importance.

Risks from the use of land and buildings As a property owner and tenant (lessee) of logistics real estate, some Thiel Logistik Group companies are exposed to risks inherent in the use of land and/or buildings. Because recorded values do not necessarily reflect the underlying assets, changes in use and income potential may require balance sheet adjustments.

Financial risks The corporate bond placed in December enabled existing financing arrangements to be settled, further reducing the risks from financing/financial risks.

Operating business risks There are basic risks that are associated with close collaboration with key account customers in affiliated companies. The loss of individual key account customers could substantially impact the results of the subsidiaries involved. This risk applies especially to companies in the Industry Solutions business segment. As an international logistics concern, Thiel Logistik AG and its subsidiaries are exposed in some instances to currency exchange risks. This is particular the case with operating activities that are not billed in euros. Internal and external audits regularly examine the efficiency of Thiel Logistik AG's business processes and the effectiveness of internal systems of control. The Regional Logistics Services segment in particular is subject to intense competition, which could make it more difficult to achieve targeted operating margins.

Risks arising from divestment policy As part of its restructuring process, the Thiel Logistik Group made various divestments in 2003 and 2004. Risks might arise from possible claims that could be made against sales guarantees given by the particular seller. The terms of the sales involved at times comprehensive, though customary, guarantees being made to the buyer, for instance related to environmental risks.

Control through risk management No risks have been identified in the Thiel Logistik Group during fiscal year 2004 that could be considered either by nature or in scope as a threat to the continued existence of the Thiel Logistik Group in the foreseeable future, nor which could have a lasting, essentially adverse effect on the assets, financial or earnings position of the Thiel Logistik Group. Risk management became established in 2004 as a fixed and integral component in the way the Group is managed and in its business process design. It will continue to be developed to respond to changing requirements to ensure that corporate risks can continue to be identified in a timely manner and effectively handled.

Supplementary Report

Since the start of fiscal year 2005 there have been no material changes in economic conditions and the data forecast, neither in our industry nor in terms of the company situation. Nor are any major changes planned at present in the structure, administration and legal status of the Group, or in human resources. Other events of major significance have not occurred since the close of the fiscal year. Nor has our risk situation changed compared to that of the December 31, 2004, reporting date.

Name



THIEL
Logistics+Services

Industry

L o g i s t i c s

Year

2 0 0 4

Consolidated Financial Statements

CHECKED

The annual financial statements of Thiel Logistik AG are prepared in accordance with the United States Generally Accepted Accounting Principles (US GAAP).

The 2005 annual financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS). The reconciliation from US GAAP to IFRS is described in detail in note 39 “First-Time Adoption of International Financial Reporting Standards (IFRS)”.

Consolidated Statement of Income	81
Consolidated Balance Sheet	82
Consolidated Statement of Cash Flows	84
Consolidated Statement of Changes in Shareholders' Equity	85
Notes to Consolidated Financial Statements	86
Auditors' Opinion	144
Significant Subsidiaries	145
Glossary	146

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■ ■ ■ x	Con. Financial Statements	Thiel Logistik

Consolidated Statement of Income

	<i>in thousand €</i>	2004	2003	<i>Note / Page</i>
Net sales		1,730,390	1,663,598	05/95
Cost of sales		(1,600,882)	(1,539,808)	06/98
Gross profit		129,508	123,790	
Operating expenses				
Selling costs		(33,742)	(33,977)	06/98
General and administrative costs		(88,382)	(90,060)	06/98
Other operating income (expenses), net		17,657	7,463	07/99
Total operating expenses		(104,467)	(116,574)	
Operating income before restructuring and impairment		25,041	7,216	
Restructuring costs		—	(14,008)	08/99
Impairment of long-lived assets		(1,380)	(5,259)	17/106
Impairment of goodwill		—	(30,746)	18/108
Operating income		23,661	(42,797)	
Interest expenses, net		(16,954)	(15,405)	09/101
Other financial income (expenses), net		8,009	(7,700)	09/101
Equity in earnings of associated companies		99	358	09/101
Income (Loss) from continuing operations before income taxes		14,815	(65,544)	
Income taxes		(2,388)	(7,328)	10/102
Income (Loss) from continuing operations		12,427	(72,872)	
Income (Loss) from discontinued operations, net of tax		(7,073)	(84,250)	11/103
Income (Loss) before minority interests		5,354	(157,122)	
Minority interests		(4,309)	915	
Net income (Net loss)		1,045	(156,207)	

Earnings per share – basic and fully diluted	<i>in € / number of shares</i>	2004	2003
Income (loss) from continuing operations		0.12	(0.85)
Income (loss) from discontinued operations, net of tax		(0.07)	(0.98)
Net income (Net loss)		0.01	(1.82)
Weighted average number of shares outstanding – basic and fully diluted		104,235,439	85,749,990

Pro forma EBIT reconciliation	<i>in thousand €</i>	2004	2003
Operating income		23,661	(42,797)
Other financial income (expenses), net		8,009	(7,700)
Equity in earnings of associated companies		99	358
Earnings before interest and taxes (EBIT) ¹⁾		31,769	(50,139)

¹⁾ no defined ratio according to US GAAP

Consolidated Balance Sheet

■ ■ ASSETS	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003	<i>Note/ Page</i>
Current assets				
Cash and cash equivalents		87,369	51,012	12/104
Trading securities		–	402	19/110
Trade accounts receivable		205,348	234,613	13/104
Inventories		7,220	5,509	14/105
Deferred income taxes		2,622	2,638	20/114
Prepaid expenses and other current assets		24,772	31,082	15/105
Assets held for sale		933	4,897	16/105
Assets of discontinued operations		11,738	35,213	27/121
Total current assets		340,002	365,366	
Non-current assets				
Property, plant and equipment		264,074	277,301	17/106
Intangible assets		23,632	30,545	17/106
Goodwill		286,761	287,758	18/108
Investments in associated companies		385	1,315	19/110
Investments in affiliated, not consolidated companies and other investments		3,188	3,495	19/110
Securities, available-for-sale		3,738	3,668	19/110
Securities, held-to-maturity		370	370	19/110
Deferred income taxes		23,379	21,586	20/114
Other assets		12,454	7,097	21/115
Total non-current assets		617,981	633,135	
Total assets		957,983	998,501	

■ ■ LIABILITIES AND SHAREHOLDERS' EQUITY	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003	Note / Page
Current liabilities				
Short-term bank borrowings and current portion of long-term debt		19,834	157,031	22/115
Trade accounts payable		165,362	154,684	24/119
Lease obligations, short-term		6,747	6,494	28/122
Tax provisions		14,513	9,755	25/120
Deferred income taxes		419	687	20/114
Accrued expenses, other liabilities and deferred income		82,646	109,337	26/120
Liabilities of discontinued operations		7,957	34,520	27/121
Total current liabilities		297,478	472,508	
Non-current liabilities				
Long-term bank borrowings		34,789	107,927	22/115
Bonds payable		130,000	-	23/118
Lease obligations, long-term		46,183	47,031	28/122
Retirement and other employee-related obligations		38,937	46,759	29/123
Deferred income taxes		24,718	30,993	20/114
Other non-current liabilities		6,523	11,295	30/127
Total non-current liabilities		281,150	244,005	
Minority interests		4,191	2,235	
Shareholders' equity				
Ordinary shares – voting, no-par value		139,344	107,187	31/127
Additional paid-in capital		323,184	258,806	31/127
Retained earnings and other reserves		(86,560)	(87,605)	31/127
Accumulated other comprehensive income		(804)	1,365	31/127
Shareholders' equity		375,164	279,753	
Total liabilities and shareholders' equity		957,983	998,501	

Consolidated Statement of Cash Flows

<i>in thousand €</i>	2004	2003	<i>Note/Page</i>
			32/128
Cash flows from operating activities			
Net income (loss)	1,045	(156,207)	
Adjustments to reconcile net income (loss) to net cash used in operating activities			
Income (Loss) from discontinued operations	7,073	84,250	
Depreciation and amortization	40,769	43,439	
Impairment of long-lived assets	1,380	5,259	
Impairment of goodwill	–	30,746	
Impairment of other investments	57	7,731	
Non-cash items in connection with disposal of non-current assets	(13,119)	(612)	
Deferred income taxes	(6,672)	470	
Other, net	1,524	1,421	
Changes in operating assets and liabilities			
Decrease (Increase) in trade accounts receivable and other assets	32,955	19,784	
Decrease (Increase) in inventory	(1,710)	127	
Increase (Decrease) in trade accounts payable and other liabilities	5,124	695	
Change in retirement and other employee-related obligations	(7,561)	1,402	
Net cash provided by operating activities	60,865	38,505	
Cash flows from investing activities			
Capital expenditures	(26,878)	(36,825)	
Proceeds from disposal of non-current assets	32,916	15,862	
Purchase of available-for-sale securities	(23)	(21)	
Proceeds from sale of available-for-sale securities	32	44	
Purchase of trading securities	–	(400)	
Proceeds from sale of trading securities	400	1,934	
Change in other loans granted	1,885	12,182	
Payments for acquisitions of subsidiaries, net of cash acquired	(20,637)	(92,767)	
Net cash used in investing activities	(12,305)	(99,991)	
Cash flows from financing activities			
Proceeds from short-term borrowings	–	69,341	
Repayment of short-term borrowings	(136,869)	(20,697)	
Proceeds from long-term borrowings	5,917	6,780	
Repayment of long-term borrowings	(79,055)	(24,299)	
Repayment in finance lease obligations	(6,480)	(10,454)	
Other financing activities	(3,613)	(2,293)	
Proceeds from issuance of corporate bond, net	126,546	–	
Proceeds from issuance of common stock, net	94,910	–	
Net cash provided by financing activities	1,356	18,378	
Net cash used in discontinued operations	(13,975)	(16,049)	
Effects of exchange rate changes on cash	416	(1,396)	
Increase (Decrease) in cash and cash equivalents	36,357	(60,553)	
Cash and cash equivalents at beginning of year	51,012	111,565	
Increase (Decrease)	36,357	(60,553)	
Cash and cash equivalents at end of period	87,369	51,012	

Consolidated Statement of Changes in Shareholders' Equity

<i>in thousand €</i>	Ordinary shares - voting, no-par value	Additional paid-in capital	Retained earnings and other reserves	Accumulated other comprehensive income	Total
December 31, 2002	107,187	258,806	68,602	4,293	438,888
Comprehensive loss					
Net loss			(156,207)		(156,207)
Other comprehensive loss, net of tax					
Unrealized gains and losses on securities available-for-sale				1,143	
Gains on cash flow hedges				57	
Foreign currency translation adjustment				(4,061)	
Minimum pension liability adjustment				(67)	
Other comprehensive loss, net of tax					(2,928)
Total comprehensive loss					(159,135)
December 31, 2003	107,187	258,806	(87,605)	1,365	279,753
Increase in share capital	32,157	64,378			96,535
Comprehensive loss					
Net income			1,045		1,045
Other comprehensive loss, net of tax					
Unrealized gains and losses on securities available-for-sale				83	
Gains on cash flow hedges				619	
Foreign currency translation adjustment				(2,921)	
Minimum pension liability adjustment				50	
Other comprehensive loss, net of tax					(2,169)
Total comprehensive loss					(1,124)
December 31, 2004	139,344	323,184	(86,560)	(804)	375,164

Notes to Consolidated Financial Statements as of Dec. 31, 2004

Basis of Presentation

01. The Company	87
02. Summary of Significant Accounting Policies	87
03. Material Business Combinations	93
04. Reclassifications	94
05. Segment Reporting	95

Notes to the Consolidated Statement of Income

06. Expenses by Nature	98
07. Other Operating Income (Expense), net	99
08. Restructuring Costs	99
09. Financial Result	101
10. Income Taxes	102
11. Income (Loss) from Discontinued Operations	103

Notes to the Consolidated Balance Sheet

12. Cash and Cash Equivalents	104
13. Trade Accounts Receivable	104
14. Inventories	105
15. Other Receivables, Prepaid Expenses and Other Current Assets	105
16. Assets Held for Sale	105
17. Property, Plant and Equipment and Intangible Assets	106
18. Goodwill	108
19. Financial Assets	110
20. Deferred Income Taxes	114
21. Other Assets	115
22. Borrowings, Risk Management and Derivative Instruments	115
23. Bonds Payable	118
24. Trade Accounts Payable	119
25. Tax Provisions	120
26. Accrued Expenses, Other Liabilities and Deferred Income	120
27. Assets and Liabilities of Discontinued Operations	121
28. Obligations under Finance Leases	122
29. Retirement and Other Employee-Related Obligations	123
30. Other Non-Current Liabilities	127
31. Shareholders' Equity	127

Notes to the Consolidated Statement of Cash Flows

32. Supplemental Disclosures of Cash Flow Information	128
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Other Notes

33. Commitments	129
34. Contingent Liabilities and Contingent Assets	130
35. Board of Directors and Executive Board Compensation	131
36. Stock-Based Compensation	132
37. Related Party Transactions	133
38. Subsequent Events	134
39. First-Time Adoption of International Financial Reporting Standards (IFRS)	135
40. Disclosure of Material Differences between US GAAP and Luxembourg GAAP	143

1. The Company

Thiel Logistik AG, Grevenmacher (Luxembourg), functions as an external partner to develop end-to-end logistics and service solutions for industry and commerce. The Group employs 8,912 people in 44 countries. It operates in all the main European markets as well as in the major procurement and sales markets worldwide, with 446 locations on all continents. The core business areas are Industry Solutions, Air & Ocean freight and Regional Logistics Services focusing on Central Europe and Asia. The Industry Solutions comprise the business units automotive, fashion & lifestyle, press and media and furniture. Thiel Logistik Group holds a leading market position in its core businesses. Thiel Logistik AG is listed on the Frankfurt Stock Exchange in the MDAX. The main shareholder is DELTON AG, Bad Homburg, via its hundred per cent subsidiary DELTON Vermögensverwaltungs AG, which owns 50.26 per cent of the share capital.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Consolidated Financial Statements include all accounts of Thiel Logistik AG and all assets, liabilities and results of operations of its subsidiaries, some of which have a minority interest. All significant intercompany accounts and transactions have been eliminated. The Consolidated Financial Statements are presented in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). After December 31, 2004, Thiel Logistik Group will disclose its Consolidated Financial Statements according to the International Financial Reporting Standards (IFRS). Reference is made to note 39, "First-Time Adoption of International Financial Reporting Standards (IFRS)".

Consolidation Methods

The Consolidated Financial Statements include all material companies in which Thiel Logistik AG has legal or effective control. Significant investments in which the Company has 20 per cent to 50 per cent of the voting rights and the ability to exercise significant influence over operating and financial policies ("associated companies") are accounted for using the equity method. All other investments are recorded at acquisition cost.

Scope of Consolidation

In addition to Thiel Logistik AG as the parent company, the scope of fully consolidated companies includes 5 domestic and 144 foreign companies (prior year: 6 domestic and 167 foreign companies).

The consolidated entities have changed as follows:

	Dec. 31, 2003	Additions	Disposals	Dec. 31, 2004
Luxembourg	6	–	1	5
Abroad	167	3	26	144
Total	173	3	27	149

Due to materiality reasons, three former not consolidated companies have been consolidated for the first time in 2004. Twenty-seven companies are no longer included in the Group reporting. Thereof, fourteen companies have been merged with other companies included in the Consolidated Financial Statements, eleven companies have been sold and two companies were dissolved. Eleven companies were accounted for under the equity method. Forty-two subsidiaries (previous year: forty-nine) either dormant or generating a negligible volume of business are not included. Their influence on the Group's assets, liabilities, financial position and earnings is immaterial.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Management believes that estimates are reasonable.

Foreign Currency Translation

The functional currency of the Company's operations is the Euro.

The assets and liabilities of the Group's operations having a functional currency other than the Euro are translated into Euro using the exchange rate in effect at the year end and revenues and expenses are translated at the average rate during the year. Exchange gains or losses on translation of the Company's net equity investment in these operations are deferred as a separate component of shareholders' equity.

Gains and losses arising from transactions denominated in currencies other than the Euro are reflected in the income statement.

The following table shows the development of the exchange rates of the major currencies used in the Consolidated Financial Statements:

Currency	Average rate during		Exchange rate as at	
	2004	2003	December 31, 2004	December 31, 2003
1 EUR =				
Swiss Franc CHF	1.5441	1.5211	1.5440	1.5579
Polish Zloty PLN	4.5339	4.4021	4.0740	4.7019
Hong Kong Dollar HKD	9.6801	8.8259	10.5794	9.8049
Hungarian Forint HUF	251.7791	253.4242	245.6300	262.5000
British Pound GBP	0.6786	0.6925	0.7088	0.7048
US Dollar USD	1.2429	1.1333	1.3604	1.2630

Revenue Recognition

Thiel Logistik Group generates sales from its core business areas Industry Solutions, Air & Ocean and Regional Logistics Services by providing end-to-end logistics and service solutions for industry and commerce. Sales are recognized net of applicable provisions for discounts and allowances, when realized or realizable and earned. This is usually the case when there is clear evidence of an agreement, the risk of ownership has been transferred or the service has been rendered, the price has been agreed upon, and there is adequate assurance that collection will be made.

Exit or Disposal Activities

Thiel Logistik Group adopts SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities". SFAS 146 requires entities to recognize costs associated with exit or disposal activities only when liabilities for these costs are incurred (subsequent to a commitment to an exit plan) rather than at the date of a commitment to an exit or disposal plan.

The provisions of SFAS 146 have been applied to the accounting for restructuring costs. Reference is made to note 8, "Restructuring Costs".

Income Taxes

The Group provides for income taxes using the liability method which requires that deferred tax assets and liabilities be recognized for the expected future tax consequences of temporary differences arising between the bases of assets and liabilities for financial reporting and income tax purposes. Currently enacted tax rates are used to determine deferred income tax. Changes in tax rates which have been substantively enacted at balance sheet date, have been taken into consideration.

Under this method, the Group is required to record deferred income taxes on the revaluation of certain non-current assets and, in relation with an acquisition, on the difference between the fair values of the net assets acquired and their tax base. Valuation allowances on deferred tax assets are provided where management believes it is more likely than not that the Group will not realize such amounts. Reference is made to note 20, "Deferred Income Taxes".

Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks with an original maturity of three months or less.

Inventories

Inventories are stated at the lower of cost or net realizable value, with cost being determined substantially by weighted average method.

Assets Held for Sale and Discontinued Operations

Thiel Logistik Group adopts SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 establishes a single accounting model for the impairment or disposal of long-lived assets, which superseded SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be disposed of", including discontinued operations. Major changes include additional criteria for long-lived assets to qualify as "held for sale" and the requirement that long-lived assets to be disposed of other than by sale (i.e. by way of exchange) be classified as held and used until the disposal transaction occurs. In the fiscal years 2004 and 2003, individual assets were classified as "held for sale" and disclosed in balance sheet line item "Assets Held for Sale". Reference is made to note 16, "Assets Held for Sale".

In the Consolidated Balance Sheets as of December 31, 2004 and 2003, assets and liabilities of businesses to be discontinued have been reclassified as assets and liabilities of discontinued operations. In the Consolidated Statements of Income for the periods ended December 31, 2004 and 2003, profits and losses attributable to businesses to be discontinued have been segregated from continuing operations and reflected as discontinued operations, net of tax. The effect of net cash provided by discontinued operations has been separately disclosed in the Consolidated Statements of Cash Flows for the periods ended December 31, 2004 and 2003. Reference is made to note 11, "Income (Loss) from Discontinued Operations" and to note 27, "Assets and Liabilities of Discontinued Operations".

Property, Plant and Equipment and Intangible Assets

Property, plant and equipment is stated at historical cost less accumulated depreciation. Additions and improvements which add to the life of the related asset or improve its utility to the Group are capitalized, whereas maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method over estimated useful lives ranging from 10 to 50 years for plant and buildings and 5 to 20 years for machinery, fixtures and equipment. Acquired intangible assets are recognized and amortized over their estimated useful lives ranging from 3 to 10 years.

Impairment Evaluation of Long-Lived Assets

Thiel Logistik Group adopts SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses financial accounting and reporting for the impairment and disposal of long-lived assets, and SFAS No.142, "Goodwill and Other Intangible Assets", which addresses financial accounting and reporting for the impairment of intangible assets, including goodwill.

Thiel Logistik Group reviews the carrying value of its long-lived assets, including fixed assets, investments, goodwill, and intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Recoverability of long-lived assets, excluding goodwill, is assessed by a comparison of the carrying amount of the asset (or the group of assets, including the asset in question, that represents the lowest level of separately-identifiable cash flows) to the total estimated undiscounted cash flows expected to be generated by the asset or group. If the estimated future net undiscounted cash flows are less than the carrying amount of the asset or group, the asset or group is considered impaired and expense is recognized equal to the amount required to reduce the carrying amount of the asset to its then fair value. Fair value is determined by discounting the cash flows expected to be generated by the asset, when the quoted market prices are not available for the long-lived assets.

SFAS No. 142 prohibits the amortization of goodwill and assets with an indefinite life. Instead, these will be tested for impairment at least annually and on an interim basis when an event occurs or circumstances change between annual tests that would more-likely-than-not result in impairment. Under SFAS No. 142, goodwill is assessed for impairment by using the fair value based method. Thiel Logistik Group determines fair value by utilizing discounted cash flows. The fair value test required by SFAS No. 142 for goodwill and intangible assets with an indefinite life includes a two-step approach. Under the first step, companies must compare the fair value of a "reporting unit" to its carrying value. A reporting unit is the level at which goodwill impairment is measured and it is defined as an operating segment or one level below it if certain conditions are met. If the fair value of the reporting unit is less than its carrying value, goodwill is impaired and companies must proceed with step two. Under step two, the amount of goodwill impairment is measured by the amount that the reporting unit's goodwill carrying value exceeds the "implied" fair value of goodwill. The implied fair value of goodwill can only be determined by deducting the fair value of all tangible and intangible net assets (including unrecognized intangible assets) of the reporting unit from the total fair value of the reporting unit (as determined in Step 1). In this step, companies must allocate the fair value of the reporting unit to all of the reporting unit's assets and liabilities (a hypothetical purchase price allocation).

SFAS No. 142 requires companies to perform the impairment test at least annually. The regular impairment test is performed by Thiel Logistik Group as of September 30 of each fiscal year. The Group did not recognize any impairment loss as a result of performing the required annual impairment test based on the values as of September 30, 2004. Reference is made to note 18, "Goodwill" and to note 17, "Property, Plant and Equipment and Intangible Assets".

Securities

Debt and equity securities that have readily determinable fair values are classified and accounted for in one of three categories: trading, held-to-maturity or available-for-sale. Trading securities are recorded at fair value with movements in fair value included in net income of the period. Investments in held-to-maturity securities are measured at amortized costs. Available-for-sale securities are recorded at fair value. Movements in fair value are excluded from earnings and recorded net of tax as a component of shareholders' equity. Management determines the appropriate classification of its investments in debt and equity securities at the time of purchase and re-evaluates such classifications at each balance sheet date.

Derivative Financial Instruments

Thiel Logistik Group adopts SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", subsequently amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", which requires that all derivative instruments be reported on the balance sheet at fair values and establishes criteria for designation and effectiveness of hedging relationships.

Derivative products are used for non-trading purposes including the management of foreign currency exposure and interest rate positions. Hedges of fair value exposure are entered into in order to hedge the fair value of a recognized asset or liability or a firm commitment. The Group enters into hedges of cash flow exposure in order to hedge the variability of cash flows to be paid related to a recognized interest-bearing liability. Changes in derivative fair values that are designated as fair value hedges are recognized in earnings as offsets to the change in fair value of related hedged assets, liabilities and firm commitments. Changes in the derivative fair values that are designated as cash flow hedges are deferred and recorded as a component of accumulated other comprehensive income until the hedged transactions occur and are recognized in earnings. Derivatives that are entered into for risk management purposes, but not designated as hedges under SFAS 133 and SFAS 138, are recorded at their market values with changes in fair values recognized in current earnings. Reference is made to note 22, "Borrowings, Risk Management and Derivative Financial Instruments".

Leasing

The Group leases certain fixed assets. All leases that meet certain specified criteria representing situations where the substantial risks and rewards of ownership have been transferred to the Group are accounted for as capital leases. Capital leases are recorded at the lower of the fair market value of the leased asset or the net present value of the future rental payments at the inception of the lease. Capitalized lease assets and related leasehold improvements, if any, are amortized over the economic life of the asset or its lease term, as the case may be. All other leases are accounted for as operating leases. Reference is made to note 28, "Obligations under Finance Leases" and to note 33, "Commitments".

Retirement and Other Employee-Related Obligations

Provisions for retirement and other employee-related obligations are accounted for using the projected unit credit method considering the market interest rate and future rates of compensation increase and pension progression in accordance with SFAS No. 87 "Employers' Accounting for Pensions" and SFAS No. 88 "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits". Reference is made to note 29, "Retirement and Other Employee-Related Obligations".

Stock-Based Compensation

The Group accounts for employee stock options in accordance with Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees" and, accordingly, does not recognize compensation expense for its stock-based compensations to employees in the Consolidated Financial Statements as stock options were granted at exercise prices exceeding the respective share prices at the day of grant. Reference is made to note 36, "Stock-Based Compensation".

Earnings per Share (EPS)

Basic and diluted earnings per share (EPS) are based on the weighted average number of registered shares outstanding.

3. Material Business Combinations

The Thiel Logistik Group made no acquisitions in 2004. In fiscal year 2003, Thiel Logistik AG acquired 100 per cent of Overbruck, Hamburg, the German market leader in the field of press logistics with complementary activities in the Air & Ocean business. Overbruck is responsible for the business unit Thiel Media in the business segment Industry Solutions. Of the total consideration given for the acquisition of Overbruck amounting to TEUR 83,456 an amount of TEUR 10,682 was allocated to customer contracts due to long-term service contracts. As of the acquisition date, goodwill amounted to TEUR 50,360, thereof TEUR 39,504 was assigned to the reportable segment Industry Solutions and an amount of TEUR 10,856 was allocated to the reportable segment Air & Ocean.

In 2003, Thiel Logistik Group increased its stake in the share capital of Microlog Logistics AG with a purchase price of TEUR 31,023 from 67.84 per cent as of December 31, 2002 to 97.23 per cent as of December 31, 2003. Due to the allocation of long-term service contracts to customer contracts of TEUR 13,491, the increase in the stake of Microlog increased the goodwill in Thiel Logistik Group by TEUR 28,710. Thereof an amount of TEUR 20,112 was allocated to the reportable segment Industry Solutions, and an amount of TEUR 8,598 was allocated to the reportable segment Regional Logistics Services. Microlog Logistics AG is the lead company for the business unit Thiel Automotive.

All acquisitions have been accounted for as purchase transactions and accordingly, have been consolidated from the date of acquisition. The Consolidated Financial Statements as of December 31, 2003, include the results of operations of Overbruck for the period April 1, 2003, through December 31, 2003.

The acquisitions completed in the fiscal year 2003 increased the total assets of Thiel Logistik Group as of December 31, 2003 by TEUR 68,825.

Pro forma Disclosure

Under the assumption that all material business acquisitions completed during fiscal year 2003, had occurred on January 1, 2003, the Group's pro forma consolidated sales would have been TEUR 1,702,215 for fiscal year ended December 31, 2003. Pro forma consolidated operating loss would have been TEUR (42,126) for fiscal year ended December 31, 2003. Pro forma consolidated net loss of the Group would have amounted to TEUR (155,076) for fiscal year ended December 31, 2003.

Pro forma basic and diluted loss per share for fiscal year ended December 31, 2003 would have amounted to EUR (1.81).

4. Reclassifications

The accounting of a few more smaller companies as discontinued operations in 2004 resulted in reclassifications in the Consolidated Statement of Income for the period ending December 31, 2003, as well as in the Consolidated Statement of Cash Flows and the Consolidated Balance Sheet as of December 31, 2003. Reference is made to note 11, "Income (Loss) from Discontinued Operations", and 27, "Assets and Liabilities of Discontinued Operations".

■ ■	2003	Discontinued	2003
<i>in thousand €</i>	as reported	operations	reclassified
Consolidated Statement of Income			
Net sales	1,699,861	(36,263)	1,663,598
Operating income	(53,858)	11,061	(42,797)
Net loss	(156,207)	–	(156,207)
Consolidated Balance Sheet			
Total balance sheet	998,501	–	998,501
Consolidated Statement of Cash Flows			
Net cash provided by operating activities	40,793	(2,288)	38,505

5. Segment Reporting

Segmentation

The segment reporting structure of Thiel Logistik Group comprises:

Industry Solutions

Thiel Logistik Group provides logistics services for specific industry sectors in which it has developed particular specialist knowledge and expertise. In this business segment, Thiel Logistik Group offers comprehensive logistics services in particular to the automotive, fashion, media and furniture industries. The lead companies for this business segment are: Microlog Logistics AG (“Microlog”) for THIEL Automotive, Birkart Globistics GmbH & Co. Logistik und Service KG (“Birkart Globistics”) for THIEL FashionLifestyle, Overbruck Spedition GmbH (“Overbruck”) for THIEL Media and LOG Beteiligungs GmbH (“LOG”) for THIEL Furniture. In addition, THIEL FreshNet is Thiel Logistik Group’s potential business unit within this segment.

Air & Ocean

In this business segment, Thiel Logistik Group bundles its air and sea transport activities. Services in this business segment are aimed at complementing Thiel Logistik Group’s regional transport networks as well as services offered in Industry Solutions and Regional Logistics Services. Through its business segment Air & Ocean, Thiel Logistik Group is active in the area of intercontinental logistics services, specializing in air and sea transport services but also offering contract logistics services. Thiel Logistik Group’s lead company in this business segment and the lead coordinator for non-European activities is Birkart Globistics.

Regional Logistics Services

Thiel Logistik Group’s subsidiaries bundled in this business segment provide logistics services on a regional basis. Logistics services offered range from transport services to complex contract logistics, including supply chain management focusing on central and eastern Europe. Thiel Logistik Group’s designated lead companies in this business segment are: delacher Logistics AG & Co. KG for delacher, Quehenberger Logistik AG & Co. KG for Quehenberger and SÜDKRAFT Süddeutsche Kraftwagen-Speditions-GmbH for Südkraft. They have local roots and traditional client relationships in their respective regions making them particularly sensitive to their customers’ needs.

Segment Information

Management evaluates individual segment performance based on segment results before amortization of customer contracts, restructuring and impairment charges, interest and other financial income (expense), and income taxes. Segment assets are composed of total assets excluding long-term investments. Intersegment transactions are measured at arm’s length.

The table below sets forth segment information for the fiscal years ended December 31, 2004 and 2003:

	Industry Solutions	Air & Ocean	Regional Logistics Services	Total reportable segments
2004	<i>in thousand €</i>			
External segment sales	608,941	300,577	819,801	1,729,319
Intersegment sales	14,586	5,639	7,109	27,334
Total segment sales	623,527	306,216	826,910	1,756,653
Segment result	10,714	7,284	21,017	39,015
Depreciation and amortization charges	(14,825)	(1,444)	(17,651)	(33,920)
Additions to long-lived assets	19,408	1,145	11,400	31,953
Segment assets	406,826	111,463	461,323	979,612

	Industry Solutions	Air & Ocean	Regional Logistics Services	Total reportable segments
2003	<i>in thousand €</i>			
External segment sales	622,555	281,071	758,586	1,662,212
Intersegment sales	17,683	13,682	12,716	44,081
Total segment sales	640,238	294,753	771,302	1,706,293
Segment result	15,512	(979)	16,255	30,788
Depreciation and amortization charges	(14,842)	(1,959)	(19,948)	(36,749)
Additions to long-lived assets	16,128	1,284	19,407	36,819
Segment assets	409,530	108,726	473,732	991,988

Additions to long-lived assets comprise additions to property, plant and equipment and intangible assets excluding goodwill and include amounts capitalized due to lease contracts classified as capital leases.

The reconciliation from total external segment sales to consolidated net sales for the years ended December 31, 2004 and 2003 is as follows:

	<i>in thousand €</i>	2004	2003
Total external segment sales		1,729,319	1,662,212
+ Other corporate revenues		1,071	1,386
Consolidated net sales		1,730,390	1,663,598

The reconciliation from total reportable segment results to income from continuing operations before income taxes for the years ended December 31, 2004 and 2003 is as follows:

■ ■	<i>in thousand €</i>	2004	2003
Total reportable segment results		39,015	30,788
- Amortization of capitalized customer contracts		(4,353)	(4,062)
- Depreciation and amortization of unallocated long-lived assets		(2,496)	(2,628)
- General corporate result before depreciation and amortization		(7,125)	(16,882)
Operating income (loss) before restructuring and impairment		25,041	7,216
- Restructuring costs		-	(14,008)
- Impairment of long-lived assets		(1,380)	(5,259)
- Impairment of goodwill		-	(30,746)
Operating income (loss)		23,661	(42,797)
- Financial result		(8,846)	(22,747)
Income (loss) from continuing operations before income taxes		14,815	(65,544)

The item "General corporate result before depreciation and amortization" comprises general corporate expenses of holding companies not directly attributable to the individual segments.

As of fiscal year 2004, general corporate expenses have been allocated to the Group's lead companies according to the input involved. As of December 31, 2004 these allocated general corporate expenses amounted to TEUR 7,094. Thereof, TEUR 2,498 have been allocated to the business segment Industry Solutions, TEUR 1,219 to the business segment Air & Ocean and TEUR 3,377 to the business segment Regional Logistics Services.

The item "Financial result" comprises income statement line items "Interest income (expenses), net", "Other financial income (expenses), net" and "Equity in earnings of associated companies".

The reconciliation from total segment assets to total consolidated assets for the years ended December 31, 2004 and 2003 is as follows:

■ ■	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Total reportable segment assets		979,612	991,988
+ Unallocated amounts		185,548	181,119
- Intersegment eliminations		(207,177)	(174,606)
Total consolidated assets		957,983	998,501

The item "Unallocated amounts" comprises investments, total assets of discontinued operations as well as assets of holding companies not directly attributable to segments.

Geographic information

The table below summarizes geographic information on net sales from external customers for the years ended December 31, 2004 and 2003:

■ ■	<i>in thousand €</i>	2004	2003
Germany		840,527	827,135
Austria		477,470	434,194
Asia		102,871	90,523
Switzerland		79,356	78,047
Eastern Europe		71,668	60,854
All other countries		158,498	172,845
Total		1,730,390	1,663,598

The table below sets forth geographic information on long-lived assets as of December 31, 2004 and 2003:

■ ■	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Germany		144,413	162,946
Austria		65,205	68,427
Asia		2,141	2,384
Switzerland		28,866	29,982
Eastern Europe		24,910	13,354
All other countries		22,171	30,753
Total		287,706	307,846

Long-lived assets comprise property, plant and equipment as well as intangible assets excluding goodwill.

Other Information

Revenues from major customers account for less than 5 per cent of consolidated net sales per customer.

6. Expenses by Nature

■ ■	<i>in thousand €</i>	2004	2003
Purchased services		1,076,206	1,006,557
Materials and supplies		44,814	63,657
Personnel expenses		358,270	371,176
Operating lease (incl. rental expenses)		69,787	66,113
Depreciation and amortization charges		40,769	43,439
Other expenses		133,160	112,903
Total cost of sales, selling and general and administrative expenses		1,723,006	1,663,845

The purchased services include shipping and handling services acquired from third parties.

7. Other Operating Income (Expenses), net

<i>in thousand €</i>	2004	2003
Gain from disposal of long-lived assets	7,238	2,390
Foreign exchange gain	6,535	7,673
Insurance revenue	2,184	1,639
Income from reversal of provisions	6,870	2,419
Miscellaneous operating income	3,416	4,524
Other operating income	26,243	18,645

<i>in thousand €</i>	2004	2003
Foreign exchange loss	(5,196)	(8,416)
Miscellaneous operating expenses	(3,390)	(2,766)
Other operating expenses	(8,586)	(11,182)
Total other operating income (expenses), net	17,657	7,463

The gain from disposal of long-lived assets includes the sale of the long-lived assets of the public transport businesses (ÖPNV) in Ingolstadt and Munich as well as the sale of property of a Hungarian company of the business unit Quehenberger. The transaction costs for the sale of the ÖPNV are included in "General and administrative costs". Income from reversal of provisions includes the reversal of a provision for under-utilization due to an improved utilization of a building as well as the compensation of pension obligations in the lead company Birkart KG.

8. Restructuring Costs

Restructuring Based on Strategic Reorientation

In fiscal year 2003, the Group's focus has been on strategic reorientation. The new management's review of the situation in spring 2003 suggested comprehensive operative and strategic call for action. The Group's reorientation was associated with reorganization and restructuring.

In order to improve the transparency of its operating results, Thiel Logistik Group had decided to choose another format for the presentation of its Consolidated Statement of Income. All one-time expenses of the respective period not attributable to operating activities have been disclosed under the income statement line item "Restructuring costs".

In 2003, restructuring costs mainly comprised severance payments to employees in the amount of TEUR 5,026, consulting fees regarding the elaboration and implementation of the new corporate strategy in the amount of TEUR 3,825, losses incurred from disposals of long-lived assets related to divesture programs in the amount of TEUR 723 as well as other expenses incurred in the course of the restructuring of the operations of Thiel Logistik Group in the amount of TEUR 4,434.

In fiscal year 2003, restructuring costs amounting to TEUR 3,679 were attributable to the segment Industry Solutions, TEUR 2,914 related to the segment Air & Ocean and TEUR 472 were attributable to the segment Regional Logistics Services. Restructuring costs of holding companies for the year ended December 31, 2003, amounted to TEUR 6,943.

An amount of TEUR 7,876 out of total restructuring costs of TEUR 14,008 has been paid within the fiscal year ending December 31, 2003. The non-cash portion of restructuring costs amounted to TEUR 3,405. In fiscal year 2004, an amount of TEUR 1,804 of the restructuring costs incurred in fiscal year 2003 has been paid. As of December 31, 2004, the unpaid balance of the restructuring costs incurred in fiscal year 2003 amounted to TEUR 923 and will be paid within fiscal year 2005.

The restructuring process of Thiel Logistik Group was completed in the fiscal year 2003, therefore no restructuring costs were recorded in fiscal year 2004.

Restructuring Related to Business Combinations

On acquiring Overbruck, management of Thiel Logistik Group decided to consolidate the air and sea activities of Overbruck with the activities of Thiel's business segment Air & Ocean managed by Birkart. Restructuring activities involved the closure of various sites, relocation of staff and the involuntary termination of employees. As a result, the associated relocation and involuntary termination benefit costs amounted to TEUR 954 and were charged to a restructuring reserve as of the acquisition date. The provision for restructuring charges amounted to TEUR 954 as of December 31, 2003. One-time termination benefits have been provided for with an amount of TEUR 380. Provided costs for the closure of sites related to lease contract termination costs amounted to TEUR 574 and will be incurred and paid until end of fiscal year 2006. As of December 31, 2004, the carrying amount of the restructuring reserve amounted to TEUR 226. Actual termination benefits and lease contract termination costs paid and charged against the provision in fiscal year 2004 amounted to TEUR 728.

As of the acquisition date of Birkart, involuntary termination benefit costs for 90 employees to be laid off in Germany were charged to a restructuring reserve. As of December 31, 2002, the carrying amount of the restructuring reserve amounted to TEUR 2,148. Actual termination benefits paid and charged against the provision in fiscal year 2003 amounted to TEUR 1,960. The remaining amount of TEUR 188 has been reversed and included in the determination of net income for the period ended December 31, 2003.

In connection with the takeover of Microlog, management of Thiel Logistik AG decided to restructure the "Information and Technology" business of Microlog and to terminate some employees. As a result, a provision for restructuring charges amounting to TEUR 5,400 was recognized in the financial statements as of acquisition date. In fiscal year 2003, an amount of TEUR 2,216 was offset against this provision, and in fiscal year 2004, an amount of TEUR 1,349 was offset against this provision. The remaining book value of this provision of TEUR 1,835 and the related deferred tax effect of TEUR 738 were charged against goodwill in accordance with US GAAP pronouncement "EITF 95-3 - Recognition of Liabilities in Connection with a Purchase Business Combination". This resulted in a goodwill reduction of TEUR 1,097 in fiscal year 2004. Reference is made to note 18, "Goodwill".

9. Financial Result

Interest income (expenses)

<i>in thousand €</i>	2004	2003
Interest income from bank accounts	955	1,495
Interest income from associated companies	12	62
Interest income from affiliated, not consolidated companies	66	93
Other interest income from third parties	727	1,036
Interest income	1,760	2,686
Interest and similar expenses from banks	(11,509)	(10,951)
Interest expenses from associated companies	(14)	(11)
Interest and similar expenses from third parties	(7,191)	(7,129)
<i>thereof interest on bonds payable</i>	<i>(552)</i>	–
<i>thereof interest expenses from finance leases</i>	<i>(2,605)</i>	<i>(2,683)</i>
<i>thereof early termination fee for long-term debt</i>	<i>(1,919)</i>	–
Interest expenses	(18,714)	(18,091)

Other financial income (expenses)

<i>in thousand €</i>	2004	2003
Dividend income from other investments	952	731
Gain from disposal of other investments	7,510	152
Others	42	73
Other financial income	8,504	956
Impairment losses of granted loans	(374)	(516)
Loss on sale of other investments	(15)	(499)
Others	(106)	(7,641)
Other financial expenses	(495)	(8,656)

<i>in thousand €</i>	2004	2003
Interest income (expenses), net	(16,954)	(15,405)
Other financial income (expenses), net	8,009	(7,700)
Equity in earnings of associated companies	99	358
Total financial result	(8,846)	(22,747)

The gain from disposal of other investments comprise the sale of the stake of DPD Austria GmbH, the sale of the Ingolstädter Verkehrsgesellschaft mbH INVG as part of the sale of the public transport businesses (ÖPNV) in Ingolstadt and Munich and the sale of Zweckstätten und KVB GbR. Reference is made to note 19, “Financial Assets”.

The issuance of the bond in December 2004 and the resulting restructuring of long-term borrowings caused a one-time charge of early termination fee in the amount of TEUR 1,919. Reference is made to note 23, “Bonds Payable – 8 per cent Senior Subordinated Notes due 2012”.

In fiscal year 2003, the item “Others” of “Other financial expenses” included impairment losses on investments in associated companies and other investments.

10. Income Taxes

Taxes on income in the Thiel Logistik Group can be analyzed as follows:

■ ■	<i>in thousand €</i>	2004	2003
Current income taxes		(10,658)	(8,794)
Deferred income taxes		12,820	20,212
Change in valuation allowance		(4,550)	(18,746)
Total income taxes		(2,388)	(7,328)

Reconciliation of expected income tax expenses to income tax expenses recognized:

■ ■	<i>in thousand €</i>	2004	2003
Income from continuing operations before income taxes		14,815	(65,544)
Expected income tax benefit (expenses) (tax rate 30.38 %; previous year: 31.88 %)		(4,501)	20,895
Foreign tax rate differential		680	(510)
Income not subject to tax		3,014	–
Expenses not deductible for tax purposes		(3,396)	(2,591)
Tax income and expenses relating to prior periods		(961)	915
Non-tax-deductible impairment of goodwill		–	(9,802)
Change in valuation allowance		(4,550)	(18,746)
Other taxation effects		7,326	2,511
Total income tax expenses recognized		(2,388)	(7,328)
Effective tax rate (%)		(16.1)	11.2

Income not subject to tax in 2004 includes mainly gains on disposal of investments, distribution of profit and dividend income. Other taxation effects include the result of the substantively enacted change of tax rate from 34 per cent to 25 per cent in Austria in the amount of TEUR 447.

11. Income (Loss) from Discontinued Operations

In the course of the reorientation of Thiel Logistik Group, management of Thiel Logistik AG has decided to dispose of a number of businesses not deemed relevant in the pursuit of the corporate strategy. Businesses classified as discontinued operations as of December 31, 2004, concern small and medium sized service providers in the logistics sector within Central Europe and Asia.

The healthcare business, the shareholdings in diagnosis-software specialist Dorner and Thiel Technical Logistics and Services GmbH have been sold in fiscal year ended December 31, 2003. Effective January 1, 2004, the Group's subsidiary BTL Logistics AG, Muri, Switzerland has been sold to Swiss Post. The IT-business of Microlog has been sold as of June 30, 2004. All other discontinued operations are expected to be disposed of or closed within the next twelve months.

The position "Income (Loss) from discontinued operations, net of tax" in the Consolidated Statement of Income included the following:

■ ■	<i>in thousand €</i>	2004	2003
Net sales		27,909	128,377
Cost of sales		(34,394)	(144,566)
Selling costs		(820)	(10,330)
General and administrative costs		(1,744)	(18,327)
Other operating income (expenses), net		3,128	(34,190)
Financial result		(1,517)	(1,856)
Income (Loss) from discontinued operations, before taxes		(7,438)	(80,892)
Tax effect		365	(3,358)
Income (Loss) from discontinued operations, net of tax		(7,073)	(84,250)

Other income (expenses) includes impairment losses of goodwill for the amount of TEUR 972 in 2004 (TEUR 21,333 in 2003) and impairment losses of fixed assets amounting to TEUR 807 in 2004 (TEUR 14,844 in 2003). The result from disposal of discontinued operations amounted to TEUR 1,431 for the year ended December 31, 2004 and TEUR (1,111) for the year ended December 31, 2003.

12. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, cash in hand and short-term bank deposits with a maturity of three months or less.

■ ■	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Cash at bank and on hand		83,751	49,601
Cash equivalents		3,618	1,411
Total cash and cash equivalents		87,369	51,012

The effective interest rate on cash and cash equivalents was 1.32 per cent (2003: 1.11 per cent). Cash and cash equivalents comprise restricted cash of TEUR 1,703 (2003: TEUR 4,344), of which TEUR 1,471 (2003: TEUR 4,059) were pledged for obligations with credit institutions and TEUR 232 (2003: TEUR 285) were restricted due to other contractual obligations.

13. Trade Accounts Receivable

■ ■	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Trade accounts receivable due from:			
third parties		210,775	243,535
associated companies		248	1,252
affiliated companies, not consolidated		1,885	162
Trade accounts receivable		212,908	244,949
Allowance for doubtful accounts		(7,560)	(10,336)
Trade accounts receivable, net		205,348	234,613

The book values of the trade receivables correspond to their fair values. In 2004, the Group has recognized valuation allowances of TEUR 1,765 (2003: TEUR 4,788) for its trade receivables which have been included in the income statement line item "Selling costs". Receivables of TEUR 2,741 (2003: TEUR 16,614) have been pledged for bank borrowings.

14. Inventories

	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Raw materials and supplies		2,211	1,990
Merchandise		4,093	3,516
Work in progress		916	3
Total inventories		7,220	5,509

Raw materials and supplies mainly include fuel, vehicle spare parts and tires. Merchandise mostly comprise consumables of a major customer, which are held in the property of the Thiel Logistik Group according to contractual regulations. No inventories have been pledged.

15. Other Receivables, Prepaid Expenses and Other Current Assets

	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Granted loans due from:			
third parties		737	2,745
affiliated companies, not consolidated		674	2,099
Value added tax		8,173	10,552
Other tax receivables		3,376	4,222
Tax prepayments		5,686	4,511
Other prepaid expenses and current assets		6,126	6,953
Total prepaid expenses and other current assets		24,772	31,082

16. Assets Held for Sale

As of December 31, 2004, assets classified as held for sale in the amount of TEUR 933 (2003: TEUR 4,897) comprise land belonging to the business unit delacher in Switzerland which is no longer used in operations and will therefore be disposed of. The disposal is expected to be concluded in fiscal year 2005. The sale of land belonging to a Hungarian company of the business unit Quehenberger resulted in a decrease in this position in fiscal year 2004.

For disclosure of assets of discontinued operations reference is made to Note 27, "Assets and Liabilities of Discontinued Operations".

17. Property, Plant and Equipment and Intangible Assets

	Acquisition cost						Dec. 31, 2004
	Jan. 1, 2004	Changes in scope of consolidation	Additions	Transfers	Disposals	Currency adjustment	
<i>in thousand €</i>							
Land and buildings	240,782	—	8,502	(1,249)	(7,898)	942	241,079
<i>thereof Finance lease</i>	46,736	—	711	12,629	—	217	60,293
Machinery and equipment	50,654	199	1,913	3,408	(1,119)	357	55,412
<i>thereof Finance lease</i>	5,815	—	612	5,343	(239)	37	11,568
Tools, fixtures, furniture, office equipment	83,316	58	7,829	(656)	(7,246)	79	83,380
<i>thereof Finance lease</i>	1,427	—	390	794	(245)	7	2,373
Fleet of cars	113,754	46	6,589	1,067	(37,898)	2,186	85,744
<i>thereof Finance lease</i>	19,787	884	4,186	(1,708)	(1,563)	1,930	23,516
Construction in progress	794	1	5,093	(2,652)	(30)	199	3,405
Property, Plant and Equipment	489,300	304	29,926	(82)	(54,191)	3,763	469,020
<i>thereof Finance lease</i>	73,765	884	5,899	17,058	(2,047)	2,191	97,750
Concessions, licenses, copyrights	3,660	—	769	(764)	(218)	22	3,469
Customer contracts	24,173	—	—	—	—	—	24,173
Software	27,908	20	3,289	846	(1,503)	50	30,610
<i>thereof Finance lease</i>	27	—	—	386	(386)	2	29
Intangible Assets	55,741	20	4,058	82	(1,721)	72	58,252
<i>thereof Finance lease</i>	27	—	—	386	(386)	2	29

Property, Plant and Equipment

Depreciation expense of TEUR 27,096 (2003: TEUR 30,555) has been charged to “Cost of sales”, TEUR 605 (2003: TEUR 675) to “Selling costs” and TEUR 3,450 (2003: TEUR 3,160) to “General and administrative costs”. In 2004, an amount of TEUR 216 (2003: TEUR 2,177) was written-off due to impairment. In fiscal year 2004, the impairment of property, plant and equipment relates to the business segment Industry Solutions in the amount of TEUR 152 and to the business segment Regional Logistics Services in the amount of TEUR 64.

Bank borrowings are secured by mortgages in the amount of TEUR 45,715 (2003: TEUR 56,701). Other fixed assets with a carrying amount of TEUR 4,046 (2003: TEUR 5,974) have been pledged for further bank borrowings.

	Accumulated amortization / depreciation						Net book value		
	Jan. 1, 2004 ¹⁾	Changes in scope of consolidation	Current year ¹⁾	Transfers	Disposals	Currency adjustment	Dec. 31, 2004 ¹⁾	Dec. 31, 2004	Dec. 31, 2003
	55,439	—	6,912	920	(2,585)	59	60,745	180,334	185,343
	8,456	—	2,087	1,888	—	15	12,446	47,847	38,280
	25,584	85	4,101	(894)	(934)	187	28,129	27,283	25,070
	1,183	—	1,226	506	(193)	8	2,730	8,838	4,632
	55,679	81	9,921	(340)	(6,155)	50	59,236	24,144	27,637
	672	—	304	224	(131)	4	1,073	1,300	755
	75,104	451	10,406	314	(30,457)	828	56,646	29,098	38,650
	8,907	535	3,402	(1,628)	(1,196)	709	10,729	12,787	10,880
	193	—	27	—	(30)	—	190	3,215	601
	211,999	617	31,367	—	(40,161)	1,124	204,946	264,074	277,301
	19,218	535	7,019	990	(1,520)	736	26,978	70,772	54,547
	1,512	—	527	(416)	(193)	21	1,451	2,018	2,148
	4,507	—	5,516	—	—	—	10,023	14,150	19,666
	19,177	21	4,739	416	(1,250)	43	23,146	7,464	8,731
	18	—	63	238	(297)	2	24	5	9
	25,196	21	10,782	—	(1,443)	64	34,620	23,632	30,545
	18	—	63	238	(297)	2	24	5	9

¹⁾ Including impairment losses

Intangible Assets

Amortization charges of TEUR 7,361 (2003: TEUR 6,805) are included in “Cost of sales”, TEUR 380 (2003: TEUR 311) in “Selling costs” and TEUR 1,877 (2003: TEUR 1,933) in “General and administrative costs” in the Consolidated Statement of Income. In 2004, an amount of TEUR 1,164 (2003: TEUR 3,082) was written-off due to impairment of customer contracts. This impairment related to the business segment Industry Solutions.

Estimated future annual amortization expenses for the fiscal years 2005 to 2007 should be TEUR 8,367 each, for fiscal year 2008 TEUR 6,424 and for fiscal year 2009 TEUR 5,410.

18. Goodwill

	Net book value					Dec. 31, 2004
	Jan. 1, 2004	Additions	Impairment losses	Disposals	Adjustments	
<i>in thousand €</i>						
Industry Solutions	135,862	26	–	–	(1,115)	134,773
Air & Ocean	37,947	–	–	–	–	37,947
Regional Logistics Services	113,949	92	–	–	–	114,041
Total	287,758	118	–	–	(1,115)	286,761

	Net book value					Dec. 31, 2003
	Jan. 1, 2003	Additions	Impairment losses	Disposals	Adjustments	
<i>in thousand €</i>						
Industry Solutions	89,648	60,271	(14,032)	(25)	–	135,862
Air & Ocean	35,709	11,839	(9,601)	–	–	37,947
Regional Logistics Services	112,454	8,896	(7,113)	(288)	–	113,949
Total	237,811	81,006	(30,746)	(313)	–	287,758

As of December 31, 2004, Goodwill amounted to TEUR 286,761. Goodwill additions during the year ended December 31, 2004, totaled to TEUR 118 and were primarily attributable to the consolidation of affiliated companies previously not included in the scope of consolidation.

Goodwill adjustments during the year ended December 31, 2004 amounted to TEUR (1,115). Thereof, an amount of TEUR (1,097) is due to the release of a restructuring provision which was charged against goodwill in fiscal year 2004. The provision was initially recognized for the restructuring of the “Information and Technology” business of Microlog. Reference is made to Note 8, “Restructuring Costs”.

As of December 31, 2003, Goodwill amounted to TEUR 287,758. Goodwill additions during the year ended December 31, 2003, totaled to TEUR 81,006 and were largely attributable to the acquisition of Overbruck and the increase in the stake of Microlog. Goodwill resulting from the acquisition of Overbruck amounted to TEUR 50,360. As of the acquisition date, goodwill amounting to TEUR 39,504 has been allocated to the segment Industry Solutions. The remaining amount of TEUR 10,856 has been allocated to the segment Air & Ocean. Goodwill arising from the increase in the stake of Microlog amounted to TEUR 28,710. Thereof an amount of TEUR 20,112 has been allocated to the segment Industry Solutions. The residual amount of TEUR 8,598 has been allocated to the segment Regional Logistics Services. Total goodwill arising from the acquisition of Microlog amounted to TEUR 66,598 and has been allocated to the segment Industry Solutions with an amount of TEUR 46,598 and to the segment Regional Logistics Services with an amount of TEUR 20,000. Reference is made to note 3, “Material Business Combinations”.

Goodwill Impairment Testing

The Group evaluates the recoverability of goodwill using a two-step impairment test approach at the level of defined reporting units within its reportable segments. The discounted-cash-flow-method has been used to determine the fair values of reporting units.

Goodwill has been tested for impairment under the annual impairment test as of September 30, 2004. As the fair values of all reporting units exceeded their book values no impairment losses have been recognized.

The strategic reorientation of Thiel Logistik Group and the associated restructuring process led to impairment losses of goodwill in 2003. Goodwill amounting to TEUR 30,746 has been written-off due to impairment for the year ended December 31, 2003. Thereof an amount of TEUR 14,032 was charged to the segment Industry Solutions, TEUR 9,601 to the segment Air & Ocean and TEUR 7,113 to the segment Regional Logistics Services.

Impairment losses of goodwill attributable to discontinued operations amounted to TEUR 972 for the year ended December 31, 2004 (TEUR 21,333 in 2003). Impairment losses of goodwill attributable to discontinued operations are included in income statement line item "Loss from discontinued operations". Reference is made to Note 11, "Income (Loss) from Discontinued Operations".

19. Financial Assets

Statement of changes in investments

	Acquisition cost						Dec. 31, 2004
	Jan. 1, 2004	Changes in scope of consolidation	Additions	Transfers	Disposals	Exchange rate differences	
<i>in thousand €</i>							
Investments in associates	1,515	–	121	–	(1,251)	–	385
Investments in affiliated companies, not consolidated	2,666	478	62	(253)	(362)	1	2,592
Other investments	1,130	–	6,673	–	(6,852)	3	954
Total	5,311	478	6,856	(253)	(8,465)	4	3,931

Statement of changes in securities

	Acquisition cost						Dec. 31, 2004
	Jan. 1, 2004	Foreign exchange difference opening balance	Changes in scope of consolidation	Additions	Transfers	Disposals	
<i>in thousand €</i>							
Trading securities	402	–	–	–	(2)	(400)	–
Available-for-sale securities	4,051	(1)	–	23	(12)	(34)	–
Held-to-maturity securities	370	–	–	–	–	–	–
Total	4,823	(1)	–	23	(14)	(434)	–

Investments in Associates

Under the equity method, investments are stated at initial cost and are adjusted for subsequent contributions and Thiel Logistik Group's share of profits, losses and dividends received. The carrying amount of the investments in associates at December 31, 2004 amounted to TEUR 385 in comparison to TEUR 1,315 at December 31, 2003 and represents the Group's equity in the underlying net assets of those companies. Equity in earnings of associated companies comprised net income amounting to TEUR 99 (2003: TEUR 358). The disposal within the investments in associates related mainly to the business unit Südkraft.

Jan. 1, 2004	Impairments						Net book value		
	Changes in scope of consolidation	Additions	Transfers	Disposals	Exchange rate differences	Dec. 31, 2004	Dec. 31, 2004	Dec. 31, 2003	
200	–	–	–	(200)	–	–	385	1,315	
301	–	41	–	–	–	342	2,250	2,365	
–	–	16	–	–	–	16	938	1,130	
501	–	57	–	(200)	–	358	3,573	4,810	

Jan. 1, 2004	Accumulated unrealized holding gains and losses							Net book value		
	Foreign exchange difference Beg. balance	Changes in scope of consolidation	Unrealized holding losses	Unrealized holding gains	Acc. Unrealized losses and gains & losses of retirement	Transfers	Exchange rate differences	Dec. 31, 2004	Dec. 31, 2004	Dec 31, 2003
–	–	–	–	–	–	–	–	–	–	402
383	–	–	3	(81)	(2)	(14)	–	289	3,738	3,668
–	–	–	–	–	–	–	–	–	370	370
383	–	–	3	(81)	(2)	(14)	–	289	4,108	4,440

Investments in Affiliated, Not Consolidated Companies and Other Investments

The changes in investments in affiliated, not consolidated companies relate primarily to formerly non-consolidated companies that were consolidated for the first time in the year under review. The legal transaction of the sale of the stake in the DPD Austria GmbH led primarily to an addition in other investments. The disposals of other investments refer to the sale of the stake in the DPD Austria GmbH as well as to the sale of the stake in the Ingolstädter Verkehrsgesellschaft mbH INVG. Reference is made to note 9, "Financial Result".

Securities

The securities comprise only listed available-for-sale and held-to-maturity securities. The available-for-sale securities comprise investment funds and debt securities to cover pension provisions and severance payments.

Available-for-sale securities

The following tables set out the amortized cost, the fair values and the unrealized gains and losses for 2004 and 2003:

■ ■		Amor- tized cost	Un- realized gains	Un- realized losses	Fair value
December 31, 2004	<i>in thousand €</i>				
Investment funds		4,013	84	(373)	3,724
Debt securities		14	—	—	14
Total available-for-sale securities		4,027	84	(373)	3,738

■ ■		Amor- tized cost	Un- realized gains	Un- realized losses	Fair value
December 31, 2003	<i>in thousand €</i>				
Investment funds		4,036	36	(419)	3,653
Debt securities		15	—	—	15
Total available-for-sale securities		4,051	36	(419)	3,668

The contractual maturities of debt securities available-for-sale are as follows:

■ ■	December 31, 2004				December 31, 2003			
	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Book value	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Book value
<i>in thousand €</i>								
Debt securities	—	—	14	14	—	—	15	15
Total debt securities available-for-sale	—	—	14	14	—	—	15	15

Proceeds from the sale of available-for-sale securities amounted to TEUR 32 in fiscal year 2004 (2003: TEUR 33). This resulted in a loss of retirement in the amount of TEUR 2 (2003: TEUR 0).

Held-to-maturity securities

The held-to-maturity securities comprise debt securities. Their contractual maturities are as follows:

	December 31, 2004				December 31, 2003			
	Due within 1 year	Due between 1 – 5 years	Due after 5 years	Book value	Due within 1 year	Due between 1 – 5 years	Due after 5 years	Book value
	<i>in thousand €</i>							
Debt securities	–	8	362	370	–	–	370	370
Total held-to-maturity securities	–	8	362	370	–	–	370	370

Trading securities in the amount of TEUR 400 have been sold during 2004. No gain or loss was recognized from this transaction.

As of December 31, 2004, securities in the amount of TEUR 356 (2003: TEUR 1,273) at Quehenberger and TEUR 251 (2003: TEUR 1,638) at delacher have been pledged for bank borrowings.

Granted Loans

Loans due from affiliated, not consolidated companies were granted by companies within the business unit Quehenberger and are subject to fixed interest rates of 5.03 per cent (2003: 5.26 per cent). Of the loans due from third parties, TEUR 2,241 refer to Microlog and are subject to fixed interest rates of 2.98 per cent (2003: 3.02 per cent).

The following table sets out the contractual maturities:

	December 31, 2004				December 31, 2003			
	Due within 1 year	Due between 1 – 5 years	Due after 5 years	Book value	Due within 1 year	Due between 1 – 5 years	Due after 5 years	Book value
	<i>in thousand €</i>							
Loans due from affiliated companies, not consolidated	1,653	–	–	1,653	480	–	–	480
Loans due from third parties	5	545	1,696	2,246	393	495	1,713	2,601
Total granted loans	1,658	545	1,696	3,899	873	495	1,713	3,081

The book values correspond to the fair values. The granted loans of TEUR 3,899 (2003: TEUR 3,081) are included in the balance sheet item “Other assets” and reference is made to note 21, “Other Assets”.

20. Deferred Income Taxes

The maturities of the deferred tax assets and liabilities are as follows:

	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Deferred tax assets			
- Deferred tax asset to be recovered after more than 12 months		23,379	21,586
- Deferred tax asset to be recovered within 12 months		2,622	2,638
Total deferred tax assets		26,001	24,224
Deferred tax liabilities			
- Deferred tax liabilities to be recovered after more than 12 months		24,718	30,993
- Deferred tax liabilities to be recovered within 12 months		419	687
Total deferred tax liabilities		25,137	31,680
Total offset deferred taxes		864	(7,456)

Deferred income tax assets and liabilities consist of the following:

	Dec. 31, 2004		Dec. 31, 2003	
<i>in thousand €</i>	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	1,470	9,805	3,940	9,259
Tangible assets	527	21,677	1,304	26,542
Financial assets	56	295	221	128
Current assets	194	1,836	723	286
Provisions	3,901	534	6,690	327
Liabilities	2,556	758	2,892	1,620
Shareholders' Equity	–	–	624	–
Tax loss carry-forwards and tax credits	59,798	–	37,432	–
Valuation allowance	(32,733)	–	(23,120)	–
Amounts offset	(9,768)	(9,768)	(6,482)	(6,482)
Total deferred taxes	26,001	25,137	24,224	31,680

Tax loss carry-forwards are as follows:

	<i>in thousand €</i>	2004	2003
Tax loss carry-forwards			
- can be carried forward unlimited		207,568	107,124
- can be carried forward limited (1-15 years)		4,727	4,746
Total tax loss carry-forwards		212,295	111,870

21. Other Assets

	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Granted loans (Note 19, "Financial Assets")		3,899	3,081
Advance payments for intangible assets		4	200
Advance payments for tangible assets		487	39
Other assets, long-lived		8,064	3,777
Total other assets		12,454	7,097

Other long-lived assets mainly comprise assets related to pension plan reinsurance and long-term receivables from disposal of assets.

22. Borrowings, Risk Management and Derivative Financial Instruments

Short-Term and Long-Term Bank Borrowings

The details of short-term and long-term bank borrowings and the current portion of the long-term debt are presented in the following tables:

							December 31, 2004	
	2005	2006	2007	2008	2009	There-after	Book value	Average interest rate
<i>in thousand €</i>								
Short-term bank borrowings	6,148	—	—	—	—	—	6,148	3.97%
Current portion of long-term debt ¹⁾	13,686	—	—	—	—	—	13,686	5.05%
Total	19,834	—	—	—	—	—	19,834	
Long-term bank borrowings	—	10,076	4,322	4,870	2,498	13,023	34,789	5.05%
Total	—	10,076	4,322	4,870	2,498	13,023	34,789	

¹⁾Including accrued interest on bonds payable

							December 31, 2003	
	2004	2005	2006	2007	2008	There-after	Book value	Average interest rate
<i>in thousand €</i>								
Short-term bank borrowings	128,479	—	—	—	—	—	128,479	3.25%
Current portion of long-term debt	28,552	—	—	—	—	—	28,552	5.89%
Total	157,031	—	—	—	—	—	157,031	
Long-term bank borrowings	—	23,517	22,409	21,445	15,576	24,980	107,927	5.89%
Total	—	23,517	22,409	21,445	15,576	24,980	107,927	

Short-term and long-term borrowings are recorded at their respective fair values. As of December 31, 2004, committed and uncommitted credit lines with various banks amounting to TEUR 117,742 (TEUR 308,751 as of December 31, 2003) were available to the Group of which TEUR 54,623 were used (TEUR 264,958 as of December 31, 2003). Resulting from the issuance of the bond, Thiel intends to enter into new credit lines or restructure existing revolving credit lines to have access to up to EUR 60 million in 2005.

Debt is secured by several mortgages totaling TEUR 45,715 (TEUR 56,701 as of December 31, 2003), and by pledges of receivables, securities and other fixed assets amounting to TEUR 8,865 (TEUR 29,558 as of December 31, 2003).

Risk Management

Thiel Logistik Group has corporate risk management policies to identify, measure, control and limit financial risks. The systematic process identifies business risk positions considering booked, contracted, planned and off-balance sheet positions. The subsequent risk measurement is based upon current market values and volatility. The limitation of financial risks ensures the ability to act swiftly and adjust to unforeseen circumstances and to seize opportunities arising from market developments at the same time.

Due to its activities, Thiel Logistik Group is exposed to financial risks resulting from changes in exchange rates and interest rates. The Group uses foreign currency exchange contracts and interest rate swaps to hedge these exposures. Financial instruments for hedging purposes are only used, if there is a corresponding base transaction present. According to the corporate policy, it is prohibited to use the Group's financial resources for speculative purposes. Exchange rates, interest rates and liquidity risks are frequently measured and limited.

Liquidity Risk

Thiel Logistik Group operates a centralized cash management. In consultation with Corporate Treasury, prudent liquidity risk management within each lead company (as defined in Note 5, "Segment Reporting") implies maintaining sufficient cash and cash equivalents. The lead companies have to ensure that the planned liquidity requirements are guaranteed up to the corresponding level of the projected liquidity by arranging credit lines. The pattern of finance should be designed with matching maturities and matching currencies. Corporate liquidity planning involves a time-frame of at least 3 to 12 months.

Credit Risk

Thiel Logistik Group controls credit risk with its customers through ongoing credit evaluation of its customers' financial condition. The risk arising from trade receivables is accounted for by valuation allowances on bad debts. The Group has policies in place which limit the amount of credit exposure to any financial institution and which allow only financial institutions with a high degree of creditworthiness documented by positive ratings as partner banks.

Foreign Exchange Risk

Due to its international operations, exposure is given to foreign exchange risk arising from projected cash flows in a foreign currency. Each lead company defines its risk horizon for hedging foreign currency cash flows considering corporate standards. According to the corporate policy, only forward foreign exchange contracts may be concluded for the purpose of hedging. Hedging of foreign exchange positions must take place at matching maturities. The Group's risk management policy is to hedge between 80 per cent and 100 per cent of the net risk positions.

Interest Rate Risk

According to corporate policy, only interest rate swaps are allowed to be utilized in coordination or under instruction of Corporate Treasury. Thiel Logistik Group enters into interest rate swaps to hedge certain future interest payments on debt with variable interest rates, which meet the criteria of hedge accounting according to SFAS No. 133. Interest rate swap contracts are recorded at their respective fair values with gains and losses recorded in other comprehensive income. The fair value of interest rate swaps is the estimated amount based upon quoted market rates that the Group would receive or pay to settle the related agreements as of the balance sheet date.

Derivative Financial Instruments

As of December 31, 2004, derivative financial instruments are included in the balance sheet line items "Prepaid expenses and other current assets" and "Other liabilities and deferred income". The maximum time of exposure of derivative financial instruments is until 2008. The following tables show the fair values and the nominal amounts of the derivative financial instruments as well as their maturities:

December 31, 2004	in thousand €	Nominal amount		Fair value	
		up to 1 year	over 1 year	up to 1 year	over 1 year
Assets					
Interest-rate swaps		–	–	–	–
Forward foreign exchange contracts		2,508	–	24	–
Total		2,508	–	24	–
Liabilities					
Interest-rate swaps		2,000	1,945	33	21
Forward foreign exchange contracts		2,364	–	7	–
Total		4,364	1,945	40	21

December 31, 2003	in thousand €	Nominal amount		Fair value	
		up to 1 year	over 1 year	up to 1 year	over 1 year
Assets					
Interest-rate swaps		–	2,501	–	13
Forward foreign exchange contracts		–	–	–	–
Total		–	2,501	–	13
Liabilities					
Interest-rate swaps		–	29,000	–	699
Forward foreign exchange contracts		1,002	–	33	–
Total		1,002	29,000	33	699

As of December 31, 2004, gains from fair value hedges were realized in the amount of TEUR 5. At balance sheet date, cumulated positive effects from the fair value measurement of cash flow hedges amounted to TEUR 17 and were recognized directly in equity. In fiscal year 2004, gains from fair value measurement of cash flow hedges in the amount of TEUR 8 were recognized directly in equity and losses of TEUR 611 were removed from accumulated other comprehensive income and realized in income of the period.

23. Bonds Payable – 8 per cent Senior Subordinated Notes due 2012

In December 2004, Thiel Logistik AG issued Senior Subordinated Notes in the aggregate principal amount of TEUR 130,000, receiving net proceeds of TEUR 130,000 before expenses.

Total expenses incurred directly attributable to the issuance of the bond amounted to TEUR 4,972. Bond issue costs have been recognized as deferred charges and will be amortized over the term of the bond using the effective interest rate method. As of December 31, 2004 unamortized bond issue costs amounted to TEUR 4,957.

The net proceeds of the Notes were utilized to repay existing indebtedness. In connection with the early extinguishment of existing bank loans, the Company incurred costs amounting to TEUR 2,464. Thereof, an amount of TEUR 1,919 was attributable to early termination fees, an amount of TEUR 545 was due to the settlement of interest rate swaps designated as hedging instruments on extinguished debt.

Interest on the Senior Subordinated Notes has been fixed at the annual rate of 8 per cent and is payable semi-annually in arrears on each June 15 and December 15, commencing on June 15, 2005. The Senior Subordinated Notes do not require any principal payments prior to maturity on December 15, 2012.

All or part of the Senior Subordinated Notes are redeemable at the option of the Company beginning December 15, 2008, at the redemption prices set forth below (expressed as percentages of principal amount), plus accrued interest, if any, to the redemption date:

	Redemption Price
2008	104 %
2009	102 %
2010 and thereafter	100 %

Prior to December 15, 2008, Thiel Logistik Group may also redeem all or part of the Notes by paying a “make-whole” premium. In addition, prior to December 15, 2007, Thiel Logistik AG may redeem up to 35 per cent of the Notes with the net proceeds from one or more equity offerings at a redemption price of 108 per cent. At any time after December 15, 2010, the Company may redeem all or part of the Notes at par.

The trust indenture pursuant to which the Senior Subordinated Notes were issued contains certain covenants relating mainly to the incurrence of future financial liabilities (e.g. financial leasing obligations). The indenture limits Thiel Logistik Group’s ability to incur additional senior debt in the event that Thiel Logistik Group will not meet certain defined criteria relating to its overall indebtedness. As another limitation resulting from the covenants under the indenture, Thiel Logistik Group may be limited in its ability to pay dividends and to make other restricted payments. In the event of a third party acquiring the majority of voting stock of the issuer, in the event of a merger resulting in a majority of voting stock of a newly established company (“Change of Control” as defined under the indenture), or in the event of a sale of certain assets, the Company will be required to offer the repurchase of the Notes to the holders at a rate of 101 per cent plus interest accrued since its last payment.

At December 31, 2004, the Company was in compliance with its obligations under the indenture.

The Notes have been admitted to trading at the Luxembourg Stock Exchange since December 13, 2004 (ISIN XS0207922054). At December 31, 2004, the fair value of the Notes was TEUR 138,450, based on quoted market prices.

24. Trade Accounts Payable

	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Trade accounts payable due to:			
third parties		164,140	153,839
associated companies		1,044	652
affiliated companies, not consolidated		178	193
Total trade accounts payable		165,362	154,684

25. Tax Provisions

	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Provision for current income taxes		17,923	14,482
Prepayments		(3,410)	(4,727)
Total tax provisions		14,513	9,755

Tax provisions comprise current income tax liabilities for fiscal year 2004 and prior years.

26. Accrued Expenses, Other Liabilities and Deferred Income

	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Liabilities relating to personnel			
Social securities		9,154	9,580
Not consumed vacation		5,781	6,835
Management bonuses, indemnities and other short-term personnel costs		18,043	22,093
Other taxes and levies		14,956	28,229
Other payables due to:			
associated companies		613	313
affiliated companies, not consolidated		89	266
Advances received from customers		1,678	1,753
Provisions for litigations and claims		3,273	1,722
Provisions for pending losses		4	299
Provisions for warranties		1,645	1,680
Restructuring reserves		226	3,504
Other short-term provisions		9,141	11,059
Other liabilities, accruals and deferred income		18,043	22,004
Total accrued expenses, other liabilities and deferred income		82,646	109,337

Other short-term liabilities and accruals comprise a liability from compensation of a pension obligation at Birkart amounting to TEUR 10,229 (Reference is made to note 29, "Retirement and Other Employee-Related Obligations") as well as deferred income of TEUR 3,409 (2003: TEUR 921). This position also includes derivative financial instruments of TEUR 61 (2003: TEUR 732) which is further disclosed in note 22, "Borrowings, Risk Management and Derivative Financial Instruments". As of December 31, 2003, the position "Other liabilities, accruals and deferred income" comprised the purchase price obligation from the acquisition of Overbruck amounting to TEUR 20,560.

As of December 31, 2004, provisions for litigations and claims amounting to 3,273 TEUR (2003: TEUR 1,722) were recognized in the balance sheet. With the exception of the disputes described below, the amount is related to various litigations in different companies within the Group with no single amount exceeding TEUR 200. Provisions for warranties and product damages concerning the operating businesses amounted to TEUR 1,645 (2003: TEUR 1,680). This provision comprised mainly provisions for damages. The restructuring reserves relate to expected severance payments and closure costs within the lead company Overbruck. Reference is made to note 8, "Restructuring Costs".

The company Birkart Globistics GmbH & Co. Logistik und Service KG, Aschaffenburg, Germany is subject to an investigation by the German Federal Cartel Office (Bundeskartellamt) in connection with alleged price fixings for forwarding services provided for the U.S. Army. The Federal Cartel Office claims Birkart to have entered into a cartel fixing prices for movings to the detriment of the U.S. Army, hence violating paragraphs 1 and 21 of the Law against Restraints on Competition (Gesetz gegen Wettbewerbsbeschränkungen – “GWB”). Intentional or negligent violations of paragraph 1 GWB may result in third parties being entitled to damages incurred to the violation. The investigations cover a period from 2001 until midyear 2003. Further conversations took place with the Federal Cartel Office, with no conclusion as of December 31, 2004. The Federal Cartel Office intends to impose a fine. Birkart Globistics is subject to a similar investigation by the U.S. Department of Justice, Antitrust Division. First conversations have taken place, but without any result so far. The U.S. American authorities signaled interest in an mutual agreement within the scope of imposing a fine. The management estimates to have an indemnification claim against the former owner of Birkart under the representations and warranties agreed in the purchase agreement between Thiel and the vendor dated December 31, 2001. As of December 31, 2004, Birkart Globistics has provided EUR 1 million for coverage of both cases.

In 2001, Fablog GmbH, a former subsidiary of Microlog, acquired certain business activities from Sowa AG. Under this agreement, Sowa guaranteed the continued existence of the value of equity and certain assets as recorded in the financial statements of 1999. Fablog has withheld EUR 1.3 million of the purchase price claiming repayment of a loan granted to Sowa and as compensation for a decrease in the value of equity and certain assets as recorded in the financial statements 2000 in comparison to those of 1999. Sowa has sued Fablog claiming full payment of the purchase price. With a judgement in June 2003, the district court of Berlin partially ruled in favour of Fablog, but has reduced the compensation claim of Fablog holding that Fablog failed to prove a decrease in the value of assets and that it had waived its rights under the loan agreement. The parties have appealed against this judgement. In June 2003, Microlog had sold Fablog, but has agreed to pursue the lawsuit on behalf of Fablog and to indemnify Fablog from any claims of Sowa in connection with this lawsuit. The outcome of the appeals procedure is uncertain. As of December 31, 2004, a provision in the amount of TEUR 680 has been recognized.

27. Assets and Liabilities of Discontinued Operations

■ ■	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Trade accounts receivable		2,851	14,842
Inventories		20	365
Prepaid expenses and other current assets		5,906	9,690
Property, plant and equipment		549	8,840
Intangible assets		313	1,057
Goodwill		–	329
Investments in affiliated companies, not consolidated		26	27
Other assets		2,073	63
Total assets of discontinued operations		11,738	35,213

	<i>in thousand €</i>	
	Dec. 31, 2004	Dec. 31, 2003
Short-term bank borrowings and current portion of long-term debt	35	3,237
Trade accounts payable	2,065	9,796
Lease obligations, short-term	45	472
Tax provisions	539	3,250
Deferred income taxes, short-term	–	2
Accrued expenses, other liabilities and deferred income	3,048	9,829
Long-term bank borrowings	–	4,257
Lease obligations, long-term	89	1,088
Retirement and other employee-related obligations	1,718	1,787
Deferred income taxes, long-term	–	776
Other non-current liabilities	418	26
Total liabilities of discontinued operations	7,957	34,520

As of December 31, 2004, no fixed assets of discontinued operations were pledged and no material obligations are expected to arise from contingencies of discontinued operations. The maximum exposure from contingencies amounts to TEUR 166 (2003: TEUR 1,066).

As of December 31, 2004, financial commitments of discontinued operations relating to non-cancelable operating lease contracts (including rentals) are as follows:

	<i>in thousand €</i>
	Dec. 31, 2004
2005	3,804
2006	1,761
2007	893
2008	814
2009	616
Thereafter	1,231
Total	9,119

	<i>in thousand €</i>
	Dec. 31, 2003
2004	14,567
2005	10,348
2006	9,833
2007	9,681
2008	9,654
Thereafter	11,999
Total	66,082

28. Obligations under Finance Leases

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. These contracts mainly concern buildings and fleet of cars. Interest rates are fixed at the contract date. Some finance leases contain renewal options, purchase options and escalation clauses. Finance leases do not provide for contingent rentals nor do they contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum lease payments under finance leases are as follows:

in thousand € Dec. 31, 2004		in thousand € Dec. 31, 2003	
2005	9,090	2004	8,634
2006	9,350	2005	7,841
2007	6,912	2006	8,303
2008	10,562	2007	5,922
2009	3,971	2008	8,211
Thereafter	29,741	Thereafter	31,569
Future minimum lease payments	69,626	Future minimum lease payments	70,480
Less: future finance charges	(16,696)	Less: future finance charges	(17,022)
Present value of future minimum lease payments	52,930	Present value of future minimum lease payments	53,458

The carrying amount of the Group's finance lease obligations approximates their fair values.

From non-cancelable sub-leases of buildings and fleet of cars an overall amount of TEUR 962 is expected to be received over the future periods.

29. Retirement and Other Employee-Related Obligations

Retirement and other employee-related obligations within the Thiel Logistik Group comprise defined benefit plans and defined contribution plans. The defined benefit plans comprise pension benefits (funded and unfunded pension benefits), leaving indemnities and long service bonuses. The defined contributions plans comprise payments to pension funds and leaving indemnities.

Retirement obligations recognized in the balance sheet pertain to particular members of the Board of Directors, the Executive Board and key employees. They concern defined benefit plans and had to be assumed by the Group in the course of certain business acquisitions because they already existed in the respective companies before the takeover. The majority of the plans are unfunded, only a minor portion of the plans is funded by assets.

According to Austrian law valid until December 31, 2002, all Austrian employees are entitled to a leaving indemnity ranging from 2 to 12 months' salary depending on their years of service, in the case of retirement or involuntary termination of employment. Austrian law has been amended in this respect to change to a defined contribution system of benefits. All Austrian employees joining a company after December 31, 2002, will be subject to the new regulation as well as all employees that voluntarily migrate to the new regulation. The new regulation has been recognized as defined contribution plans in the Consolidated Financial Statements.

Defined Benefit Plans

The expenses for defined benefit plans charged to the Consolidated Statements of Income are as follows:

■ ■	<i>in thousand €</i>	2004	2003
Expenses for funded pension benefits		(103)	(35)
Expenses for unfunded pension benefits		(2,573)	(3,054)
Expenses for other benefits		(1,616)	(1,836)
Net periodic benefit expenses		(4,292)	(4,925)

Amounts recognized in the Consolidated Balance Sheets as of December 31, 2004 and 2003 are as follows:

■ ■	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Funded pension benefits		936	969
Unfunded pension benefits		25,636	33,909
Other benefits		12,365	11,881
Net retirement and other benefit obligations recognized		38,937	46,759

Pension benefits

The expenses for pension benefits charged to the Consolidated Income Statements are as follows:

■ ■	<i>in thousand €</i>	Funded pension benefits		Unfunded pension benefits	
		2004	2003	2004	2003
Current service costs		(57)	(28)	(755)	(803)
Interest expenses		(46)	(49)	(1,840)	(1,889)
Net actuarial gains (losses) recognized		–	42	22	(362)
Net periodic pension expenses		(103)	(35)	(2,573)	(3,054)

Of the total net periodic pension expenses of TEUR 2,676, an amount of TEUR 1,587 was included in "Cost of sales", TEUR 138 in "Selling expenses" and TEUR 951 in "General and administrative costs".

The aggregate change in the projected pension benefit obligation, plan assets and funded status for the years ended December 31, 2004 and 2003 were as follows:

■ ■	Funded pension benefits		Unfunded pension benefits	
	<i>in thousand €</i>			
	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
Change in benefit obligation				
Benefit obligation at the beginning of year	1,015	1,001	33,909	32,399
Other changes	–	–	(9,173)	–
Total expenses charged to income statement	103	35	2,573	3,054
Benefits paid	(136)	(21)	(1,673)	(1,544)
Benefit obligation at end of year	982	1,015	25,636	33,909
Change in plan assets				
Fair value of plan assets at beginning of year	46	73	–	–
Benefits paid	–	(27)	–	–
Fair value of plan assets at end of year	46	46	–	–
Net pension benefit obligation recognized	936	969	25,636	33,909

The reduction in unfunded pension benefits resulted from the compensation of a pension obligation amounting to TEUR (12,168) in the lead company Birkart KG and is included in “Other changes”. The “Other changes” of the unfunded pension benefits also comprise an obligation amounting to TEUR 2,995, which is backed by receivables due from third parties. The classification as unfunded pension benefits resulted from the fact that the criteria for disclosure as “assets designated for funding” have not been met.

Other benefits

The expenses for other benefits charged to the Consolidated Income Statements are as follows:

■ ■	Unfunded other benefits	
	<i>in thousand €</i>	
	2004	2003
Current service costs	(1,083)	(1,573)
Interest expenses	(537)	(530)
Net actuarial gains (losses) recognized	4	267
Net periodic other benefit expenses	(1,616)	(1,836)

Of the total net periodic other benefit expenses of TEUR 1,616, an amount of TEUR 959 was included in “Cost of sales”, TEUR 83 in “Selling expenses” and TEUR 574 in “General and administrative costs”.

The aggregate change in other benefit obligations and funded status for the years ended December 31, 2004 and 2003 were as follows:

■ ■	<i>in thousand €</i>	Unfunded other benefits	
		Dec. 31, 2004	Dec. 31, 2003
Change in other benefit obligation			
Other benefit obligation at the beginning of year		11,881	11,139
Liabilities acquired in business combinations		(240)	–
Other changes		1,572	–
Total expenses charged to income statement		1,616	1,836
Benefits paid		(2,464)	(1,094)
Other benefit obligation recognized at end of year		12,365	11,881

Payments for retirement and other employee-related obligations

Scheduled payments of pension and other benefits for each of the next five years and thereafter are as follows:

■ ■	<i>in thousand €</i>	Scheduled benefit payments
2005		1,804
2006		1,543
2007		1,778
2008		2,359
2009		2,010
Thereafter		11,769
Total scheduled pension and other benefit payments		21,263

Principal actuarial assumptions

The following principal actuarial assumptions were used to determine the benefit obligation and the net benefit cost at December 31, 2004 and 2003:

■ ■	Pension benefits		Other benefits	
	2004	2003	2004	2003
Discount rate	5.5%	5.5%	5.5%	5.5%
Future compensation increases	1.0% – 2.0%	1.0% – 3.0%	1.0% – 2.0%	1.0% – 3.0%
Expected return on plan assets	5.5%	5.5%	5.5%	5.5%

Defined Contribution Plans

The defined contribution plans resulted in the following payments:

	<i>in thousand €</i>	2004	2003
Pensions		945	1,052
Leaving indemnities		185	71
Contributions paid		1,130	1,123

Of the total contributions paid of TEUR 1,130, an amount of TEUR 670 was included in “Cost of sales”, TEUR 58 in “Selling expenses” and TEUR 402 in “General and administrative costs”.

30. Other Non-Current Liabilities

	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Loans due to minority shareholders		3,989	5,367
Other long-term liabilities		2,176	5,166
Deferred income		358	762
Other non-current liabilities		6,523	11,295

As of December 31, 2004, loans due to minority shareholders are subject to fixed interest rates of 6.0 per cent with a maturity until June 30, 2013.

31. Shareholders' Equity

Ordinary Shares

As of December 31, 2004, the Company had 111,474,987 ordinary shares, voting without nominal value, issued and outstanding, representing common stock amounting to TEUR 139,344. Each share represents a calculated par value of EUR 1.25.

According to the articles of association of Thiel Logistik AG as of December 31, 2004, the Board of Directors is authorized through to March 14, 2006, to increase capital stock up to a total amount of 48,525,013 shares, representing authorized stock of TEUR 60,656. Issuance is partly limited to specific purposes.

Capital Increase

The Executive Board of Thiel Logistik AG decided on April 20, 2004 to carry out the capital increase from authorized capital with subscription rights. The rights issue resulted in an increase in the number of shares by 25,724,997 to 111,474,987. The share capital of Thiel Logistik AG increased from TEUR 107,187 to TEUR 139,344, additional paid-in capital increased from TEUR 258,806 to TEUR 323,184. The costs of the capital increase and the resulting effect on deferred taxes were offset against the increase in additional paid-in capital.

Distributable Retained Earnings

According to Luxembourg Corporate Law, companies located in Luxembourg have to allocate at least five per cent of local net earnings to a legal reserve until the reserve equals 10 per cent of share capital. As of December 31, 2004, the legal reserve of the Group amounted to TEUR 4,782 (TEUR 4,782 as of December 31, 2003) and is included in retained earnings and other reserves. The reserve may not be distributed to shareholders as a dividend.

Other Comprehensive Income

Differences from the translation of the financial statements of foreign currency subsidiaries having a functional currency other than the Euro and from the effects of the fair value measurement of available-for-sale securities and derivative financial instruments not recognized through the income statement are accounted for in equity as "Accumulated other comprehensive income". Movements in these components for the fiscal years 2004 and 2003 are demonstrated below:

■ ■	in thousand €	2004		
		Before tax	Tax effect	Net
Unrealized gains (losses) on available-for-sale securities	83	–	83	
Gains (losses) on cash flow hedges	633	(14)	619	
Foreign currency translation adjustment	(2,921)	–	(2,921)	
Minimum pension liability adjustment	50	–	50	
Total other comprehensive income	(2,155)	(14)	(2,169)	

■ ■	in thousand €	2003		
		Before tax	Tax effect	Net
Unrealized gains (losses) on available-for-sale securities	1,675	(532)	1,143	
Gains (losses) on cash flow hedges	76	(19)	57	
Foreign currency translation adjustment	(4,061)	–	(4,061)	
Minimum pension liability adjustment	(67)	–	(67)	
Total other comprehensive income	(2,377)	(551)	(2,928)	

32. Supplemental Disclosures of Cash Flow Information

The Consolidated Statement of Cash Flows is classified into cash flows from operating, investing and financing activities. Net cash used in discontinued operations is disclosed as a single item.

The cash inflow from operating activities includes the following items:

■ ■	in thousand €	2004	2003
Interest payments		14,615	14,897
Income tax payments		8,868	12,599

The cash flow from investing activities reflects the cash outflow for capital expenditures for fixed assets, the cash inflow from the disposal of fixed assets and the cash flows from changes in investments. In 2004, additions to property, plant and equipment and intangible assets led to liabilities in the amount of TEUR 2,338 (2003: TEUR 1,013). In connection with the sale of fixed assets the Group discloses receivables for the amount of TEUR 1,699 (2003: TEUR 1,546). In fiscal year 2004, finance lease obligations amounting to TEUR 5,899 (2003: TEUR 8,646) were incurred upon when the Group entered into lease contracts for new equipment. Reference is made to note 28, "Obligations under Finance Leases". Cash inflow from dividends receipts amounted to TEUR 952 (2003: TEUR 731).

The cash flow from financing activities reflects the debt restructuring. The change in short-term bank borrowings including the short-term portion of long-term debt resulted in a decrease in the amount of TEUR 136,869 (2003: increase of TEUR 48,644). Long-term bank borrowings were reduced by TEUR 73,138 (2003: TEUR 17,519). The issuance of a corporate bond in December 2004 led to proceeds in the amount of TEUR 126,546 after deduction of direct expenses. The issue of 25,724,997 shares in connection with the capital increase in April 2004 enhanced the liquid funds of the Thiel Logistik Group in the amount of TEUR 94,910. Reference is made to note 23, "Bonds Payable – 8 per cent Senior Subordinated Notes due 2012" and note 31, "Shareholders' Equity".

33. Commitments

The following tables set forth all long-term commitments as of December 31, 2004:

■ ■	Operating lease contracts	Purchase orders commitments (capital expenditure)	Purchase orders commitments (services)	Other commitments	Total Dec. 31, 2004
<i>in thousand €</i>					
2005	55,796	232	484	554	57,066
2006	41,842	5	178	435	42,460
2007	34,606	5	123	335	35,069
2008	25,981	5	123	97	26,206
2009	23,143	5	123	1	23,272
Thereafter	90,473	–	123	2	90,598
Total	271,841	252	1,154	1,424	274,671

■ ■	Operating lease contracts	Purchase orders commitments (capital expenditure)	Purchase orders commitments (services)	Other commitments	Total Dec. 31, 2003
<i>in thousand €</i>					
2004	54,972	857	772	6,370	62,971
2005	42,612	–	547	765	43,924
2006	35,498	–	519	609	36,626
2007	29,672	–	338	575	30,585
2008	25,355	–	–	552	25,907
Thereafter	89,088	–	3	131	89,222
Total	277,197	857	2,179	9,002	289,235

Operating Lease Contracts (including rental contracts)

The Group has operating lease agreements mainly for warehouses, other buildings and vehicles. Some leases contain renewal options, purchase options, escalation clauses and contingent rentals. Leases do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

In 2004, operating lease expenses (including rental expenses) amounted to TEUR 69,787 (TEUR 66,113 in 2003).

From non-cancelable sub-leases of operating lease items, an overall amount of TEUR 983 is expected to be received over the future periods. In fiscal year 2004, Thiel Logistik Group received TEUR 878 from these contracts.

Purchase Order Commitments

Purchase order commitments describe purchase orders related to equipment and services that have been contractually committed to, but deliveries and services have not yet been received.

34. Contingent Liabilities and Contingent Assets

Contingent Liabilities

■ ■	<i>in thousand €</i>	Dec. 31, 2004	Dec. 31, 2003
Bank and other guarantees		24,642	19,792
Letters of comfort		613	165
Assessments		–	189
Other potential liabilities		–	3,372
Total contingencies		25,255	23,518

As of December 31, 2004, the Group had contingent liabilities in respect of bank and other guarantees, letters of comfort, assessments and other matters arising in the ordinary course of business from which no material liabilities are expected to arise in future periods. As of December 31, 2004, the maximum amount of exposure from these contingencies adds up to TEUR 25,255 (TEUR 23,518 as of December 31, 2003).

In connection with the sale of the stake in DPD Austria GmbH to GeoPost International Management & Development Holding GmbH, Thiel Logistik AG entered into an indemnity obligation in respect of certain representations and warranties in an aggregate amount of EUR 15.0 million, which is included in the position "Bank and other guarantees".

In 1999, Quehenberger and DFDS Dan Transport Group A/S entered into a cooperation agreement with an exclusivity clause for the regions in which they conduct their business, and with a change of control clause which gives one party the right to terminate the agreement, if a competitor acquires a majority interest in respect to the other. In addition, the cooperation agreement provides for a penalty for breach of contract in the amount of EUR 1.5 million.

After Thiel's acquisition of Quehenberger in June 2000, DFDS claimed that Quehenberger had violated the exclusivity clause and that Thiel Logistik AG would be a competitor of DFDS and thus, Thiel's acquisition of a majority interest would constitute a change of control under the cooperation agreement. Quehenberger rejects the claims of DFDS because Thiel Logistik AG as a holding company is not a competitor, and claims itself payment of the contractual penalty of EUR 1.5 million plus damages of TEUR 250 for losses suffered when DFDS withdrew from the cooperation agreement. The arbitration proceedings, initiated by Quehenberger, are currently pending. The outcome of this dispute is uncertain and will ultimately depend on whether the arbitrator considers Thiel Logistik AG to be a competitor of DFDS. As of December 31, 2004, no provisions have been established in connection with this matter.

The customer for our Heppenheim warehouse facility recently announced that it will not renew the contract concerning the facility, which will expire in mid-2005. As this warehouse has been customized to meet customers' unique requirements, the number of alternative customers or uses that can be found for this facility is limited. We are currently seeking a replacement customer or other means of using or disposing of this asset. If we are unable to find a replacement customer for our Heppenheim facility promptly, we may need to recognize an impairment on this facility. A number of sales efforts have been initiated by the Group management to resolve this issue. Management assumes that a replacement customer can be found until mid-2005. Consequently, no impairment charge has been recognized as of December 31, 2004 with respect to the Heppenheim facility.

Contingent Assets

The company delacher + Co. Transport Szállítmányozó Kft., Hungary, has sued Henkell & Söhnlein Hungaria Kft. before the metropolitan court in Budapest for the amount of EUR 1.2 million. The claim is based on the allegation that Henkell & Söhnlein improperly terminated an exclusive logistics agreement with delacher Hungary, in violation of a duty of cooperation, because it did not disclose to delacher Hungary its intention to terminate the exclusive agreement with delacher Hungary when negotiating an amendment of the agreement. The amendment provided, among other things, for shorter period of notice for termination of the agreement. The metropolitan court in Budapest has scheduled a further hearing for March 31, 2005. As of December 31, 2004, no receivables have been recognized in connection with this matter.

35. Board of Directors and Executive Board Compensation

The compensation of executive and non-executive members of the Board of Directors and of the Executive Board include amounts received from Group companies to the extent to which they were incurred by Group companies. The fixed portion includes other compensation components.

<i>in thousand €</i>	2004	2003
Executive members of the Board of Directors and Executive Board	2,307	3,170
<i>thereof fixed portion</i>	<i>1,031</i>	<i>2,509</i>
<i>thereof variable portion</i>	<i>1,276</i>	<i>661</i>
Non-executive members of the Board of Directors	270	288

36. Stock-Based Compensation

In February 10, 2000, the Group's shareholders approved a stock option plan, which allows the Company to grant options for the purchase of Thiel Logistik AG registered shares to members of the Board of Directors, certain officers and key employees. For this reason, management board is authorized to increase capital by issuing registered shares up to an aggregate amount of TEUR 8,000 representing 6.4 million ordinary shares. Stock options may be granted over a period commencing February 2000 and ending March 14, 2006 at a price representing the offer price at the Initial Public Offering (IPO) for options granted before IPO, or the average share price over a period of ten days prior to the date of grant for options granted after IPO.

Options become exercisable on the fifth anniversary from the date of grant for members of the Board of Directors and on the third anniversary from the date of grant for certain officers and key employees. Options can only be exercised four times a year during a period of ten days each: following the annual shareholders' meeting, following the issuance of the annual financial statements, following the issuance of the half year report and the nine-month report.

The Group has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations in accounting for its employee stock options because the alternative fair value accounting provided under SFAS No. 123, "Accounting for Stock-Based Compensation", requires the use of option valuation models that were not developed for use in valuing employee stock options. Under APB 25, no compensation expense is recognized because the exercise price of the Group's employee stock options exceeded the market price of underlying stock on the date of the grant. This applies to the Group.

The following table shows the number and weighted average exercise prices of stock options outstanding at December 31, 2004 and 2003:

■ ■	Number of stock options	Weighted- average exercise price
<i>in thousand €</i>		
Outstanding at January 1, 2003	1,114,000	20.20
Granted during the year	–	–
Exercised during the year	–	–
Forfeited during the year	(722,000)	19.81
Outstanding at December 31, 2003	392,000	20.92
Granted during the year	–	–
Exercised during the year	–	–
Forfeited during the year	–	–
Outstanding at December 31, 2004	392,000	20.92

As of December 31, 2004, Thiel Logistik AG had 392,000 options outstanding. Thereof, 262,000 options with a weighted-average exercise price of EUR 22.53 were exercisable as of that day. The weighted average remaining contractual life of options outstanding as of December 31, 2004 was 1.45 years.

Pro Forma Fair Value Disclosures

Pro forma information, regarding net income and earnings per share, is required by SFAS No. 123 and has been determined as if the Group has accounted for its stock option plan under the fair value method of that statement. The fair value of these options was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rates of 5.95 per cent, dividend of EUR 0 per share, volatility factor of 50 per cent and an expected life of the options between 4 and 6 years.

The Black-Scholes option valuation model was developed for the use of estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation methods require the input of highly subjective assumptions including the expected stock price volatility. As the Group's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimates, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options. No additional options were granted during the years ended December 31, 2004 and 2003.

If compensation expense for the Company's stock options had been recognized based on the fair value on the grant date under the methodology prescribed by SFAS No. 123, the Group's net income and earnings per share for the years ended December 31, 2004 and 2003, respectively, would have been impacted as shown in the following table:

■ ■	<i>in thousand € / Earnings per Share in €</i>	2004	2003
Net income (loss)		1,045	(156,207)
Pro forma net income (loss)		164	(157,088)
Basic and diluted earnings (loss) per share		0.01	(1.82)
Pro forma basic and diluted earnings (loss) per share		0.00	(1.83)

37. Related Party Transactions

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

In 2003 and 2004, the Group rendered services to certain associated companies and not consolidated companies in the ordinary course of business.

Thiel Logistik AG's major shareholder is the DELTON AG via its hundred per cent subsidiary DELTON Vermögensverwaltungs AG which owns 50.26 per cent of the Thiel's shares.

Transactions with the DELTON AG and its subsidiaries as well as with the associated companies and not consolidated companies were conducted under standard market conditions. They were reflected in the respective line items of the Consolidated Financial Statements as of December 31, 2004 and 2003 as follows:

	Associates and not consolidated companies		DELTON and its subsidiaries	
	2004	2003	2004	2003
<i>in thousand €</i>				
Consolidated Statement of Income				
Net sales	5,342	13,682	2,155	1,189
Cost of sales	(3,778)	(7,200)	–	(287)
Operating expenses	(228)	(1,583)	(105)	(813)
Other operating income, net	40	425	(39)	–
Interest expense, net	17	102	(251)	(344)
Consolidated Balance Sheet				
Receivables	1,446	4,536	593	694
Payables	362	1,268	307	252

The sole owner of DELTON AG, Stefan Quandt, is shareholder and Deputy Chairman of the Supervisory Board of BMW AG. He is a related party to BMW AG as defined by SFAS No. 57, "Related Party Disclosures".

Net sales of Thiel Logistik Group generated from transactions with BMW AG amounted to TEUR 60,056 for the year ended December 31, 2004 and TEUR 47,475 for the year ended December 31, 2003. Accounts receivable amounted to TEUR 839 as of December 31, 2004 and to TEUR 632 as of December 31, 2003. In addition, Thiel Logistik Group purchased / leased vehicles from BMW AG. All transactions were measured at arm's length.

There were no transactions between Thiel Logistik Group and the members of its Board of Directors in fiscal year 2004 and 2003.

No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

38. Subsequent Events

There have been no significant changes in the business environment or Group position since the beginning of the fiscal year 2005. At present, Thiel Logistik Group is not planning to carry out any significant changes in its structure, administration or legal form or in the area of personnel. Similarly, no other events of significance have occurred since year-end.

39. First-Time Adoption of International Financial Reporting Standards (IFRS)

Thiel Logistik Group will publish its Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) for periods beginning after January 1, 2005.

In order to present two years of full comparative information Thiel Logistik Group prepared its Opening IFRS Consolidated Balance Sheet as of January 1, 2004 (= date of transition to IFRS).

The Company applied IFRS 1 – “First-Time Adoption of International Financial Reporting Standards” in order to prepare its Opening IFRS Consolidated Balance Sheet as of January 1, 2004 (based on its US GAAP Consolidated Financial Statements reported as of December 31, 2003).

Thiel Logistik Group identified the following differences between IFRS and US GAAP requiring adjustments and/or reclassifications to its Opening IFRS Consolidated Balance Sheet in comparison to its US GAAP Consolidated Balance Sheet as of the transition date:

Adjustment	Difference between IFRS and US GAAP	IFRS source
1	Recognition of a provision for a planned post-acquisition restructuring	IFRS 3 / IAS 37 – Business Combinations / Provisions, Contingent Liabilities and Contingent Assets
2	Accounting for gains on sale and leaseback transactions	IAS 17 – Leases
3	Recognition of a minimum liability under defined benefit plans	IAS 19 – Employee Benefits

Reclassification	Difference between IFRS and US GAAP	IFRS source
1	Balance sheet classification of deferred income tax assets and liabilities	IAS 12 – Income Taxes
2	Balance sheet classification of minority interest	IAS 1 – Presentation of Financial Statements

There is a possibility that the Opening IFRS Consolidated Balance Sheet may require adjustment before constituting the final Opening IFRS Consolidated Balance Sheet.

The following differences between IFRS and US GAAP were identified during fiscal year 2004 requiring additional adjustments and/or reclassifications to the IFRS Consolidated Financial Statements as of December 31, 2004.

Adjustment	Difference between IFRS and US GAAP	IFRS source
4	Accounting for negative goodwill	IFRS 3 – Business Combinations

Reclassification	Difference between IFRS and US GAAP	IFRS source
3	Balance sheet classification of unamortized bond issue costs	IAS 39 – Financial Instruments
4	Income statement classification of interest expense for defined benefit obligations	IAS 19 – Employee Benefits

A detailed description of the required adjustments and reclassifications is outlined in the following:

Adjustments

Adjustment 1

IFRS 3 / IAS 37 – Business Combinations / Provisions, Contingent Liabilities and Contingent Assets – Recognition of a Provision for a Planned Post-Acquisition Restructuring

Under the provisions of IFRS 1 – “First Time Application of IFRS” the Company opted for the exemption from full retroactive application of IFRS for business combinations prior to September 30, 2002. Material business combinations after that date included Microlog and Overbruck. Reference is made to note 3, “Material Business Combinations”.

In allocating the purchase price of the acquisition of Microlog, the Group recognized a restructuring provision under US GAAP which does not satisfy the IFRS recognition criteria.

Under US GAAP a liability for a planned post-acquisition restructuring can be recognized if a plan to exit an activity or terminate employees is begun before acquisition and finalized within one year after recognition. However, according to IFRS 3 such a liability can only be recognized in allocating the cost of a business combination when the acquiree has, at the acquisition date, an existing liability for restructuring recognized in accordance with IAS 37 – “Provisions, Contingent Liabilities and Contingent Assets”.

The Opening IFRS Consolidated Balance Sheet as of January 1, 2004, the IFRS Consolidated Balance Sheet as of December 31, 2004 and the IFRS Consolidated Statement of Income for the fiscal year 2004 have been adjusted for the effects resulting from the recognition of the restructuring provision under US GAAP.

Adjustment 2

IAS 17 – Leases – Accounting for Sale and Leaseback Transactions

Under US GAAP a gain on a sale and leaseback transaction where the leaseback is an operating lease is amortized over the lease term. According to IAS 17 – “Leases”, such gain is recognized in income immediately.

The Opening IFRS Consolidated Balance Sheet as of January 1, 2004, the IFRS Consolidated Balance Sheet as of December 31, 2004 and the IFRS Consolidated Statement of Income for the fiscal year 2004 have been adjusted for the effects resulting from the deferral of gains on sale and leaseback transactions under US GAAP.

Adjustment 3

IAS 19 – Employee Benefits – Recognition of a Minimum Pension Liability

Under US GAAP the recognition of a minimum pension liability is required when the accumulated benefit obligation exceeds the fair value of plan assets and the amount of the accrued pension cost liability. According to IAS 19 – “Employee benefits” there is no requirement to recognize a minimum liability for retirement benefits under defined benefit plans.

The Opening IFRS Consolidated Balance Sheet as of January 1, 2004 and the IFRS Consolidated Balance Sheet as of December 31, 2004 have been adjusted for the effects resulting from the recognition of a minimum pension liability under US GAAP.

Adjustment 4

IFRS 3 – Business Combinations – Accounting for Negative Goodwill

In fiscal year 2004 Thiel Logistik Group acquired the remaining minority interest of KVB Group. In acquiring the outstanding share the net fair value of identifiable assets and liabilities acquired exceeded the cost of the acquisition (negative goodwill).

According to US GAAP any excess of fair value over the purchase price must be allocated on a pro-rata basis to all assets other than: current assets, financial assets, assets to be sold, prepaid pension assets and deferred taxes. Under the provisions of IFRS 3 any negative goodwill remaining after the reassessment of the purchase price allocation is recognized immediately in profit or loss of the period.

The Consolidated Balance Sheet as of December 31, 2004 and the Consolidated Statement of Income for the fiscal year 2004 prepared in accordance with IFRS have been adjusted for the effects resulting from the US GAAP accounting treatment related to negative goodwill. Under IFRS negative goodwill has been recognized in income of the period ending December 31, 2004.

Reclassifications

Reclassification 1

IAS 12 – Income Taxes – Presentation of Deferred Income Tax Assets and Liabilities

Under US GAAP the balance sheet classification of deferred tax assets and liabilities is split between the current and non-current components. According to IAS 12 – “Income Taxes” deferred tax assets and liabilities should not be classified as current assets. Under IAS 12 deferred tax assets and liabilities are classified as non-current.

Deferred income tax assets and liabilities presented as short-term items under US GAAP have been reclassified and included in non-current deferred tax assets and liabilities in the Opening IFRS Consolidated Balance Sheet as of January 1, 2004 and in the IFRS Consolidated Balance Sheet as of December 31, 2004.

Reclassification 2

IAS 1 – Presentation of Financial Statements – Minority Interest

Under US GAAP minority interest is presented in the balance sheet as “mezzanine” between liabilities and shareholders’ equity. According to IAS 1 minority interest is presented as a component of shareholders’ equity.

Minority interest presented as a separate balance sheet item between liabilities and equity under US GAAP has been reclassified and included in shareholders’ equity in the Opening IFRS Consolidated Balance Sheet as of January 1, 2004 and in the IFRS Consolidated Balance Sheet as of December 31, 2004.

Reclassification 3

IAS 39 – Financial Instruments – Balance Sheet Presentation of Unamortized Bond Issue Costs

In December 2004 Thiel Logistik Group issued a corporate bond. Costs directly attributable to the issuance of the corporate bond will be amortized over the life of the bond using the effective interest method.

Under US GAAP unamortized bond issue costs should be presented in the balance sheet as an asset, e.g. under the balance sheet item deferred charges. According to IAS 39 transactions costs, such as bond issue costs, should be deducted from bonds payable. Bonds payable are reported net of unamortized bond issue costs in the balance sheet.

Unamortized bond issue costs presented as assets under US GAAP have been reclassified and deducted from the balance sheet item bonds payable in the IFRS Consolidated Balance Sheet as of December 31, 2004.

Reclassification 4

IAS 19 – Employee Benefits – Presentation of Interest Expenses for Defined Benefit Obligations

Under US GAAP the interest expense for defined benefit obligations is included in income statement line item “Operating income”. According to IAS 19 such expense may be disclosed under income statement line item “Interest expense, net”. Thiel Logistik Group chose to exclude the interest expense for defined benefit obligations from its result from operations under IFRS.

Interest expenses for defined benefit obligations included in the determination of operating profit or loss under US GAAP have been reclassified to income statement line item “Interest expense, net” in preparing the IFRS Consolidated Statement of Income for the fiscal year 2004.

In the following, a detailed reconciliation from US GAAP to IFRS is presented for the following statements: Consolidated Balance Sheet as of January 1, 2004, Consolidated Balance Sheet as of December 31, 2004 and Consolidated Statement of Income for fiscal year 2004.

Moreover, we draw attention to the fact that, under IFRS, only a complete set of financial statements comprising a balance sheet, income statement, statement of changes in equity and cash flow statement, together with comparative financial information and explanatory notes, can provide a fair presentation of the Company’s financial position, results of operations and cash flows in accordance with IFRS.

Reconciliation to the Opening IFRS Consolidated Balance Sheet as of January 01, 2004

Consolidated Balance Sheet		Adj. 1: IFRS 3/IAS 37	Adj. 2: IAS 17	Adj. 3: IAS 19	Reclass. 1: IAS 12	Reclass. 2: IAS 1	Total effect of transition	Restated under IFRS
	Reported under US GAAP	Restruc- turing provision	Sale & Leaseback	Minimum pension liability	Deferred income taxes	Minority interest		
January 01, 2004		<i>in thousand €</i>						
Current assets								
Cash and cash equivalents	51,012						–	51,012
Trading securities	402						–	402
Trade accounts receivable	234,613						–	234,613
Inventories	5,509						–	5,509
Deferred income taxes	2,638		(114)		(2,524)		(2,638)	–
Prepaid expenses and other current assets	31,082						–	31,082
Assets held for sale	4,897						–	4,897
Assets of discontinued operations	35,213						–	35,213
Total current assets	365,366	–	(114)	–	(2,524)	–	(2,638)	362,728
Non-current assets								
Property, plant and equipment	277,301						–	277,301
Intangible assets	30,545						–	30,545
Goodwill	287,758	(3,229)					(3,229)	284,529
Investments in associated companies	1,315						–	1,315
Investments in affiliated, not consolidated companies and other investments	3,495						–	3,495
Securities, available-for-sale	3,668						–	3,668
Securities, held-to-maturity	370						–	370
Deferred income taxes	21,586	(1,226)	(114)		2,524		1,184	22,770
Other assets	7,097						–	7,097
Total non-current assets	633,135	(4,455)	(114)	–	2,524	–	(2,045)	631,090
Total assets	998,501	(4,455)	(228)	–	–	–	(4,683)	993,818
Current liabilities								
Short-term bank borrowings and current portion of long-term debt	157,031						–	157,031
Trade accounts payable	154,684						–	154,684
Lease obligations, short-term	6,494						–	6,494
Tax provisions	9,755						–	9,755
Deferred income taxes	687				(687)		(687)	–
Accrued expenses, other liabilities and deferred income	109,337	(3,184)	(286)				(3,470)	105,867
Liabilities of discontinued operations	34,520	411					411	34,931
Total current liabilities	472,508	(2,773)	(286)	–	(687)	–	(3,746)	468,762
Non-current liabilities								
Long-term bank borrowings	107,927						–	107,927
Bonds payable	–						–	–
Lease obligations, long-term	47,031						–	47,031
Retirement and other employee-related obligations	46,759			(67)			(67)	46,692
Deferred income taxes	30,993				687		687	31,680
Other non-current liabilities	11,295		(286)				(286)	11,009
Total non-current liabilities	244,005	–	(286)	(67)	687	–	334	244,339
Minority interests	2,235	92	–	–	–	(2,327)	(2,235)	–
Capital and reserves attributable to equity holders								
Ordinary shares – voting, no-par value	107,187						–	107,187
Additional paid-in capital	258,806						–	258,806
Retained earnings and other reserves	(87,605)	(1,774)	344				(1,430)	(89,035)
Accumulated other comprehensive income	1,365			67			67	1,432
Minority interests	–					2,327	2,327	2,327
Shareholders' equity	279,753	(1,774)	344	67	–	2,327	964	280,717
Total liabilities and shareholders' equity	998,501	(4,455)	(228)	–	–	–	(4,683)	993,818

Reconciliation to the IFRS Consolidated Balance Sheet as of December 31, 2004

Consolidated Balance Sheet		Adj. 1:	Adj. 2:	Adj. 3:	Adj. 4:	Reclass. 1:	Reclass. 2:	Reclass. 3:	Total effect of transition	Restated under IFRS
		IFRS 3/IAS 37	IAS 17	IAS 19	IFRS 3	IAS 12	IAS 1	IAS 39		
	Reported under US GAAP	Restructuring provision	Sale & Leaseback	Minimum pension liability	Negative goodwill	Deferred income taxes	Minority interest	Unamortized bond issue cost		
December 31, 2004	<i>in thousand €</i>									
Current assets										
Cash and cash equivalents	87,369								–	87,369
Trading securities	–								–	–
Trade accounts receivable	205,348								–	205,348
Inventories	7,220								–	7,220
Deferred income taxes	2,622		(110)			(2,512)			(2,622)	–
Prepaid expenses and other current assets	24,772							(501)	(501)	24,271
Assets held for sale	933								–	933
Assets of discontinued operations	11,738								–	11,738
Total current assets	340,002	–	(110)	–	–	(2,512)	–	(501)	(3,123)	336,879
Non-current assets										
Property, plant and equipment	264,074					684			684	264,758
Intangible assets	23,632								–	23,632
Goodwill	286,761	(2,132)							(2,132)	284,629
Investments in associated companies	385								–	385
Investments in affiliated, not consolidated companies and other investments	3,188								–	3,188
Securities, available-for-sale	3,738								–	3,738
Securities, held-to-maturity	370								–	370
Deferred income taxes	23,379	(257)				2,512			2,255	25,634
Other assets	12,454							(4,456)	(4,456)	7,998
Total non-current assets	617,981	(2,389)	–	–	684	2,512	–	(4,456)	(3,649)	614,332
Total assets	957,983	(2,389)	(110)	–	684	–	–	(4,957)	(6,772)	951,211
Current liabilities										
Short-term bank borrowings and current portion of long-term debt	19,834								–	19,834
Trade accounts payable	165,362								–	165,362
Lease obligations, short-term	6,747								–	6,747
Tax provisions	14,513								–	14,513
Deferred income taxes	419					260	(679)		(419)	–
Accrued expenses, other liabilities and deferred income	82,646		(286)						(286)	82,360
Liabilities of discontinued operations	7,957	(258)							(258)	7,699
Total current liabilities	297,478	(258)	(286)	–	260	(679)	–	–	(963)	296,515
Non-current liabilities										
Long-term bank borrowings	34,789								–	34,789
Bonds payable	130,000							(4,957)	(4,957)	125,043
Lease obligations, long-term	46,183								–	46,183
Retirement and other employee-related obligations	38,937			(18)					(18)	38,919
Deferred income taxes	24,718					679			679	25,397
Other non-current liabilities	6,523								–	6,523
Total non-current liabilities	281,150	–	–	(18)	–	679	–	(4,957)	(4,296)	276,854
Minority interests	4,191	61	–	–	–	–	(4,252)	–	(4,191)	–
Capital and reserves attributable to equity holders										
Ordinary shares - voting, no-par value	139,344								–	139,344
Additional paid-in capital	323,184								–	323,184
Retained earnings and other reserves	(86,560)	(2,192)	176		424				(1,592)	(88,152)
Accumulated other comprehensive income	(804)			18					18	(786)
Minority interests	–						4,252		4,252	4,252
Shareholders' equity	375,164	(2,192)	176	18	424	–	4,252	–	2,678	377,842
Total liabilities and shareholders' equity	957,983	(2,389)	(110)	–	684	–	–	(4,957)	(6,772)	951,211

Reconciliation to the IFRS Consolidated Statement of Income 2004

Consolidated Statement of Income	Adj. 1:	Adj. 2:	Adj. 4:	Reclass. 4:		Restated	Reclassificat	Restated
	IFRS 3/ IAS 37	IAS 17	IFRS 3	IAS 19		under IFRS (old format)	ion due to change in income statement format	and reclassi- fied under IFRS (new format)
January 1 – December 31, 2004	Reported under US GAAP	Restruc- turing provision	Sale & Leaseback	Negative goodwill	Interest expense of defined benefit obligation	Total effect of transition to IFRS	New defini- tion of per- formance measure under IFRS	
<i>in thousand €</i>								
Net sales	1,730,390							1,730,390
Cost of sales	(1,600,882)		(286)		1,439	1,153	(1,599,729)	(1,599,729)
Gross profit	129,508	—	(286)	—	1,439	1,153	130,661	130,661
Operating expenses								
Selling costs	(33,742)				125	125	(33,617)	(33,617)
General and administrative costs	(88,382)	(520)			859	339	(88,043)	(88,043)
Other operating income (expenses), net	17,657			684		684	18,341	18,341
Total operating expenses	(104,467)	(520)	—	684	984	1,148	(103,319)	(103,319)
Operating income before restructuring and impairment (US GAAP)	25,041	(520)	(286)	684	2,423	2,301	27,342	
Restructuring costs	—						—	—
Impairment of long-lived assets	(1,380)						(1,380)	(1,380)
Impairment of goodwill	—						—	—
Operating income (US GAAP)	23,661	(520)	(286)	684	2,423	2,301	25,962	
Other income (expenses), net								8,108
Earnings before interest and tax (IFRS)							—	34,070
Interest expenses, net	(16,954)	(160)			(2,423)	(2,583)	(19,537)	(19,537)
Other financial income (expenses), net	8,009						8,009	(8,009)
Equity in earnings of associated companies	99						99	(99)
Income (Loss) from continuing operations before income taxes	14,815	(680)	(286)	684	—	(282)	14,533	—
Income taxes	(2,388)	262	118	(260)		120	(2,268)	(2,268)
Income (Loss) from continuing operations	12,427	(418)	(168)	424	—	(162)	12,265	12,265
Income (Loss) from discontinued operations, net of tax	(7,073)						(7,073)	(7,073)
Income (Loss) before minority interests	5,354	(418)	(168)	424	—	(162)	5,192	5,192
Minority interests	(4,309)						(4,309)	(4,309)
Net income (Net loss)	1,045	(418)	(168)	424	—	(162)	883	883

40. Disclosure of Material Differences between US GAAP and Luxembourg GAAP

Financial Statements of the Group for the years ended December 31, 2004 and December 31, 2003 are prepared in accordance with US GAAP. Differences between accounting rules under US GAAP and accounting rules under Luxembourg GAAP are described below:

Balance Sheet Presentation According to Luxembourg GAAP, certain balance sheet items have to be presented as a separate line item. According to US GAAP, these items may be shown together with other items in the balance sheet and displayed in the notes.

Income Statement Presentation According to Luxembourg GAAP, the income statement may be presented using the type of expenses format or the cost of sales format. Using the type of expenses format, all costs and expenses are presented by nature of expense.

The income statement in accordance with US GAAP has to be presented using the cost of sales format, with revenues and expenses classified by functions.

Goodwill According to Luxembourg GAAP goodwill is generally amortized using the straight-line method. Under the provisions of US GAAP goodwill is not amortized but tested for impairment at least annually.

Lease According to Luxembourg GAAP, leased equipment generally has to be included in the balance sheet of the lessor. Lease payments are included in the income statement by the lessee. According to US GAAP, equipment leased under contracts classified as capital lease has to be recorded by the lessee. The lessee records a capital lease as an asset and an obligation (liability) at an amount equal to the present value of the minimum lease payments at the beginning of the lease. The asset should be recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset.

Deferred Taxes In accordance with US GAAP, deferred tax assets and liabilities should be recognized for all temporary differences arising between the tax base and the financial reporting base of assets and liabilities. Furthermore, US GAAP requires recognition of deferred tax assets for operating tax loss carry-forwards, as long as it is probable that they can be used by future taxable income. Valuation allowances on deferred tax assets have to be provided for where management believe it is more likely than not that the Group will not realize such amounts.

Provision for Pensions In accordance with Luxembourg GAAP, provisions for pension are calculated using the entry age normal method used for Luxembourg tax purposes with an interest rate of approximately six per cent with total obligation recorded in the year of grant. As per US GAAP, pension accruals are calculated using the projected unit credit method, with the obligation recorded ratably over the years of services of the respective employees. Weighted average increase in salaries is considered in calculating the obligation.

Other Accruals The principle of prudence is applied differently in US GAAP as compared to Luxembourg GAAP. US GAAP tends to have more stringent requirements for the probability of the occurrence of relevant events and for the determination of the respective obligation to be provided for.

AUDITORS' REPORT

To the Shareholders of Thiel Logistik AG:

We have audited the accompanying consolidated balance sheet of Thiel Logistik AG and its subsidiaries as of December 31, 2004 and the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in shareholders' equity for the year then ended and have read the related Management report. The consolidated financial statements and the Management report are the responsibility of the Board of Directors and the Executive Board. Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to check the consistency of the Management report with them.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Board of Directors and the Executive Board, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material aspects, the financial position of Thiel Logistik A.G. and its subsidiaries as of December 31, 2004 and the results of its operations and its cash flows for the year then ended in conformity with United States Generally Accepted Accounting Principles.

The Management report is in accordance with the consolidated financial statements.

ERNST & YOUNG
Société Anonyme
Independent auditors

Jeannot Weyer
Luxembourg, March 3, 2005

Significant subsidiaries¹⁾

	Share in the capital	Net sales 2004	Employees Dec. 31, 2004
<i>Net sales in thousand €</i>			
Industry Solutions			
THIEL Automotive			
Microlog Logistics AG, Köln (D)	97.2 %	-	38
PD Logistics GmbH, Schweinfurt (D)	68.1 %	52,748	301
LOCTON Gesellschaft für Logistik-Systeme mbH, Köln (D)	97.2 %	41,199	111
LOCTON Industrial Services GmbH, Köln (D)	97.2 %	36,751	211
Microlog Grundbesitz Verwaltungs GmbH, Heppenheim (D)	97.2 %	18,882	121
Gervex Sgro Transports, Parets (E)	100.0 %	16,590	107
THIEL Furniture			
LOG Beteiligungs GmbH, Lemgo (D)	74.9 %	-	8
ALCO GmbH Transport International Kamen, Bad Lippspringe (D)	74.9 %	19,682	31
Lippe Logistik GmbH & Co. KG, Schieder-Schwalenberg (D)	74.9 %	17,311	218
Albatros Sp.z.o.o., Poznan (PL)	74.9 %	17,266	104
THIEL Media			
„Overbruck“ Spedition GmbH, Hamburg (D)	100.0 %	90,313	187
Z. Z. Verlagsservice Eichberg GmbH, Mörfelden-Walldorf (D)	100.0 %	36,967	64
THIEL FashionLifestyle			
Birkart Globistics GmbH & Co. Logistik und Service KG, Aschaffenburg (D)	100.0 %	292,369	1,331
Birkart Globistics Austria GmbH, Wien (A)	100.0 %	31,398	272
Birkart España S.A., Madrid (E)	100.0 %	17,007	52
Air & Ocean			
Birkart Globistics Ltd., Hongkong (HK)	100.0 %	75,138	270
Birkart Globistics Ltd., Hayes (GB)	100.0 %	39,854	61
Birkart Globistics (S.A.) (Pty) Ltd., Johannesburg (ZA)	100.0 %	16,634	97
Regional Logistics Services			
Quehenberger			
Quehenberger Logistik AG & Co. KG, Bergheim (A)	100.0 %	234,018	782
LOGOCHEM Logistikservice GmbH & Co. KG, Linz (A)	100.0 %	59,044	96
Welz Internationale Spedition GmbH, Salzburg (A)	100.0 %	54,688	63
Quehenberger-Hellmann Worldwide Logistics GmbH, Bergheim (A)	80.0 %	15,195	32
Südkraft			
Südkraft Süddeutsche Kraftwagen-Speditions-GmbH, München (D)	100.0 %	133,184	528
Kraftverkehr Bayern GmbH, München (D)	100.0 %	32,052	191
BTS Delhey Logistik GmbH, Spreehagen (D)	100.0 %	18,456	182
GAT Logistik GmbH & Co. KG, Kempten (D)	100.0 %	18,415	208
delacher			
delacher Logistics AG + Co. KG, Wolfurt (A)	100.0 %	83,119	236
delacher + co Transport AG, Muttentz (CH)	95.0 %	31,502	103
Nunner GmbH, Fürnitz (A)	97.2 %	26,418	22
Nunner B.V., Valkenswaard (NL)	97.2 %	19,874	32
SES Schneider & Erb Spedition AG, Thayngen (CH)	100.0 %	16,323	105
Nunner Lojistic Ticanet Limited Sirheti, Istanbul (TR)	97.2 %	15,693	42

¹⁾ Includes lead companies and companies with net sales exceeding 15 million Euro.

Financial Terms

Cash flow	Cash flow is the difference between cash inflows and outflows. Cash flow can also be established from operating profit by adding non-cash items such as impairment charges and cash items not recorded in operating profit such as changes in working capital.
CRM	Customer Relationship Management; Group-wide strategy aimed at increasing customer satisfaction by recording and managing all customer contacts consistently.
Cross-Selling	Cross-Selling basically means selling more: A company offers additional products to customers who have so far purchased only a portion of the product range.
EBIT	Earnings before interest and taxes.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
Goodwill	Goodwill is established as the difference between the acquisition price paid for an investment and the fair value of its equity.
IFRS	International Financial Reporting Standards. Using these agreed international standards when preparing the accounts means the financial statements of companies in one country can be compared with those of other countries.
KonTraG	Law on control and transparency in business.
Market Capitalization	Number of shares issued multiplied by the share price.
MDAX	Acronym for Midcap Dax, the index for the leading German mid-cap stocks. Includes the 50 largest stocks after the Dax in terms of market capitalization and trading volume, weighted by formulas. The Dax indices the 30 largest German stocks.
Reporting Units	Reporting units in financial accounting and controlling.
Roadshow	Presentation of a company to investors and potential investors at main financial centers.
US GAAP	United States Generally Accepted Accounting Principles.

Technical Terms

Full-Container-Load (FCL)	In contrast to Less than Container Load (LCL), the freight forwarder loads up the container fully, and it is unloaded by the receiver at the destination.
Hanging Garment	Items of clothing that are transported vertically hanging on coat hangers, as opposed to in flat packs.
“just-in-sequence”	Delivery of parts or subassemblies to production in the exact time slot and order needed.
“just-in-time”	Supplying manufacturers with parts or subassemblies directly to production, in the exact time slot but not in any specific order.
Contract logistics	Commercial operations which integrate multiple logistics functions and which are based on a close, individually tailored relationship between shipper and service provider. The relationship is secured contractually for a longer period and the sales volume is above average.
Less-than-Container-Load (LCL)	Part loads, such as small shipments from by a variety of forwarders, are loaded along the entire transport chain into transport containers and unloaded at different destinations for different receivers (pier-to-pier transport). The term is mainly used in connection with sea freight container traffic.
Logistics	All activities associated with delivering goods and information as and when needed – successfully organizing the optimum flow of materials so as to ensure the efficient solution of storage, transport and traffic problems.
Merchandising logistics	Production, sales and marketing of service items for a particular main product.
Original Equipment Manufacturer (OEM)	A manufacturer whose products are sold as a unit under one brand name; an OEM normally buys in components from other manufacturers, integrates them as they are into its own products and sells the whole package on to the end customer.
Outsourcing	Putting a (logistics) service provider in charge of handling the individual services that are outside a company’s own core competencies.
Pick and Pack	A system for picking orders whereby the individual items are picked and placed directly into a dispatch bin.
RFID	Radio Frequency Identification: Automatic identification and data collection system via data transmission based on radio frequency technology.
Supply Chain	The supply chain for a product comprises all the value-generating activities of each of the manufacturing and selling stages, starting with raw materials through to finished products.
Supply Chain Management	Management of the logistics chain from supplier to manufacturer through to the end customer, often supported by appropriate software.
TGH	Ticker symbol of Thiel Logistik AG on the German Stock Exchange.
Tracking and Tracing	Electronic system for tracking the current status of a shipment. Tracing refers to the fact that all the individual stages of the shipment (what happened, where and when) can be reconstructed in detail.
Value Added Services	Individually integrating additional services into end-to-end, full-service logistics, for example financial services, quality control and labeling.
Warehousing	Storage of data and goods.

Financial Calendar 2005

March 10, 2005	Press Conference, Analysts Meeting
April 13, 2005	Annual General Meeting
May 11, 2005	Publication of Three-Month Report 2005
August 11, 2005	Publication of Half-Year Report 2005
November 10, 2005	Publication of Nine-Month Report 2005
April 12, 2006	Annual General Meeting

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in the Internet: www.thiel-logistik.com.



Thiel Logistik AG

**ZIR Potaschberg
5, an de Längten
L-6776 Grevenmacher
Luxembourg**

**Phone +352/7196 90-13 51
Fax +352/7196 90-13 59
ir-info@thiel-logistik.com
www.thiel-logistik.com
WKN 931705
ISIN Code LU 0106198319**