Annual Report 2011 / 2012

Key figures at a glance (IFRS)

	Financial year 2011 / 2012 (Jul 1, 2011 – Jun 30, 2012)	Financial year 2010 / 2011 (Jul 1, 2010 – Jun 30, 2011)
Revenues	52,465	38,213
Earnings before interest and taxes (EBIT)	168	-1,054
Pre-tax earnings (EBT)	111	-1,074
Consolidated net income	-210	-1,068
Number of shares in fiscal year	4,124,900	4,124,900
Earnings per share in EUR	-0.05	-0.26
Equity ratio in %	62.2	68.8
Cash flow from operating activities	-5,914	-5,356
Cash flow from investing activities	-2,813	-875
Cash flow from financing activities	5,137	-629
Employees at end of period (excluding Managing Board)	123	108

In EUR thousand (unless otherwise stated)

Financial calendar

November 14, 2012	3-month report 2011 / 2012
November 14, 2012	Analyst conference within German Equity Forum in Frankfurt / Main
December 5, 2012	Annual shareholders meeting in Hamburg

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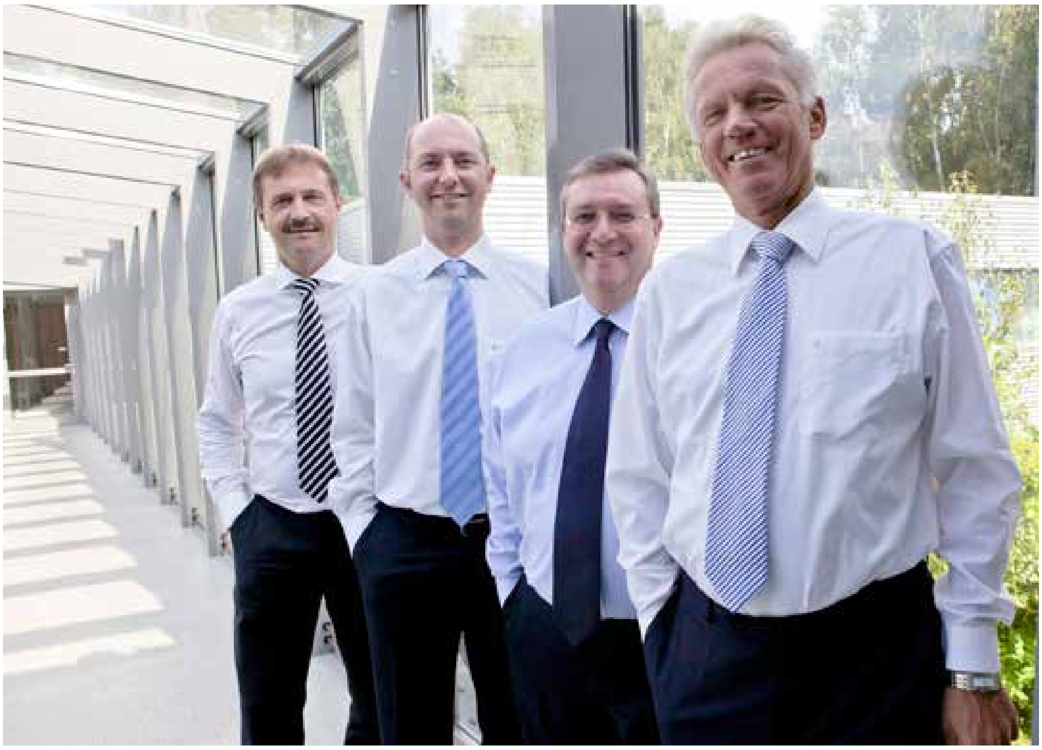
KROMI – a problem solver for industry companies.



Managing Board of KROMI Logistik AG
(front right: Jörg Schubert (CEO), Uwe Pfeiffer (CFO), Axel Schubert (CIO) and Bernd Paulini (COO))

Dear shareholders, employees and friends of our company,

In the past months, KROMI Logistik AG has benefited from its own customers' continued high production levels, and consequently looks back on a strong sales year in fiscal 2011 / 2012. Also on the earnings side, we completed the return to profitability that we were targeting. In terms of sales revenue, last year we achieved a new record in our company's history. As a consequence, the growth strategy that we have adopted of focusing to a greater extent on major customers that operate internationally continues to bear fruit. Due to our broadly diversified customer structure, we are increasingly able to decouple from individual regions' economic trends, and thereby reduce our regional dependency. The situation on global markets remains strained, despite an economic upturn that was still underway at the start of the fiscal year. The continued state debt crisis in some Eurozone countries, and upheaval in the Middle East, have fed through to growing uncertainty, and make it more difficult to predict business trends. Forecasts are becoming increasingly imprecise, and market participants' risk awareness is rising significantly. We nevertheless succeeded in persuading many new customers of the merits of the KROMI supply concept in the past fiscal year, and in further integrating existing customers into our comprehensive tool management system.

The continued robust order situation in our most important customer sectors underpins this trend. Both the general mechanical engineering sector and the aerospace industry celebrated new record sales levels in 2011, benefiting considerably from the global economic upturn, especially at the start of the past year. In particular, the machining tools segment, which is important for KROMI, reported disproportionately strong growth, with aggregate sales up 21 % compared with 2010. Companies in this sector also identify healthy growth prospects for the current year, regarding further sales growth of up to 7 % as possible. A trend that is borne out by most estimates produced by KROMI customers, even if, in particular, demand from European countries outside Germany is currently somewhat moderate, and the first signs of a cooling down are noticeable.

Operating business growth was reflected for KROMI by once again very marked sales revenue growth in the 2011 / 2012 fiscal year. Following on from the very strong revenue growth in the previous fiscal year compared with 2009 / 2010, which was massively impacted by the economic crisis, further significant growth was reported in the fiscal year elapsed. KROMI generated EUR 52,465 thousand of revenue, compared with EUR 38,213 thousand in the previous year – representing gains of 37.3 %.

Customers from the general mechanical engineering and automotive supply sectors remained important pillars of this growth. Sales revenue generated with customers in these sectors, which comprised around three quarters of KROMI's total revenue in the fiscal year elapsed, was up by 36.2 % and 32 % respectively. Customers from the aerospace industry also registered above-average growth. We generated 50.5 % more revenue than a year ago with customers from this segment.

A combination of some strong growth among our existing customers, and the further integration of the KROMI supply system among previously acquired new customers, contributed to this positive trend in total sales revenue. As planned, the company thereby reached the Managing Board's forecast of exceeding the growth generated in the previous year. The good fourth quarter, which was approximately at the level of the strong previous year, nevertheless shows that KROMI can continue to report stable sales revenue contributions in economically uncertain times. It is also partly due to the company's strategy of increasingly also supplying major and internationally active machining companies with tools at various locations. As a consequence, KROMI is participating indirectly in most of the important markets in the world, is reducing its dependencies, and is diversifying its risks.

The marked expansion of business with customers abroad provides proof of this trend. Such customers already generated a 34.2 % share of total sales revenue in the fiscal year elapsed, compared with 22.5 % in the previous year. Along with this development, we also again reported positive earnings before interest and tax (EBIT) in the year under review. After registering a EUR 1,054 thousand loss in the previous year due to high investments in the new customer business, earnings of EUR 706 thousand were generated from the purely operating business this year. Consolidated EBIT was considerably negatively affected by valuation changes necessitated by IFRS accounting. An additional expense totalling EUR 538 thousand was incurred in this fiscal year due to interest changes when measuring pension provisions, and the weakness of the euro compared with the Brazilian real. The company reports EUR 168 thousand of consolidated EBIT when taking these factors into account.

Due to these special factors, not only this adjusted consolidated EBIT provides evidence of successful corporate growth for the Managing Board, but consequently also the operating result of the parent company. The EUR 1,196 thousand reported result, which also played a significant role in taxation at Group level, again documents KROMI Logistik AG‘s profitable growth in the fiscal year elapsed. In the previous reporting period, the company reported a EUR 126 thousand loss in this context.

The development of our Brazilian subsidiary is also advancing further. Growth and progress within the country have received a further tailwind from the forthcoming major sports events. In particular, infrastructure projects and consequently also the most important industrial sectors have regained momentum. KROMI Logistica do Brasil is also benefiting from this new era: its team is growing constantly in order to handle all enquiries, and to deliver promptly to existing customers. A second office was opened recently in São Paulo. Although the company has not yet quite reached breakeven on a full-year basis, we are convinced that we were absolutely right to pursue our internationalisation strategy – a conviction that is underpinned by recent months‘ figures.

We closed our liaison office in Turkey in the past fiscal year, by contrast. Although we still regard the Turkish market as highly interesting, we nevertheless wish to bundle our resources where they can best benefit our company, particularly within the context of the current corporate growth. As a consequence, we will initially deploy the released resources on already established foreign markets. A future investment to be realised together with a local partner nevertheless remains one option for our corporate strategy.

Over recent years, we have also gradually adjusted our internal structures to the growth that we have realised. For example, hardly any jobs were lost even in the crisis years, thereby creating the foundation for the highly qualified staff base that we now have. In this way, KROMI is also excellently positioned internally to efficiently serve the new customers that it has acquired, and to guarantee the usual KROMI quality level. For this reason, many thanks are again due to our staff this year, without whose major commitment the reported corporate growth would proved been impossible to realise.

Along with our staff base, we have also positioned ourselves on a broader basis at the management level, in line with the company's size. Bernd Paulini and Axel Schubert, who have been active as senior staff members for many years, have completed the Managing Board – which now consists of four members – since the start of 2012. While Bernd Paulini as Chief Operating Officer (COO) is responsible for the technology, engineering and product areas, Axel Schubert as Chief Information Officer (CIO) has taken over the management and organisation of IT processes. Together with the two senior managers Jens Kumpert and Bernd Möller, the Managing Board forms the so-called Group Executive Committee, which works in close coordination to create the foundations for operating and strategic decisions.

Positioned in this manner, we continue to take a generally positive view of business trends over the coming years. Although the current uncertain economic development makes long-term forecasting a little difficult, and even if the production planning conveyed by our customers is somewhat moderate for the coming months, we do not anticipate a sharp slowdown in the generally positive trend within the tool management business. For this reason, we again expect our sales revenue to report a significant growth rate in the double-digit percentage range in the 2012 / 2013 fiscal year. Along with this, we aim for a continuous improvement in medium-term operating profitability, despite the investments in expanding the Group which are connected with the sales revenue growth. The economy, and consequently the production levels of KROMI customers, play a decisive role in earnings growth. Growing internationalisation, and the attendant more complex customer structures, will also impact earnings trends. Should all of these factors play out positively, the Managing Board is also aiming to boost the EBIT margin in the current fiscal year as part of its gradual and positive growth strategy. As a consequence, the EBIT margin will prospectively remain within the lower single-digit percentage range in the current fiscal year.

We will continue to pursue our tried and tested strategy of targeting investments in new customers and markets. Along with the controlled expansion of sales volumes, profitability will also form a particular focus in the future. Thanks to adjustments made over the past years, we are also optimally positioned internally to meet the greater challenges posed by growing internationalisation, and to consequently adopt a path of sustainable and profitable growth.

At this juncture, we would like to thank you, dear shareholders, for your support, and we hope that we can continue to count on your trust and confidence in us in the future.

Jörg Schubert Uwe Pfeiffer Bernd Paulini Axel Schubert

KROMI Logistik Service: Full service for machining

Today Modern machining tools are largely structured on a modular basis, and consist of a number of more or less standardised elements. In almost all cases, the actual tool edge is separated from the rest of the tool as a consumable part, in order to ensure that it can be changed rapidly and with ease. The components, which are generally described as indexable inserts, are available on the market in a wide variety of the most varied types of materials, and can be exchanged using simple equipment. Two variants exist to combine the tool with the machine: in the case of milling machines, which function with a stationary working part and a rotating tool, the tools are fitted into the spindle shaft using a standardised tool holder. The so-called hollow shank taper (HSK) has now become dominant in this context. In the case of lathes with rotating working parts and stationary tools, the tool is connected to the machine using so-called terminal holders, which are structured differently depending on the machine.

Indexable insert (II)

Function: replaceable cutting element of a tool, wearing parts

Standards: e.g. DIN ISO 1832

Sizes: approx. 16 shapes

Diversity of variants: very large

Price level: low

Selection criterion: material

Quantitative terms: manufactured components

Toolholder

Function: fastener for intake of indexable inserts

Standards: none

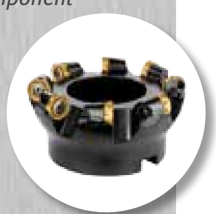
Sizes: depending on task

Diversity of variants: medium

Price level: medium

Selection criterion: component geometry

Quantitative terms: component



Screws and small parts

Function: fastening elements for connection of the insert to the toolholder

Standards: manufacturer specific

Sizes: approx. M4 to M5

Diversity of variants: medium

Price level: very low

Selection criterion: belongs to II

Quantitative terms: wear

Tool fitting e.g. HST

Function: connection between the machine spindle and the tool

Standards: DIN 69893

Sizes: 25 ... 160

Diversity of variants: low

Price level: high

Selection criterion: tool type

Quantitative terms: machine

From searching….

All components are usually stored in classic tool cabinets located directly where the machine is utilised. Due to the typical structuring of such cabinets, small components are located in the upper, flat drawers, while large components are located further below in high drawers. These local „stores“ are seldom subject to stocktaking, and are almost the entire responsibility of individual employees, which means that no support is available when searching for the requisite tool. Purchasing is mostly out of line with demand due to the fact that stocktaking rarely occurs. In extreme cases this can result in a lack of tools, and consequently in the production stoppages, particularly because indexable inserts have very short working lives because of their high degree of attrition.

…to finding!

KROMI Tool Centre KTC

KROMI logistic solutions

KROMI offers various logistics systems to enable the complete outsourcing of tool supplies: the „KROMI Tool Centre (KTC)“ for consumable parts, a fully automated set of drawers for terminal holders or tool holders, and a kanban-managed small parts store. Together with the high-performance KROMI eCommerce (KeC) ordering software, which controls stocks and conveys purchasing requirements, full machining supplies are complete.

KROMI drawer cabinet

KROMI kanban system

HELLER

From pros – for pros!

Machines specialist HELLER and KROMI expand cooperation

As a developer and producer of machine tools and machining production systems, the company HELLER requires secure tools supplies around the clock. The company, which is based in Nürtingen, Germany, manufactures on a three-shift basis, and has relied on KROMI Logistik for tool management since 2011.

It all started with a pilot plant in a production area for rotating components, and a number of lathes which produce 24 hours per day. The KROMI Tool Centre (KTC) was the first choice for HELLER to supply this production area with indexable inserts. As the only manufacturer-neutral provider, KROMI delivers an electronic tools catalogue along with the KTC. The tools catalogue is customised to the customer's individual requirements, and is thereafter utilised to issue previously utilised products through the KTC. On the pilot plant, the system proved so impressive that the companies are now expanding their cooperation, and the KROMI dispensing machines will also be used in the future in further production areas at HELLER.

„We value professionalism and expert advice“

Manufacturing director Dr. Peter Herrmann identifies great potential in tools management

KROMI: *Dr. Herrmann, HELLER is regarded as a technology-leader in the machining area. Why are you interested in KROMI tools management?*

Herrmann: *Our understanding of tools management primarily relates to purchasing and supplies logistics. We need to have all necessary operating supplies available 24 hours per day since we cannot afford to have stoppages due to a lack of tools, for example. We very much liked the principle of a tools dispensing machine with integrated supplies logistics.*

KROMI: *What did you find particularly attractive about the KROMI solution?*

Herrmann: *We regard ourselves as machining specialists with extensive application knowledge. Our employees are recognised technology and tools specialists. To this extent, we were only interested in a manufacturer-neutral tools management solution which doesn‘t restrict us in any way when selecting tools. KROMI offers us all this.*

KROMI: *So do you use the KTC mainly as a tools dispenser?*

Herrmann: *No, because the KROMI system also offers a number of further advantages. We now also have significantly more detailed consumption statistics, for example. This not only means valuable production capacities, but also saves us money at the same time.*

Logistica do Brasil Ltda.

KROMI's logistics concept also becoming increasingly popular in Brazil

KROMI Logistica do Brasil remains on its growth path

The speed with which Brazil is currently preparing for future major events such as the 2014 World Cup and 2016 Olympics is breathtaking. This applies not only to its infrastructure and the most important industrial sectors, but also to KROMI Logistica do Brasil. Founded just four years ago, the staff who are headed by managing director Jenis Diz Acosta already have ten ongoing supply contracts to show for their efforts. Extensive supply agreements with major customers such as Autocam, Borg Warner and Icape have been signed in the last twelve months alone. And so it is also no surprise that the KROMI team at this Brazilian subsidiary is growing equally rapidly. A second office was recently opened in São Paulo in order to even better ensure that the customers there receive supplies in line with global KROMI quality standards. In Brazil, too, KROMI guarantees to deliver the right tool at the right time at the right place.

Fact file

Founded:	September 2008
Manager:	Jenis Diz Acosta
Headquarters:	Joinville, Santa Catarina
Office:	Sao Paulo
First supply contract:	May 2009
Number of supply customers:	10
Year-on-year sales revenue growth:	100 %

In Brazil, too, KROMI guarantees to deliver the right tool at the right time at the right place

Hydraulics manufacturer Hybel has been at our side since the outset

The company Hybel operates in the hydraulic components area, and has offered its customers a broad range of gear wheel pumps, motors and valves since it was founded in 1981. Hybel's production plants are located in Brazil's industrialised south between Florianópolis, the capital of the federal state of Santa Catarina, and Porto Alegre, the centre of Rio Grande do Sul.

Thanks to modern production systems and high-quality standards, Hybel has not only established an excellent reputation in Brazil, but also in the most important sales markets in the USA, Canada, United Kingdom and neighbouring Latin American states. KROMI's Brazilian logistics subsidiary has supplied tools to its production plants since March 2009. As a strategic partner, KROMI has ensured since then that the right tool is always available at the right time at the right place. In-depth technical advice provided by KROMI's machining specialists underpins the entire system.

Supervisory Board to provide Managing Board with more consulting support in the future

HR consultant Wilhelm Hecking contributes experience from mechanical engineering sector

Since the last AGM, Wilhelm Hecking has been a member of the Supervisory Board of KROMI Logistik AG, as well as its chairman. The independent HR consultant draws on many years of experience in the mechanical and plant engineering sector, and has acquired extensive knowledge of these sectors in various managerial roles. Wilhelm Hecking is now also contributing this expertise within the Supervisory Board.

KROMI:

Since the start of the year, you have been responsible for the operating business as Chief Operating Officer (COO) within the parent company's Managing Board. What are currently your most important targets and tasks?

Paulini:

The expansion of the technical sales function is, and remains, an important topic for me, in order to further develop our engineering service to the benefit of our customers. This mainly concerns continuous improvement to optimise production costs per component. Our company developed in-house the systems that we utilise, which forms one of our USPs on the market.

The process-technology connection and networking of our systems with other market-leading systems forms a further topic. For instance, this year we realised a data-technology connection of our basic tools data with the tools administration system of the company Zoller. As a consequence, our customers receive all technical tools data from one central data source.

IT becomes key to the company's internationalisation

As Chief Information Officer (CIO), Axel Schubert is responsible for IT processes

IT requirements have risen sharply, particularly due to the company's internationalisation. Ensuring permanent tool availability through IT systems forms a central success factor in KROMI's business model. The management, steering and organisation, as well as the further development, of this department in compliance with statutory regulations fall into the area of responsibility of CIO Axel Schubert.

KROMI:

Mr. Hecking, you joined the Supervisory Board of KROMI Logistik AG at the end of last year. What was the decisive factor in your decision at the time, and in which areas do you currently identify opportunities and challenges for the company?

Hecking:

I got to know the management in 2011, and both the business model and the management team's expertise proved very appealing to me. The outsourcing of purchasing services offers a great deal of savings potential, particularly for medium-sized companies. As a high-growth medium-sized company, KROMI's current structure also entails many structural opportunities and challenges where I can, and will, make a contribution.

Internationalisation is already a significant factor for KROMI in stabilising its profitability. Human resources topics are also becoming increasingly important in this context because, along with the pure delivery of tools, technology consulting to reduce tool costs per component comprises a significant core competency today.

System to optimise production costs per component remains KROMI's USP

Bernd Paulini assumes newly created post of Chief Operating Officer (COO)

New Managing Board member Bernd Paulini has worked at KROMI since 2001, having spent the last five years managing the engineering department, as well as the technical sales force in Germany and Europe. As COO, Paulini is primarily responsible for the technology, engineering and product areas. These include, in particular, the organisation of the entire production processes directly connected with the machining tools, and forging ahead with research and development work.

KROMI:

Mr. Schubert, IT issues must comprise one of the greatest challenges – innovation cycles are very short in this context. How have you approached these matters over recent years? And what are the challenges in this business?

Schubert:

I've come to know this area very closely since I joined the company as head of IT in 1997. Almost all of the solutions arose directly out of actual practice. As a modern procurement system, the KROMI KeC ecommerce system has meanwhile been implemented a hundred times over, and has proved its worth.

We need a stable hardware base and reliable partners for our business, because our aim and need is to guarantee our customers 100% availability in their supply systems. I also regard IT development as the permanent integration of new hardware and software technologies into existing solutions. For example, we have just modernised our supply systems' entire server hardware and computers – without impeding smooth ongoing operations.

Supervisory Board of KROMI Logistik AG (f.l.t.r.: René Dannert, Prof. Dr. Eckart Kottkamp and Wilhelm Hecking (Chairman)

Report of the Supervisory Board

Dear shareholders,

In the 2011 / 2012 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

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

In the 2011 / 2012 fiscal year, the Supervisory Board consisted of

Dr. Thorsten Bieg (until the end of the AGM on December 14, 2011),
Wilhelm Hecking (from the end of the AGM on December 14, 2011),
René Dannert
Prof. Dr. Eckart Kottkamp

The periods of office of Supervisory Board Chairman Dr. Bieg and of Deputy Supervisor Chairman René Dannert ended at the conclusion of the Ordinary AGM on December 14, 2011. Dr. Bieg did not stand for re-election. Since the company was listed, he has provided significant support as a legal adviser to the company in the creation and expansion of corresponding structures. The Managing and Supervisory boards would like to thank Dr. Bieg for his commitment to the company's affairs. The AGM on December 14, 2011 appointed Mr. Wilhelm Hecking, Bocholt, to be his successor as a new Supervisory Board member, and at its constitutive meeting the Supervisory Board also appointed Mr. Wilhelm Hecking as Supervisory Board Chairman. Mr. René Dannert was the Deputy Supervisory Board Chairman in the year under review. He was re-elected by the Ordinary AGM on December 14, 2011, and was again appointed Deputy Supervisory Board Chairman by the Supervisory Board.

Mr. Hecking and Mr. Dannert were appointed as Supervisory Board members for the period until the end of the General Meeting that passes a resolution concerning their discharge for the 2015 / 2016 fiscal year. At the previous Ordinary AGM, Dr. Kottkamp was appointed to be a Supervisory Board member for the period until the AGM which passes a resolution concerning the discharge of the Supervisory Board for the 2014 / 2015 fiscal year.

Meetings

The Supervisory Board attended a total of five actual meetings during the 2011 / 2012 fiscal year elapsed: on September 14, 2011, November 18, 2011, February 9, 2012, April 23, 2012 and June 13, 2012. The Supervisory Board also held a telephone conference on August 17, 2011, and participated in a strategy workshop with the management on June 14, 2012. All of the members of the Supervisory Board participated in all of the meetings. The Supervisory Board members were also in regular contact with each other outside the scope of meetings, 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 business 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 2011 / 2012 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 2011 / 2012 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.

Having successfully overcome the economic crisis, which continued to impact in the previous year, the year under review was characterised by pleasing revenue and earnings growth. Along with continuous supervision of ongoing business, Supervisory Board activity was again able to redirect itself to a greater extent to the company's future orientation. Significant consultations and decisions in this context included the expansion of the Managing Board to comprise four members, the approval of the compensation system for Managing Board members, which corresponds to all current corporate governance regulations, and contemporary managing board compensation structures with an incentive scheme which is oriented to sustained corporate growth, comprising a multi-year measure basis, as well as bonus and penalty components. Consultations about the company's foreign business represented a further significant portion of Supervisory Board activity in the year under review. 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. A subject of consultation at the Supervisory Board meeting of September 14, 2011 was the clarification and discussion of the annual financial statements as of June 30, 2011, as well as planning for the 2011 / 2012 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 2012, 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 2011 / 2012 fiscal year.

Audit of the 2011 / 2012 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 2011 / 2012 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. In the light of took note of these auditor's reports, the Supervisory Board 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 10, 2012, the Supervisory Board prompted the Managing Board to discuss the annual financial statements as of June 30, 2012 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 at its meeting on September 10, 2012 approved the single-entity annual financial statements of KROMI Logistik AG and the consolidated financial statements of KROMI Logistik. 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 performed.

Hamburg, September 10, 2012

Wilhelm Hecking
Supervisory Board Chairman

Corporate governance

The term „corporate governance“ refers to 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, plays 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 statement of compliance is reproduced in the „Corporate governance declaration pursuant to Section 289a of the German Commercial Code (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 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 pursuant to Section 289a of the German Commercial Code (HGB)

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

Management and Supervisory boards‘ working methodology

KROMI is subject to the dual management system prescribed by German stock corporation law. This is characterized by a strict division 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. In other words, 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 it is implemented. The principles guiding the cooperation in KROMI‘s Managing Board are set out in the Managing Board‘s rules of business procedure.

The Managing Board consists of four members: its chairperson, the chief financial officer, a Managing Board member for the technology and product area, and a Managing Board member with responsibility for the IT and administrative areas. The Managing Board members work closely together irrespective of their individual areas of responsibility. In line with rules of business procedure, 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 members' 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 either the law, the articles of incorporation or the rules of business procedure. 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 provided. The Managing Board participates in all Supervisory Board meetings unless the Supervisory Board identifies a need to convene alone in compliance with the German Corporate Governance Code. 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 rules of business procedure require approval by the Supervisory Board, and include a specific 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, approves 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 joint work within KROMI Logistik AG's Supervisory Board are set out in the rules of business procedure for the Supervisory Board. The company does not use the opportunity provided for within the rules of business procedure to form committees due to the size of the company and the Supervisory Board. The Supervisory Board's tasks are all discussed and decided upon by the Board. The possibility of passing resolutions by circulating written voting papers is used only infrequently, and then only in particularly urgent cases.

Statement of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Managing and Supervisory boards of KROMI Logistik AG issued a statement of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) on June 29, 2012. Accordingly, KROMI Logistik AG has complied, and complies, with the recommendations of the „Government Commission German Corporate Governance Code" (DCGK) in the 2011 / 2012 fiscal year, with the following exceptions:

- By way of divergence from Section 3.8 (2) DCGK, no deductible has been arranged in the D&O insurance for the Supervisory Board. From the point of view of the company, a deducible is not required in view of the given sense of responsibility and motivation of the members of the Supervisory Board.

- Pursuant to Section 4.1.5 DCGK, the Managing Board should take into account an appropriate participation by women when making managerial appointments. The Managing Board feels obligated to this requirement, but does not yet pursue any gender-specific personnel policy. For this reason, attention is paid to diversity when appointing managers within the company, but the focus is nevertheless on the qualifications of the candidates (both women and men). In the company's interests, the Managing Board regards itself as obliged to continue to appoint the most appropriate candidates in both technical and personal terms for the respective vacant positions.

- Pursuant to Section 5.1.2 DCGK, the Supervisory Board is required to take into account an appropriate participation by women when appointing Managing Board members. To this extent, the remarks relating to Section 4.1.5 apply correspondingly for the Supervisory Board. In addition, a Managing Board consisting of only four members offers limited scope to establish diversity among its membership.

- By way of divergence from Section 5.4.1 DCGK, the Supervisory Board has not announced any specific targets for its composition, but intends to develop such targets. To the extent that this also includes participation by women, the remarks relating to Section 4.1.5 and 5.1.2 DCGK apply correspondingly. Limitations to the diversity of the composition of the Supervisory Board arise of necessity from its restriction to only three members.

- By way of divergence from Section 5.3 DCGK, the Supervisory Board forms no committees. With a Supervisory Board only comprising three members it makes no sense to form committees.

- By way of divergence from Section 5.4.1 (2) DCGK, no retirement age has been set for Supervisory Board members. It does not appear to be sensible to set a retirement age given the knowledge, abilities and specialist experience required pursuant to Section 5.4.1 (1) DCGK.

- By way of divergence from Section 5.4.6 (2) DCGK, the members of the Supervisory Board receive a fixed salary; no components of their remuneration are performance-based. All Supervisory Board members bear the same responsibility and workload. Even without the incentive of a performance-based compensation, the work that is carried out is oriented to performance, and is remunerated appropriately and practically on a fixed payment basis.

This declaration relates to the recommendations of the Code in the version of May 15, 2012.

KROMI Logistik AG will also comply in future with the recommendations of the „Government Commission German Corporate Governance Code“ in the version of May 15, 2012, with the aforementioned exceptions.

Hamburg, June 29, 2012

For the Supervisory Board

Wilhelm Hecking

For the Managing Board

Jörg Schubert

Uwe Pfeiffer

Bernd Paulini

Axel Schubert

Other corporate management practices

The company applies 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 website. 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 approved or introduced other standards which apply company-wide, such as ethical, labour 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 undesirable developments directly, and corrects these as necessary. In view of the number of employees, all of the employees have easy and direct access to the Managing Board, which is highly sensitive to its employees, and provides for them well.

Remuneration report

The remuneration report summarizes the principles which are applied 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 pursuant to Section 315 of the German Commercial Code (HGB). To this extent, reference is made to the Group management report (other information). Additionally the following information according to the requirements of the German Corporate Governance Code:

On December 19, 1996, Mr. Jörg Schubert received a pension commitment from Tarpenring 11 Vermögensverwaltungs GmbH in the amount of around EUR 6,000 per month on his leaving the company after reaching the age of 65. KROMI Logistik AG assumed this pension commitment on December 7, 2006, with effect from January 1, 2007. Provisions for pensions were added in the period from July 1, 2011 to June 30, 2012 in this regard totalling around EUR 126 thousand.

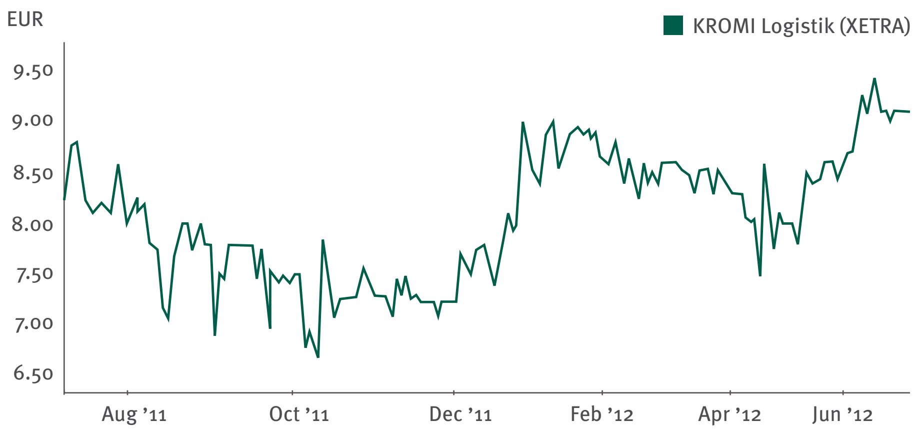
As part of their activity for the company, and already before they were appointed to the Managing Board, Managing Board members Bernd Paulini and Axel Schubert were granted pension commitments on the attainment of their 65th year. In Mr. Paulini‘s case, this also includes benefits for surviving dependents equivalent to 60 % of the pension commitment. These agreements with the aforementioned Managing Board members continue to be valid. Pension provisions of around EUR 94 thousand (Paulini) and EUR 53 thousand (A. Schubert) were formed for these pension commitments in the July 1, 2011 until June 30, 2012 period.

During the year under review, Uwe Pfeiffer received a defined contribution benefit commitment from a congruently re-insured benefit fund. 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 comprise operating expenses, and are included in the information on total remuneration for the members of the Managing Board detailed in the notes to the financial statements.

As of June 30, 2012, 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 German Securities Trading Act (WpHG). On the same date, Managing Board member Uwe Pfeiffer held 1,000 shares of the company. Indirectly by way of their respective 25% interests in KROMI Beteiligungsgesellschaft mbH, Managing Board members Bernd Paulini and Axel Schubert each indirectly held 180,000 voting rights in KROMI Logistik AG. Managing Board member Axel Schubert directly held a further 3,000 voting rights, and Managing Board Bernd Paulini held an interest in a further 2,200 voting rights in KROMI Logistik AG.

The share in overview

Share price performance (July 1, 2012 – 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, 2011*	EUR 8.16
Share price as of June 28, 2012*	EUR 9.10
Percentage change	11.5 %
52-week high**	EUR 9.52
52-week low**	EUR 6.70

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

In the 2011 / 2012 fiscal year, the stock market environment continued to be characterised by major uncertainty about the debt crisis in some Eurozone states, as well as the overall economic slowdown. The German DAX equity index lost around 13.5 % of its value in the July 2011 until June 2012 reporting period. Particularly in the first half of the reporting period, the KROMI Logistik AG share proved unable to free itself from the overall negative trend. The stock lost value constantly from July 2011, touching its low for the period of EUR 6.70 on October 11, 2011. Along with the announcement of positive quarterly figures, it then appreciated in value before reaching its first highs in January 2012 around the EUR 9.00 level. Following a slight phase of correction, which again brought prices of EUR 7.50 in April 2012, albeit in low turnover, the shares then commenced a sharp ascent. The high for the year under review of EUR 9.42 was reached on June 14, 2012. This represents an increase of more than 40% compared with the price low of October 2011. The share depreciated only slightly in the following weeks, stabilising above the EUR 9 mark. On June 28, 2012, the last day in the reporting period on which a price was posted, the share of KROMI Logistik AG was quoted at EUR 9.10, representing a EUR 37.5 million market capitalisation. As a consequence, the share gained around 11.5 % in value over the entire reporting period, thereby significantly outperforming the overall market.

Shareholder structure at the end of the fiscal year

The shareholder structure of KROMI Logistik AG is characterised by a stable investor base with a long-term investment orientation. With their interest totalling 54.62 %, the founders of the company and their families, as well as the management level, form a strong foundation for the shares. Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn, a further investor which has long-standing ties with the company, holds 15.49 % of the shares. Besides this, the 29.89 % free float caters for a broad investor base, and sufficient share liquidity.

Shareholder structure

	%
Jörg Schubert	15.71
Peter Caro	15.64
Schubert family	2.91
Caro family	2.91
KROMI Beteiligungsgesellschaft mbH	17.45
Investmentaktiengesellschaft für langfristige Investoren TGV	15.49
Free float	29.89

Investor relations

The shares of KROMI Logistik AG have been listed in the Prime Standard of the Frankfurt Stock Exchange since the IPO in March 2007. The company has consciously committed itself to the highest and most extensive transparency standards and reporting duties as a consequence. In its presentation to the outside world, the company is led by the guiding principle of cultivating transparent information policies, and engaging in open dialogue with investors, analysts and the media.

Regular participation by the Managing Board in capital market events, such as investor and analyst conferences, comprises one element of this open communication policy. For example, the company was again represented at the German Equity Capital Forum in Frankfurt am Main during this fiscal year, and took the opportunity to engage in dialogue with existing and potential investors at a company presentation as well as in one-on-one meetings. The company also held meetings with the media and investors as part of roadshows. The company is to participate again at the Germany Equity Capital Forum in Frankfurt am Main in November 2012, where it will make presentations to investors, analysts, and economic and financial journalists.


HELLER
MCS-H 250

KROMI enables permanent availability of tools.

Business report

I. Corporate structure and participating interests

As of the June 30, 2012 reporting date, KROMI Logistik AG was present at five locations in Germany: along with its headquarter in Hamburg, the Group operates branches in Magdeburg, Erkrath near Düsseldorf, Eislingen near Stuttgart, and at Laupheim near Ulm. It also operates subsidiaries in the Czech Republic, Slovakia, Spain and Brazil. KROMI Logistik also supplies customers in Denmark, Poland, Romania, Italy and France with tools. A liaison office in Turkey which the Group had previously maintained was closed in the second half of the year.

II. Employees

At the end of the first half of the 2011 / 2012 fiscal year, KROMI Logistik Group (excluding its Managing Board) employed 123 staff (June 30, 2011: 108). These figures also include one trainee in the wholesale and export trade area, and one staff member who is pursuing logistics management studies in parallel with employment.

KROMI Logistik again significantly expanded its workforce in the fiscal year elapsed. This was particularly due to the company‘s growth in both Germany and at foreign subsidiaries. To this end, KROMI Logistik AG also strengthened its recruiting efforts in the period under review. The company has also launched various training cooperation ventures with some customers. Here, machining technicians will be trained in the future before being transferred to KROMI.

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 at the continuous expansion of its customer base through acquiring new customers, and through tapping new markets. In the case of existing customers, the optimisation and efficiency 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 a 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. To this end, various projects are being conducted with different cooperation partners, which should result in a long-term expansion of the range of services of KROMI Logistik AG.

IV. Market and competitive environment

Macroeconomic situation

The economic situation presented a split image in the 2011 / 2012 fiscal year. While some regions and sectors continued to impress with strong growth rates, uncertainty precipitated by the debt crisis in several Eurozone states persisted.

Although the German economy continued to report quite strong growth, at a total of 3.0 % in calendar year 2011, the marked slowdown in the economy was nevertheless already evident in the fourth quarter of 2011 with gross domestic product already down by 0.2 % compared with the previous quarter.[1] The German economy stabilised somewhat in the first half of 2012, reporting negligible growth of 0.3 %.[2] Experts nevertheless remain cautious in their forecasts. In its current spring forecast, the German Federal Government is assuming that economic growth will stand at only 0.7 % in the full 2012 year, 0.3 percentage points lower than in its forecast at the start of the year.[3]

The German Institute for Economic Research (DIW) is somewhat more optimistic with regard to the current calendar year, forecasting 1 % gross domestic product growth. Although the DIW notes that the Eurozone is currently in a massive recession, the economic experts identify strong domestic demand in Germany which overall will support the economy. The DIW anticipates that economic indicators will report a slow recovery in the second half of the year. In particular, emerging economies outside Europe could help German exports to return to a stronger growth path.[4] For example, the German Federal Government expects moderate growth rates for 2013: economic output is set to grow by 1.6 % compared with the weaker 2012 year.[5] Although the DIW expects 1.9 % growth in this context, the one half of one percentage point downgrade nevertheless also reflects the great uncertainty on markets.

Following moderate growth of 1.5 % in economic output in the calendar year elapsed, the EU‘s statistical department (Eurostat) expects zero growth in 2012 for the European Union. With a look to the Eurozone, the statistics even reflect a 0.3 % decline in aggregated gross domestic product. Despite these recessionary trends, Eurostat does not currently anticipated a longer phase to the downturn. Although individual countries will still need to battle a marked downturn in economic output in 2013, growth potential of 1 % is nevertheless attributed to the total Eurozone, according to Eurostat.[6] It nevertheless remains to be seen how many Eurozone countries are drawn into the downdraught of the European state debt crisis, and how the organisation of aid and transfer payments progresses. Some radical savings programmes are feeding through to a sharp slowdown of economic growth in individual countries, which might have negative effects on further states within the currency union.

Global economic output is also being increasingly characterised by a slowdown in growth dynamics. While the global economy still reported 5.3 % growth in 2010, only 3.9 % was recorded in the calendar year elapsed. The International Monetary Fund expects only 3.5 % growth for 2012. It is striking that

[1] German Federal Statistical Office (Destatis), press release, February 24, 2012 | [2] German Federal Statistical Office (Destatis), press release, August 14, 2012 | [3] German Federal Government, Spring forecasts, April 25, 2012 | [4] German Institute for Economic Research (DIW), press release, July 4, 2012 | [5] German Federal Government, Spring forecasts, April 25, 2012 | [6] Eurostat, real GDP growth rate, status: July 5, 2012

growth is slowing not only in industrial nations, but that emerging economies are also increasingly reporting slower growth rates. Emerging economies, which are set to grow by 5.6 % on average, nevertheless bear a large proportion of global economic output growth.[7]

In this context, economic trends and the accuracy of forecasts will also continue to depend on how the EU, and, in particular, the Eurozone, progress with managing the crisis.

Mechanical engineering / precision tools

KROMI Logistik is a tool manager and consequently an outsourcing partner for industrial companies, with the company's core competence focusing on machining tools for the processing of metals and plastics. Although KROMI Logistik is not directly attributable to one of the sectors mentioned below on the basis of its business model, trends in the mechanical and plant engineering sector nevertheless provide a good indicator for developments in various customer segments. This sector is also currently characterised by consolidation trends. In the March to May 2012 three-month period, orders were down by 6 % in real terms on the previous year's strong comparable quarter, according to the German Engineering Federation (VDMA). Both domestic orders, which fell 9 %, and a 5 % drop in export orders, contributed to this development. Here, too, uncertainty and the economic downturn within the euro states is evident. While demand from countries outside Europe was down by only 3 %, orders from euro partner countries fell 7 %.[8]

The VDMA expects sales revenues to stabilise at a solid level in the second half of 2012. Although prospectively no further growth will be achieved compared with the strong previous year – when VDMA members posted 12 % sales revenue growth[9] – companies in the mechanical and plant engineering sector currently appear so robust that it is currently not anticipated that they will be infected across the board by the debt and financial crisis.

The precision tools sub-sector, which is important for KROMI, is currently largely unaffected by this trend. While record sales were achieved in calendar year 2011, at EUR 10.2 billion, the sector assumes further growth of around 7 % in 2012. In particular, the machining tools area benefited from production enhancements in the automotive supply and mechanical engineering sectors, which are important target segments for KROMI, and should thereby continued comprise one of the motors of growth in this segment in 2012.[10]

[7] IWF, World Economic Outlook Update, July 2012 | [8] VDMA, press release, July 12, 2012 | [9] VDMA, press release, February 23, 2012
[10] VDMA, press release, January 17, 2012

Aerospace

The aerospace industry remains on a stable growth path. According to statistics produced by the German Federal Aerospace Industry Association (BDLI), this sector generated EUR 25.7 billion of sales revenue in total, representing 4.1 % year-on-year growth. As a consequence, new record results were achieved for the tenth consecutive year. The number of employees also grew in the calendar year elapsed to currently around 97,400 (previous year: 95,400). Civil aerospace, where revenues were up by 6.2 % to EUR 17.2 billion, was again the growth-driver within the sector. Rising order and production figures also delivered growing sales revenues for various suppliers, such as the equipment and materials industries. Given full order books and further growth in global demand for mobility, the sector association remains confident that the level that has been achieved can be at least maintained over the coming years.[11]

This trend is also confirmed by a further rise in international passenger volumes in global air travel. Such volumes were up by 5.9 % year-on-year, according to data provided by the International Air Transport Association (IATA). European airlines, in particular, contributed to this positive trend with 9.5 % growth. Freight volumes fell slightly by 0.7 %, by contrast. Here, too, economic uncertainties due to the euro crisis were evident. [12]

Automotive supply industry

Calendar year 2011 was a record year for the German automotive sector, and consequently also for its suppliers. Domestic production was up by 6 % compared with 2010 to around 5.9 million cars, thereby outstripping the figures of the previous 2008 record year, according to data produced by the German Automotive Industry Association (VDA). Exports of cars produced in Germany also reached a new record high. In the calendar year elapsed, export volumes exceeded 4.5 million cars the first time, around 7 % more than in the previous year.[13] The sector association remains cautiously optimistic for the full 2012 year, despite the first tangible effects of the financial crisis. The VDA anticipates very strong domestic demand again with around 3.1 million new registrations expected for the full year, in line with the previous year‘s record level. Suppliers are also benefiting from continued high demand for German models. In the first four months of 2012, their sales revenues grew by 3 % year-on-year to EUR 23.7 billion. At almost 290,000, the number of employees was also around 4 % ahead of the previous year‘s level.[14]

[11] German Aerospace Industries Association, press release, April 17, 2012 | [12] International Air Transport Association, press release, February 1, 2012 | [13] German Automotive Industry Association (VDA), press release, January 3, 2012 | [14] German Automotive Industry Association (VDA), press release, July 3, 2012

KROMI Logistik AG‘s market position

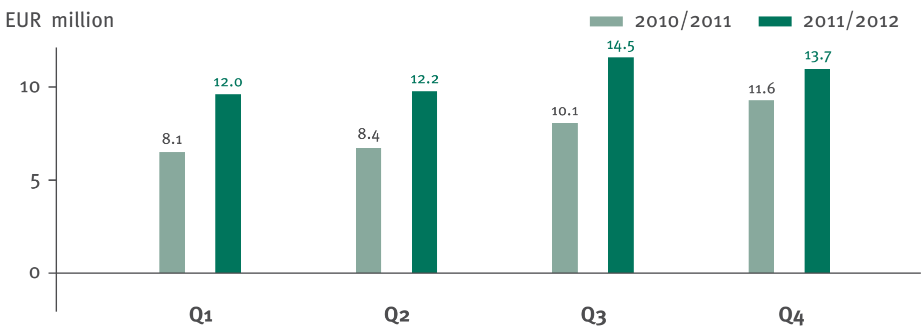
The business model of KROMI Logistik AG covers all tool management steps, and is consequently comparable to that of other companies to only a limited extent. Pure tools manufacturers only offer their customers products from their own portfolios. Although tools wholesalers, by contrast, frequently offer 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 offer only partial solutions which 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 which enables it to act as a problem solver for industry, thereby tapping attractive market potentials.

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

I. General course of business in 2011 / 2012

As planned, KROMI Logistik reported significant revenue growth of 37.3 % year-on-year in the 2011 / 2012 fiscal year. As a consequence, the Group achieved its target of exceeding the approximately 22.5 % growth that it reported in the previous fiscal year. This marked revenue growth is particularly due to the continued stable and high production levels for existing customers, and related strong demand for tools and consumable parts. New customers, where complete supplies by KROMI are gradually starting up, also delivered a positive contribution to business progress.

Revenues 2011 / 2012 quarterly basis and compared to the previous year



In line with this development, KROMI Logistik also reported a return to the operational profitability that it was targeting. The Group generated EUR 168 thousand of operating result (EBIT) (previous year: EUR -1,054 thousand). Consolidated EBIT in the fiscal year elapsed was nevertheless massively affected by sunk discount rates for pension provisions and currency exchange-rate differences, necessitated by IFRS accounting. Operating profit would have stood at EUR 706 thousand when adjusted for these unrealised valuation losses. By this the Group has laid the foundations for further future earnings contributions with the high quality and diversity of its customer base, and the internal structures that the company has created.

Expansion activities

The Group continued to consistently pursue its expansion path in the 2011 / 2012 fiscal year elapsed. Along with the expansion of its core market, further penetration of new markets, and the acquisition of internationally operating large-scale machining companies, remained the focus of the growth strategy.

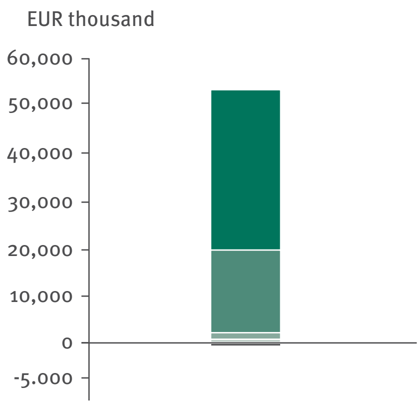
The constant further development of the Brazilian site represents one pillar of this strategy. The Brazilian subsidiary is growing very rapidly, and is continuously acquiring new customers. The management believes that the strong internal market within Brazil and the constant long-term growth rates in this country continue to provide strong foundations to further drive KROMI Logistik AG's growth. This subsidiary's continuous sales revenue growth underlines this trend.

A further part of this strategy is to concentrate resources where they can be deployed the most efficiently for the Group. In this connection, KROMI decided in the fiscal year elapsed to close the liaison office in Turkey, which it had previously maintained there. Although the Turkish market continues to offer great potential for KROMI Logistik, complex local structures tied up many internal resources, which will now be initially deployed in other established foreign markets. A future investment to be realised together with a local partner nevertheless remains an option for KROMI's corporate strategy.

II. Results of operations

In the 2011 / 2012 fiscal year, KROMI Logistik reported significant sales revenue growth of 37.3 % to EUR 52,465 thousand (previous year: EUR 38,213 thousand). This figure also reflects generally higher production levels at customers, and the Group's greater international orientation. Foreign-based customers accounted for 34.2 % of total revenue, compared with 22.5 % in the previous year.

Revenue distribution inland and foreign countries



	EUR thousand
Total revenues	**52,465**
Goods supplied, Germany	33,529
Goods supplied, international	17,279
Service supplied, Germany	1,377
Service supplied, international	646
Deductions from revenue	-366

KROMI reported significant sales revenue growth from customers in all of its four target sectors, in this context. Aerospace customers registered the highest revenue growth, at 50.5 %. KROMI also achieved significantly high growth rates of 36.2 % and 32 % respectively for the general mechanical engineering and automotive supply industries. These two segments are responsible for almost three quarters of total KROMI revenue, thereby accounting for a significant proportion of the Groups's strong revenue growth. Finally, revenue generated with customers from the machine engine construction sector reported a slow recovery, with KROMI Logistik registering 18 % growth. With an approximately 4 % revenue share, these customers nevertheless continue to play a somewhat subordinate role within the Group's customer mix.

In line with revenue growth, the **cost of materials** was also up from EUR 28,344 thousand to EUR 39,170 thousand. At the same time, the **cost of materials ratio** rose only slightly from 74.2 % to 74.7 %. The general growth in business operations is also noticeable in these key figures. By contrast, gross profit (excluding other operating income) reported a marked increase from EUR 9,869 thousand to EUR 13,295 thousand, due to the sales revenue growth. At 25.3 %, the **gross profit margin** was almost at the previous year's level of 25.8 %. This slight decline is due, firstly, to the significant growth of foreign business, where lower margins are generated due to historical reasons, and, secondly, to the expansion of business with internationally operating groups.

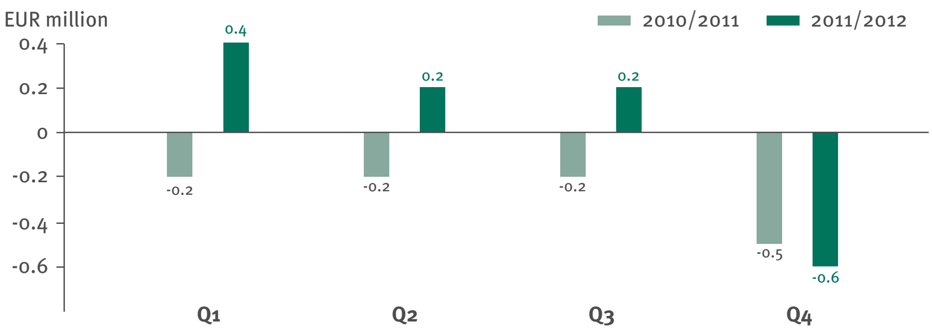
Along with the growth in the operating business, and the related greater demand for personnel, the higher valuation of existing pension provisions necessitated by IFRS also fed through to an increase in **staff costs** of EUR 283 thousands. This led to a total rise in staff costs by 25.8 % from EUR 6,041 thousand to EUR 7,599 thousand. The **staff cost ratio** fell significantly to 14.5 %, compared with 15.8 % in the previous year. The sharp growth in revenue is also evident in this connection.

Depreciation and amortisation was up from EUR 603 thousand in the previous year to EUR 718 thousand, which was especially due to depreciation applied to a higher number of KTCs acquired and set up at customers. **Other operating expenses** grew from EUR 5,072 thousand to EUR 5,946 thousand as a result of the business volume growth, and currency exchange-rate differences connected with the Brazilian subsidiary. Besides EUR 255 thousand additional expenses resulting from the exchange-rate translation valuation, part of this item was attributable to goods handling costs: here, costs for commercial representation, especially abroad, increased in line with business volume growth.

As a consequence, the Group reports EUR 168 thousand of **profit from operations** for the 2011 / 2012 fiscal year elapsed, thereby realising its targeted return to operational profitability. A loss of EUR -1,054 thousand was incurred in the previous year due to a higher level of investments in expanding the operating business. When adjusted for expenses not arising from unrealised valuation losses, operating earnings stood at EUR 706 thousand.

When deducting the net financial result and income taxes to be paid, the Group concluded the 2011 / 2012 fiscal year with a small **net loss** of EUR 210 thousand, compared with a marked loss of EUR -1,068 thousand in the previous year.

EBIT 2011 / 2012 on quarterly basis and compared to the previous year

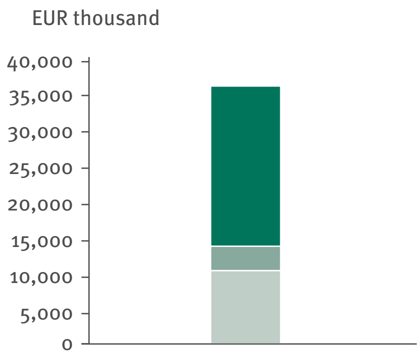


III. Net assets

The expansion of business operations was also noticeable in the year under review in terms of **total assets**, which rose to EUR 35,909 thousand as of the June 30, 2012 reporting date (June 30, 2011: EUR 32,593 thousand).

On the **equity and liabilities** side of the balance sheet, the company reported equity of EUR 22,330 thousand as of the June 30, 2012 balance sheet date, representing a slight decline compared with the previous year, especially due to the Group's net loss that was incurred (June 30, 2011: EUR 22,411 thousand). The equity ratio fell to 62.2 %, compared with 68.8 % as of June 30, 2011, as a result of the sharp increase in total assets.

Balance sheet structure – liabilities

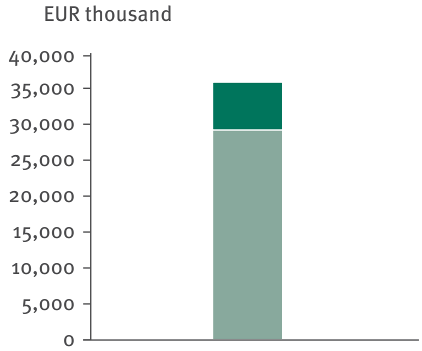


	EUR thousand
Total assets	**35,909**
Equity	22,330
Non-current liabilities	3,385
Current liabilities	10,194

The **liabilities** of KROMI Logistik consisting of provisions and other liabilities amounted to EUR 13,579 thousand as of the June 30, 2012 reporting date, reflecting a marked year-on-year increase (June 30, 2011: EUR 10,182 thousand). Of this amount, EUR 3,385 thousand was attributable to non-current assets (June 30, 2011: EUR 1,500 thousand), and EUR 10,194 thousand was attributable to current assets (June 30, 2011: EUR 8,682 thousand). Along with pension provisions, which underwent a marked increase from EUR 1,470 thousand to EUR 1,881 thousand due to the considerably lower interest rate applied, and the resultant lower discounting of future payments, non-current liabilities include, in particular, EUR 1,400 thousand of bank borrowings with residual terms of more than one year (June 30, 2011: EUR 0 thousand). This item reflects the financing of the Tarpenring 11 building. Current liabilities primarily consist of EUR 3,730 thousand of short-term bank borrowings (June 30, 2011: EUR 0 thousand), and **trade payables**. Trade payables were reduced significantly in the fiscal year elapsed from EUR 8,025 thousand to EUR 5,355 thousand. This was mainly attributable to effects related to the balance sheet date, which impacted the previous year, and catered for a disproportionate increase in the year under review.

On the assets side of the balance sheet, non-current assets, in particular, reported a marked increase. The rise in non-current assets from EUR 4,292 thousand to EUR 6,665 thousand predominantly arises from an increase in **property, plant and equipment**. The acquisition of the Tarpenring 11 building for EUR 1,550 thousand plus incidental costs, which was concluded during the fiscal year under review, and investments in KTCs necessitated by operating business growth, prompted this item to rise accordingly.

Balance sheet structure – assets



	EUR thousand
Total net assets	**35,909**
Non-current net assets	6,665
Current net assets	29,244

Current assets amounted to EUR 29,244 thousand, 3.3 % higher than at the end of the previous fiscal year (June 30, 2011: EUR 28,301 thousand). A further marked increase in **inventories**, which rose from EUR 11,386 thousand to EUR 15,587 thousand in line with operating business growth, was offset by a lower level of **liquid assets**, which fell from EUR 3,773 thousand to EUR 171 thousand. **Trade receivables** reported only a moderate increase from EUR 11,703 thousand to EUR 12,456 thousand. Due to an amendment to payment terms and an adjustment to receivables management, days of sales outstanding were reduced by around 23 %. This modification saved liquidity as a consequence.

IV. Liquidity and financial position

In the 2011 / 2012 fiscal year, **liquid assets** fell from EUR 3,773 thousand (June 30, 2011) to EUR 171 thousand, mainly due to the build-up of inventories, and further investments in corporate growth.

At EUR 19,050 thousand (June 30, 2011: EUR 19,619 thousand), **working capital** (current assets less current liabilities) continues to provide a strong and stable basis for KROMI Logistik‘s intended growth.

V. Principles and objectives of financial management

The financial management of KROMI Logistik AG is organised centrally at Group level. The company pursues value-oriented financial principles in order to secure liquidity at all times, and to minimise financial risks. The Group also aims for a balanced profile in terms of due dates and maturities. KROMI Logistik AG utilises the key figures of gross profit margin, sales revenue and earnings before interest and tax (EBIT) as central financial management metrics.

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

There are the following direct and indirect participating interests in the parent company's capital that exceed 10 % of voting rights, including the notices received by the company within the meaning of Section 15a of the WpHG.

		Number of voting rights	Interest of voting rights	Of which attribution according to Section 22 (1) of the Wertpapierhandels-gesetz (WpHG – German Securities Trading Act)	
				Interest	Held by:
1	Jörg Schubert	1,413,006	34.26 %	34.18 %	2, 3, 4, Schubert Vermögensverwaltung KG
2	Schubert & Caro Beteiligungs GmbH & Co. KG	1,110,013	26.91 %		
3	Tarpenring 11 Vermögensverwaltungs GmbH	1,290,013	31.27 %	26.91 %	2
4	Caro & Schubert Vermögensverwaltungsgesellschaft mbH	1,290,013	31.27 %	31.27 %	2,3
5	KROMI Beteiligungsgesellschaft mbH	720,000	17.45 %		
6	Investmentaktiengesellschaft für langfristige Investoren TGV	639,038	15.49 %		

Mr. Jörg Schubert resides at Quickborn, Germany. Bonn, Germany, is the location of the headquarters of Investmentaktiengesellschaft für langfristige Investoren, TGV. 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 indirectly.

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 Managing 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 be changed only 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 authorized to make changes to the articles of incorporation that affect only their wording.

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 authorized 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 2,062,000.00 through one or more issues of new no par value bearer shares against cash or non-cash capital contributions (Authorized Capital).

Shareholders are to be granted subscription rights. However, the Managing Board is authorized, 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 treasury shares that were sold during the term of the authorization 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 authorized, 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 authorized 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 et seq. of the German Stock Corporation Act (AktG), the shares acquired as a result of this authorization may not at any time exceed 10 % of the share capital. Treasury shares may be acquired via the stock market 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 authorizes the Managing Board, with the approval of the Supervisory Board, to sell the acquired shares through the stock market, through 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 authorized 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 authorization may only be utilised if it can be ensured that the number of shares to be sold as a result of this authorization, together with shares from authorized 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 authorized to retire the shares acquired as a result of this authorization 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 authorized to adjust the number of shares in the articles of incorporation.

The authorization 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 board members‘ extraordinary right of termination.

Remuneration report

The remuneration report summarizes the principles which 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 its future prospects while taking its comparable environment into account, with the aim of setting reasonable overall remuneration.

The company approved a new remuneration system for the Managing Board members in the 2011/2012 fiscal year, and implemented it through corresponding agreements with the Managing Board members. Accordingly, the Managing Board members are entitled to both fixed and annually variable compensation, and ancillary benefits. The latter are granted in a manner which is usual for the market and for corporations. These include the provision of company cars and accident insurance protection. Such benefits are taxed if they are deemed to comprise monetary benefits.

The Supervisory Board regularly reviews and determines the structure of the Managing Board compensation scheme, and the appropriateness of the remuneration. The new compensation scheme, which was approved in the year under review, is based on the following requirements:

- individually appropriate compensation for each Managing Board member,
- orientation to sustained corporate growth,
- a split between fixed and variable components,
- a multi-year measurement basis,
- inclusion of both positive and negative developments,
- orientation to relevant and demanding targets and key metrics,
- limitation to the variable compensation, and
- the possibility for the Supervisory Board to respond to extraordinary developments.

For all member of the Managing Board an individual target salary is defined and a percentage share of this is specified, which forms the basis for calculation of the variable component. The level of the variable component takes into account existing and other regulations within the company, normal market compensation, and the recommendations of the German Corporate Governance Code. Accordingly, the variable component at KROMI Logistik AG is limited to a maximum of 25 % of fixed salary if the target is 100 % achieved.

In view of the objective of continuing to develop KROMI Logistik AG as a profitable growth company, and to thereby pursue a corporate finance policy which is based on a strong equity position, meaningful key metrics relating to profitability and the company's growth are used as the basis to measure corporate success and profitability from which the level of the Managing Board members' variable compensation is derived. Earnings before tax (EBT) as a ratio of sales revenue is applied as an appropriate profitability metric in this sense. Year-on-year sales revenue growth is used as the key indicator for growth. At the start of each fiscal year, expected figures are agreed as targets for both key metrics, as well as margins of tolerance, which delineate the scope of normal business progress.

The Managing Board members' variable compensation is determined on this basis after the conclusion of the fiscal year, depending on the level of actual target attainment. In this case, a limit of -100 % to +300 % to the respective agreed variable compensation component applies. In other words, the variable compensation can amount to a minimum of „0.00", and the maximum to three times the relevant amount for 100 % target attainment.

Following a transition phase until the 2013 / 2014 fiscal year, which is a condition included in the structure of the compensation model, the variable payments for each fiscal year are paid in three partial payments, the first of which is rendered in the fiscal year which follows the fiscal year that is measured. Both the second and third partial payments are rendered annually in the following two fiscal years, but their level is subject to further dependency on sustained corporate success and profitability since the average degree of total target attainment which is based on a moving average over a three-month observation period is applied as an additional measurement factor.

If a penalty arises for a fiscal year, such a penalty is offset with claims that have not yet been paid out – primarily from previous years, but also from subsequent years, if required – until it has been completely offset. If a loss is determined for a fiscal year, no payments are rendered in the following year. The payments which are postponed as a consequence are not rendered until the year after the next fiscal year for which a profit is reported.

In the 2011 / 2012 fiscal year, Mr. Jörg Schubert acted as Managing Board Chairman (CEO), and Mr. Uwe Pfeiffer as Chief Financial Officer (CFO) on the Managing Board of KROMI Logistik AG, as well as, from January 1, 2012, and as a result of a corresponding expansion of the Managing Board, Mr. Bernd Paulini and Mr. Axel Schubert, who have been managers within the company for many years, and to whom the divisional responsibilities of technology and products, and of IT and administration, respectively, were transferred. Total compensation paid to Managing Board members for the 2011 / 2012 fiscal year amounted to EUR 1,094 thousand (previous year: EUR 670 thousand). Individual details on the remuneration of the members of the Managing Board, in particular person-by-person information about remuneration, can be found in the notes.

In addition to the total remuneration detailed above, payments are made in the event that the employment relationship is discontinued. Please also refer to the information contained in the notes to the consolidated financial statements.

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 one and a half times the standard remuneration for Supervisory Board members. In fiscal 2011 / 2012, the remuneration for members of the Supervisory Board totalled EUR 64 thousand. Details of the Supervisory Board‘s remuneration can be found in the notes.

Opportunities and 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 accounting. With regard to the accounting process, the risk management system aims to identify and measure risks that counter the aim of ensuring that the single-entity financial statements comply with regulations. Recognized risks are measured with regard to their impact on the single-entity financial statements. In this connection, the internal controlling system aims to provide sufficient security by implementing corresponding controls to ensure that the single-entity 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 organizational, technical and commercial workflows in the Group. 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, comprise key control elements in accounting. 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 at an early stage any operating and financial risks that may jeopardize the company as a going concern and to also 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 which 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 2012 / 2013:

- 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 company has identified the following key risks:

Liquidity risk / interest-rate risk

KROMI Logistik AG's business model necessitates the provision of working capital. Prudent liquidity management requires that sufficient liquidity reserves be held. Both short-term rolling liquidity planning and medium-term financial planning are utilised to calculate the liquidity required. These instruments allow financial requirements to be coordinated and covered on time with lending banks.

The company currently identifies no risk from sustainable interest-rate risks within the Eurozone. By way of precaution, however, a EUR 1.5 million interest-rate swap was concluded in the period under review, which serves to hedge the purchase price financing for the Tarpenring 11 building.

Risk of receivables default / risk of customer insolvency

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 AG. 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 insolvency, the company 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, which has now been tightened still further, all receivables are subject to a weekly review by the Managing Board and the financial management department and, if necessary, clarified in a personal discussion with the customer.

Merchandise risks / warehouse risks

When establishing a new business relationship, KROMI first takes over the customers' existing tool inventories and successively uses these in the dispenser supply. By this, KROMI bears the financing risk.

KROMI Logistik's systems are set up to analyze past tool consumption and to utilise this information to derive data for needs-based repurchasing, 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 becomes insolvent.

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 industrial 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 in turn 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 alliances 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 through 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 results in risks with regard to the availability, reliability and stability of business processes as well as the confidentiality of data, which 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 within KTC supply ensures that KTC dispenser supply is permanently guaranteed for the customer in the event of a defect or temporary server downtime. Data losses are avoided through 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 since customers often lack tooling knowledge. KROMI Logistik also offers such expertise.

Multinational customer structure

The internationalisation of KROMI Logistik AG‘s customer structure offers continuous growth potential. KROMI Logistik AG 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 AG 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 which 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 company 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

There were no notable events that occurred after the end of the reporting period.

Outlook

KROMI Logistik AG's 2011 / 2012 fiscal year elapsed was characterised by significant sales revenue growth and a return to operational profitability.

KROMI Logistik takes a generally positive view of business trends over the coming years, assuming that there is no excessive weakening in the global economy. Although, from today's perspective, current upsets on international capital markets will slow the growth of the global economy, some forecasts continue to regard a short-term phase of recession as possible. Although production planning conveyed by customers is somewhat moderate for the coming months, KROMI Logistik does not anticipate a sharp slowdown in the generally positive trend within the tool management business. As a consequence, the Managing Board is assuming that in the 2012 / 2013 fiscal year it will again achieve significant sales revenue growth in the double-digit percentage range. Along with this, KROMI aims for a continuous improvement in medium-term operating profitability, despite the investments in expanding the Group which are connected with the sales revenue growth. The economy, and consequently the production levels of KROMI customers, plays a decisive role in earnings growth. Growing internationalisation, and the attendant more complex customer structures, will also impact earnings trends. Should all of these factors develop positively, the Managing Board is also aiming to boost the EBIT margin in the current fiscal year as part of its gradual and positive growth strategy. As a consequence, the EBIT margin will prospectively remain within the lower single-digit percentage range in the current fiscal year.

Due to the projects and strategic alliances which are underway, as well as the revenues that these will generate, it should be possible to constantly increase the volume of business in 2013 / 2014. In this context, too, the precondition is nevertheless that the global economy remains stable. The Managing Board will continue its strategy of targeting investments in new customers and markets. Along with the controlled expansion of sales volumes, profitability will also form a particular focus in the future. Thanks to adjustments made over the past years, KROMI Logistik AG is also internally optimally positioned to meet the greater challenges posed by growing internationalisation, and to consequently adopt a path of sustainable and profitable growth.

Hamburg, August 31, 2012

Management Board of the KROMI Logistik AG

Jörg Schubert Uwe Pfeiffer Bernd Paulini Axel Schubert

With KROMI the customer always has the adequate tool available.

Consolidated balance sheet according to IFRS as of June 30, 2012

Assets	Notes	June 30, 2012	June 30, 2011
Non-current assets			
Intangible assets	4.1.1.	339	284
Other property, plant and equipment	4.1.1.	4,709	2,669
Other non-current assets	4.1.2.	1,460	1,320
Deferred taxes	4.4.4.	157	19
Total non-current assets		**6,665**	**4,292**
Current assets			
Inventories	4.2.1.	15,587	11,386
Trade receivables	4.2.2.	12,456	11,703
Other current receivable	4.2.3.	1,004	1,375
Income tax assets	4.2.4.	26	64
Cash and cash equivalents	4.2.5.	171	3,773
Total current assets		**29,244**	**28,301**
		35,909	**32,593**

In EUR thousand (unless otherwise stated)

Liabilities	Notes	June 30, 2012	June 30, 2011
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
Reserve for cash flow hedges	4.3.4.	-48	0
Net retained profits		1.157	1.358
Currency translation	4.3.5.	104	-64
Minority interests	4.3.6.	-14	-14
Total equity		**22.330**	**22.411**
Total non-current liabilities			
Provisions for pensions and other post employment benefits	4.4.1.	1.881	1.470
Non-current interest-bearing loans	4.4.2.	1.400	0
Other non-current liabilities	4.4.3.	71	0
Deferred taxes	4.4.4.	33	30
Total non-current liabilities		**3.385**	**1.500**
Current liabilities			
Income tax liabilities	4.5.1.	267	126
Short-term interest-bearing loans	4.5.2.	3.730	0
Trade payables	4.5.3.	5.355	8.025
Other current liabilities	4.5.4.	842	531
Total current liabilities		**10.194**	**8.682**
		35.909	**32.593**

In EUR thousand (unless otherwise stated)

Consolidated income statement according to IFRS from July 1, 2011 to June 30, 2012

	Notes	Jul 1, 2011 to Jun 30, 2012	Jul 1, 2010 to Jun 30, 2011
Revenue	5.1.	**52,465**	**38,213**
Other operating income	5.2.	1,136	793
Cost of materials	5.3.	39,170	28,344
Staff costs	5.4.	7,599	6,041
Depreciation / amortisation	4.1.1.	718	603
Other operating expenses	5.5.	5,946	5,072
Profit from operations		**168**	**-1,054**
Finance costs	5.6.	157	103
Other financial income	5.7.	100	83
Earnings before tax		**111**	**-1,074**
Income taxes	5.8.	321	-6
Company net loss / profit		**-210**	**-1,068**
Consolidated net income due to shareholders of KROMI Logistik AG		-201	-1,058
Consolidated net income due to minority interests		-9	-10
Earnings per share	11.		
Shareholders' consolidated earnings in EUR		-200,941	-1,057,950
Number of shares (weighted average for the fiscal year)		4,124,900	4,124,900
Earnings per share in EUR (undiluted and diluted)		**-0.05**	**-0.26**

In EUR thousand (unless otherwise stated)

Statement of income and accumulated earnings according to IFRS from July 1, 2011 to June 30, 2012

	Jul 1, 2011 to Jun 30, 2012	Jul 1, 2010 to Jun 30, 2011
Company net loss	**-210**	-1,068
Other comprehensive income		
Income and expenses recognised directly under equity		
Loss from cash flow hedges	-71	0
Income tax effects	23	0
	-48	**0**
Foreign currency translation consolidated subsidiaries	168	-3
Other comprehensive income after taxes	**120**	**-3**
Consolidated net income	**-90**	**-1,071**
Consolidated net income due to shareholders of KROMI Logistik AG	-83	-1,061
Consolidated net income due to minority interests	-7	-10

In EUR thousand (unless otherwise stated)

Consolidated cash flow statement according to IFRS from July 1, 2011 to June 30, 2012

		Jul 1, 2011 to Jun 30, 2012	Jul 1, 2010 to Jun 30, 2011
Cash flow from operating activities			
	Consolidated earnings before interest and taxes (EBIT)	168	-1,054
+	Amortisation / depreciation	718	603
–	Increase in other non-current receivables	-140	-193
+	Increase / decrease in provisions for pensions (without interest share)	329	61
–/+	Change in net current assets	-6,760	-4,785
+	Interest received	100	83
–	Interest paid	-75	-31
+/–	Income taxes paid / received	-254	-40
Net cash from operating activities		**-5,914**	**-5,356**
Cash flow from investing activities			
–	Payments for the acquisition of non-current assets	-2,813	-875
Net cash used in investing activities		**-2,813**	**-875**
Cash flow from financing activities			
	Cash inflow from minority shareholders as part of cash capital increase	7	0
–	Payout of dividends	0	-619
+	Cash inflow from borrowings	5,130	0
–	Payments for the repayment of lease liabilities	0	-10
Net cash used in financing activities		**5,137**	**-629**
	Cash change in cash and cash equivalents	-3,590	-6,860
+	Exchange-rate related change in cash and cash equivalents	-12	-3
+	Cash and cash equivalents – start of period	3,773	10,636
Cash and cash equivalents – end of period		**171**	**3,773**

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 2011 / 2012

	Subscribed capital	Share premium	Retained earnings	Reserve for cash flow hedges	Net retained profits	Currency translation	Minority interests	Equity
Notes	4.3.1.	4.3.2.	4.3.3.	4.3.4.		4.3.5.	4.3.6.	
Balance as of Jul 1, 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
Other comprehensive income	-	-	-	-	-	-3	-	-3
Consolidated net income	-	-	-	-	-1,058	-3	-10	-1,071
June 30, 2011 / July 01, 2011	**4,125**	**15,999**	**1,007**	**0**	**1,358**	**-64**	**-14**	**22,411**
Capital increase subsidiary	-	-	-	-	-	-	7	7
Company net loss	-	-	-	-	-201	-	-9	-210
Other comprehensive income	-	-	-	-48	-	168	2	122
Consolidated net income	-	-	-	-48	-201	168	-9	-90
Balance as of June 30, 2012	**4,125**	**15,999**	**1,007**	**-48**	**1,157**	**104**	**-14**	**22,330**

In EUR thousand (unless otherwise stated)

Notes to the consolidated financial statements for the 2011 / 2012 fiscal year from July 1, 2011 to June 30, 2012

1. Introduction

KROMI Logistik operates in the wholesaling and retailing of machining tools and associated services. It mostly focuses on customers in the machining metal-working segment which have a high demand for tools. These include, in particular, automotive suppliers, companies in the aerospace sector, and companies 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 recognized principles of International Financial Reporting Standards (IFRS) as of June 30, 2012, and has applied all of the International Accounting Standards (IAS) and IFRS approved by the International Accounting Standards Board (IASB) prior to June 30, 2012, 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.

These consolidated financial statements generally apply the purchase cost principle. Derivative financial instruments, which are measured at fair value, represent an exception to this. 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, 2012 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, 2011.

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 which are required according to Section 315a of the German Commercial Code (HGB), and 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 summarized 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, 2012, 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 2011 / 2012 fiscal year had no, or no significant, effects on the company's consolidated financial statements:

- IAS 24* Related Party Disclosures (from January 1, 2011)
- IAS 32* Financial Instruments: Presentation (amended) (from January 1, 2011)
- IFRS 7* Financial Instruments: Disclosures (from July 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)
- IFRIC 14* Prepayments of a Minimum Funding Requirement (from January 1, 2011)

In addition, the following standards were passed by the IASB and the following interpretations were passed by the IFRIC, however these were not applied in the consolidated financial statements as of June 30, 2012 as these have not yet been endorsed by the European Commission, or for which application is only mandatory in subsequent fiscal years.

- 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)
- 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, 2015)

* Amendments

- 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)
- IFRS 7* Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities (from January 1, 2013)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (from January 1, 2013)
- IFRS 1* Government Loans (from January 1, 2013)
- IAS 32* Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities (from January 1, 2014)
- IFRS 7* and IFRS 9* Disclosures: Effective Date and Transition (from January 1, 2015)

KROMI will not apply these standards and interpretations until application is mandatory, and the European Commission has endorsed them. According to current appraisal, their future application will have no 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.

* Amendments

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 recognized in income.

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 subsidiaries are translated to the reporting currency using the rate 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, 2012	June 30, 2011
Exchange rate on balance sheet date	2.58	2.26
Annual average exchange rate	2.39	2.28

Currency translation differences in the individual financial statements and from the consolidation of receivables, liabilities, expenses and income resulted in expenses that are recognized in income totalling EUR 346 thousand (previous year: income of EUR 12 thousand).

3. Summary of key accounting methods

3.1. Consolidated balance sheet items

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

Acquired **goodwill** relates to the transfer of intangible assets from Tarpenring 11 Vermögensverwaltungsgesellschaft mbH. Scheduled amortization is not applied to goodwill according to IAS 38, but is tested for impairment at least once per year. All impairments are expensed immediately.

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 capitalized in the consolidated financial statements is tested for impairment at the total company level of KROMI Logistik AG. This assessment is based on a five-year forecast horizon. No impairment was applied to goodwill as a result of impairment testing.

Expenses for **research and development activities** that can be capitalized 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 straight-line depreciation is applied over its useful life.

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

	Useful life in years	Depreciation rate
Buildings	33	3 %
Other property, plant and equipment	1 - 10	10 % - 100 %

Other non-current receivables include reinsurance policies taken out to finance issued pension commitments which do not comprise qualified insurance policies, and bank balances pledged to cover pension commitments. The reinsurance policies 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 recognized in profit and loss under other operating income or other operating expenses.

Merchandise stocks are carried under **inventories**. Inventories are carried at cost, if necessary taking into account a lower net realizable value on the balance sheet date. The first-in-first-out (FIFO) inventory measurement method is applied. Apart from the rights of retention customary in the industry, inventories are not subject to third-party rights.

Trade receivables are carried at amortized cost, which as a rule corresponds to their nominal values, taking into account all recognizable risks. Specific valuation allowances 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 when the financial statements are prepared. When payments are classified as unlikely, such risk is reflected through percentage valuation discounts (specific valuation allowances). The Managing Board believes that the valuation allowances provide sufficient cover for the existing risks. It is impossible to estimate or state a range of event probabilities and risks.

Other current assets and **income tax claims** are carried at amortized 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 derecognized 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 almost exclusively to KROMI Logistik AG. The corporation tax for domestic companies in Germany totalled 15.0 % in the period under review. 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 (previous year: 32.0 %).

A differentiation is made between tax claims (deferred assets) and tax liabilities (deferred liabilities). They are generally deemed to be non-current pursuant to IAS 1.70. Deferred tax assets resulting from tax loss carryforwards are capitalized 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 their functional currencies to euro. These differences are taken directly to equity.

In accordance with IAS 37, **provisions** are formed for all recognizable 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, it is carried under liabilities. As in the previous year, no provisions were consequently required in fiscal 2011 / 2012.

Liabilities are carried at amortized cost taking the effective interest method into account. As a rule this corresponds to the repayment amount.

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

With the exception of one derivative financial instrument, which was designated as a hedging instrument, and which is effective as such, financial liabilities in the KROMI Group are exclusively allocated to the categories „loans and receivables“ and „financial liabilities at amortized cost“ according to IAS 39.

KROMI utilises a derivative financial instrument in the form of an interest-rate swap in order to hedge against interest-rate risks (cash flow hedge). This derivative financial instrument was recognised at fair value on the date when the contract was entered into, and is remeasured at fair value in subsequent periods. Derivative financial instruments are recognised as financial assets if their fair value is positive, and as financial liabilities if their fair value is negative. The negative fair value of the interest-rate swap was reported as a financial liability as of June 30, 2012.

At the start of hedging, both the hedging relationship and the Group‘s risk management objectives and strategy relating to the hedging were formally determined and documented. This documentation includes determining the hedging instrument, the underlying transaction and the type of risk hedged, as well as a description of how the company values the efficacy of the hedging instrument‘s fair value changes in compensating the risks arising from changes to the cash flows of the hedged transaction, which relate back to the hedged risk. The interest-rate swap was appraised as highly effective.

Gains or losses arising from changes to the fair value of the interest-rate swap are reported in other comprehensive income, within the cash flow hedging reserve.

The amounts reported in other comprehensive income are rebooked to the income statement in the period in which the hedged transaction affects net income, in other words, when the hedged interest expenses are reported.

The interest-rate swap was fully classified as non-current in line with the total term of the hedged loan, and taking into account materiality aspects.

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 recognized 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 recognized when the customers remove the merchandise. Income from services is recognized when the respective service is performed. Revenues are measured in the amount of the income received.

The cost of materials is recognized as soon as the merchandise is sold or written off due to a lack of value. Materials are measured in the amount of the original purchase prices. Impairments to non-current assets and receivables are recognized as soon as the impairment has occurred. Scheduled amortisation / depreciation is calculated based on normal useful lives, and valuation allowances are applied to receivables in line with the prospective 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.

Borrowing costs are expensed in the period in which they are incurred. The company did not incur borrowing costs which can be directly allocated to the purchase, construction or production of a qualified asset. Borrowing costs comprise interest payments and other costs which a company incurs in connection with the drawing down of borrowings.

By way of divergence from the previous year, EUR 345 thousand (previous year: EUR 378 thousand) of charges and taxes levied in Brazil in connection with the sale of merchandise are reported in other operating expenses, and not among the cost of materials as in the previous year, since this is a more appropriate presentation. The comparable prior-year figures were adjusted accordingly.

3.3. Employee benefits from pension plans

If defined-benefit plans for employees exist, they 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 recognized in profit and loss in full in the year in which they arise. The current 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, 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. Currency translation

There were only minor amounts of liabilities in foreign currency on the balance sheet dates. The company has no receivables denominated in foreign currencies.

3.5. 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.

3.6. 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 allowances of EUR 885 thousand had been applied to trade receivables (previous year: EUR 1,176 thousand). No impairment adjustments were required for inventories, as in the previous year. 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 and 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	Other	Land and buildings	Other property, plant and equipment
Cost on 01 / 07 / 2011	150	236	1,453	4,902
Currency differences	0	0	0	0
Additions - individual acquisitions	0	161	1,629	1,023
Disposals	0	-7	0	0
Reclassifications	0	0	0	0
Cost on 30 / 06 / 2012	**150**	**390**	**3,082**	**5,925**
Amortisation / depreciation on 01 / 07 / 2011	0	102	62	3,625
Currency differences	0	0	0	0
Additions	0	106	37	575
Disposals	0	-7	0	0
Reclassifications	0	0	0	0
Amortisation / depreciation on 30 / 06 / 2012	**0**	**201**	**99**	**4,200**
Carrying amount on 01 / 07 / 2011	150	134	1,391	1,278
Carrying amount on 30 / 06 / 2012	**150**	**189**	**2,983**	**1,725**

in EUR thousand	Intangible assets Goodwill	Other	Assets from finance leases	Land and buildings	Other property, plant and equipment
Cost on 01 / 07 / 2010	150	133	59	1,453	4,077
Currency differences	0	0	0	0	0
Additions - individual acquisitions	0	135	0	0	735
Disposals	0	0	0	0	0
Reclassifications	0	-32	-59	0	91
Cost on 30 / 06 / 2011	**150**	**236**	**0**	**1,453**	**4,903**
Amortisation / depreciation on 01 / 07 / 2010	0	52	34	28	3,077
Currency differences	0	0	0	0	-5
Additions	0	54	0	34	515
Disposals	0	0	0	0	0
Reclassifications	0	-4	-34	0	38
Amortisation / depreciation on 30 / 06 / 2011	**0**	**102**	**0**	**62**	**3,625**
Carrying amount on 01 / 07 / 2010	150	81	25	1,425	1,000
Carrying amount on 30 / 06 / 2011	**150**	**134**	**0**	**1,391**	**1,278**

Intangible assets include software in the amount of EUR 189 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, scheduled amortization is not applied to goodwill, and no impairment was reported.

In the schedule of non-current assets in the previous year, the assets from finance leases item related to the carrying amounts of merchandise dispensers (KTC dispensers) installed at customers' facilities, which are financed through finance lease agreements. These agreements had already fully expired in the course of the previous fiscal year. New finance lease agreements were not entered into.

Other property, plant and equipment relates to KTC dispensers and general office equipment, including office furniture, computers and vehicles.

Bank borrowings of EUR 1,579 thousand are collateralised through land charges on property.

4.1.2. Other non-current receivables

This item exclusively comprises EUR 848 thousand (previous year: EUR 1,320 thousand) of re-insurance concluded to finance the pension commitments made. These do not constitute qualified insurance policies within the meaning of IAS 19. The item also includes EUR 612 thousand (previous year: EUR 0 thousand) of bank balances pledged to cover pension commitments.

The reinsurance policies changed as follows in the year under review:

	Present value of asset	
in EUR thousand	**June 30, 2012**	**June 30, 2011**
Balance at start of period	**1,320**	**1,127**
Expected return	41	36
Contributions paid by employer	97	185
Payments rendered	-596	0
Balance at end of period (expected)	**862**	**1,348**
Actual return	27	8
Expected return	41	36
Actuarial gains (+) / losses (-) resulting and amortised during the period	-14	-28
Balance at end of period (actual)	**848**	**1,320**

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 experience adjustments changed as follows:

in EUR thousand	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
Present value of re-insurance	848	1,320	1,127	945	770
Actuarial gains (+) / losses (-) resulting and amortised during the period	-14	-28	-31	-28	-23

Insurance policies of EUR 596 thousand were due for payment in the 2011 / 2012 fiscal year, and were deposited in pledged bank accounts in order to further cover the pension commitments.

4.2. Current assets

4.2.1. Inventories

As of June 30, 2012, there were no inventories recognised at net realisable value, as in the previous year. There were no impairments to inventories reported in the 2011 / 2012 fiscal year, as in the previous year.

4.2.2. Trade receivables

Composition:

in EUR thousand	June 30, 2012	June 30, 2011
Gross receivables	13,341	12,879
Less write-downs	-885	-1,176
	12,456	**11,703**

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 valuation allowances for trade receivables totalled EUR 60 thousand in the fiscal year (previous year: EUR 21 thousand). Valuation allowances and reversals of valuation allowances changed as follows:

in EUR thousand	Individual write-downs
As of 30 / 06 / 2010	**1,396**
Additions through profit and loss	21
Used / reversed	241
As of 30 / 06 / 2011	**1,176**
Additions through profit and loss	60
Used / reversed	351
As of 30 / 06 / 2012	**885**

Trade receivables were hedged in the amount of EUR 3,874 thousand on the balance sheet date through credit insurance (previous year: EUR 4,189 thousand). The deductible in the amount of a claim is 15 % to 25 %.

The term structure of the trade receivables on June 30, 2012 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 / 2012	12,456	51	12,405	10,396	1,940	42	16	11	2,009
As of 30 / 06 / 2011	11,703	111	11,592	8,557	2,461	466	75	33	3,035

On the balance sheet date, receivables of EUR 2,009 thousand (previous year: EUR 3,035 thousand) were overdue and had not been written down. Of the overdue not unimpaired receivables, receivables in an amount of EUR 1,957 thousand had been received at the time when this annual report was prepared. The non-overdue receivables have retained their value in the management's assessment.

The carrying amounts of the gross trade receivables (before specific valuation adjustments) are denominated in the following currencies:

in EUR thousand	June 30, 2012	June 30, 2011
Receivables in EUR	12,784	12,646
Receivables in BRL	557	233
	13,341	**12,879**

4.2.3. Other current receivables

Composition:

in EUR thousand	June 30, 2012	June 30, 2011
Value added tax	538	912
Prepaid expenses	204	147
Advances to commercial representatives	119	220
Deferred bonus payments	47	35
Creditors in debit	11	4
Other	85	57
	1,004	**1,375**

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, 2012	June 30, 2011
Corporate income tax	21	21
Trade tax	5	43
	26	64

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 0 thousand; previous year: EUR 2,544 thousand), current account balances and cash in hand (EUR 171 thousand; previous year: EUR 1,229 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 reflected by special features that are unique to the company.

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

in EUR thousand	June 30, 2012	June 30, 2011
Cash and cash equivalents in EUR	151	3,674
Cash and cash equivalents in BRL	1	97
Cash and cash equivalents in CZK	19	2
	171	3,773

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, 2012	June 30, 2011
Subscribed capital	4,125	4,125
Capital reserves	15,999	15,999
Retained earnings	1,007	1,007
Balance sheet profit	1,157	1,358
Reserve for hedging cash flows	-48	0
Adjustment item from currency translation	104	-64
Equity due to shareholders	22,344	22,425
Minority interests	-14	-14
	22,330	22,411

4.3.1. Subscribed capital and authorized capital

KROMI Logistik AG's subscribed capital totalled EUR 4,124,900 on June 30, 2012 (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 one vote at the General Meeting.

By way of a resolution by the General Meeting on December 8, 2009, the Managing Board was authorized, 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 (Authorized 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. Cash flow hedging reserve

This reserve item includes the negative fair value of an interest-rate swap which was designated as a hedging instrument, and which is effective as such, less related deferred tax.

4.3.5. Adjustment item for currency translation

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.

4.3.6. 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.

4.3.7. 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 62.2 % as of June 30, 2012 (previous year: 68.8 %).

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 utilisation of credit lines during the year under review. A property acquisition was financed using a long-term (non-current) loan.

4.4. Non-current liabilities

4.4.1. Pension provisions

This item relates to defined-benefit commitments for fixed pensions to five active employees. The 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, 2012**	**June 30, 2011**
Balance at start of period	**1,470**	1,337
Ongoing service cost	46	92
Interest expenses	82	72
Expense for pension benefit	**128**	164
Balance at end of period (expected)	**1,598**	1,501
Actuarial gains (-) / losses (+) resulting and amortised during the period	283	-31
Balance at end of period (actual)	**1,881**	1,470

The following actuarial assumptions were applied when calculating the provision:

in % p.a.	**June 30, 2012**	**June 30, 2011**
Discount Rate	4.30	5.60
Future pension increases	1.00 - 2.00	1.00 - 2.00
Anticipated employee turnover	0.00	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, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
Present value of defined benefit obligations	1,881	1,470	1,337	1,064	932
Actuarial gains (+) / losses (–) resulting and amortised during the period	283	-31	129	-1	-136

A total of EUR 291 thousand was paid to statutory or state pension plans for defined contribution plans in the 2011 / 2012 fiscal year (previous year: EUR 388 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 98 thousand was reported as expenses for these benefit commitments (previous year: EUR 123 thousand). The benefit commitments do not result in any assets and liabilities that should be allocated to the Group.

4.4.2. Non-current interest-bearing loans

In order to finance a property acquisition, a EUR 1,500 thousand loan with a term until June 30, 2022 was taken out in the 2011 / 2012 fiscal year. This loan is collateralised with land charges. Repayment is on a quarterly basis in an amount of EUR 25 thousand. The short-term portion of the loan in an amount of EUR 100 thousand is reported among current interest-bearing loans. The variable interest rate is 3-month EURIBOR +1.05 %, which is hedged through an interest-rate swap (EEC other non-current liabilities). The interest payments are due quarterly.

4.4.3. Other non-current liabilities

KROMI utilises a derivative financial instrument in the form of an interest-rate swap in order to hedge against interest-rate risks (cash flow hedge). The nominal capital amount is EUR 1,500 thousand. On the basis of the agreement, the Group makes a quarterly fixed interest payment of 2.3 % of the nominal capital amount, and receives a variable interest rate equivalent to 3-month EURIBOR.

This derivative financial instrument was recognised at fair value on the date when the contract was entered into, and is remeasured at fair value in subsequent periods. The negative fair value of the interest-rate swap (EUR 71 thousand) is calculated using the mark-to-market method, and was reported as a financial liability as of June 30, 2012. The interest-rate swap was fully classified as non-current in line with the total term of the hedged loan, and taking into account materiality aspects.

4.4.4. 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, 2012	June 30, 2011
Deferred tax assets		
Pension provisions	134	17
Interest-rate swap (cash flow hedge)	23	0
Loss carryforwards	0	2
	157	**19**
Deferred tax liabilities		
Goodwill	17	14
Other property, plant and equipment	16	16
	33	**30**

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

4.5. Current borrowings

4.5.1. Liabilities from income taxes

The tax liabilities primarily relate to taxes on income assessed by the German tax authorities for the 2011 / 2012 fiscal year, and arrears which arose due to the tax audit conducted in calendar year 2012, which related to the 2007-2010 years.

Composition:

in EUR thousand	June 30, 2012	June 30, 2011
Corporate tax	118	52
Corporation tax for previous years	9	0
Trade tax	119	74
Trade tax for previous years	7	0
Tax liabilities in Brazil	14	0
	267	**126**

4.5.2. Current interest-bearing loans

Composition:

in EUR thousand	June 30, 2012	June 30, 2011
Commerzbank – money market loan –	2,000	0
HypoVereinsbank – Euro loan –	1,000	0
Commerzbank – current account –	304	0
HypoVereinsbank – current account –	326	0
HypoVereinsbank – property funding –	100	0
	3,730	**0**

The money market loan and the current accounts are due on demand. The interest rate lay between 2.71 % and 6.99 % as of June 30, 2012. The euro loan carries a term until September 30, 2012, and 2.56 % interest.

4.5.3. Trade accounts payable

Liabilities from deliveries of goods received are carried under trade payables. These are due for payment after the balance sheet date. The supplier payables do not carry interest, and are all due within between one and three months.

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

in EUR thousand	June 30, 2012	June 30, 2011
Liabilities in EUR	5,040	7,705
Liabilities in BRL	315	320
	5,355	**8,025**

4.5.4. Other current liabilitie

Composition:

in EUR thousand	June 30, 2012	June 30, 2011
Personnel-related deferrals	494	206
Tax liabilities	134	177
Liabilities as part of social security	48	50
Other	166	98
	842	531

Personnel-related deferrals mostly relate to bonuses and outstanding vacation entitlements. Tax liabilities arise mainly from current payroll accounting.

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

5. Notes to the consolidated income statement

5.1. Revenue

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

in EUR thousand	July 1, 2011 – June 30, 2012	July 1, 2010 – June 30, 2011
Deliveries – Germany	33,529	27,475
Deliveries – abroad	17,279	9,329
Services – Germany	1,377	1,266
Services – abroad	646	410
Sales allowances	-366	-267
	52,465	**38,213**

Revenue of BRL 6,782 thousand (EUR 2,838 thousand) was generated in Brazil in the 2011 / 2012 fiscal year (previous year: BRL 3,047 thousand / EUR 1,336 thousand).

5.2. Other operating income

Composition:

in EUR thousand	July 1, 2011 – June 30, 2012	July 1, 2010 – June 30, 2011
Cost allocations to related companies	464	471
Benefits in kind – vehicles	233	227
De-recognition of outdated liabilities	160	0
Income from written-down receivables	119	26
Rent	46	46
Income from exchange differences	0	1
Other	114	22
	1,136	**793**

5.3. Cost of materials

Composition:

in EUR thousand	July 1, 2011 – June 30, 2012	July 1, 2010 – June 30, 2011
Materials utilised	39,931	28,760
Purchased services	141	126
Other	0	23
Less discounts	-680	-455
Less bonus payments	-222	-110
	39,170	**28,344**

5.4. Staff costs

Composition:

in EUR thousand	July 1, 2011 – June 30, 2012	July 1, 2010 – June 30, 2011
Wages and salaries	6,113	5,009
Social security and retirement benefits	1,486	1,032
	7,599	**6,041**

During the fiscal year from July 1, 2011 to June 30, 2012 the Group employed an average of 118 staff (previous year: 99), in addition to the members of the Managing Board. As of June 30, 2012 the Group employed a total of 123 staff including the members of the Managing Board (previous year: 108).

5.5. Other operating expenses

Composition:

in EUR thousand	July 1, 2011 – June 30, 2012	July 1, 2010 – June 30, 2011
Selling expenses	3,170	2,960
Operating costs	1,362	1,318
Administrative expenses	772	558
Expenses arising from currency differences	346	12
Additions to valuation allowances for receivables	9	0
Miscellaneous	287	224
	5,946	**5,072**

5.6. Financial expenses

Composition:

in EUR thousand	July 1, 2011 – June 30, 2012	July 1, 2010 – June 30, 2011
Interest on pension commitments	82	72
Miscellaneous interest expenses	75	31
	157	**103**

5.7. Other financial income

In the year under review, other financial income exclusively comprised EUR 100 thousand of interest income from current accounts (previous year: EUR 83 thousand).

5.8. Income taxes

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

in EUR thousand	July 1, 2011 – June 30, 2012	July 1, 2010 – June 30, 2011
Trade tax – current year	189	1
Corporation tax – current year	175	0
Solidarity Surcharge – current year	10	0
Income taxes – abroad	43	3
Tax expense current year	**417**	**4**
Trade tax – prior years	7	1
Corporation tax – prior years	8	0
Solidarity Surcharge – prior years	1	0
Tax expense – prior years	**16**	**1**
Deferred tax income – temporary differences	-117	-12
Deferred tax expenses – temporary differences	3	3
Tax deferrals – loss carryforwards	2	-2
Deferred tax income	**-112**	**-11**
	321	**-6**

The average Group tax rate for the 2011 / 2012 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, 2011 – June 30, 2012	July 1, 2010 – June 30, 2011
Profit / loss before tax	111	-1,074
Expected tax expense (tax rate: 32 %)	**36**	**-344**
Taxes for prior years	16	1
Losses that cannot be utilised for tax purposes	245	320
Brazil: divergent measurement basis	37	0
Non-deductible expenses	23	14
Other	-36	3
Actual tax expense / income current year	**321**	**-6**

Cumulative losses of EUR 2,254 thousand were incurred abroad (previous year: EUR 1,367 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.

Deferred tax income of EUR 23 thousand in connection with the cash flow hedge was reported directly within other comprehensive income within the cash flow hedging reserve.

5.9. EBIT, EBIT margin

The company reported EUR 168 thousand of EBIT during the fiscal year (previous year: EUR -1,054 thousand). This also corresponds to the profit (previous year: loss) before interest and taxes (EBIT). The EBIT margin (as a percentage of revenue) consequently amounted to 0.3 % (previous year: -2.7 %).

6. Leasing

Whether an agreement contains a lease is determined on the basis of the economic content of the agreement on the date when the agreement was concluded, and requires an estimate as to whether the satisfaction of the contractual agreement depends on the utilisation of a certain asset or certain assets, and whether the agreement grants the right to the utilisation of the assets, even if such a right is not expressly determined within an agreement.

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

Operating leases (leases and sub-leases):

in EUR thousand	June 30, 2012	June 30, 2011
Total minimum future lease payments as a result of operating leases that cannot be terminated	0	10
- Of which due within one year	0	7
- Of which due within between one and five years	0	3
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	211	224
- Payments from subleases	-46	-46

Operating leases (other leases):

in EUR thousand	June 30, 2012	June 30, 2011
Total minimum future lease payments as a result of operating leases that cannot be terminated	973	1,237
- Of which due within one year	543	511
- Of which due within between one and five years	430	726
Payments recognised in income in the reporting period from leases and subleases		
- Minimum lease payments	629	503

The leases are concluded without options, and with a fixed lease term of 36 or 60 months as a rule.

Operating leases (summary):

in EUR thousand	June 30, 2012	June 30, 2011
Total minimum future lease payments as a result of operating leases that cannot be terminated	973	1,247
- Of which due within one year	543	518
- Of which due within between one and five years	430	729
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	840	727
- Payments from subleases	-46	-46

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, which were taken out in fiscal year 2004 by Hamburg-based Tarpenring 11 Vermögensverwaltungs GmbH and Krollmann & Mittelstädt Hamburg GmbH and also Magdeburg-based Krollmann & Mittelstädt Magdeburg GmbH with Kreditanstalt fur Wiederaufbau, which totalled EUR 250 thousand (previous year: EUR 481 thousand) on June 30, 2012. 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 commitment

The defined contribution benefit plans result in monthly payments to a benefit fund of around EUR 8 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 receivables reported in the balance sheet, and to the advances to commercial representatives reported under other current assets.

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 (for example, commitments to social security entities or tax authorities). The primary financial instruments carried under liabilities are almost exclusively interest-bearing loans and trade accounts payable carried under liabilities on the balance sheet.

Derivatives exist only in the form of an interest-rate swap, which was designated as a hedging instrument, and which is effective as such.

With the exception of one derivative financial instrument, which was designated as a hedging instrument, and which is effective as such, financial liabilities in the KROMI Group are exclusively allocated to the categories „loans and receivables“ and „financial liabilities at amortized cost“ according to IAS 39. However, the short terms of these liabilities, and in the case of a longer-term loan, its variable interest rate, mean that their fair value does not differ materially from their carrying amounts on the balance sheet. The interest-rate swap was measured at fair value. Besides this interest-rate swap, there are no further financial instruments that are measured at fair value. The fair value of the interest-rate swap was calculated using the mark-to-market method. As a result of the minor extent and negligible meaningfulness, the effect of a change in the fair value on equity (so-called sensitivity analysis) is not presented.

Financial assets generated a net result of EUR 120 thousand in the year under review (previous year: EUR 27 thousand). Financial liabilities generated a net result of EUR 1 thousand in the year under review (previous year: EUR -7 thousand). The net result includes, in particular, payments received on doubtful trade accounts receivable. The net result also includes gains and losses from 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 which 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. Except for one non-current loan, the liabilities carry residual terms of less than one year. The variable interest-rate non-current loan is hedged with an interest-rate swap. The anticipated gross cash flows from these liabilities consequently largely correspond to the amounts carried on the balance sheet.

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 556 thousand (previous year: EUR 330 thousand), and the financial liabilities totalled around EUR 315 thousand (previous year: EUR 320 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, 2012, the cash and cash equivalents amounted to EUR 171 thousand, and were composed of cash from Germany (EUR 17 thousand), Slovakia (EUR 75 thousand), the Czech Republic (EUR 19 thousand), Spain (EUR 59 thousand), and Brazil (EUR 1 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 2011 / 2012 fiscal year included no further significant non-cash expenses and income, as in the previous year.

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 euro, 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 be distributed feasibly, 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 (for example, provisions for pensions, deferred taxes, interest-bearing loans). 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	
	7/11-6/12	7/10-6/11	7/11-6/12	7/10-6/11	7/11-6/12	7/10-6/11
Revenue (from external customers)	**34,540**	28,474	**17,925**	9,739	**52,465**	38,213
Less: Cost of materials	-25,645	-21,645	-13,525	-6,699	-39,170	-28,344
Segment result	**8,895**	6,829	**4,400**	3,040	**13,295**	9,869
Plus: Other operating income					1,136	793
Less: Staff costs					-7,599	-6,041
Less: Depreciation / amortisation					-718	-603
Less: Other operating expenses					-5,946	-5,073
Less: Financial result					-57	-20
Plus: Income taxes					-321	6
Group profit or loss					**-210**	**-1,069**

in EUR thousand	Germany		Abroad		Total	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Segment assets	**20,781**	16,293	**12,310**	9,749	**33,091**	26,042
Of which non-current segment assets	4,793	2,334	255	619	5,048	2,953
Of which current segment assets	15,988	13,959	12,055	9,130	28,043	23,089
Plus: Cash and cash equivalents					171	3,773
Plus: Assets unallocated to segments					2,647	2,778
Total assets					**35,909**	**32,593**

Further segment information

in EUR thousand	Germany		Abroad		Total	
	7/11-6/12	7/10-6/11	7/11-6/12	7/10-6/11	7/11-6/12	7/10-6/11
Capital expenditure	2,637	485	176	385	2,813	870
Less: Depreciation / amortisation	629	444	89	159	718	603
Key non-cash items (Impairment charges)	0	0	0	0	0	0

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 19 % or EUR 9,721 thousand (previous year: 18 % or EUR 6,956 thousand) of its revenues with one group of companies. Of this amount, EUR 9,558 thousand (previous year: EUR 6,952 thousand) is attributable to the Germany segment, and EUR 163 thousand (previous year: EUR 4 thousand) is attributable to the rest of the world segment.

The Group generates approximately 19 % or EUR 9,755 thousand (previous year: 15 % or EUR 5,701 thousand) of its revenues with another group of companies. Of this amount, EUR 2,262 thousand (previous year: EUR 2,099 thousand) is attributable to the Germany segment, and EUR 7,493 thousand (previous year: EUR 3,602 thousand) is attributable to the rest of the world segment.

11. Earnings per share

KROMI Logistik AG‘s subscribed capital totalled EUR 4,124,900.00 on June 30, 2012 (previous year: EUR 4,124,900.00). 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, 2012	June 30, 2011
Number of shares – start of period	4,124,900	4,124,900
Number of shares – end of period	**4,124,900**	**4,124,900**

Undiluted 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, 2012	June 30, 2011
Group net profit or loss	-200,941	-1,057,950
Number of shares in fiscal year	4,124,900	4,124,900
Earnings per share (undiluted)	**-0.05**	**-0.26**

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

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

No dividends were paid in the period from July 1, 2011 to June 30, 2012 (previous year: EUR 619 thousand; EUR 0.15 per share).

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

Rental agreements exist 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.

In the 2011 / 2012 fiscal year, KROMI Logistik AG acquired the properties in Tarpenring 11, Hamburg for EUR 1,550 thousand from Tarpenring 11 Vermögensverwaltungs GmbH, Hamburg.

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 13.

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, 2011 to June 30, 2012, merchandise (net) was delivered in the amount of EUR 4,634 thousand (2010 / 2011: EUR 4,192 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 (2010 / 2011: EUR 240 thousand). KROMI Logistik AG also received rental income of EUR 46 thousand (2010 / 2011: EUR 46 thousand).

As of June 30, 2012 there were current liabilities to Krollmann & Mittelstädt Hamburg GmbH in the amount of EUR 457 thousand (June 30, 2011: EUR 432 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 221 thousand (2011 / 2011: EUR 231 thousand) for the company.

As of June 30, 2012 there were current receivables due from Krollmann & Mittelstädt Hamburg GmbH in the amount of EUR 8 thousand (June 30, 2011: EUR 8 thousand), and current liabilities of EUR 0 thousand (June 30, 2011: EUR 27 thousand).

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.

Compensation paid to Managing Board member Axel Schubert is reported under Note 13.

c) Other individuals in key positions:
   - Uwe Pfeiffer (Managing Board member)
   - Bernd Paulini (Managing Board member since January 1, 2012)
   - René Dannert (Supervisory Board member)
   - Dr. Thorsten Bieg (Supervisory Board member) (until December 14, 2011)
   - Wilhelm Hecking (Supervisory Board member) (since December 14, 2011)
   - Prof. Eckart Kottkamp (Supervisory Board member)

The Managing and Supervisory boards' compensation is detailed under Note 13.

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, 2012:

- Jörg Schubert (CEO), Quickborn,
  Further memberships of supervisory boards / memberships of controlling bodies: none
- Uwe Pfeiffer, Hamburg
  Further memberships of supervisory boards / memberships of controlling bodies: none

- Bernd Paulini, Lüblow (since January 1, 2012)
  Further memberships of supervisory boards / memberships of controlling bodies: none

- Axel Schubert, Quickborn (since January 1, 2012)
  Further memberships of supervisory boards / memberships of controlling bodies: none

Total compensation paid to the Managing Board amounted to EUR 1,094 thousand in the 2011 / 2012 fiscal year (previous year: EUR 670 thousand), and is derived as follows:

	2011 / 2012			2010 / 2011		
in EUR	Fixed compensation	Performance-based compensation	Total payments	Fixed compensation	Performance-based compensation	Total payments
Jörg Schubert	426,957	99,000	525,957	427,386	0	427,386
Uwe Pfeiffer	243,240	56,250	299,490	242,602	0	242,602
Bernd Paulini	93,844	43,500	137,344	0	0	0
Axel Schubert	90,672	40,500	131,172	0	0	0

Payments in kind were valued on the same basis as for tax purposes.

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

Mr. Jörg Schubert received a pension commitment in the amount of EUR 6,000 per month upon exiting the company after reaching the age of 65. KROMI Logistik AG assumed this pension commitment on December 7, 2006, with effect from January 1, 2007. The commitment includes an invalidity pension of approximately EUR 4,000 and a widow's pension of approximately EUR 3,600.00. Current pensions are increased by 1 % p.a.. The present value of the commitment amounts to EUR 1,110,273.00 as of June 30, 2012 (previous year: EUR 984,625.00). A provisioning amount of EUR 125,648.00 was formed during the fiscal year.

In the previous year, Mr. Uwe Pfeiffer has received a contribution-financed benefit commitment in a monthly amount of EUR 2,529.78 from a congruently re-insured benefit fund. KROMI Logistik AG pays a monthly fixed amount of EUR 4,000.00 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.

Mr. Bernd Paulini has received a pension commitment amounting to EUR 4,000.00 per month on leaving the company on completing his 65th year. The commitment includes an invalidity pension of approximately EUR 4,000.00 and a widow's pension of approximately EUR 2,400.00. Current pensions are increased by 2 % p.a.. The present value of the commitment amounts to EUR 266,268.00 as of June 30, 2012 (previous year: EUR 171,943.00). A provisioning amount of EUR 94,325.00 was formed during the fiscal year.

Mr. Axel Schubert has received a pension commitment amounting to EUR 4,000.00 per month on leaving the company on completing his 65th year. The commitment includes an invalidity pension of approximately EUR 4,000. Current pensions are increased by 2 % p.a.. The present value of the commitment amounts to EUR 125,086.00 as of June 30, 2012 (previous year: EUR 71,843.00). A provisioning amount of EUR 53,243.00 was formed during the fiscal year.

The pension commitments to Mr. Bernd Paulini and Mr. Axel Schubert already existed before they were appointed to be Managing Board members.

In addition, managing board members Jörg Schubert, Axel Schubert und Bernd Paulini are entitled to an extraordinary right to cancel their employment contracts if a shareholder of KROMI Logistik AG for the first time (directly and / or indirectly) acquires more than 50 % of the voting rights of all of the company‘s issued shares. These Managing Board members are entitled to a settlement if this cancellation right is exercised. The level of the settlement for the Managing Board members Axel Schubert and Bernd Paulini is measured on the basis of the compensation which they would have received until the end of the current calendar year, discounted by 10 % per year. If Managing Board Chairman Mr. Jörg Schubert ends his employment contract early, or is recalled from the Board, for whatever reason, he is entitled to the continued payments of his fixed compensation for the rest of the calendar year in which the contract ends, although at least for six months. The entitlement to variable compensation ends when the contract ends. The Managing Board contract with Mr. Jörg Schubert, which was valid until December 31, 2011, included a provision for the exercising of an extraordinary right of cancellation in the instance of a change of control whereby a settlement is paid equivalent to the compensation that he would have still received on the basis of the regular progression of the contractual duration, discounted at 10 % p.a..

A settlement arrangement for a change of control was included in the Managing Board contract that has been concluded with Mr. Uwe Pfeiffer, which becomes valid from December 3, 2012.

If the Managing Board contracts with Mr. Jörg Schubert, Mr. Axel Schubert and Mr. Paulini end due to the death of the respective Managing Board member, the widow of the Managing Board member receives 100 % of the Managing Board member‘s fixed salary for the month of death and the five following months, and 50 % for the further months. This entitlement ends with the end of the originally planned contractual term.

In the instance that Managing Board contracts are terminated due to a revocation of appointment pursuant to Section 84 (3) of the German Stock Corporation Act (AktG), to the extent that the revocation is not due to a withdrawal of confidence, and due to the effective extraordinary termination by the company or the Managing Board member, the contract does not end with immediate effect, but instead after the expiry of six months after the revocation or extraordinary termination was declared effective. This does not apply in instances where the extraordinary termination was due to circumstances that entitle the company to damage compensation claims. In such instances, termination is extraordinary, without notice, and with immediate effect.

In the instance of revocation of appointment pursuant to Section 84 (3) of the German Stock Corporation Act (AktG) due to a withdrawal of confidence, Mr. Uwe Pfeiffer is to be released on the basis of continued payment of compensation for the remaining contractual term.

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

The Managing Board's shareholdings as at June 30, 2012 were as follows:

	Number of shares held	
Name	**June 30, 2012**	**June 30, 2011**
Jörg Schubert	1,413,006	1,413,006
Uwe Pfeiffer	1,000	1,000
Axel Schubert	183,000	183,000
Bernd Paulini	182,200	182,200

13.2. Supervisory Board

Supervisory Board is composed of the following members

- Dr. Thorsten Bieg (Chairman), lawyer, Hamburg (until December 14, 2011)
  Other memberships of supervisory boards / memberships of controlling bodies:
  - Fibron AG, Teterow (Supervisory Board Chairman)
  - Globon AG, Teterow (Supervisory Board Chairman)
  - HAASE Energietechnik AG, Neumünster (Supervisory Board Chairman) (until May 31, 2012)

- Wilhelm Hecking (Chairman), independent management consultant, Bocholt (since December 14, 2011)
  Other memberships of supervisory boards / memberships of controlling bodies: none

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

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

Dr. Thorsten Bieg relinquished his Supervisory Board mandate as of December 14, 2011. The AGM on December 14, 2011 elected Mr. Wilhelm Hecking to the Supervisory Board.

Total compensation paid to the Managing Board amounted to EUR 64 thousand in the 2011 / 2012 fiscal year, and is derived as follows:

	Fixed compensation	
in EUR	2011 / 2012	2010 / 2011
Dr. Thorsten Bieg	7,890	20,000
Wilhelm Hecking	16,365	0
René Dannert	20,000	10,000
Prof. Dr. Eckart Kottkamp	20,000	8,333
Joachim Dübner	0	1,667

The members of the Supervisory Board did not hold any shares in the company on the balance sheet date. Please refer to the comments in the remuneration report in the Group management report.

14. 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, 2012):

in EUR thousand	Interest in %	Equity	Profit / loss
Full consolidation			
KROMI Slovakia s.r.o., Prievidza	100	51	4
KROMI CZ s.r.o., Liberec	100	24	4
KROMI Logistica do Brasil Ltda., Joinville	99	-1,442	-886
KROMI Logistik Spain S.L., Vitoria	99	49	5

15. Auditor's fee

The total fee invoiced by the auditor for the fiscal year amounts to EUR 66 thousand (previous year: EUR 64 thousand), and is due entirely to services related to the auditing of financial statements.

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

June 12, 2012 – On June 12, 2012, 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 June 11, 2012 and amounts to 5.03 % (207,356 voting rights) as per this date. Of these voting rights, 5.03 % (207,356 voting rights) are to be attributed to it pursuant to Section 22 (1) Clause 1 Number 6 of the German Securities Trading Act (WpHG).

June 12, 2012 – On June 12, 2012, Peter Zaldivar, Chicago, 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 June 11, 2012 and amounts to 5.03 % (207,356 voting rights) as per this date. Of these voting rights, 5.03 % (207,356 voting rights) are to be attributed to Mr. Zaldivar pursuant to Section 22 (1) Clause 1 Number 6 in combination with Clause 2 of the German Securities Trading Act (WpHG).

May 2, 2012 – On April 26, 2012, 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, fell below the threshold of 5 % on April 25, 2012 and amounts to 4,74 % (195,470 voting rights) as per this date. Of these voting rights, 4.74 % (195,470 voting rights) are to be attributed to it pursuant to Section 22 (1) Clause 1 Number 6 of the German Securities Trading Act (WpHG).

May 2, 2012 – On April 26, 2012, Peter Zaldivar, LLC, Chicago, 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, fell below the threshold of 5 % on April 25, 2012 and amounts to 4,74 % (195,470 voting rights) as per this date. Of these voting rights, 4.74 % (195,470 voting rights) are to be attributed to Mr. Zaldivar pursuant to Section 22 (1) Clause 1 Number 6 in combination with Clause 2 of the German Securities Trading Act (WpHG).

April 26, 2012 – On April 25, 2012, Bank of New York Mellon Corporation, 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, exceeded the threshold of 3 % on April 23, 2012 and amounts to 3.32 % (136,911 voting rights) as per this date. Of these voting rights, 3.32 % (136,911 voting rights) are to be attributed to it through Bank of New York Mellon, Bank of New York Mellon SA / NV and BNY Mellon Service Kapitalanlagegesellschaft mbH pursuant to Section 22 (1) Clause 1 Number 1 of the German Securities Trading Act (WpHG).

April 26, 2012 – On April 25, 2012, Bank of New York Mellon, 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, exceeded the threshold of 3 % on April 23, 2012 and amounts to 3.32 % (136,911 voting rights) as per this date. Of these voting rights, 3.32 % (136,911 voting rights) are to be attributed to it through Bank of New York Mellon SA / NV and BNY Mellon Service Kapitalanlagegesellschaft mbH pursuant to Section 22 (1) Clause 1 Number 1 of the German Securities Trading Act (WpHG).

April 26, 2012 – On April 25, 2012, Bank of New York Mellon, SA / NV, Brussels, Belgium, 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 April 23, 2012 and amounts to 3.32 % (136,911 voting rights) as per this date. Of these voting rights, 3.32 % (136,911 voting rights) are to be attributed to it through BNY Mellon Service Kapitalanlagegesellschaft mbH pursuant to Section 22 (1) Clause 1 Number 1 of the German Securities Trading Act (WpHG).

April 26, 2012 – On April 25, 2012, BNY Mellon Service Kapitalanlagegesellschaft mbH, Frankfurt, 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 3 % on April 23, 2012 and amounts to 3.32 % (136,911 voting rights) as per this date.

October 13, 2011 – On October 10, 2011, Fidelity Funds SICAV, Luxembourg, Luxembourg, notified us pursuant to Section 1 (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 October 10, 2011, and amounts to 1.45 % (59,900 voting rights) as per this date.

October 13, 2011 – On October 10, 2011, FIL Investments International, Hildenborough, United Kingdom, notified us pursuant to Section 1 (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 October 10, 2011, and amounts to 1.45 % (59,900 voting rights) as per this date. All of the aforementioned voting rights in KROMI Logistik AG are attributable to FIL Investments International pursuant to Section 22 (1) Clause 1 Number 6 of the German Securities Trading Act (WpHG).

October 13, 2011 – On October 10, 2011, 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 3 % on October 7, 2011, and amounts to 1,45 % (59,000 voting rights) as per this date. All of the aforementioned voting rights in KROMI Logistik AG are attributable to FIL Ltd. pursuant to Section 22 (1) Clause 1 Number 6 of the German Securities Trading Act (WpHG).

October 13, 2011 – On October 11, 2011, FIL Holdings Limited, Hildenborough, United Kingdom, notified us pursuant to Section 1 (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 October 7, 2011, and amounts to 1.45 % (59,900 voting rights) as per this date. All of the aforementioned voting rights in KROMI Logistik AG are attributable to FIL Holdings Limited pursuant to Section 22 (1) Clause 1 Number 6 in combination with Clause 2 of the German Securities Trading Act (WpHG).

October 6, 2011 – On October 6, 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 15 % on October 5, 2011 and amounts to 15.49 % (639,038 voting rights) as per this date.

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 1 (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.

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.

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

17. Events after the balance sheet date

No significant events occurred after the balance sheet date.

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

KROMI Logistik AG, Hamburg, reports a distributable balance sheet profit of EUR 1,577,891.33 according to its annual financial statements prepared as of June 30, 2012 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.

19. Date of authorization for issue

The Managing Board authorized the consolidated financial statements of KROMI Logistik AG for issue on August 31, 2012 (date of authorization by the Managing Board for presentation to the Supervisory Board).

Hamburg, August 31, 2012

Managing Board of KROMI Logistik AG

Jörg Schubert   Uwe Pfeiffer   Bernd Paulini   Axel Schubert

Auditor‘s Opinion

We have audited the consolidated financial statements prepared by KROMI Logistik AG, Hamburg – comprising the consolidated balance sheet, consolidated income statement, transition to consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity, and the notes to the consolidated financial statements – together with the group management report for the fiscal year from July 1, 2011 to June 30, 2012. 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, August 31, 2012

Ebner Stolz Mönning Bachem GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Jan Maertins
German Certified Public Auditor

Sabine Dührkop
German Certified Public Auditor

Responsibility statement (pursuant to Section 37y No. 1 of the German Securities Trading Act (WpHG))

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 2012

Managing Board of KROMI Logistik AG

Jörg Schubert Uwe Pfeiffer Bernd Paulini Axel Schubert

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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