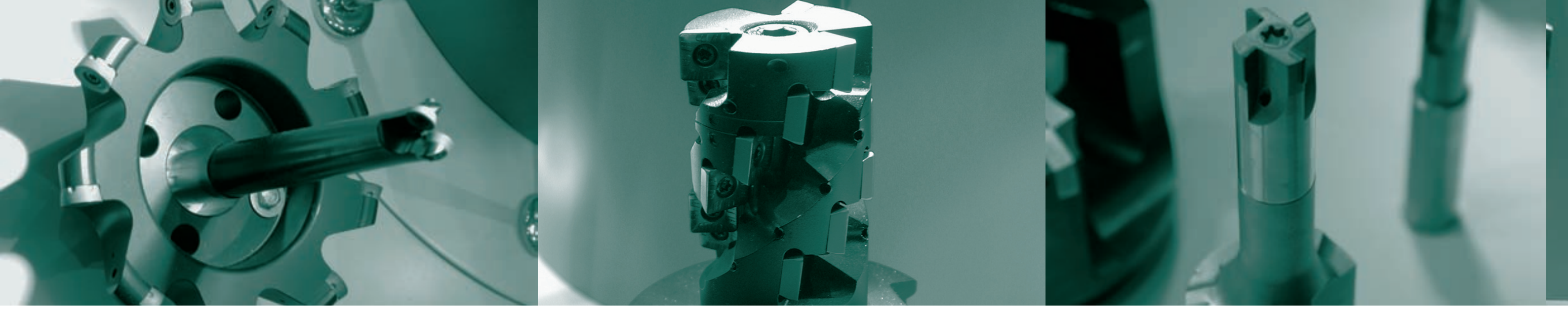
KROMI LOGISTIK AG

Annual Report 2010 / 2011

The right tool in the right place at the rght time

KROMI Logistik AG

- KROMI Logistik offers companies in the manufacturing sector end-to-end outsourcing for their supply of precision machining tools
- Main focus: Machining tools for metalworking and plastics (e.g., drills)
- Securing a 24 / 7 supply of tools for customers
- Optimizing tool consumption with consulting and control services
- KROMI is manufacturer-independent
- Five facilities in Germany and four abroad (Slovakia, the Czech Republic, Brazil, Spain) and active in five other European countries
- Current industry focus: Engineering, shipbuilding, aerospace and automotive suppliers



Key figures at a glance (IFRS)

	Financial year 2010 / 2011 (Jul 1, 2010 – Jun 30, 2011)	Financial year 2009 / 2010 (Jul 1, 2009 – Jun 30, 2010)
Revenues	38,213	31,198
Earnings before interest and taxes (EBIT)	-1,054	175
Pre-tax earnings (EBT)	-1,074	182
Consolidated net income	-1,068	56
Number of shares in fiscal year	4,124,900	4,124,900
Earnings per share in EUR	-0.26	0.01
Equity ratio in %	68.8	84.3
Cash flow from operating activities	-5,356	1,693
Cash flow from investing activities	-875	-1,796
Cash flow from financing activities	-629	-208
Employees at end of period (excluding Managing Board)	108	84

In EUR thousand (unless otherwise stated)

Financial calendar

November 10, 2011	3-month report 2011 / 2012
November 22, 2011	Analyst conference within German Equity Forum in Frankfurt / Main
December 14, 2011	Annual shareholders meeting in Hamburg
February 8, 2012	6-month report 2011 / 2012
May 9, 2012	9-month report 2011 / 2012

Kanban systems are perfect logistics solutions for replacement parts in production

Tool-Management

- KROMI acquires its customers‘ entire stocks of machining tools
- Each customer‘s tool requirements are individually analyzed
- KROMI procures all of the tools required irrespective of the manufacturer, and provides them to the customer‘s employee as and when they need them
- Tools are dispensed via tool dispensers (KTCs), which ensure uninterrupted production

Customer benefits:

- Focus on core business
- Integration in existing business processes
- Significant cost savings
- Prevention of deficiencies
- Optimized cutting processes (costs per component)
- Full supply via dispensers, eCommerce and Kanban

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Tool Management

KROMI – a problem solver for industry companies.

Managing Board of KROMI Logistik AG (front left: Jörg Schubert, CEO; front center: Uwe Pfeiffer, CFO); in the back: the managing directors)

Dear shareholders, employees and friends of our company,

KROMI Logistik's operating business has undergone a significant recovery since the global economic crisis, and we look back on a 2010 / 2011 fiscal year that generated a high level of sales. The past twelve months nevertheless continued to be characterised by numerous risks and uncertainties for the global economy. Along with the natural and nuclear catastrophe in Japan, the debt crisis in some European Union countries and in the USA, and political instability in the Middle East, the global economy continued to bear the effects of the financial crisis. Although our customers also showed greater willingness to invest in connection with the economic upturn, they did so with a higher level of risk awareness. At the same time, and in particular, it also brought topics such as tool management more strongly into the focus of management decisions. As a consequence, we succeeded in concluding numerous new agreements, and in reacquiring and retaining past and existing customers.

This was mainly due to the fact that most of the customer sectors relevant to KROMI Logistik reported positive trends over the course of the fiscal year under review. The mechanical engineering, aerospace and automotive industries, in particular, benefited from the global economic upturn. The machine tools industrial segment even achieved the levels of the 2008 record year in calendar year 2011, as communicated by the German Engineering Federation (VDMA) in an appraisal of July of this year.

For KROMI itself, the 2010 / 2011 fiscal year was still tangibly affected on the earnings side by the consequences of the crisis, particularly in the first half of its fiscal year from July to December 2010. This is primarily attributable to its late-cycle business model. This is due to the fact that after a crisis the demand for consumable materials fails to pick up until significantly later than industrial orders. As a consequence, the company did not participate in the economic upturn until during the course of calendar year 2011 – as evidenced by the earnings reported in the fourth quarter of 2010 / 2011. In overall terms, the company benefited only partially from the improved economic environment in the fiscal year elapsed.

KROMI Logistik generated total consolidated revenue of EUR 38,213 thousand in the period under review, compared with EUR 31,198 thousand in the previous year, reflecting 22.5 % growth. The sales forecast issued by the Managing Board was reached as a consequence.

Customers from all relevant sectors were responsible for this gratifying sales growth: sales generated with customers from the general mechanical engineering sector, and from the aerospace and marine engine industries, reported double-digit year-on-year growth rates. The brightening of the economic situation was most evident in the automotive area: here, sales contributions were up by around 31 % compared with the previous year.

The trend among new customers was also positive. KROMI Logistik persuaded several additional companies to adopt its services in the 2010 / 2011 fiscal year. At the same time, however, Group expenses increased due to the capital intensity entailed in tapping these new customers and markets, as well as due to changes in internal Group structures. This is primarily due to the business model, since new customers‘ existing tools inventories must be initially purchased, which results only in cash-effective expenses. Such transactions only take effect in terms of sales and earnings once tools start to be consumed. Besides this, further investments and higher personnel expenses fed through to a decline in earnings before interest and tax (EBIT) to EUR -1.054 thousand in the 2010 / 2011 fiscal year, compared with a profit of EUR 175 thousand in the previous year.

These investments in markets, customers and employees were realised for continued market penetration at our Brazilian location, the opening of a liaison office in Turkey, and in new supply agreements in Germany, Italy, Romania, the Czech Republic, France, Spain and Slovakia. Supply agreements that expired as of December 31, 2009 were also reacquired in Denmark and Poland. Our subsidiary in Brazil, in particular, looks back on a very successful period of customer acquisition. We regard this as clear proof that companies in the largest South American market also accept and exhibit demand for our KROMI concept. KROMI started to supply a total of five new customers with tools in Brazil.

We also identify major growth potential for the future in Brazil. Since our location was opened in 2008, Brazil‘s economy has reported average annual GDP growth of 4 % – despite the economic crisis – and it is strongly protected externally. Brazil, which is rich in raw materials, enjoys a prospering domestic economy as a consequence, and KROMI is positioned to benefit accordingly. The operating business of our subsidiary KROMI Logistica do Brasil Ltda. has now reached critical mass, allowing it to make continually growing contributions to Group revenue. In the fiscal year elapsed, there was an upturn for a while in the usual expenses for initial equipping as part of the start-up phase that was accompanied by significant growth in the number of new customers. These placed a corresponding burden on consolidated earnings in the reporting period. We nevertheless regard this as a confirmation of our internationalisation strategy, which positions our company on an even broader base. New supply agreements in our existing markets of Germany, Rumania and Slovakia reinforce this assessment.

We also aim to continue with this philosophy in strategic terms. Particularly during the crisis, it became clear that it is eminently important and commercially effective to tap new markets together with customers. For this reason, we will concentrate to a greater extent in the future on expanding solutions that have already been implemented for existing customers to their locations in other countries. This reduces the costs of a capital-intensive market entry phase compared with tapping new markets at our own initiative. This will also shift our customer structure towards larger multinational groups. These significantly larger customers nevertheless also entail greater complexity in terms of contract structures, and longer implementation periods in overall terms.

We take a confident view of business trends over the coming months thanks to the continued economic upturn in most customer sectors, and the expansion of our business with new customers. According to the current status, we are assuming that both sales and earnings can be improved in the 2011 / 2012 fiscal year, since start-up financing that has already been implemented will feed through to business transactions that become effective in terms of earnings. We expect that the revenue growth of around 22 % that we achieved in the period under review can be expanded even further in the 2011 / 2012 financial year, which has already reported a good start. We are also aiming for a positive EBIT margin in the low single-digit range, and consequently a return to profitability. In this context, revenue and earnings depend to a great extent on the speed with which supply systems can be implemented at our new customers.

The forecasts that we have made are also subject to the precondition that the macro economy undergoes further tangible recovery, and that there is no significant cooling of the economic situation due to the current debt crisis being experienced in some countries. As a consequence, we are retaining our strategy of tapping new markets together with our customers, thereby continuing to grow organically. We are also aiming during the current fiscal year to integrate the customers that were newly acquired in the reporting period elapsed into our processes in such a way that allows growing earnings to be generated.

The past fiscal year showed that we act responsibly with regard to our shareholders, employees and customers, and that we do not lose sight of our economic and social responsibility during periods of economic disturbance.

We would like to thank you for the confidence you have invested in us over the past months, and it would please us if you would accompany us on our continued path.

Jörg Schubert
Chief Executive Officer

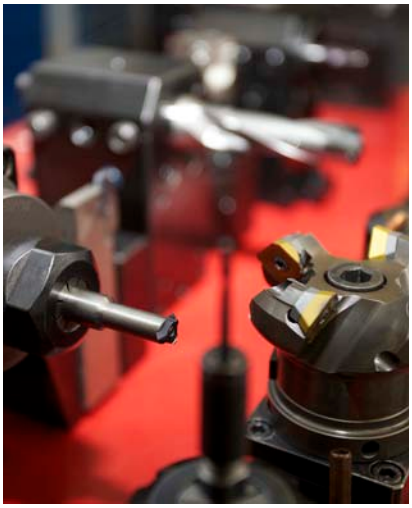
Uwe Pfeiffer
Chief Financial Officer

„KROMI benefits from growing outsourcing trends within industry.“

Prof. Dr. Dr. h. c. Wolfgang Kersten, Head of the logistics and management institute at Hamburg University of Technology

The industrial economy is brightening tangibly: in the first five months of this year, new orders reported by the processing and manufacturing industrial sector were up by an average of around 15 % year-on-year. Companies are becoming increasingly prepared to outsource their tool management as a consequence. As a comprehensive provider of tools logistics, KROMI Logistik is outstandingly positioned in this environment.

As an outsourcing partner, KROMI ensures that its customers are supplied with C-tools in line with their requirements, which lends production processes a more efficient structure, thereby feeding through to competitive advantages for companies as a result of cost savings. Since these benefits continue during economically turbulent times, I am assuming that this topic will continue to carry on gaining significance in the future.



„Thanks to KROMI, we know our costs per workpiece – which is enormously important for our business.“

Klaus Krawinkel, Managing partner of KmB Technologie GmbH

As a medium-sized automotive supply company that was founded in 1995, tool supply has been a central topic for us from the very start. We realised our tool supplies largely alone during the initial years, but KROMI completely persuaded us of their KTC concept in 2002. Since then, KROMI Logistik has provided us with our entire tools supplies on both a professional and rapid basis.

KROMI's solutions allow us to realise cost savings in terms of personnel and warehousing. They also generate total cost transparency for us. Since KROMI has been active as our tool supplier there hasn't been a single day when production has ground to a halt due to a lack of tools. In view of this situation, our expectations of KROMI have been completely fulfilled.

„I am glad to be part of the large and constantly growing KROMI family."

Thomas Schlichting, staff member in the technical field service of KROMI Logistik AG

For me, KROMI is a flexible and innovative company that provides me with a job that offers a great deal of variety. As one of eight field service staff in Hamburg, I have already been looking after customers' needs in terms of tools logistics and technical consulting for the last four years. If I were to reach the limits of my capabilities in this context, the KROMI family would always be at my side to provide help and advice.

At KROMI, we all know and help each other. The company's flat hierarchy also makes it possible to get on with things, and to get things moving. As a former divisional head for an automotive supply company, I know how important it is that tools are available without delay and difficulty. As part of my work, I am now also making this possible for our customers.

„I am proud that we have established our KROMI business idea so successfully on the market.“

Jörg Schubert, CEO of KROMI Logistik AG

KROMI has allowed me to fulfil a professional dream. It is here that I have implemented my vision: a sales system oriented exclusively to customer requirements.

Our unique supply concept is clearly in line with the spirit of the times. This success story has now been underway for more than ten years. As far as I am concerned, time has just flown by.

KROMI enjoys excellent customer loyalty. For me, this is proof that our customers not only save money with KROMI supplies. At the same time, they experience that the tools we provide result in significant quality improvements in terms of both functions and service life.

We are currently devoting our entire strength to continued growth in order to stabilise our company and our business model even further. In this context, the internationalisation of our business is certainly one of our greatest challenges.

I look forward to this task.

Report of the Supervisory Board

Dear shareholders,

In the 2010 / 2011 fiscal year, the Supervisory Board of KROMI Logistik AG performed its duties according to the law, the articles of incorporation, the German Corporate Governance Code and the Supervisory Board's rules of procedure, and supervised and advised the management on an ongoing basis.

Composition of the Supervisory Board

The Supervisory Board comprises three members in line with the articles of incorporation. It did not form any committees from among its members.

In the 2010 / 2011 fiscal year, the Supervisory Board consisted of

Dr. Thorsten Bieg,
René Dannert,
Joachim Dübner (until August 31, 2010),
Prof. Dr. Eckart Kottkamp (from September 1, 2010)

Dr. Thorsten Bieg is the Supervisory Board Chairman. His deputy was Mr. Joachim Dübner until August 31, 2010, and Mr. René Dannert was his deputy from December 9, 2010.

In the period under review, Dr. Bieg and Mr. Dannert were appointed as Supervisory Board members for the period until the end of the General Meeting that passed a resolution concerning the discharge for the 2010 / 2011 fiscal year.

Mr. Dübner relinquished his mandate as of August 31, 2010 for personal reasons. Therefore, the statutory minimum number of three supervisory board members required that the Supervisory Board be augmented by court appointment. As a consequence, and at the company's suggestion, the Hamburg District Court ruled on August 31, 2010 that Prof. Kottkamp be appointed Supervisory Board member from September 1, 2010 until the regular election of Supervisory Board members. As a result of a resolution passed by the Ordinary Annual General Meeting of December 9, 2010, Prof. Kottkamp was elected as Supervisory Board member for the period until the end of the General Meeting that passes a resolution concerning the discharge of the Supervisory Board for the 2014 / 2015 fiscal year.

Meetings

The Supervisory Board held a total of five meetings during the 2010 / 2011 fiscal year elapsed: on September 15, 2010, November 22, 2010, December 9, 2010, May 16, 2011, and on June 16, 2011. All Supervisory Board members participated in all meetings that were held as actual in person meetings, with the exception of a telephone conference that was convened on May 16, 2011. At the meeting of September 15, 2010, which included a discussion and a passing of a resolution concerning the approval of the single-entity annual financial statements and consolidated annual financial statements for 2009 / 2010, Mr. Joachim Dübner also participated in order to ensure the continuity of Supervisory Board work, despite having recently stood down as a Supervisory Board member. At the meeting, the Supervisory Board thanked Mr. Dübner for his many years of cooperation in which he played a critical role in defining the company with his creativity and wealth of knowledge. The Supervisory Board members were also in regular contact with each other outside the scope of meeting, and also with the Managing Board, particularly on the part of the Supervisory Board Chairman. Resolutions were passed within the framework of the meetings.

As part of its meetings, the Supervisory Board informed itself about the company's economic and financial position, as well as concerning fundamental business policy, using verbal and written reports submitted by the Managing Board. The Managing Board regularly prepares interim reports on business progress.

Supervisory Board activities

The Supervisory Board regularly consulted with, and supervised, the Managing Board in the fiscal year elapsed, and was included in decisions of fundamental significance for the company. In the 2010 / 2011 fiscal year, the Managing Board continuously, rapidly and extensively informed the Supervisory Board about all questions relating to planning, business trends, the risk position, risk management, strategic measures, and important business transactions of relevance to the company.

In order to supervise the management, the Supervisory Board based its approach on the annual budget approved for the 2010 / 2011 fiscal year, and had the Managing Board report to it, particularly concerning business policy and corporate planning, profitability, business progress, and about significant individual measures.

The after-effects of the previous financial and economic crisis, and the severe recession in Germany, were still tangible for KROMI Logistik AG, and continued to occupy the Supervisory Board during the reporting period. The Managing Board continued to provide the Supervisory Board with detailed and extensive information about business developments among existing customers, progress with the acquisition of new customers, and about the advancing implementation of the KROMI supply concept among new customers. In order to further improve and intensify the Management Board's reporting and analysis of results for the Supervisory Board, the Supervisory Board requested Supervisory Board member Mr. Dannert at its meeting on May 16, 2011 to coordinate and prepare monthly Managing Board reporting to the Supervisory Board even more closely with the Managing Board. A further focal point of consultation was the development of the foreign companies, and the continued foreign expansion. An additional significant subject of consultation at the Supervisory Board meeting of September 15, 2010 was the clarification and discussion of the annual financial statements as of June 30, 2010, as well as planning for the 2010 / 2011 fiscal year.

Corporate governance

The Supervisory and Managing boards act in the awareness that good corporate governance forms an important basis for the success of the company, and lies in the interests of our shareholders and the capital markets. In June 2011, the Managing and Supervisory board issued the annual declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG). The wording of this declaration is reproduced in this annual report as part of the corporate governance statement.

The Managing and Supervisory boards have committed themselves to the appropriate extent to the implementation of the recommendations of the German Corporate Governance Code. There continued to be no conflicts of interests on the part of Supervisory Board members in the 2010 / 2011 fiscal year.

Audit of the 2010 / 2011 annual financial statements

The annual single-entity financial statements of KROMI Logistik AG prepared by the Managing Board according to the regulations of the German Commercial Code (HGB), the IFRS consolidated financial statements of KROMI Logistik AG, and the respective management report for the 2010 / 2011 fiscal year, including the financial accounting, were audited by Ebner Stolz Mönning Bachem GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, and were each issued an unqualified auditor‘s opinion. The Supervisory Board was aware of these auditor‘s reports, and reviewed the single-entity annual financial statements prepared by the Managing Board, the consolidated financial statements, and the management reports for both KROMI Logistik AG and the Group, and examined the Managing Board‘s proposal for the application of unappropriated retained earnings.

At the Supervisory Board‘s financials meeting of September 14, 2011, the Supervisory Board prompted the Managing Board to discuss the annual financial statements as of June 30, 2011 that were to be approved in this connection, and to report concerning profitability, and, in particular, about the company‘s equity, as well as concerning business progress and the company‘s position. All Supervisory Board members received the requisite documents before this meeting. The auditor was present at the meeting; at the financials meeting, it provided detailed explanations about the audit report, and responded in depth to questions posed by the Supervisory Board members. The Supervisory Board concurred with the auditor‘s report. There are no concerns about the auditor‘s independence. The Supervisory Board concurred in full with the auditor‘s findings. After an in-depth review, the Supervisory Board does not believe that there is any reason to raise objections to the management or to the annual financial statements prepared by the Managing Board. As a consequence, the Supervisory Board approved the single-entity annual financial statements of KROMI Logistik AG and the consolidated financial statements of KROMI Logistik, at its meeting on September 14, 2011. The single-entity annual financial statements of KROMI Logistik AG were adopted as a consequence. The Supervisory Board concurred with the Managing Board‘s proposal concerning the application of unappropriated retained earnings.

The Supervisory Board would like to thank the Managing Board and all employees for their commitment to the company, and for the work that they have rendered.

Hamburg, September 14, 2011

Dr. Thorsten Bieg
Supervisory Board Chairman

Corporate governance

The term “corporate governance” means the responsible, transparent management and control of companies, geared to their long-term economic success. This is also exactly what KROMI Logistik AG aims to do. That is why the responsible management of the company, in line with all of the relevant legal requirements and regulations, and in awareness of the company’s responsibilities to its shareholders, customers, employees and society play a major role in the entrepreneurial decisions taken by KROMI Logistik AG’s Managing and Supervisory Boards, and in implementing these decisions.

Since being launched in 2002, the German Corporate Governance Code in its respective current version has been KROMI Logistik AG’s guideline for transparent and responsible corporate governance. KROMI Logistik AG’s declaration of conformity is reproduced in the “Corporate Governance Declaration within the meaning of Section 289a of the HGB”.

There are differences to the Code’s recommendations as a result of the size of the company and its executive bodies and also the entrepreneurial structures of its executive bodies and organization. These thus do not require all of the details of the code’s regulations and precautions because the code is universally applicable, including for large groups.

Corporate governance declaration within the meaning of Section 289a of the HGB

KROMI Logistik AG is a listed Aktiengesellschaft (German public limited company), and its corporate governance is primarily determined by the German Public Limited Companies Act, and also by the requirements of the German Corporate Governance Code in its respective current version.

Management and Supervisory Boards manner of working

KROMI is subject to the dual management system prescribed by the German Public Limited Companies Act. This is characterized by a strict split between the Managing Board as the managing body, and the Supervisory Board as the supervisory body. The Managing and Supervisory Boards work closely together in the company’s interests.

KROMI Logistik AG’s Managing Board is solely responsible for managing the company with the aim of generating sustainable value added. The principle of overall responsibility applies, i.e., the members of the Managing Board are jointly responsible for managing the entire company. They develop the company’s strategy, and in agreement with the Supervisory Board they ensure that this is implemented. The principles guiding the cooperation in KROMI’s Managing Board are set out in the Managing Board’s by-laws.

The Managing Board comprises two members: the CEO and the CFO. This Managing Board structure has been tried and trusted by KROMI. The members of the Managing Board work closely together and are responsible for different areas that they have agreed with the Supervisory Board. In line with the by-laws, the members of the Managing Board constantly inform each other of all of the key transactions in their areas, and also actively gather information for themselves on the course of business in the other Managing Board member's areas. As a rule, resolutions by the Managing Board are passed with a simple majority of votes cast, unless a different majority is required by law, the articles of incorporation or the by-laws. In the event of a tied vote, the CEO has the casting vote.

The CEO provides the Supervisory Board with regular, up-to-the-minute and end-to-end information on all of the key aspects of business growth for the KROMI Group, key transactions and the current earnings situation, including risks and risk management. Differences between the course of business and previous forecasts and objectives are discussed in detail and reasons are given. As long as the Supervisory Board, in accordance with the German Corporate Governance Codex, does not require holding a meeting on its own, the Managing Board participates in all of the Supervisory Board's meetings. The Managing Board reports in writing and verbally on the individual agenda items and proposed resolutions and answers questions from the individual members of the Supervisory Board.

In the case of transactions of fundamental importance, in particular for the company's financial position and results of operations, the by-laws require approval by the Supervisory Board and they include a concrete list of transactions that have to be approved.

The Supervisory Board advises the Managing Board on managing the company and supervises its activities. It appoints and dismisses members of the Managing Board, resolves the remuneration system for members of the Managing Board and defines the respective total remuneration. It is involved in all fundamentally important transactions. In line with the number of the company's employees and its articles of incorporation, the Supervisory Board comprises three members who are elected by the Company's shareholders.

The principles guiding the cooperation in KROMI Logistik AG's Supervisory Board are set out in the by-laws for the Supervisory Board. The company does not use the opportunity given therein to form committees due to the size of the company and the Supervisory Board. The Supervisory Board's tasks are all discussed and resolved by the Board. The possibility of passing resolutions by circulating written voting papers is only seldom used, and then only in particularly urgent cases.

Declaration by the Management Board and Supervisory Board of KROMI Logistik AG on the recommendations of the "Government Commission on the German Corporate Governance Code" in accordance with Section 161 German Stock Corporation Act (AktG)

On June 27, 2011 the Management Board and the Supervisory Board of KROMI Logistik AG have resolved a declaration of compliance with the corporate governance code as required according to Section 161 Aktiengesetz [German Stock Corporation Act]. Accordingly, KROMI Logistik AG has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" (DCGK) in the financial year 2010 / 2011 subject to the following exceptions and complies with said recommendations with the following exceptions:

- Notwithstanding No. 3.8 (2) DCGK, no deductible has been arranged in the D&O insurance for the Supervisory Board. From the company's perspective a deductible is not required in view of the given sense of responsibility and motivation of the members of the Supervisory Board.

- Pursuant to No. 4.1.5 DCGK the Management Board shall aspire to give due consideration to women when assigning for executive positions. The Management Board feels committed to this, yet does not pursue any gender-specific personnel policy. For executive positions in the company, focus is also placed on diversity; first and foremost, however, it is the professional qualification of the candidates (men and women) that counts. For the future as well, the Management Board sees itself committed in the interests of the company to selecting the candidate best suited professionally and personally to the respective vacancy.
- Pursuant to No. 5.1.2 DCGK the Supervisory Board shall aspire to give due consideration to women when appointing members of the Management Board. Insofar the content of No. 4.1.5 applies respectively for the Supervisory Board. It is moreover inevitable that the unfolding of diversity is constricted in a Management Board that only comprises two persons.
- Notwithstanding No. 5.4.1 DCGK, the Supervisory Board has not yet defined concrete targets on the composition of the Board, although it does intend to do so. To the extent this also means considering women, the statements above regarding No. 4.1.5 and 5.1.2 DCGK apply accordingly. The Supervisory Board is also subject to constraints in diversity given that it is only made up of three persons.
- Notwithstanding No. 4.2.1 DCGK the responsibilities of individual members of the Management Board and the issues reserved for the Board as whole are not governed by Rules of Procedure of the Management Board. The company considers this ruling inappropriate given that the Management Board is made up of only two people who work closely together.
- Notwithstanding No. 4.2.3 (2) DCGK, the variable components of the remuneration of members of the Management Board do not as yet have a multi-year assessment basis. Up until now, the Management Board has taken its decisions in the light of the sustainable development of the company. The valid agreements with the Management Board members on their remuneration were finalized before the Law governing the Appropriateness of Board Remuneration (VorstAG) took effect. Hence they are not yet subject to the new regulations of the law and will be adjusted appropriately at the next periodic renewal and / or extension of contract.
- Notwithstanding No. 4.2.3 (4) DCGK, the Employment Contract of the Chairman of the Management Board does not provide for any settlement cap for the event of his resignation before term due to a change of control. His settlement claim covers the entire remaining term of his Employment Contract applicable at the time of the trigger event. The remaining term of the Employment Contract of the Chairman of the Management Board currently amounts, however, to less than two years. It is intended to agree to a settlement cap when the contract is renewed.
- Notwithstanding No. 4.2.3 (4) DCGK, the Employment Contracts of the two current members of the Management Board provide for rulings similar to a settlement without cap (continuation of payment until the end of the respective term of contract) in the event they are recalled by the Supervisory Board following the withdrawal of confidence by the General Assembly of Shareholders. Since the remaining term of the Employment Contracts of the two current members of the Management Board amounts to less than two years, the constraints imposed under No. 4.2.3 (4) DCGK are preserved in economic terms. These arrangements were agreed upon with the current members of the Management Board prior to the amendment of the DCGK as of 6 June, 2008 took effect and complied with the recognised scope of pay-off rules at that time. Should in future a member be appointed to the Management Board for the first time, the company intends to comply with the recommendations of the Code.

- Notwithstanding No. 5.3 DCGK the Supervisory Board will form no committees. With a Supervisory Board only comprising three members it makes no sense to form committees.
- Notwithstanding No. 5.4.1 sentence 2 DCGK, no retirement age has been set for Supervisory Board members. In view of the insights, abilities and experience required under No. 5.4.1 sentence 1 DCGK, it does not seem sensible to set a retirement age.
- Notwithstanding No. 5.4.6 (2) DCGK, the members of the Supervisory Board receive a fixed salary; there are no performance related components of their remuneration. All Supervisory Board members bear the same responsibility and workload. Even without the incentive of performance related remuneration components, the Supervisory Board works success oriented and is remunerated appropriately and practically on a solely fixed payment basis.

The present declaration relates to the recommendations of the Code as amended on May 26, 2010.

KROMI Logistik AG will continue in the future as well to comply with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of May 26, 2010 subject to the aforementioned exception.

Hamburg, June 27, 2011

For the Supervisory Board	For the Management Board	
Dr. Thorsten Bieg	Jörg Schubert	Uwe Pfeiffer

Other management practices

The company uses all of the management practices and compliance regulations prescribed by law.

The company upholds the transparency requirements imposed by shareholders and the general public by posting mandatory, up-to-date information on its Web site. This is where KROMI publishes information including ad hoc disclosures, financial reports and its financial diary, information on voting rights, directors' dealings, information on the shareholder structure, the General Meeting and general press releases.

The company has not formally resolved or introduced other standards which apply company-wide, such as ethical, labor or social standards. Observing the corresponding requirements goes without saying for KROMI and its executive bodies. The Managing Board pays personal attention to these issues. As a result of the company's size, the Managing Board recognizes any misdevelopments directly and corrects these as necessary. In view of the number of employees, all of the employees have easy, direct access to the Managing Board, which is highly sensitive to its employees and looks after them well.

Remuneration report

The remuneration report summarises the principles which are used in setting the remuneration for KROMI Logistik AG's Managing and Supervisory boards, and discusses the amount and structure of the Managing Board's income. The report includes information which forms part of the Group management report in the meaning of Section 315 of the German Commercial Code (HGB). Reference is made to the Group management report (other information) accordingly, and additionally the following information according to the requirements of the German Corporate Governance Code:

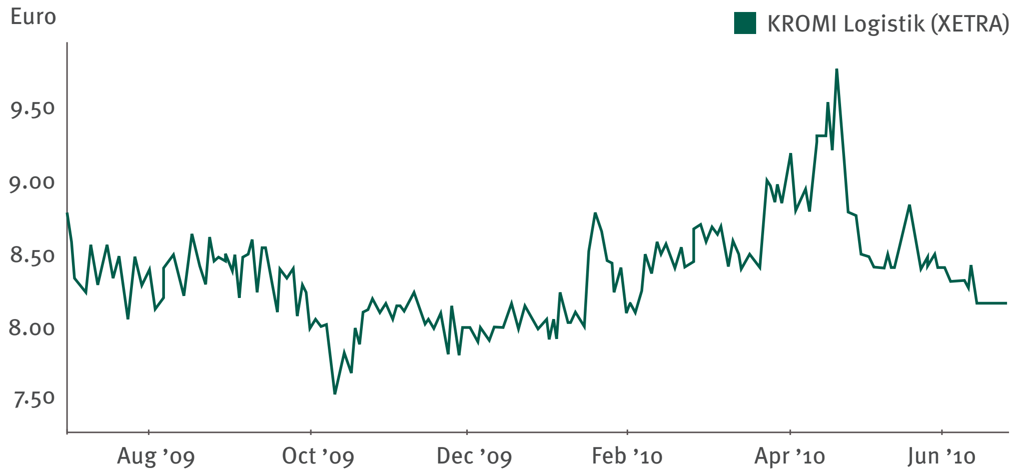
KROMI Logistik AG has taken over a pension commitment in favour of the CEO as of January 1, 2007. Provisions for pensions were added in the period from July 1, 2010 to June 30, 2011 in this regard totalling around EUR 103 thousand. From January 1, 2010 the company fulfilled the benefit commitment for the CFO included in his employment contract by concluding a re-insurance policy in favour of the Managing Board. This form of benefit commitment does not require any provisions for pensions to be formed, and consequently does not affect the balance sheet. The company's expenses for the re-insurance are operating expenses and are included in the information on total remuneration for the members of the Managing Board detailed in the notes.

The Chairman of the Supervisory Board, Dr. Thorsten Bieg, is a partner of Brinkmann & Partner Partnerschaftsgesellschaft, lawyers, tax advisors and auditors, Hamburg. In the 2010/2011 fiscal year, this partnership received fees of approximately EUR 44 thousand for ongoing legal advice for the company. Of this total, around EUR 0 thousand was due to services provided personally by Dr. Bieg.

As of June 30, 2011, Managing Board member Jörg Schubert is the beneficial owner of 648,007 shares, including voting rights for 1,413,006 shares of the company attributable to him in the meaning of Section 22 (1) of the Germans Securities Trading Act (WpHG). On the same date, Managing Board member Uwe Pfeiffer held 1,000 shares of the company.

The share in overview

Share price performance (July 1, 2011 – June 30, 2011)



Important key data

German Securities Identification Number (WKN)	A0KFUJ
ISIN	DE000A0KFUJ5
Ticker	K1R
Trading segment	Regulated Market (Prime Standard)
Share type	No-par ordinary bearer shares (no-par shares)
Share capital	4,124,900
Initial listing	March 8, 2007
Designated Sponsor	M.M. Warburg
Share price as of June 30, 2010*	EUR 8.80
Share price as of June 30, 2011*	EUR 8.16
Percentage change	-7.3 %
52-week high**	EUR 9.80
52-week low**	EUR 7.53

*Closing price, XETRA trading system of Deutsche Börse AG
**Intra-day

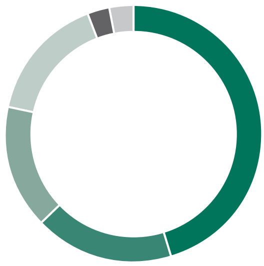
The shares of KROMI Logistik AG have been listed on the Regulated Market (segment: Prime Standard) of the Frankfurt Stock Exchange since March 2007. Over the course of the 2010 / 2011 fiscal year, international equity markets gained significant momentum in overall terms due to the waning financial and economic crisis. The German DAX Equity index appreciated by around 26 % during the reported period, for example. There was also an increasing easing of the situation in the mechanical engineering sector over the course of the fiscal year. The „Maschinenbau-Aktien-indeX“, the index of the 30 most important stocks in the mechanical engineering sector compiled jointly by Landesbank Baden-Württemberg (LBBW) and the „Produktion“ specialist journal, was up by 33.6 % in the period between

May 2010 and May 2011. The share of KROMI Logistik AG initially participated in this general uptrend, reporting a marked share price increase from mid-October following the share price low for the year of EUR 7.53. Until April 2011, the share finally climbed to its year-high of EUR 9.80, representing 30 % growth compared with the start of the fiscal year. The share was unable to continue this trend into the fourth quarter of the period under review, however, and closed on the last trading day of the fiscal year (June 30, 2011) at EUR 8.156. This corresponds to a market capitalisation of EUR 33.6 million.

Shareholder structure at the end of the fiscal year

KROMI Logistik AG enjoys a broadly-based shareholder structure. With an interest of currently 54.62 %, the company's founders, their families, and the management tier provide a firm foundation for the share of KROMI Logistik AG. The free float of currently 45.38 % also provides a broad investor base, and sufficient liquidity for the stock. Following the end of the reporting period, on August 15, Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn, exceeded the 10 % level of interest in KROMI Logistik AG, and now holds 10.09 %.

Shareholder structure



	%
Free float	45.38
Management level	17.45
Jörg Schubert	15.71
Peter Caro	15.64
Schubert family	2.91
Caro family	2.91

Investor relations

When the company was floated on the stock market in March 2007, KROMI Logistik AG opted clearly for the Prime Standard of the Frankfurt Stock Exchange, thereby committing itself to the stock market segment entailing the highest transparency standards and the most comprehensive reporting duties. This reflects the company's desire to cultivate a transparent information policy, and to conduct an open dialogue with investors, analysts and the media.

The Managing Board's regular participation in capital market events such as investor and analyst conferences shows that KROMI Logistik also puts into practice its claims with regard to open communication policies. The company, for example, participated in the Hamburg Investment Conference in June 2011 that was organised by Bankhaus Lampe, where renowned Hamburg-based companies had the opportunity to dialogue with investors and analysts at presentations and one-on-one meetings. The company also held meetings with the media and investors as part of road shows. The company is to participate again at the Germany Equity Capital Forum in Frankfurt am Main in November 2011, where it will make presentations to investors, analysts, and economic and financial journalists.


7
Tools
Timing
KTC
KROMI-TOOL-CENTER
Technik
Transparenz
6
Tools
Timing
KTC
KROMI-TOOL-CENTER
Technik
Transparenz

KROMI enables permanent availability of tools.

Business report

I. Corporate structure and participating interests

As of the June 30, 2011 reporting day, KROMI Logistik AG was present at five locations in Germany: along with its headquarters in Hamburg, the Group operates branches in Magdeburg, Erkrath near Düsseldorf, Eislingen near Stuttgart, and at Laupheim near Ulm. To these are added subsidiaries in the Czech Republic, Slovakia, Spain and Brazil, and also a liaison office in Turkey since this fiscal year. Moreover, KROMI Logistik supplies customers in Denmark, Poland, Romania, Italy and France with tools.

To date, the company has concentrated primarily on its four customer sectors of general mechanical engineering, automotive suppliers, aerospace and shipbuilding. The Management Board is supported by a strong second management tier consisting of four managers who also hold interests in the company.

II. Employees

Excluding the Managing Board members, KROMI Logistik AG employed a total of 108 staff as of June 30, 2011 (June 30, 2010: 84).

III. Services / Research and development

KROMI Logistik offers manufacturing companies an end-to-end outsourcing concept to supply them with precision machining tools. In this context, the company aims continuously to expand its customer base through acquiring new customers, and through tapping new markets. In the case of existing customers, the optimisation and inefficiency enhancement of machining processes, and the reduction of manufacturing and administration costs, form the focus of their cooperation with KROMI Logistik AG. Customer loyalty is also to be further intensified through constant innovations to the supply concept, accompanied by the permanent orientation to customers‘ requirements.

For this reason, activities in the research and development area are concentrated on diversifying the range of services and products offered, and consequently on the continuous further development of the KROMI supply system. At the same time, customer-related projects to further develop cutting substances for difficult materials are conducted with leading European tool manufacturers.

IV. Market and competitive environment

Macroeconomic situation

The 2010 / 2011 fiscal year was characterised by further economic recovery in all markets of significance for KROMI Logistik. Nevertheless, risks to the global economy also grew due to the catastrophe in Japan, political developments in the Middle East, and the continued high level of state indebtedness on the part of some European countries.

At the end of May this year, the German Federal Government estimated that German gross domestic product (GDP) would grow by 2.6 % in real terms over the course of the whole of 2011. This further upgrade to its forecast reflects the dynamism of the current economic upturn (in January 2011, the government calculated growth of 2.3 %). From as early as the second quarter of 2011, however, the Federal Government assumes that this trend would continue next year only on a weaker basis, and expected that GDP would grow by 1.8 % in 2012.[1]

As far as the European Union is concerned, the EU statistics department (Eurostat) calculated that, following 1.8 % economic growth in the past calendar year, and a forecast unchanged growth rate of 1.8 % in 2011, this figure would rise to 1.9 % for 2012.[2] It nevertheless remains to be seen how many countries in the EU, and, in particular, the Eurozone, slide into the downtrend of the Greek debt crisis. The savings measures that have been launched in various countries restrict governments' ability to support economic growth through economic assistance, while demand for consumer and capital goods will prospectively suffer under the consolidation measures, which might become evident in a weakening of the economic strength of these countries.

By contrast, global economic output was affected to a lesser extent by these developments until mid-2011. According to estimates produced by the International Monetary Fund (IMF), growth of 4.3 % for 2011 and 4.5 % is anticipated for 2012. The greatest part of this growth will continue to be borne by emerging economies, for which economic growth of prospectively 6.6 % is expected for 2011, and of 6.4 % for 2012.[3]

Current trends on capital markets, and in connection with the debt crisis of the various countries in Europe and the USA, are feeding through to ever greater uncertainty in connection with such forecasts, which can provide only a vague picture of future economic developments.

Mechanical engineering / precision tools

As an end-to-end tool manager, KROMI Logistik is both an outsourcing partner and an innovative solver of problems for industrial companies. The company's core competencies relate to machining tools for the processing of metals and plastics. For this reason, trends on the German market for precision tools, one of the two largest specialist branches of a German mechanical engineering, are of particular importance for KROMI Logistik AG. According to current estimates produced by the precision tools specialist association that comes under the umbrella of the German Engineering Federation (VDMA), production growth of approximately 17 % is expected within the sector for 2011. As a consequence,

[1] German federal government's press and information office, „Deutsche Wirtschaft auf Wachstumskurs", May 24, 2011
[2] Eurostat, real GDP growth rate
[3] IWF, World Economic Outlook Update, June 17, 2011

sector production would increase to a volume of around EUR 10.0 billion in overall terms, which would even slightly exceed the record levels from the pre-crisis year of 2008. Also within the machining tools subsector, which comprises more than a quarter of precision tools, the production level of approximately 98 % is only slightly below the 2008 level.

Aircraft construction and aviation

According to statistics produced by the German Federal Aerospace Industry Association (BDLI), this economic sector generated a new sector record of revenues of EUR 24.7 billion in total in 2010. This represents year-on-year growth of 4.5 % for the entire sector. Civilian aviation, which is the largest sales contributor with a share of around 65 %, reported renewed growth of 3.2 % in 2010 as the result of market recovery and rising order and shipment figures.[4]

At the same time, passenger and freight volumes in global aviation increased further since 2009, according to IATA figures, as a consequence of which these two segments are anticipated to deliver growth of 4.4 % and 5.5 % respectively for 2011.[5]

Automotive supply industry

Global growth in demand for goods overall was also evident in the sales of the German automotive industry in calendar year 2010. According to the figures produced by the German Automotive Industry Association (VDA), revenue generated by companies in this sector rose to around EUR 317.0 billion, thereby reflecting 20.5 % growth compared with the 2009 crisis year. According to the VDA's statistics, this positive trend continued in the first half of 2011, being reflected in production volumes of around 3.0 million cars. This production level represents growth of around 5 % year-on-year, and 89 % capacity utilisation in the overall automotive industry. At 92 %, car manufacturers enjoyed almost complete capacity utilisation. New domestic order inflows were also up by 15 % in the first half of 2011. For the whole of 2011, the experts at the VDA anticipate a production volume of more than 5.9 million cars, which would even exceed the figures of the previous record year of 2008.

KROMI Logistik AG's market position

The business model of KROMI Logistik AG covers all tool management steps, and is consequently only comparable to that of other companies to a limited extent. Pure tools manufacturers offer their customers only products from their own portfolios. Although tools wholesalers, by contrast, frequently offer a broader product range, they mostly have no particular technical expertise in the machining tools segment. For their part, software companies and dispenser manufacturers mostly only offer partial solutions that customers are subsequently required to combine themselves. By contrast, KROMI Logistik AG's end-to-end tool supply concept allows it to enjoy an almost unique market position that enables it to act as a problem solver for industry, thereby tapping attractive market potentials.

[4] BDLI, „Die Luft- und Raumfahrtindustrie 2010", April 21, 2011

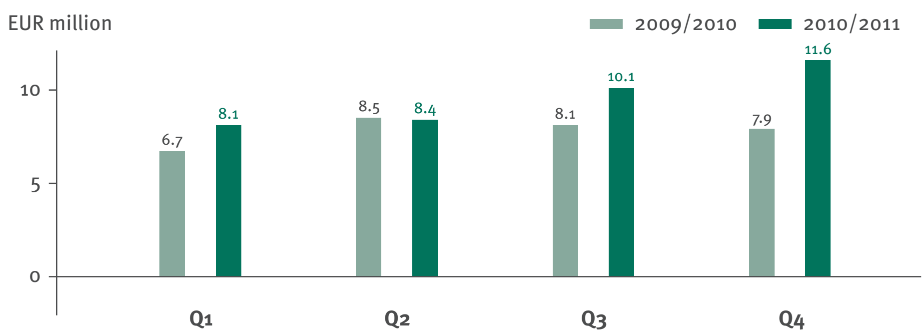
[5] IATA, FACT SHEET: Industry Statistics, June 2011

Analysis of business results and discussion of net assets, financial position and results of operations

I. General course of business in 2010 / 2011

KROMI Logistik's 2010 / 2011 fiscal year was characterised by 22.5 % year-on-year revenue growth at Group level. In overall terms, the continuing recovery of the global economy in markets of relevance for KROMI Logistik exerted a positive impact on the progress of the Group's business. The entire production volume of companies in its target sectors re-achieved a significantly higher level. Particularly in the mechanical engineering sector and in the automotive supply industry, KROMI Logistik experienced a resumption of demand growth for precision tools in the period under review. This prevailing dynamism is also reflected in the pleasing trend in business with new customers: 21 new supply agreements were concluded in the fiscal year elapsed. Although the level of the pre-crisis 2007 / 2008 year was not yet re-attained with respect to the entire reporting period, despite the positive sales trend, it is nevertheless clear that the tool management topic is again becoming much more important now that the crisis has been overcome in many industrial sectors.

Revenues 2010 / 2011 quarterly basis and compared to the previous year



The positive economic and new customer trend, which unfolded its full impact particularly in the fourth quarter of the fiscal year, thereby ensuring high sales levels, was accompanied by a higher cost base. KROMI Logistik invested in markets, customers and employees, thereby enabling a strong business positioning in Germany, Brazil, Denmark, Poland, Italy, France, Rumania and Turkey. These investments impact the bottom line in terms of a reduction in earnings before interest and tax (EBIT) to minus EUR 1,054 thousand (previous year: EUR 175 thousand).

Expansion activities

The aforementioned investment activities allow the Group to continue on the expansion path on which it had already embarked. KROMI Logistik formed a subsidiary in Joinville / Brazil in the 2008 / 2009 fiscal year – KROMI Logistica do Brasil Ltda. As a consequence, the company's internationalisation strategy was also implemented outside Europe for the first time. KROMI Logistik thereby secured access to the most important South American market. The management believes that the strong internal market within Brazil and the excellent growth rates in this country which are forecast over the long term continue to provide strong foundations to further drive KROMI Logistik's growth.

The Brazilian subsidiary gained several new customers in the fiscal year elapsed. As a result, sustainable revenues are already being generated at this location that underpin the company‘s positive forecasts.

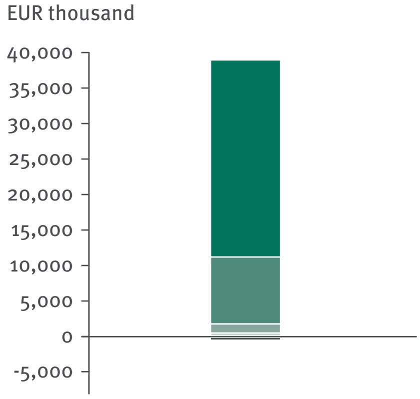
In addition to this expansion in Brazil, and the establishment of a liaison office in Turkey, KROMI Logistik also concluded new supply agreements in Germany, Italy, Rumania, the Czech Republic, France, Spain and Slovakia in the 2010 / 2011 fiscal year. Supply agreements that expired as of December 31, 2009 were also reacquired in Denmark and Poland.

II. Results of operations

KROMI Logistik generated **revenues** of EUR 38,213 thousand in the 2010 / 2011 fiscal year, compared with EUR 31,198 thousand in the prior-year period. This represents a 22.5 % increase. The share of revenues generated with customers based abroad amounted to 25.5 %, thereby representing a slight decline compared with the previous year (27.6 %). Foreign revenues nevertheless grew in absolute terms, rising to EUR 1,143 thousand.

The sectors of relevance for KROMI generally reported growth: automotive manufacturers were the driving factor behind the upturn. KROMI Logistik grew revenues by around 30 % with these customers. The general mechanical engineering sector, too, which comprises the largest share of total revenue at around 44 %, also experienced growth. Revenue was up by 17 % in this segment. With moderate double-digit growth rates, the aerospace and shipbuilding sectors also contributed to the overall marked upturn in revenue.

Revenue distribution inland and foreign countries



	EUR thousand
Total revenues	**38,213**
Goods supplied, Germany	27,475
Goods supplied, international	9,329
Service supplied, Germany	1,266
Service supplied, international	410
Deductions from revenue	-267

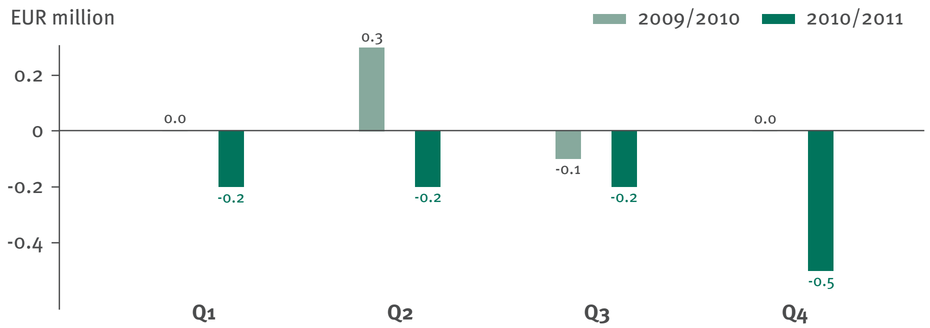
Based on this revenue growth, the **cost of materials** was up from EUR 22,351 thousand to EUR 28,721 thousand. At the same time, the **cost of materials ratio** rose from 71.6 % to 75.2 %. This was due to the expansion of the operating business, and, above all, the higher share of new customers within the portfolio. This is because, as part of accepting a new business relationship, KROMI initially acquires the customer‘s existing tool inventories, and feeds these gradually into the dispenser supply. When reselling inventories acquired from new customers, KROMI sometimes initially achieves lower gross margins. The higher level of tools revenues accompanied by an unchanged share of service fees also exerted a dilutive impact on the gross profit margin. As a consequence, the gross profit on sales (excluding other operating income) underwent only a slight increase to EUR 9,492 thousand, compared with EUR 8,847 thousand in the previous year. The gross margin on sales fell correspondingly to 24.8 %, compared with 28.4 % in the previous reporting period.

The Group's requirement for personnel also rose due to the improved operating business. As a consequence, **personnel expenses** increased to EUR 6,041 thousand, compared with EUR 5,058 thousand in the 2009 / 2010 fiscal year. At the same time, the **personnel expense ratio** was down from 16.2 % to 15.8 % due to the related sharp increase in revenue. KROMI anticipates that its personnel expenses will continue to increase in the future since new hires occurred gradually over the course of the year, and the current employee figures have consequently not yet exerted a full-year impact on the income statement.

Depreciation and amortisation underwent a slight year-on-year decline from EUR 620 thousand to EUR 603 thousand due to the expiry of depreciation / amortisation periods, as well as solely pro rata depreciation / amortisation for purchases realised during the course of the year. Other operating expenses were up from EUR 4,034 thousand to EUR 4,695 thousand. Due to the expansion in terms of markets and customers, costs increased due to both the higher level of employees, and due to those of our subsidiaries and commercial representatives. The international expansion also fed through to a higher level of travel expenses. Costs were also incurred for our participation at the AMB international metals processing exhibition, a sector trade fair held in Stuttgart in September 2010, which are also included among other operating expenses.

Earnings before interest and taxes (EBIT) fell to minus EUR 1,054 thousand, compared with EUR 175 thousand in the previous year, due to the expansion of the operating business, and the related higher level of expenses as of the end of the reporting period. When taking into account the financial result, the company concluded the 2010 / 2011 fiscal year with a **consolidated net loss** of minus EUR 1,068 thousand, having generated a slight profit of EUR 56 thousand in the previous year.

EBIT 2010 / 2011 on quarterly basis and compared to the previous year

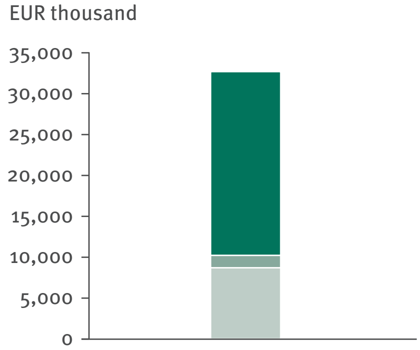


III. Net assets

As of the June 30, 2011 reporting date, **total assets** stood at EUR 32,593 thousand, compared with EUR 28,592 thousand on June 30, 2010. This increase is predominantly due to the expansion of business operations in the reporting year, which is reflected in various balance sheet items and related key figures.

The **equity and liabilities** side of the balance sheet included as of the June 30, 2011 reporting date equity of EUR 22,411 thousand, reflecting a slight reduction compared with the previous year (EUR 24,101 thousand) due to the consolidated net loss that was incurred for the year. As a consequence of the marked increase in total equity and liabilities, the equity ratio correspondingly underwent a significant fall to 68.8 %, compared with 84.4 % as of June 30, 2010.

Balance sheet structure – liabilities

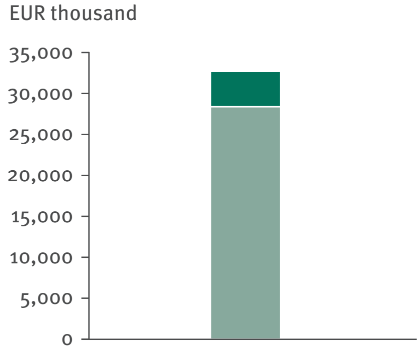


	EUR thousand
Total assets	**32,593**
Equity	22,411
Non-current liabilities	1,500
Current liabilities	8,682

At the end of the current reporting period, the **liabilities** of KROMI Logistik stood at EUR 10,182 thousand, compared with EUR 4,491 thousand as of the June 30, 2010 reporting date. This balance sheet item included EUR 1,500 thousand of non-current liabilities (June 30, 2010: EUR 1,364 thousand) and EUR 8,682 thousand of current liabilities (June 30, 2010: EUR 3,127 thousand). The non-current liabilities relate exclusively to pension provisions and deferred tax. Due to the progress of business, current liabilities underwent a significant increase as a result of a rise in trade payables from EUR 2,517 thousand to EUR 8,025 thousand.

On the **assets side** of the balance sheet, both current and non-current assets increased. The rise in fixed assets from EUR 3,813 thousand to EUR 4,292 thousand arises from increases in the other tangible fixed assets and other non-current receivables items.

Balance sheet structure – assets



	EUR thousand
Total net assets	**32,593**
Non-current net assets	4,292
Current net assets	28,301

Current assets were up from EUR 24,779 thousand to EUR 28,301 thousand. Revenue growth among existing customers, the transfer of tool inventories from new customers, and a higher level of stocks due to extended supply periods fed through to a sharp increase in **inventories** of 75.6 % to EUR 11,386 thousand. **Trade receivables** rose from EUR 7,325 thousand to EUR 11,703 thousand due to the revenue growth, particularly in the fourth quarter. The Group‘s liquid funds decreased to EUR 3,773 thousand, compared with EUR 10,636 thousand on the previous year, as a consequence of the higher level of inventories, investments in the expansion of the operating business, as well as the higher level of receivables and the distribution that was made.

IV. Liquidity and financial position

Liquid funds were down from EUR 10,636 thousand (June 30, 2010) to a total of EUR 3,773 thousand in the 2010 / 2011 fiscal year, primarily due to the expansion of inventories, the dividend payments, and the negative operating result that was incurred.

At EUR 19,619 thousand (June 30, 2010: EUR 21,652 thousand), **working capital** (current assets less current liabilities) continues to provide a strong and stable basis for KROMI Logistik‘s intended growth.

Information on acquisitions (pursuant to Section 315 (4) of the German Commercial Code (HGB))

Composition of subscribed capital

The parent company‘s subscribed capital totals EUR 4,124,900.00. It comprises 4,124,900 no par value bearer shares. The shares are ordinary shares and carry an equal participating interest in the company‘s share capital. The company has no plans for different share classes. As a consequence, the ownership of one share grants the owner one vote during voting held at the company‘s Annual General Meeting.

Direct or indirect interests exceeding 10 % of voting rights

As of June 30, 2011, there were the following direct or indirect interests exceeding 10 % of the voting rights in the parent company‘s share capital.

	Number of votes	Percentage of all votes	Of which allocation according to Section 22 (1) of the ***Wertpapierhandelsgesetz*** **(WpHG – German Securities Trading Act)**		
			Percentage	**held by:**	
1 Jörg Schubert	1,413,006	34.26 %	34.18 %	2. 3. 4. Schubert Vermögensverwaltung KG	15.71 %
2 Schubert & Caro Beteiligungs GmbH & Co. KG	1,110,013	26.91 %			26.91 %
3 Tarpenring 11 Vermögensverwaltungs GmbH	1,290,013	31.27 %	26.91 %	2	31.27 %
4 Caro & Schubert Vermögensverwaltungsgesellschaft mbH	1,290,013	31.27 %	31.27 %	2.3	31.27 %
5 KROMI Beteiligungsgesellschaft mbH	720,000	17.45 %			17.45 %

Following the balance sheet date, the Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn, Germany, announced that it held 10.09 % of the voting rights.

Mr. Jörg Schubert resides at Quickborn, Germany. All of the other shareholders named in the above table have their registered office or place of residence in Hamburg, Germany.

Holders of shares with special rights

There are no shares with special rights.

Type of control of voting rights in the event of employee equity participations

There are no employee participation programmes. If employees hold participating interests in the company, these exercise their controlling rights directly.

Restrictions on voting rights or transfers

As far as the Managing Board is aware, there are no restrictions relating to voting rights or the transfer of shares, including such arising from agreements between shareholders.

Statutory provisions and provisions of the Articles of Incorporation regarding the appointment and dismissal of members of the Management Board and amendments to the Articles of Incorporation

The appointment and dismissal of members of the Managing Board is based on Section 84 of the German Stock Corporation Act (AktG) and Article 6 of KROMI Logistik AG's Articles of incorporation. These stipulate that the Supervisory Board is responsible for appointing and dismissing Managing Board members. The Managing Board comprises one or several persons. The Supervisory Board determines the number of members of the Managing Board.

The company's Articles of incorporation can only be changed by a resolution by the General Meeting within the meaning of Section 179 of the German Stock Corporation Act (AktG). Pursuant to Article 21 of the Articles of incorporation, the Supervisory Board is authorised to make changes to the Articles of incorporation that affect only their wording. The Managing Board may only issue new shares on the basis of resolutions by the General Meeting.

Authorization for the Managing Board to issue and repurchase shares

The Managing Board may only issue new shares on the basis of resolutions by the General Meeting.

By way of a resolution by the General Meeting on December 8, 2009, the Managing Board was authorised for a period of five years from the date of entry in the commercial register, subject to the consent of the Supervisory Board, to increase the company's share capital by up to a total of EUR 2,062,000 through one or more issues of new no par value bearer shares against cash or non-cash capital contributions (Authorised Capital).

Shareholders are to be granted subscription rights. However, the Managing Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

I. To reconcile fractional amounts;

II. To grant subscription rights to the holders of convertible bonds and / or bonds with warrants and / or profit participation certificates to the extent that these would be due to these holders after exercising their conversion or option rights of after fulfilment of their conversion obligation;

III. When issuing new shares against non-cash capital contributions;

IV. When issuing shares against cash contributions, to the extent that the issuing price per share is not significantly lower than the stock market price of the shares already listed on the date the shares are issued, and the number of shares issued in this manner together with the number of own shares that were sold during the term of the authorisation to exclude subscription rights and the number of shares that could result from the exercise of option and / or conversion rights or the fulfilment of conversion obligations from option bonds and / or bonds with warrants and / or profit-participation certificates, does not exceed 10 % of the share capital.

The Managing Board is authorised, with the consent of the Supervisory Board, to define the content of share rights, the details of the capital increase and the conditions of the share issue, in particular the issuing amount.

By way of a resolution by the General Meeting on December 8, 2009, the company was authorised to acquire treasury shares of up to 10 % of its share capital at that time up to December 8, 2014. Together with other shares which may have been acquired for other reasons and which are held by the company or which are to be allocated to it within the meaning of Sections 71a ff. of the German Stock Corporation Act (AktG), the shares acquired as a result of this authorisation may not at any time exceed 10 % of the share capital. Treasury shares may be acquired via the stock exchange or a public purchase offer submitted to all shareholders. The consideration paid when acquiring the shares (excluding incidental purchase costs) may not be more than 10 % higher or lower than the average share price (closing price of KROMI Logistik shares in XETRA trading or a comparable successor system on the Frankfurt Stock Exchange) on the last three days of trading prior to the undertaking to acquire shares or, in the case of a public purchase offer, prior to the day the offer is published. If the volume of the offered shares exceeds the intended buy-back volume in a public purchase offer, the purchased amount must be proportionate to the shares offered in each case. Provision may be made for preferred acceptance of low numbers of shares of up to 100 shares of the company offered for acquisition per shareholder.

The resolution authorises the Managing Board, with the approval of the Supervisory Board, to sell the acquired shares via the stock exchange, via an offer to all shareholders, or against non-cash compensation excluding shareholders‘ subscription rights for the purpose of acquiring companies or participating interests in companies. In addition, the Managing Board is authorised to sell the shares against cash compensation excluding shareholders‘ subscription rights, if the purchase price is not significantly lower than the stock market price of the shares at the time of the sale. This authorisation may only be utilised if it can be ensured that the number of shares to be sold as a result of this authorisation, together with shares from authorised capital excluding shareholders‘ subscription rights that are issued within the meaning of Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG), do not exceed 10 % of the share capital which exists when the shares are issued or sold.

The Managing Board is also authorised to retire the shares acquired as a result of this authorisation without further resolutions by the General Meeting and to reduce the share capital by the amount due to the retired shares. The Managing Board can retire the shares using a simplified method without reducing the share capital, with the result that the proportion of the other shares in the share capital increases as a result of the retiral. If the shares are retired using the simplified method without reducing the share capital, the Managing Board is authorised to adjust the number of shares in the Articles of Incorporation.

The authorisation to acquire, re-sell and retire treasury shares can be exercised in whole or in part, on one or on several occasions in each case.

Agreements subject to the condition of a change of control and compensation agreements

The company has not concluded any agreements that are subject to the condition of a change in control as a result of an acquisition offer.

Please see the remuneration report for information on the CEO‘s extraordinary right of termination.

Remuneration report

The remuneration report summarises the principles that are applied in setting the remuneration for KROMI Logistik AG's Managing and Supervisory boards, and discusses the amount and structure of the Managing and Supervisory boards' income.

Remuneration of Managing Board members

The Supervisory Board is responsible for setting the remuneration for the Managing Board members. In so doing, the Supervisory Board bases its decision on the tasks of the respective Managing Board member, their performance, the performance of the Managing Board, the economic situation, the company's success and the future prospects while taking its comparable environment into account, with the aim of setting reasonable overall remuneration.

The structure of KROMI Logistik AG's Managing Board's total remuneration in fiscal 2010 / 2011 comprises fixed monetary remuneration and a performance-related variable component, as well as standard incidental payments (reimbursement of out-of-pocket expenses, insurance premiums, company car). The variable remuneration components are linked to the Group's success and its earnings before tax (EBT). EBT is calculated based on IFRS principles.

In fiscal 2010 / 2011, Jörg Schubert was the CEO and Uwe Pfeiffer was the CFO on KROMI Logistik AG's Managing Board. Remuneration for the Managing Board members totalled EUR 670 thousand (previous year: EUR 589 thousand). Individual details on the remuneration of the members of the Managing Board, in particular person-by-person information on the remuneration can be found in the notes.

In addition to the total remuneration detailed above, the following payments are made in the event the employment relationship comes to an end:

On December 19, 1996, Mr. Jörg Schubert received a pension commitment from Tarpenring 11 Vermögensverwaltungs GmbH in the amount of EUR 6,000 per month upon exiting the company after reaching the age of 65. KROMI Logistik AG took over this pension commitment on December 7, 2006 with effect from January 1, 2007. The commitment includes an invalidity pension of approximately EUR 6,000 and a widow's pension of approximately EUR 3,600.

In addition, the CEO has the right to extraordinary termination of his employment agreement if a shareholder for the first time amasses more than 50 % of voting rights from all of the issued shares of the company. If this right of termination is exercised, the CEO will receive a settlement in the amount of the remuneration that he would have received through to the expiration of the regular term of his contract, discounted at a rate of 10 % per year.

During the year under review, Uwe Pfeiffer received a defined contribution benefit commitment from a congruently re-insured benefit fund. KROMI Logistik AG pays a monthly fixed amount of EUR 4,000 to the support fund from January 1, 2010. KROMI Logistik AG no longer has any benefit commitments to Mr. Pfeiffer once he has left the company.

Remuneration of the Supervisory Board members

The members of the Supervisory Board receive fixed annual remuneration for their activities. The Chairman of the Supervisory Board receives double the standard remuneration for Supervisory Board members. In fiscal 2010 / 2011, the remuneration for members of the Supervisory Board totalled EUR 40 thousand. Details of the Supervisory Board's remuneration can be found in the notes.

Risk report

I. Report and information in accordance with section 315 (2) No. 5 of the German Commercial Code (HGB)

Along with accounting-related processes, the risk management system and the internal controlling system generally also comprise all risks and controls relating to Group accounting. With regard to the Group accounting process, the risk management system aims to identify and measure risks that counter the aim of ensuring that the consolidated financial statements are in line with regulations. Recognized risks are measured with regard to their impact on the consolidated financial statements. In this connection, the internal controlling system aims to ensure sufficient security by implementing corresponding controls to ensure that the consolidated financial statements are prepared in line with the corresponding standards despite the identified risks.

Accounting-related internal controlling system

KROMI Logistik AG's Managing Board has set up an internal controlling system for the wide-ranging organisational, technical and commercial workflows in the Group. Key elements of control in accounting are the clear allocation of responsibilities and controls when preparing the financial statements, and appropriate access regulations in the IT systems of relevance to the financial statements. A key component is the principle of functional separation, which aims to ensure that major executory (e.g., sales), booking (e.g., financial accounting) and administrative (e.g., IT administration) activities do not stem from a single source. The „two sets of eyes" principle ensures that no major process goes uncontrolled.

Risk management and methods

KROMI Logistik AG has developed systems, methods and committees to implement and secure its business. These aim to allow the Managing Board to recognize any operating and financial risks that may jeopardise the company's continued existence at an early stage and to alleviate these at an early stage if required. It aims to ensure that critical information is passed on to management directly and in good time. In this context, the risk management system issues the following basic principles and objectives:

1. Standardised view of risks
2. Rapid overview of the actual risk situation within the Group
3. Consistent disclosure and addressing of loopholes
4. Risk-oriented concentration on key business areas and processes, as well as requisite controls
5. Implementation that is cost-aware and pragmatic, and which does not entail unnecessary bureaucracy
6. Standardised perspective and approach for all controlling-relevant subareas

KROMI Logistik utilises a spreadsheet-based management and controlling system to measure, monitor and control business growth and risks. This system is mostly based on data from financial accounting and materials planning. The risk manual documents the key risks that are present, and allocates levels of responsibility within the company. Existing risk potentials are monitored on an ongoing basis, and adequate activities to limit risks are put in place if possible.

Dealing with key potential risks

KROMI Logistik AG's operational management is directly responsible for the early recognition, controlling and communication of risks. This allows the company to respond to potential risks both rapidly and comprehensively. The risk policy is geared to the aim of increasing the company's value over the long term. In its overall assessment of the risk situation, the Managing Board has come to the opinion that the following risks and their treatment will be of particular importance in fiscal year 2011 / 2012:

- The management, steering and controlling of the company's intended growth both in Germany and abroad.
- The management, steering and controlling of margins and costs. The impact on growth dynamism from exogenous macroeconomic developments.

The risks detailed here could have a negative impact on KROMI Logistik AG's future growth. Going-concern risks to the company were not identifiable at the time when these annual financial statements were compiled.

II. Risks

The Group has identified the following key risks:

Liquidity risk / interest-rate risk

KROMI Logistik's business model requires the availability of funding to acquire tools. These funds stemmed exclusively from the company's own liquidity on the balance sheet date. Since the Group also does not have any interest-bearing debt, and has sufficient amounts of cash available, KROMI believes that it is not currently exposed to any material liquidity or interest rate risks.

Risk of receivables default / risk of customer bankruptcies

Up to three months can pass between the tools being removed from the dispensers and payment actually being received, including the agreed payment targets. These circumstances give rise to a receivables default risk for KROMI Logistik. KROMI combats this risk of default by diversifying its customer portfolio within the relevant target industries. In order to minimize the risk of a default on receivables, for example as a result of a customer bankruptcy, the Group has also taken out insurance for some of its receivables. As was already the case in previous years, prior to concluding agreements with new customers, KROMI also runs credit checks based on generally accessible information. As part of the receivables management system all receivables are subject to a weekly review by the Managing Board and financial management and, if necessary, clarified in a personal discussion with the customer.

Merchandise risks / warehouse risks

KROMI Logistik‘s systems are set up to analyse past tool consumption and to utilise this information to derive data for needs-based re-procurement, assuming constant consumption. Additional information on future production planning is needed to precisely gear order quantities for tools to the customer‘s changing requirements. Only the customer can supply this information. That is why KROMI Logistik agrees a suitable communication concept with its customers to record this customer information and to take it into account in its merchandise planning. However, if excess stocks still result at KROMI, the tool supply agreements stipulate that customers should accept these stocks within fixed agreed dates, to the extent that is impossible to return excess stocks to the respective suppliers. This approach can be jeopardised if a customer goes bankrupt.

Currency risk

This potential risk from foreign business as a result of currency translation differences is negligible, as invoices are exclusively issued in euros. In Brazil, the Brazilian subsidiary buys and sells merchandise in local currency. As a consequence, there is currently no direct risk from changes in exchange rates, or only to a minor extent. However, if any such direct influence should result during the company‘s international expansion strategy in future, KROMI Logistik will put corresponding exchange rate hedging in place when the need arises.

Risks from the general environment and from sectors

KROMI Logistik‘s customers are primarily active in Germany and other European countries in the general engineering, aviation, automotive supply and ship engine construction industries. Demand for its products is subject to economic factors, energy costs, seasonal factors, consumer demand and other factors. This has a corresponding impact on demand for the products and services that KROMI Logistik offers. This could have a negative impact on the Group‘s net assets, financial position and results of operations.

Risks associated with the company‘s strategy

KROMI aims to generate profitable, sustained growth. Decisions on capital expenditure, strategic alliance and equity participations have been, and will be taken, based on this fundamental criterion. Risks associated with the company‘s strategy may result from expectations that are placed in internal projects (such as capital expenditure), and from strategic alliances not being fulfilled, or not being implemented within the planned time period. These risks are restricted via early-stage analyses of opportunities and risks by experienced specialist units, with the support of external consultants if needed.

IT risks

IT systems form a major component of KROMI‘s business processes. The use of IT systems results in risks with regard to the availability, reliability and stability of business processes as well as the confidentiality of data that could have a negative impact on KROMI‘s net assets, financial position and results of operations, and image. IT-related risks are constantly monitored. The measures needed to reduce risks are put in place if required. The IT systems are regularly evaluated with regard to their security level, based on the relevant business processes and the data to be processed. Various threat scenarios are taken into account in this regard, such as system downtime or hacker attacks. As a result of these analyses, redundant systems are installed at various locations and additional external back-up systems are deployed. The IT design in the KTC supply ensures that, in the event of a defect or temporary server downtime, KTC dispenser supply is permanently guaranteed for customers. Data losses are avoided via additional external data back-ups.

III. Opportunities

Trend toward outsourcing in the manufacturing sector

Manufacturing companies are increasingly placing a priority on focusing on their core competencies. There is a growing trend toward outsourcing peripheral production areas. Cost pressure, high inventory levels of ‚C items‘ (products of low value but which are indispensable for regular production processes), the tying up of capital, and a lack of transparency are reasons that motivate industrial companies to pursue outsourcing, particularly the outsourcing of precision tools. This generates considerable market potential for KROMI Logistik. There is also a high requirement for external advice and consulting, since customers often lack tooling knowledge. KROMI Logistik also offers such expertise.

Multinational customer structure

KROMI Logistik‘s customers are becoming increasingly international, which offers international growth potential. The Group pursues a dual strategy in this context. Firstly, the Group‘s international growth is realised through expanding tool management for existing customers, who also make recourse to KROMI services for new locations abroad. Secondly, KROMI Logistik is driving ahead with its own expansion in additional markets as opportunities arise. As a result of founding subsidiaries, or the opening of liaison offices, particularly in countries to which many German companies are outsourcing production, KROMI Logistik is available on a directly local basis with its expertise, and can position itself on these markets as an experienced outsourcing partner to industrial companies.

High market potential

KROMI Logistik has already established a relatively high market share within the tool management niche. This market share is nevertheless relatively insignificant compared with the respective market. As a consequence, the market offers excellent growth opportunities that should strengthen even further due to the growing outsourcing trends in industry. As a result of its introduction of the tool management system in 2000, the Group has already established a pioneering position in the by far most developed European market, Germany, and consequently commands a decisive competitive advantage to exploit further market potentials.

Business that can be forecast with great ease

Regular revenues are generated once a KTC has been installed for a customer. This circumstance results in considerable security, and allows business with existing customers to be planned reliably.

Report on events after the balance sheet date

After the balance sheet date on June 30, 2011, KROMI Logistik AG will acquire the Tarpenring 11 office and warehousing premises, which it has rented to date, for a purchase price of around EUR 1.5 million, thereby ensuring the long-term utilisation of this location.

Outlook

The 2010 / 2011 fiscal year elapsed was characterised for KROMI Logistik by sales growth and investment in its business with new customers.

In view of the overall continued brightening of the economy in most target sectors, and the related stronger outsourcing trends, KROMI Logistik continues to take a generally very positive view of business trends over the coming years. Although, from today's perspective, current disturbances on international money and capital markets may slow global economic growth, the Managing Board nevertheless assumes that, in the 2011 / 2012 fiscal year that has reported a good start, it can exceed the approximately 22 % revenue growth that was realised in the period under review. Despite the significant growth, and the related investments in the further expansion of the Group, KROMI Logistik is aiming for a return to profitability in terms of its operating result. Besides the economy and, with it, the production levels at existing KROMI customers, the decisive factor for earnings trends will also be the speed with which the supply system can be gradually implemented for new customers. Should each of these influencing factors report a positive trend, the Managing Board regards a positive EBIT margin in the low single-digit percentage range as realisable.

In view of the projects and strategic alliances that are starting up, as well as the revenues that these will generate, it should be possible to constantly increase the volume of business in 2012 / 2013. In this instance, too, the precondition is that the global economy remains in good shape. The Managing Board will continue its strategy of investing in new customers and markets as the economy continues to recover. At the same time, greater priority will be given in the current fiscal year to orienting the internal structures of the entire organisation to the anticipated growth.

Hamburg, September 9, 2011

Managing Board of KROMI Logistik AG

With KROMI the customer always has the adequate tool available.

Consolidated balance sheet according to IFRS as of June 30, 2011

Assets	Notes	June 30, 2011	June 30, 2010
Non-current assets			
Intangible assets	4.1.1.	284	231
Finance lease assets	4.1.1.	0	25
Other property, plant and equipment	4.1.1.	2,669	2,425
Other non-current assets	4.1.2.	1,320	1,127
Deferred taxes	4.4.2.	19	5
Total non-current assets		**4,292**	**3,813**
Current assets			
Inventories	4.2.1.	11,386	6,485
Trade receivables	4.2.2.	11,703	7,325
Other current receivable	4.2.3.	1,375	292
Income tax assets	4.2.4.	64	41
Cash and cash equivalents	4.2.5.	3,773	10,636
Total current assets		**28,301**	**24,779**
		32,593	**28,592**

In EUR thousand (unless otherwise stated)

Liabilities	Notes	June 30, 2011	June 30, 2010
Equity			
Subscribed capital	4.3.1.	4,125	4,125
Share premium	4.3.2.	15,999	15,999
Retained earnings	4.3.3.	1,007	1,007
Net retained profits		1,358	3,035
Currency translation	4.3.4.	-64	-61
Minority interests		-14	-4
Total equity		**22,411**	**24,101**
Total non-current liabilities			
Provisions for pensions and other post employment benefits	4.4.1.	1,470	1,337
Deferred taxes	4.4.2.	30	27
Total non-current liabilities		**1,500**	**1,364**
Current liabilities			
Income tax liabilities	4.5.1.	126	138
Trade payables	4.5.2.	8,025	2,517
Finance lease liabilities		0	10
Other current liabilities	4.5.3.	531	462
Total current liabilities		**8,682**	**3,127**
		32,593	**28,592**

In EUR thousand (unless otherwise stated)

Consolidated income statement according to IFRS from July 1, 2010 to June 30, 2011

	Notes	Jul 1, 2010 to Jun 30, 2011	Jul 1, 2009 to Jun 30, 2010
Revenue	5.1.	**38,213**	**31,198**
Other operating income	5.2.	793	1,040
Cost of materials	5.3.	28,721	22,351
Staff costs	5.4.	6,041	5,058
Depreciation / amortisation	4.1.1.	603	620
Other operating expenses	5.5.	4,695	4,034
Profit from operations		**-1,054**	**175**
Finance costs	5.6.	103	85
Other financial income	5.7.	83	92
Earnings before tax		**-1,074**	**182**
Income taxes	5.8.	-6	126
Company net loss / profit		**-1,068**	**56**
Consolidated net income due to shareholders of KROMI Logistik AG		-1,058	60
Consolidated net income due to minority interests		-10	-4
Earnings per share	11.		
Shareholders' consolidated earnings in EUR		-1,057,950	60,390
Number of shares (weighted average for the fiscal year)		4,124,900	4,124,900
Earnings per share in EUR (basic and diluted)		**-0.26**	**0.01**

In EUR thousand (unless otherwise stated)

Statement of income and accumulated earnings according to IFRS from July 1, 2010 to June 30, 2011

	Jul 1, 2010 to Jun 30, 2011	Jul 1, 2009 to Jun 30, 2010
Company net profit for the year	**-1,068**	56
Income and expenses recognised directly under equity		
Foreign currency translation consolidated subsidiaries	-3	-60
Consolidated net income	**-1,071**	-4
Consolidated net income due to shareholders of KROMI Logistik AG	-1,061	0
Consolidated net income due to minority interests	-10	-4

In EUR thousand (unless otherwise stated)

Consolidated cash flow statementaccording to IFRS from July 1, 2010 to June 30, 2011

	Jul 1, 2010 to Jun 30, 2011	Jul 1, 2009 to Jun 30, 2010
Cash flow from operating activities		
Consolidated earnings before interest and taxes (EBIT)	-1,054	175
+ Amortisation / depreciation	603	620
– Increase in other non-current receivables	-193	-182
+ Increase / decrease in provisions for pensions (without interest share)	61	209
+/– Change in net current assets	-4,785	791
+ Interest received	83	92
– Interest paid	-31	-21
+/– Income taxes received / paid	-40	9
Net cash from operating activities	**-5,356**	**1,693**
Cash flow from investing activities		
– Payments for the acquisition of non-current assets	-875	-1,796
Net cash used in investing activities	**-875**	**-1,796**
Cash flow from financing activities		
– Payout of dividends	-619	0
– Payments for the repayment of lease liabilities	-10	-208
Net cash used in financing activities	**-629**	**-208**
Cash change in cash and cash equivalents	-6,860	-311
+ Exchange-rate related change in cash and cash equivalents	-3	10
+ Cash and cash equivalents – start of period	10,636	10,937
Cash and cash equivalents – end of period	**3,773**	**10,636**

In EUR thousand (unless otherwise stated)
For information on the cash flow statement please refer to Section 9 of the notes.

Consolidated statement of changes in equity of fiscal year 2010 / 2011

	Subscribed capital	Share premium	Retained earnings	Net retained profits	Currency translation	Minority interests	Equity
Balance as of Jul 1, 2009	**4,125**	**15,999**	**1,007**	**2,975**	**-1**	**0**	**24,105**
Company net profit	-	-	-	60	-	-4	56
Foreign currency exchange of consolidated subsidiaries	-	-	-	-	-60	-	-60
Consolidated net income	-	-	-	60	-60	-4	-4
June 30, 2010 / July 01, 2010	**4,125**	**15,999**	**1,007**	**3,035**	**-61**	**-4**	**24,101**
Payout of dividends	-	-	-	-619	-	-	-619
Company net loss	-	-	-	-1,058	-	-10	-1,068
Foreign currency exchange of consolidated subsidiaries	-	-	-	-	-3	-	-3
Consolidated net income	-	-	-	-1,058	-3	-10	-1,071
Balance as of June 30, 2011	**4,125**	**15,999**	**1,007**	**1,358**	**-64**	**-14**	**22,411**

In EUR thousand (unless otherwise stated)

Notes to the consolidated financial statements for the 2010 / 2011 fiscal year from July 1, 2010 to June 30, 2011

1. Introduction

KROMI Logistik AG, hereinafter also referred to as the „company“, operates in the wholesaling / retailing and sale of machining tools and associated services. The company mostly focuses on customers in the machining metal-working segment that have a high requirement for tools. These include, in particular, automotive suppliers, companies in the aerospace sector, and companies active in the general engineering segment.

The company has its registered office at Tarpenring 11, 22419 Hamburg, Germany.

2. Information on the principles and methods for the consolidated financial statements

2.1. Basics

KROMI Logistik AG has prepared consolidated financial statements according to the internationally recognised principles of International Financial Reporting Standards (IFRS) as of June 30, 2011, and has applied all of the International Accounting Standards (IAS) and IFRS passed by the International Accounting Standards Board (IASB) prior to June 30, 2011, to the extent that these had been endorsed by the European Commission and published in the Official Gazette of the European Union before these consolidated financial statements were published and for which application is mandatory.

The consolidated financial statements have been prepared based on cost. The reporting currency is the euro. The figures in the consolidated financial statements are mostly presented in thousands of euros (EUR thousand) and have been rounded. The financial statements of subsidiaries for which the functional currency is not the euro were translated to euros by translating the financial statements prepared in local currencies at historical or average rates of exchange or the rate of exchange on the balance sheet date.

The accounting and valuation, and the explanations and notes, in the IFRS consolidated financial statements for the fiscal year to June 30, 2011 are based on the same accounting and valuation methods that were used in the preparation of the IFRS consolidated annual financial statements to June 30, 2010.

The conditions of Article 4 of the European Parliament‘s Directive No. 1606 / 2002 in combination with Section 315a of the German Commercial Code (HGB) for exemption from the requirement to prepare consolidated financial statements according to the German Commercial Code have been satisfied. All of the notes and information that are required according to Section 315a of the German Commercial Code (HGB) that extend beyond the requirements of the IASB to achieve comparability with consolidated financial statements prepared according to the German Commercial Code were included.

The consolidated financial statements have been prepared based on the going-concern principle.

The consolidated balance sheets were prepared on an accrual basis in line with IAS 1. The consolidated income statement was prepared according to the nature of expense method. In order to improve the clarity of presentation, consolidated balance sheet items and consolidated income statement items are summarised and discussed in the notes to the consolidated financial statements.

The Group exercised the option included in IAS 1 to present a statement of comprehensive income insofar as it presented the consolidated income statement as a separate component of the financial statements.

2.2. Newly applicable accounting standards

In its consolidated financial statements, KROMI Logistik AG has applied all of the IAS / IFRS approved by the IASB by June 30, 2011, to the extent that these had been endorsed by the European Commission and published in the Official Gazette of the European Union before the consolidated financial statements were published and for which application was already mandatory.

The following new or amended standards and interpretations that required mandatory application in the 2010 / 2011 fiscal year had no, or no significant, effects on the company's consolidated financial statements:

- IFRS 1* First-time adoption of IFRS (additional exemptions for first-time adopters from January 1, 2010 or restricted exemptions from comparative IFRS 7 information for first-time adopters from July 1, 2010)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (from July 1, 2010)
- Annual Improvements to International Financial Reporting Standards 2009 (unless otherwise stated to be applied from January 1, 2010)
- IAS 32* Financial Instruments: Presentation (Classification of Rights Issues), (from February 1, 2010)

In addition, the following standards were approved by the IASB and the following interpretations were approved by the IFRIC. However these were not applied in the consolidated financial statements as of June 30, 2011, as these have not yet been endorsed by the European Commission, or for which application is only mandatory in subsequent fiscal years.

- IAS 24* Related Party Disclosures (from January 1, 2011)
- IFRIC 14* Prepayments of a Minimum Funding Requirement (from January 1, 2011)
- IFRS 8* Operating Segments (amended in connection with IAS 24 (from January 1, 2011))
- Annual Improvements to International Financial Reporting Standards 2010 (unless otherwise stated to be applied from January 1, 2011)
- IFRS 7* Financial Instruments: Disclosures (from July 1, 2011)
- IFRS 1* First-Time Adoption of IFRS: Hyperinflationary Economies (from July 1, 2011)
- IAS 12* Deferred Tax: Recovery of Underlying Assets (from January 1, 2012)

* Amendments

- IAS 1* Presentation of Financial Statements (from July 1, 2012)
- IAS 19* Employee Benefits (from January 1, 2013)
- IFRS 9 Financial Instruments: Classification and Measurement (from January 1, 2013)
- IFRS 10 Consolidated Financial Statements (from January 1, 2013)
- IFRS 11 Joint Arrangements (from January 1, 2013)
- IFRS 12 Disclosure of Interests in Other Entities (from January 1, 2013)
- IFRS 13 Fair Value Measurement (from January 1, 2013)
- IAS 27* Consolidated and Separate Financial Statements (from January 1, 2013)
- IAS 28* Investments in Associates (from January 1, 2013)

KROMI only applies these standards and interpretations when application is mandatory. According to current appraisal, their future application will not have any material impact on the presentation of the Group's net assets, financial position and results of operations.

2.3. Principles of consolidation, scope of consolidation

The consolidated financial statements include subsidiaries that are under KROMI Logistik AG's legal or de facto control. This type of control within the meaning of IAS 27 is present if it is possible to determine the company's financial and business policy and obtain benefits from its activities.

The group of consolidated companies includes the financial statements of
- KROMI Logistik AG, Hamburg, the Group's parent company,
- KROMI Slovakia s.r.o., Prievidza, a wholly-owned Slovakian company, and
- KROMI CZ s.r.o., Liberec, a wholly-owned Czech company, and
- KROMI Logistica do Brasil Ltda., Joinville, a Brazilian company in which the company holds a 99 % interest, and
- KROMI Logistik Spain S.L., Vitoria, a Spanish company in which the company holds a 99 % interest.

The financial statements of the German and foreign companies included in the consolidated financial statements were prepared as of the balance sheet date for the consolidated financial statements (June 30), and are based on uniform accounting and valuation methods.

Intra-group profits and losses, revenues, expenses and income are eliminated, as are receivables, liabilities and provisions between parent companies and subsidiaries.

2.4. Currency translation

Transactions denominated in foreign currencies are translated using the exchange rates on the date of the transaction. As a rule, we carry cash items denominated in foreign currencies on the balance sheet using the exchange rate on the balance sheet date. Currency translation differences are all recognised in income.

* Amendments

The reporting currency for the consolidated financial statements is the euro, which is also the parent company‘s functional currency. The euro is the functional currency of KROMI Slovakia s.r.o. and KROMI Logistik Spain S.L. The Czech kroner is the functional currency of KROMI CZ s.r.o. The functional currency for KROMI Logistica do Brasil Ltda. is the Brazilian real. The assets and liabilities of the subsidiary are translated to the reporting currency using the closing date on the respective balance sheet date. Equity is translated using historical exchange rates. Items in the income statement are translated using average rates of exchange. Differences from currency translation are taken directly to equity and carried under a separate consolidated equity item. Please refer to the statement of changes in equity.

The exchange rate for euros (EUR) to the Brazilian real (BRL) comprises a material factor for currency translation in the KROMI Group. Currency translation in the years stated was based on the following exchange rates in each case:

EUR in BRL	June 30, 2011	June 30, 2010
Exchange rate on balance sheet date	2.26	2.21
Annual average exchange rate	2.28	2.42

Currency translation differences in the individual financial statements and from the consolidation of receivables, liabilities, expenses and income resulted in expenses that are recognised in income totalling EUR 12 thousand (previous year: income of EUR 112 thousand).

3. Summary of key accounting methods

3.1. Consolidated balance sheet items

With the exception of goodwill, intangible assets acquired against payment are measured at cost on the date when they are included in the financial statements, and are subjected to straight-line scheduled amortisation over their respective useful lives. These relate exclusively to assets of limited useful life. The amortization of capitalised software licenses is based on a useful life of one to three years. The amortization rate is consequently 33 % or 100 % p.a.

Goodwill acquired against payment relates to the transfer of intangible assets from Tarpenring 11 Vermögensverwaltungsgesellschaft mbH. Goodwill is not subjected to scheduled amortization according to IAS 38, and is tested for impairment at least once per year. Each impairment is recognised immediately as an expense.

Goodwill is tested for impairment based on forecast-based future cash flows for the cash-generating unit to which the goodwill is allocated. The goodwill capitalised in the consolidated financial statements is tested for impairment at the level of KROMI Logistik AG. This assessment is based on a 5-year forecast horizon. No goodwill was subjected to impairment as a result of impairment testing.

Expenses for research and development activities that can be capitalised according to IAS 38 were not incurred during the period under review.

Property, plant and equipment is carried at cost from the date it is acquired and is subjected to straight-line depreciation over its useful life. Assets from finance leases are carried at the lower of fair value or the present value of the minimum leasing payments and are subjected to scheduled straight-line depreciation over their useful lives.

Scheduled depreciation is measured based on the following estimated useful lives:

	Useful life in years	Depreciation rate
Assets from finance leases	3 - 5	20 % - 33 %
Buildings	33	3 %
Other property, plant and equipment	1 - 10	10 % - 100 %

Other non-current receivables exclusively include the re-insurance policies concluded to finance the pension commitments made. These do not constitute qualified insurance policies. These are measured at the fair value of the re-insured assets according to IAS 19.104A. Calculations are based on actuarial surveys based on biometric information. The anticipated income is carried under other operating income. Actuarial gains and losses are fully recognised in profit and loss under other operating income or other operating expenses.

Stocks of merchandise are carried under inventories. Inventories are carried at cost, if necessary taking into account a lower net realisable value on the balance sheet date. First-in first-out consumption has been assumed (FIFO). Apart from the rights of retention customary in the industry, inventories are not subject to third-party rights.

Trade receivables are carried at amortised cost, which as a rule corresponds to their nominal values, taking into account all recognisable risks. Specific valuation adjustments are formed for the individual identifiable risks.

Risks are estimated by the Managing Board, assuming the future cash flow from the respective balance sheet item that is anticipated on the date the financial statements are prepared. If payments are regarded as being unlikely, this risk is taken into account through percentage reductions (specific valuation adjustments). The Managing Board believes that the valuation adjustments provide sufficient cover for the existing risks. It is not possible to either estimate or state a bandwidth of event probabilities and risks.

Other current assets and income tax claims are carried at amortised cost. As a rule these correspond to the nominal value, taking into account a lower value on the balance sheet date.

The acquisition of an asset is recorded as soon as the economic ownership has been transferred to the company. Assets are derecognised as soon as economic ownership has been transferred to the acquiring party, or a final and certain loss of value has occurred.

Cash and cash equivalents are carried at their nominal amounts.

Deferred taxes are formed according to the requirements of IAS 12. Deferred tax assets and liabilities are to be carried for temporary differences that result from differences in the carrying amounts for assets and liabilities between the IFRS financial statements and the respective tax base. Deferred taxes are calculated based on future national tax rates for the respective temporary differences. The temporary differences are due exclusively to KROMI Logistik AG. The corporation tax for domestic companies in Germany totalled 15.0 % in fiscal year 2007 / 2008. The Solidarity Surcharge is 5.5 % of the amount of corporation tax charged. The company‘s average trade tax rate totals approximately 16.5 %. After tax rates have been compounded, a lump-sum tax rate of 32.0 % is applied to calculate the deferred tax assets.

A differentiation is made between tax claims (deferred assets) and tax liabilities (deferred liabilities). These are generally non-current pursuant to IAS 1.70. Deferred tax assets resulting from tax loss carryforwards are capitalised to the extent that it is probable that there will be taxable earnings in the foreseeable future against which the tax loss carryforwards can be offset.

Subscribed capital is carried at its nominal amount. Payments and contributions by shareholders that exceed the subscribed capital are carried under capital reserves. The costs of procuring equity are carried as a deduction from equity (netted with the capital reserves), net of any associated income tax benefits, according to IAS 32.35.

The currency translation item includes the currency translation differences from translating the financial statements of subsidiaries from local foreign currencies to euros. These differences are taken directly to equity.

In accordance with IAS 37, provisions are formed for all recognisable obligations to third parties for which it is probable that fulfilment of the obligations will lead to an outflow of resources and for which a reliable estimate of the amount of the obligation can be made. If the amount and occurrence of the obligation are sufficiently certain, these are carried under liabilities. As a result, no provisions were required in fiscal year 2010 / 2011.

Liabilities are carried at amortised cost taking the effective interest method into account. As a rule this corresponds to the repayment amount. Liabilities from finance leases are carried at the carrying amount of the assets at the start of the lease. The lease payments are broken down into an interest and a redemption component, with the redemption component reducing the liability from the finance lease.

Financial liabilities are recorded as soon as the event that results in the liability has occurred. Financial liabilities are derecognised as soon as the liability has been fully redeemed, or if it is certain that it is no longer likely to be utilised.

Financial liabilities in the KROMI Group are exclusively allocated to the categories „loans and receivables“ and „financial liabilities at amortised cost“ according to IAS 39.

3.2. Recognition of revenues and expenses

Income from the sale of merchandise and the provision of services is carried under revenues. As a rule, revenues are recognised from merchandise when the goods are delivered to the customer. To the extent that goods are delivered when customers remove merchandise from the KTC dispensers (KROMI Tool Centre, comprising a service desk and tool dispenser unit) installed at customers‘ facilities, revenues are recognised when the customers remove the merchandise. Income from services is recognised when the respective service is performed. Revenues are measured in the amount of the income received.

The cost of materials is recognised as soon as the merchandise is sold or written off due to zero value. Materials are measured in the amount of the original purchase prices. Impairments to non-current assets and receivables are recognised as soon as the impairment has occurred. Scheduled amortisation / depreciation is calculated based on normal useful lives, and valuation adjustments are applied to receivables in line with the perspective loss on the receivable. Other expenses are recorded as soon as the service has been rendered. These are measured in the amount of the agreed compensation.

3.3. Employee benefits from pension plans

If there are defined-benefit plans for employees, these are structured as a direct commitment. As a result, no assets are removed from the balance sheet, but rather the existing benefit obligations that have been accrued on a pro-rata basis on the balance sheet date are carried at their present values as provisions on the balance sheet. The benefit commitment on the balance sheet date is measured using actuarial principles and the projected unit credit method. In this method, not only the acquired entitlements that are known on the balance sheet date, but also future expected pension increases and employee turnover are taken into account. Calculations are based on actuarial surveys that are in turn based on biometric information according to the Heubeck 2005G mortality tables. Actuarial gains and losses are recognised in profit and loss in full in the year in which they arise. The ongoing service cost and the actuarial gains and losses are carried as personnel expenses, and the interest portion is carried as financial expense.

The state pension plans to which the Group contributes are classified as defined contribution plans. In addition, during the year under review, the Group has made additional benefit commitments through a congruently re-insured benefit fund, which are also classified as a defined contribution plan. The contributions paid in each case are carried under personnel expenses. The defined contribution plans do not result in any assets and liabilities that should be allocated to the Group.

3.4. Public-sector subsidies

Subsidies to which there is a legal entitlement are capitalised or recognised as income if, on the balance sheet date, it has been ascertained that the conditions linked to these being granted will be fulfilled with sufficient certainty or if these have already been fulfilled, and the subsidy has already been applied for from the granting institution by the date on which the financial statements were prepared, or if it is certain that such an application will be filed.

During the year under review, the Group received refunds from the German Labour agency (Bundesagentur für Arbeit) for short-time workers‘ pay as a result of the economy. The short-time pay that was paid to the employees during the fiscal year was recorded as personnel expenses in the financial accounting, and this expense was netted with the refund of the short-time pay from the German Labour agency. A deduction has also been made from personnel expenses for the lump-sum refund of the social security expenses to be borne by the company.

3.5. Currency translation

There were only minor amounts of liabilities in foreign currency on the balance sheet dates.

3.6. Contingent liabilities

Contingent liabilities as defined by IAS 37 are stated in the notes to the consolidated financial statements to the extent that the outflow of resources is unlikely or the amount of the obligation cannot be reliably determined.

3.7. Estimates and assumptions

The preparation of consolidated financial statements requires the use of estimates and assumptions that impact the amounts carried in the consolidated financial statements and the information provided in this regard. Although these estimates have been made according to the best of the Managing Board‘s knowledge, actual results may differ from these estimates.

When applying accounting and valuation policies in the Group, the management made the following estimates that have a material effect on the amounts in the consolidated financial statements:

On the balance sheet date, valuation adjustments of EUR 1,176 thousand had been applied to trade receivables (previous year: EUR 1,396 thousand). No impairment adjustments were required for inventories (previous year: EUR 369 thousand). The management believes that existing risks are sufficiently covered as a consequence. Actual results and developments may differ from these estimates and assumptions.

4. Notes on individual consolidated balance sheet items

4.1. Non-current assets

4.1.1. Intangible assets, assets from finance leases and other property, plant and equipment

The gross acquisition costs and cumulative amortisation / depreciation changed as follows in the year under review and in the previous year:

in EUR thousand	Intangible assets Goodwill	Intangible assets Other	Assets from finance leases	Other property, plant and equipment
Cost on 01 / 07 / 2010	150	133	59	5,530
Currency differences	0	0	0	0
Additions - individual acquisitions	0	135	0	735
Disposals	0	0	0	0
Reclassifications	0	-32	-59	91
Cost on 30 / 06 / 2011	**150**	**236**	**0**	**6,356**
Amortisation / depreciation on 01 / 07 / 2010	0	52	34	3,105
Currency differences	0	0	0	-5
Additions	0	54	0	549
Disposals	0	0	0	0
Reclassifications	0	-4	-34	38
Amortisation / depreciation on 30 / 06 / 2011	**0**	**102**	**0**	**3,687**
Carrying amount on 01 / 07 / 2010	150	81	25	2,425
Carrying amount on 30 / 06 / 2011	**150**	**134**	**0**	**2,669**

in EUR thousand	Intangible assets Goodwill	Other	Assets from finance leases	Other property, plant and equipment
Acquisition costs on 01 / 07 / 2009	150	75	554	3,301
Currency differences	0	0	0	45
Additions - individual acquisitions	0	86	0	1,710
Disposals	0	-28	0	-21
Reclassifications	0	0	-495	495
Acquisition costs on 30 / 06 / 10	**150**	**133**	**59**	**5,530**
Amortisation / depreciation on 01 / 07 / 2009	0	36	191	2,376
Currency differences	0	1	0	8
Additions	0	35	17	568
Disposals	0	-20	0	-21
Reclassifications	0	0	-174	174
Amortisation / depreciation on 30 / 06 / 2010	**0**	**52**	**34**	**3,105**
Carrying amount on 01 / 07 / 2009	150	39	363	925
Carrying amount on 30 / 06 / 1200	**150**	**81**	**25**	**2,425**

Intangible assets include software in the amount of EUR 134 thousand, which is used for the operation of the server and the PC systems. In addition, goodwill is carried in the amount of EUR 150 thousand from the acquisition of intangible assets from Tarpenring 11 Vermögensverwaltungsgesellschaft mbH. According to IAS 38, goodwill is not subjected to scheduled amortization, and no impairment was reported.

Assets from finance leases relate to the carrying amounts of the merchandise dispensers (KTC dispensers) installed at customers‘ facilities. The KTC dispensers carried are financed by finance leases. After the end of the basic rental period, which is generally 24 months, the KTC dispensers are acquired at a previously agreed residual purchase price and are reclassified to other property, plant and equipment at their residual carrying amount as property owned under civil law. The ownership under civil law of the KTC dispensers remains with the lessor until these are acquired. On the balance sheet date, the company had civil law ownership rights or economic ownership rights to 100 control panels (June 30, 2010: 89) and 324 tool cabinets (June 30, 2010: 285). No new leases have been concluded for KTC since fiscal year 2009 / 2010. Legal ownership is acquired for newly acquired KTCs. For further details see note 6 (Leasing).

Other property, plant and equipment relates to the general office equipment, including office furniture, computers and vehicles as well as the KTC dispensers owned by the company under civil law.

4.1.2. Other non-current receivables

This item exclusively comprises the re-insurance concluded to finance the pension commitments made. These do not constitute qualified insurance policies within the meaning of IAS 19. These changed as follows during the fiscal year:

in EUR thousand	Present value of asset June 30, 2011	June 30, 2010
Balance at start of period	**1,127**	**945**
Expected return	36	31
Contributions paid by employer	185	182
Balance at end of period (expected)	**1,348**	**1,158**
Actual return	8	0
Expected return	36	31
Actuarial gains (+) / losses (-) resulting and amortised during the period	-28	-31
Balance at end of period (actual)	**1,320**	**1,127**

The income expected from the insurance policies totals 3.0 % p.a. (previous year: 3.0 % p.a.).

The present value of the re-insurance and the adjustments based on past experience changed as follows:

in EUR thousand	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
Present value of re-insurance	1,320	1,127	945	770	532
Actuarial gains (+) / losses (-) resulting and amortised during the period	-28	-31	-28	-23	-5

4.2. Current assets

4.2.1. Inventories

Composition:

in EUR thousand	June 30, 2011	June 30, 2010
Merchandise	11,386	6,854
Less write-downs	0	-369
	11,386	**6,485**

As of June 30, 2011, there were no inventories recognised at net realisable value (previous year: EUR 521 thousand). There were no impairments to inventories reported in the 2010 / 2011 fiscal year (previous year: EUR 63 thousand). Impairments from the previous year in the amount of EUR 369 thousand (previous year: EUR 97 thousand) were consumed in fiscal year 2010 / 2011.

4.2.2. Trade receivables

Composition:

in EUR thousand	June 30, 2011	June 30, 2010
Gross receivables	12,879	8,721
Less write-downs	-1,176	-1,396
	11,703	7,325

Trade receivables mostly relate to receivables from customers from the delivery of goods and the provision of services. Receivables do not carry interest and are due within one year. The additions to the write-downs for trade receivables totalled EUR 21 thousand in the fiscal year (previous year: EUR 456 thousand). Write-ups / write-downs changed as follows:

in EUR thousand	Individual write-downs
As of 30 / 06 / 2009	**961**
Additions through profit and loss	456
Used / reversed	21
As of 30 / 06 / 2010	**1,396**
Additions through profit and loss	21
Used / reversed	241
As of 30 / 06 / 2011	**1,176**

Trade receivables were hedged in the amount of EUR 4,189 thousand on the balance sheet date through credit insurance. The deductible in the amount of a claim is 15 % to 25 %.

The term structure of the trade receivables on June 30, 2011 was as follows:

in EUR thousand				Of which overdue and unimpaired					
	Carrying amount of receivables	Of which impaired	Of which unimpaired	Of which not overdue	Up to 3 months	Between 3 months and 6 months	Between 6 months and 12 months	More than 12 months	Total overdue
As of 30 / 06 / 2011	11,703	111	11,592	8,557	2,461	466	75	33	3,035
As of 30 / 06 / 2010	7,325	109	7,216	5,796	1,299	64	53	4	1,420

On the balance sheet date, receivables of EUR 3,035 thousand (previous year: EUR 1,420 thousand) were overdue and had not been written down.

The non-overdue receivables have all retained their value in the management's assessment.

The carrying amount of the gross trade receivables (before specific valuation adjustments) is dominated in the following currencies:

	June 30, 2011	June 30, 2010
Receivables in EUR thousand	12,646	8,641
Receivables in BRL thousand	233	80
	12,879	**8,721**

4.2.3. Other current receivables

Composition:

in EUR thousand	June 30, 2011	June 30, 2010
Value added tax	912	87
Prepaid expenses	220	117
Advances to commercial representatives	147	26
Deferred bonus payments	35	41
Creditors in debit	4	3
Other	57	18
	1,375	**292**

All other current receivables are due within one year. No overdue items are included.

4.2.4. Income tax assets

Composition:

in EUR thousand	June 30, 2011	June 30, 2010
Corporate income tax	21	41
Trade tax	43	0
	64	**41**

The corporation tax and trade tax receivables relate to the 2010 / 2011 fiscal year.

4.2.5. Cash and cash equivalents

The cash and cash equivalents are short-term investments that are constantly available (EUR 2,554 thousand; previous year: EUR 10,003 thousand), current account balances and cash in hand (EUR 1,229 thousand; previous year: EUR 663 thousand). From the management's perspective, all of these funds are designated for fulfilling payment obligations and consequently act as a liquidity reserve. Their function as a means of payment is adequately mapped by special features that are unique to the company.

The cash and cash equivalents are denominated in the following currencies:

in thousand	June 30, 2011	June 30, 2010
Cash and cash equivalents in EUR	3,674	10,392
Cash and cash equivalents in BRL	97	232
Cash and cash equivalents in CZK	2	12
	3,773	10,636

4.3. Equity

For details of the changes in equity please refer to the statement of changes in equity.

Composition:

in EUR thousand	June 30, 2011	June 30, 2010
Subscribed capital	4,125	4,125
Capital reserves	15,999	15,999
Retained earnings	1,007	1,007
Balance sheet profit	1,358	3,035
Adjustment item from currency translation	-64	-61
Equity due to shareholders	22,425	24,105
Minority interests	-14	-4
	22,411	24,101

4.3.1. Subscribed capital and authorised capital

KROMI Logistik AG's subscribed capital totalled EUR 4,124,900 on June 30, 2011 (previous year: EUR 4,124,900). It comprises 4,124,900 no par value bearer shares (previous year: 4,124,900). All of the shares are ordinary shares and carry an equal participating interest in the company's share capital. There are no different share classes. One share grants the holder to one vote at the General Meeting.

By way of a resolution by the General Meeting on December 8, 2009 the Managing Board was authorised, subject to the consent of the Supervisory Board, for the period through to December 20, 2014 to increase the share capital of the company by up to a total of EUR 2,062 thousand through one or more issues of new no par value bearer shares against cash and / or non-cash capital contributions (Authorised Capital).

All of the shares had been fully paid in on the balance sheet date.

4.3.2. Capital reserves

The capital reserves comprise a differential amount arising from the formation of the company (spin-off for transfer on January 1, 2002) of EUR 10 thousand, to the extent that the net assets at their carrying amounts exceeded the nominal amount of the issued shares, as well as EUR 12,653 thousand from the premium from the issue of new shares as part of the IPO in March 2007 after deducting the costs of procuring equity within the meaning of IAS 32, as well as EUR 3,336 thousand from the premium from the issue of new shares as part of the capital increase less the associated income tax relief, implemented after deducting the costs of procuring equity within the meaning of IAS 32, less the associated income tax relief.

4.3.3. Retained earnings

Retained earnings relate to the adjustments from the first-time application of IFRS as of January 1, 2002 totalling EUR 7 thousand and from the addition to other retained earnings of EUR 1,000 thousand from the profits from the 2007 / 2008 fiscal year as approved by the General Meeting on December 9, 2008.

4.3.4. Adjustment item for currency conversion

The differences in the equity of the foreign subsidiaries resulting from changes in the exchange rate between the date of first-time consolidation and the balance sheet date and the differences from the translation of the income statement are disclosed separately under the „Adjustment item for currency conversion“ item.

4.3.5. Minority interests

Minority interests are carried at the proportionate amount of the identifiable net assets of the respective subsidiary. Negative minority interests are carried as a result of the losses incurred that exceed the minority interests in equity.

4.3.6. Information about capital management

The Group‘s capital structure mostly comprises current liabilities from ongoing business, and equity. Equity is almost entirely due to the parent company‘s shareholders, and mostly comprises shares issued, the capital reserves, revenue reserves and the other earnings. The equity ratio stood at 68.8 % as of June 30, 2011 (previous year: 84.3 %).

KROMI Logistik AG pursues the objective of sustainably securing its capital over the long term, and of generating an appropriate return on capital employed. It actively pursues this objective by constantly monitoring its margins per customer and through additional key indicators. In this context, the Group's balance sheet equity is only used as a passive control ratio, whereas revenues and EBIT are used as active control ratios.

The Group's activities were financed from existing bank balances and the cash flow from operating activities during the year under review.

4.4. Long-term borrowings

4.4.1. Pension provisions

This item relates to defined-benefit commitments for fixed pensions to five active employees. With the scheduled termination of the Managing Board agreement of Mr. Schubert as of December 31, 2011, his pension commitment of approximately EUR 6,000 per month will fall due if his Managing Board agreement is not extended. The remaining commitments are due in more than one year.

The provision changed as follows during the fiscal year:

	Target value of obligation	
in EUR thousand	**June 30, 2011**	**June 30, 2010**
Balance at start of period	**1,337**	1,064
Ongoing service cost	92	80
Interest expenses	72	64
Expense for pension benefit	**164**	**144**
Balance at end of period (expected)	**1,501**	1,208
Actuarial gains (-) / losses (+) resulting and amortised during the period	-31	129
Balance at end of period (actual)	**1,470**	1,337

The following actuarial assumptions were applied when calculating the provision:

in % p.a.	**June 30, 2011**	**June 30, 2010**
Discount Rate	5.60	5.40
Future pension increases	1.00 - 2.00	1.00 - 2.00
Anticipated employee turnover	4.50	4.50

The present value of the defined benefit obligations and the adjustments based on past experience changed as follows:

in EUR thousand	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
Present value of defined benefit obligations	1,470	1,337	1,064	932	771
Actuarial gains (+) / losses (-) resulting and amortised during the period	-31	129	-1	-136	-9

A total of EUR 388 thousand was paid to statutory or state pension plans for defined contribution plans in the 2010 / 2011 fiscal year (previous year: EUR 317 thousand).

During the year under review, the Group also granted benefits through a congruently re-insured benefits fund, which are also classified as a defined contribution plan. During the year under review, EUR 123 thousand was reported as expenses for these benefit commitments (previous year: EUR 43 thousand). The benefit commitments do not result in any assets and liabilities that should be allocated to the Group.

4.4.2. Deferred taxes

Deferred taxes result from temporary differences between the carrying amounts of assets and liabilities in the tax base and the carrying amounts in the IFRS financial statements, as well as from tax loss carryforwards that have not yet been utilised. They are attributable to balance sheet items and loss carryforwards as follows:

in EUR thousand	June 30, 2011	June 30, 2010
Deferred tax assets		
Pension provisions	17	5
Loss carryforwards	2	0
	19	5
Deferred tax liabilities		
Goodwill	14	11
Other property, plant and equipment	16	16
	30	27

The deferred taxes formed have a term of more than one year.

4.5. Current borrowings

4.5.1. Liabilities from income taxes

Tax liabilities mostly relate to the income taxes to be demanded by the German tax authorities for fiscal year 2009 / 2010.

Composition:

in EUR thousand	June 30, 2011	June 30, 2010
Corporation tax	52	52
Trade tax	74	86
	126	138

4.5.2. Trade accounts payable

Liabilities from deliveries of goods received are carried under trade payables. These are due for payment after the balance sheet date. Trade payables do not bear interest and are all due in one to three months.

The carrying amounts of the trade accounts payable are denominated in the following currencies:

	June 30, 2011	June 30, 2010
Liabilities in EUR thousand	7,705	2,453
Liabilities in BRL thousand	320	64
	8,025	2,517

4.5.3. Other current liabilities

Composition:

in EUR thousand	June 30, 2011	June 30, 2010
Personnel-related deferrals	206	212
Tax liabilities	177	167
Liabilities as part of social security	50	24
Other	98	59
	531	462

Personnel-related deferrals mostly relate to outstanding vacation entitlements. Liabilities from taxes result from the ongoing payroll.

All other current liabilities do not bear interest and are due within one year.

5. Notes to the income statement

5.1. Revenue

KROMI Logistik AG sold goods and associated services during the period under review. Revenues are composed as follows:

in EUR thousand	July 1, 2010 – June 30, 2011	July 1, 2009 – June 30, 2010
Deliveries – Germany	27,475	21,546
Deliveries – rest of world	9,329	8,276
Services – Germany	1,266	1,232
Services – rest of world	410	340
Sales allowances	-267	-196
	38,213	**31,198**

Revenue of BRL 3,047 thousand was generated in Brazil in the 2010 / 2011 fiscal year (EUR 1,336 thousand).

5.2. Other operating income

Composition:

in EUR thousand	July 1, 2010 – June 30, 2011	July 1, 2009 – June 30, 2010
Cost allocations to related companies	471	491
Benefits in kind – vehicles	227	218
Income from written-down receivables	26	0
Income from exchange differences	1	122
Release of deferred obligations	0	72
Rent	46	52
Other	22	85
	793	**1,040**

5.3. Cost of materials

Composition:

in EUR thousand	July 1, 2010 – June 30, 2011	July 1, 2009 – June 30, 2010
Materials utilised	29,137	22,709
Purchased services	126	82
Other	23	18
Less discounts	-455	-388
Less bonus payments	-110	-70
	28,721	**22,351**

5.4. Staff costs

Composition:

in EUR thousand	July 1, 2010 – June 30, 2011	July 1, 2009 – June 30, 2010
Wages and salaries	5,009	4,179
Social security and retirement benefits	1,032	879
	6,041	**5,058**

During the fiscal year from July 1, 2010 to June 30, 2011 the Group had an average of 99 employees (previous year: 88), in addition to the two members of the Managing Board. As of June 30, 2011 the Group had a total of 108 employees including the two members of the Managing Board (previous year: 84).

5.5. Other operating expenses

Composition:

in EUR thousand	July 1, 2010 – June 30, 2011	July 1, 2009 – June 30, 2010
Selling expenses	2,960	1,968
Operating costs	941	916
Administrative expenses	558	504
Expenses arising from currency differences	12	0
Additions to valuation allowances for receivables	0	456
Miscellaneous	224	190
	4,695	**4,034**

5.6. Financial expenses

Composition:

in EUR thousand	July 1, 2010 – June 30, 2011	July 1, 2009 – June 30, 2010
Interest on pension commitments	72	64
Lease interest	0	8
Miscellaneous interest expenses	31	13
	103	**85**

5.7. Other financial income

Composition:

in EUR thousand	July 1, 2010 – June 30, 2011	July 1, 2009 – June 30, 2010
Interest from current account balances	83	92
	83	92

5.8. Income taxes

Income taxes in the period under review derived from the following items:

in EUR thousand	July 1, 2010 – June 30, 2011	July 1, 2009 – June 30, 2010
Trade tax – current year	1	75
Corporation tax – current year	0	67
Solidarity Surcharge – current year	0	4
Income taxes – rest of world	3	2
Tax expense current year	**4**	**148**
Trade tax – prior years	1	0
Corporation tax – prior years	0	0
Solidarity Surcharge – prior years	0	0
Tax expense – prior years	**1**	**0**
Deferred tax income – temporary differences	-12	-41
Deferred tax expenses – temporary differences	3	19
Deferred taxes on loss carryforwards	-2	0
Deferred tax income	**-11**	**-22**
	-6	**126**

The average Group tax rate for the 2010 / 2011 fiscal year stood at 32.0 % (previous year: 32.0 %).

The following presents the reasons for the divergences between the expected and actual tax expenses:

in EUR thousand	July 1, 2010 – June 30, 2011	July 1, 2009 – June 30, 2010
Profit / loss before tax	-1,074	182
Expected tax expense (tax rate: 32 %)	**-344**	**58**
Taxes for prior years	1	0
Losses not yet utilised for tax purposes	320	70
Non-deductible expenses	14	14
Other	3	-16
Actual tax expense for current year	**-6**	**126**

Cumulative losses of EUR 1,367 thousand were incurred abroad (previous year: EUR 367 thousand). No deferred taxes were formed for these tax losses, as they cannot be netted with future taxable income at the subsidiary that incurred the losses (EUR 367 thousand) respectively a settlement with prospectively taxable income is not likely to happen in the forseable future (EUR 1,000 thousand).

5.9. EBIT, EBIT margin

The company reported EBIT of EUR -1,054 thousand during the fiscal year (previous year: EUR 175 thousand). This also corresponds to the loss before interest and taxes (EBIT). The EBIT margin (as a percentage of revenue) consequently amounted to -2.6 % (previous year: 0.6 %).

6. Leases

In the past, the company used leasing to finance a large proportion of the KTC dispensers it has installed as part of existing agreements with customers. The lease agreements for the KTC dispensers all include a right for the lessor to buy the dispenser after a fixed basic period, generally 24 months. The price for this right to buy is generally based on an amount of 3 % of the calculation basis.

KROMI Logistik AG is required to classify the leases for the KTC dispensers as finance leases according to IFRS. The leases are structured such that the bulk of the acquisition costs are paid during the basic rental period, and there is a purchase right for the lessor. Since the present value of the minimum lease payments mostly corresponds to the fair values of the leased items when the leases are concluded, these leases qualify as finance leases within the meaning of IAS 17.10. When the lease is concluded, the KTC dispensers are capitalised at their fair value or the present value of the minimum lease payments if this is lower, and the lease liability is carried as a liability under the same amount. The net carrying amounts of the assets on the respective balance sheet dates are shown under 4.1.1.

After the end of the basic rental period, which is generally 24 months, the KTC dispensers are acquired at a previously agreed residual purchase price, and are reclassified to other property, plant and equipment at their residual carrying amount as property owned under civil law. Since the 2009 / 2010 fiscal year, new KTC dispensers are no longer purchased through leases, but are instead purchased.

The total minimum lease payments, including the guaranteed residual purchase price, are reconciled as follows with the relevant present values of the leases:

in EUR thousand	June 30, 2011	June 30, 2010
Total minimum lease payments	0	10
Less interest portion	0	0
Present value of minimum lease payments	**0**	**10**

The total minimum lease payments and the sum of their present values are composed as follows as of the respective balance sheet date:

in EUR thousand	June 30, 2011	June 30, 2010
Total minimum lease payments	0	10
- Of which due within one year	0	10
- Of which due within between one and five years	0	0
Total present value of minimum lease payments	0	10
- Of which due within one year	0	10
- Of which due within between one and five years	0	0
- Of which due in more than five years	0	0

All other leases meet the criteria for operating leases according to IAS 17. Lease payments for operating leases are recognised directly in profit and loss.

Operating leases (leases and sub-leases):

in EUR thousand	June 30, 2011	June 30, 2010
Total minimum future lease payments as a result of operating leases that cannot be terminated	10	121
- Of which due within one year	7	117
- Of which due within between one and five years	3	4
Total minimum future lease payments which are expected to be retained due to leases that cannot be terminated	0	0
Payments recognised in income in the reporting period from leases and subleases		
- Minimum lease payments	224	205
- Payments from subleases	-46	-52

Operating leases (other leases):

in EUR thousand	June 30, 2011	June 30, 2010
Total minimum future lease payments as a result of operating leases that cannot be terminated	1,237	279
- Of which due within one year	511	176
- Of which due within between one and five years	726	103
Payments recognised in income in the reporting period from leases and subleases		
- Minimum lease payments	503	321

The leases are concluded without options, and with a fixed lease term of 36 months as a rule.

Operating leases (summary):

in EUR thousand	June 30, 2011	June 30, 2010
Total minimum future lease payments as a result of operating leases that cannot be terminated	1,247	400
- Of which due within one year	518	293
- Of which due within between one and five years	729	107
Total minimum future lease payments which are expected to be retained due to leases that cannot be terminated	0	0
Payments recognised in income in the reporting period from leases and subleases		
- Minimum lease payments	727	526
- Payments from subleases	-46	-52

7. Contingent liabilities and financial commitments

Contingencies

On the balance sheet date, the company was liable as a joint and several debtor for the loans taken out by Hamburg-based Tarpenring 11 Vermögensverwaltungs GmbH and Krollmann & Mittelstädt Hamburg GmbH and also Magdeburg-based Krollmann & Mittelstädt Magdeburg GmbH with Kreditanstalt für Wiederaufbau, which totalled EUR 481 thousand (previous year: EUR 525 thousand) on June 30, 2011. The risk of utilisation arising from the joint and several liability is categorised as low since there are no indications of any kind that the related companies will be unable to fulfil their obligations arising from the loans.

Financial commitments

The defined contribution benefit plans result in monthly payments to a benefit fund of around EUR 10 thousand for the period in which there is an employment relationship with the beneficiary.

8. Financial risks and financial instruments

Categories of financial instruments

The Group's financial assets are its cash and cash equivalents and receivables. The primary financial instruments carried under assets are receivables to the extent that these are based on a contract, and to the extent that these are not connected to a retirement benefits plan. This relates almost exclusively to the trade accounts receivable carried on the balance sheet.

The primary financial instruments carried as liabilities comprise all sub-groups of liabilities with the exception of commitments for retirement benefits, deferred income, deferred taxes and income tax liabilities. In addition, this does not include items that are not based on a contract (e.g. commitments to social security entities or tax authorities). The primary financial instruments carried under liabilities are almost exclusively trade accounts payable carried under liabilities on the balance sheet.

There are no derivatives.

Financial liabilities in the KROMI Group are exclusively allocated to the categories „loans and receivables" and „financial liabilities at amortised cost" according to IAS 39. However, the short terms of these liabilities mean that their fair value does not differ materially from their carrying amounts on the balance sheet.

Financial assets generated a net result of EUR 27 thousand in the year under review (previous year: EUR -197 thousand). Financial liabilities generated a net result of EUR -6 thousand in the year under review (previous year: EUR -31 thousand). The net result includes, in particular, valuation adjustments applied to doubtful trade accounts receivable. In addition, the net result also includes gains and losses from foreign currency translation.

Default risk

Default risk is the risk of a counterparty not being able to fulfil its contractual obligations, resulting in a financial loss for the Group. The credit and default risk for financial assets corresponds at most to the amounts carried as assets.

The Group's default risk derives primarily from its trade receivables. The amount carried on the balance sheet includes valuation adjustments applied to doubtful receivables that the Managing Board has formed based on its estimate of its ability to collect the outstanding amounts.

The KROMI Group tries to limit default risks through a suitable diversification in its customer portfolio, and by insuring part of its portfolio of receivables.

Liquidity and interest-rate risk

There are no material liquidity or interest-rate risks in the KROMI Group. Current liabilities have a term of up to one year and do not bear interest. The anticipated gross cash flows from these liabilities consequently largely correspond to the amounts carried on the balance sheet.

Risks from interest rates are generally unhedged.

Changes in interest rates led to an increase or decrease in interest income and expense. The company is currently sufficiently liquid, and consequently does not need to utilise overdrafts or loans at present. A change in interest rates consequently only affects the interest income that can be generated from investments. Freely available cash and cash equivalents are invested in short-term fixed-term deposits, in particular, in order to control interest flows.

Foreign currency risks

The foreign currency results reported during the year under review were mostly from intra-group transactions between KROMI Logistik AG and its Brazilian subsidiary. There are no other material currency translation risks, as almost all delivery agreements are concluded in euros.

Only a small proportion of the Group‘s assets and liabilities are not denominated in euros, and are almost exclusively in Brazilian real. Translated into euros, on the balance sheet date these financial assets totalled around EUR 330 thousand (previous year: EUR 312 thousand), and the financial liabilities totalled around EUR 320 thousand (previous year: EUR 64 thousand). As a result of the minor extent and negligible meaningfulness, the effect of a change in the exchange rate between the Brazilian real and the euro on the earnings for the period, and on equity, (so-called sensitivity analysis), is not presented.

9. Notes to the consolidated cash flow statement

The consolidated cash flow statement (IAS 7) is broken down into operating activities, investing activities and financing activities. During the period under review, the cash and cash equivalents carried in the cash flow statement contained bank balances and cash in hand.

As of June 30, 2011, the cash and cash equivalents amounted to EUR 3,773 thousand, and were composed of cash from Germany (EUR 3,580 thousand), Slovakia (EUR 60 thousand), the Czech Republic (EUR 2 thousand), Spain (EUR 34 thousand), and Brazil (EUR 97 thousand).

The indirect method was used to calculate the cash flow from operating activities. The cash flow statement starts with consolidated earnings before interest and tax. The cash outflows from interest and taxes have been allocated to operating activities, and are carried there under a separate item. Besides depreciation, amortisation and impairment charges, cash flow from operating activities in the 2010 / 2011 fiscal year included no further significant non-cash expenses and income. In the previous year, cash flow from operating activities included non-cash expenses arising from impairment charges applied to inventories of EUR 63 thousand, and impairment charges of EUR 456 thousand applied to trade receivables.

The cash flow from investing activities includes payments for investments in intangible assets and property, plant and equipment.

The cash flow from financing activities is due to the payments for finance lease instalments. An amount of EUR 10 thousand was paid to redeem existing leases, which resulted in a cash outflow.

10. Segment reporting

According to IFRS 8, the identification of operating segments with a reporting requirement is based on the management approach. Accordingly, external segment reporting is based on the internal financial reporting to the top-level management body. In the KROMI Group, KROMI Logistik AG's Managing Board is responsible for evaluating and managing the segments' business performance, and is the top-level management body within the meaning of IFRS 8.

KROMI's company purpose is trading with, and the distribution of, machining tools and associated services. This forms the basis for the Group's income. The management believes that it is not pertinent to segment based on products, as these are homogenous. As a result, the management forms segments based on its sales markets. The figures are based on customers' locations in Germany and abroad as the markets that the Group currently supplies. The foreign countries include, in particular, Slovakia, Spain, the Czech Republic, Brazil, Italy, Denmark and Poland, which account for the bulk of sales with foreign customers. The other countries to which deliveries are made (Romania, France and Belgium) continued to play a subordinate role in the fiscal year elapsed. Almost all revenues were invoiced in euros, with the result that no currency translation risks require reporting.

The valuation principles for segment reporting are based on the IFRS principles applied in the consolidated financial statements. As a result, no reconciliation statements require presentation. If it proved impossible to assign individual items to the segment reporting according to the above (primary) criteria, the company has made reasonable assumptions for the distribution of key assets. If it proved impossible to make any plausible or reasoned assumptions that were very likely to lead to the results similar to those actually obtained, the respective item was not included in the segment reporting, and was shown only in the reconciliation statement.

The allocation of external revenues and trade payables is based on the respective customer's location. The allocation of non-current assets and inventories to regions is based on the location of the respective assets. Other assets are either financial assets, which serve the company as a whole, or assets which cannot feasibly be distributed, and which are consequently shown only in the reconciliation statement to the company's total assets.

Liabilities in the KROMI Group are mostly not segment liabilities, as these serve the company as a whole or the financing of the company as a whole (e.g. provisions for pensions, deferred taxes, liabilities from finance leases). The remaining segment liabilities (trade payables) were not distributed, as a reasonable basis for distribution is impossible.

KROMI assesses the segments' performance using, for example, segment earnings. Segment earnings comprise revenues less the cost of materials. Revenues and advance payments between segments are not netted. As a result, segment reporting only includes income and expenses with external customers and suppliers.

in EUR thousand	Germany		Abroad		Total	
	7/10-6/11	7/09-6/10	7/10-6/11	7/09-6/10	7/10-6/11	7/09-6/10
Revenue (from external customers)	**28,474**	22,602	**9,739**	8,596	**38,213**	31,198
Less: Cost of materials	-21,645	-16,221	-7,076	-6,130	-28,721	-22,351
Segment result	**6,829**	6,381	**2,663**	2,466	**9,492**	8,847
Plus: Other operating income					793	1,040
Less: Staff costs					-6,041	-5,058
Less: Depreciation / amortisation					-603	-620
Less: Other operating expenses					-4,695	-4,034
Less: Financial result					-20	7
Plus: Income taxes					6	-126
Group profit or loss					**-1,068**	56

in EUR thousand	Germany		Abroad		Total	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010	30.6.2011	30.6.2010
Segment assets	**16,293**	12,081	**9,749**	4,677	**26,042**	16,758
Of which non-current segment assets	2,334	2,245	619	436	2,953	2,681
Of which current segment assets	13,959	9,836	9,130	4,241	23,089	14,077
Plus: Cash and cash equivalents					3,773	10,636
Plus: Assets unallocated to segments					2,778	1,198
Total assets					**32,593**	28,592

Further segment information

in EUR thousand	Germany		Abroad		Total	
	7/10-6/11	7/09-6/10	7/10-6/11	7/09-6/10	7/10-6/11	7/09-6/10
Capital expenditure	485	1,676	385	120	870	1,796
Less: Depreciation / amortisation	444	435	159	185	603	620
Key non-cash items (Impairment charges)	0	-519	0	0	0	-519

Revenues are broken down into deliveries of goods and services (provision of KTC dispensers) as described under 5.1.

According to IFRS 8.34, the company must make a disclosure if it generates at least 10 % of revenues from transactions with a single external customer or group of companies.

The KROMI Logistik AG Group records approximately 18 % or EUR 6,956 thousand (previous year: 20 % or EUR 6,334 thousand) of its revenues with one group of companies. Of this amount, EUR 6,952 thousand (previous year: EUR 6,307 thousand) is attributable to the Germany segment, and EUR 4 thousand (previous year: EUR 27 thousand) is attributable to the rest of the world segment.

The KROMI Logistik AG Group generates approximately 15 % or EUR 5,701 thousand (previous year: 16 % or EUR 5,068 thousand) of its revenues with another group of companies. Of this amount, EUR 2,099 thousand (previous year: EUR 1,468 thousand) is attributable to the Germany segment, and EUR 3,602 thousand (previous year: EUR 3,600 thousand) is attributable to the rest of the world segment.

11. Earnings per share

KROMI Logistik AG‘s subscribed capital totalled EUR 4,124,900 on June 30, 2011 (previous year: EUR 4,124,900). It comprises 4,124,900 no par value bearer shares. All of the shares are ordinary shares and carry an equal participating interest in the company‘s share capital.

Quantity	June 30, 2011	June 30, 2010
Number of shares – start of period	4,124,900	4,124,900
Number of shares – end of period	**4,124,900**	**4,124,900**

Basic earnings per share are calculated by dividing the consolidated earnings by the weighted average number of ordinarily shares in circulation in the year under review. Earnings per share are calculated based on the following data:

in EUR	June 30, 2011	June 30, 2010
Group net profit or loss	-1,057,950	60,390
Number of shares in fiscal year	4,124,900	4,124,900
Earnings per share (basic)	**-0.26**	**0.01**

Diluted earnings per share correspond to the basic earnings per share.

The Managing Board is authorised, with the approval of the Supervisory Board, to increase the company‘s share capital by up to a total of EUR 2,062 thousand (Authorised Capital). This authorised capital can lead to diluted earnings per share in future as soon as the Managing Board avails itself of this authorisation.

In the period between July 1, 2010 and June 30, 2011, dividends of EUR 0.15 per share (totalling EUR 619 thousand) were distributed pursuant to the resolution of the Annual General Meeting of December 9, 2010.

12. Related party disclosures

According to IAS 24, the following information is provided on related parties. Related parties are broken down into the following groups and are comprised as follows:

a) KROMI Logistik AG's direct and indirect shareholders if there is a controlling or significant influence:
- Jörg Schubert, Quickborn
- Caro & Schubert Vermögensverwaltungsgesellschaft mbH, Hamburg
- Tarpenring 11 Vermögensverwaltungs GmbH, Hamburg
- Schubert & Caro Beteiligungs GmbH & Co. KG, Hamburg

There are rental agreements with Tarpenring 11 Vermögensverwaltungs GmbH for the use of office premises, which resulted in rental expenses totalling EUR 93 thousand (previous year: EUR 106 thousand). In addition, there were refunds for payments from operating costs for vehicles and travel costs to the extent that these were verified with individual receipts.

Please refer to Note 7 with regard to the contingent liabilities in connection with Tarpenring 11 Vermögensverwaltung GmbH.

Mr. Jörg Schubert's remuneration as a member of the Managing Board is stated under Note 14.

b) Parties related to shareholders within the meaning of a):
- Krollmann & Mittelstädt Hamburg GmbH, Hamburg
- Krollmann & Mittelstädt Magdeburg GmbH, Magdeburg
- Schubert Vermögensverwaltung KG, Hamburg
- Members of the Schubert family

In the period from July 1, 2010 to June 30, 2011, merchandise (net) was delivered in the amount of EUR 4,192 thousand (2009 / 2010: EUR 3,926 thousand) by Krollmann & Mittelstädt Hamburg GmbH, and there was a service agreement for management, IT, other equipment, cleaning and maintenance and central HR management, which generated income in the amount of EUR 240 thousand (2009 / 2010: EUR 241 thousand). KROMI Logistik AG also received rental income of EUR 46 thousand (2009 / 2010: EUR 46 thousand).

As of June 30, 2011 there were current liabilities to Krollmann & Mittelstädt Hamburg GmbH in the amount of EUR 432 thousand (June 30, 2010: EUR 404 thousand).

There was a service agreement for management, IT, other equipment, cleaning and maintenance, accounting and central HR management with Krollmann & Mittelstädt Magdeburg GmbH, which resulted in income totalling EUR 231 thousand (2009 / 2010: EUR 240 thousand) for the company.

As of June 30, 2011 there were current receivables due from Krollmann & Mittelstädt Hamburg GmbH in the amount of EUR 8 thousand (June 30, 2010: EUR 12 thousand), and current liabilities of EUR 27 thousand (June 30, 2010: EUR 0 thousand).

There is an employment relationship with Mr. Axel Schubert, Mr. Jörg Schubert's son.

Please refer to Note 7 with regard to the contingent liabilities in connection with Krollmann & Mittelstädt Hamburg GmbH, Hamburg and Krollmann & Mittelstädt Magdeburg GmbH, Magdeburg.

c) Other individuals in key positions:
  - Uwe Pfeiffer (Managing Board member)
  - René Dannert (Supervisory Board member)
  - Thorsten Bieg (Supervisory Board member)
  - Joachim Dübner (Supervisory Board member)
  - Prof. Dr. Eckart Kottkamp (Supervisory Board member)

The Managing and Supervisory boards' remuneration is detailed under Item 14.

13. Information on KROMI Logistik AG's executive bodies

13.1. Managing Board

The following were appointed as KROMI Logistik AG's Managing Board members for the fiscal year ending on June 30, 2011:

- Jörg Schubert (Vorsitz), Quickborn,
  Further memberships of supervisory boards / memberships of controlling bodies: none

- Uwe Pfeiffer, Hamburg
  Further memberships of supervisory boards / memberships of controlling bodies: none

13.2. Supervisory Board

Supervisory Board is composed of the following members

- Dr. Thorsten Bieg (Vorsitz), lawyer, Hamburg
  Other memberships of supervisory boards / memberships of controlling bodies:
  - Fibron AG, Teterow (Supervisory Board Chairman)
  - KMU Invest AG, Hamburg (Supervisory Board Chairman) until August 20, 2010
  - Globon AG, Teterow (Supervisory Board Chairman)
  - HAASE Energietechnik AG, Neumünster (Supervisory Board Chairman)
  - H.O. Persiehl GmbH & Co. KG, Hamburg (Advisory Board)
  - Hansetrans Holding GmbH, Hamburg (Advisory Board)

- Joachim Dübner (Deputy Chairman), management consultant, Düsseldorf (until August 31, 2010)
  Other memberships of supervisory boards / memberships of controlling bodies:
  - IP 5 Aktiengesellschaft für Wissenswerte, Düsseldorf (Supervisory Board member)

- René Dannert, management consultant, Hamburg
  Further memberships of supervisory boards / memberships of controlling bodies: none

- Prof. Dr. Eckart Kottkamp, consultant, Grosshansdorf (since September 1, 2010)
  Further memberships of supervisory boards / memberships of controlling bodies:
  - Lloyd Fonds AG, Hamburg (Supervisory Board Chairman)
  - Basler AG, Ahrensburg (Supervisory Board member)
  - Elbphilharmonie Hamburg Bau GmbH & Co. KG Hamburg, (Supervisory Board member)
  - Mackprang Holding GmbH & Co. KG, Hamburg (Advisory Board Chairman)

Joachim Dübner resigned from his position on the Supervisory Board as of August 31, 2010. The company's Managing Board then applied to Hamburg Local Court to have the court appoint a member of the Supervisory Board, and Prof. Eckart Kottkamp, Grofihansdorf, was proposed as the court-appointed member of the Supervisory Board. The General Meeting on December 9, 2010 appointed Prof. Eckart Kottkamp to the Supervisory Board.

14. Remuneration for members of KROMI Logistik AG's Supervisory and Managing boards

The remuneration for the members of the executive bodies for the 2010 / 2011 fiscal year is listed and broken down according to the requirements of IAS 24.16.

The following remuneration was reported for the Supervisory Board in the 2010 / 2011 fiscal year:

	Fixed compensation	
in EUR	2010 / 2011	2009 / 2010
Dr. Thorsten Bieg	20,000	20,000
Joachim Dübner	1,667	10,000
René Dannert	10,000	10,000
Prof. Dr. Eckart Kottkamp	8,333	0

The members of the Supervisory Board did not hold any shares of the company on the balance sheet date.

The Managing Board's remuneration for the 2010 / 2011 fiscal year was as follows:

	2010 / 2011			2009 / 2010		
in EUR	Fixed compensation	Variable compensation	Total payments	Fixed compensation	Variable compensation	Total payments
Jörg Schubert	427,386	0	427,386	391,123	0	391,123
Uwe Pfeiffer	242,602	0	242,602	198,070	0	198,070

In addition to the remuneration detailed above, the following payments are made in the event the employment relationship comes to an end:

On December 19, 1996, Mr. Jörg Schubert received a pension commitment from Tarpenring 11 Vermögensverwaltungs GmbH in the amount of EUR 6,000 per month upon exiting the company after reaching the age of 65. KROMI Logistik AG took over this pension commitment on December 7, 2006 with effect from January 1, 2007. The commitment includes an invalidity pension of approximately EUR 6,000 and a widow‘s pension of approximately EUR 3,600.

In addition, the CEO has the right to extraordinary termination of his employment agreement if a shareholder for the first time amasses more than 50 % of voting rights from all of the issued shares of the company. If this right of termination is exercised, the CEO will receive a settlement in the amount of the remuneration that he would have received through to the expiration of the regular term of his contract, discounted at a rate of 10 % per year.

Mr. Uwe Pfeiffer has received a contribution-financed benefit commitment from a congruently re-insured benefit fund. KROMI Logistik AG pays a monthly fixed amount of EUR 4,000 to the support fund from January 1, 2010. KROMI Logistik AG will no longer have any benefit commitments to Mr. Pfeiffer once he has left the company.

Please refer to the comments in the remuneration report in the Group management report.

The Managing Board‘s shareholdings as at June 30, 2011 were as follows:

	Number of shares held	
Name	**June 30, 2011**	**June 30, 2010**
Jörg Schubert	1,413,006	1,413,006
Uwe Pfeiffer	1,000	1,000

15. Shareholdings

The shareholdings show the interests directly and indirectly held in KROMI Logistik AG. All of the companies are included in the consolidated financial statements. The equity and the companies‘ results were as follows according to local accounting standards on the last balance sheet date (June 30, 2011):

in EUR thousand	Interest in %	Equity	Profit / loss
Full consolidation			
KROMI Slovakia s.r.o., Prievidza	100	47	2
KROMI CZ s.r.o., Liberec	100	19	2
KROMI Logistica do Brasil Ltda., Joinville	99	-1,431	-1,000
KROMI Logistik Spain S.L., Vitoria	99	48	30

16. Auditor's fee

The total fee invoiced by the auditor for the fiscal year amounts to EUR 64 thousand (previous year: EUR 77 thousand). This fee breaks down as follows:

in EUR thousand	2010 / 2011	2009 / 2010
Financial statements auditing services	64	64
Other certification services	0	0
Tax consultancy services	0	12
Other services	0	1

17. Notices received pursuant to Section 21 (1) and (1a) of the German Securities Trading Act (WpHG)

Pursuant to Section 26 (1) of the German Securities Trading Act (WpHG), the company is required to publish notices regarding changes in the proportions of voting rights carrying a reporting requirement within the meaning of Section 21 (1) and (1a) of the WpHG. Accordingly, the company has made the following publications:

August 17, 2011 – On August 16, 2011, Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn, Germany, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, exceeded the threshold of 10 % on August 15, 2011 and amounts to 10.09 % (416,047 voting rights) as per this date.

July 7, 2011 – On July 6, 2011, Kabouter Fund II, LLC, Chicago, USA, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, fell below the threshold of 3 % on July 1, 2011 and amounts to 2.54 % (104,616 voting rights) as per this date.

March 24, 2011 – On March 23, 2011, FIL Investment Management Limited, Hildenborough, United Kingdom, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, fell below the threshold of 3 % on January 1, 2011 and amounts to 0.00 % (0 voting rights) as per this date.

September 8, 2010 – On September 6, 2010, Peter Zaldivar, USA, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that his percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, exceeded the threshold of 3 % on January 1, 2009 and amounts to 4.81 % (180,470 voting rights) as per this date. Of these voting rights, 4.81 % (180,470 voting rights) are to be attributed to him pursuant to Section 22 (1) Clause 1 Number 6 of the German Securities Trading Act (WpHG) and Section 22 (1) Clause 2 of the German Securities Trading Act (WpHG). In this context, attributed voting rights are held via Kabouter Fund II LLC, a company whose percentage of voting rights in KROMI Logistik AG amounts to 3 % or more, and Talon International Select Partners, a company whose percentage of voting rights in KROMI Logistik AG amounts to less than 3 %. Both companies are advised by Kabouter Management LLC, a company in which Peter Zaldivar holds a majority interest.

September 8, 2010 – On September 6, 2010, Peter Zaldivar, USA, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that his percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, exceeded the threshold of 5 % on July 9, 2010 and amounts to 5.102 % (210,470 voting rights) as per this date. Of these voting rights, 5.102 % (210,470 voting rights) are to be attributed to him pursuant to Section 22 (1) Clause 1 Number 6 of the German Securities Trading Act (WpHG) and Section 22 (1) Clause 2 of the German Securities Trading Act (WpHG). In this context, attributed voting rights are held via Kabouter Fund II LLC, a company whose percentage of voting rights in KROMI Logistik AG amounts to 3 % or more, and Talon International Select Partners, a company whose percentage of voting rights in KROMI Logistik AG amounts to less than 3 %. Both companies are advised by Kabouter Management LLC, a company in which Peter Zaldivar holds a majority interest.

July 16, 2010 – On July 15, 2010, Kabouter Management LLC, Chicago, USA, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, exceeded the threshold of 5 % on July 9, 2010 and amounts to 5.102 % (210,470 voting rights) as per this date. Of these voting rights, 5.102 % (210,470 voting rights) are to be attributed to it pursuant to Section 22 (1) Clause 1 Number 6 of the German Securities Trading Act (WpHG). Voting rights of the following shareholders holding 3 % each or more in KROMI Logistik AG are to be attributed to it:

- Kabouter Fund II LLC

April 8, 2010 – On April 1, 2010, FIL Investments International, Hildenborough, United Kingdom, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, fell below the threshold of 5 % on March 30, 2010, and amounts to 4.97 % (205,050 voting rights) as per this date. Of these voting rights, 4.97 % (205,050 voting rights) are to be attributed to it pursuant to Section 22 (1) Clause 1 Number 6 of the German Securities Trading Act (WpHG). Voting rights of the following shareholders holding 3 % each or more in KROMI Logistik AG are to be attributed to it:

- Fidelity Funds SICAV

April 8, 2010 – On April 1, 2010, FIL Limited, Hamilton HMCX, Bermuda, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, fell below the threshold of 5 % on March 30, 2010 and amounts to 4.97 % (205,050 voting rights) as per this date. Of these voting rights, 4.97 % (205,050 voting rights) are to be attributed to it pursuant to Section 22 (1) Clause 1 Number 6 of the German Securities Trading Act (WpHG). Voting rights of the following shareholders holding 3 % each or more in KROMI Logistik AG are to be attributed to it:

- Fidelity Funds SICAV

April 8, 2010 – On April 1, 2010, FIL Holdings Limited, Hildenborough, United Kingdom, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, fell below the threshold of 5 % on March 30, 2010 and amounts to 4.97 % (205,050 voting rights) as per this date. Of these voting rights, 4.97 % (205,050 voting rights) are to be attributed to it pursuant to Section 22 (1) Clause 1 Number 6 in combination with Clause 2 of the German Securities Trading Act (WpHG). Voting rights of the following shareholders holding 3 % each or more in KROMI Logistik AG are to be attributed to it:

- Fidelity Funds SICAV

April 8, 2010 – On April 8, 2010, FIL Limited, Hamilton HMCX, Bermuda, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, exceeded the thresholds of 3 % and 5 % on January 2, 2009, and amounts to 6.08 % (227,900 voting rights) as per this date. Of these voting rights, 6.08 % (227,900 voting rights) are to be attributed to it pursuant to Section 22 (1) Clause 1 Number 6 in combination with Clause 2 of the German Securities Trading Act (WpHG). Voting rights from the following shareholders, whose voting rights in KROMI Logistik AG totals 3 % or more in each case, were allocated to it:

- Fidelity Funds SICAV

February 17, 2010 – On February 15, 2010, Fidelity Funds SICAV, Luxembourg, Luxembourg, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, (ISIN: DE000A0KFUJ5, WKN: A0KFUJ) fell below the threshold of 5 % on February 11, 2010, and amounts to 4.85 % (200,000 voting rights) as per this date.

October 2, 2009 – On October 1, 2009, Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn, Germany, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, (ISIN: DE000A0KFUJ5, WKN: A0KFUJ) exceeded the threshold of 5 % on September 28, 2009, and amounts to 5.26 % (216,771 voting rights) as per this date.

July 7, 2009 – On July 7, 2009, Armor Advisors, LLC, New York, USA, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, (ISIN: DE000A0KFUJ5, WKN: A0KFUJ) exceeded the threshold of 3 % on May 23, 2007, and amounts to 3.64 % (136,670 voting rights) as per this date. Of these voting rights, 3.64 % (136,670 voting rights) are to be attributed to it pursuant to Section 22 (1) Clause 1 Number 2 of the German Securities Trading Act (WpHG).

June 30, 2009 – On June 29, 2009, IMC International Metalworking Companies B.V., Gouda, Netherlands, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, (ISIN: DE000A0KFUJ5, WKN: A0KFUJ) exceeded the threshold of 5 % on June 25, 2009, and amounts to 9.74 % (401,863 voting rights) as per this date. Of these voting rights, 9.74 % (401,863 voting rights) are to be attributed to it pursuant to Section 22 (1) Clause 1 Number 1 of the German Securities Trading Act (WpHG) by the company it controls, Iscar Ltd., Tefen, Israel.

June 30, 2009 – On June 29, 2009, BH-IMC Holdings B.V., Amsterdam, Netherlands, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, (ISIN: DE000A0KFUJ5, WKN: A0KFUJ) exceeded the thresholds of 3 % and 5 % on June 25, 2009, and amounts to 9.74 % (401,863 voting rights) as per this date. Of these voting rights, 9.74 % (401,863 voting rights) are to be attributed to it pursuant to Section 22 (1) Clause 1 Number 1 of the German Securities Trading Act (WpHG) by the companies it controls, IMC International Metalworking Companies B.V., Gouda, Netherlands, and Iscar Ltd., Tefen, Israel.

June 30, 2009 – On June 29, 2009, Iscar Ltd., Tefen, Israel, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, (ISIN: DE000A0KFUJ5, WKN: A0KFUJ) exceeded the thresholds of 3 % and 5 % on June 25, 2009, and amounts to 9.74 % (401,863 voting rights) as per this date.

June 30, 2009 – On June 29, 2009, Berkshire Hathaway Inc., Omaha, USA,, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, (ISIN: DE000A0KFUJ5, WKN: A0KFUJ) exceeded the thresholds of 3 % and 5 % on June 25, 2009, and amounts to 9.74 % (401,863 voting rights) as per this date. Of these voting rights, 9.74 % (401,863 voting rights) are to be attributed to it pursuant to Section 22 (1) Clause 1 Number 1 of the German Securities Trading Act (WpHG) by the companies it controls, BH-IMC Holdings B.V., Amsterdam, Netherlands, IMC International Metalworking Companies B.V., Gouda, Netherlands, and Iscar Ltd., Tefen, Israel.

April 3, 2009 – On April 1, 2009, Kromi Beteiligungsgesellschaft mbH, Hamburg, Germany, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, (ISIN: DE000A0KFUJ5, WKN: A0KFUJ) exceeded the thresholds of 5 %, 10 % and 15 % on April 1, 2009, and amounts to 19.20 % (720,000 voting rights) as per this date.

April 3, 2009 – On April 1, 2009, Mr. Jörg Schubert, Germany, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that his percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, (ISIN: DE000A0KFUJ5, WKN: A0KFUJ) fell below the threshold of 50 % on April 1, 2009, and amounts to 37.68 % (1,413,006 voting rights) as per this date. Of these voting rights, 37.60 % (1,410,006 voting rights) are to be attributed to him pursuant to Section 22 (1) Clause 1 Number 1 of the German Securities Trading Act (WpHG). Attributed voting rights are held via the following companies that are controlled by him and whose holdings of voting rights directly or indirectly amount to 3 % each or more in KROMI Logistik AG:

- Schubert & Caro Beteiligungs GmbH & Co. KG, Hamburg
- Tarpenring 11 Vermögensverwaltungsgesellschaft mbH, Hamburg
- Caro & Schubert Vermögensverwaltungsgesellschaft mbH, Hamburg
- Schubert Vermögensverwaltung KG, Hamburg.

September 19, 2008 – Kabouter Fund II LLC, Chicago (Illinois), USA, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, exceeded the threshold of 3 % on May 2, 2008, and amounts to 3.09 % (116,000 voting rights) as per this date.

March 21, 2007 – On March 19, 2007, Fidelity International Limited Hamilton, United Kingdom, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, exceeded the thresholds of 3 % and 5 %, and now amounted to 6.67 % (250,000 voting rights). Of these voting rights, 6.39 % are to be attributed to the company from the FID FDS – EURO SMALLER CO POOL pursuant to Section 22 (1) Clause 1 Number 6 of the German Securities Trading Act (WpHG).

March 13, 2007 – On March 7, 2007 , the date on which the company's shares were first admitted to trading on the Frankfurt Stock Exchange, Schubert & Caro Beteiligungs GmbH & Co. KG notified us pursuant to Section 21 (1a) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, exceeded the threshold of 25 %, and amounted, and continues to amount, to around 29.60 % (1,110,013 voting rights).

March 13, 2007 – On March 7, 2007 , the date on which the company's shares were first admitted to trading on the Frankfurt Stock Exchange, Tarpenring 11 Vermögensverwaltungs GmbH notified us pursuant to Section 21 (1a) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, exceeded the threshold of 30 %, and amounted, and continues to amount, to around 49.60 % (1,860,013 voting rights). Of these voting rights, around 29.60 % (1,110,013 voting rights) are to be attributed to it pursuant to Section 22 (1) Clause 1 Number 1 of the German Securities Trading Act (WpHG). Attributed voting rights are held via the following company that is controlled by it and whose holdings of voting rights amount to 3 % or more in KROMI Logistik:

- Schubert & Caro Beteiligungs GmbH & Co. KG, Hamburg.

March 13, 2007 – On March 7, 2007 , the date on which the company's shares were first admitted to trading on the Frankfurt Stock Exchange, Caro & Schubert Vermögensverwaltungsgesellschaft mbH notified us pursuant to Section 21 (1a) of the German Securities Trading Act (WpHG) that its percentage of voting rights in KROMI Logistik AG, Hamburg, Germany, exceeded the threshold of 30 %, and amounted, and continues to amount, to around 49.60 % (1,860,013 voting rights). Of these voting rights, around 49.60 % (1,860,013 voting rights) are to be attributed to it pursuant to Section 22 (1) Clause 1 Number 1 of the German Securities Trading Act (WpHG). Attributed voting rights are held via the following company that is controlled by it and whose holdings of voting rights amount to 3 % each or more in KROMI Logistik:

- Tarpenring 11 Vermögensverwaltungs GmbH, Hamburg,
- Schubert & Caro Beteiligungs GmbH & Co. KG, Hamburg.

18. Declaration of conformity with the German Corporate Governance Code

The Managing and Supervisory boards herewith declare that the declaration within the meaning of Section 161 of the German Stock Corporation Act (AktG) has been issued and made publicly accessible to shareholders on the company‘s website on June 27, 2011 (www.kromi.de / Corporate-Governance / Corporate-Governance). This declaration is permanently accessible.

19. Events after the balance sheet date

After the balance sheet date on June 30, 2011, KROMI Logistik AG will acquire the Tarpenring 11 office and warehousing premises, which it has rented to date, for a purchase price of around EUR 1.5 million, thereby ensuring the long-term utilisation of this location.

20. Proposal for the appropriation of profits for KROMI Logistik AG

KROMI Logistik AG, Hamburg, reports a distributable balance sheet profit of EUR 863 thousand according to its annual financial statements prepared as of June 30, 2011 according to the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). For the purposes of passing a resolution at the Annual General Meeting the company‘s Managing Board proposes to the Supervisory Board that the balance sheet profit should be carried forward to a new account.

21. Date of authorisation for issue

The Managing Board authorised the consolidated financial statements of KROMI Logistik AG for issue on September 9, 2011 (date of authorisation by the Managing Board for presentation to the Supervisory Board).

Hamburg, September 9, 2011

Managing Board of KROMI Logistik AG

Jörg Schubert Uwe Pfeiffer

Auditor‘s Opinion

We have audited the consolidated financial statements prepared by KROMI Logistik AG, Hamburg – comprising the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and the notes to the consolidated financial statements – together with the group management report for the fiscal year from July 1, 2009 to June 30, 2010. The preparation of the consolidated financial statements and the group management report in accordance with the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB (German Commercial Code) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

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

Hamburg, September 9, 2011

Ebner Stolz Mönning Bachem GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Jens Lingthaler	Andreas Wendland
German Certified Public Auditor	German Certified Public Auditor

Responsibility statement within the meaning of Section 37 y no. 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)

To the best of our knowledge, we declare that, according to the principles of proper consolidated reporting applied, the consolidated financial statements provide a true and fair view of the Group's net assets, financial position and results of operations, that the group management report presents the Group's business including the results and the Group's position such as to provide a true and fair view and that the major opportunities and risks of the Group's anticipated growth for the remaining fiscal year are described.

Hamburg, September 2011

Managing Board of KROMI Logistik AG

Jörg Schubert　　　　Uwe Pfeiffer

Notes

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Publication details

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This report includes forward-looking statements which reflect the current views of KROMI Logistik AG's management with regard to future events. As a rule, these are shown by the use of „should", „expect", „assume", „anticipate", „intend", „estimate", „aim", „have the aim of", „forecast", „will be", „desire", „outlook" and similar expressions, and generally include information that is based on current forecasts, estimates or expectations. They are subject to risks and insecurities that are difficult to assess and not in KROMI Logistik AG's control.

These also include factors that have an impact on the development of costs and income, for example regulatory requirements, competition that is more intense than expected, changes in technology, litigation and developments under supervisory law. If these or other risks and insecurities should occur, or if the assumptions on which the statements in this report are based should prove to be incorrect, the actual results of KROMI Logistik AG could differ greatly from the results that are expressed or implied in these statements. KROMI Logistik AG does not assume any guarantee that the forward-looking expectations and assumptions will actually occur. In addition, KROMI Logistik AG declines all responsibility for updating forward-looking statements by taking into account new information or future events.

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