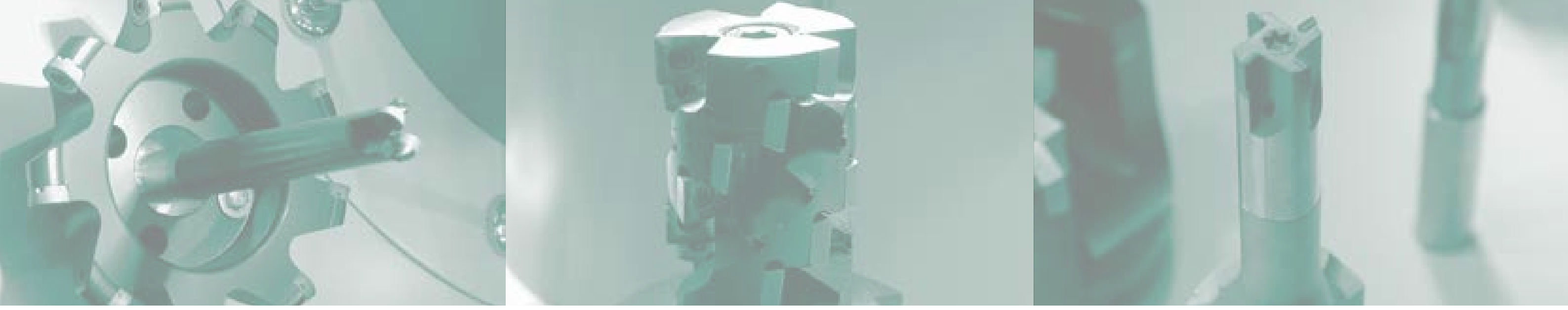
KROMI LOGISTIK AG

Annual Report 2012 / 2013



Key figures at a glance (IFRS)

	Financial year 2012 / 2013 (Jul 1, 2012 – Jun 30, 2013)	Financial year 2011 / 2012 (Jul 1, 2011 – Jun 30, 2012)
Revenues	59,923	52,465
Earnings before interest and taxes (EBIT)	865	168
Pre-tax earnings (EBT)	568	111
Consolidated net income	27	-210
Number of shares in fiscal year	4,124,900	4,124,900
Earnings per share in EUR	0,01	-0,05
Equity ratio in %	60,4	62,2
Cash flow from operating activities	-684	-5,914
Cash flow from investing activities	-462	-2,813
Cash flow from financing activities	1,174	5,137
Employees at end of period (excluding Managing Board)	123	123

In EUR thousand (unless otherwise stated)

Financial calendar

November 7, 2013	3-month report 2013 / 2014
November 11, 2013	Analyst and investor conference German Equity Forum in Frankfurt / Main
December 3, 2013	Annual shareholders' meeting in Hamburg
February 12, 2014	6-month report 2013 / 2014
May 14, 2014	9-month report 2013 / 2014

Table of contents

4 | **To our shareholders**

5 | Letter to shareholders
10 | The KROMI concept
18 | Report of the Supervisory Board
22 | Corporate governance
28 | The share in overview

32 | **Group management report**

33 | Business report
38 | Analysis of business results and discussion of net assets, financial position and results of operations
44 | Information on acquisitions
48 | Remuneration report
51 | Opportunities and risk report
56 | Report on events after the balance sheet date
57 | Outlook

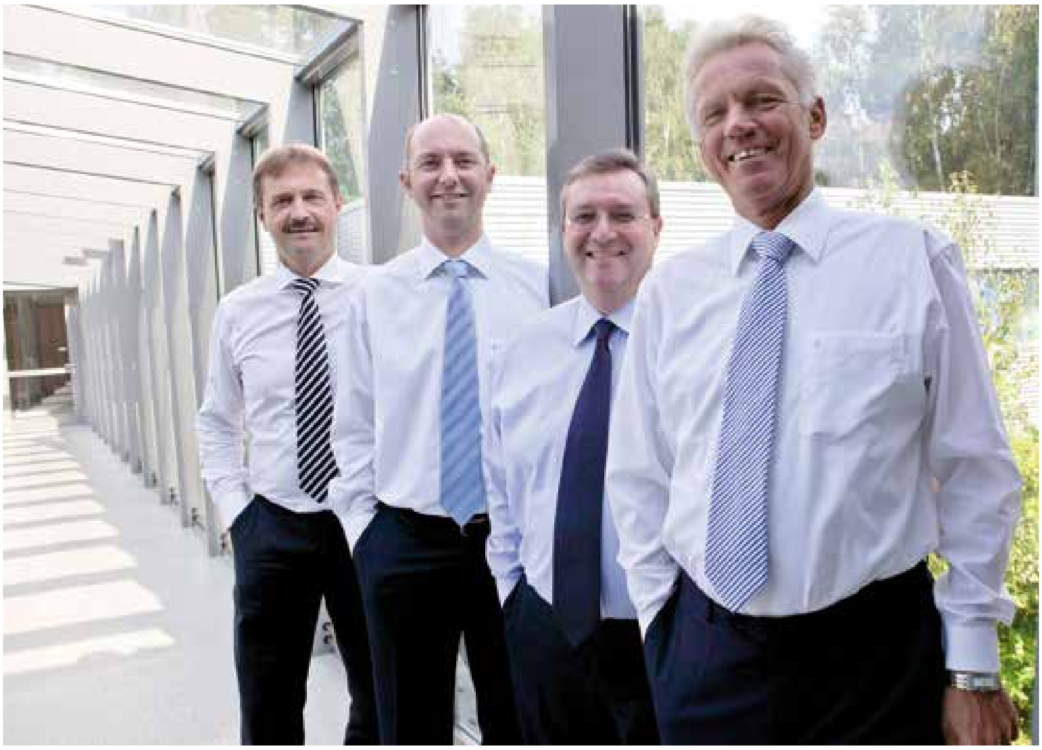
60 | **Consolidated annual financial statements & notes**

61 | Consolidated balance sheet
62 | Consolidated income statement
63 | Consolidated statement of comprehensive income
64 | Consolidated cash flow statement
65 | Consolidated statement of changes in equity
66 | Notes to the consolidated financial statements
107 | Auditor‘s opinion
108 | Responsibility statement (pursuant to Section 37y Number 1 of the German Securities Trading Act (WpHG))


5
4
3
2
Tools
KTC
KROMI-TOOL-CENTER
Timing
Technik
Transparenz
1

With KROMI the customer always has the adequate tool available.

5 | Letter to shareholders
10 | The KROMI concept
18 | Report of the Supervisory Board
22 | Corporate governance
28 | The share in overview



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,

As the Managing Board of KROMI Logistik, we look back with satisfaction on the 2012 / 2013 fiscal year as a year of strong growth. We continued our positive revenue trend, as planned, and also achieved our Group earnings targets. This gratifying result is primarily attributable to continued high production levels at our existing customers, and correspondingly strong demand for tools, especially on our German domestic market. Customers that we have newly acquired over recent years also contributed to the growth that we achieved.

A look back over the past three years shows that KROMI has left the consequences of the financial crisis behind it, and has since been on a constant growth path. We have also almost doubled our revenues and expanded our workforce by 46 % over this period. And we have significantly broadened our customer base in doing so, further reducing dependencies on individual sectors. We have created decisive foundations during this strong growth phase – and we now aim to harvest to a greater extent the fruits of this expansion.

Over the past years, KROMI Logistik has further developed its business model from a pure utility provider to becoming a “full service provider“ for manufacturing companies. All of the data that we have collected from our customers and evaluated in the past are utilised on a targeted basis in this context, and applied to optimise highly varied processes. As a consequence, we enjoy and command a comprehensive insight into complex production processes, and are able to analyse and correspondingly apply this production-specific information – capabilities which comprise an absolute USP on the market. We exploit this valuable information to optimise manufacturing processes, thereby cutting costs for our customers and critically enhancing their efficiency.

The installation of our KTC dispensers, and the in-depth insight that we gain by deploying KROMI staff directly at our customers, enable us to establish trusting business relationships that extend over many years. In this context, we regard ourselves, firstly, as a service-provider that delivers exactly the right tools at precisely the right moment. Secondly, however, we are also endeavouring to exploit the experience that we have acquired to an even greater degree, and to act as an independent process consultant to our customers. In this way, we can offer all customers a complete package adapted to their specific requirements, which then undergoes constant improvement within the context of a cooperative working approach. KROMI offers tailored solutions, spanning the selection of appropriate tools, the analysis of consumption data, and through to the optimisation of logistics processes.

In pursuing this approach we have established a broad customer base over recent years. Our committed and motivated staff have played a major role in this context, and we would like to take this opportunity to extend our very warm thanks to them. With our growth and the attendant expansion of our base of customers and employees we have also expanded and refined our own know-how. We aim to deploy this expertise even more profitably for our customers in the future. We have lent our Group a sharper profile in the past – what counts now is to utilise the value that we have created for our companies in a targeted manner.

We grew our revenue by 14.2 % in the 2012 / 2013 fiscal year elapsed, as planned. For KROMI Logistik, however, start-up investment costs are always connected with such significant growth, and also due to the integration of new customers. This is reflected in our financial position – which is why our earnings results require a slight delay until they move into the profit zone. For example, on our established German market, where we have numerous long-standing customers, we report a year of extremely gratifying business results, whereas revenue in our international business has not yet grown to the extent that we expected. This primarily reflected the continued strained situation in Southern European countries, which not only resulted in the delayed implementation of KROMI systems at new customers, but also fed through to delays to agreements that we plan to conclude. In order to counter this, the Managing Board has developed a continuous plan of measures to improve our earnings position, especially in European countries outside Germany.

Along with expanding our business with German customers, the further penetration of new markets and the acquisition of internationally operating large-scale machining companies remain at the centre of our growth strategy. The constant further development of the Brazilian location represents one pillar of this strategy. Our Brazilian subsidiary is growing very rapidly and is continuously acquiring new customers. Here, too, we achieved 24.5 % revenue growth last year. This was offset by extraordinary effects, which fed through to lower achievable gross profit margins, thereby preventing us from reporting positive overall results. We nevertheless remain convinced that we can successfully realise the KROMI business model on the Brazilian market in the long term – the economy, the relevant market and the sales experiences that have been made to date demonstrate our subsidiary‘s major potential.

A further element of our corporate strategy is to constantly review our international investments with respect to their financial and commercial efficiency, and to respond adequately to changes in market conditions accordingly. In this connection, we decided in the fiscal year elapsed to suspend our activities on the French market for the time being. A future involvement there nevertheless remains an option for us if economic conditions change.

The below-average trend of our foreign business and extraordinary effects in Brazil have also affected our earnings results in the past fiscal year. Consequently, KROMI Logistik generated EUR 865 thousand of earnings before interest and tax (EBIT), compared with EUR 168 thousand in the previous year. Thus, although we reached our target – the continuous improvement of profitability with a gradual increase in the EBIT margin - we feel that we are not yet at the end of development. Consolidated EBIT was considerably negatively impacted by valuation changes necessitated by IFRS accounting. Additional charges totalling EUR 663 thousand arose in the fiscal year in particular due to the weakness of the Brazilian Real compared with the Euro. Given these factors, we generated EUR 1,528 thousand of consolidated EBIT from our purely operating business. Therefore, we were able to increase this result compared with the previous year by pleasing EUR 822 thousand.

The continued robust order book position in our most important customer sectors supported this overall positive Group business trend last year. Both the general mechanical engineering sector and the precision machine tools sub-segment celebrated record results in 2012. In addition, the aerospace and automotive sectors performed well last year. Companies in these sectors also anticipate largely stable or only slightly weaker demand levels this year. A trend that is borne out by most of our customers, despite – in particular – demand from European countries outside Germany being currently somewhat moderate, and the first signs of a slowdown being evident on other markets.

We nevertheless expect a positive overall business trend over coming years. We plan a further expansion of our business in the current 2013 / 2014 year, especially on our German domestic market and in Brazil. Offsetting this, revenues with Southern European customers will tend to be moderate due to forecast lower production levels. Given the strong revenue growth that we have achieved over recent years, KROMI Logistik is now setting its sights on more moderate growth in its target markets. Our focus will be on enhancing profitability in this context. We are consequently assuming that we will be able to realise single-digit percentage revenue growth in the 2013 / 2014 fiscal year. In this context, we have already anticipated that – along with the restrained trend in Southern Europe – we can also implement targeted adjustments to our portfolio of customers and markets. Accompanying this, we also expect a continuous improvement in our operating earnings. The economy, and consequently the production levels of our customers, will prove to be critical factors in our earnings growth. If these perform positively, we aim for further EBIT growth as part of our gradual and profitable growth strategy. The EBIT margin will prospectively remain within the lower to mid single-digit percentage range in the current fiscal year.

We will continue to pursue our strategy of targeting investments in new customers and markets. Along with the controlled expansion of our revenue volume, we are now focusing to an even greater extent on earnings growth. Thanks to the adjustments that we have made in recent years, and the corporate dimension that we have attained, KROMI Logistik is very well positioned to continue on the path of sustainable and profitable growth that it has adopted.

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

Jörg Schubert Uwe Pfeiffer Bernd Paulini Axel Schubert

KROMI Consulting Service: The outsourcing experts

"While companies have many systems in place, the right data are conspicuous by absence"

As a sector and outsourcing expert of many years' standing, CEO Jörg Schubert has a precise understanding of his customers' problems.

"We at KROMI specialise in machining topics. Our aim is to organise our customers' entire tool supplies in a cost optimising manner. To this end, we have developed models that turn 1,000 positions into 500 without the technology suffering in the process. Our controlling instruments constantly monitor costs per component that allow specific cost-saving proposals to be derived from them. It's very important that we are manufacturer-neutral compared with other providers, and not only supply our customers simply with database systems, but also provide them with all the data needed for successful production."

Best-in-class partnership offers great potential

Successful companies have shown that a focus on their actual core competences proves efficient and effective on their way to becoming lean, streamlined companies. Instead of make-or-buy, hidden champions' wish lists today are more likely to include high-performing supply partnerships. Experience shows that purchasing departments, in particular, can rank among companies' most costly areas. Some production operations have created purchasing departments over the course of time that rival the dimensions of independent trading companies. This is where KROMI Logistik AG comes in: as the only manufacturer-independent tool management provider, KROMI not only offers the necessary products, software solutions and services in the machine tools area on a one-stop shop basis, but also extensive experience and knowledge to optimise purchasing business processes. Numerous renowned companies already rely on KROMI today as a best-in-class partner.

KROMI Logistik Service:
Full service from the market-leader

“KROMI offers the right logistics solution for each product“

Jens Kumpert manages KROMI‘s branch operations in Magdeburg, offering his customers 100 % supplies

“We have many customers from the automotive supply industry here in East Germany. These are mostly completely new operations that have been created literally on green fields. Although state-of-the-art warehousing technology is frequently deployed, machining tools and related accessories are often lying around in a disorganised fashion at different locations – entailing corresponding production inefficiencies. With the KROMI Tool Center KTC, our electronic drawer cabinet and our KROMI kanban system, we have developed very practical logistics solutions that allow us to banish the problem of missing tools in an effective and low-cost way.“

The right tool at the right time at the right place

Where the topic of purchasing logistics is concerned, numerous internal and external interfaces, organisational obstacles and narrow departmental thinking hinder smooth processes. Despite a high level of warehouse stocks, this constantly generates production stoppages and supply bottlenecks. Coordination problems between suppliers and production operations have far-reaching consequences:

- *Around 15 % of orders are halted or interrupted due to a lack of tools*
- *More than 40 % of foremen's working hours are attributable to tool organisation and procurement*
- *About 20 % of a machine operator's working hours are taken up with the search for tools*
- *More than 60 % of working capital costs cannot be attributed to a specific cause*

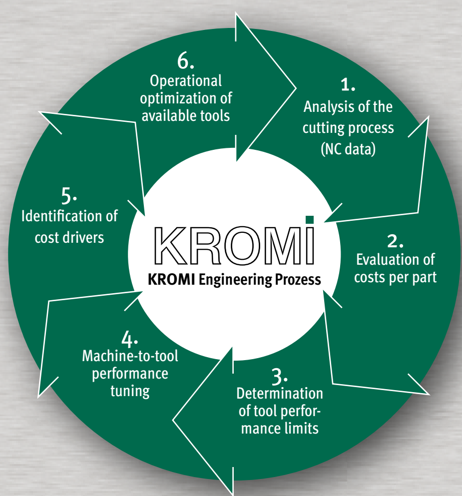
The logistics systems that KROMI has developed offer a unique service: availability at all times and consumption transparency. And this around the clock, 8,760 hours per year.

KROMI Engineering Service: More than just tools

"Although technology is important, costs are always the decisive factor in the end"

KROMI's COO Bernd Paulini relies on the KROMI Engineering Process (KEP) to optimise costs per component

"Almost all discussions about the right tools have a technical background. This is not unusual because innovations in the tools area are always very extensive due to modern high-performance materials. In practice, however, the respective machine also determines whether such potentials can be leveraged in a way that enhances output. This is precisely where our KEP process kicks in: using the NC programme, we analyse the costs of a tool on a machine, identify the key cost-drivers and then optimise the overall result – costs per component."



KROMI machining professionals increase productivity

As part of modern tool management, KROMI Engineering is concerned with the planning and optimisation of all machining tasks entailed in production. Along with determining a technologically and financially optimal process chain, this naturally also comprises the optimisation of NC programmes and tool deployment plans as part of work preparation.

The KROMI Engineering Process (KEP) aims to securely identify actual cost-drivers within production. Considerable savings can generally also be achieved through optimally deploying existing tools. Specially-developed and multilingual software supports a systematic approach, allowing varying scenarios to be compared. The result discloses hidden rationalisation potentials that most customers can convert into hard cash at the end.

KROMI Controlling Service: Costs under control

“We can monitor our stocks online using our supply systems.“

Head of IT and CIO Axel Schubert manages the online connection for all KROMI Tool Center dispensers on a real-time basis.

“As part of tool management, we at KROMI take on the role of the central tool supplier – with electronic stock monitoring, and automatic reordering as well as delivery in line with demand. All of our logistics systems for consumable parts, such as the KTC and the ESS electronic drawer cabinet, are designed as consignment warehouse systems where invoicing does not occur until customers have procured an article. All of the threads come together here in Hamburg. In other words, here we monitor all of the systems installed on the market so that no system availability problems occur, and so that all consumption data are managed centrally.“

KROMI customers know what‘s happening in their businesses on a local basis

At most companies, it can take weeks or even months to assess tool consumption and tool costs. With the KROMI eControl, by contrast, individual cost centres‘ actual consumption levels are calculated directly online, and stored in a database. Customers are then provided with up-to-the-minute information to check tool consumption every ten minutes.

As these data are compared with the machines‘ actual production volumes, the actual tool costs per component can be calculated reliably, and compared with planning figures. A closed-end circuit and short analysis cycles mean that the tool cost surveillance system, which is managed online, forms an ideal basis for a constant improvement process to optimise costs per component.

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 2012 / 2013 fiscal year, the Supervisory Board of KROMI Logistik AG continued to perform its duties according to the law, its articles of incorporation, the German Corporate Governance Code and the Supervisory Board‘s rules of procedure, and supervised and advised the company‘s 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 2012 / 2013 fiscal year, the Supervisory Board consisted of

Wilhelm Hecking (Supervisory Board Chairman)
René Dannert (Deputy Supervisory Board Chairman)
Prof. Eckart Kottkamp.

The Supervisory Board members Hecking and Dannert were appointed as members of the Supervisory Board as the result of an election of the AGM of December 14, 2011 for the period until the end of the AGM that approves their discharge for the 2015 / 2016 fiscal year, and Prof. Kottkamp was elected at the previous year‘s AGM for the period until the end of the AGM that approves the discharge of the Supervisory Board for the 2014 / 2015 fiscal year.

Meetings

In the 2012 / 2013 fiscal year, the Supervisory Board held five meetings by personal attendance on August 1, 2012, September 10, 2012, October 30, 2012, February 6, 2013 and May 8, 2013. All Supervisory Board members attended three of these meetings, and Prof. Kottkamp and Wilhelm Hecking were excused their being unable to attend the October 30, 2012 and February 6, 2013 meetings. In addition to these meetings by personal attendance, the Managing Board constantly informed the Supervisory Board about business progress by means of monthly financial reporting.

Moreover, the Managing and Supervisory boards were in continuous personal and telephone contact – mainly by way of dialogue between the CEO and the CFO and the Supervisory Board Chairman.

The aforementioned meetings and further information and discussions allowed the Supervisory Board to be informed in depth about the company‘s commercial and financial position, as well as concerning basic business policy. All resolutions were passed as part of meetings by personal attendance, and with the full participation of all Supervisory Board members.

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. The Managing Board continuously, promptly and extensively informed the Supervisory Board concerning all questions of relevance to corporate planning, business policy and development, profitability, the risk position and risk management, strategic measures and important business transactions. The Supervisory Board used as its basis the annual budget approved for the 2012 / 2013 fiscal year in order to monitor the management of the business.

International markets and the company‘s international subsidiaries continued to form a particular focus of Supervisory Board activity during the 2012 / 2013 fiscal year. The overall positive revenue trend reflected marked differences between Germany and European markets outside Germany, especially in Southern Europe. The continued economic difficulties in Spain, Italy and France in general, and in these countries‘ automotive industries in particular, as well as the consequences, options for action and measures that resulted accordingly for KROMI Group companies that operate in these countries, were discussed in detail with the Managing Board.

A further focus of activity in the year under review was again to monitor the development of KROMI do Brasil. Although marked revenue growth was achieved here, which confirmed the strategy of expanding to Brazil, profitability suffered from extraordinary effects, among other factors, thereby preventing it from not yet achieving its overall target levels. The Supervisory Board supported the Managing Board in further expanding structures based on sustainable earnings improvement.

As part of the "profitable growth" corporate strategy, and with a view to the in part fragile economic situation in Europe, the Managing and Supervisory boards intensively discussed the overall environment for corporate growth, as well as projects and measures to enhance gross profits.

Independently of the aforementioned focal topics, 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 concerning the advancing implementation of the KROMI supply concept among new customers. The Supervisory Board meeting on September 10, 2012 also included Supervisory Board consultations – in the presence of the auditor – relating to the clarification and discussion of the annual financial statements as of June 30, 2012, as well as planning for the 2012 / 2013 fiscal year.

Corporate governance

The Supervisory and Managing boards continue to act in the awareness that good corporate governance forms an important precondition for the success of the company, and lies in our shareholders' interests. In June 2013, the Managing and Supervisory board renewed its usual annual declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG). The declaration is reproduced in this annual report as part of the corporate governance statement.

Audit of the 2012 / 2013 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 reports for the 2012 / 2013 fiscal year, including the financial accounting, were audited by Ebner Stolz Mönning Bachem GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, and were each issued with unqualified auditor's opinions. In the light 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 proposal for the application of unappropriated retained earnings.

At the Supervisory Board's financials meeting of September 11, 2013, the Supervisory Board prompted the Managing Board to discuss the annual financial statements as of June 30, 2013 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. No concerns exist 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 any reason exists to raise objections to the management or to the annual financial statements prepared by the Managing Board. As a consequence, the Supervisory Board approved the single-entity annual financial statements of KROMI Logistik AG and the consolidated financial statements of KROMI Logistik, at its meeting on September 11, 2013. 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 11, 2013

Wilhelm Hecking
Supervisory Board Chairman

Corporate governance

The term “corporate governance“ refers to the responsible, transparent management and controlling of companies, geared to their long-term economic success. This is also precisely what KROMI Logistik AG aims to do. For this reason, 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)“.

Differences to the Code‘s recommendations occur 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 measures 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 stock corporation (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 approach

KROMI is subject to the dual management system prescribed by German stock corporation law. This is characterized by a stringent division between the Managing Board as the executive 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 added value. 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 law, the articles of incorporation, or the rules of business procedure. The CEO has the casting vote in the event of a tied 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 the related 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 must 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)

On 29 June 2013 the Management Board and the Supervisory Board of KROMI Logistik AG issued a declaration of compliance under Section 161 of the AktG. According to this declaration KROMI Logistik AG complied with the recommendations of the “State Commission for the German Corporate Governance Code“ (DCGK) in the 2012 / 2013 financial year, with the following exceptions, and complies with these recommendations with the following exceptions:

- In departure from Section 3.8 (2) of the DCGK, the D&O insurance for the Supervisory Board does not include an agreement on excess. In the opinion of the company the Supervisory Board delivers a high level of motivation and sense of responsibility even without an agreement on excess.

- Under Section 4.1.5 of the DCGK, the Management Board should seek an appropriate proportion of women when making appointments to executive positions. The Management Board is basically committed to this principle, but does not pursue a gender-based personnel policy. Thus, in deciding on appointments to executive positions, the company sets store by diversity, but the primary criterion is the professional qualifications held, whether by women or men. The Management Board believes it is obliged, in the interest of the company, to continue to select the candidates with the most suitable professional and personal qualities for the positions in question.

- Under 4.2.3 of the DCGK the remuneration of the Management Board members, as a total and with regard to its variable components, should be subject to ceilings in the form of specified amounts. Before this provision was adopted in 2012, the company introduced a comprehensive new remuneration system which, among other provisions, limited the degree of target achievement which serves as the basis for calculating variable emoluments to 300 %, i.e., even if targets are achieved by more than three times the value set as the calculation basis, the variable emoluments for the Management Board members are capped at the triple target value. The company continues to regard this provision as adequate to the case.

- Under 4.2.3 of the DCGK, it should be noted when concluding management board agreements that the indemnities paid to members of the board retiring due to a change of control do not exceed 150 % of the general indemnity caps of two annual reimbursements planned for other cases of premature termination of the term as a member of the board. The employment contract, which has been effective since December 2012, of Uwe Pfeiffer, a member of the board, includes a regulation that could lead to a higher indemnity amount in the first two years of the new term of office in case of a change of control. The company does not consider this deviation from DCGK in the contract of the only member of the board who is not a shareholder in the company, as regards the position of the remaining members of the board in case of a change of control and the temporary significance of this deviation, to be appropriate and justifiable.

- Under Section 5.1.2 of the DCGK, the Supervisory Board should seek an appropriate proportion of women when appointing members of the Management Board. The considerations relative to Section 4.1.5, above, apply equally to decisions of the Supervisory Board. Furthermore, there are limits to the degree of diversity possible in a four-member Management Board.

- Under Section 5.4.1 of the DCGK, the Supervisory Board should provide for an appropriate quota of women among its members. The considerations stated above with regard to Sections 4.1.5 and 5.1.2 of the DCGK apply correspondingly to this recommendation. Restrictions on the diversity of the Supervisory Board‘s composition will also necessarily result from the fact that it has a maximum of three members.

- In departure from Section 5.3 of the DCGK, the Supervisory Board will not form committees. It does not make sense for a Supervisory Board of only three members to set up committees.

- In departure from Section 5.4.1 sentence 2 of the DCGK, no age limit has been set for the members of the Supervisory Board. In view of the knowledge, skills and professional experience required under Section 5.4.1 sentence 1 of the DCGK, the setting of an age limit does not appear to make sense.

- In departure from Section 5.4.6 (2) of the DCGK, the members of the Supervisory Board receive fixed remuneration, and there are no success-orientated components of remuneration. The degree of responsibility and the workload are at the same level for all members of the Supervisory Board. The work done is orientated to success without need for the incentive of performance-based remuneration, and it is remunerated reasonably and practicably by way of fixed payment.

This declaration refers to the recommendations of the Code as amended on 13 May 2013.

KROMI Logistik AG will continue to comply with the recommendations of the “State Commission for the German Corporate Governance Code“ in the version of 13 May 2012, with the exceptions specified above.

Hamburg, June 29, 2013

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 is a matter of course 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 corporate misdevelopments 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, 1998, Mr. Jörg Schubert received a pension commitment from Tarpenring 11 Vermogensverwaltungs GmbH 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, 2012 to June 30, 2013 in this regard totalling around EUR 68 thousand.

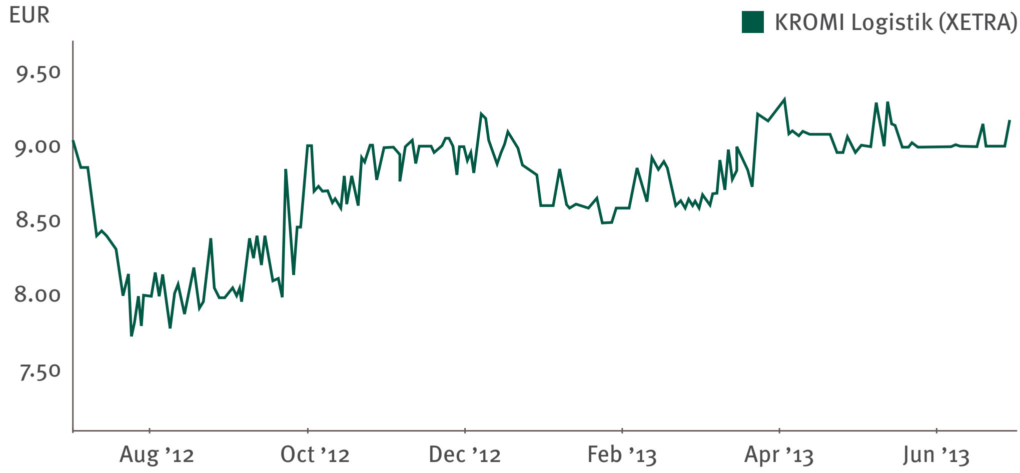
As part of their activity for the company, and already before they were appointed to the Managing Board, Managing Board members Bernd Paulini and Axel Schubert were granted pension commitments on reaching the age of 65. In Mr. Paulini‘s case, this also includes benefits for surviving dependents equivalent to 60 % of the pension commitment. These agreements continue to reinforce with the aforementioned Managing Board members, although they were adjusted in 2013 to the new standard age limit – after the completion of the 67th year. Pension provisions of around EUR 60 thousand (Paulini) and EUR 36 thousand (A. Schubert) were formed for these pension commitments during the July 1, 2012 until June 30, 2013 period.

During the year under review, Mr. 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, 2013, 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, 2013)



Important key data

German Securities Identification Number (WKN)	A0KFUJ
ISIN	DE000A0KFUJ5
Ticker symbol	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 28, 2012*	EUR 9.10
Share price as of June 28, 2013*	EUR 9.17
Percentage change	0.8 %
52-week high**	EUR 9.50
52-week low**	EUR 7.77

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

The bond purchase programs announced in autumn 2012 of the European Central Bank and the Federal Reserve, the central bank of the USA, resulted in the recovery of share prices on equity markets in the 2012 / 2013 fiscal year. For example, the German DAX equity index closed on May 22, 2013 at an historic level of 8,530.89 points, thereby exceeding the 8,500 point level for the first time in history. The DAX consequently appreciated by 24 % in the July 2012 until June 2013 reporting period. The share price of KROMI Logistik AG continued its positive trend in line with the overall market performance. Following a share price setback at the start of the period under review to its low for the year of EUR 7.77, it then appreciated continuously over the further course of the year. At the start of April 2013, the share touched its high for the 2012 / 2013 fiscal year, trading at EUR 9.31. This represents an increase of 20 % compared with the price low of August 2012. The share depreciated only slightly in the following weeks, stabilising close to the EUR 9 mark. On June 28, 2013, the last day in the reporting period on which a price was posted, the KROMI Logistik AG share quoted at EUR 9.17, representing a EUR 37.8 million market capitalisation. When observed over the entire reporting period, the share was almost unchanged with an increase of around 0.8 %.

Shareholder structure at the end of the fiscal year

The shareholder structure of KROMI Logistik AG enjoys 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 that it should cultivate a transparent information policy, and engage 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 is to participate again at the Germany Equity Capital Forum in Frankfurt am Main in November 2013, where it will make presentations to investors, analysts, and economic and financial journalists.


CONSULTING
LOGISTICS
ENGINEERING
CONTROLLING

KROMI enables permanent availability of tools.

33 | Business report

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

44 | Information on acquisitions

48 | Remuneration report

51 | Opportunities and risk report

56 | Report on events after the balance sheet date

57 | Outlook

Business report

I. Corporate structure and participating interests

As of the June 30, 2013 reporting date, KROMI Logistik AG was present at five locations in Germany: along with its headquarters in Hamburg, the Group operates branches in Magdeburg, Erkrath near Düsseldorf, Eislingen near Stuttgart, and at Laupheim near Ulm. It also operates subsidiaries in the Czech Republic, Slovakia, Spain and Brazil. KROMI Logistik also supplies customers in Denmark, Poland, Romania and Italy with tools. During the course of the past 2012 / 2013 fiscal year, KROMI Logistik's business activities on the French market have been discontinued, and the existing organisation has been wound down.

II. Employees

At the end of the first half of the 2012 / 2013 fiscal year, KROMI Logistik AG (excluding its Managing Board) employed 123 staff (June 30, 2012: 123). These figures also include three trainees in the wholesale and export trade area, and two students who are pursuing logistics management studies in cooperation with KROMI Logistik.

III. Services / Research and development

KROMI Logistik offers manufacturing companies an end-to-end outsourcing concept to supply them with precision machining tools. Along with the classic supplies delivered by KTC dispensers at customer sites, this concept comprises inventory optimisation and warehouse management, consumption controlling, and optimisation of tool deployment in customer production facilities based on inventory and consumption data. Here, the KEP (KROMI Engineering Process) engineering service rendered by KROMI Logistik is deployed. The optimisation of the machining process (KVP – continuous improvement process) allows improvement potentials to be constantly disclosed to the customer, thereby generating savings. In this context, the company concentrates on 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. In this way, KROMI has developed itself over recent years from a pure provider to an optimiser and expert on all customer processes, and determines optimal tool deployment based on the data that it has collected. 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, and the acquisition of new customers for the company.

IV. Market and competitive environment

Macroeconomic situation

In the 2012 / 2013 fiscal year, the economic situation on global markets was characterised by dampened cyclical trends, which also reflected a further decline in the economic output of many EU countries. At an average 0.7 %, the German economy in 2012 reported markedly lower growth than in previous years, which was also partly attributable to catch-up processes following the crisis.[1] Equally influenced by the incipient recession in many European countries, the German economy registered only a slow growth of 0.2 % in the third quarter of 2012. Economic output was down by 0.7 % in the fourth quarter of last year, although a positive trend re-emerged in the first quarter of 2013 with 0.1 % GDP growth.[2] Prospects remain moderate for the current 2013 year: the German Federal Government anticipates only 0.4 % growth the 2013, for example.[3]

The German Institute for Economic Research (DIW) for its part presented a slightly more optimistic forecast, assuming approximately 0.7 % GDP growth for calendar 2013. As was also the case last year, the DIW continues to regard domestic demand as an important pillar of the German economy. A high employment rate and positive wage trends spurred private consumption. After a long period during which companies were obliged to tackle uncertainties in the EU export area, the DIW‘s economists regard the fact that a turnaround is identifiable in many European countries as a particularly positive factor. Together with a resumption of demand growth from emerging economies, this might further bolster the German economy. For this reason, the DIW, along with the German Federal Government[4], regards 1.6 % growth in 2014 as possible.[5]

Following a 0.3 % drop in EU states‘ GDP last year, the EU‘s statistical department, Eurostat, forecasts a further 0.1 % decline in economic output for 2013. In the Eurozone, economic output even shrank by as much as 0.6 % in 2012, and a further decline of 0.4 % is forecast for 2013. Eurostat nevertheless anticipates that the European economy will recover soon: 1.4 % economic growth in the EU is forecast for 2014, as well as 1.2 % in the Eurozone.[6]

However, it is still difficult to forecast Eurozone trends since savings measures in indebted states are burdening the economy. In addition, a significant lack of clarity remains on the policy side concerning the Eurozone‘s future structure. Economic trends in Europe will continue to be afflicted by considerable uncertainties next year as a consequence.

[1] German Federal Statistical Office, press release, January 15, 2013 | [2] German Federal Statistical Office, press release, May 15, 2013 [3] German Federal Government, press release, January 16, 2013 | [4] German Federal Government, 2013 Annual Economic Report, January 17, 2013 | [5] German Institute for Economic Research (DIW), press release, June 19, 2013 | [6] Eurostat, Real GDP Growth Rates, status as of: June 27, 2013

According to the IMF, the global economy grew by 3.2 % in 2012, and it forecasts slightly faster growth of 3.3 % for 2013. Although the economy slowed down last year as a consequence, rather moderate growth is expected worldwide, despite the slightly optimistic outlook. Although industrial nations' economic output is resuming growth at only a very slow pace, emerging economies are also reporting continuous, albeit only moderate, growth rates.[7]

As a consequence, it is instead the case that only a moderate recovery of economic growth can be assumed for the coming months. Major uncertainty is nevertheless still evident, reflecting the unstable economic situation, especially in the EU.

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. Despite the difficult economic environment, this sector reported 1.3 % real growth in 2012, according to the German Engineering Federation (VDMA).[8] One reason for this only minor growth was the 8 % drop in new order intake in Germany, although it registered a marked recovery of the year-end.[9] The number of new orders received from abroad failed to change over the same period. In June 2013, new order intake was down 5 % year-on-year. Domestic orders fell by 4 %, and foreign orders by 6 %. In the April to June 2013 three month period, new order intake was 1 % up year-on-year. Domestic orders dropped 4 %, with a foreign orders rising 1 % compared with the prior-year period.[10] In the mechanical engineering sector, too, it is consequently clear that companies are holding back from investing due to economic uncertainties in the Eurozone. Given the brightening of sentiment in customer countries and the stabilisation of new order intake, the VDMA nevertheless anticipates continued growth of 2 % in the second half of 2013.[11]

The precision tools sub-sector, which also reported record earnings in 2012, made a contribution to the overall very robust situation in the German mechanical engineering sector. At EUR 8.8 billion, German precision tool manufacturers turned over 6 % more than in 2011. In particular, strong sector trends in automotive production and general mechanical engineering catered for this marked increase. The VDMA Precision Tools Association expects that the business situation will be stable in the current 2013 year. Manufacturers are assuming that they can maintain the previous year's record level. Growth in China and the USA will prospectively offset the modern trend on European markets in this context.[12]

[7] IWF, World Economic Outlook, April 2013 | [8] VDMA, press release, April 8, 2013 | [9] VDMA, Maschinenbau in Zahl und Bild, April 2013 | [10] VDMA, press release, August 1, 2013 | [11] VDMA, press release , April 8, 2013 | [12] VDMA Fachverband Präzisionswerkzeuge, press release, July 1, 2013

Aerospace

The aerospace industry also registered the positive trend in 2012. Sector sales revenue reported strong growth of 10.3 % to EUR 28.4 billion, while the total number of employees grew 3.4 % to 100,700, according to the German Aerospace Industries Association (BDLI). The BDLI notes in this context that sector sales revenue has grown 53 % since 2005. The most important sub-sector is civilian aerospace with EUR 19.6 billion of sales revenue volume, representing 69 % of total sector sales revenue. As in the previous year, sales revenue growth of 14.2 % was faster than in other aerospace sub-sectors. The space industry also reported significant sales revenue growth of 11.9 %. Defence equipment companies were confronted by the difficult environment this year, registering a 0.5 % sales revenue decline, by contrast.[13]

As a consequence, growth in civilian aerospace remains the most important pillar of the aerospace sector in 2012. Global passenger volumes reported above-average growth of 5.3 % in 2012, according to the International Air Transport Association (IATA).[14] This trend strengthened further in the first quarter of 2013, amounting to 5.9 % year-on-year.[15] For global freight volumes, by contrast, the IATA reported a slight decline of 1.5 % for 2012.[16] This is attributed to the slowdown in global trade due to lower global economic growth. Freight volumes nevertheless stabilised again during the first quarter of 2013, registering 1.4 % growth in April 2013. [17]

Automotive supply industry

The German automotive sector reported a 4 % decline in domestic production in the calendar year 2012. This nevertheless comprises a respectable result given the major economic challenges in Europe. Exports of cars manufactured in Germany also weakened by 3 % compared with the previous year's record level. Export volumes stood at 4.1 million cars in the past calendar year. The German Automotive Industry Association (VDA) forecasts that the number of cars produced will remain stable at a level of around 5.4 million in 2013. Growing exports to the USA and China will offset weakening demand in Europe in this context.[18] German automotive supply companies maintained the previous year's high level. Total sales revenue of EUR 68.4 billion in 2012 was only 1 % weaker than in the previous record year. Around two thirds of this total sales revenue was attributable to business on the German market. While the continued weak economic situation of the Eurozone continues to be reflected in lower international turnover, the domestic market is proving to be an anchor of stability.[19]

[13] German Aerospace Industries Association (BDLi), press release, April 16, 2013 | [14] International Air Transport Association, press release, March 5, 2013 | [15] International Air Transport Association, press release, May 1, 2013 | [16] International Air Transport Association, press release, March 4, 2013 | [17] International Air Transport Association, press release, May 29, 2013 | [18] German Automotive Industry Association (VDA), press release, January 3, 2013 | [19] German Automotive Industry Association (VDA), 2013 Annual Report, August 5, 2013

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 offer their customers only products from their own portfolios. Although tools wholesalers, by contrast, frequently offer a broader product range, they mostly command no particular technical expertise in the machining tools segment. For their part, software companies and dispenser manufacturers generally 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.

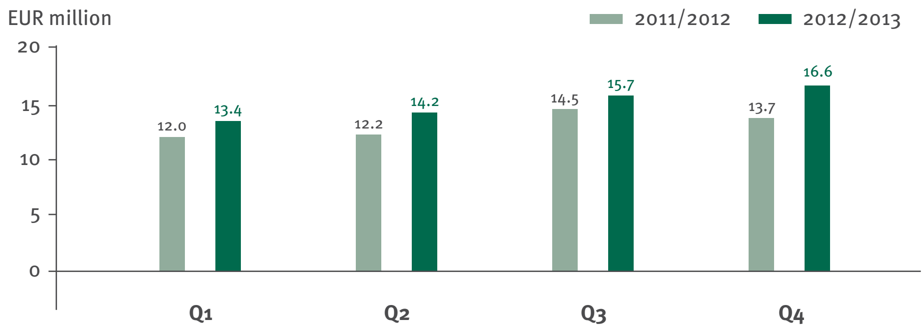
Analysis of business results and discussion of net assets, financial position and results of operations

I. General course of business in 2012 / 2013

KROMI Logistik continued its positive sales revenue trend in its 2012 / 2013 fiscal year, as planned, with revenue up by around 14.2 % year-on-year. The Group consequently met the goal that it had set for itself of delivering sales revenue growth in the significantly double-digit percentage range. This growth is particularly due to the continued high production levels for existing customers, and related strong demand for tools and consumable parts, especially on the German domestic market. Customers that were newly acquired over recent years also contributed to the growth that we reported.

Revenue generated with customers from Southern Europe, especially Spain and Italy, as well as other European countries outside Germany, failed to report the growth expected of them, by contrast. Here, uncertainties about future economic trends made themselves felt, feeding through to delays in implementing the KROMI system at new customers, and in delays to concluding planned contracts. To counter this, the Managing Board has developed a continuous plan of measures to improve our earnings position, especially in European countries outside Germany.

Revenues 2012 / 2013 quarterly basis and compared to the previous year



Further revenue growth of around 24.5 % was realised at the Brazilian subsidiary. Changes to Brazilian tax legislation and one-off extraordinary items nevertheless resulted in lower gross profit margins. A supply agreement was also cancelled as the result of the takeover of one customer. Adjustments to internal planning and to the valuation of the loan as reported in the company‘s single-entity financial statements were applied as a response to these developments. A precautious impairment loss was applied to the valuation of the lending to the Brazilian subsidiary. The Managing Board remains fully convinced that it can successfully implement the KROMI business model on the Brazilian market in the long term – the economy, the relevant market and the sales experiences that have been made to date provide evidence of this subsidiary‘s major potential.

Below-average trends on Southern European markets and adjustments in Brazil also affected key earnings figures. The Group reported earnings before interest and tax (EBIT) of EUR 865 thousand. This nevertheless reflects an increase in the amount of EUR 697 thousand compared to the previous year result (TEUR 168). The purely operating result adjusted to reflect on realise valuation losses on translation differences and pension provisions even amounted to EUR 1,528 thousand, representing a more than doubling compared with the corresponding previous year‘s result of EUR 706 thousand. As a consequence, KROMI Logistik met its target of continuously improving profitability in line with the gradual EBIT margin enhancement.

Expansion activities

The Group continued to consistently pursue its expansion path in the past 2012 / 2013 fiscal year. Along with the expansion of its core market, the further penetration of new markets and the acquisition of internationally operating large-scale machining operations remain the focus of the growth strategy. The company is also constantly examining options to supply its existing customers at further locations.

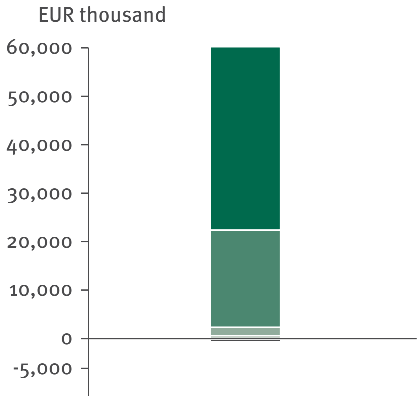
The constant further development of the Brazilian site represents one pillar of this strategy. The subsidiary there is reporting above-average growth. The management believes that the strong internal market within Brazil and the constant long-term growth rates in this country continue to provide strong foundations to further drive KROMI Logistik AG‘s growth. This subsidiary‘s continuous sales revenue growth underlines this trend. Although special factors meant that it has not yet achieved breakeven in the past fiscal year, the Managing Board remains convinced of the Brazilian subsidiary‘s potential due to the prospects that it enjoys there.

A further element of the strategy is to constantly review our international investments with respect to their financial and commercial efficiency, and to respond adequately to changes in market conditions accordingly. This continues to ensure that resources are focused where they can be deployed the most efficiently for the Group. In this connection, KROMI decided in the fiscal year elapsed to suspend its direct activities on the French market for the time being and to close the local branch site. Also in view of the continued strained macroeconomic situation in southern Europe, the margins achievable in France are failing to develop as hoped. A future involvement there nevertheless remains a corporate strategy option for KROMI if economic conditions change.

II. Results of operations

In the 2012 / 2013 fiscal year, the Group again reported significant sales revenue growth of 14.2 % to EUR 59,923 thousand (previous year: EUR 52,465 thousand). KROMI has consequently generated approximately 56.8 % sales revenue growth over the past three years, with this considerable growth allowing the Group to establish the foundations for its further expansion. This figure also reflects generally higher production levels at customers, and the greater international orientation of KROMI Logistik. The domestic German market, comprising a 65.2 % share of total revenue, nevertheless remains the driver of this continued sales revenue growth (previous year: 65.8 %).

Revenue distribution inland and foreign countries



	EUR thousand
Total revenues	**59,923**
Goods supplied, Germany	37,847
Goods supplied, international	20,064
Service supplied, Germany	1,693
Service supplied, international	781
Deductions from revenue	-462

KROMI benefits from a well-balanced customer structure that is diversified across several sectors in this context. Revenue with customers from all four target sectors continued to be expanded over the past fiscal year. Aerospace industry customers registered the fastest sales revenue growth. KROMI also achieved significant growth rates with the general mechanical engineering and automotive supply industries. These two areas are responsible for almost three quarters of total KROMI revenue, thereby accounting for a significant proportion of the Group‘s strong revenue growth. Finally, revenue generated with customers from the machine engine construction sector reported a slow recovery. 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 39,525 thousand to EUR 45,274 thousand. The **cost of materials ratio** rose from 75.3 % to 75.6 %. This increase is due, firstly, to the lower margins achieved with foreign customers in the fiscal year under review. For example, material expenses in Brazil outstripped the sales revenue growth achieved there. Secondly, rising sales revenue is accompanied by a dilution of the service margin share, since the service margin is not invoiced depending on sales revenue. By contrast, gross profit (excluding other operating income) reported an increase from EUR 12,940 thousand to EUR 14,649 thousand, due to the sales revenue growth. At 24.4 %, the **gross profit margin** was below the previous year‘s level of 24.7 %.

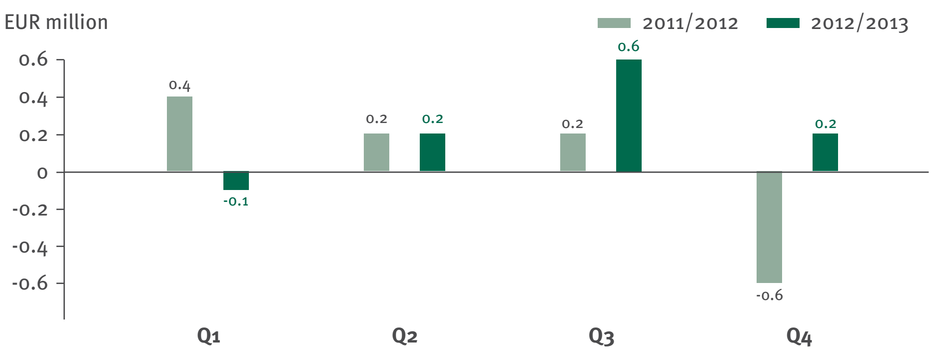
The **staff cost ratio** was reduced from 14.5 % to 13.3 %, by contrast. As a consequence, **staff costs** rose at a below-average rate from EUR 7,599 thousand to EUR 7,986 thousand. As a result of the significant growth in staff numbers over recent fiscal years, KROMI has meanwhile achieved a dimension that also allows additional new customers to be served efficiently with the same level of personnel coverage.

Depreciation and amortisation reported only a moderate year-on-year increase from EUR 718 thousand to EUR 760 thousand. This was especially attributable to amortisation applied to a higher number of KTCs acquired and installed at customers. Despite the business volume growth **other operating expenses** rose only slightly by 4 % compared to the previous year from EUR 5,591 thousand to EUR 5,813 thousand. Along with EUR 556 thousand of **additional expenses** arising from currency translation valuation, part of this item was in particular attributable to vehicle and travel costs connected with the expansion of business operations.

As a consequence, the Group reported a marked increase in its **profit from operations** (EBIT) from EUR 168 thousand to EUR 865 thousand in the 2012 / 2013 fiscal year elapsed. When adjusted for expenses arising from unrealised valuation losses such as currency translation differences (EUR 556 thousand) and pension provisions (EUR 107 thousand), pure operating earnings stood at EUR 1,528 thousand. This figure amounted to EUR 706 thousand in the previous year. With a 1.4 % EBIT margin (adjusted: 2.5 %), the goal of boosting profitability and of gradually further enhancing margins was achieved (previous year: 0.3 %; adjusted: 1.3 %).

After deducting the net financial result and corporation income taxes to be paid, which are based exclusively on the parent company's results, the Group concluded its 2012 / 2013 fiscal year with a Group net profit of EUR 27 thousand, compared with the previous year's EUR 210 thousand net loss. This marked increase in the tax expense derives from the fact that the impairment charge for the Brazilian subsidiary that was applied in the parent company's financial statements carries no tax-reducing effect.

EBIT 2012 / 2013 on quarterly basis and compared to the previous year

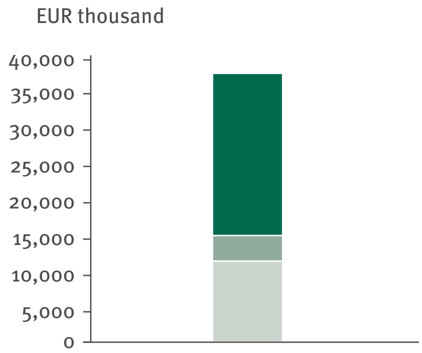


III. Net assets

The expansion of business operations was also evident in the year under review in terms of **total assets**, which rose significantly to EUR 37,425 thousand as of the June 30, 2013 reporting date (June 30, 2012: EUR 35,909 thousand).

On the **equity and liabilities** side of the balance sheet, the company reported equity of EUR 22,599 thousand as of the June 30, 2013 balance sheet date, representing an increase compared with the previous year, especially due to the net profit that was generated and a higher offsetting item arising from currency translation (June 30, 2012: EUR 22,330 thousand). The equity ratio rose slightly to 60.4 %, compared with 62.2 % as of June 30, 2012, as a result of the proportion of the stronger increase in total assets.

Balance sheet structure – equity and liabilities



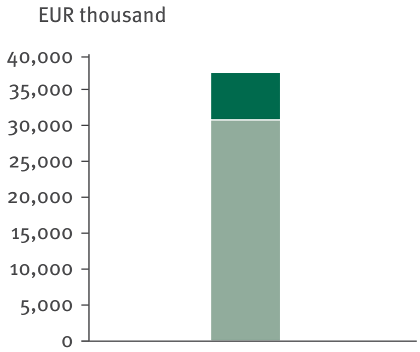
	EUR thousand
Total assets	**37,425**
Equity	22,599
Non-current liabilities	3,552
Current liabilities	11,274

The Group's **liabilities** consisting of provisions and other liabilities amounted to EUR 14,826 thousand as of the June 30, 2013 reporting date, reflecting a marked year-on-year increase (June 30, 2012: EUR 13,579 thousand). Of this amount, EUR 3,552 thousand was attributable to non-current assets (June 30, 2012: EUR 3,385 thousand), and EUR 11,274 thousand was attributable to current assets (June 30, 2012: EUR 10,194 thousand). Along with pension provisions, which increased further from EUR 1,881 thousand to EUR 2,123 thousand, non-current liabilities include, in particular, EUR 1,300 thousand of bank borrowings with a residual term of more than one year (June 30, 2012: EUR 1,400 thousand). Current liabilities primarily consist of EUR 5,009 thousand of short-term bank borrowings (June 30, 2012: EUR 3,730 thousand), and **trade payables**. Trade payables were reduced slightly in the fiscal year elapsed from EUR 5,355 thousand to EUR 5,003 thousand. This was mainly due to effects relating to the balance sheet date.

On the **assets** side of the balance sheet, non-current assets remained at almost the previous year's level, increasing only slightly from EUR 6,665 thousand as of June 30 2012 to EUR 6,619 thousand. **Property, plant and equipment**, which fell to EUR 4,472 thousand (June 30, 2012: EUR 4,709 thousand), was offset by a higher level of other non-current receivables, which were up from EUR 1,460 thousand as of June 30, 2012 to EUR 1,588 thousand. Capital investments in property, plant and equipment primarily comprise expenses to acquire new KTCs.

Current assets, which increased to EUR 30,806 thousand as of June 30, 2013 (June 30, 2012: EUR 29,244 thousand), were offset by a lower level of **inventories** and an increase in **trade receivables**. While inventories, despite the revenue growth, were reduced to EUR 14,265 thousand (June 30, 2012: EUR 15,587 thousand), trade receivables rose to EUR 14,881 thousand due to effects related to the reporting date and as a consequence of the higher revenue level (June 30, 2012: EUR 12,456 thousand). By contrast, **liquid assets** of EUR 199 thousand as of June 30, 2013 were almost at the previous year's level (June 30, 2012: EUR 171 thousand).

Balance sheet structure – assets



	EUR thousand
Total net assets	**37,425**
Non-current net assets	6,619
Current net assets	30,806

IV. Liquiditäts- und Finanzlage

Cash flow from operating activities amounted to EUR -684 thousand in the period under review. An operating cash outflow of EUR 5,914 thousand was incurred in the previous year. A reduction of inventories, in particular, is the reason for this development.

Cash flow from investing activities stood at EUR -462 thousand as of June 30, 2013 (June 30, 2012: EUR -2,813 thousand). Since the Tarpenring 11 operating property was acquired in the previous year, in the year under review only purchases of further KTCs and other property, plant and equipment occurred, as well as a year-on-year lower level of investments in the Brazilian subsidiary. Financing funds amounted to EUR 199 thousand at the end of the reporting period, compared with EUR 171 thousand as of June 30, 2012.

At EUR 19,321 thousand (June 30, 2012: EUR 19,050 thousand), **working capital** (current assets less current liabilities) continues to provide a strong and stable basis for the Group's targeted, profitable growth.

KROMI Logistik currently has at its disposal EUR 13,000 thousand of credit lines, of which EUR 4,902 thousand are utilised.

V. Principles and objectives of financial / Group 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 controlling metrics of gross profit margin, sales revenue and earnings before interest and tax (EBIT) as central financial management metrics. The company also manages the metrics of warehousing stock, inventories turnover, and outstanding debtor periods and levels.

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

The following direct and indirect participating interests in the parent company's capital exist that exceed 10 % of voting rights.

	Number of voting rights	Interest of voting rights	Of which attribution according to Section 22 (1) of the German Securities Trading Act (WpHG)	
			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 in Hamburg, Germany.

Holders of shares with special rights

No shares with special rights exist.

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

No employee participation programmes exist. 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, no restrictions exist 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 authorised to make changes to the articles of incorporation that affect only their wording.

Authorisation for the Managing Board to issue and repurchase shares

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

By way of a resolution by the General Meeting on December 8, 2009, the Managing Board was authorised for a period of five years from the date of entry in the commercial register, subject to the consent of the Supervisory Board, to increase the company's share capital by up to a total of EUR 2,062,000.00 through one or more issues of new no par value bearer shares against cash or non-cash capital contributions (Authorised Capital).

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

I. To reconcile fractional amounts;

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

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

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

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

By way of a resolution by the General Meeting on December 8, 2009, the company was authorised to acquire treasury shares of up to 10 % of its share capital at that time up to December 8, 2014. Together with other shares which may have been acquired for other reasons and which are held by the company or which are to be allocated to it within the meaning of Sections 71a et seq. of the German Stock Corporation Act (AktG), the shares acquired as a result of this authorisation may not at any time exceed 10 % of the share capital. Treasury shares may be acquired via the stock 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 10 % 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 when the offer is published. If the volume of the offered shares exceeds the intended buy-back volume in a public purchase offer, the purchased amount must be proportionate to the shares offered in each case. Provision may be made for preferred acceptance of low numbers of shares of up to 100 shares of the company offered for acquisition per shareholder.

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

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

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

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

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

Please see the remuneration report for information on the Managing Board members' extraordinary rights 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 doing so, 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 parent 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 normal 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 current compensation scheme 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.

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 Group‘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, and valuation gains and / or valuation losses, are applied as an appropriate profitability metric in this sense. Sales revenue is used as the key indicator for growth. At the start of each fiscal year, expected figures as well as margins of tolerance are agreed as targets for both key metrics. Basis for the expectation values are the budget figures of each fiscal year.

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 “EUR 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 year under review, Mr. Jörg Schubert acted as CEO, Mr. Uwe Pfeiffer as CFO, Mr. Bernd Paulini as Managing Board member responsible for the Technology and Products area, and Mr. Axel Schubert as Managing Board member responsible for IT and Administration. Total compensation paid to Managing Board members for the 2012 / 2013 fiscal year amounted to EUR 1,162 thousand (previous year: EUR 1,094 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 2012 / 2013, the remuneration for members of the Supervisory Board totalled EUR 70 thousand. The compensation was paid out to the Supervisory Board members in August 2013. 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 consolidated financial statements comply with regulations. Recognized risks are measured with regard to their impact on the consolidated financial statements. In this connection, the internal controlling system aims to provide sufficient security by implementing corresponding controls to ensure that the consolidated financial statements are prepared in line with the corresponding standards despite the identified risks.

Accounting-related internal controlling system of the Group

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 in order to ensure that bookkeeping and financial accounting are conducted properly. As an integral component of the Group accounting process, it comprises preventative, supervisory and revelatory security and controlling measures within the financial accounting and operating functions. 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 accounting control elements. A key component is the principle of functional separation, which aims to ensure that major executory (for example, sales), booking (for example, financial accounting) and administrative (for example, IT administration) activities do not stem from a single source. The "two sets of eyes" principle ensures that no major process goes uncontrolled. In addition to this, procedural instructions and IT-supported reporting and consolidation processes support both Group accounting and accounting-related reporting by its subsidiaries included in the consolidated financial statements.

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 might jeopardize the company as a going concern and to also mitigate these at an early stage if required. It aims to ensure that critical information is passed on to management directly and in good time. In this context, the risk management system issues the following basic principles and objectives:

1. Standardised view of risks
2. Rapid overview of the actual risk situation within the Group
3. Consistent disclosure and addressing of loopholes
4. Risk-oriented concentration on key business areas and processes, as well as requisite controls

5. Implementation that is cost-aware and pragmatic, and 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 2013 / 2014:

- 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. Maintaining a sufficient liquidity reserve is achieved through careful liquidity management. 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 entered into already in the 2011 / 2012 fiscal year in order to hedge the purchase price financing for the Tarpenring 11 building. A further interest-rate swap comprising a volume EUR 3.0 million was also entered into in the 2012 / 2013 fiscal year, which serves to hedge the financing of working capital.

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 such default risk 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 taken out insurance for some of its receivables until June 30, 2013. This insurance policy was cancelled since the company regards the risk as manageable due to the related historic loss record. Before 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 financial management and, if necessary, clarified in a personal discussion with the customer.

Merchandise risks / warehouse risks

When accepting a new business relationship, KROMI initially acquires the customer‘s existing tool inventories, and feeds these gradually into the dispenser supply, thereby bearing the financing risk.

KROMI Logistik‘s systems are set up to analyse 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 due to commercial transactions, or only to a minor extent. The Brazilian subsidiary bears the exchange-rate risk for the repayment relating to the debt service to the parent company. It is impossible to hedge this exchange rate risk due to the Brazilian Real currency and the fact that the relevant cash flows occur in the future.

Risks from the commitment Brazil

In the parent company‘s separate financial statements of the fiscal year elapsed, a precautious impairment loss was applied to the valuation of the lending to the Brazilian subsidiary. In the course of this, a write-down was performed to the lower fair value, since the internal sales revenue and earnings budgets needed to be adjusted due to the achievement of lower than planned gross margins in this market as well as the discontinuation of one customer relationship. In Brazil, the speed of the potential market penetration by various regulatory administrative processes is proceeding more slowly than initially assumed. The valuation of this equity investment was included in the risk profile for this reason. The Managing Board nevertheless remains convinced that the sales revenue and earnings expectations will be met in the long term.

Risks from the general environment and from industrial sectors

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

Risks associated with the company's strategy

KROMI aims to generate profitable, sustained growth. Decisions on capital expenditure, strategic alliances and equity participations have been, and are, 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

Outsourcing trend in manufacturing industry

Manufacturing companies are increasingly placing priority on focusing on their core competencies. A growing trend prevails toward outsourcing peripheral production areas. Cost pressure, high inventory levels of ‚C items' (low value products that 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. Customers' frequent insufficient tool know-how and the lack of databases to optimise tool deployment also represent a strong demand for external advice. KROMI Logistik also offers such expertise.

Multinational customer structure

The internationalisation of KROMI Logistik AG's customer structure offers continuous growth potential. The company pursues a dual strategy in this context. Firstly, the company'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 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

No notable events occurred after the end of the reporting period.

Outlook

For KROMI Logistik AG, the 2012 / 2013 fiscal year was characterised by sales revenue growth and further earnings improvement.

KROMI Logistik expects that its business will continue to grow over the coming years. For example, somewhat stronger global economic output growth is forecast from 2014, even if the economic situation in southern European states remains strained. KROMI plans a further expansion of its business in the current 2013 / 2014 year, especially on the German domestic market and in Brazil. Offsetting this, revenues with Southern European customers are expected to be somewhat moderate due to forecast lower production levels.

Given the strong revenue growth that we have achieved over recent years, KROMI Logistik is now setting its sights on more moderate growth in its target markets. Our focus will be on enhancing profitability in this context. The Managing Board is consequently assuming that single-digit percentage revenue growth in the 2013 / 2014 fiscal year can be achieved. In this context, we have already anticipated that, along with the restrained trend in Southern Europe, we can also implement targeted adjustments to our portfolio of customers and markets.

Accompanying this, KROMI also expects a continuous improvement in its operating earnings. The economy, and consequently the customers' production levels, will prove to be critical factors in this earnings growth. If these perform positively, the Management Board aims for further EBIT growth as part of its gradual and profitable growth strategy. The EBIT margin will prospectively remain within the lower to mid single-digit percentage range in the current fiscal year.

Current projects and cooperation ventures should also facilitate business volume growth in 2014 / 2015. 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 our revenue volume, we are now focusing to an even greater extent on earnings growth. Thanks to the adjustments that we have made in recent years and the corporate dimension that we have attained, KROMI Logistik AG is very well positioned to continue on the course of sustainable and profitable growth it is charting.

Hamburg, August 30, 2013

Managing Board of KROMI Logistik AG

Jörg Schubert Uwe Pfeiffer Bernd Paulini Axel Schubert

KROMI – a problem solver for industry companies.

61 | Consolidated balance sheet
62 | Consolidated income statement
63 | Consolidated statement of comprehensive income
64 | Consolidated cash flow statement
65 | Consolidated statement of changes in equity
66 | Notes to the consolidated financial statements
107 | Auditor's opinion
108 | Responsibility statement

Consolidated balance sheet according to IFRS as of June 30, 2013

Assets	Notes	June 30, 2013	June 30, 2012
Non-current assets			
Intangible assets	4.1.1.	247	339
Other property, plant and equipment	4.1.1.	4,472	4,709
Other non-current assets	4.1.2.	1,588	1,460
Deferred taxes	4.4.4.	312	157
Total non-current assets		**6,619**	**6,665**
Current assets			
Inventories	4.2.1.	14,265	15,587
Trade receivables	4.2.2.	14,881	12,456
Other current receivable	4.2.3.	1,449	1,004
Income tax assets	4.2.4.	12	26
Cash and cash equivalents	4.2.5.	199	171
Total current assets		**30,806**	**29,244**
		37,425	**35,909**

In EUR thousand (unless otherwise stated)

Liabilities	Notes	June 30, 2013	June 30, 2012
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.	-73	-48
Net retained profits		1,196	1,157
Currency translation	4.3.5.	367	104
Minority interests	4.3.6.	-22	-14
Total equity		**22,599**	**22,330**
Total non-current liabilities			
Provisions for pensions and other post employment benefits	4.4.1.	2,123	1,881
Non-current interest-bearing loans	4.4.2.	1,300	1,400
Other non-current liabilities	4.4.3.	108	71
Deferred taxes	4.4.4.	21	33
Total non-current liabilities		**3,552**	**3,385**
Current liabilities			
Income tax liabilities	4.5.1.	288	267
Short-term interest-bearing loans	4.5.2.	5,009	3,730
Trade payables	4.5.3.	5,003	5,355
Other current liabilities	4.5.4.	974	842
Total current liabilities		**11,274**	**10,194**
		37,425	**35,909**

In EUR thousand (unless otherwise stated)

Consolidated income statement according to IFRS from July 1, 2012 to June 30, 2013

	Notes	Jul 1, 2012 to Jun 30, 2013	Jul 1, 2011 to Jun 30, 2012
Revenue	5.1.	**59,923**	52,465
Other operating income	5.2.	775	1,136
Cost of materials	5.3.	45,274	39,525*
Staff costs	5.4.	7,986	7,599
Depreciation / amortisation	4.1.1.	760	718
Other operating expenses	5.5.	5,813	5,591*
Profit from operations		**865**	**168**
Finance costs	5.6.	322	157
Other financial income	5.7.	25	100
Earnings before tax		**568**	**111**
Income taxes	5.8.	541	321
Company net profit / loss		**27**	**-210**
Consolidated net income due to shareholders of KROMI Logistik AG		39	-201
Consolidated net income due to minority interests		-12	-9
Earnings per share	11.		
Shareholders' consolidated earnings in EUR		39,103	-200,941
Number of shares (weighted average for the fiscal year)		4,124,900	4,124,900
Earnings per share in EUR (undiluted and diluted)		**0.01**	**-0.05**

In EUR thousand (unless otherwise stated)

* The Brazilian taxes in connection with the acquisition of goods reported under other operating expenses in the prior year consolidated financial statements are this year reported under cost of materials - also with effect for the previous year.

Statement of income and accumulated earnings according to IFRS from July 1, 2012 to June 30, 2013

	Jul 1, 2012 to Jun 30, 2013	Jul 1, 2011 to Jun 30, 2012
Company net profit / loss	**27**	-210
Other comprehensive income		
Other comprehensive income to be reclassified in subsequent periods		
Loss from cash flow hedges	-37	-71
Income tax effects	12	23
	-25	-48
Foreign currency translation consolidated subsidiaries	265	170
Other comprehensive income after tax to be reclassified in subsequent periods	**240**	122
Consolidated net income	**267**	-88
Consolidated net income due to shareholders of KROMI Logistik AG	277	-81
Consolidated net income due to minority interests	-10	-7

In EUR thousand (unless otherwise stated)

Consolidated cash flow statement according to IFRS from July 1, 2012 to June 30, 2013

		Jul 1, 2012 to Jun 30, 2013	Jul 1, 2011 to Jun 30, 2012
Cash flow from operating activities			
	Consolidated earnings before interest and taxes (EBIT)	865	168
+	Amortisation / depreciation	760	718
–	Gains from disposal of non-current assets	-20	0
–	Increase in other non-current receivables	-128	-140
+	Increase / decrease in provisions for pensions (without interest share)	161	329
–/+	Change in net current assets	-1.454	-6.760
+	Interest received	25	100
–	Interest paid	-234	-75
–/+	Income taxes paid / received	-659	-254
Net cash from operating activities		**-684**	**-5.914**
Cash flow from investing activities			
+	Cash inflow from the sale of non-current assets	20	0
–	Payments for the acquisition of non-current assets	-482	-2.813
Net cash used in investing activities		**-462**	**-2.813**
Cash flow from financing activities			
	Cash inflow from minority shareholders as part of cash capital increase	2	7
–	Cash inflow from borrowings	-100	0
+	Payments for the repayment of lease liabilities	1.272	5.130
Net cash used in financing activities		**1.174**	**5.137**
	Cash change in cash and cash equivalents	28	-3.590
–	Exchange-rate related change in cash and cash equivalents	0	-12
+	Cash and cash equivalents – start of period	171	3.773
Cash and cash equivalents – end of period		**199**	**171**

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 2012 / 2013

	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, 2011	**4,125**	**15,999**	**1,007**	**-**	**1,358**	**-64**	**-14**	**22,411**
Payout of dividends	-	-	-	-	-	-	7	7
Company net loss	-	-	-	-	-201	-	-9	-210
Other comprehensive income	-	-	-	-48	-	168	2	122
Consolidated net income	-	-	-	-48	-201	168	-7	-88
June 30, 2012 / July 01, 2012	**4,125**	**15,999**	**1,007**	**(48)**	**1,157**	**104**	**-14**	**22,330**
Capital increase subsidiary	-	-	-	-	-	-	2	2
Company net loss	-	-	-	-	39	-	-12	27
Other comprehensive income	-	-	-	-25	-	263	2	240
Consolidated net income	-	-	-	-25	39	263	-10	267
Balance as of June 30, 2013	**4,125**	**15,999**	**1,007**	**-73**	**1,196**	**367**	**-22**	**22,599**

In EUR thousand (unless otherwise stated)

Notes to the consolidated financial statements for the 2012 / 2013 fiscal year from July 1, 2012 to June 30, 2013

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 that have a high requirement 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 recognised principles of International Financial Reporting Standards (IFRS) as of June 30, 2013, and has applied all of the International Accounting Standards (IAS) and IFRS passed by the International Accounting Standards Board (IASB) prior to June 30, 2013, 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, 2013 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, 2012.

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

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

The consolidated balance sheets were prepared on an accrual basis in line with IAS 1. The consolidated income statement was prepared according to the nature of expense method. In order to improve the clarity of presentation, consolidated balance sheet items and consolidated income statement items are 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, 2013, 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 standard that required mandatory application for the first time in the 2012 / 2013 fiscal year had no, or no significant, effects on the company's consolidated financial statements.

- IAS 1* Presentation of Financial Statements (from July 1, 2012)

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, 2013 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, 2013)
- IAS 12* Deferred Tax: Recovery of Underlying Assets (from July 1, 2013)
- IAS 19* Employee Benefits (from January 1, 2013)
- IFRS 9 Financial Instruments: Classification and Measurement (from January 1, 2015)
- IFRS 10 Consolidated Financial Statements (from January 1, 2014)
- IFRS 11 Joint Arrangements (from January 1, 2014)
- IFRS 12 Disclosure of Interests in Other Entities (from January 1, 2014)
- IFRS 13 Fair Value Measurement (from January 1, 2013)
- IAS 27* Consolidated and Separate Financial Statements (from January 1, 2014)
- IAS 28* Investments in Associates (from January 1, 2014)
- 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)

* Amendments

- IFRS 1* Government Loans (from January 1, 2013)
- Improvements to IFRSs 2009-2011 (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)
- IFRS 10*, IFRS 12* and IFRS 27* Investment Entities (from January 1, 2014)
- IAS 36* Recoverable Amount Disclosures for Non-Financial Assets (from January 1, 2014)
- IAS 39* Novation of OTC Derivatives and Continuing Designation for Hedge Accounting (from January 1, 2014)
- IFRIC 21 Levies (from January 1, 2014)

KROMI will not apply these standards and interpretations until application is mandatory, and the European Commission has endorsed them. According to current appraisal, and with the exception of the amendments to IAS 19, their future application will not have any material impact on the presentation of the Group's net assets, financial position and results of operations.

Actuarial gains and losses arising from defined benefit plans reported pursuant to IAS 19 are to be reported in the future in other comprehensive income rather than in the income statement. Please refer to 4.4.1 for information concerning changes to actuarial gains and losses over the past years.

2.3. Principles of consolidation, scope of consolidation

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

The group of consolidated companies includes the financial statements of

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

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

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

* Amendments

2.4. Currency translation

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

The reporting currency for the consolidated financial statements is the Euro, which is also the parent company's functional currency. The Euro is the functional currency of KROMI Slovakia s.r.o. and KROMI Logistik Spain S.L. The Czech Kroner is the functional currency of KROMI CZ s.r.o. The functional currency for KROMI Logistica do Brasil Ltda is the Brazilian Real. The assets and liabilities of the subsidiary are translated to the reporting currency using the closing date on the respective balance sheet date. Equity is translated using historical exchange rates. Items in the income statement are translated using average rates of exchange. Differences from currency translation are taken directly to equity and carried under a separate consolidated equity item. Please refer to the statement of changes in equity. The exchange rate for euros (EUR) to the Brazilian real (BRL) comprises a material factor for currency translation in the KROMI Group. Currency translation in the years stated was based on the following exchange rates in each case:

EUR in BRL	June 30, 2013	June 30, 2012
Exchange rate on balance sheet date	2.89	2.58
Annual average exchange rate	2.62	2.39

Currency translation differences in the individual financial statements and from the consolidation of receivables, liabilities, expenses and income resulted in expenses that are recognised in income totalling EUR 571 thousand (previous year: EUR 346 thousand).

3. Summary of key accounting methods

3.1. Consolidated balance sheet items

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

Acquired **goodwill** relates to the transfer of intangible assets from Tarpenring 11 Vermögensverwaltungsgesellschaft mbH. Amortisation 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 level of KROMI Logistik AG. This assessment is based on a five-year forecast horizon. No goodwill impairment charges we required 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 depreciated straight-line 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 the net financial result (previous year: other operating income). Actuarial gains and losses are fully recognised in profit and loss under the net financial result (previous year: other operating income and 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. First-in first-out consumption has been assumed (FIFO). Apart from the rights of retention customary in the industry, inventories are not subject to third-party rights.

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

Risks are estimated by the Managing Board, assuming the future cash flow from the respective balance sheet item that is anticipated on the date the financial statements are prepared. If payments are regarded as being unlikely, this risk is taken into account through percentage reductions (specific valuation allowances). The Managing Board believes that the valuation allowances provide sufficient cover for the existing risks. It is impossible to either estimate or state a range of event probabilities and risks.

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

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

Cash and cash equivalents are carried at their nominal amounts.

Deferred taxes are formed according to the requirements of IAS 12. Deferred tax assets and liabilities are to be carried for temporary differences that result from differences in the carrying amounts for assets and liabilities between the IFRS financial statements and the respective tax base. Deferred taxes are calculated based on future national tax rates for the respective temporary differences. The temporary differences are due almost exclusively to KROMI Logistik AG. The corporation tax rate for domestic companies in Germany totalled 15.0 % in the period under review (previous year: 15.0 %). The Solidarity Surcharge is 5.5 % of the amount of corporation tax charged (previous year: 5.5 %). The company‘s average trade tax rate totals approximately 16.5 % (previous year: 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 34.0 % tax rate is applied for the Brazilian subsidiary (previous year: 34.0 %)

A differentiation is made between tax claims (deferred assets) and tax liabilities (deferred liabilities). These are generally non-current pursuant to IAS 1.70. Deferred tax assets resulting from tax loss carryforwards are 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 the share premium account. The costs of procuring equity are carried as a deduction from equity (netted with the share premium account), 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 Euros. These differences are taken directly to equity.

In accordance with IAS 37, **provisions** are formed for all recognisable obligations to third parties for which it is probable that fulfilment of the obligations will lead to an outflow of resources and for which a reliable estimate of the amount of the obligation can be made. If the amount and occurrence of the obligation are sufficiently certain, these are carried under liabilities. As in the previous year, no provisions were consequently required in fiscal 2012 / 2013.

Liabilities are carried at amortised 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 derecognised 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 derivative financial instruments which are designated as hedging instruments, and which are effective as such, financial liabilities in the KROMI Group are exclusively allocated to the categories “loans and receivables“ and “financial liabilities at amortised cost“ according to IAS 39.

KROMI utilises derivative financial instruments in the form of interest-rate swaps in order to hedge against interest-rate risks (cash flow hedge). These derivative financial instruments were recognised at fair value on the date when the contracts were entered into, and are 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 values of the interest-rate swaps were reported as financial liabilities as of June 30, 2013.

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 swaps were assessed to be effective to a high degree.

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. In the 2013 fiscal year, EUR 42 thousand of losses carried directly to equity were reclassified to the net financial result in the income statement.

The interest-rate swaps were fully classified as non-current in line with the total term of the hedged loan and the working capital credit line, 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 recognised from merchandise when the goods are delivered to the customer. To the extent that goods are delivered when customers remove merchandise from the KTC dispensers (KROMI Tool Centre, comprising a service desk and tool dispenser unit) installed at customers‘ facilities, revenues are recognised when the customers remove the merchandise. Income from services is recognised when the respective service is performed. Revenues are measured in the amount of the income received.

The cost of materials is recognised as soon as the merchandise is sold or written off due to zero value. Materials are measured in the amount of the original purchase prices. Impairments to non-current assets and receivables are recognised as soon as the impairment has occurred. 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 consideration.

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 486 thousand (previous year: EUR 354 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 recognised 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

Only minor amounts of liabilities denominated in foreign currency existed 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 939 thousand had been applied to trade receivables (previous year: EUR 885 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	Intangible assets Other	Land and buildings	Other property, plant and equipment
Acquisition costs on 01 / 07 / 2012	150	390	3,082	5,925
Currency differences	0	0	0	-59
Additions - individual acquisitions	0	15	75	392
Disposals	0	0	0	-21
Reclassifications	0	0	0	0
Acquisition costs on 30 / 06 / 2013	**150**	**405**	**3,157**	**6,237**
Amortisation / depreciation on 01 / 07 / 2012	0	201	99	4,200
Currency differences	0	0	0	-9
Additions	0	107	77	576
Disposals	0	0	0	-21
Reclassifications	0	0	0	0
Amortisation / depreciation on 30 / 06 / 2013	**0**	**308**	**176**	**4,746**
Carrying amount on 01 / 07 / 2012	150	189	2,983	1,725
Carrying amount on 30 / 06 / 2013	**150**	**97**	**2,981**	**1,491**

in EUR thousand	Intangible assets Goodwill	Intangible assets Other	Land and buildings	Other property, plant and equipment
Acquisition costs 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
Acquisition costs 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**

Intangible assets include software in the amount of EUR 97 thousand (previous year: 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 (previous year: EUR 150 thousand) from the acquisition of intangible assets from Tarpenring 11 Vermögensverwaltungsgesellschaft mbH. According to IAS 38, goodwill is not amortised, and no impairment was reported.

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

Bank borrowings of EUR 1,578 thousand (previous year: EUR 1,578 thousand) are collateralised through land charges on property.

4.1.2. Other non-current receivables

This item exclusively comprises EUR 600 thousand (previous year: EUR 848 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 988 thousand (previous year: EUR 612 thousand) of bank balances pledged to cover pension commitments.

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

in EUR thousand	Present value of asset June 30, 2013	June 30, 2012
Balance at start of period	**848**	**1.320**
Expected return	25	41
Contributions paid by employer	117	97
Payments rendered	-372	-596
Balance at end of period (expected)	**618**	**862**
Actual return	7	27
Expected return	25	41
Actuarial gains (+) / losses (-) resulting and amortised during the period	-18	-14
Balance at end of period (actual)	**600**	**848**

The income expected from the insurance policies totals 3.0 % p.a. (previous year: 3.0 % p.a.). This expectation is based on the general interest-rate level.

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

in EUR thousand	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009
Present value of re-insurance	600	848	1,320	1,127	945
Actuarial gains (+) / losses (-) resulting and amortised during the period	-18	-14	-28	-31	-28

Insurance policies of EUR 372 thousand (previous year: EUR 596 thousand) were due for payment in the 2012 / 2013 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, 2013, there were no inventories recognised at net realisable value, as in the previous year. There were no impairments to inventories reported in the 2012 / 2013 fiscal year, as in the previous year.

4.2.2. Trade receivables

Composition:

in EUR thousand	June 30, 2013	June 30, 2012
Gross receivables	15,820	13,341
Less valuation allowances	-939	-885
	14,881	**12,456**

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 generally due within one year. The additions to the valuation allowances for trade receivables totalled EUR 54 thousand in the fiscal year (previous year: EUR 60 thousand). Valuation allowances and reversals of valuation allowances changed as follows:

in EUR thousand	Specific allowance
As of June 30, 2011	**1,176**
Additions through profit or loss	60
Utilisation / reversal	351
As of June 30, 2012	**885**
Additions through profit or loss	54
Utilisation / reversal	0
As of June 30, 2013	**939**

One merchandise credit insurance policy existed as of the reporting date. In the previous year, this insurance policy covered EUR 3,874 thousand of receivables. The deductible in the event of a receivables default is 15 % to 25 %. The merchandise credit insurance policy was terminated as of June 30, 2013.

The term structure of the trade receivables on June 30, 2013 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 / 2013	15,820	939	14,881	12,306	2,373	187	12	3	2,575
As of 30 / 06 / 2012	13,341	885	12,456	10,447	1,940	42	16	11	2,009

On the balance sheet date, receivables of EUR 2,575 thousand (previous year: EUR 2,009 thousand) were overdue and had not been written down. Of the overdue unimpaired receivables, receivables in an amount of EUR 2,345 thousand (previous year: 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.

A payment plan relating to EUR 539 thousand of receivables was subsequently concluded with one Group customer. As of the balance sheet date, EUR 431 thousand of receivables still existed, of which EUR 102 thousand carried a term of more than one year.

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

in EUR thousand	June 30, 2013	June 30, 2012
Receivables in EUR	14,873	12,784
Receivables in BRL	947	557
	15,820	**13,341**

4.2.3. Other current receivables

Composition:

in EUR thousand	June 30, 2013	June 30, 2012
Value added tax	835	538
Advances to commercial representatives	204	204
Prepaid expenses	166	119
Deferred bonus payments	47	47
Creditors in debit	15	11
Industrial product tax (Brazil)	162	70
Other	20	15
	1,449	**1,004**

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

4.2.4. Income tax claims

Composition:

in EUR thousand	June 30, 2013	June 30, 2012
Trade tax	12	5
Corporate tax	0	21
	12	**26**

The trade tax receivables relate to the 2011 / 2012 fiscal year.

4.2.5. Cash and cash equivalents

The cash and cash equivalents comprise current account balances and cash in hand (EUR 199 thousand; previous year: EUR 171 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, 2013	June 30, 2012
Cash and cash equivalents in EUR	138	151
Cash and cash equivalents in BRL	39	1
Cash and cash equivalents in CZK	22	19
	199	171

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, 2013	June 30, 2012
Subscribed capital	4,125	4,125
Share premium account	15,999	15,999
Retained earnings	1,007	1,007
Balance sheet profit	1,196	1,157
Reserve for hedging cash flows	-73	-48
Adjustment item from currency translation	367	104
Equity due to shareholders Equity	22,621	22,344
Minority interests	-22	-14
	22,599	22,330

4.3.1. Subscribed capital and authorised capital

KROMI Logistik AG‘s subscribed capital totalled EUR 4,124,900 on June 30, 2013 (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. No differing share classes exist. 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 authorised, subject to the consent of the Supervisory Board, for the period through to December 20, 2014 to increase the share capital of the company by up to a total of EUR 2,062 thousand through one or more issues of new no par value bearer shares against cash and / or non-cash capital contributions (Authorised Capital).

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

4.3.2. Share premium account

The share premium account comprises 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 values of interest-rate swaps which were designated as hedging instruments, and which are effective as such, less related deferred tax.

4.3.5. Adjustment item for currency conversion

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

4.3.6. 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 60.4 % as of June 30, 2013 (previous year: 62.2 %).

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 in the previous year 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:

in EUR thousand	Target value of obligation June 30, 2013	June 30, 2012
Balance at start of period	**1,881**	1,470
Ongoing service cost	54	46
Interest expenses	81	82
Expense for pension benefit	**135**	128
Balance at end of period (expected)	**2,016**	1,598
Actuarial gains (-) / losses (+) resulting and amortised during the period	107	283
Balance at end of period (actual)	**2,123**	1,881

The following actuarial assumptions were applied when calculating the provision:

in % p.a.	June 30, 2013	June 30, 2012
Discount Rate	3.50	4.30
Future pension increases	1.00 - 2.00	1.00 - 2.00
Anticipated employee turnover	0.00	0.00

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

in EUR thousand	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009
Present value of defined benefit obligations	2,123	1,881	1,470	1,337	1,064
Actuarial gains (+) / losses (-) resulting and amortised during the period	107	283	-31	129	-1

A total of EUR 401 thousand was paid to statutory or state pension plans for defined contribution plans in the 2012 / 2013 fiscal year (previous year: EUR 366 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 100 thousand was reported as expenses for these benefit commitments (previous year: EUR 98 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 derivative financial instruments in the form of interest-rate swaps in order to hedge against interest-rate risks (cash flow hedge).

An interest-rate swap for a nominal capital amount of EUR 1,500 thousand was entered into in the 2011 / 2012 fiscal year to hedge the purchase financing for a property. 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. The interest-rate swap carries a term until 2017 in line with the loan's term.

A further interest-rate swap comprising a volume EUR 3.0 million was also entered into in the 2012 / 2013 fiscal year, which serves to hedge working capital credit lines. On the basis of the agreement, the Group makes a quarterly fixed interest payment of 1.27 % of the nominal capital amount, and receives a variable interest rate equivalent to 3-month EURIBOR. The interest-rate swap carries a term until 2017.

These derivative financial instruments were recognised at fair value on the date when the contracts were entered into, and are remeasured at fair value in subsequent periods. The negative fair value of the interest-rate swap (EUR 108 thousand; previous year: EUR 71 thousand) is calculated using the mark-to-market method, and was reported as a financial liability as of June 30, 2013. The interest-rate swaps were fully classified as non-current in line with the total term of the hedged loan and the planned working capital credit line, 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, 2013	June 30, 2012
Deferred tax assets		
Pension provisions	195	134
Interest-rate swap (cash flow hedge)	35	23
Loss carryforwards	82	0
	312	**157**
Deferred tax liabilities		
Goodwill	21	17
Other property, plant and equipment	0	16
	21	**33**

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

4.5. Current borrowings

4.5.1. Liabilities from income taxes

Tax liabilities mostly relate to the income taxes to be demanded by the German tax authorities for fiscal 2012 / 2013.

Composition:

in EUR thousand	June 30, 2013	June 30, 2012
Corporate tax	155	118
Corporation tax for previous years	0	9
Trade tax	133	119
Trade tax for previous years	0	7
Tax liabilities in Brazil	0	14
	288	**267**

4.5.2. Current interest-bearing loans

Composition:

in EUR thousand	June 30, 2013	June 30, 2012
Commerzbank - money market loan -	2,000	2,000
HypoVereinsbank - Euro loan -	1,000	1,000
Hamburger Sparkasse - money market loan -	1,000	0
Commerzbank - current account -	446	304
Hamburger Sparkasse - current account -	290	0
HypoVereinsbank - current account -	166	326
HypoVereinsbank - property funding -	100	100
Deferred interest	7	0
	5,009	3,730

The money market loans and the current accounts are due on demand. The interest rate lay between 1.5 % and 6.48 % as of June 30, 2013. The Euro loan carries a term until October 16, 2013, and 1.9 % 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. Trade payables do not bear interest and are all due in one to three months.

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

in EUR thousand	June 30, 2013	June 30, 2012
Liabilities in EUR	4,527	5,040
Liabilities in BRL	476	315
	5,003	5,355

4.5.4. Other current liabilities

Composition:

in EUR thousand	June 30, 2013	June 30, 2012
Personnel-related deferrals	361	494
Tax liabilities	404	134
Liabilities as part of social security	44	48
Other	165	166
	974	842

Personnel-related deferrals mostly relate to bonuses and outstanding vacation entitlements. Tax liabilities arise primarily from VAT liabilities within the EU region.

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, 2012 – June 30, 2013	July 1, 2011 – June 30, 2012
Deliveries Germany	37,847	33,529
Deliveries rest of world	20,064	17,279
Services Germany	1,693	1,377
Services rest of world	781	646
Sales allowances	-462	-366
	59,923	52,465

Revenue of BRL 8,441 thousand (EUR 3,217 thousand) was generated in Brazil in the 2012 / 2013 fiscal year (previous year: BRL 6,782 thousand / EUR 2,838 thousand).

5.2. Other operating income

Composition:

in EUR thousand	July 1, 2012 – June 30, 2013	July 1, 2011 – June 30, 2012
Coast allocations to related companies	358	464
Benefits in kind - vehicles	257	233
De-recognition of outdated liabilities	0	160
Income from written-down receivables	38	119
Rent	46	46
Income from disposals of plant	20	0
Other	56	114
	775	1,136

5.3. Cost of materials

Composition:

in EUR thousand	July 1, 2012 – June 30, 2013	July 1, 2011 – June 30, 2012
Materials utilised	45,540	39,925
Purchased services	179	141
Taxes in Brazil	486	361
Less discounts	-705	-680
Less bonus payments	-226	-222
	45,274	39,525

By way of divergence from the previous year, taxes arising from the purchasing of goods or import in Brazil are presented within the cost of materials. The previous year was adjusted accordingly.

5.4. Staff costs

Composition:

in EUR thousand	July 1, 2012 – June 30, 2013	July 1, 2011 – June 30, 2012
Wages and salaries	6,575	6,113
Social security and retirement benefits and retirement benefits	1,411	1,486
	7,986	7,599

During the fiscal year from July 1, 2012 to June 30, 2013 the Group employed an average of 124 staff (previous year: 118), in addition to the members of the Managing Board. As of June 30, 2013 the Group employed a total of 123 staff including the members of the Managing Board (previous year: 123).

5.5. Other operating expenses

Composition:

in EUR thousand	July 1, 2012 – June 30, 2013	July 1, 2011 – June 30, 2012
Selling expenses	3,336	3,170
Operating costs	876	1,007
Administrative expenses	622	772
Expenses arising from currency differences	556	346
Additions to valuation allowances for receivables	55	9
Miscellaneous	368	287
	5,813	5,591

5.6. Financial expenses

Composition:

in EUR thousand	July 1, 2012 – June 30, 2013	July 1, 2011 – June 30, 2012
Miscellaneous interest expenses	241	75
Interest on pension commitments	81	82
	322	157

5.7. Other financial income

In the year under review, other financial income exclusively comprised EUR 18 thousand of interest income from current accounts (previous year: EUR 100 thousand).

5.8. Income taxes

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

in EUR thousand	July 1, 2012 – June 30, 2013	July 1, 2011 – June 30, 2012
Trade tax current year	348	189
Corporation tax current year	323	175
Solidarity surcharge current year	19	10
Foreign income taxes	7	43
Current year tax expense	**697**	**417**
Trade tax for previous years	0	7
Corporation tax for previous years	0	8
Solidarity surcharge for previous years	0	1
Previous years' tax expense	**0**	**16**
Deferred tax income - temporary differences	-77	-117
Deferred tax expenses - temporary differences	3	3
Tax deferrals – loss carryforwards	-82	2
Deferred tax income	**-156**	**-112**
	541	321

The average Group tax rate for the 2012 / 2013 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, 2012 – June 30, 2013	July 1, 2011 – June 30, 2012
Profit before tax	568	111
Expected tax expense (tax rate: 32 %)	**182**	**36**
Taxes for prior years	0	16
Losses that cannot be utilised for tax purposes	0	245
Losses not yet utilised for tax purposes	83	0
Brazil: divergent measurement basis	242	37
Non-deductible expenses	28	23
Other	6	-36
Actual tax expense for current year	**541**	**321**

The tax loss carryforwards amount to EUR 484 thousand (previous year: EUR 0 thousand) and correspond to EUR 165 thousand of deferred tax assets (previous year: EUR 0 thousand).

The tax losses can be offset for an indefinite period with the future taxable earnings of the company in which the loss arises. Deferred tax assets of EUR 82 thousand were recognised for tax losses since they are not utilised for offsetting with the taxable earnings of other Group companies, and arose within a subsidiary that has already been generating losses over a long period. The possibility of utilisation was estimated cautiously based on planning.

Deferred tax income of EUR 12 thousand (previous year: 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 865 thousand of EBIT during the fiscal year (previous year: EUR 168 thousand). This also corresponds to earnings before interest and taxes (EBIT). The EBIT margin (as a percentage of revenue) consequently amounted to 1.4 % (previous year: 0.3 %).

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 recognised directly in profit or loss.

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

Operating leasing:

in EUR thousand	June 30, 2013	June 30, 2012
Total minimum future lease payments as a result of operating leases that cannot be terminated	641	973
- Of which due within one year	380	543
- Of which due within between one and five years	261	430
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	773	840
- Payments received 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 taken out by Hamburg-based Tarpenring 11 Vermögensverwaltungs GmbH and Krollmann & Mittelstadt Hamburg GmbH and also Magdeburg-based Krollmann & Mittelstadt Magdeburg GmbH with Kreditanstalt fur Wiederaufbau, which totalled EUR 125 thousand (previous year: EUR 250 thousand) on June 30, 2013. The risk of utilisation arising from the joint and several liability is categorised as low since there are no indications of any kind that the related companies will be unable to fulfil their obligations arising from the loans.

Financial commitments

The defined contribution benefit plans result in monthly payments to a benefit fund of around EUR 9 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 and bonus deferrals comprise all sub-groups of liabilities with the exception of commitments for retirement benefits, deferred income, deferred taxes and income tax liabilities. In addition, this does not include items that are not based on a contract (e.g. commitments to social security entities or tax authorities). The primary financial instruments carried under liabilities are almost exclusively interest-bearing loans and trade accounts payable carried under liabilities on the balance sheet.

Derivatives exist only in the form of two interest-rate swaps, which were designated as hedging instruments, and which are effective as such.

With the exception of derivative financial instruments which are designated as hedging instruments, and which are effective as such, financial liabilities in the KROMI Group are exclusively allocated to the categories "loans and receivables" and "financial liabilities at amortised cost" according to IAS 39. However, the short terms of these liabilities, 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 swaps were measured at fair value. Besides these interest-rate swaps, there are no further financial instruments that are measured at fair value. The fair values of the interest-rate swaps were 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 -16 thousand in the year under review (previous year: EUR 120 thousand). Financial liabilities generated a net result of EUR 0 thousand in the year under review (previous year: EUR 160 thousand). The net result primarily comprises valuation allowance is applied to trade receivables and payments received for impaired trade receivables, as well as, in the previous year, the derecognition of old liabilities.

Default risk

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

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

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

Liquidity and interest-rate risk

No material liquidity or interest-rate risks exist within 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.

The Group has a EUR 13.0 million credit line. The utilisation of this credit line amounted to EUR 4,902 thousand as of June 30, 2013.

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. No other material currency translation risks exist 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 denominated almost exclusively in the Brazilian Real. Translated into Euros, on the balance sheet date these financial assets totalled around EUR 947 thousand (previous year: EUR 556 thousand), and the financial liabilities totalled around EUR 476 thousand (previous year: EUR 315 thousand).

Sensitivity to changes in foreign currency exchange rates

The parent company finances its Brazilian subsidiary with Euro-denominated loans. A 5 % depreciation in the Real feeds through to EUR 198 thousand of exchange rate losses, and a 5 % appreciation of the Real feeds through to EUR 218 thousand of exchange rate gains, both of which impact Group pre-tax earnings.

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, 2013, the cash and cash equivalents amounted to EUR 199 thousand, and were composed of cash from Germany (EUR 2 thousand), Slovakia (EUR 83 thousand), the Czech Republic (EUR 22 thousand), Spain (EUR 53 thousand), and Brazil (EUR 39 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, impairment charges and foreign currency exchange rate losses, cash flow from operating activities in the 2012 / 2013 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 (Rumania, France and Belgium) continued to play a subordinate role in the fiscal year elapsed. Almost all revenues were invoiced in Euros, with the result that no currency translation risks require reporting.

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

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

Liabilities in the KROMI Group are mostly not segment liabilities, as these serve the company as a whole or the financing of the company as a whole (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	
	7/12-6/13	7/11-6/12	7/12-6/13	7/11-6/12	7/12-6/13	7/11-6/12
Revenue (from external customers)	**39,115**	34,540	**20,808**	17,925	**59,923**	52,465
Less: Cost of materials	-28,442	-25,645	-16,832	-13,880	-45,274	-39,525
Segment result	**10,673**	**8,895**	**3,976**	**4,045**	**14,649**	**12,940**
Plus: Other operating income					775	1,136
Less: Staff costs					-7,986	-7,599
Less: Depreciation / amortisation					-760	-718
Less: Other operating expenses					-5,813	-5,591
Less / plus: Financial result					-297	-57
Plus / less: Income taxes					-541	-321
Group net profit or loss					**27**	**-210**

in EUR thousand	Germany		Abroad		Total	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012	30.6.2013	30.6.2012
Segment assets	**19,873**	20,781	**13,991**	12,310	**33,864**	33,091
Of which non-current segment assets	4,079	4,793	640	255	4,719	5,048
Of which current segment assets	15,794	15,988	13,351	12,055	29,145	28,043
Plus: Cash and cash equivalents					199	171
Plus: Assets unallocated to segments					3,362	2,647
Total assets					**37,425**	35,909

Further segment information

in EUR thousand	Germany		Abroad		Total	
	7 / 12-6 / 13	7 / 11-6 / 12	7 / 12-6 / 13	7 / 11-6 / 12	7 / 12-6 / 13	7 / 11-6 / 12
Capital expenditure	404	2,637	78	176	482	2,813
Less: Depreciation / amortisation	601	629	159	89	760	718
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. The presentation of the cost of materials is presented on an adjusted basis, as with 5.3.

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 22 % or EUR 12,795 thousand (previous year: 19 % or EUR 9,721 thousand) of its revenues with one group of companies. Of this amount, EUR 12,568 thousand (previous year: EUR 9,558 thousand) is attributable to the Germany segment, and EUR 227 thousand (previous year: EUR 163 thousand) is attributable to the rest of the world segment.

The Group generates approximately 17 % or EUR 9,663 thousand (previous year: 19 % or EUR 9,755 thousand) of its revenues with another group of companies. Of this amount, EUR 1,886 thousand (previous year: EUR 2,262 thousand) is attributable to the Germany segment, and EUR 7,777 thousand (previous year: EUR 7,493 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, 2013 (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.

Shares	June 30, 2013	June 30, 2012
Number of shares - start of period	4,124,900	4,124,900
Number of shares - end of period	**4,124,900**	**4,124,900**

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

in EUR	June 30, 2013	June 30, 2012
Group net profit or loss	39,103	-200,941
Number of shares in fiscal year	4,124,900	4,124,900
Earnings per share (basic)	**0.01**	**-0.05**

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

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

No dividends were paid in the period from July 1, 2012 to June 30, 2013.

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

Mr. Jörg Schubert‘s remuneration as a member of the Managing Board is stated under Note 13.

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

In the previous year, the property in Tarpenring 11, Hamburg, was bought for EUR 1,500 thousand from Tarpenring 11 Vermögensverwaltungs GmbH, Hamburg.

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, 2012 to June 30, 2013, merchandise (net) was delivered in the amount of EUR 4,832 thousand (2011 / 2012: EUR 4,634 thousand) by Krollmann & Mittelstadt Hamburg GmbH, and a service agreement was in place for management, IT, other equipment, cleaning and maintenance and central HR management, which generated income in the amount of EUR 204 thousand (2011 / 2012: EUR 240 thousand). KROMI Logistik AG also received rental income of EUR 46 thousand (2011 / 2012: EUR 46 thousand).

As of June 30, 2013 current liabilities to Krollmann & Mittelstadt Hamburg GmbH existed in the amount of EUR 497 thousand (June 30, 2012: EUR 457 thousand).

A service agreement was in place for management, IT, other equipment, cleaning and maintenance, accounting and central HR management with Krollmann & Mittelstadt Magdeburg GmbH, which resulted in income totalling EUR 153 thousand (2011 / 2012: EUR 221 thousand) for the company.

As of June 30, 2013 current receivables from Krollmann & Mittelstadt Magdeburg GmbH existed in the amount of EUR 6 thousand (June 30, 2012: EUR 8 thousand).

Please refer to Note 7 with regard to the contingent liabilities in connection with Krollmann & Mittelstadt Hamburg GmbH, Hamburg and Krollmann & Mittelstadt 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)
- René Dannert (Supervisory Board member)
- Wilhelm Hecking (Supervisory Board member)
- 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, 2013:

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

Total compensation paid to the Managing Board amounted to EUR 1,162 thousand in the 2012 / 2013 fiscal year (previous year: EUR 1,094 thousand), and is derived as follows:

	2012 / 2013			2011 / 2012		
in EUR	**Fixed compensation**	**Performance based compensation**	**Total payments**	**Fixed compensation**	**Performance based compensation**	**Total payments**
Jörg Schubert	422,886	49,076	471,962	426,957	99,000	525,957
Uwe Pfeiffer	250,604	29,433	280,037	243,240	56,250	299,490
Bernd Paulini	186,865	21,564	208,429	93,844	43,500	137,344
Axel Schubert	181,620	20,077	201,697	90,672	40,500	131,172

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 6,000.00 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 4,000.00 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 1,178,222.00 as of June 30, 2013 (previous year: EUR 1,110,273.00). A provisioning amount of EUR 67,949.00 (previous year: 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 3,015.15 (previous year: EUR 2,529.78) from a congruently re-insured benefit fund. KROMI Logistik AG pays a monthly fixed amount of EUR 5,000.00 (previous year: EUR 4,000.00) to the support fund from January 1, 2013. 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 monthly to be received on retiring and after reaching the age of 65. In 2013, this was increased to the new standard retirement age: after reaching the age of 67. 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 326,671.00 as of June 30, 2013 (previous year: EUR 266,268.00). A provisioning amount of EUR 60,403.00 (previous year: EUR 94,325.00) was formed during the fiscal year.

Mr. Axel Schubert has received a pension commitment amounting to EUR 4,000.00 monthly to be received on retiring and after reaching the age of 65. In 2013, this was increased to the new standard retirement age: after reaching the age of 67. The commitment includes an invalidity pension of EUR 4,000.00. Current pensions are increased by 2% p.a. The present value of the commitment amounts to EUR 160,861.00 as of June 30, 2013 (previous year: EUR 125,086.00). A provisioning amount of EUR 35,775.00 (previous year: 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 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.

Mr. Uwe Pfeiffer is entitled to a settlement equivalent of the compensation that he would have still received until the standard end of his employment contract, discounted at 10 % p.a., in the instance that his contract is terminated due to a change of control. In all other instances of early termination of his employment contract or because he is recalled from office as a Managing Board member, Uwe Pfeiffer is entitled to a claim to the continued payment of his fixed compensation for the remainder of the calendar year in which the contract ends, albeit at least for six months.

If Managing Board contracts end due to the death of the respective Managing Board members, 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 until the end of the originally intended 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, or 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.

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

The Managing Board's shareholdings as at June 30, 2013 were as follows:

	Number of shares held	
Name	**June 30, 2013**	**June 30, 2012**
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:

- Wilhelm Hecking (Chairman), independent management consultant, Bocholt
  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. 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 member)
  - Elbphilharmonie Hamburg Bau GmbH & Co. KG Hamburg, (Supervisory Board member)
  - Mackprang Holding GmbH & Co. KG, Hamburg (Advisory Board Chairman)
  - ACTech GmbH, Freiberg, (Advisory Board Chairman)

Total compensation paid to the Managing Board amounted to EUR 70 thousand in the 2012 / 2013 fiscal year, and is derived as follows:

	Fixed compensation	
in EUR	**2012 / 2013**	**2011 / 2012**
Wilhelm Hecking	30,000	16,365
René Dannert	20,000	20,000
Prof. Dr. Eckart Kottkamp	20,000	20,000
Dr. Thorsten Bieg	0	7,890

The compensation for the Supervisory Board was paid out to the Supervisory Board members in August 2013 after the end of the 2012 / 2013 fiscal year.

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, 2013):

in TEUR	Interest in %	Equity	Profit / loss
Full consolidation			
KROMI Slovakia s.r.o., Prievidza	100	59	8
KROMI CZ s.r.o., Liberec	100	27	3
KROMI Logistica do Brasil Ltda., Joinville	99	-2,211	-1,247
KROMI Logistik Spain S.L., Vitoria	99	51	2

15. Auditor's fee

The total fee invoiced by the auditor of the consolidated financial statements for the fiscal year amounts to EUR 72 thousand (of which for the previous year: EUR 5 thousand) (previous year: EUR 66 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, 2013 - 1. On June 7, 2013, 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 June 6, 2013 and amounts to 0.00 % (0 voting rights) as per this date.

2. On June 7, 2013, 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 June 6, 2013 and amounts to 0.00 % (0 voting rights) as per this date.

3. On June 11, 2013, 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 June 6, 2013 and amounts to 0.00 % (0 voting rights) as per this date.

January 7, 2013 - On January 2, 2013, Kabouter Fund I QP, 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 3 % on December 31, 2012 and amounts to 3.24 % (133,683 voting rights) as per this date.

June 12, 2012 - 1. 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 No. 6 of the German Securities Trading Act (WpHG).

2. 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 No. 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.

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 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 No. 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 No. 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, (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 No. 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 No. 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 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 No. 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, Schubert & Caro 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 No. 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 2,544,081.28 according to its annual financial statements prepared as of June 30, 2013 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. Statement pursuant to Section 161 of the German Stock Corporation Act (AktG) relating to the Corporate Governance Code

The Managing and Supervisory boards herewith declare that the declaration within the meaning of Section 161 of the German Stock Corporation Act (AktG) has been issued and made publicly accessible to shareholders on the company's website on June 29, 2013 (http://www.kromi.de/161-Aktiengesetz.670.0.html?&L=3).

20. Date of authorisation for issue

The Managing Board authorised the consolidated financial statements of KROMI Logistik AG for issue on August 30, 2013 (date of authorisation by the Managing Board for presentation to the Supervisory Board).

Hamburg, August 30, 2013

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 30, 2013

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, August 30, 2013

Managing Board of KROMI Logistik AG

Jörg Schubert   Uwe Pfeiffer   Bernd Paulini   Axel Schubert

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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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