

Thiel Logistik AG

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Name



Industry

LOGISTICS

Date

September 30, 2005

## NINE-MONTH REPORT

X ■ ■ ■ ■

# Key Figures January 01, - September 30, 2005

according to the International Financial Reporting Standards (IFRS)

■ ■	<i>in thousand €</i>	2005	2004	Change in %
<b>Group Net Sales</b>				
Industry Solutions		451,458	462,072	-2.3
Air & Ocean		258,210	233,766	10.5
Regional Logistics Services		657,735	610,831	7.7
Holdings		474	732	-35.2
<b>Total Net Sales</b>		<b>1,367,877</b>	1,307,401	4.6
<b>Segment results (before restructuring costs and impairments)</b>				
Industry Solutions		6,341	6,025	5.2
Air & Ocean		7,903	4,074	94.0
Regional Logistics Services		16,788	21,469	-21.8
Holdings and Consolidation		-7,398	-7,688	-3.8
Other financial income (expenses), net		54	556	-90.3
<b>Earnings before interest and taxes (EBIT) before restructuring costs and impairments</b>		<b>23,688</b>	24,436	-3.0
Restructuring costs		-5,201	-	N/A
Impairment of long-lived Assets		-30,283	-	N/A
Impairment of Goodwill		-5,000	-	N/A
<b>Earnings before interest and taxes (EBIT)</b>		<b>-16,796</b>	24,436	N/A
<b>Net result<sup>1</sup></b>		<b>-44,196</b>	3,753	N/A
Attributable to Equity holders of Thiel Logistik AG		-42,884	1,688	N/A
Attributable to Minority shareholders		-1,312	2,065	N/A
<b>Earnings per share in Euro</b>		<b>-0.38</b>	0,02	N/A
<b>Operating Cash Flow</b>				
<b>Free Cash Flow</b>		<b>17,312</b>	41,437	-58.2
<b>EBITDA<sup>2</sup></b>				
<b>Net financial debt</b>		<b>146,607</b>	145,227*	1.0
<b>Shareholders' equity (incl. minority interest)</b>		<b>334,988</b>	377,842*	-11.3
<b>Number of Employees</b>				
		<b>8,930</b>	8,912*	0.2

<sup>1</sup> comparable with the former term "Net income (loss)"

<sup>2</sup> before restructuring costs and impairments

\* as of December 31, 2004

Grevenmacher/Luxembourg, November 2005

## Board of Directors

### Executive Members (Executive Committee)

Berndt-Michael Winter | Chairman  
 Dr. Antonius Wagner | Deputy Chairman | Finance  
 Stefan Delacher | Industry Solutions and Air & Ocean  
 Klaus Hrazdira | designate Member\* | Regional Logistics Services

### Non-Executive Members

Prof. Dr. Werner Delfmann  
 Dr. Yves Prussen

\*Mr. Hrazdira is not yet a member of the Advisory Board, however he will be proposed to the shareholders at the Annual General Meeting on April 12, 2006 to be elected in this committee.

## Financial Calendar

**March 16, 2006** Publication of the Annual Report 2005

**April 12, 2006** Annual General Meeting

## Imprint

### Publisher

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### Editing

Thiel Logistik AG, Grevenmacher, Luxembourg

This report is also available in German or as Download in the internet: [www.thiel-logistik.com](http://www.thiel-logistik.com)

### Disclaimer

This Nine-Month Report contains forward-looking statements which are associated with risks and uncertainties. The actual development, the results and the time frame pertaining to the business of Thiel Logistik AG may differ significantly from the development, the results and the time frame as presented in this Nine-Month Report. This Nine-Month Report does not constitute an offer or an invitation to purchase or sell securities and shall not be relied upon as a basis of information in this connection.

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## The Company at a Glance

### Economic development

The economy in Germany recovered slightly over the past nine months. After a restrained first half-year, important indicators of sentiment such as the ifo Business Climate Index and the ZEW Indicator of Economic Sentiment are now speaking of a noticeable pickup in economic momentum in the second half of 2005. The Deutsche Bundesbank is expecting real gross domestic product in the third quarter to have significantly improved, seasonally and working-day adjusted. Exports continued to be the driver behind the positive performance.

The Institute for World Economics estimates that the global economy will grow at a rate of approximately four percent this year, despite the increase in energy prices.

The sentiment improved in the logistics industry in August, according to the SCl logistics barometer. This was primarily due to increased transport sales. The process of consolidation continued to move ahead in the general cargo sector. A similar development could also be observed in the air and ocean sector; however, strong market growth is currently prevailing here. The general expectation is that contract logistics will continue to become increasingly important.

### New management structure for Thiel Logistik AG

At the end of September 2005, the Board of Directors of Thiel Logistik AG resolved on a new management structure for the Group, whereby the Board of Directors – in accordance with Luxembourg corporate law and in keeping with the company statutes – has been transformed into the sole management body of the Group. The former Executive Board, whose establishment had not been a requirement under corporate law, was dismantled.

An “Executive Committee”, consisting of the executive members of the Board of Directors, is responsible for the operating functions from now on. Berndt-Michael Winter has assumed responsibility as the Chairman, Dr. Antonius Wagner has responsibility for finance and Stefan Delacher for the Industry Solutions and Air & Ocean segments. Klaus Hrazdira (Chairman of Quehenberger Logistik AG & Co. KG, a Thiel Logistik Group company) is included in all the consultation and decision-making processes in the Board of Directors, and is responsible in the Executive Committee for the Regional Logistics Services business segment. His election to the Board of Directors cannot take place until the Annual General Meeting in April 2006. Prof. Dr. Werner Delfmann and Dr. Yves Prussen continue to be non-executive members of the Board of Directors.

The new management structure allows Thiel Group to handle its three key challenges it faces:

- Improving operating performance
- Strengthening management capacities in the Group’s operating companies
- Creating a Group structure which will fully exploit the performance potentials existing within the Thiel Group

### Changes to the structure of the Group

In full agreement between the Board of Directors and the majority shareholder, the Group strategy adopted two years ago is being rigorously implemented.

Three key structural changes have been carried out in the process:

- Establishment of “Centers of Competence”
- Aligning closely the operations of Südkraft/Microlog
- Streamlining the Holding functions

The establishment of eight “Centers of Competence” as part of these changes represents a major step towards achieving usual market profitability levels:

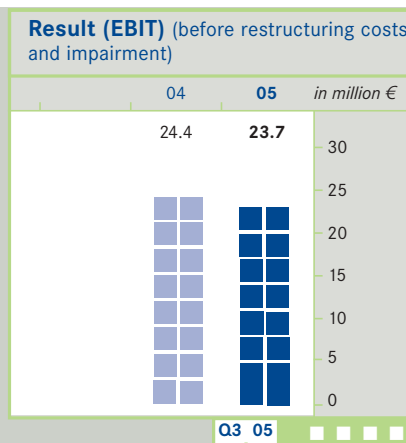
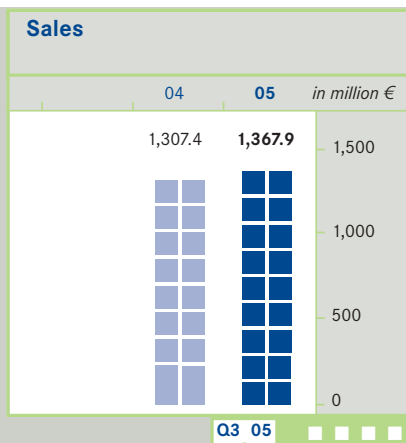
- Logistic networks
- Supply Chain Solutions
- Automotive
- Chemicals
- Purchasing
- Facility Management
- Marketing
- Contract Management

The “Centers of Competence” are equipped with extensive powers, and will be led by experienced executives who in this capacity will report directly to the members of the Executive Committee. This now strikes the balance sought-for, between the decentralized structure of responsibilities on the one hand and the pooling of specialized logistics expertise and administrative functions on the other. The work of the “Centers of Competence” is expected to provide a substantial contribution to increasing the profitability of the Thiel Group.

At the end of July 2005, the operations of the Thiel Automotive (lead company Microlog) and Südkraft business units were placed under a joint management. The aim of the close alignment is a unified market approach by both business units and the pooling of their expertise in automotive and contract logistics. It is planned to allocate the Südkraft and Microlog operations, which are under a single management, to the Regional Logistics Service Providers business segment from the beginning of 2006.

The synergies identified involve both the operating business and administrative functions. In the future, administrative functions will be handled under a single management in a shared service center for the business units Südkraft, Thiel Automotive, Thiel Fashion-Lifestyle and the Air & Ocean business segment.

The re-organization of the Group Holding is directed towards focusing on Group management functions and boosting efficiency by streamlining responsibilities. In this pursuit, some management positions have been eliminated, holding functions merged and certain



services outsourced, which as a result will cut holding costs significantly.

These organizational changes complete the structural adjustments that had been announced. The Management will now concentrate on achieving the increased profitability and improvements to customer service that these measures are targeting.

### **Solid sales growth – stable operating earnings situation**

The business trend of Thiel Logistik in the first nine months of 2005 was on the one hand characterized by an organic sales growth and a solid operating profitability, even if the expectations set at the beginning of the year are not met. On the other hand, considerable one-time effects as well as impairments of long-lived assets and goodwill were incurred.

In the reporting period, the Thiel Group generated sales of 1,367.9 million euros, an increase of 4.6 percent over the comparable level of the previous year (1,307.4 million euros). The Quehenberger business unit and the Air & Ocean business segment accounted for a major share of this growth.

### **Burdens from one-time effects and impairments**

During the reporting period, the gross profit of 101.1 million euros increased to 113.7 million euros. Despite the substantial pressure on margins in the Thiel Furniture business unit, the gross margin of 8.3 percent is higher than the previous year's level of 7.7 percent. Before restructuring costs and impairments, the result before interest and income taxes (EBIT) of 23.7 million euros is less than the previous year's 24.4 million euros.

One-time effects of -40.5 million euros include restructuring costs of 5.2 million resulting from the joint reorganization of the Thiel Automotive und Südkraft business units as well as expenses for the streamlining of holding functions. Moreover, impairments of long-lived assets amounting to 30.3 million euros have been recorded as a result of the impairment test. Thereof, an impairment loss of 20.0 million euros was recorded for a logistics center, reducing the book value to a sustainable level. The intensive marketing activities for the logistics facility, already underway, will continue. Furthermore, a 5.0 million euro impairment of goodwill was made in the Industry Solutions business segment.

This leaves earnings of -16.8 million euros before interest and taxes (EBIT), compared to 24.4 million euros the year before. After interest of -13.0 million euros, income taxes of 9.8 million euros and the result from discontinued operations of -4.7 million euros, the Group is posting a net result of -44.2 million euros (2004: 3.8 million euros).

### **Positive operating cash flow – tight reins on investment management**

In total, the Thiel Group generated a stable operating cash flow of 25.4 million euros in the reporting period (2004: 52.7 million euros). After an 8.5 million euro charge caused by a one-off payment for the settlement of pension provisions in the first half of the year, the cash flow improved in the third quarter by 20.1 million euros. The cash flow from investing activities came to -14.2 million euros.

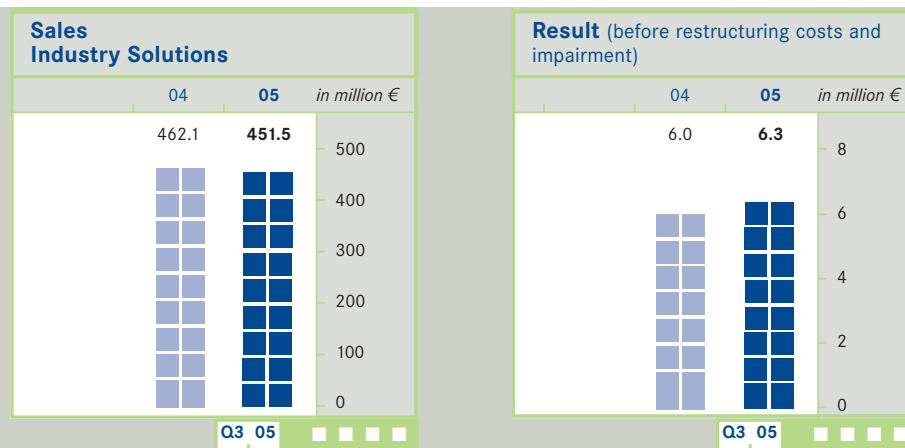
Capital expenditures on fixed assets amounting to 21.3 million euros, compared with the previous year's 32.1 million euros reflecting tight control over investments. The acquisition of the majority holding in the Slovakian logistics provider Proxar and the introduction of a new freight forwarding software accounted for a major portion of investment activities.

The free cash flow came to 17.3 million euros (2004: 41.4 million euros) as of September 30, 2005, with 14.9 million euros generated in the third quarter.

### Mixed Performance of the Industry Solutions business segment

The Industry Solutions Thiel Automotive, Thiel FashionLifestyle, Thiel Furniture and Thiel Media, develop complete solutions for the logistics needs of different industry sectors, and provide custom-made services tailored to specific customer requirements.

In the reporting period, the Group generated sales of 451.5 million euros in this business segment. As a result, Industry Solutions are below the previous year's comparative level of 462.1 million euros. The interim result at September 30, 2005, came to -25.3 million euros, with this figure containing restructuring costs of 1.7 million euros and impairments of long-lived assets and goodwill of 30.0 million euros. The result before one-off effects came to 6.3 million euros, compared to 6.0 million euros the previous year.



The **Thiel Automotive** business unit with its lead company Microlog posted sales of 145.8 million euros in the reporting period, significantly lower than the previous year's level of 157.1 million euros. At some of the business unit's companies, the sustained pressure on prices and competition in the industry led to sales losses that could not be fully offset at the business unit level. Customers were lost particularly at the French subsidiary GST, whereas the German subsidiaries are increasingly recording a positive performance after a subdued start to the year. In the reporting period projects got underway for customers Pierburg in Thionville and BMW in Dingolfing.

The Thiel Automotive and Südkraft business units were placed under a joint management in order to improve the market recognition as an end-to-end logistics service provider. The intensified collaboration between the units aims at providing customers with sustained benefits by offering integrated logistics solutions. At the same time, extensive cost-cutting programs were initiated in both business units.

Despite the continuing slowdown in consumer spending, the **Thiel FashionLifestyle** business unit generated sales of 170.5 million euros in the first nine months of 2005 (2004: 172.4 million euros). This performance was primarily the result of the extended textile network operations in Germany, the successful export business, especially to Spain and Eastern Europe, the expansion of existing customer relationships and extensions of contracts with major customers. The increased transport volumes following the

removal of the import barriers for textiles from China had a positive effect on the sales performance, especially in August and September.

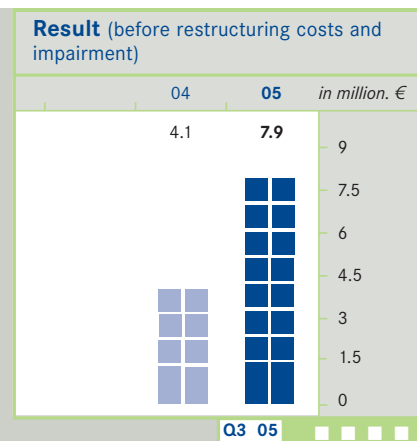
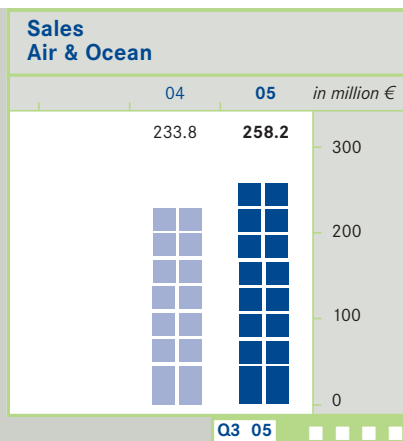
At 34.5 million euros, the **Thiel Furniture** business unit managed to maintain sales at very close to the previous year's level (2004: 35.1 million euros), despite operating in a tough market environment with declining domestic demand and only slightly increasing export rates. However, substantial additional costs for the re-organization of the Lemgo-Vosshede furniture distribution center and uncompetitive wages and salaries at the subsidiary company Lippe Logistik resulted in a significant earnings decline. The measures initiated to improve the logistics processes in the reporting period delivered first successes in the third quarter.

Additional measures designed to achieve improvements in quality and productivity have been defined, and are currently being implemented. Moreover, an agreement has been reached with the union and the works council on a cost-cutting program that got underway in the third quarter. Because the furniture economy in Germany is not expected to recover for the time being, the focus is now even more on expanding the business in Eastern Europe and Asia. Here, Thiel Furniture cooperates with the Air & Ocean business segment, particularly in intercontinental procurement logistics.

**Thiel Media**, under the lead company Overbruck, generated sales of 92.4 million euros in the first nine months, a growth of approximately two percent over the previous year's level of 90.3 million euros. This increase in sales in a stagnating press sector is the result of an enhanced service offering and new customer business. For example, for the Confederation Cup 2005, the press network was used for the first time during the reporting period to supply the trade with fan and merchandise items, and items for fans for the 2006 Football World Championships. Thiel Media also succeeded in expanding its activities in Eastern Europe in the reporting period. For example, the Polish subsidiary Overbruck Polska concluded a contract with a major press wholesaler to distribute press products nationwide.

### Dynamic sales and earnings performance in the Air & Ocean business segment

The Group's international air and sea freight activities are pooled into the Air & Ocean business segment under the lead company Birkart Globistics. During the reporting period, sales increased over the same period last year by around ten percent to 258.2 million euros (2004: 233.8 million euros). The result came to 7.6 million euros. This figure

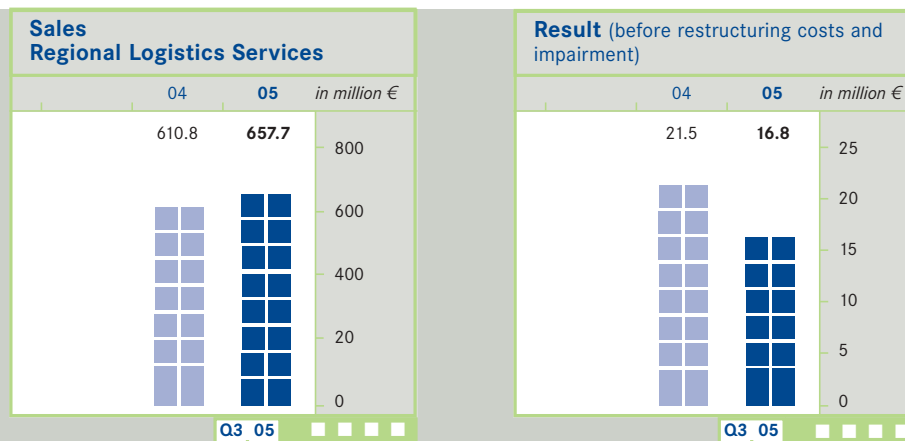


re includes impairments to property, plant and equipment of 0.3 million euros. The result before impairments came to 7.9 million euros, almost double that of the previous year's 4.1 million euros. The continuing high demand for intercontinental air and sea freight traffic between Asia and Europe is primarily responsible for this growth. Business with Asia, for example, grew again at an above average rate in the reporting period. New companies were set up in Italy and Dubai around the middle of the year, along with an additional joint venture in South Africa. These have already contributed positively to the business unit's growth in the third quarter. In order to maintain and improve the standard of quality while still pursuing its growth targets, further funds were invested in a standardized software.

### Regional Logistics Services Providers with growth in Central and Eastern Europe

The Regional Logistics Service Providers Quehenberger, Südkraft and delacher focus on providing comprehensive logistics solutions for customers from their respective core markets, while also providing them with supporting their international operations.

In the reporting period, sales in this business segment came to 657.7 million euros compared to 610.8 million euros in the same period the previous year. The result came to 9.4 million euros, with this figure containing restructuring costs of 2.4 million euros and impairments of long-lived assets of 5.0 million euros. The result before one-time effects came to 16.8 million euros, compared with 21.5 million euros in the first nine months of 2004. The result for the previous year's period included positive effects from the sale of the public transport business in Munich and Ingolstadt.



The **Quehenberger** business unit continued its growth in the reporting period, generating sales of 325.1 million euros compared with 279.4 million euros in the same period the previous year, an increase of around 16 percent. This growth was the result both of the positive business performance with existing customers and the expansion of new customer business. Throughout the year, new branch offices were opened in Bulgaria, Russia, Croatia, Romania and the Ukraine in order to be able to keep pace with the strong economic growth in Eastern Europe. The successful acquisition of the Slovakian freight forwarding company Proxar in the first half of 2005 represents an important expansion of Thiel Logistik's network in Central and Eastern Europe. In order to continue to manage its costs actively and increase transport safety, Quehenberger invested in state-of-the-art IT solutions during the reporting period. These include the Supply Chain Event Management System and a new freight forwarding software.

The performance of the **Südkraft** business unit consolidated further in a market which continues to be highly competitive. Sales in the reporting period came to 161.2 million euros, compared with 167.7 million euros in the same period of 2004. However, only a limited comparison can be drawn from these figures, due to the realignment of the business unit that started in 2004. Following a slow first quarter, Südkraft was able to improve its business performance significantly in the second and third quarter. Both in land transportation and in contract logistics, as well as in bulk and silo logistics, the business with existing customers was expanded and new customers acquired. Contract logistics is set to particularly benefit from the merger with the Thiel Automotive business unit.

Sales of 171.4 million euros in the **delacher** business unit are considerably higher than the comparative previous year's period of 163.7 million euros. Growth contributions came primarily from Austria, the Netherlands and Switzerland. Chemical distribution logistics in international freight forwarding between Austria and Eastern Europe continued to expand. During the reporting period, the business segment of refrigerated transport in Switzerland exceeded its sales targets. The activities of Swiss and French companies were integrated even closer in order to expand the service offering, and to improve utilization of scheduled transportation services offered by the Swiss companies in particular. The capacities of the Czech and Hungarian companies were expanded to keep pace with strong economic development following the accession of their countries to the EU. The expansion of the Krems site was also basically completed in the third quarter.

#### **Number of employees steady**

The number of employees in the Thiel Group remained virtually unchanged compared to December 31, 2004 and to mid-year 2005. The Thiel Group employed 8,912 staff as of December 31, 2004, compared to 8,930 as of September 30, 2005. This figure equals to 8,356 full-time equivalents employees (December 31, 2004: 8,490). The increase in employee numbers in the growth markets of Eastern Europe and China is particularly pronounced.

Carefully targeted further development and fundamental restructuring measures continued to set the agenda for the work of the Group's human resources management.

#### **Outlook**

The Group's new management and organizational structure has been designed to improve operating performance and to strengthen management capacities in the Group's operating companies. This will allow the performance potentials of the Group to be exploited and to be developed even more effectively.

EBIT before restructuring costs and impairment losses of 25 to 30 million euros is continued to be expected for the full year.

## Report on the Stock

During the reporting period, the performance of the Thiel Logistik AG stock was impacted primarily by two reductions in the EBIT guidance for the year.

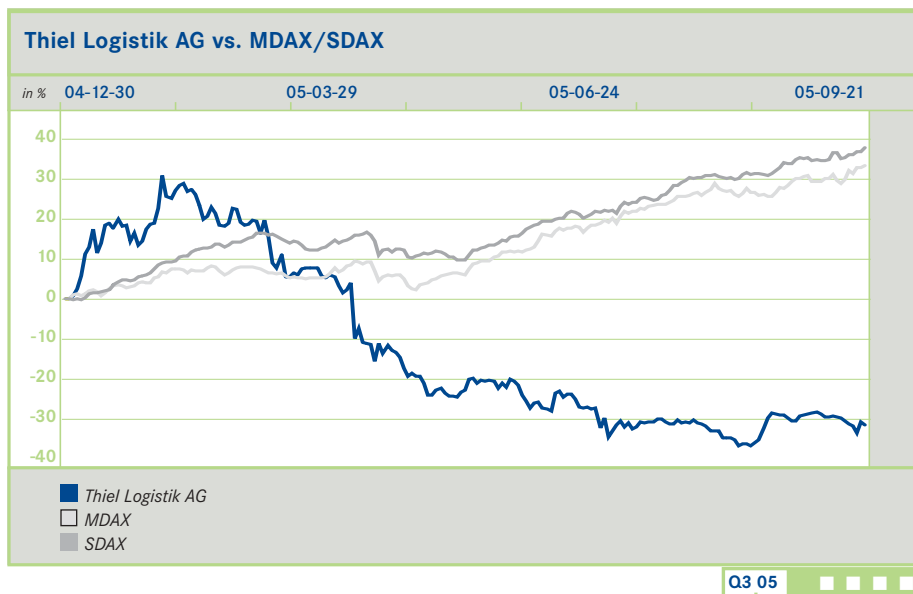
As a result, following a positive start to the year the performance of the share price largely decoupled from that of the DAX und MDAX as the year proceeded. After the stock price was still performing better than the comparative indices during the first quarter, this positive development came to a halt towards the end of the first quarter. The stock price then fell, followed by a slightly negative performance during the second quarter before trading largely unchanged in the third quarter.

In the reporting period, 51.3 million shares in Thiel Logistik AG were traded on all the German stock markets. This corresponded to a sales volume of 193.0 million euros. The average volume per trading day came to 263,287 shares, meaning average sales were about one million euros. The Thiel stock has been traded on the SDAX stock index since June 20.

### Shareholder's structure

As of September 30, 2005, the principal shareholder DELTON AG continues to hold a stake of 50.26 percent in the capital of Thiel Logistik AG. The free float therefore amounts to 49.74 percent.

Stefan Delacher, an Executive Member of the Board of Directors, continues to hold 8,000 Thiel Logistik stock options. The other members of the Board of Directors have neither Thiel Logistik shares nor options.



## Financial Position as of September 30, 2005

The Consolidated Financial Statements presented were drawn up according to the accounting regulations of the International Financial Reporting Standards (IFRS). A detailed overview of IFRS accounting in the Thiel Group is included in the Notes to the Consolidated Financial Statements under point 2, "First-time adoption of International Financial Reporting Standards (IFRS)".

### Key figures of the Consolidated Statement of Income

<i>in thousand €</i>	January 1, - September 30,	2005	2004	Change
<b>Net Sales</b>		<b>1,367,877</b>	1,307,401	4.6 %
Cost of sales		-1,254,180	-1,206,293	4.0 %
<b>Gross profit</b>		<b>113,697</b>	101,108	12.5 %
Operating expenses		-90,063	-77,228	16.6 %
Other income (expenses)		54	556	-90.3 %
<b>EBIT before Restructuring Costs and Impairment</b>		<b>23,688</b>	24,436	-3.1 %
Restructuring Costs		-5,201	-	N/A
Impairment of long-lived assets		-30,283	-	N/A
Impairment of goodwill		-5,000	-	N/A
<b>Earnings before interest and taxes (EBIT)</b>		<b>-16,796</b>	24,436	-168.7 %
Net interest		-12,974	-12,662	2.5 %
Income taxes		-9,771	-4,434	120.4 %
<b>Income from continuing operations</b>		<b>-39,541</b>	7,340	N/A
Income from discontinued operations		-4,655	-3,587	29.8 %
<b>Net result</b>		<b>-44,196</b>	3,753	N/A
Attributable to:				
Equity holders of Thiel Logistik AG		-42,884	1,688	N/A
Minority interest		-1,312	2,065	N/A
Depreciation and amortization		-27,781	-30,077	-7.6 %
EBITDA <sup>1)</sup>		51,469	54,513	-5.6 %
Operating lease expenses		-50,362	-51,805	-2.8 %
EBITDAR <sup>2)</sup>		101,831	106,318	-4.2 %
Gross Margin		8.3 %	7.7 %	7.5 %
EBIT-Margin <sup>1)</sup>		1.7 %	1.9 %	-7.3 %
EBITDA-Margin		3.8 %	4.2 %	-9.8 %
EBITDAR-Margin		7.4 %	8.1 %	-8.5 %
EBITDA/Net interest		3.97	4.31	-7.9 %

<sup>1)</sup> Before restructuring costs and impairments

<sup>2)</sup> EBITDA before operating lease expenses

### Net Sales

In the first nine months of 2005 the Thiel Group generated sales of 1,367.9 million euros compared to 1,307.4 million euros in the same period of 2004. The strong organic sales growth of 4.6 % equals the total sales growth as the currency effects and the effects from acquisitions/divestments cancel out each other. The initial consolidation of the Slovakian company Proxar (Quehenberger business unit) was carried out on June 1, 2005.

## Result

A gross profit of 113.7 million euros was generated in the reporting period of 2005, representing a 12.5 % increase over the previous year's figure of 101.1 million euros. The gross margin in the first nine months of the current fiscal year totaled 8.3 % (2004: 7.7%). Despite the pressure on margins in the Furniture business unit due to start-up losses for a new furniture distribution center in Vossheide, a slight margin improvement was achieved compared to the previous year's margin.

Operating expenses of 90.1 million euros were incurred in the first nine months of 2005, while those in the same period of the previous year came out to 77.2 million euros. Operating expenses in 2004 included the positive effect from the disposal of public transport businesses (ÖPNV) in Ingolstadt and Munich. The 2005 cost of sales and operating expenses include depreciation and amortization of 27.8 million euros (2004: 30.1 million euros).

Despite the earning declines in the Furniture business unit, the EBIT before restructuring costs and impairments of 23.7 million euros saw a decline of -3.1 % and were therewith only slightly below the previous year's level (2004: 24.4 million euros). The EBIT margin before restructuring costs and impairments amounted to 1.7 % (2004: 1.9 %) in the first nine months of 2005.

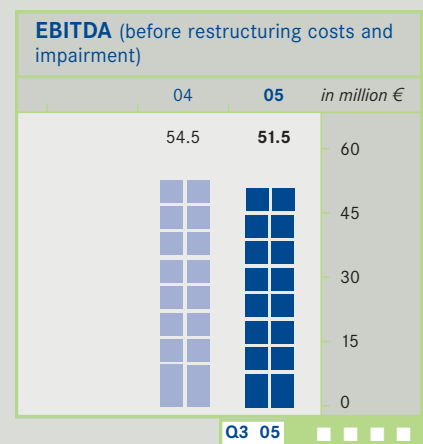
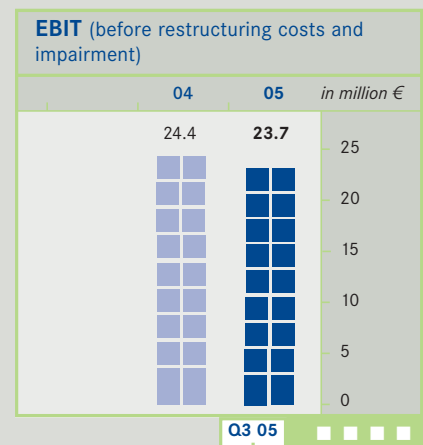
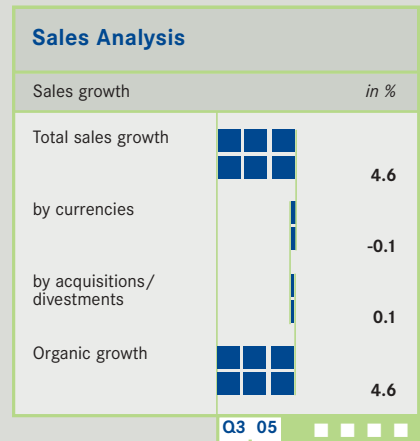
Restructuring costs in the amount of 5.2 million euros were disclosed in the third quarter of 2005. These restructuring costs comprise one-time expenses in connection with the restructuring of the holding company and the integration of the Thiel Automotive and Südkraft business units. The restructuring costs include one-time termination benefits and expenses for redundancy plans totaling 3.2 million euros, 0.7 million euros for the closing of locations and 1.3 million euros for other restructuring costs. No restructuring costs were incurred in 2004.

Impairment losses for long-lived assets amounted to 30.3 million euros in the first nine months of 2005. These impairments concern a warehouse in Heppenheim accounting for 20.0 million euros, other real estate in the Regional Logistics Services business unit accounting for 5.0 million euros, capitalized customer contracts in the Thiel Automotive business unit accounting for 5.0 million euros and 0.3 million euros belonging to other non-current assets. No impairments of long-lived assets occurred in the previous year's period.

An impairment test to appraise the value of goodwill in the Industry Solutions business unit resulted in an impairment loss of 5.0 million euros. No such impairments on goodwill occurred in the previous year's period.

Earnings before interest and taxes (EBIT) amounted to -16.8 million euros for the first nine months in 2005. Earnings before interest and taxes (EBIT) totaled 24.4 million euros in the previous year's period.

Consolidated earnings before interest, taxes, depreciation, amortization and one-time expenses (EBITDA) decreased by 5.6 % from 54.5 million euros in the previous year's period to 51.5 million euros, thus resulting in an EBITDA margin of 3.8 %. The adjustment of the consolidated result for operating lease expenses yields an EBITDAR of 101.8 million euros in the first nine months of 2005 (2004: 106.3 million euros).



The Group's net interest result was -13.0 million euros, slightly below the previous year's level (2004: -12.7 million euros). The ratio of EBITDA to net interest reached 3.97 in the first nine months of the year (2004: 4.31).

The income tax expense increased from 4.4 million euros to 9.8 million euros in the first nine months of the period under review.

The result from discontinued operations included significant redundancy payments at freight companies in Luxembourg and amounted to -4.7 million euros in the first nine months of 2005 (2004: -3.6 million euros).

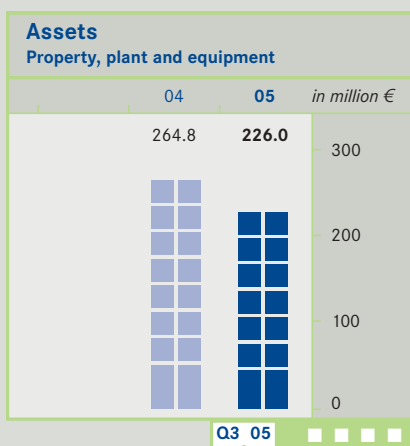
The new guidelines of the International Financial Reporting Standards (IFRS) have been adopted in the calculation of the net result of the current period. According to this approach, the statement of income ends with the net result before minorities. A separate statement explains the allocation of funds to shareholders of the company (comparable to the previously used term "Net Income") and to minority interests.

A total of -42.9 million euros (2004: 1.7 million euros) of the negative result of -44.2 million euros (2004: 3.8 million euros) was apportioned to shareholders of the Thiel Group in the current reporting period, whereas -1.3 million euros were allocated to minority interests (2004: 2.1 million euros).

### Assets and Equity Structure

The balance sheet total decreased 1.7 % to 935.1 million euros (2004: 951.2 million euros) compared to December 31, 2004. Cash and cash equivalents were down from 87.4 million euros as of December 31, 2004 to 77.4 million euros as of September 30, 2005. The 44.0 million euro increase in trade accounts receivable, up from 205.3 million euros to 249.3 million euros, reflects the expansion of sales volume in the current reporting period.

Prepaid expenses and other current assets increased by 6.7 million euros from 32.4 million euros to 39.1 million euros. Payments received from the sale of companies and from pushing for the sale/liquidation of existing discontinued operations resulted in a 58.6 % decrease in assets of discontinued operations from 11.7 million euros as of December 31, 2004 to 4.9 million euros as of the reporting date for the period under review.



Property, plant and equipment decreased by 14.6 % to 226.0 million euros (2004: 264.8 million euros). Additions to fixed assets in the Thiel Group amounted to 11.4 million euros, while asset disposals totaled 2.9 million euros, depreciation 21.0 million euros and impairments 25.3 million euros in the first nine months of 2005.

Intangible assets decreased by 2.0 million euros in the reporting period from 23.6 million euros to 21.6 million euros. The 6.2 million euro addition included the allocation of the purchase price for the Proxar company to capitalized customer contracts of 2.5 million euros. Scheduled amortization of intangible assets amounted to 6.8 million euros and impairments to 5.0 million euros.

Goodwill decreased from 284.6 million euros to 278.6 million euros. The 3.2 million euro increase in goodwill from the acquisition of Proxar is offset by disposal of goodwill due to the sale of AF Logistik und Speditionen GmbH as well as goodwill impairment in the Industry Solutions business unit in the amount of 5.0 million euros.

<i>in thousand €</i>	Sep. 30, 2005	Dec. 31, 2004	Change
<b>Assets</b>			
Cash and Cash equivalents	77,360	87,369	-11.5 %
Trade accounts receivable	249,344	205,348	21.4 %
Prepaid expenses and other current assets	39,136	32,424	20.7 %
Assets of discontinued operations	4,856	11,738	-58.6 %
Property, plant and equipment	225,990	264,758	-14.6 %
Intangible assets	21,642	23,632	-8.4 %
Goodwill	278,642	284,629	-2.1 %
Other long-term assets	38,177	41,313	-7.6 %
<b>Total Assets</b>	<b>935,147</b>	<b>951,211</b>	<b>-1.7 %</b>
<b>Liabilities and Shareholders' Equity</b>			
Short-term bank borrowings	16,759	19,834	-15.5 %
Trade accounts payable	204,277	165,362	23.5 %
Other short-term liabilities	69,507	74,816	-7.1 %
Other short-term provisions	32,098	28,804	11.4 %
Liabilities of discontinued operations	6,794	7,699	-11.8 %
Long-term bank borrowings	31,803	34,789	-8.6 %
Bonds payable	125,471	125,043	0.3 %
Other long-term liabilities	72,346	76,648	-5.6 %
Other long-term provisions	41,104	40,374	1.8 %
Shareholders' equity (including minority interest)	334,988	377,842	-11.3 %
<b>Total Liabilities and Shareholders' Equity</b>	<b>935,147</b>	<b>951,211</b>	<b>-1.7 %</b>
<b>Key figures to the Balance Sheet</b>			
Equity ratio	35.8 %	39.7 %	-3.9 %
Gross financial debt	223,967	232,596	-3.7 %
Net financial debt	146,607	145,227	1.0 %

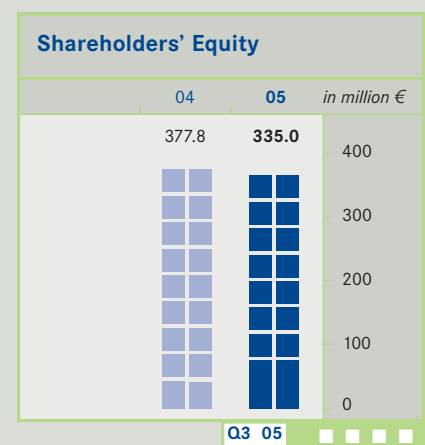


Other long-term assets decreased from 41.3 million euros as of December 31, 2004 to 38.2 million euros, a 7.6 % decrease.

As a result of repayments, short-term bank borrowings fell by 3.0 million euros from 19.8 million euros to 16.8 million euros. In the current reporting period trade accounts payable increased by 38.9 million euros to 204.3 million euros (2004: 165.4 million euros) due to an expansion in business volumes.

Other short-term liabilities decreased by 5.3 million euros to 69.5 million euros (2004: 74.8 million euros) in the past nine months. Whereas pension obligations at the Birkart KG lead company were released, liabilities from vacation and Christmas allowances were allocated. Other short-term provisions amounting to 32.1 million euros as of September 30, 2005 increased by 3.3 million euros due to the allocation of a restructuring provision. The liabilities of discontinued operations decreased by 0.9 million euros, from 7.7 million euros to 6.8 million euros.

Long-term bank borrowings fell from 34.8 million euros to 31.8 million euros as a result of repayments. In addition to the bond's volume of 130 million euros, the bond's issue costs, which are to be deferred over the term of the bond, are also included in liabilities from bond issues.



Other long-term liabilities decreased from 76.6 million euros to 72.3 million euros, whereas other long-term provisions increased 1.8 % from 40.4 million euros as of December 31, 2004 to 41.1 million euros.

In accordance with IFRS provisions, shareholder's equity also includes the share of the minority interests, and decreased by 11.3 %, from 377.8 million euros as of December 31, 2004, to 335.0 million euros. The equity ratio of the Thiel Group was 35.8 % as of September 30, 2005.

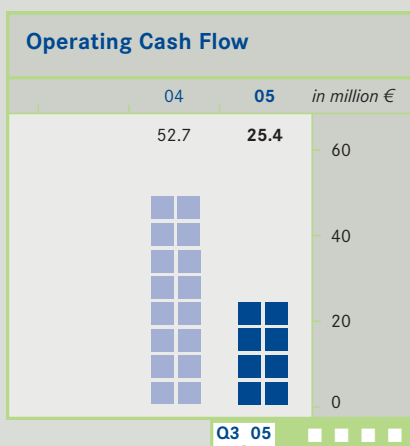
Net financial debt, amounting to 146.6 million euros on September 30, 2005, nearly remained at the December 31, 2004 level of 145.2 million euros. Gross financial debt improved 3.7 % from 232.6 million euros to 224.0 million euros.

### Cash Flow

Based on a result for the period of -44.2 million euros (2004: 3.8 million euros), the reconciliation to the operating cash flow shows a result of 4.7 million euros for discontinued operations (2004: 3.6 million euros) as well as depreciation and amortization of 27.8 million euros (2004: 30.1 million euros), impairments of long-lived assets of 30.3 million euros and goodwill impairments of 5.0 million euros. No impairment losses were incurred in the previous year's period under review. The other reconciliation items include the settlement of pension obligations at the Birkart KG parent company totaling -8.5 million euros.

Increased sales volumes in the reporting period and the successful working capital management in 2004 only resulted in a slightly positive cash effect from working capital of 3.4 million euros.

Altogether, the Thiel Group generated a positive operating cash flow of 25.4 million euros (2004: 52.7 million euros). Taking capital expenditures of 16.1 million euros (2004: 20.7 million euros) and interest payments of 8.0 million euros (2004: 9.4 million euros) into account, a positive free cash flow of 17.3 million euros was generated (2004: 41.4 million euros).



Disposals of long-lived assets resulted in a cash inflow from divestments of 7.7 million euros in the first nine months of 2005 (2004: 24.1 million euros). Investment purchases led to a cash outflow of 5.2 million euros. This includes the acquisition of the Slovakian company Proxar, among others.

The other changes in cash flow from investing activities of -0.6 million euros (2004: -0.8 million euros) include changes in other loans and securities.

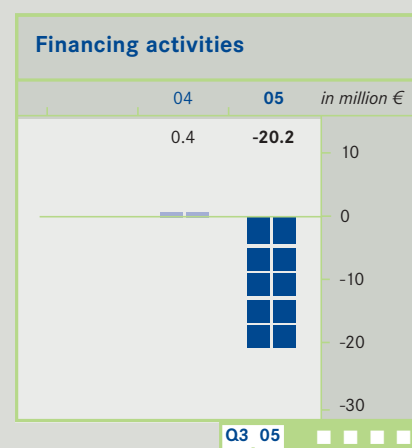
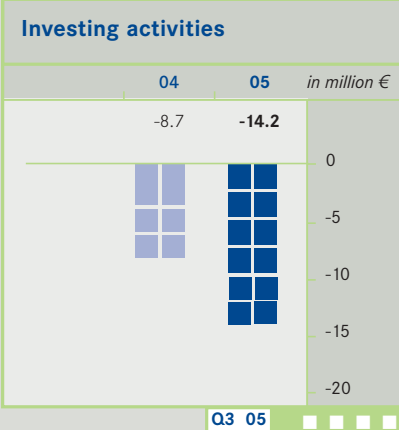
Bank borrowings of 10.1 million euros were repaid in the first nine months of 2005. The settlement of costs from the issue of the corporate bond resulted in a cash outflow of 1.4 million euros.

The other changes in cash flow from financing activities of -8.7 million euros (2004: -7.8 million euros) include changes in finance lease obligations. The financing cash flow of the first nine months of 2004 was affected by the capital increase in April resulting in a cash inflow of 94.9 million euros.

Change in cash flow from discontinued operations was heavily reduced to -1.5 million

<i>in thousand €</i>	January 1, - September 30,	2005	2004	Change
Net result		-44,196	3,753	N/A
Income from discontinued operations		4,655	3,587	29.8 %
Depreciation and amortization		27,781	30,077	-7.6 %
Impairment of long-lived assets		30,283	-	N/A
Impairment of goodwill		5,000	-	N/A
Changes in working capital		3,446	23,326	-85.2 %
Other reconciliations		-1,539	-8,027	-80.8 %
<b>Operating Cash Flow</b>		<b>25,430</b>	52,716	-51.8 %
Capital expenditures		-16,116	-20,699	-22.1 %
Divestments		7,714	24,135	-68.0 %
Acquisitions of subsidiaries		-5,191	-11,350	-54.3 %
Other changes in Cashflow from investing activities		-622	-792	-21.5 %
<b>Cash Flow from investing activities</b>		<b>-14,215</b>	-8,706	63.3 %
Changes in bank borrowings		-10,091	-86,716	-88.4 %
Issuance of corporate bond		-1,430	-	N/A
Issuance of common stock		-	94,910	N/A
Other changes in Cash flow from financing activities		-8,694	-7,837	10.9 %
<b>Cash Flow from financing activities</b>		<b>-20,215</b>	357	N/A
Net cash used in discontinued operations		-1,499	-8,914	-83.2 %
Effects of exchange rate changes on cash		490	368	33.2 %
<b>Changes in Cash and cash equivalents</b>		<b>-10,009</b>	35.821	N/A
Cash and cash equivalents at end of period		77,360	86.833	-10.9 %
<b>Free Cash Flow <sup>1)</sup></b>		<b>17,312</b>	41.437	-58.2 %

<sup>1)</sup> Free Cash Flow = Operating Cash Flow - Capital expenditures + Interest payments



euros in the reporting period compared to -8.9 million euros in the same period in 2004.

Exchange rate effects of the Thiel Group primarily refer to changes in the Swiss franc, Polish zloty, Hong Kong dollar and Hungarian forint currencies. This resulted in an effect on the cash position of 0.5 million euros (2004: 0.4 million euros) in the first nine months of 2005.

The Thiel Group reported cash and cash equivalents of 77.4 million euros (2004: 86.8 million euros) on September 30, 2005.

**Name**



**THIEL**  
*Logistics+Services*

**Industry**

LOGISTICS

**Date**

September 30, 2005

**CONSOLIDATED FINANCIAL STATEMENTS**

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## Consolidated Statement of Income

in EUR thousands except per share amounts

	January 1 - Sept. 30, 2005	January 1 - Sept. 30, 2004	July 1 - Sept. 30, 2005	July 1 - Sept. 30, 2004
Net sales	1,367,877	1,307,401	484,369	459,284
Cost of sales	(1,254,180)	(1,206,293)	(440,860)	(422,683)
<b>Gross profit</b>	<b>113,697</b>	<b>101,108</b>	<b>43,509</b>	<b>36,601</b>
Selling costs	(26,630)	(25,173)	(8,906)	(9,009)
General and administrative costs	(69,130)	(63,933)	(22,202)	(20,550)
Other income (expenses), net	5,751	12,434	994	4,276
<b>Earnings before restructuring costs, impairment, interest and taxes</b>	<b>23,688</b>	<b>24,436</b>	<b>13,395</b>	<b>11,318</b>
Restructuring costs	(5,201)	-	(5,201)	-
Impairment of long-lived assets	(30,283)	-	(30,283)	-
Impairment of goodwill	(5,000)	-	(5,000)	-
<b>Earnings before interest and taxes (EBIT)</b>	<b>(16,796)</b>	<b>24,436</b>	<b>(27,089)</b>	<b>11,318</b>
Interest expenses, net	(12,974)	(12,662)	(4,132)	(4,055)
<b>Income (Loss) from continuing operations before income taxes</b>	<b>(29,770)</b>	<b>11,774</b>	<b>(31,221)</b>	<b>7,263</b>
Income taxes	(9,771)	(4,434)	(5,754)	(3,136)
<b>Income (Loss) from continuing operations</b>	<b>(39,541)</b>	<b>7,340</b>	<b>(36,975)</b>	<b>4,127</b>
Income (Loss) from discontinued operations, net of tax	(4,655)	(3,587)	(616)	(1,596)
<b>Net result</b>	<b>(44,196)</b>	<b>3,753</b>	<b>(37,591)</b>	<b>2,531</b>
Attributable to:				
<b>Equity holders of Thiel Logistik AG</b>	<b>(42,884)</b>	<b>1,688</b>	<b>(34,665)</b>	<b>2,138</b>
Minority interest	(1,312)	2,065	(2,926)	393

	January 1 - Sept. 30, 2005	January 1 - Sept. 30, 2004	July 1 - Sept. 30, 2005	July 1 - Sept. 30, 2004
<b>Earnings per share (in EUR) - basic and fully diluted:</b>				
Income (Loss) from continuing operations	(0.35)	0.07	(0.33)	0.04
Income (Loss) from discontinued operations, net of tax	(0.04)	(0.04)	(0.01)	(0.01)
<b>Net result attributable to the equity holders of Thiel Logistik AG</b>	<b>(0.38)</b>	<b>0.02</b>	<b>(0.31)</b>	<b>0.02</b>
Weighted average number of shares outstanding	111,474,987	101,476,215	111,474,987	111,474,987

## Consolidated Statement of Cash Flows

in EUR thousands

	January 1, - September 30,	2005	2004
<b>Cash Flows from operating activities</b>			
Net result		(44,196)	3,753
Adjustments to reconcile net result to net cash used in operating activities			
Income (Loss) from discontinued operations		4,655	3,587
Depreciation and amortization		27,781	30,077
Impairment of long-lived assets		30,283	-
Impairment of goodwill		5,000	-
Non-cash items in connection with disposal of non-current assets		(1,108)	(5,463)
Deferred income taxes		2,822	(2,466)
Other, net		4,837	(1,400)
Change in retirement and other employee-related obligations		(8,090)	1,302
Changes in working capital			
Decrease (Increase) in trade accounts receivable and other assets		(38,483)	324
Decrease (Increase) in inventory		(1,351)	276
Increase (Decrease) in trade accounts payable and other liabilities		43,280	22,726
<b>Net cash provided by operating activities</b>		<b>25,430</b>	<b>52,716</b>
<b>Cash Flows from investing activities</b>			
Capital expenditures		(16,116)	(20,699)
Proceeds from disposal of non-current assets		7,714	24,135
Proceeds from disposal of available-for-sale securities		253	-
Purchase of available-for-sale securities		-	-
Proceeds from disposal of trading securities		-	401
Change in other loans granted		(875)	(1,193)
Payments for acquisitions of subsidiaries, net of cash acquired		(5,191)	(11,350)
<b>Net cash used in investing activities</b>		<b>(14,215)</b>	<b>(8,706)</b>
<b>Cash Flows from financing activities</b>			
Proceeds from short-term bank borrowings		-	23,946
Repayment of short-term bank borrowings		(7,105)	(79,785)
Proceeds from long-term bank borrowings		-	4,273
Repayment of long-term bank borrowings		(2,986)	(35,150)
Repayment in finance lease obligations		(5,789)	(4,596)
Other financing activities		(2,905)	(3,241)
Proceeds from issuance of corporate bond, net		(1,430)	-
Proceeds from issuance of common stock, net		-	94,910
<b>Net cash provided by (used in) financing activities</b>		<b>(20,215)</b>	<b>357</b>
<b>Net cash used in discontinued operations</b>			
		<b>(1,499)</b>	<b>(8,914)</b>
Effects of exchange rate changes on cash		490	368
<b>Increase (Decrease) in cash and cash equivalents</b>		<b>(10,009)</b>	<b>35,821</b>
Cash and cash equivalents at beginning of year		87,369	51,012
Increase (Decrease)		(10,009)	35,821
<b>Cash and cash equivalents at end of period</b>		<b>77,360</b>	<b>86,833</b>

## Consolidated Balance Sheet

in EUR thousands

	Sept. 30, 2005	Dec. 31, 2004
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	77,360	87,369
Trade accounts receivable	249,344	205,348
Inventories	8,572	7,220
Prepaid expenses and other current assets	29,154	24,271
Assets held for sale	1,410	933
Assets of discontinued operations	4,856	11,738
<b>Total current assets</b>	<b>370,696</b>	<b>336,879</b>
<b>Non-current assets</b>		
Property, plant and equipment	225,990	264,758
Intangible assets	21,642	23,632
Goodwill	278,642	284,629
Investments in associated companies	312	385
Investments in affiliated, not consolidated companies and other investments	3,640	3,188
Securities, available-for-sale	3,726	3,738
Securities, held-to-maturity	370	370
Deferred income taxes	21,408	25,634
Other non-current assets	8,721	7,998
<b>Total non-current assets</b>	<b>564,451</b>	<b>614,332</b>
<b>Total assets</b>	<b>935,147</b>	<b>951,211</b>

■ ■ ■ LIABILITIES AND SHAREHOLDERS' EQUITY	Sept. 30, 2005	Dec. 31, 2004
<b>Current liabilities</b>		
Short-term bank borrowings and current portion of long-term debt	16,759	19,834
Trade accounts payable	204,277	165,362
Lease obligations, short-term	6,672	6,747
Tax provisions	13,274	14,513
Other short-term liabilities	62,835	68,069
Other short-term provisions	18,824	14,291
Liabilities of discontinued operations	6,794	7,699
<b>Total current liabilities</b>	<b>329,435</b>	<b>296,515</b>
<b>Non-current liabilities</b>		
Long-term bank borrowings	31,803	34,789
Bonds payable	125,471	125,043
Lease obligations, long-term	43,262	46,183
Retirement and other employee-related obligations	39,329	38,919
Deferred income taxes	24,763	25,397
Other long-term liabilities	4,321	5,068
Other long-term provisions	1,775	1,455
<b>Total non-current liabilities</b>	<b>270,724</b>	<b>276,854</b>
<b>Shareholders' equity</b>		
Capital and reserves attributable to the Company's equity holders		
Ordinary shares - voting, no-par value	139,344	139,344
Additional paid-in capital	204,899	323,184
Retained earnings and other reserves	(12,751)	(88,152)
Translation reserve	398	(1,024)
Fair value reserve	513	238
Total Group equity	332,403	373,590
Minority interest	2,585	4,252
<b>Shareholders' equity</b>	<b>334,988</b>	<b>377,842</b>
<b>Total liabilities and shareholders' equity</b>	<b>935,147</b>	<b>951,211</b>

## Consolidated Statement of Changes in Shareholders' Equity

in EUR thousands

	Ordinary shares - voting, no-par value	Additional paid-in capital	Retained earnings and other reserves	Translation reserve	Fair value reserve	<b>Total Group equity</b>	Minority interest	<b>Total Share- holders' equity</b>
<b>January 1, 2004</b>	107,187	258,806	(89,035)	1,897	(465)	<b>278,390</b>	2,327	<b>280,717</b>
Capital increase	32,157	64,378				96,535		96,535
Net result			1,688			1,688	2,065	3,753
Neutral effects from minority interest							(2,178)	(2,178)
Results, not included in net result, net of tax								
Translation reserve				(2,824)		(2,824)		(2,824)
Fair value reserve					212	212		212
Total result						(924)	(113)	(1,037)
<b>September 30, 2004</b>	139,344	323,184	(87,347)	(927)	(253)	<b>374,001</b>	2,214	<b>376,215</b>
Net result			(805)			(805)	2,244	1,439
Neutral effects from minority interest							(206)	(206)
Results, not included in net result, net of tax								
Translation reserve				(97)		(97)		(97)
Fair value reserve					491	491		491
Total result						(411)	2,038	1,627
<b>December 31, 2004</b>	139,344	323,184	(88,152)	(1,024)	238	<b>373,590</b>	4,252	<b>377,842</b>
Settlement of additional paid-in capital with balance sheet loss		(118,285)	118,285					
Net result			(42,884)			(42,884)	(1,312)	(44,196)
Neutral effects from minority interest							(355)	(355)
Results, not included in net result, net of tax								
Translation reserve				1,422		1,422		1,422
Fair value reserve					275	275		275
Total result						(41,187)	(1,667)	(42,854)
<b>September 30, 2005</b>	139,344	204,899	(12,751)	398	513	<b>332,403</b>	2,585	<b>334,988</b>

# Notes to Consolidated Financial Statements as of September 30, 2005

## 1. 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 the International Financial Reporting Standards (IFRS). Reference is made to note 2, "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 according to IAS 28, "Accounting for Investments in Associates". 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 four domestic and 140 foreign companies as of September 30, 2005 (as of December 31, 2004: five domestic and 144 foreign companies).

The consolidated entities have developed as follows:

	Dec. 31, 2004	Additions	Disposals	Sep. 30, 2005
Luxembourg	5	-	(1)	4
Abroad	144	5	(9)	140
<b>Total</b>	<b>149</b>	<b>5</b>	<b>(10)</b>	<b>144</b>

The companies Proxar Slovakia Internationale Spedition a.s., Slovakia and Birkart Globistics S.R.L., Italy were first consolidated as of June 1, 2005. Due to materiality reasons, three former not consolidated companies have been consolidated for the first time in 2005. Ten companies are no longer included in the Group reporting. Thereof five companies have been merged with other companies included in the Consolidated Financial Statements, five companies were dissolved. Nine companies were accounted for under the equity method (as of December 31, 2004: eleven). Thirty-eight subsidiaries (previous year: 42) 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.

## 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 reporting date and revenues and expenses are translated at the average rate during the reported period. 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:

Currencies	Average rate during		Exchange rate as at	
	January 1, - Sep. 30, 2005	January 1, - Sep. 30, 2004	September 30, 2005	December 31, 2004
1 EUR =				
Swiss Franc CHF	1.5487	1.5535	1.5561	1.5440
Polish Zloty PLN	4.0587	4.6314	3.9185	4.0740
Hong Kong Dollar HKD	9.8409	9.5489	9.3687	10.5794
Hungarian Forint HUF	246.7723	253.7288	249.6100	245.6300
Britisch Pound GBP	0.6852	0.6731	0.6820	0.7088
US Dollar USD	1.2635	1.2256	1.2042	1.3604

## 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 according to IFRS. This is usually the case when there is clear evidence of an agreement, the risks and rewards of ownership of the goods have been transferred or the service has been rendered, the price has been agreed upon, and there is adequate assurance that collection will be made.

## 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.

### 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. Risks resulting from slow-moving items and from the obsolescence or reduced utility of inventories, as well as uncompleted contracts that involve impending losses are allowed for by writing them down to their net realizable values.

### Assets Held for Sale and Discontinued Operations

IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations" states the classification, measurement and presentation requirements that apply to all non-current assets held for sale. A non-current asset is classified as "held for sale", if the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and if its sale is highly probable. In addition, IFRS 5 adopts the concept of "discontinued operations", which defines a disposal group as a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. These "assets held for sale" and the assets and liabilities of a disposal group classified as held for sale shall be presented separately in the balance sheet.

As of September 30, 2005, individual assets have been classified as "held for sale" and disclosed in balance sheet line item "Assets held for sale".

In the Consolidated Balance Sheets as of September 30, 2005 and December 31, 2004, assets and liabilities of businesses to be discontinued have been reflected in the balance sheet line items "Assets of discontinued operations" and "Liabilities of discontinued operations". In the Consolidated Statements of Income for the periods ended September 30, 2005 and 2004, profits and losses attributable to businesses to be discontinued have been segregated from continuing operations and reflected in the line item "Income (Loss) from 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 September 30, 2005 and 2004. Reference is made to note 5, "Income (Loss) from Discontinued Operations" and to note 7, "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 Property, Plant and Equipment and Intangible Assets**

Thiel Logistik Group adopts IAS 36, "Impairment of Assets". Non-current assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. If the reason for the previously recognized impairment loss no longer exists, the impairment is reversed up to the level of its rolled-forward depreciated or amortized cost.

### **Impairment Evaluation of Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. IFRS 3, "Business Combinations" prohibits the amortization of goodwill. Instead, goodwill is tested 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, in accordance with IAS 36, "Impairment of Assets".

For the purpose of impairment testing, goodwill is allocated to cash-generating units defined by the company. The fair value of this cash-generating unit is compared to its carrying value. A cash-generating unit is the level at which goodwill impairment is measured. If the fair value of the cash-generating unit is less than its carrying value, goodwill allocated to this cash-generating unit is impaired. If the reason for the previously recognized impairment loss no longer exists, a reversal of the impairment is not allowed.

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.

### **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 the income statement. 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 in a fair value reserve as a separate 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 IAS 39, "Financial Instruments". This standard requires that all derivative instruments are to 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 in a fair value reserve as a separate component of shareholders' equity. They are recognized in earnings at the moment when the hedged transactions occur and are recognized in earnings. Derivatives that are entered into for risk management purposes, but which do not meet the conditions of IAS 39, are recorded at their market values with changes in fair values recognized in current earnings.

### 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.

### Provisions

The Group adopts IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". Provisions are recognized when the Group has an obligation to a third party, an outflow of resources is probable and a reliable estimate can be made of the amount of the obligation. Measurement is computed on the bases of fully attributable costs. Long-term provisions with a remaining period of more than one year are discounted to the present value of the expenditures expected to settle the obligation at the balance sheet date.

### Retirement and Other Employee-Related Obligations

Provisions for retirement and other employee-related obligations are accounted for using the projected unit credit method in accordance with IAS 19 "Employee Benefits". Under this method, not only obligations relating to known vested benefits at the reporting date are recognized, but also the effect of future increases in pensions and salaries. This involves taking account of various input factors which are evaluated on a prudent basis. The provision is derived from an independent actuarial valuation which takes into account the relevant biometric factors.

### Earnings per Share (EPS)

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

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

Since January 1, 2005, Thiel Logistik Group publishes its Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS).

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).

Adjustments and/or reclassifications to the Opening IFRS Consolidated Balance Sheet in comparison to the US GAAP Consolidated Balance Sheet as of the transition date are published in the Annual Report 2004. Adjustments and/or reclassifications in the IFRS Consolidated Financial Statements processed during fiscal year 2004, in comparison to the US GAAP Consolidated Financial Statements as of December 31, 2004 were also published in the Annual Report 2004. Reference is made to note 39, "First-Time Adoption of International Financial Reporting Standards IFRS" of the Annual Report 2004.

The IFRS Consolidated Statement of Income for the period January 1 to September 30, 2004 has been adjusted for the effects resulting from the deferral of gains on sale and leaseback transactions under US GAAP (IAS 17, "Leases"). Interest expenses for defined benefit obligations included in earnings before interest and taxes (EBIT) have been reclassified to income statement line item "Interest expenses, net" in preparing the IFRS Consolidated Statement of Income (IAS 19, "Employee Benefits").

Furthermore, short-term as well as long-term provisions and liabilities were separated in the IFRS Consolidated Balance Sheet. The position "accumulated other comprehensive income" has been divided into a translation reserve and a fair value reserve within shareholders' equity.



### 3. Business Combinations

In line with the pursued growth strategy in Eastern Europe the business unit Quehenberger acquired a 66 % stake in the slovakian company Proxar Slovakia Internationale Spedition ("Proxar") a.s. Of the total consideration given for the acquisition an amount of TEUR 2,516 TEUR was allocated to a customer contract due to a long-term service contract over 4.6 years. As of the acquisition date goodwill amounted to TEUR 3,206.

The consolidated financial statements as of September 30, 2005, include the results of operations of the company Proxar for the period June 1, 2005, through September 30, 2005.

### 4. Restructuring costs

Thiel Logistik AG's management has implemented two essential restructuring programs. These comprise on the one hand the restructuring of the management structure and the reorganization of the holding functions within Thiel Logistik AG, and on the other hand the integration of the Südkraft and Thiel Automotive business units.

The restructuring of the management structure and reorganization of the holding functions within Thiel Logistik AG are expected to be completed by the end of the current fiscal year 2005. This includes a reduction in management positions, a merging of holding divisions and the spin-off of diverse functions within Thiel Logistik AG. The restructuring plan concerning the integration of the Südkraft and Thiel Automotive business units is expected to be completed within the first half of 2006. The realization of this restructuring program involves the bundling of know-how in the automotive and contract logistics areas of both business units. This should be achieved by merging locations on both the administrative and the operating level. Furthermore, the aim is to achieve a coordinated market presence and an optimized flow of goods.

Initial measures for the realization of the restructuring plans were already implemented in the third quarter of 2005. In order to improve the transparency of its Consolidated Statements of Income and make the operating results clear, the Thiel Group is disclosing the above-mentioned one-time expenses in a separate line item titled "restructuring costs".

The total restructuring costs of TEUR 5,201 in the third quarter of 2005 include an amount of TEUR 3,201 for one-time termination benefits and redundancy plans, TEUR 650 for relocation and TEUR 1,350 for other restructuring costs. Restructuring costs of TEUR 4,080 refer to the integration of the Südkraft and Thiel Automotive business units. A total TEUR 1,680 thereof is attributable to the Industry Solutions segment and TEUR 2,400 to the Regional Logistics Services segment. Furthermore, an amount of TEUR 1,121 was allocated to the holding companies.

An amount of TEUR 22 resulted in cash outflows as of September 30, 2005. Another TEUR 1,383 will have a cash effect by the end of 2005, whereas TEUR 3,796 will be paid in 2006.

## 5. Impairment of long-lived assets

Impairment losses of long-lived assets in the amount of TEUR 30,283 were recognized in the third quarter of 2005. TEUR 5,000 thereof refers to impairments of capitalized customer contracts in the Thiel Automotive business unit, which had become necessary due to the loss of major customer contracts. Furthermore, an impairment of the book value of the Heppenheim warehouse in the amount of TEUR 19,988 became necessary as a result of sustainable under-utilization in addition to impairments of other real estate in the amount of TEUR 5,000. The remaining TEUR 295 refers to impairments of other equipment. The impairments are attributable to the Industry Solutions segment in the amount of TEUR 24,989 as well as TEUR 267 to the Air & Ocean segment and TEUR 5,027 to the Regional Logistics Services segment.

## 6. Impairment of goodwill

An impairment test to appraise the value of goodwill in the Industry Solutions business unit resulted in an impairment loss of 5.0 million euros.

## 7. Segment Reporting

### Primary reporting format – Segments by business segments

According to the internal organisation structure of Thiel Logistik AG, the primary segment reporting is geared to the business segments. The Thiel Group comprises the following business segments:

#### 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.

#### 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.

The tables below set forth segment information of the business segments for the periods ended September 30, 2005 and 2004:

	Industry Solutions	Air & Ocean	Regional Logistics Services	Holdings	Consolidation	Group
Period ended September 30, 2005						
<b>Net sales</b>						
External sales	451,458	258,210	657,735	474	-	1,367,877
Intersegment sales	11,890	4,317	7,827	-	(24,034)	-
<b>Total net sales</b>	<b>463,348</b>	<b>262,527</b>	<b>665,562</b>	<b>474</b>	<b>(24,034)</b>	<b>1,367,877</b>
<b>Result</b>						
<b>Segment result before restructuring costs and impairments</b>	<b>6,341</b>	<b>7,903</b>	<b>16,788</b>	<b>(5,159)</b>	<b>(2,239)</b>	<b>23,634</b>
Restructuring costs	(1,680)	-	(2,400)	(1,121)	-	(5,201)
Impairment of long-lived assets	(24,989)	(267)	(5,027)	-	-	(30,283)
Impairment of goodwill	(5,000)	-	-	-	-	(5,000)
<b>Segment result</b>	<b>(25,328)</b>	<b>7,636</b>	<b>9,361</b>	<b>(6,280)</b>	<b>(2,239)</b>	<b>(16,850)</b>
Other financial income (expenses)						54
<b>Earnings before interest and taxes (EBIT)</b>						<b>(16,796)</b>
Interest expenses, net						(12,974)
<b>Income (Loss) from continuing operations before income taxes</b>						<b>(29,770)</b>
Income taxes						(9,771)
Income (Loss) from discontinued operations, net of tax						(4,655)
<b>Net result</b>						<b>(44,196)</b>
<i>Included in segment result are:</i>						
Depreciation and amortization	(12,648)	(1,115)	(12,211)	(1,807)	-	(27,781)
<i>thereof amortization of customer contracts</i>	<i>(2,624)</i>	<i>-</i>	<i>(183)</i>	<i>-</i>	<i>-</i>	<i>(2,807)</i>
Non-cash portion of restructuring costs	(1,658)	-	(2,400)	(1,121)	-	(5,179)
Impairment of long-lived assets	(24,989)	(267)	(5,027)	-	-	(30,283)
Impairment of goodwill	(5,000)	-	-	-	-	(5,000)
<b>Balance Sheet</b>						
Segment assets	286,949	103,930	414,958	20,785	(8,711)	817,911
Unallocated assets						117,236
<b>Total consolidated assets</b>						<b>935,147</b>
Segment liabilities	119,913	69,546	141,369	9,042	(8,711)	331,159
Unallocated liabilities						269,000
<b>Total consolidated liabilities</b>						<b>600,159</b>
<i>Included in segment assets are:</i>						
Capital additions	4,765	1,145	9,202	2,536	-	17,648

	Industry Solutions	Air & Ocean	Regional Logistics Services	Holdings	Consolidation	Group
Period ended September 30, 2004						
<b>Net sales</b>						
External sales	462,072	233,766	610,831	732	-	1,307,401
Intersegment sales	10,027	3,966	5,391	-	(19,384)	-
<b>Total net sales</b>	<b>472,099</b>	<b>237,732</b>	<b>616,222</b>	<b>732</b>	<b>(19,384)</b>	<b>1,307,401</b>
<b>Result</b>						
<b>Segment result before restructuring costs and impairments</b>	<b>6,025</b>	<b>4,074</b>	<b>21,469</b>	<b>(7,597)</b>	<b>(91)</b>	<b>23,880</b>
Restructuring costs	-	-	-	-	-	-
Impairment of long-lived assets	-	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-
<b>Segment result</b>	<b>6,025</b>	<b>4,074</b>	<b>21,469</b>	<b>(7,597)</b>	<b>(91)</b>	<b>23,880</b>
Other financial income (expenses)						556
<b>Earnings before interest and taxes (EBIT)</b>						<b>24,436</b>
Interest expenses, net						(12,662)
<b>Income (Loss) from continuing operations before income taxes</b>						<b>11,774</b>
Income taxes						(4,434)
Income (Loss) from discontinued operations, net of tax						(3,587)
<b>Net result</b>						<b>3,753</b>
<i>Included in segment result are:</i>						
Depreciation and amortization	(14,321)	(1,089)	(12,764)	(1,903)	-	(30,077)
<i>thereof amortization of customer contracts</i>	<i>(3,366)</i>	-	-	-	-	<i>(3,366)</i>
<b>Balance Sheet</b>						
Segment assets	330,651	97,014	405,392	20,934	(7,051)	846,940
Unallocated assets						140,841
<b>Total consolidated assets</b>						<b>987,781</b>
Segment liabilities	126,580	57,746	128,437	16,615	(7,051)	322,327
Unallocated liabilities						289,239
<b>Total consolidated liabilities</b>						<b>611,566</b>
<i>Included in segment assets are:</i>						
Capital additions	15,002	759	7,284	1,337	-	24,382

### **Disclosures on the segment amounts by business segment**

The information by business segments are reported after consolidation of the intersegment transactions. The transactions between the business segments have been eliminated in the column "consolidation". Transaction between the segments are measured at arm's length.

Segment revenue and expenses: The result of each segment is measured by management based on the earnings before restructuring costs, impairments of long-lived assets and goodwill, other financial income (expenses), interest expenses as well as income taxes.

Unallocated amounts: General corporate expenses of the holding companies not directly attributable to the individual segments, are reported in the column "Holdings". Other financial income and expenses not included in the determination of segment result, such as dividend income, gains and losses on sale of investments and securities, are reported as a separate item in the reconciliation of the segment result to the consolidated result.

Segment assets: Segment assets include non-current assets (without financial assets) and current assets (without income tax assets, cash, securities and assets of discontinued operations). Goodwill has been allocated to the segments and is included in the segment assets.

Segment liabilities: Segment liabilities comprise short-term and long-term, non-interest-bearing provisions and liabilities (without income tax liabilities and liabilities of discontinued operations).

Capital additions comprise additions to property, plant and equipment and intangibles assets excluding goodwill, and additions from capitalisation of finance lease contracts.

Depreciation and amortization concern property, plant and equipment as well as intangible assets, which are directly attributable to the business segments (including amortization of capitalized customer contracts).

### **Secondary reporting format – Segments by regions**

The three business segments of Thiel Group are subdivided into six geographical main regions. The business segment Industry Solutions operates predominantly in the geographical segments Germany, Austria, Eastern Europe as well as in other regions. Air & Ocean operates in all regions. The business segment Regional Logistics Services operates primarily in Germany, Austria, Switzerland and Eastern Europe.

The table below summarizes the net sales from external customers by region for the nine-month periods ended September 30, 2005 and 2004:

■ ■	January 1, - September 30,	2005		2004	
	Germany	640,654	46.9%	635,671	48.6%
	Austria	381,867	27.9%	360,559	27.6%
	Asia	84,263	6.2%	76,179	5.8%
	Switzerland	61,759	4.5%	59,314	4.6%
	Eastern Europe	70,320	5.1%	47,414	3.6%
	Others	129,014	9.4%	128,264	9.8%
	<b>Total</b>	<b>1,367,877</b>	<b>100.0%</b>	<b>1,307,401</b>	<b>100.0%</b>

The table below sets forth geographic information on segment assets as of September 30, 2005 and 2004:

■ ■	September 30,	2005		2004	
	Germany	221,684	41.1%	266,287	47.4%
	Austria	133,760	24.8%	130,199	23.2%
	Asia	23,830	4.4%	20,090	3.6%
	Switzerland	43,908	8.2%	43,592	7.8%
	Eastern Europe	46,965	8.7%	35,318	6.2%
	Other	69,121	12.8%	66,635	11.8%
	<b>Total segment assets</b>	<b>539,268</b>	<b>100.0%</b>	<b>562,121</b>	<b>100.0%</b>
	Goodwill	278,642		284,819	
	Other unallocated assets	117,237		140,841	
	<b>Total consolidated assets</b>	<b>935,147</b>		<b>987,781</b>	

In the nine-month periods ended September 30, 2005 und 2004, capital additions were made in the following regions

■ ■	January 1, - September 30,	2005		2004	
	Germany	3,748	21.2%	12,668	52.0%
	Austria	7,479	42.4%	3,124	12.8%
	Asia	539	3.1%	567	2.3%
	Switzerland	680	3.9%	924	3.8%
	Eastern Europe	739	4.2%	3,855	15.8%
	Others	4,463	25.2%	3,244	13.3%
	<b>Total capital additions</b>	<b>17,648</b>	<b>100.0%</b>	<b>24,382</b>	<b>100.0%</b>

In the nine-month periods ended September 30, 2005 und 2004, capital additions were made in the following regions:

■ ■	September 30,	2005		2004	
	Germany	105,022	42.4%	148,397	51.2%
	Austria	67,170	27.1%	65,314	22.6%
	Asia	1,365	0.6%	2,326	0.8%
	Switzerland	26,992	10.9%	28,772	9.9%
	Eastern Europe	25,057	10.1%	22,343	7.7%
	Others	22,026	8.9%	22,491	7.8%
	<b>Total fixed assets</b>	<b>247,632</b>	<b>100.0%</b>	<b>289,643</b>	<b>100.0%</b>

### Disclosures on the segment amounts by region

The allocation of net sales has been carried out according to the location of the assets. Only net sales from external customers have been reported.

The segment assets are reported by location of the assets. Segment assets include non-current assets (without financial assets and goodwill) and current assets (without income tax assets, cash, securities and assets of discontinued operations).

Fixed assets are also reported by location of the concerned assets and comprise property, plant and equipment and intangible assets excluding goodwill. Capital additions comprise additions to property, plant and equipment and intangibles assets excluding goodwill, and additions from capitalisation of finance lease contracts.

### Other information

Revenues from major customers account for less than 5 per cent per major customer.

## 8. Other Income (Expenses), net

■ ■	January 1, - September 30,	2005	2004
	Gain from disposal of long-lived assets	1,103	6,814
	Foreign exchange gain	4,648	4,681
	Insurance revenue	61	1,333
	Income from reversal of provisions	2,647	2,166
	Miscellaneous operating income	1,640	2,422
	<b>Other operating income</b>	<b>10,099</b>	17,416

■ ■	January 1, - September 30,	2005	2004
	Loss from disposal of long-lived assets	(374)	(1,578)
	Foreign exchange loss	(3,298)	(3,023)
	Miscellaneous operating expenses	(730)	(937)
	<b>Other operating expenses</b>	<b>(4,402)</b>	(5,538)

■ ■	January 1, - September 30,	2005	2004
	Other operating income (expenses), net	5,697	11,878
	Other financial income (expenses), net	54	556
	<b>Total other income (expenses), net</b>	<b>5,751</b>	12,434

## 9. Income (Loss) from Discontinued Operations

Businesses classified as discontinued operations as of September 30, 2005, concern small and medium sized service providers in the logistics sector within Central Europe and Asia.

The following amounts related to businesses to be discontinued have been segregated from continuing operations and reflected as discontinued operations for the nine-month periods ended September 30, 2005 and 2004:

	January 1, - September 30,	2005	2004
Net Sales		10,781	22,399
<b>Income (Loss) from discontinued operations, before tax</b>		<b>(4,655)</b>	(3,654)
Income taxes		-	67
<b>Income (Loss) from discontinued operations, net of tax</b>		<b>(4,655)</b>	(3,587)

## 10. Property, Plant and Equipment and Intangible Assets

	Acquisition cost	Accumulated amortization/ depreciation	Net book value September 30, 2005	Net book value December 31, 2004
Land and buildings	242,690	79,050	163,640	181,018
Machinery and equipment	55,959	39,979	15,980	27,283
Tools, fixtures, furniture, office equipment	83,464	61,684	21,780	24,144
Fleet of cars	77,378	54,306	23,072	29,098
Construction in progress	1,518	-	1,518	3,215
<b>Property, plant and equipment</b>	<b>461,009</b>	<b>235,019</b>	<b>225,990</b>	264,758
Concessions, licences, copyrights	4,051	1,899	2,152	2,018
Customer contracts	26,706	17,832	8,874	14,150
Software	35,258	26,654	8,604	7,464
Construction in progress	2,192	180	2,012	-
<b>Intangible Assets</b>	<b>68,207</b>	<b>46,565</b>	<b>21,642</b>	23,632

### Impairment Evaluation of Long-Lived Assets

In the reporting period impairments of property, plant and equipment in the amount of TEUR 25,283 and impairments of intangible assets in the amount of TEUR 5,000 were disclosed. Property, plant and equipment is affected by impairments of land and buildings for TEUR 15,570, machinery and equipment for TEUR 9,482 and tools, fixtures, furniture and office equipment for TEUR 231. Impairments of intangible assets only concern capitalized customer contracts. In the prior year's period under review no impairments have been reported. For further information reference is made to not 5, "Impairments of long-lived assets".

## 11. Assets and Liabilities of Discontinued Operations

Assets and liabilities of discontinued operations as of September 30, 2005 and December 31, 2004, are as follows:

■ ■	Sept. 30, 2005	Dec. 31, 2004
Trade accounts receivable	1,244	2,851
Inventories	-	20
Prepaid expenses and other current assets	3,386	5,906
Property, plant and equipment	222	549
Intangible assets	-	313
Investments in affiliated companies, not consolidated	-	26
Other non-current assets	4	2,073
<b>Total assets of discontinued operations</b>	<b>4,856</b>	<b>11,738</b>

■ ■	Sept. 30, 2005	Dec. 31, 2004
Short-term bank borrowings and current portion of long-term debt	112	35
Trade accounts payable	2,333	2,065
Lease obligations, short-term	-	45
Tax provisions	357	539
Accrued expenses, other liabilities and deferred income	2,228	2,790
Lease obligations, long-term	-	89
Retirement and other employee-related obligations	1,615	1,718
Other long-term liabilities	149	418
<b>Total liabilities of discontinued operations</b>	<b>6,794</b>	<b>7,699</b>

## 12. Shareholders' Equity

### Ordinary shares

As of September 30, 2005, 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, 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.

### Settlement of the additional paid-in capital with balance sheet loss

The Annual General Meeting of Thiel Logistik AG approved on April 13, 2005 the settlement of the loss in the local balance sheet of Thiel Logistik AG, prepared in accordance with accounting rules under Luxembourg GAAP, in the amount of TEUR 118,285 with the free additional paid-in capital.

### 13. Supplemental Disclosures of Cashflow 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:

■ ■	January 1, - September 30,	2005	2004
Interest payments		7,998	9,420
Income tax payments		8,267	5,330

The cash flow from operating activities reflects the cash outflow of TEUR 8,523 for the compensation of a pension obligation at Birkart. In the first third quarter of 2005 interest on bonds were paid in the amount of TEUR 5,257. Interest on bonds is payable semi-annually in areas on each June 15 and December 15.

