TAKKT AG

BUSINESS EQUIPMENT SOLUTIONS

Annual Report 2002

»

Key figures of the TAKKT Group in EUR million to IAS

	1998*	1999*	2000	2001	2002
Turnover	539.4	627.5	762.8	824.1	783.7
Change in %	14.9	16.3	21.6	8.0	-4.9
EBITDA	67.4	72.6	90.3	86.6	85.7
in % of turnover	12.5	11.6	11.8	10.5	10.9
EBITA	61.4	65.1	81.3	76.4	75.1
in % of turnover	11.4	10.4	10.7	9.3	9.6
EBIT	58.4	57.1	68.6	57.7	57.0
in % of turnover	10.8	9.1	9.0	7.0	7.3
Profit for the year before taxes	56.4	50.2	55.5	35.5	39.0
in % of turnover	10.5	8.0	7.3	4.3	5.0
Tax ratio in %	50.1	37.8	39.8	45.4	37.2
Profit for the year	28.2	31.2	33.5	19.4	24.5
in % of turnover	5.2	5.0	4.4	2.4	3.1
Cash flow	37.3	46.7	55.1	48.3	53.0
Capital expenditure****	73.8	121.2**	169.1	24.0	8.6
Depreciation	9.1	15.5	21.6	28.9	28.7
Cash flow per share in EUR	-	0.63	0.75	0.65	0.72
Earnings per share in EUR	-	0.42	0.45	0.26	0.33
Dividend per share in EUR	-	0.05***	0.10	0.10	0.10
Fixed assets	138.9	254.7	407.7	414,6	358.6
in % of total assets	54.2	64.0	67.9	69.2	66.4
Current assets and prepaid expenses	113.9	137.7	186.0	175.2	170.6
in % of total assets	44.4	34.6	31.0	29.2	31.6
Shareholder's equity	107.2	105.3	135.9	148.4	149.6
in % of total assets	41.8	26.4	22.6	24.8	27.7
Net financial liabilities	95.4	220.2	374.0	353.0	285.7
Employees (full-time equivalent) as of 31.12.	1,465	1,546	1,931	1,964	1,914

* Pro-forma figures ** thereof 117.0 related to spin-off *** Stub fiscal year **** incl. acquisitions and finance leases

TAKKT AG is the leading **B-TO-B MAIL ORDER COMPANY** for business equipment in Europe and North America.

Our diversified product portfolio is geared to the requirements of our customers, who expect us to provide an effective **ONE-STOP SHOPPING** solution. As a dedicated mail order company, we offer our customers the most efficient procurement channel for these products.

The creation of a **CUSTOMER BENEFIT** without competition results in strong **CUSTOMER RETENTION** and generates a constantly growing company value.

Our companies are clearly service-oriented in order to deliver even more quickly, reliably and flexibly. This high **SERVICE QUALITY** is the achievement of our employees.

OUR VISION: to be the world's leading b-to-b mail order company for high-quality business equipment for our customers.


TAKKT AG
BUSINESS EQUIPMENT SOLUTIONS
KAISER + KRAFT EUROPA
Topdeq
K + K America
KAISER + KRAFT
gaerner
Gerdmans
KWESTO
Topdeq
C&H
AVENUE
CONNEY
Hubert

Contents

Günther Hülse

Chairman

Dear Shareholders,

First of all, I would like to thank you for the continuing confidence you have placed in TAKKT AG. Despite the currently difficult business trend and share price performance, TAKKT remains the international market leader in b-to-b mail order for plant, office and warehouse equipment. As such, the company is excellently positioned in the medium to long term and operates profitably in what will continue to be an extremely interesting growth market.

BUSINESS PERFORMANCE IN 2002. Due to the very weak business environment, the turnover targets set for 2002 were not met in full. Throughout the year, however, the Supervisory Board witnessed the strong efforts of the management to optimise the business and the results and provided the latter with competent advice. It is not least thanks to these successful activities that both earnings and cash flow improved despite the decline in turnover. In view of the extremely difficult environment, we consider this to be a remarkable achievement. The good performance of the companies established in recent years, the low interest rate level in the euro-zone and the significant reduction in total debt also contributes to the Group's improved earnings position.

MILESTONES IN 2002. The strong expansion of the year 2001 was followed by a phase of stabilisation in the past fiscal year. Against this background, it was an important task to give the recent years' start-ups a firm foothold in the market at reasonable cost despite the difficult economic situation.

» In the case of the KWESTO companies established in the Czech Republic and Poland in 2000 and 2001 as well as the latest KWESTO start-up in Slovakia, this has been achieved. The satisfactory results generated by these companies vindicate management's decision to give TAKKT a second leg to stand on in Eastern Europe, in addition to KAISER + KRAFT.

» The most recent Topdeq start-ups in the USA and France also developed positively, even though these young companies were unable to fully compensate for the decline in turnover reported in established Topdeq markets such as Germany and Switzerland.

» The above-average performance of Hubert, which was taken over in 2000, had a positive effect on the overall performance of K + K America. This success also shows that the recent expansion strategy has been the right way forward.

» The completion of the extended Topdeq warehouse in Pfungstadt was another important milestone. The single largest investment project in Topdeq's history was completed faster and at lower cost than originally planned. Topdeq now has sufficient storage capacity to offer its 400,000 customers in Europe and the USA an unprecedented level of service quality. Moreover, this investment gives the Topdeq group a reliable basis on which to grow and expand in the coming years.

ADOPTION OF IAS. The adoption of International Accounting Standards (IAS) made necessary by TAKKT's admission to the SMAX stock market segment was another important activity in the past fiscal year. The adoption of IAS took effect from 1 January 2002.

CORPORATE GOVERNANCE. Corporate governance was another issue addressed by the Supervisory Board in the past fiscal year. To implement the binding recommendations made by the Corporate Governance Code, we adopted new rules of internal procedure for the Supervisory Board, revised the existing rules of internal procedure for the Management Board and adopted the respective amendments to the articles of incorporation to be submitted to the Annual General Meeting for resolution. So the Supervisory Board was able to issue an almost unqualified declaration of conformity to section 161 of the German Stock Corporation Act on 31 December 2002; the only exception is the remuneration of the Supervisory Board members, which still needs to be approved by the Annual General Meeting, and the fact that the Supervisory Board did not consider it necessary to establish an Audit Committee given that the Supervisory Board consists of only nine members, which means it is a relatively small body.

DIVIDEND. As in the previous year, we propose to pay a dividend of EUR 0.10 per share. Thanks to the good cash flow, TAKKT AG is able to pay out an appropriate dividend to its shareholders despite the difficult economic situation. The Group's strong profitability also gives it sufficient scope for repaying debt and strengthening its equity ratio.

THE WORK OF THE SUPERVISORY BOARD. On 11 March 2002, Michael Klein succeeded Horst F. Peer as member of the Supervisory Board. For many years, Michael Klein has been Non-Executive Chairman of Rapp Collins/Direct Friends, Hamburg, a leading direct marketing agency. His appointment is clearly in line with our policy to appoint competent external and independent members to the Supervisory Board.

›› In 2002, the Supervisory Board held one meeting per quarter. The Supervisory Board's personnel committee met once. The key issues discussed at the meetings included the relocation of the Stuttgart branch within the city, the categorisation of the TAKKT share within the new segment structure of the German stock exchange, reorganisations under German company law as well as an in-depth analysis of the Topdeq group's business environment.

›› Apart from detailed reports on the course of business, the Management Board provided well-founded information on all issues relevant under German law. The business policy and issues of special importance were discussed particularly thoroughly. All relevant issues were discussed extensively both with the Management Board and within the Supervisory Board. The Management Board answered all questions comprehensively and provided all information required. The Supervisory Board adopted resolutions in all matters requiring its approval.

» Between the Supervisory Board meetings, the Management Board kept me, the Chairman of the Supervisory Board, informed about important developments. Such information was provided to the full Supervisory Board at the next respective meeting.

» In summary, I state that the Supervisory Board monitored the management of the company in an appropriate manner and fulfilled its duties and obligations.

FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS.
The financial statements of TAKKT AG, the consolidated financial statements, the combined management report of TAKKT AG and the Group were audited by Dr. Ebner, Dr. Stolz und Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, and received their unqualified audit certificate. These financial statements, the combined management report and the auditors' report as well as the Management Board's profit appropriation proposal were submitted to all members of the Supervisory Board.

» The Supervisory Board meeting convened for the discussion of the accounts was attended by the responsible auditors, who reported on the main results of their audit and provided detailed explanations to the Supervisory Board. The Supervisory Board agrees with the result of the audit.

» The Supervisory Board also reviewed the consolidated financial statements, the financial statements of TAKKT AG, the Group management report including the management report of TAKKT AG and the profit appropriation proposal. No objections were raised.

» We have approved the financial statements of TAKKT AG and the consolidated financial statements, which are therefore final. We agree with the Management Board's profit appropriation proposal. The Supervisory Board also accepts the combined management report, in particular the assessment of the Group's future development.

DEPENDENCE REPORT. In view of the fact that Franz Haniel & Cie. GmbH, Duisburg-Ruhrort, retained a majority holding during the period under review, the Management Board submitted to the Supervisory Board the report on relations with affiliated companies for the financial year 2002 as required under section 312 of the German Stock Corporation Act, together with the related auditors' report prepared by Dr. Ebner, Dr. Stolz & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, in their capacity as auditors of the financial statements pursuant to section 313 of the German Stock Corporation Act. The auditors raised no objections and therefore issued the following unqualified report: "Having conducted a proper audit and appraisal, we hereby confirm that the facts set out in the report are correct and the payments by the company in connection with the legal transactions referred to in the report were not unduly high."

» The Supervisory Board also reviewed the report on relations with affiliated companies and the corresponding auditors' report. We have no objections to the auditors' report or the final declaration in the report of the Management Board.

» The Supervisory Board would like to thank the Management Board and all employees of the TAKKT Group for their successful work in the financial year 2002.

Stuttgart, March 2003
The Supervisory Board

Günther Hülse, Chairman

Supervisory Board

GÜNTHER HÜLSE, Chairman
» Chairman of the management board of Franz Haniel & Cie. GmbH, Krefeld

DR. DIETER SCHADT, Deputy Chairman
» Former chairman of the management board of Franz Haniel & Cie. GmbH, Mülheim an der Ruhr

WALTER FLAMMER
» Organisation manager of KAISER + KRAFT EUROPA GmbH, Esslingen

DIETER KÄMMERER
» Former chairman of the management board of GEHE Aktiengesellschaft, Holzgerlingen

MICHAEL KLEIN (since 11 March 2002)
» Non-executive chairman of Rapp Collins/Direct Friends, Hamburg

THOMAS KNIEHL
» Logistics employee of KAISER + KRAFT EUROPA GmbH, Stuttgart

JULIAN MATZKE
» Logistics employee of KAISER + KRAFT EUROPA GmbH, Stuttgart

PROF. DR. DR. H. C. ARNOLD PICOT
» University professor, Gauting

DR. KLAUS TRÜTZSCHLER
» Member of the management board of Franz Haniel & Cie. GmbH, Gelsenkirchen

Dear Shareholders,

The expected upward trend of the US economy and its positive effect on Europe were much weaker than originally expected. The US economy owed its growth mainly to the consumer behaviour, while the industrial sector provided hardly any stimulation. The increase in incoming orders starting in the second half of the year was mainly attributable to the low base effect of the previous year. A sustainable recovery could not be identified in the third and fourth quarter. While there were only few signs of an economic revival in Europe, the economic environment in Germany – our home market – even deteriorated.

›› TAKKT AG was able to consolidate its market position despite the continued difficult situation of the economy. This satisfactory overall result was due to the clear concentration on our core competencies – top quality, nation-wide services, competent advice, speed and reliability – and the consistent continuation of our international growth strategy.

HIGH PROFITABILITY MAINTAINED. Apart from the economic situation, the weaker US dollar also impacted Group turnover, which amounted to EUR 783,7 million in 2002, down 4.9 percent on the previous year. Based on prior year exchange rates, the decline would have been only 3.0 percent. At EUR 85.7 million, EBITDA reached the previous year's level (EUR 86.6 million) only just. At 10.9 percent, the EBITDA margin was up on the previous year (10.5) and thus within the target corridor of 10 to 12 percent defined by TAKKT AG.

›› Improved advertising, an optimised product range, consistent cost management, reduced interest expenses and the alignment of our capacities with the actual business trend enabled the TAKKT Group to generate pre-tax earnings that clearly exceed those of the previous year.

» The gross profit margin rose to 40.0 percent (39.5). This positive development is due, among other things, to the fact that most of our product range is not price-sensitive. The continued expansion of KAISER + KRAFT EUROPA's warehouse business contributed to the higher gross profit margin. Also, the weak economy meant the absence of large-scale orders which are usually subject to discounts and rebates.

» Cash flow increased by 9.6 percent up to EUR 53.0 million over the previous year, giving us additional financial scope. TAKKT AG was able to continue its expansion strategy despite a noticeable reduction in total debt. We feel that these good results clearly prove that our b-to-b mail order business model will remain profitable and stable also in difficult times.

STRONG INCREASE IN CUSTOMER NUMBERS. In the past fiscal year, the b-to-b mail order sector continued to win market share from the retail and wholesale sectors, a trend which also benefited the TAKKT Group. As of the reporting date, we had some 2.6 million customers worldwide, some 200,000 more than in 2001. For years, we have pursued a successful strategy of transferring our systems business to new regions and additional markets and target groups, and this is the main reason why we managed to resist the general trend.

» As a result, the decline in turnover reported in Germany was offset at least partly by growth abroad. At the same time, we mitigated the risk potential by reducing our exposure to individual regions, product and customer groups. Our business activities in the past fiscal year therefore focused on the concentration on our core competencies and the internationalisation of our company.

KAISER + KRAFT EUROPA has again made the largest contribution to the TAKKT Group's total turnover in 2002, the division nevertheless reported a moderate decline in turnover due to the overall economic situation. The May 2002 foundation of a KWESTO subsidiary in Slovakia enabled us to further strengthen our presence in Eastern Europe and to tap new potential in this promising region. The results of the first fiscal year give cause for optimism. Considering the general economic situation, the KWESTO companies in the Czech Republic and Poland delivered a good performance. The development of the KAISER + KRAFT start-up in Portugal was similarly satisfactory.

TOPDEQ initiated various activities in the past fiscal year to further improve the division's competitive position. By opening the extension to its new Pfungstadt central warehouse in autumn 2002, the Topdeq group paved the way for continued growth in Germany and abroad. The project costs remained clearly below budget.

» Despite other successful initiatives, Topdeq reported a decline in turnover in Germany and Switzerland, which was due to the weakness of the economy. A strong decline in the number of new business start-ups and the financial problems experienced by many small and medium-sized service providers in these countries led to lower new business growth, lower average order values and a reduced buying frequency on the part of Topdeq's core target groups. We expect this trend to turn around as soon as the economy picks up.

» In France, Topdeq reported gratifying growth. The excellent response to the US subsidiary established in 2000 again exceeded our expectations in its second fiscal year. The good turnover generated in the USA and France was insufficient, however, to fully offset the declines in Germany and Switzerland. The measures initiated to strengthen Topdeq's core competencies mean the company is well positioned to generate rising turnover again in the current fiscal year.

K + K AMERICA reported – on a US dollar basis – positive growth rates again in the third and fourth quarter. This is primarily attributable to the base effect of the previous year, though. A sustainable recovery did not materialise in the past fiscal year. Following the drop in turnover between January and June, the division finally managed to keep the decline to a minimum. Hubert, the US subsidiary specialising in equipment and supplies for retail grocery stores, the food service industry and the hotel market, made a significant contribution to the satisfactory overall performance of K + K America. The company also expanded its catalogue activities to Canada, thus making inroads into an attractive new market.

MODERATE OPTIMISM FOR 2003. While TAKKT AG concentrated on the regional expansion of our successful activities as well as on the expansion of the warehousing business, the year 2003 will be marked by the motto "Quality before Quantity".

» In view of the uncertain economic situation in both North America and Europe, we will focus on optimising our services and our advertising materials and improving our good earnings figures. Besides the economic risks, the political risks are extremily hard to estimate. If the expected moderate recovery of the economy materialises, we expect to see exchange rate-adjusted growth of between three and five percent in 2003.

» However, our regional and international market presence will not be neglected. As planned, the KAISER + KRAFT EUROPA division made its first step into the Japanese market at the beginning of 2002 in order to develop the promising Asian region for the TAKKT Group in the medium term. K + K America has a similar goal with regard to the Latin American market and has therefore distributed a catalogue for plant and warehouse equipment throughout the Mexican market. Topdeq USA has expanded its delivery range in the east of the USA, thus almost doubling its former market potential.

» We would like to thank all employees, customers, suppliers and shareholders for their confidence and excellent cooperation in the past fiscal year. You have all made a significant contribution to the satisfactory result achieved by the TAKKT Group in 2002 despite the difficult economic climate.

Stuttgart, March 2003
The Management Board

Georg Gayer, Chairman

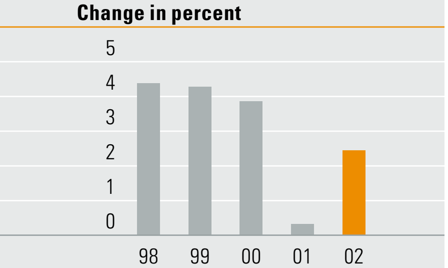
Management Board

Georg Gayer	Franz Vogel	Dr. Felix Zimmermann	Alfred Milanello
Chairman of the management board	Sales and Marketing	Finance and Controlling	Information Technology and Organisation
Eberdingen-Nußdorf	Leinfelden-Echterdingen	Wachtendonk	Ditzingen
Born 1946	Born 1948	Born 1966	Born 1941

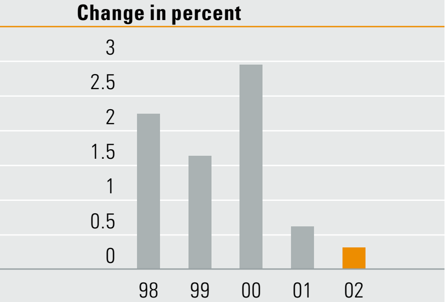
»

Management Report of TAKKT AG and the Group

GDP USA
Change in percent



GDP Germany
Change in percent

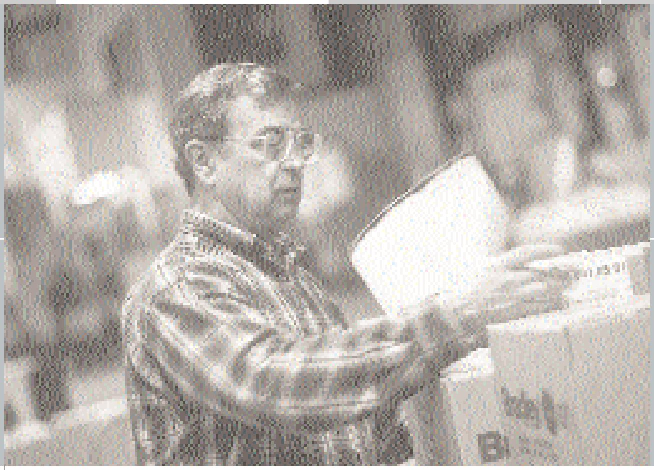


ECONOMIC UPSWING DELAYED. 2002 was characterised by a weak global economy. The positive economic projections for 2002 issued by experts at the end of 2001 failed to materialise. In particular, the difficult labour market situation left its mark on the real economy, with the US economy recovering more slowly than expected. In the second quarter of 2002, GDP was up only approx. 1.0 percent on the same quarter of the previous year, while third-quarter GDP reached 4.0 percent. The increase over the previous year was mainly supported by consumer spending. Until November 2002, however, the US Purchasing Managers Index (PMI), the monthly early indicator for projections on the performance of the US economy, remained just below 50 points. A level below 50 points indicates declining business in the manufacturing sector, which affected C&H Distributors, a K + K America subsidiary, in particular.

» The euro-zone was unable to isolate itself from the trend in the USA, so that GDP increased by only an estimated 0.8 (1.5) percent over the previous year. The European Purchasing Managers Index reached an annual average of 50 points.

» Reporting GDP growth of 0.3 (0.6) percent, the German economy was again the weakest in Europe. This unsatisfactory development was not least due to the situation of the domestic economy. Investment demand declined by a clear 1.6 (-0.8) percent. The German office furniture market also reported declining turnover. The national Purchasing Managers Index (EMI), which serves as an early indicator for the German TAKKT companies, climbed to over 50 points in the first half of the year, only to drop back to 46.9 by December 2002.

TAKKT GROUP MAINTAINS ITS POSITION. In this poor economic environment, the TAKKT Group maintained its position in 2002. In general, this is attributable to the growing attractiveness of b-to-b mail order, which has



Bob Sumenek

National warehouse at Conney Safety Products

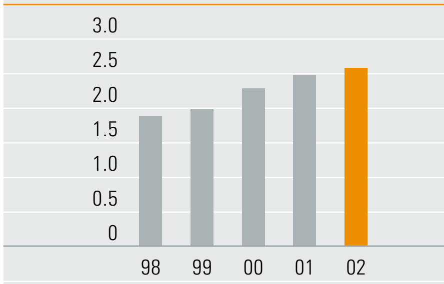
Madison, Wisconsin

won market share from the wholesale and retail sectors for several years. In particular, however, it is the result of the TAKKT Group's growth and product portfolio strategy, which has led to an international presence, a balanced customer base and a diversified product range.

» The development of Hubert and Conney clearly helped stabilise the business performance in North America, given that both companies were hit less hard by the weak economy than C&H Distributors, which mainly sells to the manufacturing sector. Moreover, the growth stimulation provided by companies established in recent years had a positive effect on the performance of the TAKKT Group.

» As a result, the Group was able to win some 200,000 new customers in FY 2002, bringing the customer base to approx. 2.6 million accounts. While customers' average buying frequency declined because of the economic development, the number of orders remained almost stable at just over two million. The average order value, which tends to decline in times of poor economic activity, dropped by 2.8 percent to EUR 381 (392).

Customers TAKKT Group
in million

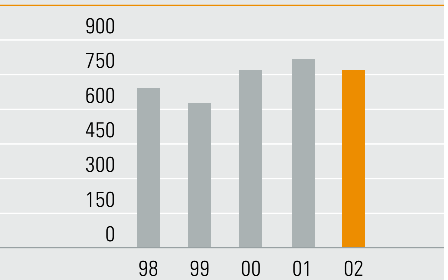


ACCOUNTING UNDER IAS. Since the beginning of 2002, TAKKT AG has prepared its accounts to International Accounting Standards (IAS), soon to be named International Financial Reporting Standards (IFRS). Accounts for the previous years were reconciled with retroactive effect to ensure comparison of the business development over the past five years. Under the new standards, no major changes occurred in the fiscal year as compared to the HGB standards previously applied. The only major difference is that for the purpose of quarterly and half-year reporting, catalogues are no longer fully charged as expenses at the time of mailing but are capitalised and written down over their period of use.

Axel Hoffmann

New media/Communication at KAISER + KRAFT EUROPA, Stuttgart

Turnover in EUR million



›› Deviations resulting from the changeover from HGB to IAS were offset against general reserves with no effect on the operating result as of the relevant date in accordance with IAS. Starting 31 December 2000, the accounts were prepared according to the "bottom-up" method, which means that all consolidated subsidiaries effected adjustments to IAS.

›› The pro-forma accounts for 1998 and 1999 were adjusted according to the "top-down" method on the basis of the respective national accounts. For the sake of greater transparency, the equity capital shown in the balance sheet was reconciled to IAS as of 31 December 2001. TAKKT has adopted IAS earlier than required, not least with a view to meeting the justified demands made by international investors. The capital market expressly welcomed the adoption of the new accounting standards.

›› Detailed information on the reconciliation to IAS is provided on page 75 onwards as well as on our homepage.

SLIGHTLY WEAKER TURNOVER. Due to lower average order values and the change in the euro/dollar exchange rate, Group turnover declined by 4.9 percent to EUR 783.7 (824.1) million. Adjusted for exchange rate effects, the decline would only have been 3.0 percent. It is positive to see that turnover improved in the course of the year, with a moderate increase reported in both the third and the fourth quarter in exchange rate adjusted terms.

›› The business situation in Germany was difficult, with turnover declining by 11.9 percent to EUR 183.9 (208.6) million. At EUR 252.1 (252.6) million, the rest of Europe almost reached the previous year's figures, though. In North America, the Group generated turnover of EUR 347.8 (362.8) million, down 4.1 percent on the previous year. In US dollar basis, this represented a increase of 0.8 percent. A breakdown by divisions (in euro terms) shows that KAISER + KRAFT EUROPA generated 46.9 (46.5) percent of the total turnover, while Topdeq and K + K America generated 10.1 (10.1) percent and 43.0 (43.4) percent, respectively.

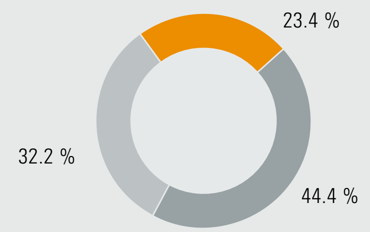
KAISER + KRAFT EUROPA REMAINS THE MOST PROFITABLE DIVISION. KAISER + KRAFT EUROPA (which comprises KAISER + KRAFT, Gaerner, Gerdmans and KWESTO) reported a 4.2 percent decline in turnover to EUR 367.2 (383.3) million. Earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 60.5 (58.7) million – up 3.0 percent – mean that KAISER + KRAFT EUROPA not only remained the largest but also the most profitable division of the TAKKT Group.

» Of the established companies, the subsidiaries in Spain, France and Austria delivered the best performance. While business in Germany remained weak due to the difficult economic situation, fourth quarter turnover stabilised against the previous quarter, pointing to a moderate recovery.

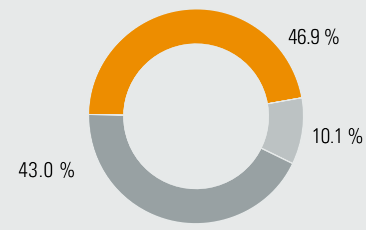
» Both the business start-up of KAISER + KRAFT in Portugal and the response to our Irish catalogue were gratifying. The Czech and Polish KWESTO companies also delivered a satisfactory performance. The KWESTO company in Slovakia, which was established in May 2002 in order to expand KAISER + KRAFT EUROPA's market presence in Eastern Europe, fulfilled our expectations.

» By entering the Japanese market, KAISER + KRAFT EUROPA commenced its expansion to Asia. Preparations proceeded according to plan so that the Japanese catalogues could be mailed in early 2003. Response to these plant and warehouse equipment catalogues has been positive so far.

Turnover by regions



Turnover by business areas



Zehra Balaban
Sales at Topdeq Germany
Pfungstadt

TOPDEQ IS SUCCESSFUL IN USA. Topdeq's 2002 turnover also remained below the previous year's level, declining by 4.4 percent to EUR 79.3 (83.0) million. The impact of this decline in turnover on Group results was mitigated by a more efficient catalogue mailing process, streamlined cost structures and reduced start-up losses incurred by newly established companies. This resulted in the Topdeq Group's EBITDA declining to EUR 0.2 (0.7) million; the EBITDA margin was 0.2 (0.8) percent.

» The division's lower turnover was primarily attributable to poor economic activity in Germany and Switzerland. A continuous increase in the number of insolvencies in the services sector – especially in the new economy – as well as a much lower number of business start-ups in this segment clearly left their marks in both countries.

» While the situation of the other European companies was less tight, the decline in turnover reported by Topdeq Germany and Topdeq Switzerland could not be offset completely. In the Netherlands, turnover more or less held steady, while the turnover of Topdeq France was up clearly on the previous year. Topdeq USA delivered a particularly gratifying performance, exceeding both its own expectations and the previous year's level.

» The extension to the Pfungstadt mail order centre was completed on schedule and successfully taken into service in 2002. The division is now well positioned for further growth. In addition, Topdeq's historically evolved corporate structure was streamlined by making Topdeq Germany a direct subsidiary of Topdeq Holding. Topdeq adopted a new, more efficient structure on 1 January 2003. Topdeq-Service, the former services company, was merged with Topdeq Holding. Similar to KAISER + KRAFT EUROPA, the Topdeq group's service and holding functions are now pooled in a single company. The results include shorter decision-making, reduced administrative expenses and a more transparent financial structure.

Jesse Taylor

National warehouse at C&H Distributors

Milwaukee, Wisconsin

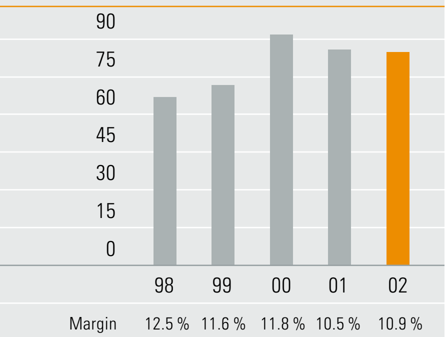
K + K AMERICA REPORTS STABLE TURNOVER AND EARNINGS. At USD 318.0 (320.5) million, the turnover generated by K + K America, which comprises C&H Distributors, Avenue Industrial Supply, Conney Safety Products and Hubert, remained almost unchanged. EBITDA climbed 3.8 percent to USD 30.5 (29.4) million. Due to exchange rate effects – the euro appreciated against the US dollar – euro-denominated turnover declined by 5.7 percent to EUR 337.4 (357.9) million. EBITDA decreased from EUR 32.8 to 32.3 million, which is equivalent to a margin of 9.6 (9.2) percent.

» Hubert, the mail order specialist for equipment and supplies for food retailers and the hotel and restaurant industry, made a significant contribution to this result. Apart from increased advertising efforts, this was due to the fact that Hubert focuses on a different customer segment, i. e. the services sector, which was hit less hard by the economic downturn.

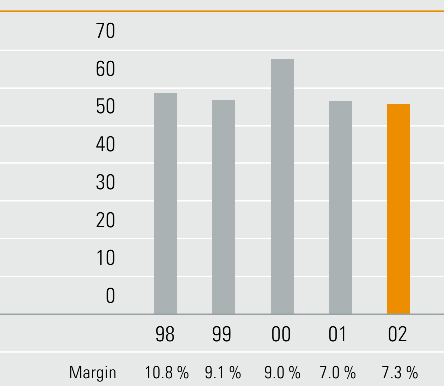
» Avenue Industrial Supply, Canada, also reported positive growth. Conney Safety Products was also less strongly affected by the economic situation. Although this specialist company reported a moderate decline in turnover, it nevertheless helped stabilise the Group's portfolio. Overall, the above factors made it possible to compensate for the poorer figures presented by C&H Distributors, which mainly serves the more cyclical manufacturing sector. This shows that the Group's product and customer diversification strategy, whose purpose is to reduce the effects of economic downturn, was highly effective in the past fiscal year.

IMPROVED GROUP RESULTS. With prices more or less stable, the gross profit margin rose by 0.5 percent to 40.0 (39.5) percent. This increase was due, among other things, to a lower number of large-scale orders subject to discounts and rebates, an improved product portfolio and higher sales of stocked articles.

EBITDA
in EUR million



EBIT
in EUR million



» First of all, earnings benefited from reduced start-up losses incurred by the newly established companies. Adjusting capacities to the expected business performance also had a positive effect on earnings. The same applied to cost savings in the production of catalogues and the continued optimisation of catalogue mailing.

» EBITDA were down 1.1 percent on the previous year to EUR 85.7 (86.6) million. The EBITDA margin rose to 10.9 (10.5) percent. At EUR 75.1 (76.4) million, EBITA was almost on par with the previous year's figure. The margin improved from 9.3 to 9.6 percent.

» Scheduled amortisation of goodwill remained unchanged from the previous year; no unscheduled amortisation occurred. Due to the USD exchange rate, a moderate decline against the previous year occurred in the reporting currency. Earnings before interest and taxes (EBIT) decreased from EUR 57.7 million to EUR 57.0 million, while the EBIT margin climbed from 7.0 to 7.3 percent.

» Earnings before taxes benefited from clearly reduced interest expense and climbed from EUR 35.5 million to EUR 39.0 million. Interest expenses were down EUR 4.2 million on the previous year, which was attributable to the low interest rates prevailing in the euro-zone and the further reduction in total debt. The profit margin improved noticeably from 4.3 to 5.0 percent.

» Earnings after taxes also benefited from the Group's reduced tax ratio. Consolidated earnings after taxes amounted to EUR 24.5 (19.4) million, which represents an increase of 26.2 percent. The margin increased strongly from 2.4 to 3.1 percent.

Raimund Scholz, Walter Flammer
Organisation at KAISER + KRAFT EUROPA
Stuttgart]

TAKKT AGAIN REPORTS STRONG CASH FLOW. As in the previous year, the TAKKT Group again reported very strong cash flow of EUR 53.0 (48.3) million. Free cash flow also reached a high positive value again, as maintenance and rationalisation investments were in line with the recent years' average. Basically, the Group invests between one and two percent of the turnover in maintenance and rationalisation each year in order to further optimise its business processes and increase its efficiency and quality.

» Due to the warehouse extensions in Kamp-Lintfort and Pfungstadt, the two past years also saw additional expansion investment in the form of leasing projects. Expansion investments, which are typical of the TAKKT business model, are made by the TAKKT Group with a view to securing its organic and international growth in qualitative terms.

» The stable investment activity resulted in an increase of the free cash flow from EUR 24.4 to 44.4 million in the financial year. This means that the TAKKT Group has sufficient liquidity to service its debt on schedule and finance its future growth internally.

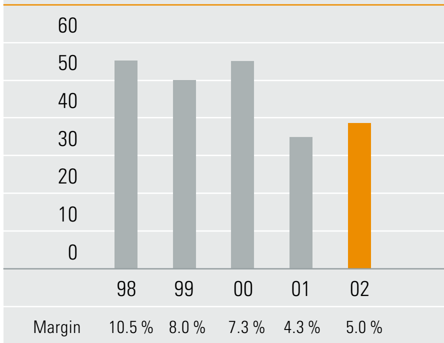
ROBUST BALANCE SHEET STRUCTURE. The consolidated balance sheet including the individual balance sheets are characterised by solid structures. When evaluating the financial, net worth and earnings position of the Group, changes in the EUR/USD exchange rate must be taken into account. In the past fiscal year, 44.4 percent of the Group's turnover was generated in US dollar; this percentage is also reflected in the Group balance sheet and the key figures.

Cash flow in EUR million

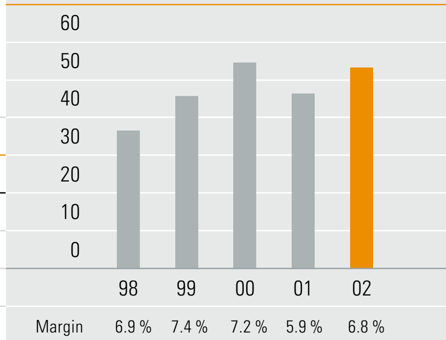
	1998	1999	2000	2001	2002
Profit after tax*	28.2	31.2	33.5	19.4	24.5
Depreciation	9.1	15.5	21.6	28.9	28.5
Cash flow	37.3	46.7	55.1	48.3	53.0

* before minority interest

**Profit before tax
in EUR million**



**Cash flow
in EUR million**



» The development of the balance sheet was characterised by a rising equity ratio and a further reduction in liabilities. At EUR 540.4 (599.6) million, total assets were down 9.9 percent on the previous year. EUR 47.6 million of this is a result of the change in exchange rates.

» At EUR 28.5 (28.9) million, scheduled amortisation of goodwill and depreciation of other intangible and tangible assets were almost on par with the previous year. Consolidated fixed assets declined noticeably – also for exchange rate reasons – to EUR 358.6 (414.6) million.

» US inventories were increased slightly due to the improved economic outlook and in anticipation of rising purchasing prices. In Europe, inventories at the Kamp-Lintfort warehouse, which was completed in the previous year, were expanded further. The selective expansion of inventories is part of the TAKKT Group's strategy to have a larger number of products available for immediate delivery. This not only differentiates the TAKKT companies from the competition but also enables them to realise cost savings and, hence, to generate incremental revenues that are higher than the additional cost of capital.

» Denominated in euros, trade receivables were down on the previous year. However, this reduction is exclusively attributable to currency translation, especially of the weaker US dollar.

» Customers' payment behaviour hardly changed despite the poorer economic environment. On the one hand, this is due to a relatively low average order volume per shipment and on the other hand to strict credit reviews of both new and existing customers. The accounts receivable collection period remained virtually unchanged at 36 days in 2002, which also testifies to the stability of the TAKKT business model.

Wade Hicks
Returns at Hubert,
Harrison, Ohio

» EUR 33.9 million of the cash flow were used to repay financial liabilities. As of the reporting date, net financial liabilities amounted to EUR 285.7 (353.0) million. The currency and maturity structures of the liabilities are aligned with the TAKKT Group's projected future inflows of funds.

» Shareholders' equity declined by a total of EUR 22.6 million due to the dividend payment for 2001 as well as for currency translation reasons and effects of derivative financial instruments, while the consolidated net income (after minority interests) increased shareholders' equity by EUR 23.8 to 149.6 million. This represents a stronger equity ratio – excluding minority interests – of 27.7 (24.8) percent.

» The relation between net financial liabilities, interest-bearing liabilities less cash at bank and shareholders' equity represents the gearing ratio, which improved from 2.4 to 1.9 in 2002.

» Interest coverage, i. e. the relation between consolidated EBITDA and net interest expenditure, climbed from 3.4 to 4.2. The Group's cash flow strength is also reflected in the debt repayment period. The net-financial-liabilities-to-cash-flow ratio declined from 7.5 to 6.1 years.

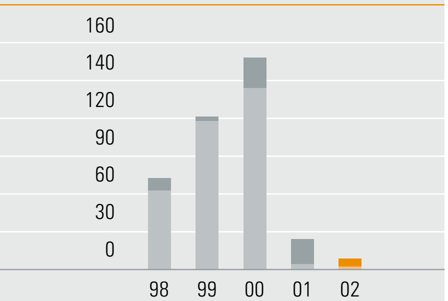
Key figures

	1998	1999	2000	2001	2002
Equity ratio in %	41.8	26.4	22.6	24.8	27.7
Time needed to reduce liabilities (in years)	0.7	3.4	4.2	7.5	6.1
Interest coverage	32.1	9.4	6.2	3.4	4.2
Gearing	0.9	2.1	2.8	2.4	1.9

Stephanie Baroni
Customer Service at Topdeq Germany
Pfungstadt

»

Capital expenditure in EUR million



CAPITAL EXPENDITURE STAYS AT NORMAL LEVEL. Apart from Topdeq's warehouse extension in Pfungstadt, no extraordinary investments were made in the past fiscal year. Investment activity was confined to selective maintenance and rationalisation measures and amounted to EUR 8.6 (24.0) million. The TAKKT Group invested EUR 0.9 (2.6) million in intangible assets, which primarily include new catalogue production software at KAISER + KRAFT EUROPA as well as the continued optimisation of the e-commerce and high-availability IT structures.

» The Group invested EUR 7.7 (21.4) million in tangible assets, mainly in the expansion of the Topdeq warehouse. In the context of the warehouse expansion, Topdeq adopted KAISER + KRAFT EUROPA's inventory management system. The standardised software will make inventory management more efficient, as the hosting and service efforts of the individual companies will be reduced. The extension to the warehouse has provided the company with sufficient storage capacities to offer its over 400,000 customers in Europe and the USA a consistently high level of service and quality while pushing ahead its regional expansion.

EMPLOYEES – A CRITICAL COMPETITIVE FACTOR. The TAKKT Group's headcount declined slightly in the past fiscal year. The established companies adjusted their capacities by making use of natural fluctuation. By contrast, new jobs were created at the new business start-ups. As of the reporting date, the Group employed 1.914 (1.964) full-time

Capital expenditure TAKKT Group in EUR million

	1998	1999	2000	2001	2002
Intangible assets	62.6	117.8*	144.3	2.6	0.9
Tangible assets	11.2	3.4	24.8	21.4	7.7
Total	**73.8**	**121.2**	**169.1**	**24.0**	**8.6**
Depreciation	9.1	15.5	21.6	28.9	28.5

* 117.0 spin-off related

Francisco Castillo

International Technical Support at C&H Distributors

Milwaukee, Wisconsin

employees worldwide. KAISER + KRAFT EUROPA employed 880 (904) people. Topdeq employed 235 (236) people, K + K America 772 (795) people and TAKKT AG (holding company) 27 (29) people. The average employee age was 40 years.

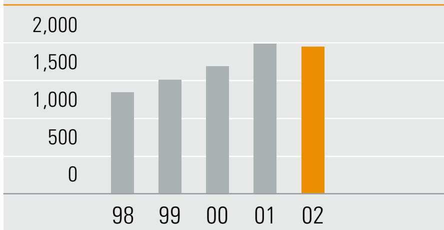
» Motivated and qualified employees are a critical success factor in the competitive international market and hence an important value driver for any company. Employees therefore received the required training such as sales seminars and seminars for executives despite the necessary cost savings.

» The performance-oriented remuneration system provides additional incentives for TAKKT employees. The remuneration system for senior managers is based on the cash flow and the economic value added (EVA), while the remuneration for executives is a function of the company's financial results and the accomplishment of set objectives.

» As in the previous year, TAKKT AG issued employee shares to assist employees' wealth formation efforts. Overall, a good 50.0 percent of the eligible employees participated in this program and acquired over 30,000 TAKKT shares. German employees have again been offered shares in the company in 2003, with the structure of this employee stock program similar to that of 2002.

R&D – FOCUS ON OPTIMISED ADVERTISING. As a b-to-b mail order company, the TAKKT Group is not engaged in research and development in the narrow sense of the word. The company's R&D activities focus on the ongoing adjustment of its advertising materials to new trends and on updating its product range. For this purpose, the subsidiaries regularly review the effectiveness of their advertising materials such as catalogues, mailings and websites.

Employees TAKKT Group
Full-time equivalents – average



›› In this context, Topdeq conducted a comprehensive customer survey in 2002, which provided valuable information on necessary refinements and developments. A similar customer survey, which will cover all Group companies, will be conducted and repeated step by step in the coming years. The consistent refinement of the e-commerce and e-procurement activities also played an important role in 2002.

ENVIRONMENTAL PROTECTION ISO CERTIFICATION. The procurement of all products of the TAKKT Group as well as the own production activities of the EURO*KRAFT* brand in Haan nearby Düsseldorf are subject to strict ecological control. Products containing hazardous substances that could be dangerous to customers' and employees' health are not used, sourced or sold. No ecologically harmful investments are made.

›› The branches of the KAISER + KRAFT group in Germany, Austria, Switzerland, the UK, Belgium, the Netherlands (brand name: Vink) and France (Frankel) as well as the Gaerner companies in Germany, Austria, Switzerland and the Netherlands (Hoffmann) are certified to DIN EN ISO 9001 or similar standards.

›› Catalogue production is a good example of the Group's environmental awareness; in Germany, for instance, TAKKT only chooses printers that are also certified to ISO and subject themselves to the eco-audit. All materials used to produce the catalogues such as paper, ink and films must meet given ecological criteria; for instance, all catalogues are printed on paper bleached using a chlorine-free process.

SPECIAL EVENTS OCCURRING DURING AND AFTER 2002. On 11 March 2002, Michael Klein was appointed member of the Supervisory Board of TAKKT AG. Michael Klein succeeded Horst F. Peer, who resigned from office at the end of 2001 for reasons of health.

Dietmar Reissek

Advertising at KAISER + KRAFT EUROPA

Stuttgart

» In early May 2002, the KWESTO group established KWESTO Slovakia, its third subsidiary in Eastern Europe. Just like its Polish and Czech counterparts, the Slovakian company focuses on plant and warehouse equipment for small and medium-sized companies.

» In the third quarter of 2002, Topdeq took the extension to its Pfungstadt warehouse into service. The company is now well-positioned to implement future expansion plans.

» In December 2002, the Supervisory Board approved the amendments of TAKKT's articles of incorporation and of the rules of internal procedure for the Supervisory Board and the Management Board, which were revised to comply with relevant corporate governance guidelines. Even before the amendment, the company followed the guidelines for listed companies established by the German Commission on Corporate Governance.

» On 1 January 2003, Topdeq adopted a new, simpler corporate structure, similar to that of KAISER + KRAFT EUROPA. The new structure has shortened decision-making lines, cut administrative expenses and made the financial structure more transparent.

» In January 2003, the KAISER + KRAFT group expanded its activities to Japan by mailing its first catalogue, thus continuing TAKKT's strategy of transferring its systems business to new regions. Japan was chosen as the first Asian location in view of its excellent b-to-b mail order infrastructure and its strong market potential.

» The new Mexican subsidiary formed by K + K America mailed the first Spanish catalogue in Mexico in January 2003. While the full American C&H catalogue has been available in Mexico since January 2001, the new company has introduced the new Spanish catalogue to target local companies more effectively in addition to the US companies based in Mexico.

Neil Pech
National warehouse at
C&H Distributors
Milwaukee, Wisconsin

» On 1 January 2003, TAKKT AG was admitted to Deutsche Börse's Prime Standard. Ever since its admission to the SMAX segment in March 2000, TAKKT had been committed to complying with particularly high liquidity and disclosure standards. In the context of the resegmentation of the German stock market, it was therefore only logical to seek admission to the new quality segment.

» With effect from 1 January 2003, TAKKT AG merged the operating activities of its US subsidiaries into TAKKT America Holding. Synergies can now be used more effectively.

RISK MANAGEMENT SYSTEM – SOPHISTICATED ASSESSMENT AND CONTROLLING SYSTEM. TAKKT continued to modify its risk management system in the past fiscal year. Detailed planning, extensive reports, internal audits and a number of early warning systems safeguard the efficiency, the effectiveness and hence the continued viability of the TAKKT Group. The effectiveness of the entire system is reviewed on an ongoing basis to ensure that it is always up to date and able to respond to risks as they arise.

» The TAKKT Group employs a three-stage risk management system. At the first stage, all existing risks are listed and reviewed for their potential effects without taking any specific action into consideration.

» Existing measures designed to reduce risks as well as new measures are evaluated and agreed in a second step. These measures aim not only to reduce the likelihood of a risk materialising but also to reduce its effects if it does materialise, e. g. by taking out insurance.

» The third stage reflects the great importance the TAKKT Group attaches to effective risk management. Optimising the measures for risk minimisation is an integral element of the reporting and planning processes so that management is always informed about all relevant processes and actively involved in them.

» Just like the previous years' acquisitions ore start ups, the new companies in Slovakia and Japan were immediately integrated into the Group's risk management system. No new or changed risks were identified in the past fiscal year.

» The existing measures initiated to reduce risks and their potential effects were considered sufficient and appropriate by the Management Board. The risk management system was audited by Dr. Ebner, Dr. Stolz & Partner Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart. No objections were raised.

GENERAL ECONOMIC RISKS. In the difficult economic environment, the TAKKT Group's growth and product portfolio strategy proved to be effective. Thanks to its strong international presence in over 20 countries, its broad customer base and its diversified product range, the Group was not fundamentally affected by the poor economy. In the coming years, the TAKKT Group will continue to expand its regional and product diversification with a view to further reducing its exposure to economic cycles.

PRODUCTION AND DISTRIBUTION OF CATALOGUES. The mail order business relies on the timely and flawless production and distribution of advertising materials. To protect all subsidiaries of KAISER + KRAFT EUROPA, Topdeq and K + K America against damage to or destruction of advertising materials in the production process, the TAKKT Group has its catalogues and mailings produced by six different printers. Each of these printing companies, in turn, has several branches so that the risk of a complete loss is reduced to a minimum.

Shebby Kirteeri
Sales at Topdeq Germany
Pfungstadt

›› Moreover, the subsidiaries of KAISER + KRAFT EUROPA, Topdeq and K + K America are insured against potential damage to or destruction of their catalogues, e. g. by fire, theft or vandalism, on the premises of the printing companies as well as during delivery to the local subsidiaries.

CENTRAL WAREHOUSING. The advantages of a central warehouse must be weighed against the risks of shipping merchandise from a single location. Apart from these purely economic aspects, customer requirements also play an important role.

›› KAISER + KRAFT EUROPA, for instance, relies on a large central warehouse in Kamp-Lintfort, which serves nearly all European countries. Only two groups in this division have a major regional warehouse; the Gerdmans group's warehouse in Markaryd, Sweden, serves the entire Scandinavian region, while KWESTO customers in Eastern Europe are served by the regional warehouse in the Czech Republic.

›› C&H Distributors, the K + K America subsidiary, maintains a large national distribution center in Milwaukee as well as four regional warehouses throughout the country. Avenue Industrial also applies the traditional two-stage concept, with a central warehouse in Toronto and a regional warehouse in Calgary.

›› Hubert ships approx. 95 percent of its products from its central warehouse in Harrison to customers throughout North America. The remaining 5 percent represent drop shipment business.

›› Topdeq also relies on a large central warehouse in Pfungstadt, which is complemented by regional warehouses in the Netherlands, Switzerland, France and the USA.

›› Each of these concepts is regularly reviewed for delivery quality and availability and, if necessary, adapted to new requirements. Should interruptions in any of the warehouses result in bottlenecks, the majority of the products could be delivered on a drop shipment basis, i. e. from the respective supplier to the customer.

» The domestic and international subsidiaries of KAISER + KRAFT EUROPA, Topdeq and K + K America have additionally taken out insurance against loss of production and product liability.

CURRENCY RISKS. Products are usually sourced and sold within the same currency area, which allows risks resulting from changes in the exchange rate to be reduced to a minimum. The remaining cross-currency transactions account for less than 10 percent of the TAKKT Group's total turnover. Up to three quarters of this percentage are regularly hedged by way of derivative financial instruments.

» The consolidated balance sheet and the consolidated profit and loss account are subject to risks resulting from the translation of international subsidiaries' individual financial statements into the reporting currency. However, these risks are reduced substantially by similar balance sheet structures in the respective currency areas.

» Investments are always funded in the same currency, so that currency translation risks are confined to the consolidated balance sheet in the long term. This approach is part of a strategy not to drop below certain financial covenants on a sustained basis. These covenants primarily include ratios between earnings figures and net financial liabilities and the resulting interest expenses.

IT RISKS. Reliable, efficient IT systems are essential to ensure smooth business operations of the TAKKT companies. Apart from data security, protecting the systems against loss, malfunction and unauthorised access by third parties is an integral element of the Group's risk management.

» To ensure that all security requirements are met, the IT systems are regularly tested by both internal departments and external specialists

Darrin Whitehead
Traffic at Hubert
Harrison, Ohio

and consultants. At present, for instance, specialist auditors are reviewing the IT systems of all K + K America companies in a multi-tier process not only for their functionality, reliability and security but also with a view to existing recovery plans.

›› In the past fiscal year, the IT systems of all KAISER + KRAFT EUROPA companies were tested for reliability and security by external specialists. No material weaknesses have so far been established at K + K America and KAISER + KRAFT EUROPA.

LEGAL RISKS. In the context of its ordinary business activities, the company is involved in litigation both as plaintiff and as a defendant. None of these individual cases nor the sum of these cases will have a material impact on the financial situation of the TAKKT Group.

OTHER RISKS. The TAKKT Group is exposed to only minor other risks, which is not least attributable to its high diversification in terms of products, customers and branches.

CORPORATE GOVERNANCE. In February 2002, the German Corporate Governance Code was adopted by the government commission. The purpose of the Code is to provide national and international investors with a comprehensible summary of the corporate governance rules applicable in Germany.

›› The Code includes both compulsory recommendations and non-compulsory proposals. Companies are allowed not to comply with some or all of these recommendations; in this case, however, they must disclose such non-compliance and explain these.

›› Under the new section 161 of the German Stock Corporation Act (AktG), for instance, the Management Board and the Supervisory Board of a listed company are obliged to state each year whether they have complied with the code and/or which recommendations have not been complied with. Sub-paragraph 3.10 of the Code additionally stipulates that all deviations from the Code must be explained.

» According to section 285 No. 16 of the German Stock Corporation Act and section 314 para. 1 No. 8 of the German Commercial Code (HGB) the Management Board's and the Supervisory Board's statements under section 161 of the German Stock Corporation Act must also be made in the notes to the financial statements and the consolidated financial statements and reviewed by the auditors. Under section 325 para. 1 of the German Commercial Code, they must also be disclosed and made permanently available to the shareholders. This can best be done in the Annual Report.

» The Code includes the following recommendations:

- Specification of provisions requiring the approval of the Supervisory Board, in particular with regard to decisions or measures which fundamentally change the asset, financial or earnings situation of the enterprise.

- Specification of the Management Board's information and reporting duties by the Supervisory Board; information to the Supervisory Board is to be submitted in writing and in due time.

- If the company takes out a D&O (directors and officers' liability insurance) policy for the Management Board and Supervisory Board, a suitable deductible shall be agreed.

- Management remuneration to be split between fixed and variable components.

- Compensation of the members of the Management Board is to be reported in the notes to the consolidated financial statements and divided into fixed, performance-related and long-term incentive components.

- The Supervisory Board issues Terms of Reference.

- Appointment of an audit committee by the Supervisory Board.

- Criteria for nominations for the election of Supervisory Board members include knowledge, abilities and expert experience, sufficient independence, internationality, potential conflicts of interest and an age limit.

- Supervisory Board compensation to reflect chair functions and committee memberships.

Wolfgang Straub
Advertising at KAISER + KRAFT EUROPA
Stuttgart

CORPORATE GOVERNANCE AT TAKKT. TAKKT complies almost fully with the Code and issues the following declaration of conformity to section 161 of the German Stock Corporation Act:

» The Management Board and the Supervisory Board of TAKKT AG declare that they comply with the recommendations made by the "Government Commission of the German Corporate Governance Code" and announced by the Federal Ministry of Justice in the electronic section of the Federal Gazette. The following exceptions apply:

- Sub-paragraph 5.3.2 of the Code: According to the Code, the Supervisory Board shall set up an Audit Committee. While the rules of internal procedure of the TAKKT Supervisory Board provide for the possibility of setting up an Audit Committee, the Supervisory Board of TAKKT AG consists of only nine members, so that the Supervisory Board did not consider it necessary to set up an Audit Committee for the time being.

- Sub-paragraph 5.4.5 of the Code: Membership in Supervisory Board committees has so far not been considered in the compensation of the Supervisory Board members. However, the Annual General Meeting scheduled for 6 May 2003 is to decide on an amendment to the articles of incorporation to this effect.

Giampiero DelGrosso

Receiving at Topdeq Germany

Pfungstadt]

OUTLOOK – GAINING STRENGTH FOR THE FUTURE. According to economic forecasts, the global economy will still be moderate in 2003. The countries and regions that are relevant for TAKKT are expected to see different rates of growth. While the US economy is expected to expand by 2.4 percent, the European economy will grow by an estimated 2.1 percent. Projections see the German economy grow by around 1 percent.

›› However, these projections do not take into account the potential negative effects of the current global political situation. While the resulting uncertain prospects may have an impact on the b-to-b mail order business, the structure of the stable and profitable business model will remain unaffected. Moreover, the mail order sector is expected to win further market share from the retail and wholesale sectors.

›› In view of the continuing unsettled economic climate, TAKKT AG will continue the consolidation process initiated in the past fiscal year and focus on its core competencies. The capital expenditure volume will remain at the previous years' level. Major investments in additional capacities are not planned at present.

›› While expansion through acquisitions is not the company's main priority, TAKKT will make use of interesting acquisition opportunities whenever they arise. Therefore, TAKKT is observing the market and its competitors very closely.

›› The operating cash flow will be sufficient to fund the Group's organic growth in the long term. The solid balance sheet structure will enable the TAKKT Group to make smaller acquisitions in 2003 without accessing the capital market. Sufficient unused credit lines are available from several first-class banks.

›› In line with the Group's expansion and the internationalisation of its subsidiaries, TAKKT AG also aims to internationalise its product procurement efforts. The company also intends to further diversify its product portfolio into the services sector. The focus in 2003 will be on the Japanese

Dawn Wachs

National warehouse at C&H Distributors

Milwaukee, Wisconsin

market entry. Response to the first catalogue mailed in early January gives cause for optimism.

» In view of the economic development outlined above, TAKKT AG expects to see exchange rate-adjusted organic growth of between three and five percent in 2003. While a continued weakness of the US dollar may affect turnover reported in euros, this will have no effect on the Group's profit margins. This is why the company continues to stick to its target of an EBITDA margin of ten to twelve percent.

DEPENDENCE REPORT. In view of the fact that TAKKT AG is majority-owned by Franz Haniel & Cie. GmbH, Duisburg-Ruhrort, the Management Board properly reported on relations with affiliated companies under section 312 of the German Stock Corporation Act. The dependence report ends with the following statement:

» "We state that, according to the circumstances known to us at the time the legal transactions were effected, TAKKT AG received appropriate compensation for each legal transaction. We also state that we are convinced that the company was not put at a disadvantage in any of the legal transactions reported."

TAKKT figures support the share

In the first few months of 2002, the TAKKT share was able to withdraw itself from the weak overall stock market trend. This share performance was in line with the company's turnover and earnings figures.

» At the end of June 2002, several external factors put the share price under pressure. The general uncertainty prevailing in the equity markets and the absence of an economic recovery contributed to this pressure. The announcement by Deutsche Börse to restructure the market segments led to outflows of capital, especially on the part of investment funds that had invested much of their capital in small caps. As of the reporting date, the TAKKT share stood at EUR 3.51 (5.85).

» The share's performance in the second half of the year was not supported by fundamental data and does not reflect our company's high profitability and strong cash flow.

OPEN AND TIMELY COMMUNICATION. In the context of its active, systematic investor relations activities, TAKKT AG provided capital market experts, private and institutional investors and the media with timely and honest information on the course of business, the corporate strategy and the company's perspectives. Regular reporting to private investors played an important role; the Annual Report, quarterly reports, letters to shareholders and press releases are posted on our website immediately after publication and sent to investors upon request.

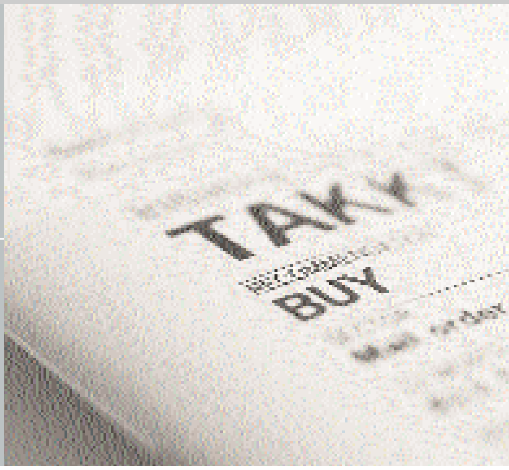
» On the occasion of each quarterly report, TAKKT AG organised a phone conference, at which the Management Board answered the questions of analysts and institutional investors. Our company also attended analyst conferences, went on roadshows in Frankfurt, London, Edinburgh and Paris and gave presentations in Amsterdam and Brussels. Overall, the Management Board held meetings with over 25 different institutional

investors. Another opportunity for communication was the Annual General Meeting held in Ludwigsburg on 7 May 2002, which was attended by over 500 shareholders and guests. We will continue to rely on an open information policy to further intensify our shareholders' confidence.

» The adoption of International Accounting Standards (IAS) in 2002 was welcomed by shareholders and analysts alike. They also considered the explanation on the new accounting standards published on TAKKT AG's website to be exemplary. This means that our website fulfilled its task to give all interested parties access to up-to-date information on the company at the same time. This communication channel will be further optimised on the redesigned website that will go online in March 2003.

SHAREHOLDER STRUCTURE AND DIVIDEND. The shareholder structure of TAKKT AG remained almost unchanged in 2002. As of 31 December 2002, 68.7 percent of the shares were held by Franz Haniel & Cie. GmbH, Duisburg, which means that the company remained the main shareholder. AXA, the French insurance corporation, held 10.0 percent through a Luxembourg subsidiary. These shares back a convertible bond which will be due in November 2003. Private and institutional investors held 21.3 percent of the shares. The Management Proposes to pay out a dividend of EUR 0.10 per share to give shareholders an appropriate share in the company result.

VALUE-ORIENTED MANAGEMENT. In the interest of its shareholders, TAKKT AG manages its business activities in a value-oriented manner. All decisions and the resulting activities must make a contribution to the economic value added (EVA), which means that the return generated must exceed the cost of equity or outside capital invested in a transaction in the long term. In this context, an intensive review of investment decisions and strict working capital management are critical success factors.



» In view of its solid business basis and the positive perspectives for the future, TAKKT AG is pleased to face competition and the requirements of the capital market. The company therefore welcomes the resegmentation of the German equity market and the resulting requirements to be met. Given that TAKKT AG's membership of the SMAX segment meant the company had to fulfil high disclosure requirements in the past, it was only logical to seek admission to the new quality segment; TAKKT AG was admitted to the Prime Standard on 1 January 2003 and will remain listed in the SDAX index.

Performance of the TAKKT Share

Key figures for the TAKKT share IAS

	Pro-forma 1999	2000	2001	2002
Earnings per share (EPS) in EUR	0.42	0.45	0.26	0.33
Cash flow per share (CPS) in EUR	0.63	0.75	0.65	0.72
EBITDA in EUR '000	72,553	90,270	86,643	85,665
Shareholders' equity in EUR '000	26.4	22.6	24.8	27.7
Dividend per share in EUR	0.05*	0.10	0.10	0.10
Dividend rate in %	11.9	22.3	39.0	30.7
Number of issued shares in millions	72.9	72.9	72.9	72.9
Share price in EUR (31.12.)	6.50	9.18	5.85	3.51
Highest price in EUR	7.00	12.05	10.50	7.30
Lowest price in EUR	5.15	5.90	4.40	3.45
Market capitalisation in EUR million (31.12.)	473.85	669.22	426.47	255.88

* Stub fiscal year


178.-
KAISER + KRAFT

345.-
KAISER + KRAFT

149.00
KAISER + KRAFT

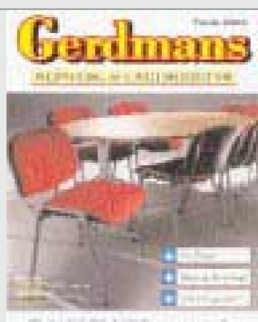
189.-
KAISER + KRAFT

5770.-
KAISER + KRAFT

ドイツ発想
KAISER + KRAFT

178.-
VINK LISSE

849.-
KAISER + KRAFT

KAISER + KRAFT

Gerdmans

Gerdmans

Gerdmans

Gerdmans

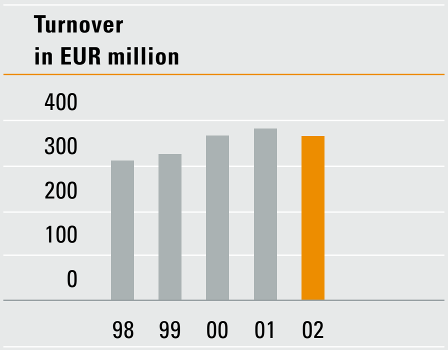
KAISER + KRAFT EUROPA	**30,000 products · 950,000 customers · 20 countries**
KAISER + KRAFT	Austria, Belgium, Czech Republic, France, Germany, Great Britain, Hungary, Ireland, Italy, Japan, Netherlands, Poland, Portugal, Spain, Switzerland
Gaerner	Austria, Germany, Netherlands, Switzerland
Gerdmans	Denmark, Finland, Norway, Sweden
KWESTO	Czech Republic, Poland, Slowakia

KAISER + KRAFT EUROPA – pioneer in the b-to-b mail order sector

The TAKKT Group dates back to KAISER + KRAFT EUROPA, which continues to be the largest and most profitable division of the Group. KAISER + KRAFT, Gaerner, Gerdmans and KWESTO sell over 30,000 products for the transport, warehousing, manufacturing, environmental and office sectors in 19 European countries as well as in Japan (since the beginning of 2003). The number of KAISER + KRAFT EUROPA customers has increased by an average seven percent over the past few years and currently stands at 950,000. They all benefit from our well-balanced, high-quality product range.

» Due to the economic environment, KAISER + KRAFT EUROPA reported a 4.2 percent decline in turnover to EUR 367.2 (383.3) million in 2002. Generating EBITDA of EUR 60.5 (58.7) million – up 3.0 percent – KAISER + KRAFT EUROPA remained the most profitable division of the Group. The EBITDA margin stood at 16.5 (15.3) percent. France, Spain and Austria, in particular, outperformed the other markets. The new KAISER + KRAFT company in Portugal also developed positively. The KWESTO companies in the Czech Republic, Poland and Slovakia gave a satisfactory performance. As of 31 December 2002, the KAISER + KRAFT EUROPA group had 880 (904) full-time employees.

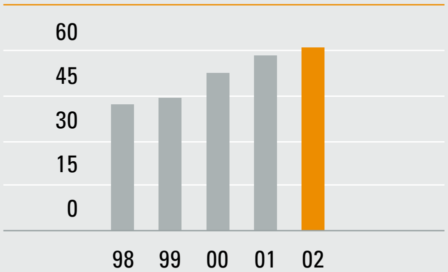
KAISER + KRAFT
Gaerner
Gerdmans
KWESTO



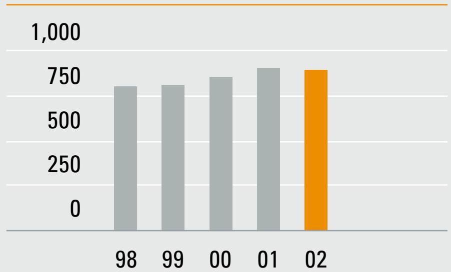
SELECTIVE EXPANSION INTO NEW MARKETS. By expanding the KWESTO group – the third KWESTO branch was opened in Slovakia in May 2002 – KAISER + KRAFT EUROPA continues to make inroads into the promising Eastern European market. The product range has been geared to the specific requirements of small and medium-sized companies in Eastern Europe. Some 85 percent of the products for the transport, warehousing, manufacturing, social and office sectors are produced in Eastern Europe.

INVESTING IN THE FUTURE. KAISER + KRAFT Japan was founded in May 2002 in line with the TAKKT Group's strategy to transfer its systems business to new regions. With an almost nation-wide presence in place in Europe and North America, the expansion to Asia was only logical. According to in-depth market analyses, Japan is eminently suited and has the highest market potential for successful b-to-b mail order activities; moreover, the country has an excellent infrastructure for the timely delivery of all products. Response to the first Japanese catalogue, which only included basic products in the test phase, has been positive. After the fast expansion in recent years, the companies will now increasingly focus on penetrating the individual markets. International growth will not be neglected, though, as the division will be contemplating the foundation of several small companies.

EBITDA
in EUR million



Employees
Full-time equivalents – average

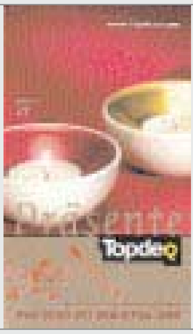


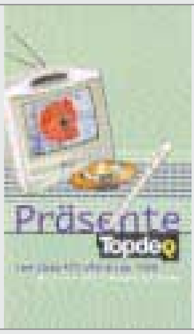

Topdeq
Design[Q]ualität

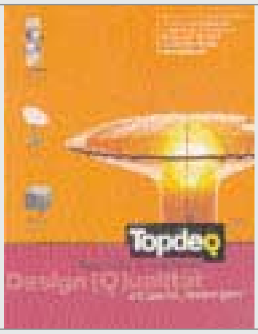

Topdeq


Topdeq

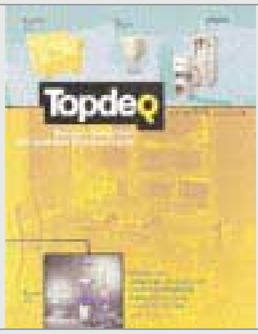

Topdeq

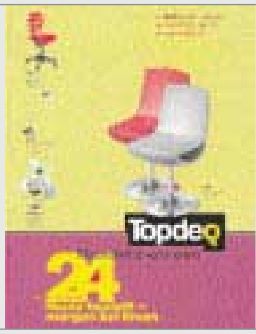

Topdeq

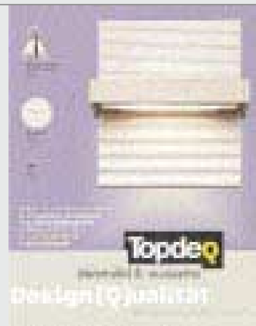

Präsente
Topdeq

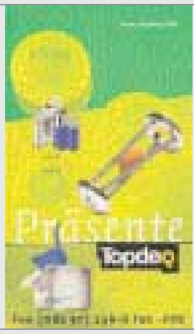

Topdeq
Design[Q]ualität

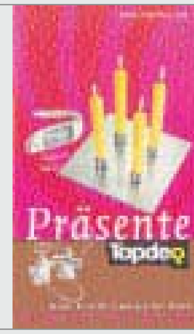

Topdeq
Design[Q]ualität


Topdeq





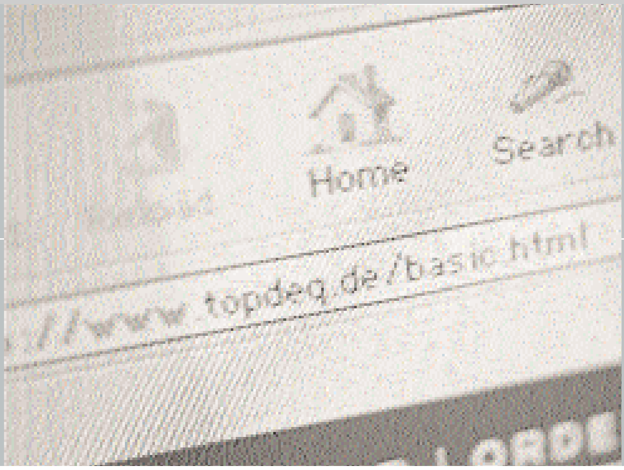




Topdeq

2,000 products · 400,000 customers · 5 countries

France, Germany, Netherlands, Switzerland, USA



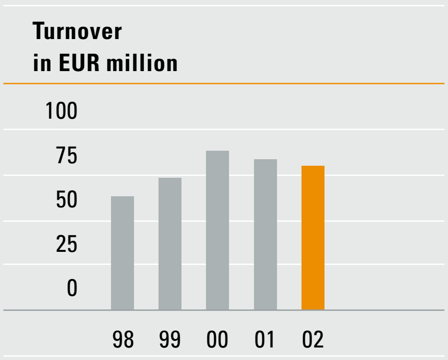
Topdeq – leading mail order specialist

Exclusive designer products and services are the speciality of Topdeq. This is why Topdeq offers a smaller range of products (approx. 2,000 items) than the other TAKKT companies. However, it is exactly this exclusive selection of office furniture and accessories designed by such renowned designers as Philippe Starck and Sir Norman Foster that is so strongly appreciated by Topdeq's approximately 400,000 customers. Whether it's Germany, the Netherlands, Switzerland, France or the USA – Topdeq is the No. 1 not only for its customers but also among its competitors.

» In the past fiscal year, however, the weak economic situation in general and the very weak office furniture market in particular weighed on Topdeq's business performance. Turnover declined by 4.4 percent to EUR 79.3 (83.0) million. More efficient catalogue mailing as well as adjusted cost structures and lower start-up losses meant that the lower turnover did not translate fully into lower profits. EBITDA declined to EUR 0.2 (0.7) million; the EBITDA margin amounted to 0.2 (0.8) percent.

» While the French and US companies performed well, they were unable to fully offset the decline in Germany and Switzerland. As of 31 December 2002, the Topdeq group had 235 (236) full-time employees.

Topdeq

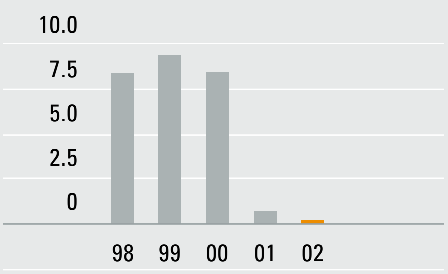


LARGEST CAPITAL INVESTMENT IN THE COMPANY'S HISTORY. Last year's inauguration of the warehouse extension in Pfungstadt represented another milestone for the Topdeq group. The company now has sufficient warehouse capacities to push ahead its regional expansion.

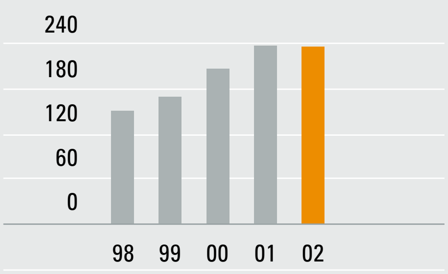
» 2002 was no doubt the year of Topdeq USA – successful new business efforts and a high percentage of repeat orders helped the young company exceed all expectations. This also applied to the turnover generated via the Internet; just under ten percent of Internet-generated turnover put the company at the top of the TAKKT Group.

TOPDEQ EXPANDS DELIVERY RANGE IN THE USA. The success achieved in New Jersey prompted Topdeq to push ahead its growth in the USA. The necessary preparations were therefore taken in 2002 to expand the 24-hour radius to 48 hours, so that the US market will be gradually developed from the US east coast. The first catalogues were mailed to this region in January 2003.

EBITDA
in EUR million



Employees
Full-time equivalents – average



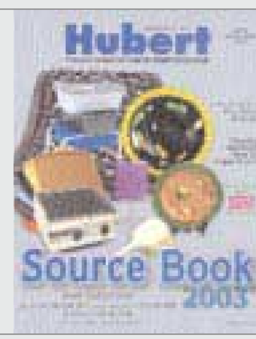

C&H

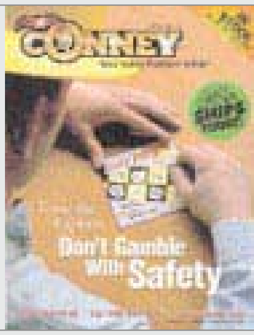

Sophisticated
Seating

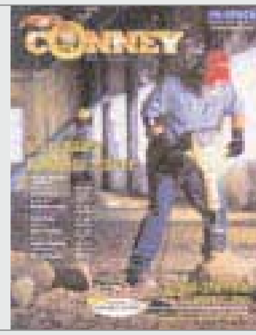

C&H


AVENUE


AVENUE
Cool Breeze
Over Canada


Hubert
Source Book
2003





K + K America	**68.000 products · 1.250.000 customers · 3 countries**
C&H Distributors	USA, Mexico
Avenue Industrial Supply	Canada
Conney Safety Products	USA
Hubert	USA, Canada

K + K America – diversified product portfolio

The portfolio of K + K America, which comprises C&H Distributors, Avenue Industrial Supply, Conney Safety Products and Hubert, includes an impressive 68,000 products, which are delivered to 1.25 million customers in the USA, Canada and Mexico. While C&H and Avenue mainly sell plant and warehouse equipment, Conney specialises in occupational safety products. Hubert, which joined the TAKKT Group in 2000, focuses on products and supplies for food retailers and the restaurant and hotel trade.

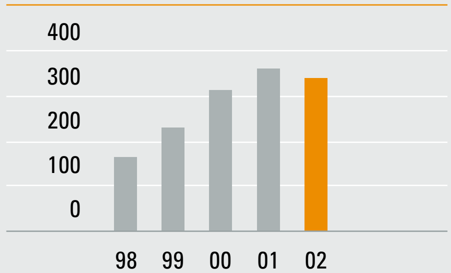
STABLE PORTFOLIO. K + K America benefited somewhat from the slow recovery of the US economy. Turnover declined only moderately by 0.8 percent to USD 318.0 (320.5) million, whereas EBITDA rose by 3.8 percent to USD 30.5 (29.4) million. In euro terms, however, turnover declined by 5.7 percent to EUR 337.4 (357.9) million, while EBITDA decreased by 1.4 percent to EUR 32.3 (32.8) million. The EBITDA margin stood at 9.6 (9.2) percent.

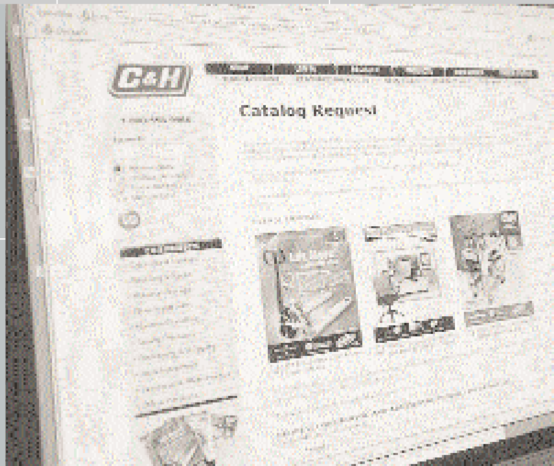
» This relatively stable performance is mainly attributable to Hubert, whose products are primarily targeted at the less cyclical services sector. The development clearly shows that the acquisition of the mail order specialist had a stabilising effect on the portfolio. As of 31 December 2002, the K + K America group had 772 (795) full-time employees.

K+K America Corporation

C&H
Avenue
Conney
Hubert

Turnover in EUR million

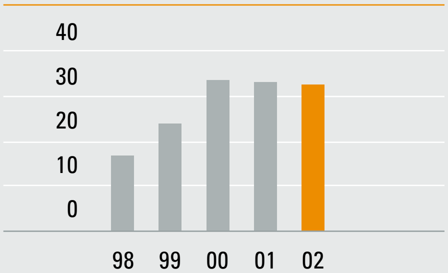




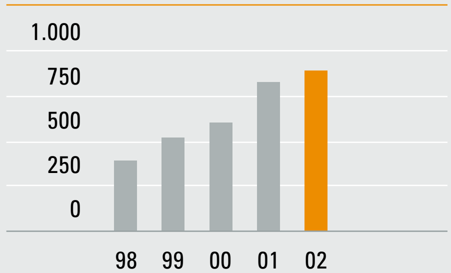
HUBERT CATALOGUE SUCCESSFUL IN CANADA. Hubert stepped up its marketing efforts by way of a renewed catalogue mailing campaign in Canada, resulting in a continued expansion of the company's customer base. 2002 also saw C&H Distributors mail an office furniture catalogue offering conventional office furniture available for rapid delivery; however, this venture did not entirely fulfil expectations. Avenue Industrial Supply continued the successful strategy of the previous years and posted renewed growth, meaning that this Canadian subsidiary contributed to a stabilization of the portfolio.

TARGETING THE MEXICAN MARKET. The US division's main objective for 2002 is a more aggressive development of the Mexican market. While the complete English C&H catalogue has been available in Mexico since January 2001, a Spanish catalogue was mailed in January 2003 in order to target Mexican companies more effectively, in addition to the US companies based south of the US-Mexican border.

EBITDA
in EUR million



Employees
Full-time equivalents – average



The TAKKT Group's internationalisation strategy

The TAKKT Group has pushed ahead the internationalisation of its business activities for many years. Today, the Group is the leading b-to-b mail order company for office, plant and warehouse equipment in Europe and North America and has a presence in over 20 countries and on three continents.

The recent years have seen the TAKKT Group grow dynamically through numerous new business start-ups and acquisitions. Georg Gayer, Chairman of the Management Board of TAKKT AG, outlines the Group's internationalisation strategy.

There are different ways of making inroads into new foreign markets and expanding a company. What is the strategy of the TAKKT Group?

We want to strengthen and expand our company's core business – b-to-b mailorder – on the basis of a consistent internationalisation and growth strategy. In more specific terms, this means that we expand into selected product segments and markets which represent an appropriate complement or addition to the portfolio of the TAKKT Group.

Our internationalisation strategy rests on two pillars; on the one hand, we make acquisitions, on the other hand, we establish new companies to expand the business activities of existing brands to new markets. The resulting economies of scale allow us to cut our costs significantly.

Speaking of acquisitions: What is TAKKT's approach here?

We have defined a special acquisition profile, which we use to examine whether a company would match the TAKKT Group in the first place. It includes quite a number of criteria; the company must operate in the b-to-b mail order sector and offer price-insensitive, high quality durables and special items. Moreover, their business must be duplicable, i. e. be suitable for expansion to other markets. It is also important that the company has a diversified supplier and customer base to reduce dependencies to a minimum.

It is extremely important that the company and its management meet our high quality standards. Before signing an agreement, we therefore conduct a due diligence analysis to thoroughly examine our acquisition target. Such an analysis takes into account not only of the legal and financial situation but also of so-called soft factors such as the corporate culture, the customer focus and the ability to innovate.

US mail order company Hubert is the TAKKT Group's most recent acquisition. What convinced you that Hubert and TAKKT would be a good fit?

The Hubert takeover is an excellent example of our efforts to strengthen the portfolios of the TAKKT divisions – in this case K + K America – through the addition of strategically important products and customer groups. Hubert is the US market leader in a very interesting market segment – the company offers equipment and supplies for food retailers and the hotel and restaurant industry. For years, Hubert has generated above-average growth in this market segment, which had a volume of roughly USD 7.5 billion in 2002. This success is not least due to excellent management and excellent customer service – two success factors which K + K America acquired along with the company.

At the same time, the acquisition has reduced K + K America's exposure to economic activity in the manufacturing sector. Before the acquisition, the product portfolio was

"Our internationalization and growth strategy rests on two pillars – acquisitions and start-ups."

Georg Gayer, Chairman

Topdeq is already operating very successfully even though the company started to market its design-oriented products only two years ago and its potential market is far from being fully exploited.

primarily geared to the requirements of the industrial sector, but today the division also has a strong foothold in the services sector.

TAKKT's Topdeq division took a different approach to setting up a presence in the USA and established a new company in this market. What prompted you to go stateside?

The USA has a great potential for European top design in office equipment and accessories. Topdeq suppliers told us that their products attract high attention in the USA but that they had difficulties on the distribution side. Topdeq felt it was possible to close this gap in the b-to-b mail-order business.

Equally important, mail order enjoys great acceptance in the USA. US consumers tend to place great emphasis on the service when making their purchases. So the starting conditions for Topdeq were good.

Based on thorough calculations, we therefore decided to establish a new company in the state of New Jersey, from where a large percentage of customers on the East Coast can be supplied within 24 hours.

Other advantages, which apply not only to this new company but to all new start-ups, include new customers and, hence, additional turnover for the TAKKT Group, better purchasing conditions due to increased volumes, optimised cost structures and greater clout in the market.

And what is your résumé after the first few years?

The results are very positive. The development in the first two years clearly exceeded our expectations. Topdeq USA continues to win new customers, meaning that the market potential is far from being fully exploited.

At the same time, our existing customers are satisfied with the quality of our products and our service, so that they place frequent repeat orders.

In a next step we want to expand the customer base by extending the delivery radius of our New Jersey subsidiary to 48 hours.

In January 2003, TAKKT made inroads into a new continent by mailing the first KAISER + KRAFT catalogues in Japan. What do you expect from this step to the Far East?

KAISER + KRAFT EUROPA's expansion to Japan exemplifies our strategy of transferring our systems business to promising new regions.

The TAKKT Group has an almost nationwide presence in the European and North American plant and warehouse equipment markets, so that Asia was the next logical step. In the medium term, we intend to open up the Asian region for the TAKKT Group. After intensive studies, we chose Japan because it has the best infrastructure and the biggest potential for successful mail-order activities.

For us, our expansion to the Japanese market is also a learning process. The first catalogue, which was mailed by KAISER + KRAFT Japan in early 2003, is confined to basic products. Following a test phase, we will analyse customers' response and gradually expand and modify the product range and also increase catalogue circulation in line with the economic situation. As long as the economy remains weak, we will continue to focus on our core competencies. Also in the case of KAISER + KRAFT Japan, this means "quality before quantity". We will then decide on our further expansion in Asia.

TAKKT's expansion has so far been characterised by high speed. What will the coming years look like?

We will continue to consolidate and optimise our existing divisions in order to safeguard our profitability – without giving up our growth strategy.

The TAKKT Group will continue to strengthen its portfolio by expanding its regional and international market presence in a selective manner. Whenever opportunities for interesting acquisitions arise, we will review them and make use of them. At present, however, we attach priority to the organic growth of all divisions; the individual companies are now increasingly focusing on penetrating their markets.

The systems business and the product portfolios of the TAKKT companies are designed in a way which ensures that they can easily be transferred to different regional markets. The big advantage of this strategy is that new companies do not have to start from scratch but adopt a tried-and-tested infrastructure, a professionally managed product portfolio, established processes and comprehensive experience from their respective brands. As a result, the costs and risks of internationalisation are reduced significantly.

By duplicating its systems business, the TAKKT Group will base its activities on a broader foundation in terms of regions and products in the coming years. The past fiscal year has shown that this diversification makes it easier for the divisions to cope with economic crises; the decline in German turnover, for instance, was partly offset by higher turnover abroad. Our exposure to individual regions, product and customer groups has been reduced further.

Anna Eylert and Michael Schütz liaise with the TAKKT Group's executives

Carmen Reyer is in charge of international legal issues in brand management

International marketing and sales strategy

Thanks to effective marketing and advertising activities, the TAKKT Group won some 200,000 new customers in 2002.

The customer base of the TAKKT subsidiaries comprises 2.6 million companies in over 20 countries.

B-TO-B – AN EFFICIENT DISTRIBUTION CHANNEL. The TAKKT Group's marketing and sales strategy can be divided into three different levels that are connected with each other. By duplicating our systems business, we ensure that all our brands use the same standardised systems and tools for product marketing and distribution. This is the basis for efficient organic growth of our company.

Under this umbrella, the three TAKKT divisions pursue their own marketing and sales strategies, which are adapted to their specific product portfolios and customer target groups. In the context of these strategies, the local companies have sufficient scope for providing their local customers with an individual service.

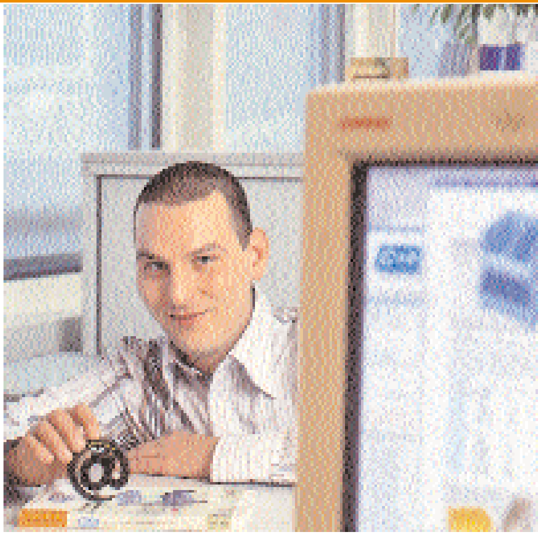
The standardised systems business is the basis for smooth cooperation between our companies and the service holding companies of the TAKKT Group, which provide a number of key services; for instance, the catalogues for all companies of a group are usually produced by these holding companies, addresses for all companies of KAISER + KRAFT EUROPA are e. g. selected by the holding company in Stuttgart, and the e-commerce activities are also handled by the service holding companies.

Another advantage of the systems business is that it makes the business processes transparent throughout the Group, allowing our companies to exchange experience across organisational and geographical borders. In particular, new companies benefit from the know-how of the established companies.

At the same time, great transparency makes it easier to manage our processes effectively. Our companies use shared resources and match their processes to optimum effect. The product portfolios of our brands, for instance, are designed in a way which makes them suitable for many regional markets, so that they normally do not have to be adapted to local conditions. This is a major benefit for our most important marketing and sales tools – our catalogues.

Our brands produce shared catalogues that only have to be translated for the respective national markets. KAISER + KRAFT, for instance, distributes the same product range in twelve different countries. Topdeq's product range is also more or less identical throughout the world. These synergies enable us to reduce the costs for the production of our advertising materials, our procurement and warehouse significantly. At the same time, the cooperative concept is a guarantee to our customers that they will be offered products and services of the same high quality irrespective of where they are based.

VARIETY UNDER A SINGLE UMBRELLA. So while the three TAKKT divisions have a lot in common, it is also interesting to know the differences between their respective marketing and sales strategies. Basically, the strategies of KAISER + KRAFT EUROPA and K + K America are very similar, not least because the product portfolios and target groups are identical in many respects. The catalogues of the subsidiaries of both divisions are mainly targeted at manufacturers, distributors, workshops and service



Axel Hoffmann is responsible for the professional websites of the KAISER + KRAFT EUROPA companies.

Inge Scholl
takes customer calls at KAISER + KRAFT's German customer service centre

providers, with K + K America's broad product range targeting a much larger number of service companies.

The catalogues are complemented by additional advertising materials to motivate and retain customers. Another customer approach is used only for customer groups requiring a different form of marketing; this applies to Hubert, for example, which does not operate in the manufacturing industry but in the services industry.

The marketing activities are rounded off by the Internet, which continues to gain in importance as a distribution channel. This interactive medium currently accounts for over three percent of the TAKKT Group's turnover (excluding e-procurement projects) – and this percentage is set to increase.

EFFECTIVE MARKET COVERAGE THROUGH BRAND DIFFERENTIATION. The KWESTO brand is an important element of KAISER + KRAFT EUROPA's marketing and sales strategy. This brand is designed to develop new customer groups in the dynamically growing Eastern European markets. The product range has therefore been tailored specifically to the market requirements of small and medium-sized companies operating in these countries; it comprises office and plant equipment mainly produced in Eastern Europe, which allows KWESTO to sell these products at extremely competitive prices. The group has so far applied this strategy successfully in the Czech Republic, Poland and, since May 2002, in Slovakia.

The marketing and sales strategy of Topdeq differs from those of the other TAKKT divisions. The product range comprises an exclusive selection of high-quality designer and trend products and therefore requires a specific customer approach. Exclusiveness and sophisticated design are therefore also reflected in the advertising materials used. Featuring some 2,000 items, the catalogue is not as comprehensive as those of the other TAKKT companies. The particularly attractive presentation of the products is a highly effective purchasing incentive.

The catalogue is mainly targeted at small companies operating in the services sector. Internet usage is relatively strong among such companies which is why Topdeq's website plays an important role in the company's marketing and sales efforts. In 2002, the division generated approx. seven percent of its turnover via the web.

ONE COUNTRY, SEVERAL LANGUAGES. In some countries, the companies of the TAKKT Group must take special local requirements into account. A good example is Avenue Industrial Supply, a Canadian company that is a member of K + K America. Canada is a bilingual country – the French-speaking Québec region accounts for a large part of the country's economy. To ensure that customers in this region are reached effectively, Avenue has introduced a French catalogue in addition to the English one. This initiative has proven to be successful as the company has tapped new customer groups and clearly expanded its market presence in Québec.

The same strategy is pursued by KAISER + KRAFT in Switzerland, where the company distributes catalogues in German, French and Italian to ensure that all existing and potential customers are reached.

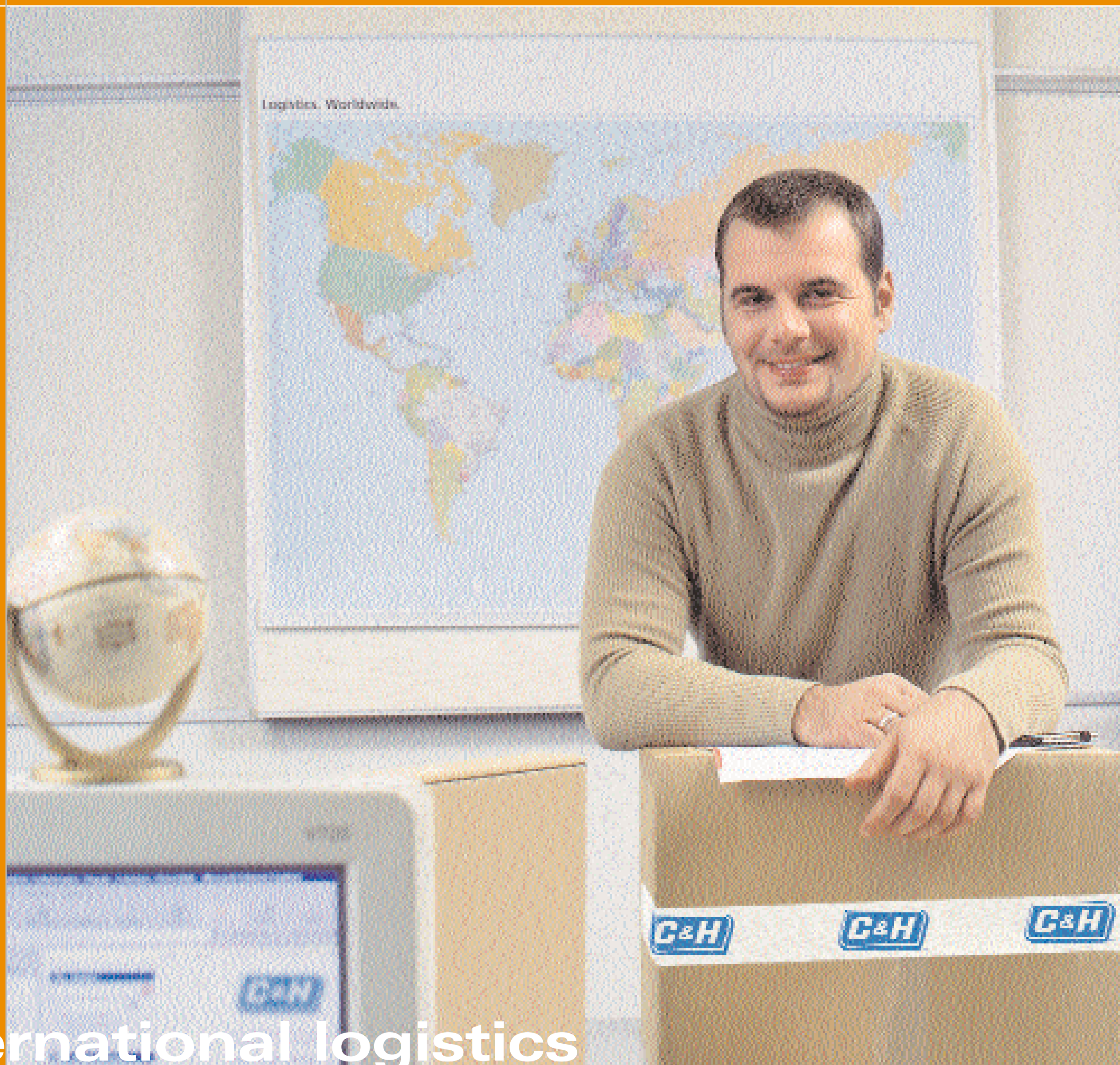
ALWAYS UP TO DATE. The TAKKT Group has an efficient marketing and sales strategy which effectively combines standardised systems and tools with the flexibility needed to address customers individually. To ensure that this strategy will continue to be in line with new market developments, we regularly review the effectiveness of our advertising materials and optimise them whenever required. Under the umbrella of the standardised systems business, the TAKKT Group will increasingly personalise its advertising activities to target customers even more effectively and offer them customised products and services.

Klaus Zimmermann and Peter Baumgartner design the KAISER + KRAFT Group's comprehensive catalogues.

E-procurement – fast and customer-friendly

E-procurement, the Internet-based handling of purchasing processes, is one of the b-to-b mail order sectors of the future, in which KAISER + KRAFT EUROPA plays a leading role. The TAKKT division implements e-procurement projects for major customers throughout Europe. The Siemens Group is a good example of how such a project works:

KAISER + KRAFT Germany's have been integrated directly with the company's e-commerce system, making the ordering process much easier on the Siemens side. At a simple mouse-click, Siemens employees can view the KAISER + KRAFT catalogue online and choose the desired products. The KAISER + KRAFT catalogue – which features a special Siemens cover – is available in addition to the online catalogue. The electronic order is transmitted directly to the inventory management system of the TAKKT subsidiary, which dispatches the products as quickly as possible. The convenient e-procurement process has major advantages for both sides; Siemens shortens the ordering process and slashes its procurement costs, while KAISER + KRAFT benefits from increased customer retention and higher sales volumes.



International logistics

The companies of the TAKKT Group process more than 8,000 orders per work day. Sophisticated logistical systems ensure that our customers throughout the world get the products they ordered at the agreed time.

The TAKKT Group has a decentralised yet standardised logistical structure. The three divisions operate their own logistical organisation but use a comparable warehouse concept. Each division maintains its own mail order centre, which serves as a supplying and distributing warehouse. Additional regional satellite warehouses that are supplied by the mail order centres are established whenever this is required to ensure optimum delivery service.

EFFICIENT, CUSTOMER-FRIENDLY, FLEXIBLE.
The mail order activities of the TAKKT Group are a combination of drop shipment business and warehousing business. It is impossible and not necessary to have all of our over 100,000 items on stock all the time. Part of the goods are ordered from our suppliers only after we have received the customer's order. Our suppliers either deliver the products directly to the customer or send them to our warehouses first (so-called transit items).

The advantage of the warehousing business over the drop shipment business is that we can deliver our products faster and more reliably and source them from international suppliers. Also, the combined purchasing volume enables substantial cost savings. Items regularly ordered by our customers are therefore always in stock. We aim to expand our warehouse capacities in order to reduce the drop shipment business and increase the warehousing business. This also enables us to control the quality of our products internally. Any expansion of our warehouse capacities is subjected to a strict efficiency calculation.

Given that all our divisions use the same warehouse concept, they basically implement the same logistical process when receiving a customer order. The national companies record the order and review the data electronically. Is the customer a new or a existing customer? Does a new customer number have to be specified or an address be changed? What is the customer's credit status? The companies then pass the information on to the respective mail order centre via the division's standard IT systems. The goods are compiled in the mail order centre and prepared for delivery. We cooperate exclusively with renowned international haulage contractors, who deliver the products ordered to our customers as quickly as possible.

Georgios Koroneos makes sure that Topdeq products are shipped to customers swiftly and in perfect condition.

Our sophisticated logistics concept remains the key to high customer satisfaction ratings.

A STRONG NETWORK . The major advantage of the TAKKT Group's sophisticated logistical structure is that it can be expanded to additional products and regions, which makes it the very foundation of our international expansion. New TAKKT companies can rely on tried-and-tested logistics and the experience of the other Group companies. Moreover, they benefit from the synergies and economies of scale resulting from their membership of the TAKKT Group; it often signs framework agreements with suppliers and logistics providers to ensure that TAKKT can offer our customers particularly favourable terms and conditions. These centralised purchasing activities allow not only for improved quality assurance but also for efficient international procurement for the whole Group.

Acquisitions such as the Swedish Gerdmans Group taken over in 1998 are integrated into this proven system as quickly as possible. Following the necessary preparations, the company was integrated into KAISER + KRAFT EUROPA's warehouse and inventory management system over a weekend. First of all, our IT experts adjusted Gerdmans' entire operating software to the standards of the TAKKT division and migrated the data to the new system. Training courses were held to familiarise the Gerdmans employees with the software. The IT systems were tested in a trial run while Gerdmans continued to use its old system to handle the day-to-day business.

At the same time, Gerdmans was integrated into KAISER + KRAFT EUROPA's logistics concept. The b-to-b mail order specialist for the Scandinavian countries now receives part of its supplies from the ultramodern KAISER + KRAFT mail order centre in Kamp-Lintfort, which constantly stocks 5,000 different products on 28,000 square meters of warehouse space (this is equivalent to four soccer pitches) and supplies over one million articles per year.

INVESTING IN THE FUTURE. Our divisions' mail order centres form the heart of the TAKKT logistics concept. Keeping their technical equipment up to date and expanding their capacities in line with the business development take top priority. This is why Topdeq invested roughly 6.5 EUR million in the expansion of the central warehouse in Pfungstadt in 2001 and 2002 – the single largest investment in the history of this division. The expansion was necessary to support Topdeq's future growth and high service standards also in logistical terms. The company now has sufficient capacities to push ahead its regional expansion. The Pfungstadt mail order centre supplies not only the European market but also Topdeq USA. The company regularly orders large supplies in order to maintain sufficient stocks to keep its service promise.

The regional TAKKT warehouses play an important role, for instance with a view to the long distances in North America, where almost 4,000 kilometres need to be bridged from coast to coast. Avenue Industrial Supply, a subsidiary of K + K America, is based in the east of Canada, for instance. To offer faster deliveries to customers based in the west, the company has established a regional warehouse in Calgary, slashing delivery times by several days. The warehouse is also supplied by K + K America's mail order centre in Milwaukee.

RELIABILITY AND QUALITY ARE OUR MISSION. Efficient logistics is the basis for our divisions' growth and their expansion into new markets. This is why the efficiency and flexibility of our logistical structure are constantly reviewed. We also make high demands on the quality of our suppliers and haulage contractors and the long-term availability of our products.

Modern high-bay warehouses and efficient electronic inventory management systems mean that customers receive their merchandise within the shortest possible time

Placing a premium on efficiency

Every year, millions of products of the most varied sizes and weights are handled in the mail order centres of the TAKKT Group. Such a high volume requires extremely efficient inventory management and workflows. The central warehouses, for instance, use a sophisticated system to decide what articles are stored where. Products are therefore assigned to categories from A to C. A-products are ordered very frequently, while B- and C-articles are ordered relatively less frequently. The bulky-goods store is designed for particularly large or heavy products.

A sophisticated electronic system ensures that the products are delivered quickly and smoothly. At every stage of the process, the mail order centre employees scan the products using mobile data collection equipment. The status of each order is recorded by KAISER + KRAFT EUROPA's central inventory management system, so that each product can be tracked precisely and order-picking errors are virtually impossible.

To optimise their inventory planning processes, the mail order centres rely not only on past experience but also on a learning-enabled software which is used by the KAISER + KRAFT and K + K America Groups and will soon also be introduced by the Topdeq Group. Thanks to this software, inventories of specific products at the individual warehouses can be managed much more efficiently, resulting in a higher level of service for TAKKT Group customers.

Consolidated financial statements TAKKT AG, Stuttgart

Consolidated Profit and Loss Account of TAKKT AG, Stuttgart, for the year ended 31 December 2002 IAS

(in EUR '000)

	Notes	2002	2001
Turnover	(1)	783,749	824,110
Changes in inventories of finished goods and work in progress		- 157	358
Own fixed assets capitalised		33	21
Gross performance		**783,625**	**824.489**
Cost of sales		469,787	499,187
Gross profit		**313,838**	**325,302**
Other income	(2)	8,813	8,071
Personnel expenses	(3)	101,132	100,149
Other operating expenses	(4)	135,854	146,581
EBITDA		**85,665**	**86,643**
Depreciation of other intangible and tangible assets	(5)	10,572	10,292
EBITA		**75,093**	**76,351**
Amortisation of goodwill	(6)	18,115	18,654
EBIT (operating result)		**56,978**	**57,697**
Share of associate's result		0	0
Other finance result	(7)	35	- 1
Net interest	(8)	- 18,050	- 22,180
Financial result		**- 18,015**	**- 22,181**
Profit before tax		**38,963**	**35,516**
Income taxes	(9)	14,477	16,117
Net income before minority interest		**24,486**	**19,399**
Minority interest		708	722
Net income		**23,778**	**18,677**

Consolidated Balance Sheet of TAKKT AG, Stuttgart, as of 31 December 2002 IAS

(in EUR '000)

Assets	Notes	2002	2001
Fixed assets			
Intangible assets	(10)	283,118	333,880
Tangible assets	(11)	75,428	80,641
Investment in associate (valued at equity)		17	17
Other financial assets	(12)	86	84
		358,649	**414,622**
Current assets			
Stocks	(13)	60,648	59,333
Trade and other debtors	(14)	88,196	97,465
Cash and cash equivalents	(15)	5,524	3,937
		154,368	**160,735**
Deferred taxes	**(16)**	**11,205**	**9,746**
Prepaid expenses	**(17)**	**16,212**	**14,460**
Total assets		**540,434**	**599,563**

Equity and liabilities	Notes	2002	2001
Shareholders' equity	**(18)**		
Issued capital		72,900	72,900
General reserves		60,066	62,202
Other comprehensive income		- 7,167	- 5,350
Retained earnings		23,778	18,677
		149,577	**148,429**
Minority interest	**(19)**	**3,745**	**3,923**
Provisions	**(20)**	**29,327**	**24,354**
Liabilities			
Short and long-term borrowings	(21)	291,256	356,972
Trade and other liabilities	(22)	66,529	65,885
		357,785	**422,857**
Total equity and liabilities		**540,434**	**599,563**

Consolidated Fixed Assets

(in EUR '000)

	Cost					
	01.01.2002	Currency translation	Additions	Reclassi-fications	Disposals	31.12.2002
Intangible assets						
Concessions, industrial and similar rights	45,993	- 6,062	523	141	259	40,336
Goodwill	325,266	- 34,371	0	0	0	290,895
Payments on account	108	0	355	- 141	0	322
Goodwill on consolidation	56,506	0	25	0	0	56,531
	427,873	**- 40,433**	**903**	**0**	**259**	**388,084**
Tangible assets						
Land, landrights and buildings including buildings on third-party land	74,045	- 5,256	1,173	0	39	69,923
Technical equipment and machinery	1,314	0	293	105	187	1,525
Other factory and office equipment	31,288	- 1,849	6,263	1,827	1,524	36,005
Payment on account	2,085	- 26	0	- 1,932	0	127
	108,732	**- 7,131**	**7,729**	**0**	**1,750**	**107,580**
Financial assets						
Investment in associate	17	0	0	0	0	17
Long-term investments	87	0	0	0	0	87
	104	**0**	**0**	**0**	**0**	**104**
	536,709	**- 47,564**	**8,632**	**0**	**2,009**	**495,768**

Cumulative depreciation						Net book value	
01.01.2002	Currency translation	Additions	Write-ups	Disposals	31.12.2002	31.12.2002	31.12.2001
36,613	- 5,203	2,934	0	220	34,124	6,212	9,380
36,947	- 4,653	15,479	0	0	47,773	243,122	288,319
0	0	0	0	0	0	322	108
20,433	0	2,636	0	0	23,069	33,462	36,073
93,993	**- 9,856**	**21,049**	**0**	**220**	**104,966**	**283,118**	**333,880**
11,583	- 548	2,755	185	18	13,587	56,336	62,462
812	0	237	0	146	903	622	502
15,696	- 1,242	4,646	0	1,438	17,662	18,343	15,592
0	0	0	0	0	0	127	2,085
28,091	**- 1,790**	**7,638**	**185**	**1,602**	**32,152**	**75,428**	**80,641**
0	0	0	0	0	0	17	17
3	0	0	1	1	1	86	84
3	**0**	**0**	**1**	**1**	**1**	**103**	**101**
122,087	**- 11,646**	**28,687**	**186**	**1,823**	**137,119**	**358,649**	**414,622**

Consolidated Statement of Changes in Shareholders' Equity

(in EUR '000)

	Share capital	Capital reserves	Other comprehensive income	Total equity
Balance at 01.01.2002	**72,900**	**80,879**	**- 5,350**	**148,429**
Currency translation differences	0	-13,523	820	-12,703
Dividend	0	- 7,290	0	- 7,290
Other changes	0	0	0	0
Net income for the period	0	23,778	0	23,778
Changes in derivative financial instruments	0	0	- 2,637	- 2,637
Balance at 31.12.2002	**72,900**	**83,844**	**- 7,167**	**149,577**

	Share capital	Capital reserves	Other comprehensive income	Total equity
Balance at 01.01.2001	**72,900**	**64,723**	**- 1,769**	**135,854**
Currency translation differences	0	4,769	- 123	4,646
Dividend	0	- 7,290	0	- 7,290
Other changes	0	0	0	0
Net income for the period	0	18,677	0	18,677
Changes in derivative financial instruments	0	0	- 3,458	- 3,458
Balance at 31.12.2001	**72,900**	**80,879**	**- 5,350**	**148,429**

Consolidated Cash Flow Statement

(in EUR ‘000)

	01.01.2002 - 31.12.2002	01.01.2001 - 31.12.2001
Net income (incl. minority interests)	24,486	19,399
Fixed asset depreciation	28,500	28,946
Change in provisions	7,553	3,976
Other income/expenditure not affecting the movement of funds	- 1,685	528
Profit/loss on disposal of fixed assets	- 36	- 117
Change in stocks	- 6,674	1,608
Change in trade debtors and other assets not part of investing and financing activities	228	14,518
Change in trade liabilities and other liabilities not part of investing and financing activities	- 54	- 4,257
Net cash flow from operating activities	**52,318**	**64,601**
Proceeds from disposal of tangible and intangible assets	223	971
Investment in tangible and intangible assets	- 8,632	- 23,974
Net cash flow from investing activities	**- 8,409**	**- 23,003**
Change in gross borrowings	- 33,872	- 31,748
Dividends to group shareholders and minority interests	- 8,238	- 8,401
Other changes in shareholders’ equity	- 50	- 541
Net cash flow in financing activities	**- 42,160**	**- 40,690**
Net change in funds	1,749	908
Effects of exchange rate changes	- 162	327
Funds at beginning of period	3,937	2,702
Funds at end of period	**5,524**	**3,937**

Notes to the cash flow statement

The cash flow statement has been derived from the consolidated financial statements. To adjust for exchange rate effects, the opening balance sheet for the fiscal year was translated at the exchange rates prevailing on the reporting date of the closing balance sheet.
Figures taken from the profit and loss account were adjusted to the values that would have resulted if the exchange rates prevailing on the reporting date had been used. These figures were netted out against other income/expenditure not affecting the movement of funds.
Cash flow from operating activities includes interest income of EUR 180,000 (EUR 364,000) and interest expenses of EUR 19,248,000 (EUR 19,961,000).
Deferred taxes changed by EUR 302,000 in 2002 EUR 1,931,000 and were not shown separately in the cash flow statement.
Income tax payments totalled EUR 10,068,000 (EUR 12,639,000).
Additions and disposals to tangible assets capitalised as assets under avising finance leases do not exist in the current year.
Gross borrowings include all interest-bearing liabilities. These mainly include liabilities to banks as well as liabilities from the capitalisation of finance lease contracts. For the changes in 2002, refer to the explanations provided under "Short and long-term borrowings" on page 100.
The funds at the end of the period shown as of the reporting date are the sum total of cash in hand, cash at banks and cheques. They were not netted out against short-term liabilities on current account.

Primary reporting by division

(in EUR '000)

01.01.2002 - 31.12.2002	K + K Europa	Topdeq	K + K America	TAKKT Holding	Group total
Sales to third parties	366,737	79,294	337,296	0	783,327
Sales to affiliates	419	12	62	- 71	422
Total turnover	**367,156**	**79,306**	**337,358**	**- 71**	**783,749**
Segment result (EBIT)	48,436	- 2,943	18,929	- 7,444	56,978
Investment in associate	17	0	0	0	17
Segment assets	234,378	60,592	249,534	-16,217	528,287
Income taxes	2,704	3,260	5,427	756	12,147
Total assets	**237,082**	**63,852**	**254,961**	**-15,461**	**540,434**
Segment liabilities	163,536	37,683	190,336	-44,276	347,279
Income taxes and leasing liabilities	33,505	466	3,535	2,325	39,831
Total liabilities	**197,041**	**38,149**	**193,871**	**-41,951**	**387,110**
Capital expenditure	1,758	6,044	766	64	8,632
Depreciation	12,080	3,131	13,402	73	28,686
Material non-cash expenses (excl. depreciation)	6,424	2,123	3,173	2,761	14,481
Share of associate's result	0	0	0	0	0
Average no. of employees (full-time equivalent)	886	235	784	27	1,932

Secondary reporting by regions

(in EUR '000)

01.01.2002 - 31.12.2002	Germany	Rest of Europe	North America	Other	Group total
Sales to third parties	183,602	251,918	347,807	0	783,327
Total assets	210,371	61,774	254,069	2,073	528,287
Additions to fixed assets	7,183	592	838	19	8,632

Primary reporting by division

(in EUR ‘000)

01.01.2001 - 31.12.2001	K + K Europa	Topdeq	K + K America	TAKKT Holding	Group total
Sales to third parties	382,921	82,991	357,814	0	823,726
Sales to affiliates	402	0	41	- 59	384
Total turnover	**383,323**	**82,991**	**357,855**	**- 59**	**824,110**
Segment result (EBIT)	46,545	- 1,865	18,598	- 5,581	57,697
Investment in associate	17	0	0	0	17
Segment assets	240,396	45,069	303,398	-1,147	587,716
Income taxes	2,336	3,140	5,310	1,061	11,847
Total assets	**242,732**	**48,209**	**308,708**	**-86**	**599,563**
Segment liabilities	166,811	31,961	235,507	-25,168	409,111
Income taxes and leasing liabilities	34,541	212	2,601	744	38,098
Total liabilities	**201,352**	**32,173**	**238,108**	**-24,424**	**447,209**
Capital expenditure	24,238	3,122	2,043	58	29,461
Depreciation	12,183	2,518	14,183	62	28,946
Material non-cash expenses (excl. depreciation)	6,211	1,636	4,318	261	12,426
Share of associate's result	0	0	0	0	0
Average no. of employees (full-time equivalent)	896	231	819	27	1,973

Secondary reporting by regions

(in EUR ‘000)

01.01.2001 - 31.12.2001	Germany	Rest of Europe	North America	Other	Group total
Sales to third parties	208,408	252,522	362,796	0	823,726
Total assets	276,368	3,553	307,795	0	587,716
Additions to fixed assets	25,195	1,824	2,442	0	29,461

Segment information

In the context of segment reporting to IAS 14, the activities of TAKKT AG are broken down into divisions (primary reporting) and regions (secondary reporting). The breakdown into primary segments follows the management approach and takes account of internal controlling and reporting as well as of the organisational structure. In the secondary report, a distinction is made between Germany, the rest of Europe, North America and other countries. Segment reporting uses the same accounting standards as the consolidated financial statements. Transfers between the segments are shown at internal prices calculated on the basis of the cost-plus method. The same approach was applied in the previous year.

Primary reporting by divisions

KAISER + KRAFT EUROPA

KAISER + KRAFT EUROPA GmbH, Stuttgart, comprises KAISER + KRAFT, Gaerner, Gerdmans and KWESTO. The distribution companies of these sub-groups maintain a total of over 40 branches in 19 European countries. In 2002, the KAISER + KRAFT group established a company in Japan to pave the way for the development of the Asian market. The companies offer over 30,000 products via catalogue and, in part, through the Internet. KAISER + KRAFT EUROPA GmbH operates a national mail order centre in Kamp-Lintfort and three additional warehouses as well as production facilities for durable transport equipment (platform trucks, sack trucks, trolley jacks, etc.) located in Haan, near Düsseldorf. The self-produced products are marketed under the EURO*KRAFT* brand name. Besides the standard range, the company also manufactures customised products and carries out small-batch production orders in accordance with customer specifications. This segment focuses on the following product groups: transport, storage, environment, workshop and office equipment.

Topdeq

The Topdeq group sells design oriented office furniture and accessories through a mail order catalogue and through the Internet in Germany, Switzerland, the Netherlands, France and the United States. The division's main customers are small to medium-sized companies from the services sector. Topdeq offers a special 24-hour delivery service and a ten-year warranty. If requested, orders received before 12:30 p.m. are delivered to the customer on the same day, subject to a surcharge. Topdeq operates its own warehouses in Germany, Switzerland, the Netherlands, France and the United States. The Topdeq group's product portfolio comprises some 2,000 items.

K + K America

K + K America Corporation, Wilmington, comprises C&H Distributors, Conney Safety Products and Avenue Industrial Supply. These companies sell over 45,000 products (catalogue and Internet) for the transport, storage, business, plant, job safety and packaging sectors to customers in the United States, Canada and Mexico. Hubert Company LLC,Harrison/USA, sells approx. 23,000 products for retail grocery stores and the food service industry. The K + K America group operates two mail order centres in USA, four regional warehouses in the USA and two regional warehouses in Canada.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1. General principles

a) Accounting principles

The consolidated financial statements of TAKKT AG have been prepared in accordance with the regulations issued by the International Accounting Standards Board (IASB); the interpretations (SIC) by the International Financial Reporting Commttee have been taken into account. All International Financial Reporting Standards (IFRS) agreed and published before 31 December 2002 have been taken into account. IAS 39 has been applied for the fiscal years from 1999.

The consolidated financial statements comply with the EU Directive on consolidated accounting (Directive 83/349/EWG). To ensure consistency with consolidated financial statements under HGB, all information and explanations required under HGB but not required under IAS have been provided. The requirements for exemption from the preparation of consolidated financial statements to German GAAP outlined in Section 292a HGB have been fulfilled. The assessment of such requirements was based on the German Accounting Standard 1 (DRS 1) published by the German Standardisation Council. In accordance with Section 292a HGB, the consolidated financial statements have been complemented by additional explanations to fulfil the requirements for exemption from the requirement to prepare consolidated financial statements under German law.

The consolidated financial statements were prepared in euros. Unless specified otherwise, all amounts are shown in EUR '000.

For the sake of clarity, several items in the balance sheet and the profit and loss account have been combined. These are presented in detail in the notes.

The profit and loss account was prepared in accordance with the type of expenditure method, with the gross profit shown separately.

The consolidated financial statements are based on the same accounting and valuation principles as in the previous year.

b) Reconciliation to International Financial Reporting Standards

Some of the accounting, valuation and consolidation methods previously used in TAKKT AG's commercial consolidated financial statements have been amended by the adoption of IRFS.

Accounting and valuation principles were first adjusted to IFRS with effect from 31 December 2000. The statements for 2000 and 2001 were prepared using the "bottom-up" method. The pro-forma statements for 1998 and 1999 used the "top-down" method. In accordance with SIC 8, the adjustments were charged against the general reserves with no effect on net income as if the financial statements had always been prepared in accordance with IFRS rules.

Outlined below are the main differences between the accounting, valuation and consolidation methods used in the present consolidated financial statements and the methods previously used under German law.

- Goodwill from consolidated individual financial statements is amortised over a period of 20 years with the effect shown in the profit and loss account (previously 15 years).
- Goodwill resulting from the first-time consolidation of subsidiaries is no longer set off against shareholders' equity with no effect on the profit and loss account but amortised over a period of 20 years, with the effect shown in the profit and loss account.
- The straight-line method of depreciation is used as the standard depreciation method.
- In accordance with IAS 17 (Leases), leased tangible assets are carried as assets and the resulting liabilities carried as liabilities, provided that the companies of the TAKKT group are the beneficial owners of the assets.
- Unlike HGB accounting, no general allowance was made for trade debtors. Based on past experience, appropriate general allowance was made for discernible risks.
- Deferred taxes were established for all temporary and quasi-permanent differences between tax valuations and IFRS valuations. Capitalised deferred taxes are taken into account for losses carried forward provided that they can be used with sufficient certainty.
- Unlike HGB accounting, catalogues not yet mailed are not shown under stocks but carried as prepaid expenses.
- Catalogue costs are no longer charged against profits at the time of mailing but are capitalised as prepaid expenses and charged against profits on a pro-rata-temporis basis.
- Minority interests are not included in shareholders' equity but shown as a separate item.
- Provisions with a high degree of certainty as specified in IAS 37 are transferred to trade liabilities or other liabilities. Unlike HGB accounting, no general allowance is made. Based on past experience, provisions of the best estimated amount were established for discernible risks.
- In accordance with IFRS 19, pension provisions were established using the projected unit credit method taking future increases in salaries and pensions into account.

- Derivative financial instruments are used to minimise the potential effects of interest and currency risks resulting from operating activities. The TAKKT group only uses derivatives that hedge future cash flows. In accordance with IAS, the respective market values are shown in the balance sheet. They have no material effects on the result and are shown under shareholders' equity with no effect on the profit and loss account.

In the first year in which IFRS was used, the measures outlined above had the following gross effect on shareholders' equity; the net tax effects are shown under deferred taxes:

Effects on shareholders' equity under HGB
(in EUR '000)

	2001	2000
Shareholders' equity under HGB	139,500	128,062
Minority interests	- 3,923	- 4,311
Goodwill	16,376	10,056
Valuation differences - Fixed assets	231	0
Finance leases	- 2,526	- 1,973
Valuation differences - Stocks	1,052	686
Valuation differences - Debtors	3,156	4,265
Derivative financial instruments	- 8,776	- 3,465
Valuation differences - Pension provisions	- 1,107	- 1,434
Valuation differences - Other provisions	2,369	1,899
Deferred taxes	1,970	1,561
Other changes	107	507
Shareholders' equity under IAS	**148,429**	**135,853**

Effects on earnings before income taxes under HGB

(in EUR '000)

	2001	2000
Earnings before income taxes under HGB	33,430	53,794
Goodwill	2,620	658
Valuation differences – Fixed assets	231	0
Finance leases	- 567	- 389
Valuation differences – Stocks	303	465
Valuation differences – Receivables	- 1,088	767
Derivative financial instruments	8	- 8
Valuation differences – Pension provisions	314	- 29
Valuation differences – Other provisions	265	271
Earnings before income taxes under IAS	**35,516**	**55,529**

c) Scope of consolidation

TAKKT AG, Stuttgart, which is registered under HR B 19962 with the German Commercial Register of the Stuttgart local court, is the group's parent company. TAKKT AG is a b-to-b mail order company for office, plant and warehouse equipment and has a presence in more than 20 countries. Besides TAKKT AG, six (six) domestic and 34 (32) foreign companies are included in the consolidated financial statements. One associated company is included in the consolidated financial statements at acquisition cost.

TAKKT AG is a 68.7 percent subsidiary of Franz Haniel & Cie. GmbH, Duisburg, and the TAKKT group is therefore included in the latter's consolidated accounts.

d) Consolidation policies

The consolidated financial statements as well as all individual financial statements included in the consolidated financial statements were prepared as of 31 December 2002.

According to IAS, the financial statements of the domestic and foreign subsidiaries included in the consolidated financial statements were prepared using the same accounting and valuation principles. In accordance with IAS 27, capital consolidation was effected using the carrying value method by netting the cost of acquisition with the parent's portion of equity at the time of acquisition or the time of first consolidation. Positive differences arising on consolidation were treated as goodwill and amortised over their expected useful life using the straight-line method.

In accordance with IAS 22, negative goodwill was shown separately from the positive goodwill and written back as scheduled.

Intra-group profits and losses, turnover, expenses and income as well as all debtors and liabilities between the consolidated subsidiaries were eliminated. Unrealised intercompany profits in fixed assets and stocks were eliminated provided they were not negligible.

Differences avising on the elimination of group debtors and liabilities were written off to the profit and loss account. Debtors and liabilities to third parties were consolidated on the condition that such balances with third parties were reciprocal and could be set off against each other.

Minority interests in a subsidiary's equity and profits are shown under "Minority interests".

In accordance with IAS 12, deferred taxes were established for consolidation measures shown in the profit and loss account, with the exception of the amortisation of goodwill which is not tax deductible.

e) Currency translation

TAKKT AG's reporting currency is the euro. In accordance with IAS 21, translation was effected using the functional currency method. Given that all companies manage their business independently, the respective local currency is the functional currency. Under the functional currency method, the assets and liabilities of all subsidiaries that do not report in euros are reported using the average closing rate, their equity capital is reported using historical rates and their income and expenses are reported using the average rate prevailing at the time of acquisition. Goodwill on consolidation is calculated using the average rate prevailing at the time of acquisition. The currency adjustment of EUR -1,594,000 (EUR 2,161,000) were allocated to general reserves with no effect on profits.

The TAKKT group has no subsidiaries in high-inflation countries.

Transactions in foreign currencies are translated at the rate prevailing on the day of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate prevailing on the balance sheet date. Translation differences are recognised in the profit and loss acount under "Other income" or "Other operating expenses". Non-monetary assets and liabilities valued at the historical cost of acquisition or production in a foreign currency are translated at the rate prevailing on the day of the transaction.

The table below shows the development of the exchange rates of the currencies used in the consolidated financial statements against one euro:

Currency translation

		Closing rates		Mean rates	
Currency	Country	2002	2001	2002	2001
CAD	Canada	1.6550	1.4077	1.4800	1.3864
CHF	Switzerland	1.4524	1.4829	1.4670	1.5105
CZK	Czech Republic	31.5770	31.9620	30.7874	34.0685
DKK	Denmark	7.4288	7.4365	7.4305	7.4521
GBP	UK	0.6505	0.6085	0.6286	0.6219
HUF	Hungary	236.2900	245.1800	242.9184	256.5911
JPY	Japan	124.3900	115.3300	117.9924	108.6824
NOK	Norway	7.2756	7.9515	7.5033	8.0484
PLN	Poland	4.0210	3.4953	3.8465	3.6721
SEK	Sweden	9.1528	9.3012	9.1601	9.2551
SKK	Slovakia	41.5030	42.7800	42.6670	43.3001
USD	USA	1.0487	0.8813	0.9426	0.8956

2. NOTES TO THE PROFIT AND LOSS ACCOUNT

(1) **Turnover**

(in EUR '000)

	2002	2001
Turnover with third parties	783,327	823,726
Turnover with affiliated companies	422	384
	783,749	**824,110**

Turnover with affiliated companies refers to companies of the majority shareholder that are not included in TAKKT AG's consolidated financial statements. Most of this turnover was generated with the sister companies, the GEHE group (EUR 203,000) and the HTS group (EUR 50,000). Turnover with affiliated companies accounts for less than 1 percent of the total turnover.

A breakdown of turnover by segments and regions is included in the segment report on page 75. Turnover is reported at the time the goods are delivered.

Other income (2)

(in EUR '000)

	2002	2001
Operating income	2,826	2,680
Release of provisions	1,854	1,405
Income prior years	1,210	881
Reduction in provisions	445	406
Disposal of fixed assets	92	266
Rental income	59	207
Consolidation of group liabilities	0	109
Other	2,327	2,117
	8,813	**8,071**

Other income includes income of EUR 4,020,000 (EUR 2,721,000) from prior years, most of which results from the release of provisions.

Personnel expenses (3)

(in EUR '000)

	2002	2001
Wages and salaries	83,592	83,128
Social insurance costs	14,582	14,502
Pension costs	2,958	2,519
	101,132	**100,149**

The number of group employees is shown in the segment report.

(4) **Other operating expenses**

(in EUR '000)

	2002	2001
Loss on disposal of fixed assets	56	150
Write-offs and provisions for current assets/bad debts	2,215	2,495
Expenses from affiliated companies	1,934	1,861
Rent	9,211	9,392
Operating leasing	908	409
Operating taxes	739	923
Administrative expenses	24,137	26,399
Other	96,654	104,952
	135,854	**146,581**

Expenses from affiliated companies are from companies of the majority shareholder that are not included in TAKKT AG's consolidated financial statements. Most of these expenses are rent as well as operating and administrative charges with sister companies, the GEHE group (EUR 1,497,000) and the companies of the majority shareholder, Haniel (EUR 426,000).
Other operating expenses include expenses of EUR 1,261,000 (EUR 938,000) relating to prior years.

(5) **Depreciation of other intangible and tangible assets**

(in EUR '000)

	2002	2001
Intangible assets	2,934	2,783
Tangible assets	7,638	7,509
	10,572	**10,292**

Goodwill (6)

(in EUR '000)

	2002	2001
Goodwill	15.479	16.027
Goodwill on consolidation	2.636	2.627
	18.115	**18.654**

Other finance result (7)

(in EUR '000)

	2002	2001
Income/expense from the market valuation of financial instruments for group loans	35	- 1

For detailed information, see paragraph 4 "Derivative financial instruments".

Net interest (8)

(in EUR '000)

	2002	2001
Income from other securities and long-term loans	4	3
Other interest and similar income		
- affiliated companies	9	0
- other	171	364
	184	**367**
Writedown of long-term investments	0	0
Interest and similar charges		
- affiliated companies	- 398	- 829
- other	- 17,836	- 21,718
	- 18,234	**- 22,547**
	- 18,050	**- 22,180**

Interest income and charges from affiliated companies relate to Haniel companies. The interest on finance leasing contracts included in other interest and similar income amounted to EUR 1,805,000 (EUR 1,404,000). The interest on pension accruals amounted to EUR 443,000 (EUR 400,000).

(9) Income taxes

Tax expenses include income taxes paid and/or payable as well as deferred taxes in the individual countries. Deferred taxes were calculated using the specific local tax rates. Changes in the tax rates decided on the balance sheet date have been taken into account. The income tax rates applied ranged from 16.7 percent to 41.4 percent.

Breakdown of tax charge

(in EUR '000)

	2002	2001
Income taxes	14,175	14,186
Deferred taxes	302	1,931
	14,477	**16,117**

The difference between actual tax charge and the calculated tax charge that would arise if a tax rate of 39.3 percent were used for TAKKT AG is made up as follows:

Tax reconciliation

(in EUR '000)

	2002	2001
Group earnings before taxes	38,963	35,516
Calculated tax charge (tax rate 39.3 percent)	15,312	13,958
Non-deductible goodwill	1,036	1,032
Difference between local taxes and group tax rate	- 2,542	-1,938
Non-deductible expenses	757	516
Tax-free income	- 1,145	- 844
Use of tax losses	- 413	- 177
Deferred taxes on losses not capitalised	787	1,843
Taxes from prior years	- 72	- 99
Other differences	459	168
Trade tax corrections	298	1,658
Income taxes shown in the consolidated profit and loss account	**14,477**	**16,117**

Earnings per share

	2002	2001
Number of shares issued (in thousand)	72,900	72,900
Weighted number of shares issued (in thousand)	72,900	72,900
Group result after minority interests in EUR '000	23,778	18,677
Earnings per share in EUR	0.33	0.26
Cash flow per share in EUR	0.72	0.65

Earnings per share are calculated by dividing group profits (after minorities) by the weighted number of shares issued.

3. NOTES TO THE BALANCE SHEET

Fixed assets

The schedule presentation of fixed assets (cf. page 70) is an integral part of the notes to the consolidated financial statements.

(10) Intangible assets

Intangible assets acquired for consideration are shown at the cost of acquisition incl. ancillary acquisition costs. They are written off over their expected useful lifetime using the scheduled straight-line method. If required, unscheduled write-offs are made, which are reversed if the reasons cease to apply permanently. Unscheduled value adjustments (reductions and increases) were not required in the past fiscal year.
Self-generated intangible assets are not capitalised due to inconsistency with IAS 38.45.
In accordance with IAS 22, goodwill is capitalised and amortised over a period of 20 years (25 years in the case of C&H Distributors/USA) using the straight-line method. In the context of the revaluation effected in conjunction with the acquisition in 1988, customer lists and brand names, which are usually included in total goodwill, were capitalised separately. Shorter amortisation periods were chosen for these items. The weighted overall amortisation period is less than 20 years. No renewed revaluation to the time of acquisition was effected for reasons of expense and recoverability. As of 31 December 2002, the goodwill of C&H Distributors, which is amortised over a period of 25 years, had a net book value of EUR 2.2 million.
Goodwill on consolidation is amortised over a period of 20 years. The book value of EUR 33,462,000 shown in the balance sheet refers to three investments with different residual terms.
Other intangible assets, which mainly consist of computer software, are based on scheduled useful lives of usually two to five years.
Research and development expenses which are to be expensed are negligible due to the company’s business activity.
As in the previous year, intangible assets were not subject to any restraints on disposal or ownership.

Tangible assets **(11)**

Tangible assets used for more than one year are carried at the cost of acquisition or production less scheduled depreciation. Unscheduled depreciation to IAS 36 was not required. In accordance with IAS 23.11, borrowing costs are not capitalised.
Tangible assets are mainly written off using the straight-line method in line with their respective useful lives.

Periods of depreciation:

Buildings	10 - 50 years
Plant and machinery	3 - 15 years
Other fixtures and fittings, tools and equipment	3 - 13 years

Residual values to IAS 16.46 did not have to be considered in the determination of the depreciable amount.
Revaluations amounted to EUR 185,000 in the current year. In accordance with IAS 17, rented or leased tangible assets whose commercial risk and benefits are borne by the respective group company (finance lease) are capitalised at the fair value or the lower cash value of the minimum lease payments and written off over the estimated useful life of the leased asset or the shorter term of the lease. To determine the cash value, an interest rate of 7 percent or, in the case of special leases, the interest rate on which the lease contract is based was used. Payment obligations resulting from future leasing instalments are carried as liabilities.
As of the balance sheet date, tangible assets with a book value of EUR 24,336,000 (EUR 26,241,000) were capitalised in the context of finance leases. In the current year there were no additions or disposals.
Leased assets of EUR 18,943,000 and EUR 5,393,000, respectively, are shown under "Land, land rights and buildings" and "Factory and office equipment".
Finance leases were concluded for a general term of between 3 and 22 years; some of the agreements include renewal options at market conditions.
In the case of special leases or land or building leases, the lessee is usually entitled to exercise a purchase option at the end of the term. The option price is usually identical with the residual book value.
As in the previous year, tangible assets legally and beneficially owned by the company were not subject to any restraints on disposal or ownership.
Maintenance costs are directly shown as expenses unless subject to capitalisation.

(12) **Other financial assets**

Financial assets are valued at net acquisition costs and mainly comprise securities used to cover provisions for staff costs that are mandatory in Austria.

(13) **Stocks**

(in EUR '000)

	31.12.2002	31.12.2001
Raw materials, consumables and supplies	728	743
Work-in-progress	604	644
Finished goods and purchased merchandise	59,316	57,945
Payments on account	0	1
	60,648	**59,333**

Stocks are always shown at the cost of acquisition or production or the lower net sales value. Normally, an average value or a value determined according to the FIFO approach (first in, first out) is shown. The cost of production includes not only the materials used for production and wages but also appropriate portions of the material and production overhead as well as production-related depreciation. Borrowing costs were not capitalised given that no direct relationship as required under IAS 23 existed.
Merchandise whose sale is expected to generate proceeds that are lower than the book value of the stocks is written down over the expected sell-down period of the inventories. The net sales value is the expected sales proceeds less costs that will be incurred up to the sale.
When the reasons for the writedowns no longer apply, the original values are reinstated; this was not the case in the past fiscal year. Unrealised intercompany profits of EUR 460,000 (EUR 351,000) have been eliminated from stocks.

Trade and other debtors (14)

(in EUR '000)

	31.12.2002	31.12.2001
Trade debtors	80,487	84,423
Amounts owed by affiliated companies	47	52
Other assets	7,662	12,990
	88,196	**97,465**

Trade debtors and other assets are carried at their nominal value. Apart from the required individual value adjustments, trade debtors are subject to general allowances to cover identifiable credit risks based on past experience. Amounts owed by affiliated companies are due from companies of the main shareholder that are not included in TAKKT AG's consolidated accounts. Most of these amounts are owed by companies of the GEHE group. They are shown at their nominal value and were not subject to any value adjustments.
Other assets comprise tax refund claims and bonuses due from suppliers. Other assets include receivables with a remaining term of more than one year of EUR 265,000.

Cash and cash equivalents (15)

(in EUR '000)

	31.12.2002	31.12.2001
Cheques, cash balances	655	645
Bank balances	4,869	3,292
	5,524	**3,937**

(16) **Deferred taxes**

In accordance with IAS 12, deferred taxes are determined using the liability method, under which expected future tax liabilities and taxable profits are recognised for temporary differences between the book values shown in the consolidated financial statements and the tax values of assets and liabilities. Tax savings expected to result from the use of realisable loss-carryforwards are capitalised.

Deferred tax assets from deductible temporary differences and tax losses carried forward that exceed deferred tax liabilities from temporary differences are recognised only to the extent that it is sufficiently probable that the respective company will generate sufficient taxable profit against which the unused tax losses/credits can be utilised.

No deferred taxes were recognised for losses carried forward of EUR 9,474,000. Time limits for tax loss-carryforwards were taken into account.

Breakdown of carryforward time limits

(in EUR '000)

up to 1 year	1 to 5 years	over 5 years	Total
310	4,451	4,713	9,474

Deferred tax assets and liabilities referred to valuation differences for the following balance sheet items:

Deferred tax assets and liabilities

(in EUR '000)

	31.12.2002 assets	31.12.2002 liabilities	31.12.2001 assets	31.12.2001 liabilities
Intangible and tangible assets	170	15,796	187	15,306
Stocks	772	525	740	506
Trade and other debtors	1,508	1,781	924	1,395
Pension provisions	497	22	502	21
Other provisions	1,614	35	1,499	403
Derivatives neutral to profit and loss account	4,570	16	3,384	0
Loss carryforwards	3,855	0	3,309	0
Liabilities	11,080	0	11,594	9
Other	25	652	147	603
Total	24,091	18,827	22,286	18,243
Offsetting	- 12,886	- 12,886	- 12,540	- 12,540
Consolidated balance sheet	**11,205**	**5,941**	**9,746**	**5,703**

The market values of the derivatives are not shown separately in the individual financial statements but shown in other receivables or other liabilities. Deferred taxes on the market values of financial derivative instruments, which have not been charged to the profit and loss account, are shown in a separate line in the above table.

Prepaid expenses (17)

Prepaid expenses of EUR 16,212,000 mainly include catalogue stocks and prepaid catalogue and advertising expenses of the following year. Intercompany profits of EUR 1,472,000 (EUR 1,573,000) were eliminated from catalogue assets.

(18) **Shareholders' equity**

For changes in shareholders' equity, refer to the statement of changes in shareholders' equity. The share capital of TAKKT AG remained unchanged at EUR 72,900,000 and is divided into 72,900,000 bearer shares.
The Management Board is authorised, until 31 May 2005, to increase the share capital subject to the approval of the Supervisory Board, once or several times, by up to EUR 36,450,000 by issuing new bearer shares.
In the past fiscal year, German employees again had the opportunity to buy employee shares. Shares acquired on the stock exchange for this purpose were sold to employees subsidised in accordance with Section 19a EstG. A total of 30,775 shares were acquired by 440 employees, which means that 53 percent of all eligible employees made use of this option.
General reserves include the retained earnings contributed by group companies since their acquisition, the corresponding translation adjustments to present values arising from the currency conversion of assets and liabilities not shown in the income statement, as well as the total of the consolidation and tax adjustments shown in the profit and loss account. Other comprehensive income includes the effects from the application of IAS 39 with EUR -7,167,000 (EUR -5,350,000).
The shareholders have a claim to the profit provided that the latter is not excluded from distribution to the shareholders by law or statutes by way of a shareholders' resolution or as additional charge due to the profit appropriation proposal.
The Management Board proposes to pay out EUR 7,290,000 from general reserves, which would be equivalent to a dividend of EUR 0.10 per share.

(19) **Minority interests**

(in EUR '000)

	31.12.2002	31.12.2001
Share in capital and reserves	3,037	3,201
Share in profit for the year	708	722
	3,745	**3,923**

Provisions (20)

Pension provisions

Liabilities from direct pension commitments are determined using the projected unit credit method taking future changes in salaries and pensions into account. The service cost for the beneficiaries is a function of the scheduled development of the provisions for the vested benefits. Differences between scheduled pension obligations and the present value of the pensions at the year-end are distributed over the average remaining term of office of the eligible employees provided that they exceed 10 percent of the total pension obligations.

Direct pension commitments in Germany are determined using Prof. Dr. Klaus Heubeck's biometric calculation tables of 1998.

International commitments are determined using specific local accounting principles and parameters.

Parameters

(in percent)

	2002	2001
Assumed rate of interest	5.3	6.0
Salary trend	2.8	2.5
Pension trend	1.5	1.5

Changes in the present value of benefit obligations

(in EUR '000)

	2002	2001
Present value of benefit obligations at 01.01.	7,628	7,303
Service cost	294	306
Interest expenses	443	400
Actuarial profits and losses	0	0
Pension payments	- 333	- 381
Transfer of commitments	0	0
Present value of benefit obligations at 31.12.	**8,032**	**7,628**

Pension expenses from direct pension commitments include personnel expenses and interest expense shown under net interest (interest share of direct pension commitments). Pension expenses are as follows:

Pension expense

(in EUR '000)

	2002	2001
Service cost	294	306
Interest expense	443	400
Amortisation of actuarial profits and losses	0	0
Pension expense	**737**	**706**

Some foreign companies, especially in North America, have voluntary, contribution-based plans for the payment of benefits after the termination of employment. Once an employee has been with the company for ninety days, one year or two years, respectively, these companies pay old-age contributions to an external fund. The amounts are limited to 1 percent and 5 percent, respectively, of the employee's salary. The companies cannot derive any claims from their contribution payments; accordingly, no such assets have been capitalised by these companies. Expenses incurred by the North American companies in this context amounted to EUR 2,113,000 (EUR 1,750,000) in the past fiscal year.

Other provisions

Other provisions are established for statutory or factual obligations towards third parties that are based on transactions or incidents in the past, which will probably lead to an outflow of assets and can be determined with sufficient reliability. Based on thorough consideration of all discernible risks, they are valued at their most likely amount and not offset against recourse claims.

Other provisions

(in EUR '000)

	01.01.2002	Currency translation	Utilisation	Release	Additions	Reclassi-fication	31.12.2002	Thereof with term of up to 1 year
Tax provisions	4,106	-200	1,766	436	5,211	0	6,915	6,915
Deferred taxes	5,703	-724	31	541	2,610	-1,076	5,941	0
Personnel obligations	3,154	-66	2,348	284	3,264	0	3,720	2,895
Other short-term provisions	3,763	-193	1,325	238	2,712	0	4,719	4,719
	16,726	**-1,183**	**5,470**	**1,499**	**13,797**	**-1,076**	**21,295**	**14,529**

Tax provisions were established in the amount of the income taxes payable by the consolidated companies that are comparable with German corporate income tax and trade tax.

Obligations under personnel expenses include management bonuses, old-age part-time and compensation for loss of office payments.

Other short-term provisions mainly comprise credits to be granted to customers for turnover generated in 2002.

Currency translation includes the differences between translation at the closing rate and translation at the average rate.

(21)

Short and long-term borrowings

Borrowings comprise all interest-bearing liabilities of the TAKKT group that existed on the balance sheet date. In the past fiscal year, the following changes in interest-bearing liabilities occurred:

Changes in interest-bearing obligations

(in EUR '000)

	01.01.2002	Currency translation	Additionals	Disposal	Repayments	31.12.2002
Liabilities to banks	310,702	- 32,314	0	0	23,288	255,100
Leasing liabilities	28,767	0	0	0	1,428	27,339
Financial liabilities to affiliated companies	15,614	0	0	0	9,156	6,458*
Other	1,889	0	470	0	0	2,359
	356,972	**- 32,314**	**470**	**0**	**33,872**	**291,256**

* Net liability of Haniel Finance B.V. Venlo/NL (debtor of EUR 1,357,000) and Haniel Finance Deutschland GmbH, Duisburg

Except for liabilities under finance lease contracts, which were reported under IAS 17, all liabilities were reported at the amount repayable or the amount payable. Average net financial liabilities for 2002 amounted to EUR 321,670,000 (EUR 363,281,000). Liabilities were weighted by month and translated using the average-rate method, which was also used for the profit and loss account.
The table below shows a breakdown of financial liabilities by remaining terms.

Composition of financial liabilities

(in EUR '000)

	Remaining term of up to 1 year	Remaining term of 1 to 5 years	Remaining term of over 5 years	31.12.2002
Liabilities to banks	14,773	113,124	127,203	255,100
Leasing liabilities	1,489	4,267	21,583	27,339
Financial liabilities to affiliated companies	6,458	0	0	6,458
Other	0	2,359	0	2,359
	22,720	**119,750**	**148,786**	**291,256**

The remaining terms of the liabilities to banks reflect the underlying financing commitments and are geared to the projected future cash flow of the TAKKT group. To reduce the exchange rate risk, the key currencies are reviewed separately with regard to cash flow and indebtedness. Additionally, TAKKT AG has unused credit lines.
The table below provides a breakdown of financial liabilities by key currencies and interest hedges. Interest rate swaps and caps are used in the context of the interest hedging strategy. As a general rule, approx. 70 to 80 percent of the interest expense is hedged (cf. "Interest rate management").

Financial obligations covered by currency and interest hedges

	31.12.2002 (in EUR '000)	Share in total liabilities (in percent)	Weighted remaining term (in years)	Average interest rate (in percent)
USD hedged by interest rate swap	120,823	41.5	3.0	7.2
USD unhedged	31,386	10.8	5.5	2.2
USD subtotal	**152,209**	**52.3**		
EUR hedged by interest rate cap	76,129	26.1	5.1	3.7
EUR unhedged	32,329	11.1	5.1	3.7
EUR (accrued leasing liabilities)	27,339	9.4	8.5	6.3
EUR subtotal	**135,797**	**46.6**		
Other	**3,250**	**1.1**	**n/a**	**n/a**
	291,256	**100.0**		

Other financial liabilities have an average remaining term of less than one year and comprise a large number of different currencies.

Changes in market interest rates may have an effect on the TAKKT group's future interest payments. Interest rate derivatives are used to reduce this risk. Based on the market interest rates applicable at the year-end, the residual risk can be estimated taking the inflow of funds projected for 2003 into account. In order to respond flexibly to the requirements of the individual group companies, short-term finance is raised in the market from time to time.
A 1 percent change in the 3-month USD libor (1.35 percent at year-end) would result in changed interest expenses of approx. USD 450,000. A 1 percent change in the 3-month EURIBOR (2.75 percent at year-end) would result in changed interest expenses of EUR 1,030,000. EUR interest rate caps are used to reduce the risk to an EURIBOR rate of 5 and 6 percent, respectively.
Where market values are determined for the individual liabilities (financial instruments), no major differences against the book values occurred. For the sake of simplification, the respective book value is used as an approximate value for liabilities with a term of less than one year.
Liabilities towards affiliated companies refer to companies of the majority shareholder that are not included in the consolidated financial statements of TAKKT AG. These include a balance of EUR 6,458,000 resulting from a liability to Haniel Finance Deutschland GmbH of EUR 7,815,000 and a debtor against Haniel Finance B.V. of EUR 1,357,000. This balance is the result of the current clearing transactions and the existing cash management system. By participating in the euro cash management system, the TAKKT group exploits potential economies of scale for the euro-zone.
Liabilities under finance lease contracts refer to two properties comprising land and buildings as well as IT systems. The resulting payment obligations are disclosed as liabilities and paid back in leasing instalments to IAS 17 over the term of the lease. To determine the present value, an interest rate of 7 percent was used; in the case of special lease contracts, the underlying interest rate was used.

Trade and other liabilities (22)

(in EUR '000)

	31.12.2002	31.12.2001
Payments on account	482	305
Liabilities		
- to trade creditors	30,931	32,389
- on bills drawn	0	328
- on own bills issued	0	0
Other liabilities	35,116	32,863
	66,529	**65,885**

Trade and other liabilities have a remaining term of up to one year. Liabilities are reported at their respective repayment amounts. With regard to trade liabilities, most of the goods delivered are subject to customary ownership retention rights.

Other liabilities

(in EUR '000)

	31.12.2002	31.12.2001
Tax liabilities	3,556	3,352
Social security contributions	1,595	1,648
Derivative financial instruments	11,953	9,035
Interest	3,144	4,158
Customer credit balances	2,290	2,779
Wages and salaries	3,129	2,948
Liabilities relating to leave not yet taken	2,231	2,600
Miscellaneous	7,218	6,343
	35,116	**32,863**

EUR 11,333,000 (EUR 8,417,000) of the derivative financial instruments refer to long-term liabilities.

4. DERIVATIVE FINANCIAL INSTRUMENTS

Fluctuations in exchange rates and interest rates in the international money and capital markets represent the greatest price risks for the TAKKT group. Derivatives are used not only to reduce this risk but also to make use of potential opportunities.
The group's risk management system takes the uncertainties of the future development of the financial markets into account. It is designed to reduce the negative effects of such risks on the group's financial performance.
A central Treasury Department supports the individual divisions in identifying, assessing and hedging financial risks; in this context, the general principles and guidelines approved by the Management Board are complied with.

Use of IAS 39

TAKKT AG has applied IAS 39, derivatives, since 1999. For the effects of the use of IAS for 2001 and 2000, refer to 1 b).
All derivatives used to hedge future cash flows are carried at their fair values under other assets or other liabilities.
Derivatives used to hedge intra-group receivables and liabilities are shown in the consolidated financial statements.
The TAKKT group does not hold any material financial assets classified as "available for sale" or "held for trading".

Currency management

The TAKKT group has its own distribution companies in over 20 countries; approx. 50 percent of the consolidated turnover is generated in a currency other than the reporting currency.
To minimise risks, the TAKKT group preferably manages payments in the local currency. Where the key currencies are concerned, purchases and product sales are generally conducted in the same currency in order to minimise currency risks. For about 10 percent of group sales from intercompany transactions there is risk remaining. These remaining risks are usually borne by the delivering entity. The foreign currency amounts to be sold as of the respective dates are determined based on the turnover projections of the individual companies and hedged with derivatives, preferably currency forwards. The projected turnover and payments are usually considered for one catalogue cycle; other periods are chosen under certain conditions.

All currency instruments used by the TAKKT group to hedge foreign exchange turnover classify as cash flow hedges. Derivatives were reported at their respective fair values with no effect on profits. According to hedge accounting provisions, all effective hedging relationships were documented. Deferred taxes were calculated on the market values with no effect on profits, taking the specific local tax rates into account.
All derivatives used in the past fiscal year were effectively related to an underlying transaction. No adjustments had to be made with an effect on profit and loss account.
Intra-group loans involving more than one currency are hedged using forex swaps so that the group is not exposed to any risk resulting from changes in exchange rates. While the individual company can establish a relation between the derivative and the underlying transaction, so that the derivative may be booked with no effect on profits, the underlying transaction is eliminated in the context of the group's debt consolidation. From the group's viewpoint, the derivative used is no longer earmarked for hedging purposes and is therefore booked with an effect on profits.
Contracts used to hedge future expected turnover or intra-group finance have terms of between one and twelve months. Currency derivatives were not netted.

Derivative financial instruments (Exchange risks)

(in EUR '000)

	Nominal value 31.12.2002	Market value 31.12.2002	Nominal value 31.12.2001	Market value 31.12.2001
Currency derivative financial instruments	38,464	- 83	28,928	- 104
Thereof from intra-group finance	11,451	36	9,050	1

Interest rate management

Interest payments on liabilities are protected against the negative effects of rising interest rates. The aim normally is a risk corridor that limits the negative effects of interest rate increases while at the same time offering the possibility to benefit from interest rate cuts. The amount of the risk corridor is mainly determined by the future free cash flow available to repay financial liabilities. Interest rate derivatives are mainly used for floating-rate liabilities; the TAKKT group currently uses interest rate swaps and interest rate caps. The table below shows the hedged nominal volume and the market values of the respective interest rate hedges. The market value represents the present value of all cash payments for the difference between the closing rate and the rate on the balance sheet date.
These deals are not netted as they generally do not represent opposite positions.

Interest rate hedges

(in EUR '000)

	Nominal value 31.12.2002	Market value 31.12.2002	Nominal value 31.12.2001	Market value 31.12.2001
Interest rate swaps	118,691	- 11,463	166,936	- 8,817
Interest rate caps	76,129	2	76,129	147
	194,820	**- 11,461**	**243,065**	**- 8,670**

All interest rate derivatives used by the TAKKT group classify as cash flow hedges. The interest rate derivatives were reported at their respective fair values with no effect on profits taking deferred taxes into account.

Breakdown of derivative financial instruments

(in EUR '000)

	Remaining term of up to 1 year	Remaining term of 1 to 5 years	Remaining term of over 5 years	31.12.2002
Currency forwards	38,464	0	0	38,464
Interest rate swaps	20,951	97,740	0	118,691
Interest rate caps	0	76,129	0	76,129
	59,415	**173,869**	**0**	**233,284**

Additional information on derivative and hedge accounting

Derivatives are carried in the balance sheet at their fair values. On the day the contract is signed, at the latest, a hedging relationship is established between the derivative and an underlying transaction.

This may serve

- to hedge the fair value of an asset or liability carried in the balance sheet or
- to hedge a planned transaction (cash flow hedging).

Derivative transactions are not held for trading or for reasons of speculation.

Changes in the fair value of an effective derivative used to hedge the fair value of an asset or liability are shown in the profit and loss account just like changes of the fair value of the underlying transaction. These normally contrary changes offset each other in the profit and loss account.

Changes in the fair value of an effective derivative used to hedge future cash flows are shown under shareholders' equity with the effect not shown in the profit and loss account (cf. Consolidated statement of changes in shareholders' equity, page 72).
Changes in the fair value of derivatives that do not fulfil the requirements for hedge accounting are shown in the profit and loss account. Accordingly, changes in the fair value from intra-group hedges of EUR 35,000 (EUR -1,000) were recognised in the profit and loss account. No other recognitions had to be made.
The group documents all relationships between hedges and the underlying transactions. As part of this approach, a relationship is established between all derivatives used as hedging instruments and specific assets, liabilities, firm commitments or projected future transactions. Moreover, the group evaluates and documents, on an ongoing basis, whether the derivatives used continue to classify as effective with a view to the compensation for changes in the fair values or cash flows of the items hedged.
The default risk from derivatives is the risk of default of a contractual partner so that the maximum amount at risk is that of the positive market values recognised less negative market values with the same contractual partner. Given that financial deals are entered into only with first-class counterparties, the actual risk of default is considered to be low.

Determination of the fair value

The fair values of publicly traded derivatives, securities and other financial investments are based on the publicly available market values prevailing on the balance sheet date. These are market prices or valuations issued by banks in the context of OTC trading (Over-the-Counter).

5. OTHER NOTES

Contingencies

(in EUR '000)

	31.12.2002	31.12.2001
Warranties/guarantee commitments	26,847	44,147

The guarantee commitments are mainly comprise letters of comfort for special purpose leasing companies in an amount of EUR 26,764,000 (EUR 27,625,000). The GBP 10,000,000 guarantee reported in the previous year, which resulted from the 1995 sale of a group company, expired on June 30, 2002. No claim was made under this guarantee.

German Corporate Governance Code

The declaration on the recommendations made by the "Government Commission on the German Corporate Governance Code" required under section 161 of the German Stock Corporation Act was issued and made available to the shareholders. For more information, refer to the management report on page 32 onwards.

Other financial obligations

The obligations under finance and operating leases will become due in the following periods as shown below:

Finance and operating leases

(in EUR '000)

	up to 1 year	1 to 5 years	over 5 years	Total
Finance leases				
Minimum lease payments	**3,140**	**10,192**	**24,793**	**38,125**
Remaining debt	0	0	6,527	6,527
Discounting	- 1,651	- 5,925	- 9,737	- 17,313
Cash value	1,489	4,267	21,583	27,339
Thereof minimum lease payments to affiliated companies	351	1,417	1,243	3,011
Operating leases				
Minimum lease payments	**2,026**	**2,872**	**0**	**4,898**
Other financial commitments	**7,487**	**19,217**	**17,911**	**44,615**
Thereof to affiliated companies	376	0	0	376
Total	**12,653**	**32,281**	**42,704**	**87,638**
Thereof to affiliated companies	727	1,417	1,243	3,387

Most of the operating lease contracts are subject to purchase options at the fair value or renewal options at market leasing rates.

Commitments for capital expenditure

(in EUR '000)

	31.12.2002	31.12.2001
Due in following year	1,826	4,247

Contingent claims and liabilities

At 31 December 2002 there was a contingent receivable in the UK and refunds in connection with early retirement. The amounts were negligible. No material contingent liabilities are to be reported.

Relationships with closely associated companies and persons

Given that TAKKT AG is majority owned by Franz Haniel & Cie. GmbH, the Management Board is required, under section 312 of the German Stock Corporation Act, to report on the company's relationships with affiliated companies. This report outlines the TAKKT group's relationships with Franz Haniel & Cie. GmbH and its affiliated companies as defined in section 15 of the German Stock Corporation Act including the financial effects of such relationships. This so-called "dependence report" was audited by the auditors of TAKKT AG, who raised no objections. No material business relationships existed with other closely associated persons as defined by IAS 24, in particular the Management Board and the Supervisory Board. TAKKT AG, or any of its group companies, received appropriate compensation for all legal transactions concluded with such companies. The Management Board is convinced that the TAKKT group was not put at a disadvantage in any of these legal transactions. All transactions with closely associated companies were contractually agreed and effected on the basis of international price comparisons at terms that are customary for transactions with third parties outside the TAKKT group.
The business relationships mainly focus on the provision of general services. The claims and liabilities resulting from such transactions are shown by amounts and types in the explanations of the respective asset and liability items in the notes to the consolidated balance sheet. Income and expenses resulting from the financing are shown in the financial result. Turnover, other income and other operating expenses of affiliated companies are broken down under the respective items.

Total remuneration of the Management Board and the Supervisory Board

The total remuneration of the Management Board amounted to EUR 1,750,000 at group level. Of this amount, EUR 612,000 represented fixed remuneration, while EUR 1,138,000 represented variable remuneration. Variable remuneration depends on the development of cash flow and economic value added against prior year and budget.
The Supervisory Board of TAKKT AG received remuneration of EUR 8,000. In addition, provisions in the amount of EUR 144,000 were made to cover remuneration payments. There are no amounts outstanding from or to members of the Supervisory Board.
As of 31 December 2002, the Management Board members of TAKKT AG held 7,287 shares, while the Supervisory Board members held 36,524 shares.
With the exception of the EVA certificates worth EUR 1,185,000 mentioned below and amounts due under employment contracts, no further liabilities or claims existed towards members of the Supervisory Board. Contributions to pension plans paid for Management Board members in the past fiscal year amounted to EUR 94,000.

Employee participation scheme

Senior executives of the TAKKT group are eligible to subscribe to Economic Value Added (EVA) certificates. EVA certificates are bonds whose market price depends on three factors:

- the absolute value added generated, which is calculated using the formula (return on capital - cost of capital) x capital,
- the change in EVA over the previous year and
- a risk premium on the capital employed.

The market price is recalculated every year.
The holder of the certificate participates financially in the increase or decrease in value of the company they work for. This means that the holder not only has the chance to make a profit but risks losing theire complete investment in the case of failure.
The certificates have a term of ten years; however, the certificate holder is entitled to request redemption of the certificate after five years at the earliest.
The EVA certificates issued by the TAKKT group are shown under long-term borrowings amounting to EUR 2,359,000.
In the past year, an increase of EUR 202,000 was expensed.

Investment holdings

As of the balance sheet date, TAKKT AG, Stuttgart – marked as No. 1 in the table below – held investments in the following companies.
The indirect percentage of shares held is shown in the case of indirect investments.

Investment holdings of TAKKT AG as of 31.12.2002
(in percent)

No.	Affiliated companies	held by No.	Percentage of shares held
1	TAKKT AG, Stuttgart/Germany		
2	KAISER + KRAFT EUROPA GmbH, Stuttgart/Germany	1	100.00
3	KAISER + KRAFT GmbH, Stuttgart/Germany	2	100.00
4	KAISER + KRAFT Gesellschaft m.b.H., Hallwang/Austria	2	100.00
5	KAISER + KRAFT N.V., Diegem/Belgium	2	50.00
		14	42.00
6	KAISER + KRAFT AG, Cham/Switzerland	2	100.00
7	KAISER + KRAFT s.r.o., Prague/Czech Republic	2	99.80
		25	0.20
8	KAISER + KRAFT S.A., Barcelona/Spain	2	100.00
9	Frankel S.A.S., Morangis/France	2	100.00
10	KAISER + KRAFT Ltd., Watford/Great Britain	2	100.00
11	Powell Mail Order Ltd., Llanelli/Great Britain	2	100.00
12	KAISER + KRAFT Kft., Budaörs/Hungary	2	100.00
13	KAISER + KRAFT S.p.A., Como/Italy	2	100.00
14	J.P. Vink en Zonen B.V., Lisse/Netherlands	2	83.33
15	KAISER + KRAFT S.A., Lisbon/Portugal	2	100.00
16	KAISER + KRAFT Sp.z o.o., Warsaw/Poland	2	100.00
17	Gaerner GmbH, Duisburg/Germany	2	100.00
18	Gaerner Gesellschaft m.b.H., Elixhausen/Austria	2	100.00
19	Gaerner AG, Kilchberg/Switzerland	2	100.00
20	Hoffmann Bedrijfsuitrusting B.V., Zeist/Netherlands	2	100.00
21	Gerdmans Inredningar AB, Markaryd/Sweden	2	100.00
22	Gerdmans Kontor-og Lagerudstyr A/S, Kokkedal/Denmark	21	100.00

23	Gerdmans Innredninger A/S, Sandvika/Norway	21	100.00
24	Gerdmans OY, Espoo/Finland	21	100.00
25	KWESTO s.r.o., Prague/Czech Republic	2	99.93
		7	0.07
26	KWESTO Sp.z o.o., Bratislava/Poland	2	100.00
27	KWESTO s. r. o., Nitra/Slovakia	2	99.70
		25	0.30
28	KAISER + KRAFT K. K., Chiba/Japan	2	100.00
29	Topdeq Holding GmbH, Pfungstadt/Germany	1	100.00
30	Topdeq Ltd., London/Great Britain	29	100.00
31	Topdeq GmbH, Pfungstadt/Germany	29	100.00
32	Topdeq AG, Hünenberg/Switzerland	29	100.00
33	Topdeq S.A.S., Tremblay en France/France	29	100.00
34	Topdeq B.V., Mijdrecht/Niederlande	29	100.00
35	Topdeq Corporation, Cranbury/USA	29	100.00
36	Topdeq Service GmbH, Pfungstadt/Germany	29	100.00
37	K + K America Corporation, Wilmington/USA	1	100.00
38	C & H Distributors, Incorporated, Milwaukee/USA	37	100.00
39	Avenue Industrial Supply Co. Ltd., Toronto/Canada	37	100.00
40	Conney Safety Products LLC, Madison/USA	37	100.00
41	Hubert Company LLC, Harrison/USA	37	100.00

No.	Associated companies	held by No.	Percentage of shares held
42	Simple System GmbH & Co. KG, Munich	2	30.00

Members of the Management Board and the Supervisory Board

Supervisory Board:

- Günther Hülse (Chairman), Krefeld
  Born 21 November 1942
  Chairman of the Managing Board of Franz Haniel & Cie. GmbH, Duisburg, Member of the Supervisory Board or similar body of GEHE AG, Stuttgart (Chairman), G. Konzmann GmbH & Co. KG, Leinfelden-Echterdingen, Herba Chemosan Apotheker AG, Vienna/Austria
- Dr. Dieter Schadt (Vice Chairman), Mülheim an der Ruhr
  Born 6 March 1936
  Former Chairman of the Managing Board of Franz Haniel & Cie. GmbH, Duisburg, Member of the Supervisory Board or similar body of Delton AG, Bad Homburg, Exxon Mobil Central Europe Holding GmbH, Hamburg, Esso Deutschland GmbH, Hamburg, Gebr. Röchling KG, Mannheim, Röchling Industrieverwaltung GmbH, Mannheim, RWE Umwelt AG, Essen

- Walter Flammer, Esslingen
  Born 9 February 1947
  Head of Organisation at KAISER + KRAFT EUROPA GmbH, Stuttgart
- Dieter Kämmerer, Holzgerlingen
  Born 6 March 1936
  Former Chairman of the Managing Board of GEHE AG, Stuttgart,
  Member of the Supervisory Board or similar body of GEHE Pharma Handel GmbH, Stuttgart, Vereinte Krankenversicherung AG, Munich
- Michael Klein, Hamburg
  Born 5 April 1956
  Non-Executive Chairman of Rapp Collins/Direct Friends
- Thomas Kniehl, Stuttgart
  Born 11 June 1965
  Logistics clerk at KAISER + KRAFT EUROPA GmbH, Stuttgart,
  Chairman of the full works council
- Julian Matzke, Stuttgart
  Born 2 October 1962
  Logistics clerk at KAISER + KRAFT EUROPA GmbH, Stuttgart
- Prof. Dr. Dr. h. c. Arnold Picot, Gauting
  Born 28 November 1944
  University professor,
  Member of the Supervisory Board or similar body of datango AG, Berlin (Chairman), Sartorius AG, Göttingen (Chairman), Krefeld, wunder media GmbH, Munich
- Dr. Klaus Trützschler, Gelsenkirchen
  Born 11 December 1948
  Member of the Managing Board of Franz Haniel & Cie. GmbH, Duisburg,
  Member of the Supervisory Board or similar body of Bilfinger Berger AG, Mannheim, Gerling Industrieservice AG, Cologne, Heitkamp-Deilmann-Haniel GmbH, Herne, Readymix AG, Ratingen

Management Board:

- Georg Gayer (Chairman), Eberdingen-Nußdorf
  Member of the Supervisory Board or similar body J.P. Vink en Zonen B.V., Lisse/The Netherlands
- Alfred Michael Milanello (Information Technology and Organisation), Ditzingen
- Franz Vogel (Sales), Leinfelden-Echterdingen
- Dr. Felix A. Zimmermann (Controlling and Finance), Wachtendonk

Special events occurring after the balance sheet date

No events that had a material impact on the net worth, financial or earnings position occurred after the balance sheet date.

Stuttgart, 28 February 2003

TAKKT AG

The Management Board

Audit Report

We have audited the consolidated financial statements prepared by TAKKT AG, Stuttgart, for the year ended 31 December 2002. The preparation and contents of the consolidated financial statements are the responsibility of the company’s Management Board. Our responsibility is to express an opinion as to whether the consolidated financial statements comply with International Financial Reporting Standards (IFRS).

We conducted our audit of the consolidated financial statements in accordance with German audit regulations and the standards for the audit of financial statements promulgated by the German "Institut der Wirtschaftsprüfer (IDW)". Those standards require that we plan and perform the audit in a way which gives reasonable assurance that the financial statements are free from material misstatement. Evidence supporting valuations and information disclosed in the consolidated financial statements is examined on a random sample basis. The audit includes a review of the accounting principles used and significant estimates made by the legal representatives as well as an evaluation of the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the net worth, financial and earnings position of the group in accordance with IFRS.

Our audit, which also covered the Management Report of TAKKT AG and the group for the year ended 31 December 2002, raised no objections. In our opinion, the management report of TAKKT AG and the group provides a fair view of the situation of TAKKT AG and the group, while presenting an adequate description of future risks as well. We also confirm that the consolidated financial statements and the management report of TAKKT AG and the group for the year ended 31 December 2002 fulfil the requirements for the company’s exemption from the duty to prepare consolidated financial statements and a group management report under German law.

Stuttgart, 28 February 2003
Dr. Ebner, Dr. Stolz und Partner GmbH
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Wolfgang Berger — Gerhard Weigl
Auditor — Auditor

Financial calendar 2003

24 March	Financial statements press conference in Stuttgart
26 March	DVFA analyst conference in Frankfurt a. M.
29 April	Interim report for the first quarter
6 May	Annual general meeting in Ludwigsburg
31 July	Interim report for the first half year
30 October	Interim report for the third quarter

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The TAKKT AG is member of

The annual report is published in German and English. In case of doubt the German version is authoritative.

Concept, editors and realisation:
ECC Kohtes Klewes, Düsseldorf
Lithographie: purpur Digitale Reproduktionen, Cologne
Printer: Gebrüder Kopp GmbH, Cologne
Photos: Boris Schmalenberger, Stuttgart
Frank Springer, Bielefeld
TAKKT AG, Stuttgart

Glossary

Average order value: The average order value is the number of all orders in relation to the value of incoming orders. The average order value is influenced by the product range featured in the catalogue and by the economic development. Exchange rate changes also influence the calculation of the average order value for the TAKKT Group.

"Bottom-up" method: Data is collected as close as possible to the original source, e.g. the subsidiary, and then aggregated upwards.

B-to-b or business-to-business: supplier and customer relationships are deliberately established only between corporate customers.

Consolidation: The purpose of consolidation is to treat the entities of a group of companies as if they were no independent companies in order to avoid double counting within the group.

Corporate governance: Company management according to specific rules, regulations, statutes and recommendations, with a special focus on shareholder relations and communication.

Debt repayment period: This figure defines the arithmetical duration of debt repayment in years. At TAKKT AG, it is defined as "average net financial liabilities/cash flow".

Deferred taxes: Differences between the determination of taxable income and the determination of income to IAS result in different tax burdens. These differences are shown as accruals and/or deferrals in the balance sheet.

Derivative financial instruments: Certificate or contract which is not an asset but refers to another - usually tradable - asset. These derivative financial instruments are usually also tradable. Derivatives include interest rate swaps, currency forwards and currency options.

Drop shipment business: Goods ordered by the customer - including bulky items - are delivered to the customer directly by the supplier. Invoicing is the same as in the case of the warehousing business.

Due diligence: A systematic analysis - usually in the context of an acquisition - of all risks and opportunities inherent in a takeover.

Duplicating system business: Ideally, product programs, processes and IT systems are transferred to new customer groups or regions without modification. In the TAKKT Group, existing catalogues are "duplicated" to other regions by transferring the existing catalogue to the language and currency of the target country, where it is then mailed. All other systems, e.g. the mail order centre in Kamp-Lintfort and the IT systems, can thus be utilised more effectively.

EBIT: Earnings before interest and taxes.

EBITA: Earnings before interest, taxes and amortisation.

EBITDA: Earnings before interest, taxes, depreciation and amortisation.

Economic value added (EVA): The result generated is seen in relation to the total cost of capital, i.e. the cost of equity and outside capital. If the company generates a return that exceeds the cost of capital, value is added.

E-commerce: Commerce via the Internet; also includes e-procurement in the wider context of the word.

E-procurement: The electronic catalogue available on the Internet is edited for Intranet use by selected customers. This procurement approach allows the customer to save transaction costs.

Finance lease: Leasing agreement under which the lessor is mainly responsible for financing. Operating expenses are borne by the lessee.

Gearing: Debt to equity ratio, calculated by dividing debt capital by equity capital. This figure plays an important role in the Anglo-Saxon countries, in particular.

Hedging: Protection against interest rate, currency and price risks, etc. through the use of derivatives such as option or forward deals which (largely) cover the risks of the underlying transaction.

HGB: German Commercial Code.

High availability: IT hardware and network system in which two identical systems work in parallel to ensure high performance and data integrity. The central provision of the system reduces service and maintenance costs and ensures that a standardised system is used in the affiliated companies.

Hosting: Administration of systems and data.

IAS: International Accounting Standards (to be renamed IFRS).

IFRS: International Financial Reporting Standards (future version of IAS).

Interest coverage: Relation between an earnings figure, e.g. EBITA, and net interest expenditure. Together with net financial liabilities, this figure can be used to estimate the reliability of future interest payments.

Inventory management system: Software which manages and documents all inventories, movements of goods and business processes. Open orders are constantly monitored for their status. Upon delivery, all necessary delivery notes and invoices are produced automatically.

Mail order centre: Apart from the warehouse function, i.e. taking goods into or out of stock, a mail order centre also fulfils other functions such as strict quality control. Moreover, typical drop shipment items ordered by international customers are combined with stocked items for delivery to the customer, thus optimising the transport channels.

Market values: Balance sheet items are recognised at the value that can be realised in a market - e.g. the stock exchange - as of the reporting date.

Net financial liabilities: Net financial liabilities is the balance of all interest-bearing liabilities and liquid funds reported in the balance sheet.

Operating lease: Leasing agreement under which the lessor is not only responsible for financing but also bears all other costs relating to the leased asset.

Order picking: Compilation of different items into a single shipment to the customer.

OTC (Over-the-Counter): Unofficial market for securities not admitted to official trading.

Response (rate): Reaction of the (potential) customer to advertising materials. The response rate establishes a relation between the orders received and the number of advertising materials mailed.

Risk management: Systematic approach to identifying and assessing potential risks for a company and choosing and implementing measures to avoid these risks and to reduce the potential negative effects.

"Top-down" method: Subsequent adjustment of data that has been collected, e.g. at segment level. Selective data is collected to determine the adjustments.

Warehousing business: Goods ordered by the customer are delivered directly from the warehouse. Products are kept in stock by the TAKKT companies.

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