WAYS OF LIFE

WAYS OF TRANSPORTATION

WAYS TO ORDER

WAYS AROUND

WAYS TO SUCCESS

SOLUTION WAYS

WAYS TO THE FUTURE

CAREER WAYS

DECISION WAYS

10 YEARS TAKKT AG

ANNUAL REPORT OF THE TAKKT GROUP 2008

TAKKT AG

BUSINESS EQUIPMENT SOLUTIONS

Key figures of TAKKT Group in EUR million under IFRS

	2004	2005	2006	2007	**2008**
Turnover	**727.6**	**773.2**	**958.5**	**986.2**	**932.1**
Change in %	1.9	6.3	24.0	2.9	–5.5
EBITDA	**87.2**	**98.4**	**119.5**	**142.3**	**136.0**
in % of turnover	12.0	12.7	12.5	14.4	14.6
EBITA	**78.2**	**88.9**	**105.2**	**125.0**	**120.2**
in % of turnover	10.7	11.5	11.0	12.7	12.9
EBIT	**62.5**	**88.9**	**105.2**	**125.0**	**120.2**
in % of turnover	8.6	11.5	11.0	12.7	12.9
Profit before tax	**51.5**	**78.7**	**92.9**	**116.1**	**113.9**
in % of turnover	7.1	10.2	9.7	11.8	12.2
Profit	**33.0**	**50.4**	**62.5**	**79.3**	**77.1**
in % of turnover	4.5	6.5	6.5	8.0	8.3
Cash flow	60.5	65.5	81.7	101.2	100.0
Capital expenditure (incl. acquisitions and finance leasing)	8.6	8.9	72.0	47.4	27.9
Depreciation	24.7	9.5	14.3	17.3	15.8
Cash flow per share in EUR	0.83	0.90	1.12	1.39	1.37
Earnings per share in EUR	0.44	0.68	0.84	1.07	1.04
Dividend per share in EUR	0.15	0.15	0.25	0.80*	0.80*
Non-current assets	**291.3**	**310.3**	**352.5**	**333.4**	**352.0**
in % of total assets	63.6	62.1	61.5	60.7	63.7
Shareholders' equity	**181.1**	**230.6**	**273.2**	**321.9**	**340.5**
in % of total assets	39.6	46.1	47.7	58.6	61.7
Net borrowings	**182.3**	**156.5**	**164.8**	**81.6**	**79.9**
Employees (full-time equivalent) at 31.12.	**1,840**	**1,868**	**2,027**	**1,971**	**1,960**

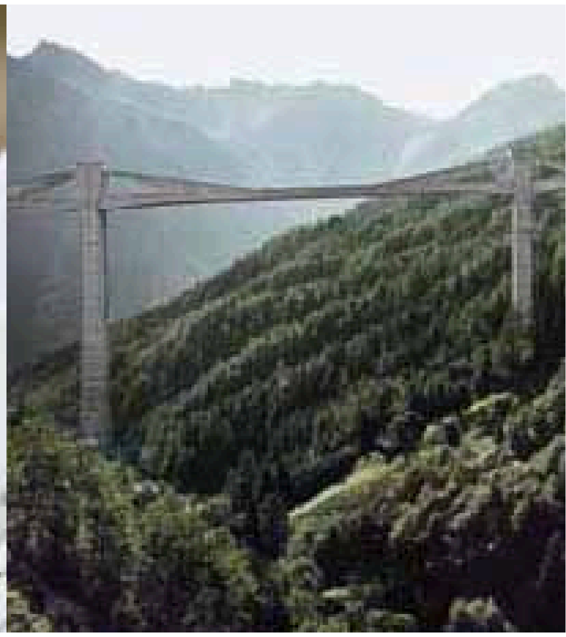
** thereof EUR 0.32 ordinary dividend and EUR 0.48 special dividend*

Anniversary of convincing performance

In 2009 TAKKT Group looks back on ten successful years. It has established itself in Europe and North America as the leading B2B mail order group for office, business and warehouse equipment as well as sales promotion items for retailers, the food service industry and the hotel market. Furthermore it is continuously expanding into new markets. The success is based on an efficient systems business, which TAKKT Group is consistently optimising. Its companies bundle the products of hundreds of suppliers into an assortment comprising more than 145,000 articles. Some three million customers currently profit from the ability to equip their company from a single source. This is made possible by TAKKT's approx. 2,000 employees in more than 25 countries, who guarantee high quality standards and offer outstanding service every day. TAKKT Group will continue to expand its business in the future, and transfer it to new markets. With a clear goal in view: to become the worldwide leading B2B mail order group for business equipment.

10
YEARS TAKKT AG





ANNUAL REPORT of the TAKKT Group 2008

Ladies and Gentlemen

Our aim is to become the leading global B2B mail order company for business equipment. We resolutely pursued this goal once again in 2008 with our strategy of international diversification. The result shows that we are right: despite unfavourable economic conditions arising from the global financial crisis, we performed well in comparison to the preceding year.

Profitability increased

The Group's turnover declined from EUR 986.2 to 932.1 million. But this was caused entirely by the weaker US dollar in 2008 and the sale of Conney Safety Products LLC on 30 September 2007. Adjusted for these two effects, TAKKT Group grew organically by 0.7 percent in a difficult economic environment. The significant intensification of the financial crisis from the middle of September 2008 and the associated drastic decline in economic dynamic, especially in Europe, contributed to the fact that our originally targeted growth of four percent could not be achieved.

Due to currency and divestment effects, profit before tax was slightly below the previous year. However the profit margin was 12.2 percent, which is 0.4 percentage points above the 2007 figure.

High dividend again

Naturally we also wish our shareholders to participate in this gratifying result. At the Annual General Meeting we will therefore propose the payment of a stable ordinary dividend of 32 cents per share as well as the renewed payment of a special dividend of 48 cents. Provided that TAKKT does not face major investment or acquisitions in the coming years, shareholders can again expect to participate directly and to a high degree in the Group's profit and cash flow in the future.

Success through variety

The good long-term development of TAKKT Group is based to a large extent on our proven Group strategy. As part of this, in 2008 as in previous years, we concentrated on our core competence: B2B mail order for durable equipment. We again extended our comprehensive product assortment and further expanded our varied range of services. We have thus created the conditions to secure the long-term loyalty of our existing customers and to continuously win new customers. TAKKT's success is also based on the internationalisation of its business model. This is confirmed by two examples from the financial year that has just ended: the successful launch of the operation of K + K America's company Hubert in Germany and the new establishment of Gaerner in Spain.

In past years our broad diversification has enabled us to achieve sustained and profitable growth and overcome economic fluctuations largely unaffected. Four factors play a decisive role here: our comprehensive product range, appealing to customers in many different industries, our large customer base, our presence in a variety of countries and regions, and our portfolio mix of established and young companies. This variety offers a multiplicity of opportunities and at the same time minimises

Georg Gayer
CEO

risks by making us independent of individual customers and markets. Therefore TAKKT was also able to perform well in the difficult business environment of 2008. You can read how TAKKT has succeeded in continuously expanding its business in the ten years of its existence in the anniversary magazine on the following pages.

TAKKT wins four awards

TAKKT Group received four awards for its performance in the financial year 2008. KAISER + KRAFT EUROPA was named "Mail Order Company of the Year" by the German E-Commerce and Distance Selling Trade Association, the first ever company from the B2B sector to be awarded this title. Topdeq was nominated "Company of the Year" by the Darmstadt-Dieburg district authority for its investment in the new mail order centre in Pfungstadt and the commitment it thus showed to the locality. Furthermore TAKKT gained two awards for its investor relations work. We see these awards as a spur to maintaining our top performance in a variety of fields.

Changes in the Management and Supervisory Boards

In the financial year that has just ended there were personnel changes in TAKKT's leading bodies. Following the retirement of Tom Loos in July 2007, I temporarily assumed his responsibilities on the Management Board for the K + K America division. On 14 March 2008 the Supervisory Board appointed Dr Felix A. Zimmermann as Deputy Chairman of the Management Board of TAKKT AG with responsibility for the K + K America division with effect from 1 May 2008. He is very familiar with TAKKT Group, having already served as CFO of TAKKT AG from March 1999 to May 2004, subsequently serving as CFO of Celesio AG until April 2008. At the end of January 2009 I announced my retirement from the Management Board with effect from 31 May 2009. This decision was taken for purely personal reasons. I am certain that my colleagues will continue to advance TAKKT Group successfully in the future. There were also changes on the Supervisory Board. On 24 September 2008 the body elected Prof Dr Klaus Trützschler as its Chairman and Dr Eckhard Cordes as its

Deputy Chairman. Prof Dr Trützschler replaced Alexander von Witzleben, who retired from the Supervisory Board of TAKKT AG on 31 December 2008. I would like to take this opportunity to express my sincere thanks to Mr von Witzleben for his good co-operation.

Business model will prove itself again in 2009

Viewed from today, we must assume that economic conditions will not recover very quickly in 2009. For TAKKT we therefore anticipate an organic – i.e. adjusted for currency and acquisition effects – decline in turnover. The extent of this decline is very difficult to estimate at the moment, but the Management Board believes that a double-digit percentage fall is possible. We are nevertheless convinced that TAKKT will continue to be successful in 2009 with its business strategy and cost management.

We will also seize the opportunity offered by the current economic situation to further optimise the competence and efficiency of the Group in all areas. In the last few decades, TAKKT has always succeeded in emerging stronger from economic troughs.

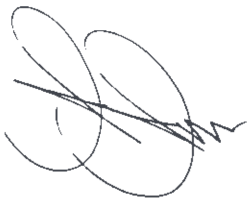
Despite the start-up costs for opening up new markets, we can reach a high level of profitability. The roll-out of our business model is an important success factor, which we will continue to drive forward regardless of economic conditions. Thus, for example, we are planning the launch of a KAISER + KRAFT company in a further Eastern European country as well as the expansion of the K + K America company Hubert in Europe. We also anticipate a positive stimulus from the extension of our logistics infrastructure in Europe. A further growth driver on which we can rely is e-business. Companies selling their products exclusively via the internet will play an increasing role in TAKKT Group in the future.

Thanks for commitment, co-operation and trust

I take this opportunity to thank firstly our customers for the trust, which they continue to show in us every year. In addition I would also like to thank our business partners for their good co-operation.

But above all I would like to express my thanks and great appreciation to the staff of TAKKT Group. Even the best strategy means nothing without the people who turn it into reality. The commitment of our employees is a decisive factor in our success. They are the experts who provide our customers with optimum support on the ground and perform our promised services every day of the week.

Stuttgart, March 2009



Georg Gayer, CEO TAKKT AG

From left to right:

Didier Nulens
COO Topdeq division

Franz Vogel
COO KAISER + KRAFT EUROPA division

Georg Gayer
CEO

Dr Florian Funck
CFO

Dr Felix A. Zimmermann
Deputy Chairman
COO K + K America division

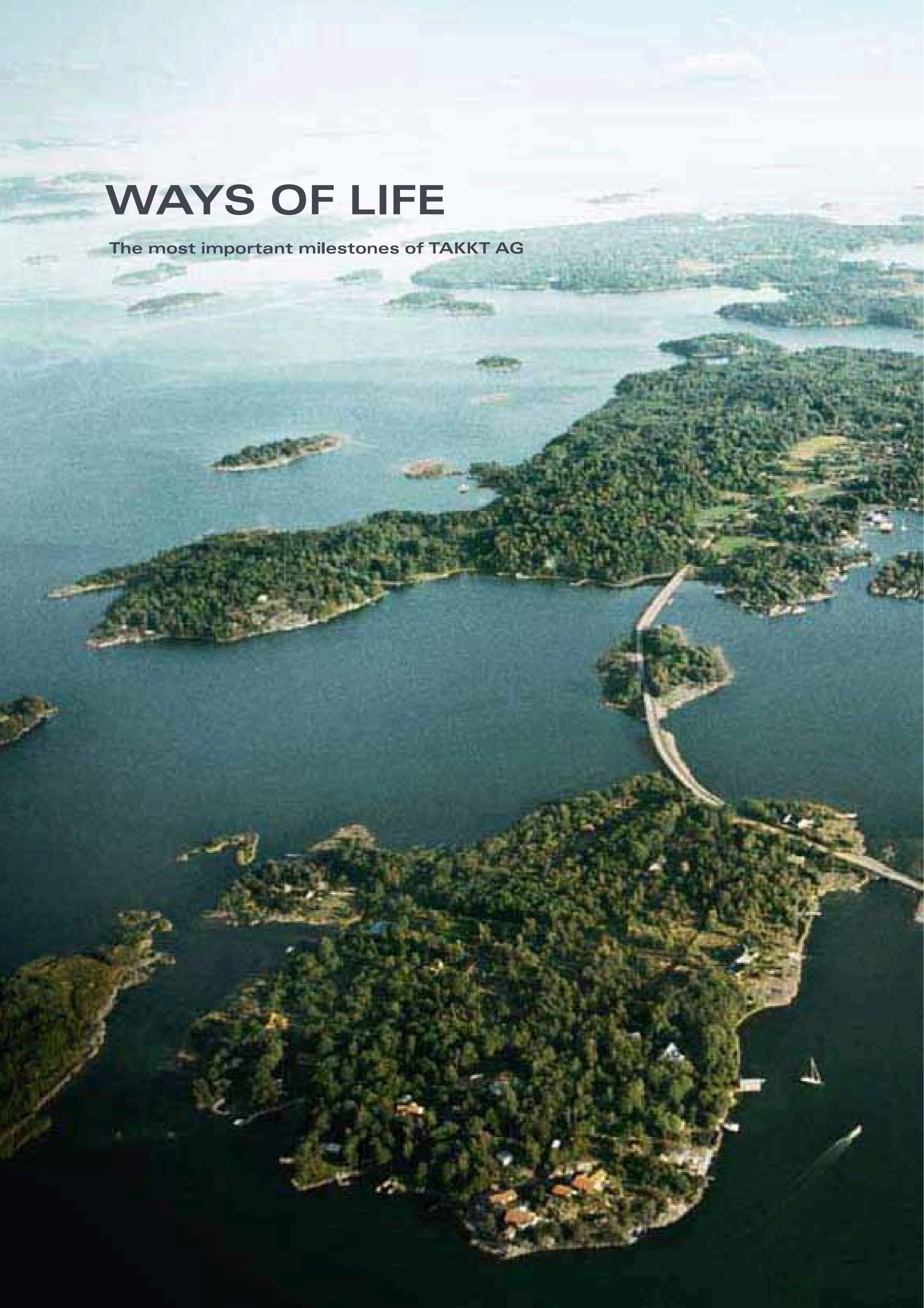
“Experience, competence and flexibility
form the basis for the successful
business model of TAKKT Group.”
(Georg Gayer, CEO)

WAYS TO SUCCESS

OF TAKKT GROUP

WAYS OF LIFE

The most important milestones of TAKKT AG



The right step at the right time

When TAKKT AG launched its initial public offer (IPO) in 1999 with its proven business model, the boom phase of the New Economy was in full swing. Many of the companies founded in that period have long since ceased to exist. TAKKT AG, by contrast, can look back on ten successful years of business.

For a moment, time seemed to stand still. All those present stared spellbound at the giant display board at the Frankfurt Stock Exchange. Then it finally appeared in big letters: Announcements on 15 September 1999: TAKKT AG – initial price: EUR 6.50. "For us, the morning of the IPO was the end of a real marathon," recalls Management Board member Dr Felix A. Zimmermann, one of those involved in preparing the creation of TAKKT AG. It all began with the Stuttgart-based pharmaceutical distribution group GEHE. At GEHE AG's 1999 Annual General Meeting it was resolved to make the mail order division an independent company. After that, things moved fast. On 1 July 1999 the three divisions, KAISER + KRAFT EUROPA, Topdeq and K + K America, were ready to be spun-off. TAKKT AG had already been founded in March 1999 as a management holding company for the three divisions, and swept through the Frankfurt Stock Exchange just six months later. "The decision was the right step at the right time," says Zimmermann, "as the subsequent years have shown."

How TAKKT AG got its name

The new company was nearly called KAISER + KRAFT after the largest of its three divisions, because the short set-up phase really left very little time to find a name. The fact that it turned out differently is thanks to a creative brainstorming session. "What is our core competence?" the Group's executives asked themselves. The answer: managing material flows in a precise and punctual rhythm. The German word for this is "Takt". And so – just in time for the IPO – the Group was named TAKKT, with double-K as a reference to KAISER + KRAFT.

Success made in the USA

Since TAKKT AG was already well positioned in Germany and Western Europe, it turned its attention increasingly to the American market. In 2000, K + K America acquired the mail order company Hubert. The US market leader offers everything required by the food service and retailing industries – from shelves, through complete kitchen furnishings, to wine coolers and serving platters. "With Hubert we made a really good catch," says CEO Georg Gayer. "The company was an ideal enhancement to our product portfolio and enabled us to extend our customer base." Hubert achieved good results in its first financial year in the TAKKT Group, against the downward trend of the US economy. Year by year the company grew its business and finally expanded successfully into the Canadian market in 2005. But Hubert is not the only US American market leader acquired by the TAKKT Group. In 2006 it took over National Business Furniture Group (NBF) and extended its product range into the office equipment segment.

Pioneer in Eastern Europe

TAKKT Group not only extended its business to the USA, but also opened up new markets in Eastern Europe. The KAISER + KRAFT brand had already had a presence there since the fall of the Iron Curtain in the early 90ies. In 2000 TAKKT founded the company KWESTO in the Czech Republic as a secondary brand specialising in the sale of Eastern European products. "Our perfected business model makes it easy for us to establish ourselves

On 15 September 1999 the TAKKT share appeared for the first time on the display board of the Frankfurt Stock Exchange

in the most varied of regions. Our systems business can be transferred to new markets without any great risk," says Franz Vogel, COO of the KAISER + KRAFT EUROPA division. KWESTO is now present in the Czech Republic, Poland, Slovakia, Hungary and Romania. In Eastern Europe, TAKKT deliberately operates with both brands. "In this way we can achieve greater market penetration," Vogel adds. "Besides, competition is good for business – also within the Group."

Expansion into Asia

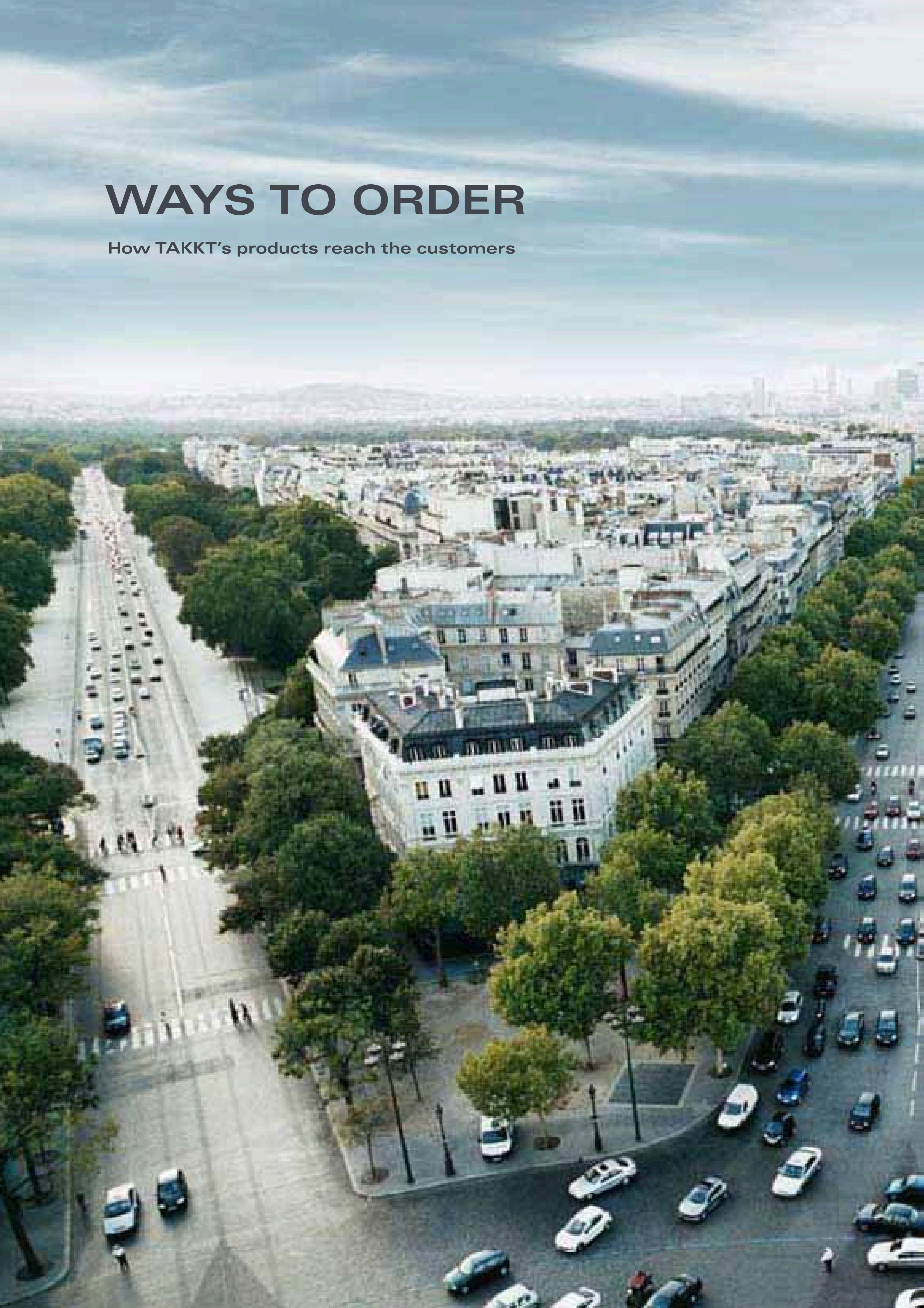
TAKKT entered completely new territory when it expanded into Japan with the KAISER + KRAFT brand in 2002. The Land of the Rising Sun offered good conditions for expansion. It has a perfect infrastructure and possesses enormous market potential. But in order to take on the role of B2B mail order pioneer in the Japanese market, it was necessary for TAKKT to adapt to its cultural characteristics. "In Japan, products can be successful if they fulfil customers' high functional and quality expectations. But Japanese customers also expect a comprehensive and perfect service such as good consulting services, rapid delivery, naturally long guarantees and the right to return goods," says Rita Schleicher, Regional Director of KAISER + KRAFT in Asia. Finally in 2005 TAKKT opened up a region that promises great potential: China. "The country is booming. And where new companies are being set up, furniture and equipment are needed for businesses and offices," Schleicher points out. China will therefore play a particularly important role for the Group in the future. But the Group will also not lose sight of Germany and Europe. "We are always conscious of our roots and still see great potential for mail order on our home continent," explains Vogel.

A growing Group

	1999	2008
Employees	approx. 1,500	approx. 2,000
Companies	35	59
Countries	18	27
Customers	approx. 1.9 m	approx. 3.0 m
Products	approx. 77,000	approx. 145,000

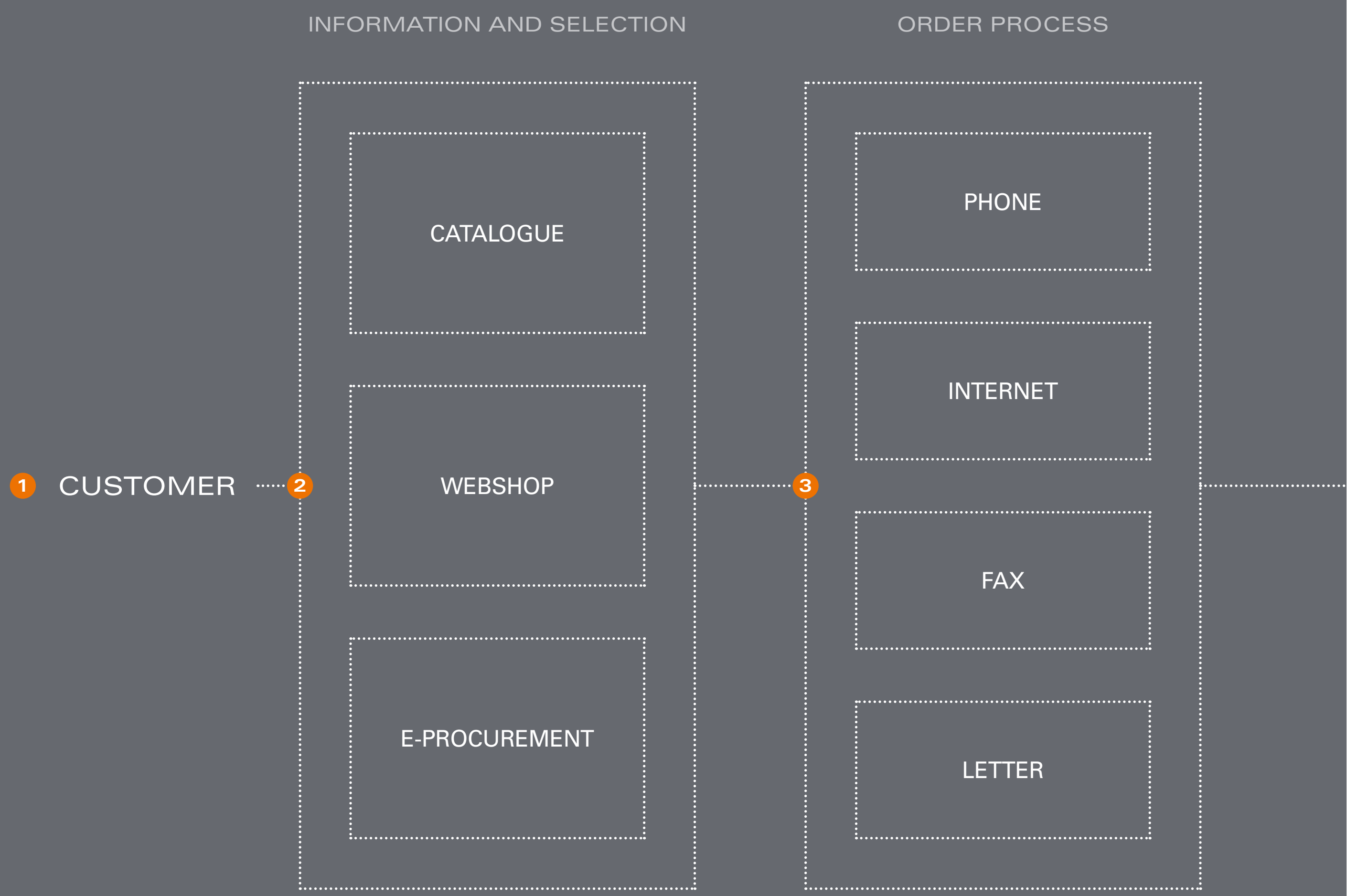
WAYS TO ORDER

How TAKKT's products reach the customers



WAYS TO ORDER

From wish to reality*



1 2

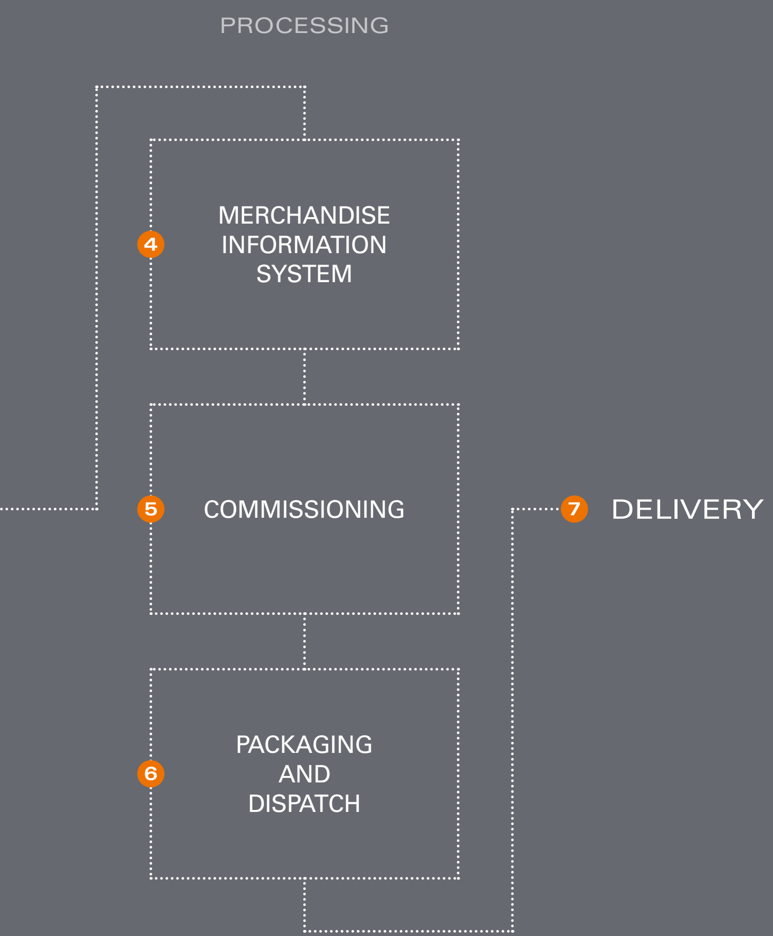
SELECTION

Anyone seeking professional office, business and warehouse equipment can find it – either in our catalogues or in our webshops. Customers can choose which medium to use for obtaining information about the broad product range offered by the K + K America brands. The catalogues provide a complete overview and convey a good impression of the individual products. An index facilitates the search for specific products. Additionally, in the webshops search software makes it possible to conduct targeted product searches using a variety of criteria. Apart from this, Hubert for example can provide its customers with a specially customised catalogue in their intranet or in e-procurement marketplaces.

3

ORDERING

Orders can be placed by telephone, through the internet, by fax or by post, as required. In more than 60 percent of cases, customers in North America use the phone. In these cases, Hubert's IT system, for example, can recognise existing customers by their telephone number, so that the consultant can have the necessary information – customer data, address, ordering history, etc. – directly at his fingertips. The duration of the call can thus be shortened – to an average of four minutes. The internet and e-mail quota is approximately 20 percent and growing. The remaining orders are placed by fax or by post. NBF also has sales representatives on the road, with whom customers can place larger orders personally for office furniture.



K + K America

The K + K America division consist of three groups: Plant Equipment Group (PEG), Specialties Group (SPG) and Office Equipment Group (OEG).

PEG comprises the companies C&H Distributors in the USA, C&H Productos Industriales in Mexico and Avenue Industrial Supply in Canada – the three companies are full-service B2B mail order suppliers for plant and warehouse equipment.

In SPG, Hubert specialises in equipment for retailing and the food service industry and is the leading supplier in the US market. Since 2008 the company has expanded into Europe: its first catalogue was sent out in Germany in May.

OEG comprises five brands: the main brand National Business Furniture with classic office furniture; Alfax and Dallas Midwest with furniture designed especially for schools and public authorities; officefurniture.com and officechairs.com, which market their products exclusively online.

Purchasing – quickly and without risk – because naturally all products come not only with the right to return or exchange the goods; for all articles the companies also give a quality guarantee, and provide assembly and repair services on request, all from a single source.

4 5

PROCESSING

Regardless of how the orders are placed, they all arrive in the companies' merchandise information systems, where two options exist for their further handling. In the case of a product ordered from stock, the order is picked by the companies' own employees, packed, and prepared for shipment. At Hubert for example, about 90 percent of the orders are delivered directly from the warehouse. All other products are supplied by drop shipment, delivered directly from the supplier to the customer.

6 7

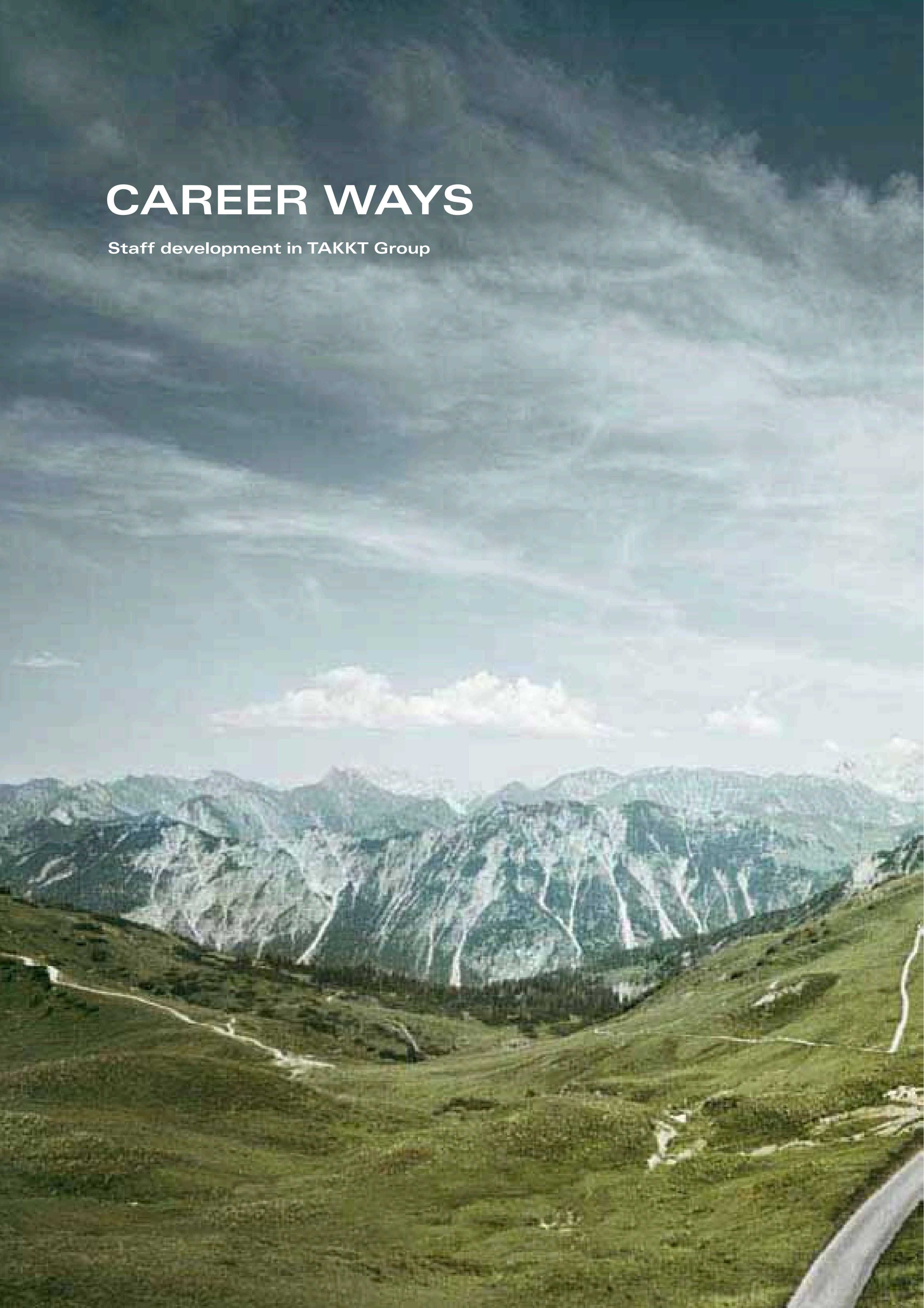
DISPATCH

Practically all orders for in-stock items are packed and shipped within 24 hours. 60 percent are dispatched on the same day. Generally the customer receives his product within two to three days when ordering from stock. Shipments directly from suppliers, however, take an average of six days.

*The processing of an order to delivery, an example from K + K America division.

CAREER WAYS

Staff development in TAKKT Group



Individual staff promotion enables the career way

Win-win situation

The basis for the success of every company is its staff. Some 2,000 employees work at TAKKT Group. In order to succeed in the market, the company invests continuously in further education and training.

How do I lead my team successfully? What is a consolidation software? And what must I bear in mind when I am in a discussion with foreign business partners? Hanns Rüsch has dealt intensively with questions such as these during his ten years at TAKKT. He began his career at the company in 1999 in the financial accounting department, where he participated in the company's IPO process. In 2000 he took over responsibility for the corporate finance and investor relations department. Contact with all capital market participants now became one of his main responsibilities. Finally, five years later, he moved to Topdeq as CFO, where he was able to familiarise himself with the operative direction of TAKKT and help to shape it for the first time. When TAKKT offered him the position of managing director in the newly established company Hubert GmbH in Germany in 2007, the 43-year-old was glad to accept this challenge, too, because, as a trained confectioner, he had always studied with great interest the US product catalogues of the mail order supplier for food service industry and retailing.

Wide-ranging offer

Rüsch can also thank TAKKT's staff promotion schemes for his own professional advancement. The company's wide-ranging education programme has the objective of offering individual support to every employee. Whether it is language courses, IT training or project management – in the course of the last ten years, further education and training activities have become a central aspect of human resources development at TAKKT. Because the company knows that every member of staff can only optimally realise his or her full potential when they receive continuous support. An opportunity that Rüsch was glad to seize: "In the seminars and special training programmes I acquired specialist and management knowledge that has both made my day-to-day professional life easier and significantly advanced my career."

Individual support

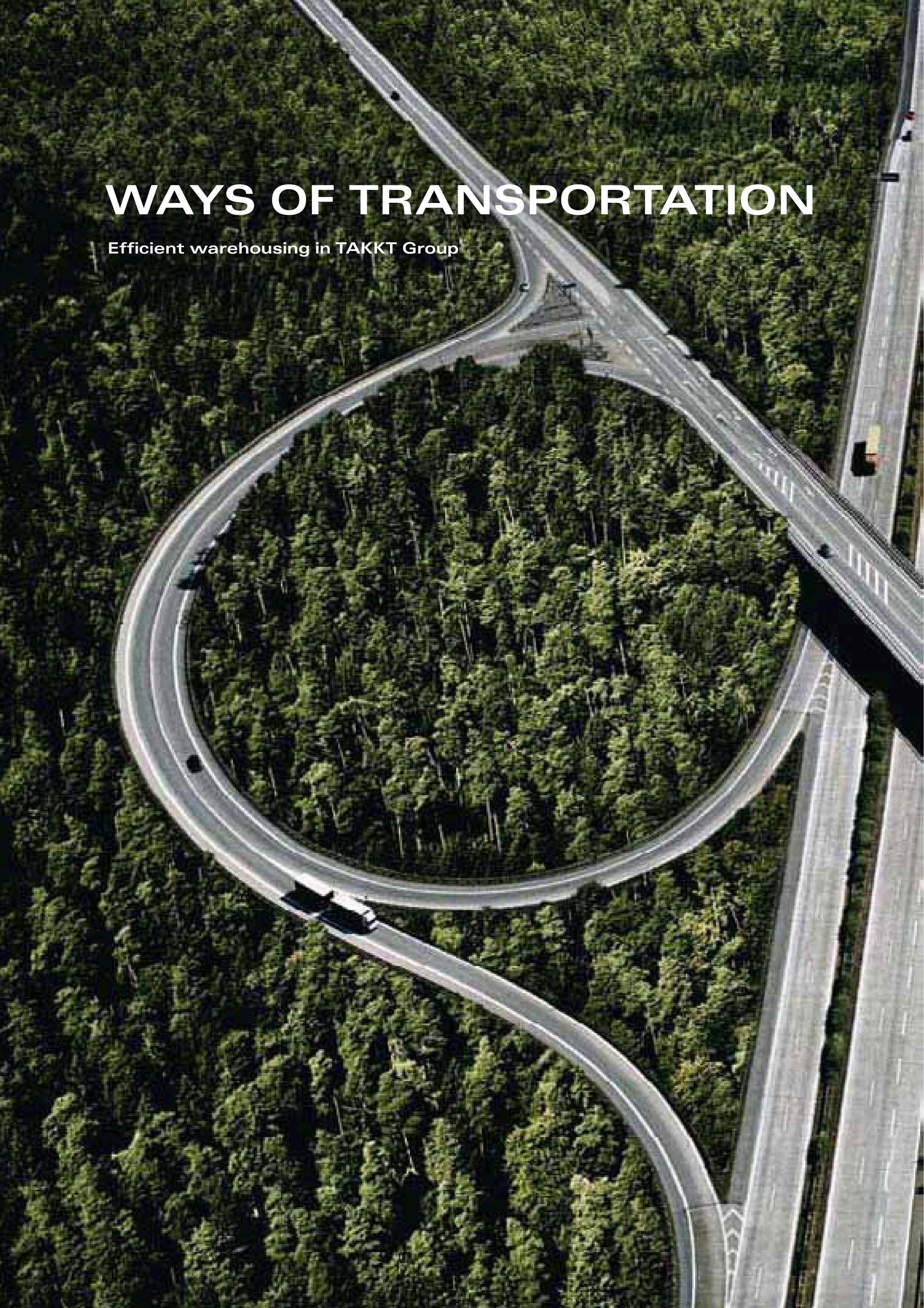
The particular assignments and personal interests of each individual are taken into account in the choice of seminars. In the annual appraisal meeting with the manager it is decided jointly which seminars are important for the employee's professional advancement. This forms the basis for an individually designed education and training package. Rüsch confirms the benefit of this concept: "In my time as an employee in the financial accounting department I mainly attended specialist seminars about particular IT programs. Today my focus is rather on questions of staff management." The assignments change in the course of time – and the seminars that are offered adapt to this. For the staff, the training activities also provide a welcome opportunity for interchange among themselves. "It is always interesting to meet colleagues from other departments and other divisions. It gives you a fresh impulse for your own tasks," Rüsch emphasises.

A major gain

Now himself a manager, Rüsch sees staff development as an essential component in the competitiveness of the company. For his employees, he believes it to be very important that they regularly take advantage of the wide-ranging offer of support. Sometimes he even plans seminars for his team himself, and invites external speakers. "The staff appreciates that we are investing in their further development," says the managing director. "This kind of staff motivation is also an important precondition for working together successfully."

WAYS OF TRANSPORTATION

Efficient warehousing in TAKKT Group



From Kamp-Lintfort to the world: a large proportion of articles is sent on their journey from here

WAYS OF TRANSPORTATION

A warehouse for all needs

From cash boxes, through containers of all kinds, to trolleys, lift trucks, waste bins and shelves: KAISER + KRAFT EUROPA's mail order centre in Kamp-Lintfort stores countless products. But however impenetrable the vast halls may appear at first glance, every single step on the way from the shelf to the customer is perfectly organised.

Order dockets point the way to the right shelf

The yellow vehicle no. 22 is almost silent. It merely purrs softly when warehouse operative Andreas Schrei presses the button on the handlebar and starts to move. "So let's get going!" he says, and sets off in the direction of the small parts area. His indispensable accompaniment is called a low-level order-picker – but for Schrei it is simply his "truck". Since he started work in the mail order centre eleven years ago, the battery-driven vehicle has been a part of his everyday working life. His job is to pick the products that have been ordered – i.e. to convey them from the shelf to the shipping area. In a blue filing box under the handlebar, Schrei has piled up today's first jobs: orders from Switzerland, one of a total of 23 countries to which KAISER + KRAFT EUROPA delivers from Kamp-Lintfort. On the top is a docket starting with the number 005, meaning: small parts area, aisle no. 5. The yellow order-picking vehicle runs smoothly along the beige-coloured aisle. It can reach speeds of up to 9 km/h, enough to raise a slight breeze. Schrei applies the brakes in front of position 13. "Step ladders again," he says, and laughs. "They are selling like hot cakes at the moment!"

Shooting allowed

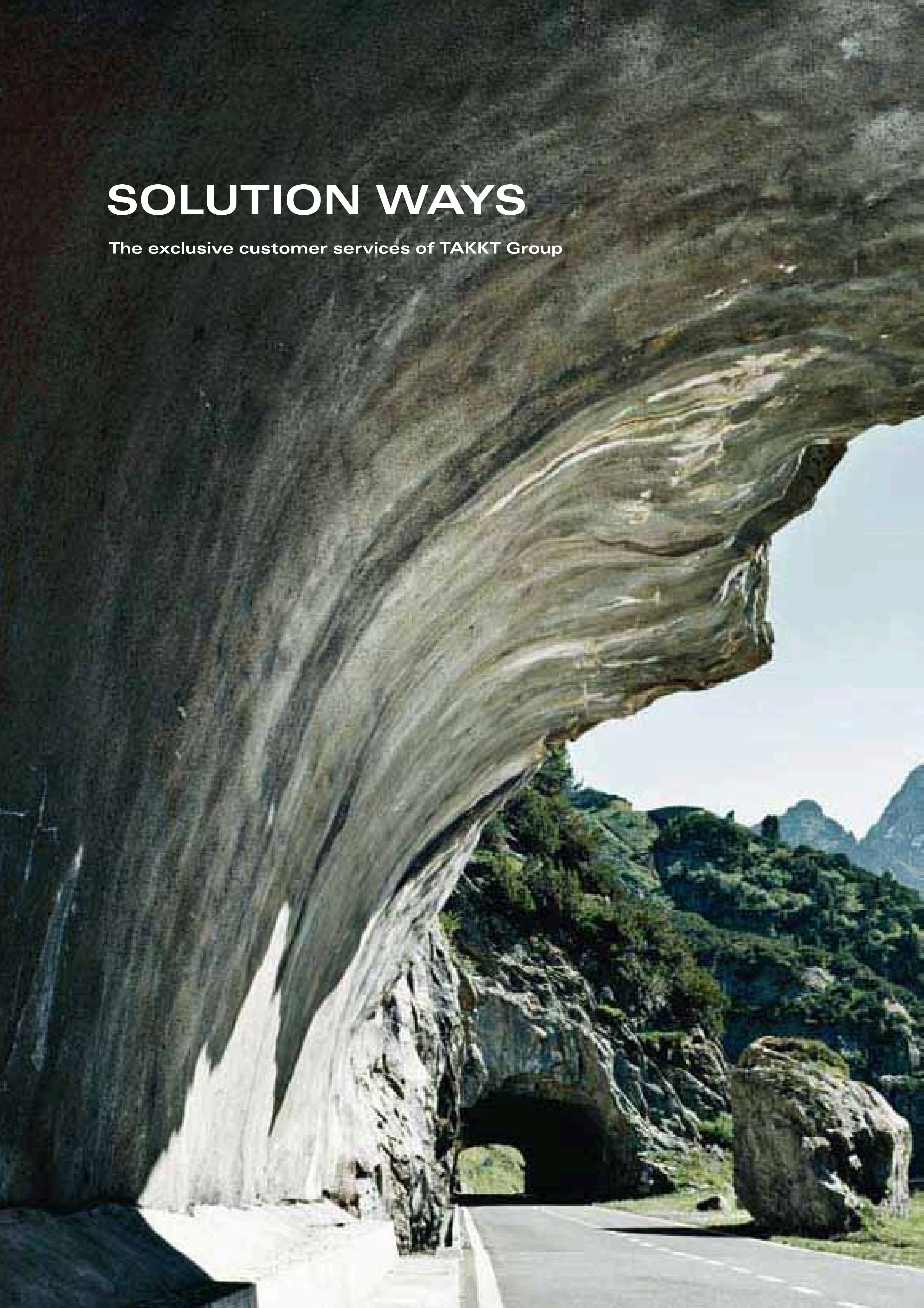
He takes his scanner, a hand-held device that looks like a remote control with a display, and runs it across the barcode on the order docket. It gives a short beep. Then Schrei picks up a packaged step ladder, also bearing a code number. The scanner registers it and beeps again. "Now I know I have the right product," says Schrei. "Shooting" is what the workers in the warehouse call this procedure, which since 1999 has made their job considerably easier and more precise. "Previously I had to check the article numbers myself," recalls Schrei, "and there were sometimes mistakes – for example in the colour of the product, which differs in only one digit." For the next order the desired colour is black: a radio wall clock from aisle no. 8. This is followed on the customers' wish lists by a garment locker and a large roll of stretch foil. The major advantage that KAISER + KRAFT EUROPA offers with this so-called one-stop shop is that the customers can obtain everything from a single source – the entire equipment for a new production facility if desired. For this to work smoothly requires not only space but also perfectly functioning logistics. The articles are sorted systematically – bulky and heavy items are located in the so-called bulky goods area, while handy-sized articles belong in the small parts area. Those items not suitable for the shelves, such as waste bins or pallet trucks, have their place directly on the floor. The warehouse comprises a total area of 26,000 square metres, corresponding to more than three-and-a-half football fields. "It's good that I have my truck!" says Schrei as he continues his journey.

Cycle stands from the heights

The route to the bulky goods area goes past the automated storage area. Here, guided by electronically transmitted coordinates, storage and retrieval machines move automatically to the desired locations, extend two telescopic forks, pick the required items from the shelf, and transport them to the warehouse operative on a conveyor belt. The shelves go up to 28 metres high, approximately the height of an eight-storey apartment block – and at 72 metres more than double the width. Here, for example, is where the bicycle racks are stored, says Schrei and grins: "When I first saw this product I thought to myself, what is that? A giant toast rack?" Schrei laughs a great deal; he enjoys his job. When the pallet on his vehicle is full, he drives it to the "Swiss" area, the place in front of the loading gate for shipments to Switzerland. The time from ordering to loading takes a maximum of 24 hours – afterwards the transporters are on their way to a distribution warehouse in the target country, from which the goods are reloaded for distribution directly to the customer. "It is really quick!" says Schrei as he picks up the next pile of orders. Now it is the turn of customers from the Czech Republic. By the end of his shift he has handled some 150 orders. Then, the yellow vehicle no. 22 can also call it a day. Before driving home, Schrei brings it to the charging station: His "truck" needs to recharge its batteries for the following day.

SOLUTION WAYS

The exclusive customer services of TAKKT Group



SOLUTION WAYS

Furnishing without risk

Topdeq not only stands for top-quality office furniture and accessories; the company also offers its customers outstanding service in all aspects involving its products – from consulting to assembly service.

"Good morning, Topdeq GmbH, my name is..." This is the way in which Topdeq sales consultants announce themselves on the telephone. Precisely in this way. The staff of the Pfungstadt-based company, which supplies high-quality office equipment to business customers, use a carefully polished conversation guide for their approach to customers. To ensure that optimal advice is given, nothing is left to chance. The consultant enquires whether the customer's name is correctly written in the database, or whether, for example, the desired chair is to be used on carpeting or hard flooring; this is important for the correct choice of casters. Buyers ordering durable and high-value design furniture from Topdeq appreciate the value of this personal attention. "Office furnishings are an investment in the future, not a short-lived consumable," explains Didier Nulens, COO of the Topdeq division. Therefore he attaches great importance to the provision of detailed and individual advice to the customers.

Design principle

If a buyer is interested, for example, in lounge furniture and easy chairs from John Bronco, his sales consultant will also be able to tell on the telephone which other products will match it. This is not always just furniture. Topdeq offers many accessories – from floor lamps to wall clocks, and for these articles, too, the company attaches great importance to design. "Especially the modern classics speak a timeless language of form," says Nulens. Therefore the famous Stelton vacuum flask, developed by the Danish designer Erik Magnusson in 1977, has its place in the catalogue as much as the iittala vase, from the Finnish architect Alvar Aalto, the extraordinary shape of which caused a stir at the World Exhibition in Paris in 1936.

Focus on customer benefit

Some of these classics have been included in Topdeq's product range for more than ten years. But in every new catalogue the customers also find new products. The name of a well-known designer alone is not enough to ensure inclusion in Topdeq's assortment, however. The articles must fulfil high demands in terms of customer benefit, quality and function. This applies in a wide variety of situations. Topdeq furnished the film location for a well-known American series, so that the actors, camera crews and make-up artists could do their work in an optimal way. A football club in the top German Bundesliga also relied on Topdeq to furnish its VIP lounge in order to offer a special feel-good ambience to its important guests. The company gives a five-year guarantee on its top-quality products, and offers an unrestricted returns policy. These are further reasons for buyers to feel that they are taking no risks when they order from Topdeq. "We have learned that the customers feel they are treated fairly when they come to us," Nulens explains. "They can be sure that they will obtain the products that suit them best."

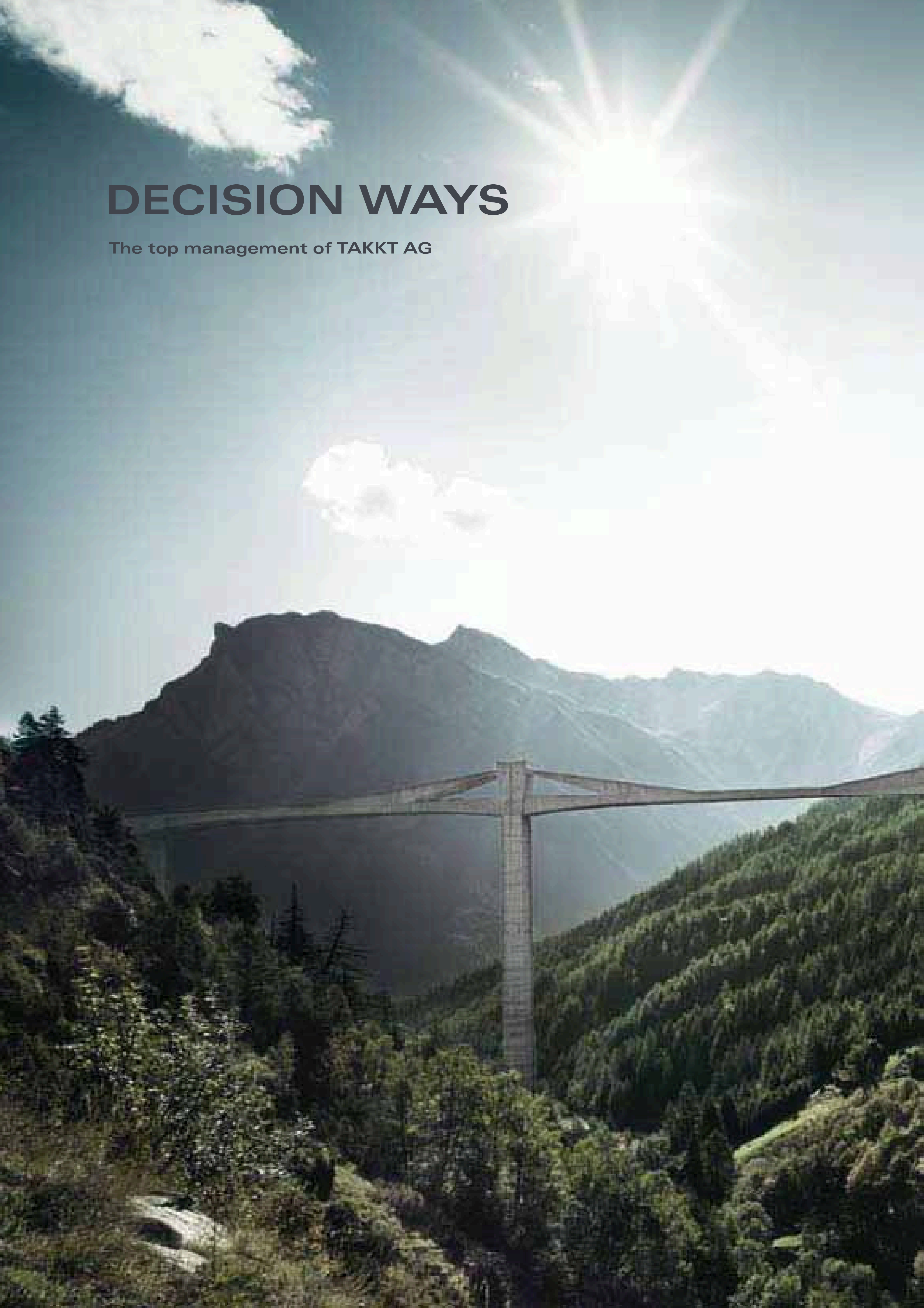
Personal impression counts

A further strong sales argument for demanding customers is a precise delivery schedule. This helps for example to avoid interim storage of the furniture during renovation work. Topdeq offers next-day delivery as standard. But the staff is happy to fit in with any other desired schedule. The most important precondition for this is that all articles are held in stock by Topdeq and can be delivered at any time. On request the furniture is also assembled. This is undertaken reliably by internal and external assembly staff, who are specially trained to handle these particularly high-quality articles. And they, too, naturally know how to leave the best impression whenever they are in contact with the customer: "Good morning, we are from Topdeq, my name is..."

The right furniture and accessories make many things possible: with the help of Topdeq

DECISION WAYS

The top management of TAKKT AG



DECISION WAYS

Five Management Board members – one team

The success of any company rests to a large extent in the hands of its decision makers. At TAKKT AG, these are the five members of its Management Board. Each of them also holds responsibility for their own part of the business, but their greatest strength comes from working together.

Five statements regarding TAKKT's success factors:

"With our broadly diversified product range we appeal to companies in all sectors, from small service companies, through retailers, to industrial groups. We have purposefully created a broad customer and product portfolio. This offers us manifold growth opportunities and makes us largely independent of individual industries and regions."

Dr Felix A. Zimmermann
Deputy Chairman
COO K + K America division

"An important factor in good corporate management is open, transparent and fast communication by the Management Board both internally and externally. Because we know that the strength of our Group is based on successful teamwork – at all levels."

Dr Florian Funck
CFO

"TAKKT follows a strategy that has proved its worth for many years and also ensures profitable growth in the future. It is based on continuously optimising our successful business model and rolling it out to further product lines and regions. This makes TAKKT a reliable partner for customers, suppliers, investors and employees worldwide."

Georg Gayer
CEO

"Excellent service and high-quality products are the key factors in our business. Particularly in mail order as a distance-selling business, buyers place great value on reliability, speed and quality of delivery. Topdeq has recognised this from the beginning – and furthermore offers its customers solutions tailored to their particular requirements. As a result, our business partners are more than satisfied."

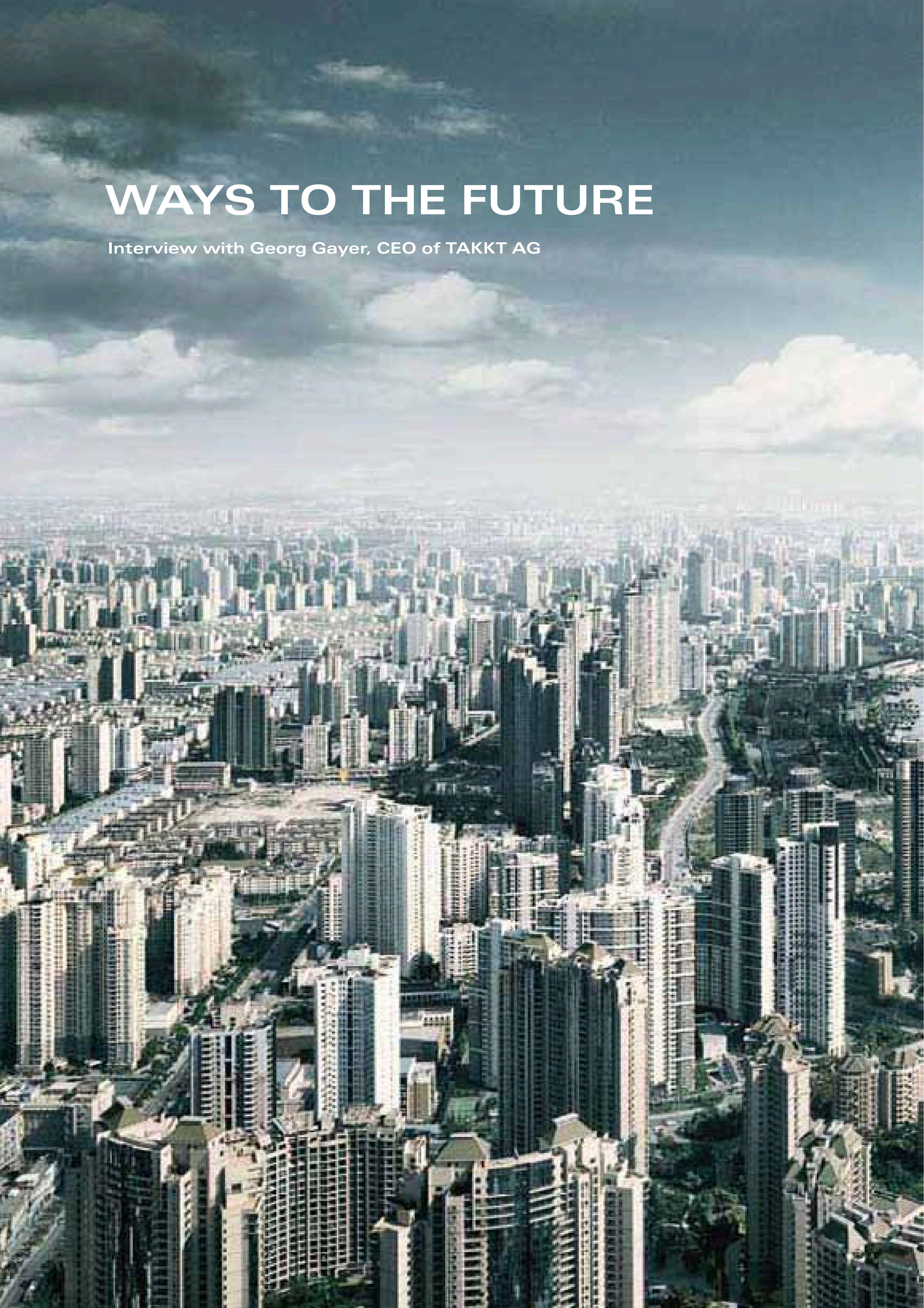
Didier Nulens
COO Topdeq division

"Our customers want a supplier who can fulfil all their equipment needs from a single source. We meet this need with our comprehensive range of office, business and warehouse equipment and with our extraordinary high service. We revise our catalogues and websites three times a year, and in this way we can respond quickly to our customers' wishes."

Franz Vogel
COO KAISER + KRAFT EUROPA division

WAYS TO THE FUTURE

Interview with Georg Gayer, CEO of TAKKT AG



"We are an indispensable problem solver"

IPO, new foundations, acquisitions: TAKKT Group has a history of success in the last ten years. But what about the future of the Group? An interview with CEO Georg Gayer.

Mr Gayer, where will TAKKT Group be in ten years' time?
TAKKT will still be TAKKT, but the company will be even larger, more broadly based, and more successful. Our vision is to be the worldwide leading B2B mail order group for office, business and warehouse equipment as well as sales promotion items for retailers, the food service industry and the hotel market, and additional new product categories. In the next ten years we will do everything in our power to make this vision a reality.

And how will TAKKT implement these plans?
Firstly we generate high cash flows year on year in order to finance our business expansion. Secondly we rely on our proven strategy. We operate a reliable systems business. This makes it possible for us, at limited costs and without any great risk, to open up new regions and sectors, expand our product portfolio, and, not least, to achieve economies of scale. We have been successful with this in the past – and will continue to be so in the future. However we do not only concentrate on new business, but also on markets where we are long established. For example with our multi-brand strategy: in many countries we operate through different companies. Because we know, from numerous customer surveys, that customers prefer to work with two or three competent suppliers for equipment. And with multiple brands we increase the chance that, at the end of the day, the order will be placed in our Group. It is also important to note that mail order in Europe and North America currently accounts for less than ten percent of the total market – here too we still see high potential for growth.

You mentioned new regions. Which countries are of particular interest to TAKKT?
In the coming years we will further expand our presence especially in Eastern Europe and Asia. We are keeping a particular eye on China, where a giant market is waiting to be opened up. Mail order is not yet very widespread there, but we aim to change that. And in addition we plan to make greater use of purchasing opportunities in China.

What role will new technologies play in the future of TAKKT?
The internet will play an ever more important role in our business. Already today we use it in a multitude of ways. Firstly it is an important sales medium for us. Obtaining information and ordering via the internet is

Personal file

Georg Gayer began his career in 1978 as head of the corporate controlling department at KAISER + KRAFT. In 1985 he assumed management responsibility for controlling, accounting, warehousing, logistics and production. In 1999 he became CEO of KAISER + KRAFT, and after the spin-off from GEHE AG he took the position of CEO of the newly founded TAKKT AG. Aged 62, he is married, has two sons, and lives in the Stuttgart area. At 31 May 2009 he will retire as CEO of TAKKT AG.

TAKKT's vision is to be the worldwide leading B2B mail order group for business equipment

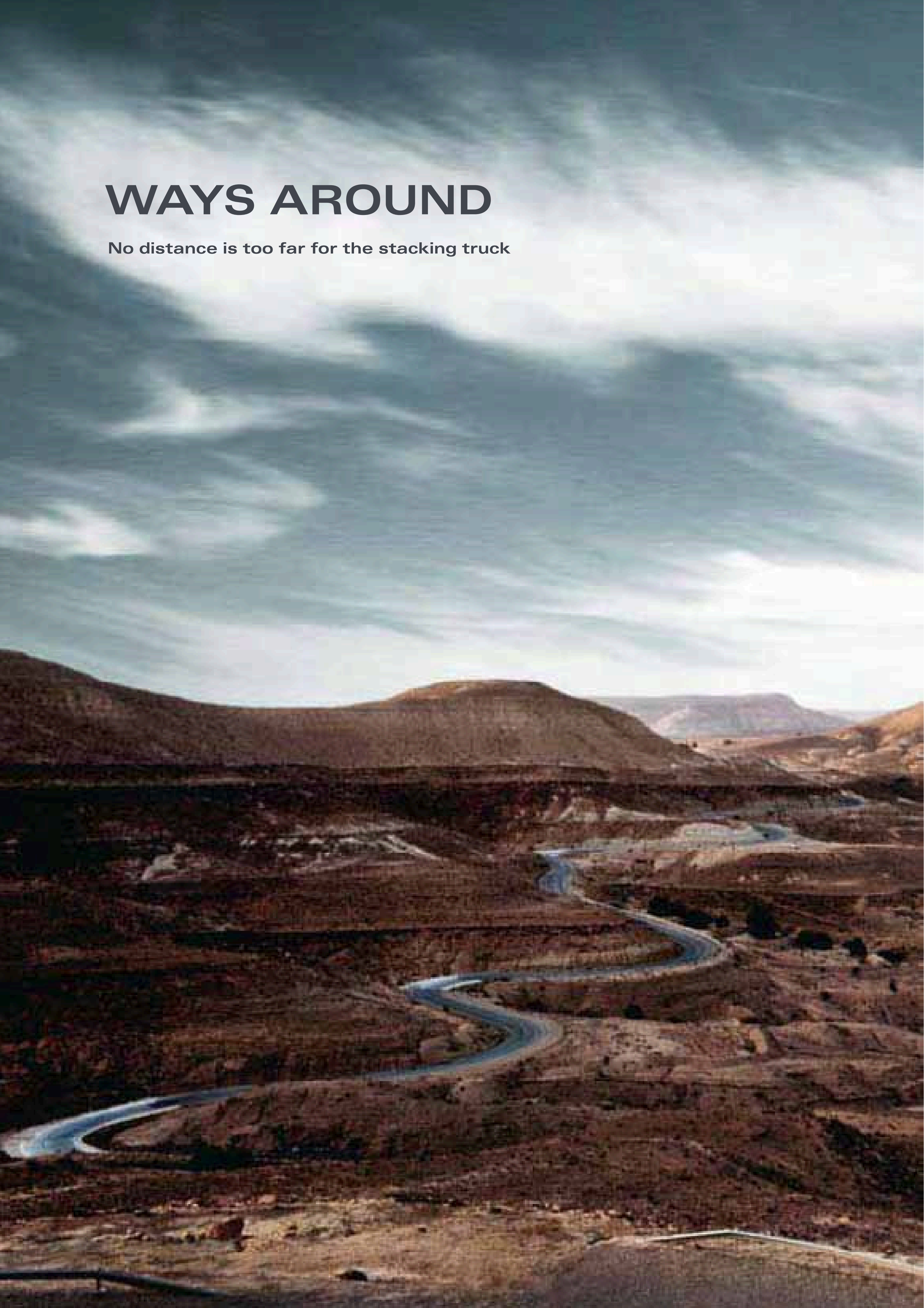
becoming more and more popular with customers. We therefore design our online shops according to the slogan: "Easy find – easy order". In the USA we even have two pure internet brands, officefurniture.com and officechairs.com. But the medium is also important for handling our internal processes. Thanks to electronic integration, for example, we have been able to further reduce our internal order processing costs in the last few years, despite rising costs generally, e.g. for rents and energy.

So TAKKT AG is well equipped for the future?

Yes, of course. Because we ceased, long ago, to be simply a trader bringing goods from A to B. With us, our customers have a fast, competent and indispensable problem solver at their side. Our offering, i.e. our products and our delivery service, is unique in its scope and quality. Thus we have quite a decisive advantage over the competition. And we will extend this in the future.

WAYS AROUND

No distance is too far for the stacking truck



Success on wheels

At the beginning was the stacking truck. Without him, who knows if TAKKT Group would ever have been so successful? At any rate, he himself is convinced that he plays a major role in the Group's history. Now the time has finally come to let him have his say.

I've noticed recently that there are envious people everywhere. Even among my friends. Because my own mate, the hydraulic pallet lifting truck, asserts that I had prima donna behaviour! How absurd. Just because I want to have my say on these pages. After all, I have also played a part in the success story of TAKKT. I was one of the first products that KAISER + KRAFT sold via a catalogue. A glance at the original catalogue of 1947 shows that I also cut a good figure in hand-drawn portraits. It is a historic document with clean, tidy drawings. In the post-war period, paper was in short supply and the eight-page catalogue was therefore printed on old architectural sketches. And so it happens that I am to be found on the back of a washing and changing room.

That could explain a few things – because I am a thoroughly adaptable type. Despite my age and my sense of tradition, I have a modern streak. I move with the times, am trend-conscious, even globalised. I get on fine wherever I am, from New York via Berlin to Tokyo. And I can also flexibly adapt my representative appearance – no wonder, when in a way I was born in a changing room. Whether plain wood, shiny aluminium or painted stainless steel, I have the right outfit for every occasion. That was not always the case. Before TAKKT AG existed, it would never have occurred to me to be running around in bright orange! But when it was founded I realised that a new era has dawned. The old KAISER + KRAFT mark of quality now took on a new meaning, now it was all or nothing. So I plucked up the courage to undergo a facelift. Squeaky orange came in – and see what happened: I appeared on the title page of the 2005 Annual Report and was even fit for the Annual General Meeting. Since then the ladies and gentlemen take me along with them regularly! And then I stand there in the limelight, in gleaming paint, while the shareholders vote on strategies, money and positions. So it would be no exaggeration if I were to claim that I play an inspirational role in the company's decision-making process!

What is more, I also do my special bit for interpersonal relationships, and promote performance, creativity and team spirit within the Group in equal measure. The clear proof of this is the TAKKT summer festival. Every year the colleagues get together, not only to enjoy the joint festivities – but also to race stacking trucks. Here, as befits my station, I have to carry some heavy loads: the employees load me up with piles of TAKKT catalogues. And then they run off like crazy, around traffic cones, right, left, zig, zag! I reckon I am pretty fit. Then at the end, someone stands there with a stopwatch and checks how fast the employees and I were – and how many catalogues they carried with me across the finishing line. And one thing I must point out: with every competitor I do my best to be particularly nimble. With success: somebody always wins! And it is because I give my best not only at the summer festival, but in all of my heavyweight jobs, that I fit in so well at TAKKT. That has nothing whatever to do with prima donna behaviour! Because, whether with solid rubber or inflated tyres: I never get out of breath.

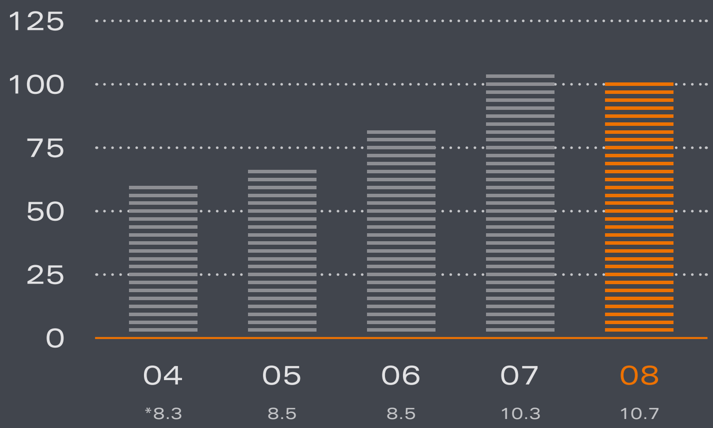
Good reason to be in the limelight:
the stacking truck is resilient and versatile

It already showed itself to advantage in the 1947 catalogue

ANNUAL REPORT

OF THE TAKKT GROUP 2008

01 MANAGEMENT REPORT



Cash flow
in EUR million (*margin in %)

Management Report of TAKKT AG and the Group

TAKKT Group held its ground in the financial year 2008, despite a difficult economic environment, especially in the second half-year. Adjusted for currency and divestment effects, turnover was slightly above the level of the previous year. Profitability rose once more. On account of TAKKT's solid business model, the Management Board views the future positively even in the current difficult times.

Economic environment and business development

Compared to 2007, economic dynamics in the USA and Europe weakened noticeably in the year under review. The growth rate of gross domestic product (GDP) declined in TAKKT's most important economic regions.

Economic development marked by financial crisis

In the USA the bursting of the real estate market bubble and the resulting financial crisis were already having a negative effect since the beginning of the year. On the European markets, the sharp intensification of the international financial crisis led to a downswing, especially in the second half of 2008. Burdening factors on both continents were falling investment due to the worsening economic prospects and the increasingly restrictive lending policy of the banks. Despite the noticeably decreasing inflationary pressures from high energy and raw material prices in the second half of the year, their impact on the economy was marked. Expressed in figures, the GDP growth rate fell in Europe from 2.7 to 0.7 percent, and in the USA from 2.2 to 1.3 percent.

After a very good year in 2007, GDP growth in Germany, TAKKT's largest European market, fell from 2.5 to 1.3 percent. Two further factors had a negative impact on the development in Germany: both the economic downturn in major importing countries and the strength of the euro resulted in falling export figures.

For TAKKT GDP growth rates are an important indicator of the development of the economy in the respective region. For its business forecasts the Group also uses purchasing manager indices to estimate the development of business, e.g. for office, business and warehouse equipment, over the next three to six months. Values below 50 points indicate as a rule that the volume of purchases in the market concerned will decline, and the sales potential for TAKKT will thus deteriorate. Similarly, values above 50 points mean that market volume will increase – with a resulting positive effect on business prospects. While in 2007 the indices in Germany, Europe and the USA averaged between 52 and 56 points, in the year under review they declined especially in the last quarter. In Europe the index declined in December to 34 and in North America to 33 points – in both instances reaching historic lows.

Business focus ensures competitive advantage

TAKKT concentrates on the sale of durable and price-insensitive equipment. It is possible to differentiate the market for these products on the basis of three criteria. Firstly in terms of customer relationships, there is a division into B2C and B2B sectors. Secondly depending on the sales channel, there is a distinction between brick-and-mortar retailing, direct selling by manufacturers, and mail order. Thirdly there is a difference in terms of product range between multi-range generalists on the one hand and specialists on the other hand. Within this framework TAKKT positions itself clearly as a B2B mail order specialist.

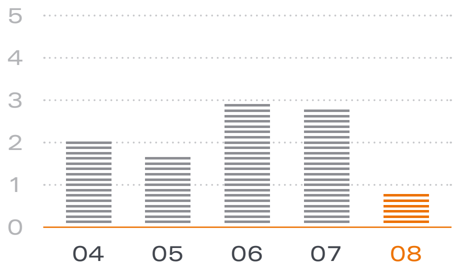
The fact that TAKKT has this specific focus brings many advantages. For many years, mail order specialists occupying a particular market segment have developed more successfully than multi-range generalists and brick-and-mortar retailers. Reasons for this are the high levels of competence, flexibility, speed, and service quality of specialist mail order suppliers. Mail order also offers the advantage that, in comparison to other sales channels, customers have very low procurement costs. Because mail order means that the customer can find products quickly and order them easily. Thus, all companies of TAKKT Group clearly present their product ranges in printed or electronic catalogues and webshops respectively. A large proportion of the goods is constantly available from stock, and can be brought quickly to the customer thanks to short delivery times. A further positive aspect is that, due to its focus, TAKKT provides exceptionally good consultancy services, offering its customers well-designed and tailored solutions. Altogether this makes B2B mail order the most efficient way to buy business equipment – and has made TAKKT the leading mail order group for office, business and warehouse equipment in North America and Europe.

Market position strengthened

The above-mentioned advantages contributed to the fact that, in 2008, TAKKT Group can look back on a generally satisfactory financial year despite the downturning economy. Thus the Group further extended its leading position as B2B mail order specialist in recent decades. This is shown by the fact that TAKKT achieved long-term growth rates that are higher than those of the GDP in its core markets and, as a rule, higher than those of its direct competitors.

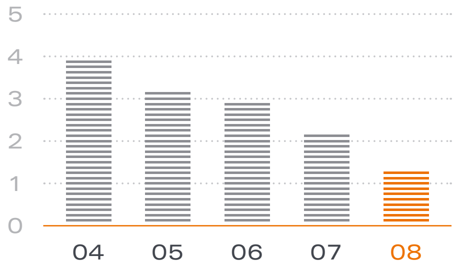
GDP Europe

Change in percent



GDP USA

Change in percent



Regardless of the economic situation, structural trends also support the TAKKT business model in the long-term. On the one hand customers are increasingly relying on a small number of competent business partners for ordering the required equipment from a single source. This facility is offered by TAKKT Group due to its comprehensive yet focused product range. On the other hand the increasing internationalisation or globalisation of the economy works to TAKKT's advantage: together with its customers, the Group is expanding its operations in growth regions such as Eastern Europe or Asia. This has made it possible for TAKKT Group to strengthen its business relationships. Two further points also benefit the Group. Instead of looking exclusively at product costs, a growing number of customers also take their internal process costs into account in their purchasing calculation. Here mail order has very clear advantages over all other sales channels. In addition more and more customers are recognising the benefits of e-business, an area that TAKKT is continuously expanding and from which both sides profit. The electronic sales channel simplifies the business relationship and makes internal processes more efficient for both TAKKT and the customer.

Standardised systems for efficient operational management

TAKKT management uses a standardised system of key figures to steer the individual companies. This is possible because the business model for the entire Group is comparable across product ranges and regions. The system ensures that management has an efficient steering tool, while at the same time giving the individual companies the flexibility they need in day-to-day business.

It is important for TAKKT management that the key figures are always up to date and accurate. For example the Management Board receives information on order intake, turnover development and service levels on a daily basis. Gross margins and the advertising efficiency of the individual companies are also analysed continuously.

The EBITDA margin serves as an indicator for the short-term operating profitability of each Group company. The figure eliminates the effects of differing country-specific tax rates and finance structures. As the figure is also before depreciation and amortisation, it permits a direct comparison between existing and newly acquired companies. TAKKT has defined a long-term target corridor for the EBITDA margin of 12 to 15 percent.

The Economic Value Added® (EVA®) figure is used for more long-term strategic controlling and shows whether, and to what extent, the Group is growing profitably and whether investment and acquisitions are enhancing value. Profitability, based on capital employed, is compared to the weighted total cost of capital. EVA® thus shows if the interest demands of equity and debt investors are adequately met. Internal calculations indicate that in 2008 TAKKT Group again generated a high EVA®.

Divisions shape development of TAKKT AG

The Group's parent company TAKKT AG operates purely as a management holding company, taking on a strategic management role. The three divisions, KAISER + KRAFT EUROPA, Topdeq and K + K America, are responsible for the operational business and their results therefore influence the earnings and financial position to a very large degree, as well as the opportunities and risks for the future development of TAKKT AG.

Information pursuant to section 289, paragraph 4 and section 315, paragraph 4 of the German Commercial Code (HGB)

According to section 289, paragraph 4 and section 315, paragraph 4 nos. 1-9 HGB the following information has to be provided, as far as relevant for TAKKT AG, as at 31 December 2008:

Issued capital of TAKKT AG amounting to EUR 72,900,000 is divided into 72,900,000 no-par-value bearer shares.

These are not subject to any restrictions regarding voting rights or the transfer of shares.

TAKKT AG is a 72.7 percent subsidiary of Franz Haniel & Cie. GmbH, Duisburg. There are no other shareholders holding more than ten percent of voting rights.

Sections 84, 85 German Stock Corporation Act (AktG) and section 5 of the company statutes apply for appointing and removing members of the Management Board, while sections 179, 133 AktG apply for changing the company statutes.

In accordance with the resolution of the Annual General Meeting (AGM) on 3 May 2005, the Management Board is authorised to increase the issued capital subject to the approval of the Supervisory Board, once or several times, by an amount of up to EUR 36,450,000 by issuing new bearer shares until 7 May 2010, taking stockholders' subscription rights into account.

In addition the Management Board is authorised according to the resolution of the AGM on 7 May 2008 subject to section 71 paragraph 1 no. 8 AktG to buy own shares up to an amount of ten percent of issued capital. A reverse subscription right or respectively a right to tender in the case of purchase and a subscription right in the case of a sale of shares are excluded. The company can execute this authorisation in total or in smaller amounts, once or several times, in the pursuit of one or more objectives until 6 November 2009. Refer to paragraph "events after the balance sheet date" on this page.

The disclosures as required by section 315 paragraph 4 no. 2 (limitation of voting rights), no. 4 (shares with special rights), no. 5 (controlling voting rights of employees) and no. 9 (compensation agreement with directors or staff in case of a takeover offer) are not relevant for TAKKT AG. There is a significant agreement conditional upon a change of control in accordance with section 315 paragraph 4 no. 8. Under this, Dr Felix A. Zimmermann has the right to terminate his contract of employment if one or more shareholders acting together acquire the majority of voting rights in TAKKT AG from Franz Haniel & Cie. GmbH within the meaning of sections 29 and 30 of the German Securities Acquisition and Takeover Act (WpÜG). In executing this option of termination he has the right of compensation for loss of office amounting to two years' annual salary. Other sources of income are not taken into account. The claim for compensation for loss of office will not apply in the event of extraordinary termination of the contract of employment by the company for good cause.

Dependence report issued

Franz Haniel & Cie. GmbH, Duisburg, is the majority shareholder of TAKKT AG. The Management Board has therefore provided the Supervisory Board with a report on relations with affiliated companies, as stipulated in section 312 AktG. The dependence report comes to the following conclusion:

"In summary we can state that TAKKT AG has received adequate consideration for transactions undertaken in the circumstances known to us at the time. We also state that we are convinced that the company was not put at a disadvantage by the transactions reported."

Events after the balance sheet date

By a resolution of the AGM on 7 May 2008, the Management and Supervisory Boards were authorised to purchase own shares up to ten percent. On 15 January 2009 the Management Board announced a public buy-back offer for up to ten percent of own shares at a price of EUR 7.90 per share. The share buy-back was concluded on 20 February 2009. TAKKT AG has acquired a total of 7,289,669 own shares, corresponding to nearly ten percent of share capital. The shares acquired were cancelled at the end of February 2009.

The effect of the share buy-back was to return company equity to the shareholders. This resulted in positive effects on both the balance sheet structure and the figures per share. Even after the buy-back, as well as the proposed distribution of a special dividend, TAKKT possesses sufficient financial scope for further internal and external growth.

At the end of January 2009, the Chairman of the TAKKT Management Board Georg Gayer announced that he will retire as chairman and board member of the Management Board on 31 May 2009. This step is due purely to personal reasons and is a regular option under Gayer's employment contract, which was prolonged early in 2008. Gayer will continue to work for TAKKT AG as a consultant. Already in 2008 the TAKKT AG Supervisory Board laid the basis for the long-term management structure through personnel decisions made and the prolongation of employment contracts with the management. The Supervisory Board of TAKKT AG will decide at its meeting on 20 March 2009 about Gayer's successor.

Turnover and earnings situation

As a management holding company, TAKKT AG combines three divisions under one roof. These divisions developed unevenly in 2008. The Group overall experienced slight organic growth, and profitability improved further in comparison to 2007.

Turnover shows slight organic increase

In the financial year 2008, TAKKT generated turnover of EUR 932.1 (2007: 986.2) million. This represents a fall of 5.5 percent in comparison to the previous year, but this is entirely due to the weak US dollar in 2008 as well as the sale of Conney Safety Products LLC (Conney) in 2007. Organically the Group grew by 0.7 percent – despite the significant economic downturn especially in the second half of 2008. However the business in the three divisions developed unevenly.

KAISER + KRAFT EUROPA can look back on a year that was divided into two halves. After a very good start in the first half-year, the growth dynamic weakened substantially in the second half of the year under the influence of the general economic downturn. In 2008 as a whole, the division increased its turnover from EUR 519.8 to 539.3 million. This represents a growth rate of 3.8 percent. Also adjusted for currency effects, turnover growth has been 3.8 percent. The share of KAISER + KRAFT EUROPA in Group turnover in 2008 was 57.8 (52.7) percent.

Topdeq faced a difficult economic environment in the entire year under review. The buying behaviour of the division's customers responded to the economic mood at an early stage, with the result that the development of business was already weak from the beginning of the year. Topdeq concluded 2008 with turnover of EUR 82.7 (91.2) million, 9.4 percent less than the previous year. In currency-adjusted terms, the decline was 8.8 percent. Overall the division generated 8.9 (9.2) percent of total TAKKT turnover in 2008.

K + K America also recorded a fall in turnover in the financial year, of 11.3 percent from USD 513.0 to 454.9 million. This was mainly due to the sale of Conney in the preceding year, but also due to the difficult economic situation. Excluding Conney, organic turnover declined slightly by 1.5 percent. In TAKKT's reporting currency of euros, turnover amounted to EUR 310.9 (375.6) million. The share of TAKKT Group turnover was thus 33.3 (38.1) percent.

The trends in the divisions were also reflected in the regional distribution of Group turnover. Changes occurred especially in connection with the weak US dollar and the Conney sale. In North America the companies' turnover declined from EUR 389.5 to 320.3 million. This represents a share of 34.4 (39.5) percent of the Group's total turnover. In Europe (excluding Germany) TAKKT increased its turnover from EUR 363.3 to 371.8 million, corresponding to 39.9 (36.8) percent of overall turnover. In the German market

TAKKT generated EUR 233.5 (227.8) million or 25.0 (23.1) percent of total turnover. In the remaining regions (currently comprising the countries of China, Japan and Mexico), turnover amounted to EUR 6.6 (5.7) million. This corresponds to a share of 0.7 (0.6) percent of Group turnover.

E-business increases again

As in previous years, the number of customers placing their orders online grew again in 2008. TAKKT actively promotes this development: in 2008 the Group further improved the functionality of its webshops and intensified its search engine marketing. TAKKT distinguishes between two types of e-business. With e-commerce, customers use the respective webshops of the TAKKT companies. E-procurement relates to individual TAKKT online catalogues integrated into customers' electronic order systems or made available on online procurement marketplaces.

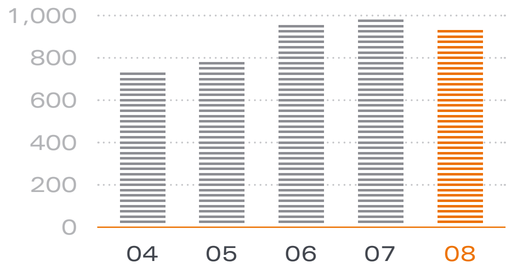
The number of online orders across the Group rose again in 2008. TAKKT generated EUR 126.0 (127.4) million through its webshops or e-procurement solutions. The proportion of online orders thus rose from 13.0 to 13.9 percent.

The proportion of electronic orders varies greatly between the different companies on account of both their business models and their customer structure. The leader in e-commerce is NBF Group, which also sells office equipment in North America through two exclusive online brands.

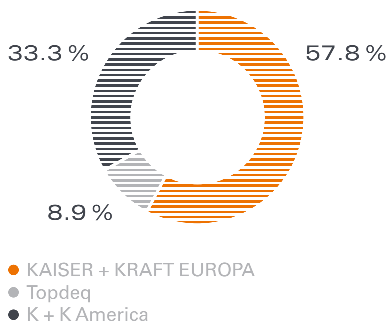
Value and growth drivers develop unevenly

Again in 2008, TAKKT profited from the fact that the company works resolutely and regardless of economic conditions to win new customers. The Group can use a positive economic environment, as for example in the first half-year in Europe, to extend its customer base at comparatively low cost. This is more difficult in phases when the economy is weak, as in the second half-year, but the new customers nevertheless

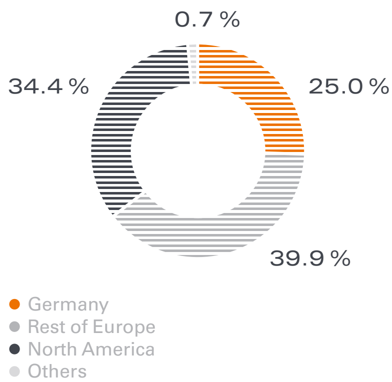
Turnover
in EUR million



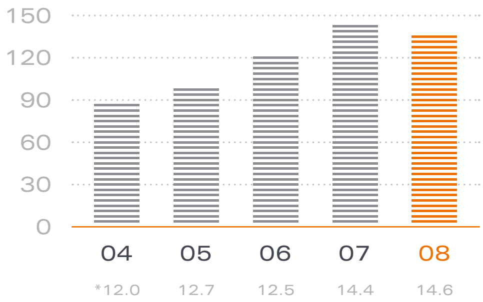
Turnover
by division



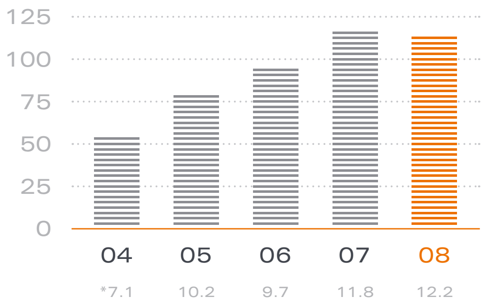
Turnover
by region



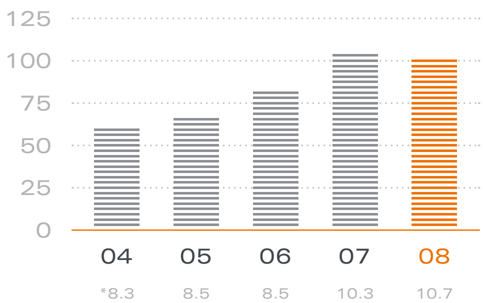
EBITDA
in EUR million (*margin in %)



Profit before tax
in EUR million (*margin in %)



Cash flow
in EUR million (*margin in %)



contribute to somewhat cushioning the effect of the declining number of orders received from existing customers. It also enables TAKKT to lay the basis for future growth because, as soon as the economy starts to recover, order numbers and average order values per customer also begin to increase.

In 2008 the three value and growth drivers – adjusted for Conney – developed unevenly. Many new customers were gained, but the number of orders declined, parallel to the economic downturn. Decisive here were the falls experienced by Topdeq and K + K America. Order numbers at KAISER + KRAFT EUROPA increased slightly in comparison to the previous year. In contrast to the normal pattern in a phase of economic downturn, the average order values increased in all three divisions, and grew organically in total by 2.8 percent to EUR 461.

Profit situation remains good

In 2008, TAKKT Group was able to slightly improve its profitability figures. The gross profit margin rose from 41.3 percent in 2007 to 41.4 percent in 2008. Decisive in this were above all a further improvement in purchasing conditions in North America, as well as structural effects due to the uneven development of the divisions. The deconsolidation of Conney in the preceding year had no significant impact on the gross profit margin. Rising raw material prices, for example for oil and steel especially in the first half of 2008, had hardly any impact on the earnings situation. The reason for this is that, as a rule, TAKKT revises the catalogues three times a year and can thus respond quickly to changing raw material prices.

The good gross profit margin laid the basis for the increase in other profitability figures. Earnings before interest, tax, depreciation and amortisation, EBITDA, fell by 4.5 percent to EUR 136.0 (142.3) million as a result of the lower turnover volume. However the EBITDA margin improved further in comparison to the previous year, despite extensive start-up expenditure for new foundations, reaching 14.6 (14.4) percent in 2008.

Depreciation in the period under review was slightly below the previous year's level. EBITA – earnings before interest, tax and amortisation of goodwill – declined from EUR 125.0 to 120.2 million although the margin increased slightly. There were again no reasons for an impairment charge on goodwill. Therefore earnings before interest and tax, EBIT, also reached a figure of EUR 120.2 (125.0) million. The EBIT margin improved slightly to 12.9 (12.7) percent.

As expected, the finance result significantly improved over the previous year's figure due to further debt repayments by TAKKT Group and the weak US dollar. The tax rate was 32.3 (31.7) percent. The lower corporation tax rate resulting from the German corporate tax reform had a positive influence on the tax rate, but the increase in deferred tax expense in connection with the evaluation of deferred tax assets on loss carry-forwards worked in the opposite direction.

Despite lower turnover, profit in 2008 remained relatively stable at EUR 77.1 (79.3) million. Of this EUR 1.2 million is attributable to minority interest and EUR 75.9 million to the shareholders of TAKKT AG.

Cash flow margin at new record level

As in the preceding years, the generation of cash flow is one of the main strengths of TAKKT Group. At 10.7 (10.3) percent, the cash flow margin (in percent of Group turnover) was again above the previous year's level. Due to the lower turnover, cash flow declined from EUR 101.2 to 100.0 million. Further information on cash flow generation and application is available in the cash flow statement of TAKKT Group in the consolidated financial statements on page 101 onwards.

Financial situation

In 2008, TAKKT Group reduced its borrowings despite above-average investment and a higher dividend. The solid financial situation is a good basis for the further development of TAKKT Group.

Solid financial situation marks the Group's balance sheet

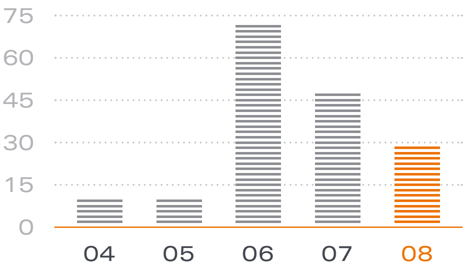
The balance sheet structure was once again extremely strong in the past financial year. On the balance sheet date, 31 December 2008, TAKKT had total assets of EUR 552.4 (549.0) million. Its non-current assets were EUR 352.0 (333.4) million. Goodwill was the largest item under non-current assets at EUR 217.7 (211.6) million, the increase being solely due to currency effects. The application of IFRS 3 stipulates that goodwill is not amortised on a regular basis, but that an impairment test is undertaken every year. As in previous years there was no need for goodwill impairment in 2008, since the TAKKT business model continues to generate extremely strong cash flow. Another major item was property, plant and equip-

Cash flow calculation in EUR million

	2004	2005	2006	2007	2008
Profit	33.0	50.4	62.5	79.3	77.1
Depreciation	24.7	9.5	14.3	17.3	15.8
Deferred tax affecting profit	2.8	5.6	4.9	4.6	7.1
Cash flow	**60.5**	**65.5**	**81.7**	**101.2**	**100.0**

Capital expenditure*

in EUR million



*incl. acquisitions and finance leasing

ment, which increased from EUR 93.4 to 108.7 million mainly due to extensive investment in warehouse infrastructure as well as currency effects.

Current assets fell against 2007 to EUR 200.3 (215.6) million. Trade receivables, at EUR 88.4 (109.0) million, are below the previous year's level due to weak business in the fourth quarter. If exchange rates had remained unchanged from the previous year, both of these items would have fallen more significantly. Customers' payment behaviour remained stable during the year. Due to structural effects the average collection period fell from 39 to 36 days. The write-off ratio was equally good, remaining well below 0.3 percent of turnover. Inventory levels increased slightly against 2007 from EUR 64.6 to 69.9 million. The reason for this, as well as currency effects, is that, with the expansion of warehouse capacities and the launch of Hubert in Germany, TAKKT now holds more products directly in stock than before, thus enabling it to further improve its customer service.

On account of the good profit, shareholders' equity grew to EUR 340.5 (321.9) million despite the high dividend payment. The equity ratio, at 61.7 (58.6) percent, is even higher than the previous year's figure.

The Group's net borrowings were reduced from EUR 81.6 to 79.9 million. As a rule, TAKKT finances

Capital expenditure TAKKT Group in EUR million

	2004	2005	2006	2007	**2008**
Tangible assets	5.5	4.9	8.1	45.8	24.7
Intangible assets	3.1	4.0	63.7	1.3	3.0
Other financial assets	0.0	0.0	0.2	0.3	0.2
Total	**8.6**	**8.9**	**72.0**	**47.4**	**27.9**
Amortisation of goodwill	15.7	0.0	0.0	0.0	0.0
Other depreciation	9.0	9.5	14.3	17.3	15.8

investment and acquisitions in the respective currency of the relevant operating units. Borrowings changed accordingly on account of volatile exchange rates. Especially the appreciation of the US dollar (on the balance sheet date) resulted in an increase of borrowings by EUR 3.5 million. From its high operating cash flow, TAKKT was able to make net repayments of EUR 11.9 million – despite extensive investment and the payment of dividends amounting to EUR 58.3 million.

The deferred tax liabilities of TAKKT Group increased from EUR 17.5 to 24.0 million. The reason is that goodwill in the individual balance sheets of Group companies continues to be amortised on a regular basis in accordance with local tax regulations, but not in accordance with IFRS, which is the basis for these financial statements. These differences give rise to deferred tax liabilities.

Provisions for pension liabilities were up slightly, but are still of secondary significance on the Group's balance sheet, representing less then three percent of its total.

Within the framework of its efficient trade payables management system, TAKKT Group continues to consistently make use of supplier cash discounts. Trade payables decreased in comparison to the previous year. The reasons were the weak business development in the fourth quarter of 2008 as well as the timing of the payment runs.

The financial figures used by TAKKT for the long-term management of its financial structure – so-called covenants – also improved once more. Gearing was reduced from 0.3 to 0.2, the debt repayment period is now just 0.8 (1.2) years, and interest cover rose from 14.1 to 21.5. Definitions of these terms are included in the glossary starting on page 153.

Above-average capital expenditure

In 2008, TAKKT Group carried out extensive investment in the rationalisation, expansion and modernisation of its operating business. The investment volume totalled EUR 27.9 (47.4) million. This corresponds to an investment ratio of 3.0 (4.8) percent in relation to Group turnover. This figure was below that of the previous year but significantly above the long-term average of one to two percent. A large portion of the investment went into measures for capacity expansion and the improvement of warehouse infrastructure. These also included the completion of the Topdeq mail order centre in Pfungstadt in May 2008. This mail order centre, which was previously rented, was purchased by Topdeq in 2007 and subsequently expanded into a cross-divisional, Europe-wide mail order centre for office equipment. KAISER + KRAFT EUROPA also invested in the modernisation of its production facilities in Haan. In the year under review Gerdmans also completed the construction of its new Scandinavian warehouse and headquarters.

As in previous years, further amounts were invested in typical replacement and rationalisation measures,

Covenants

	2004	2005	2006	2007	2008
Equity ratio in percent	39.6	46.1	47.7	58.6	61.7
Debt repayment in years	3.5	2.6	2.3	1.2	0.8
Interest cover	7.2	8.6	8.7	14.1	21.5
Gearing	1.0	0.7	0.6	0.3	0.2

such as the introduction of internet telephony (VoIP) in all European TAKKT Group companies. The Group has almost completed this programme in the financial year 2008. For several years TAKKT has also been systematically expanding its worldwide IT structure. The aim is to continuously improve data analysis, process efficiency and quality of service.

Research and quality assurance

Recognising customers' wishes early – TAKKT Group pursues this ambitious goal with the aid of intensive market research. As electronic ordering platforms become ever more popular, TAKKT further expanded its internet and online services in 2008.

Surveys confirm Group strategy

TAKKT Group sees itself as a pure B2B mail order company, and therefore the Group does not conduct any research and development in the classical sense, in contrast to technologically oriented manufacturing companies. But all divisions work constantly to adapt their product range and services optimally to the needs of the market. This enables TAKKT to build on existing strengths and eliminate weaknesses.

To understand the wishes of its customers as accurately as possible the Group uses, among other things, regular market research. One market research institute carries out surveys for the whole Group, using a standardised methodology. This procedure guarantees that the results are comparable, both at an international level and over longer periods.

In the financial year 2008 the market research institute was commissioned to conduct surveys for National Business Furniture Group (NBF) and KAISER + KRAFT EUROPA. A representative sample of customers and business partners indicated their degree of satisfaction with TAKKT's products, services and advertising media in comparison to its competitors. As in previous years the responses were predominantly positive, and thus confirmed once more the Group's strategy oriented towards quality and service. Ideas emerging from the survey are incorporated in an action plan by TAKKT and the implementation of suggestions for improvement is subsequently monitored by management.

In addition, in the year under review, electronic questionnaires were sent in particular months to customers at ten TAKKT companies to survey their satisfaction with the way their order was handled. Extensive market and competitor monitoring rounded up the market research activities.

E-business more comfortable

Since online ordering is becoming ever more popular, TAKKT continued to invest in this area in the financial year 2008. The aim is to facilitate convenient and efficient purchasing for the customer. In order to ensure this with a range of more than 145,000 individual products, TAKKT is reviewing its websites to make their design even clearer. At the same time, the Group is conducting pilot projects, for example at NBF and Hubert in the USA, to test innovative internet technologies by means of which the websites' search functions can efficiently guide the customer to the desired product. In 2009, customers of all three divisions will benefit from this.

To bring the TAKKT companies to the attention of potential customers on the internet, and to make it easy for them to find their required products, the Group is systematically improving its search engine marketing. To this end it is constantly optimising possible search terms in global search engines and keyword directories.

Quality with ISO certification

TAKKT Group's quality management is firmly dedicated to the demands and expectations of customers. The basis for effective quality management is measuring quality and therefore TAKKT pools all customer enquiries and complaints electronically. Specially trained staff process, analyse and categorise all suggestions and complaints. TAKKT can then use this information to systematically improve products and catalogues as well as to optimise workflows. Suppliers and service providers for Group companies are also included in the improvement process and their work is also continually monitored.

In Europe all the major locations of TAKKT Group are certified according to DIN EN ISO 9001:2000 or comparable standards. Non-certified companies maintain appropriate quality levels through internal targets, training and supervision. Annual audits check the current status of the quality assurance system. TAKKT's competitive advantage is tangible, not just due to its falling complaints rate, but also because more customers are buying exclusively from certified companies.

30 Indian foster children successfully completed their first year at school

Staff members and social responsibility

Taking responsibility: for TAKKT this means fostering its staff, protecting resources, and accepting social responsibility around the world.

Importance given to training and further education

Qualified and motivated staff are a key success factor for the company. Therefore TAKKT attaches great importance to comprehensive training and further education. The education programme, which staff members use intensively, consists of three modules. Firstly TAKKT regularly offers internal seminars in which specially-trained or particularly experienced employees pass on their know-how to colleagues. In the second type of seminar the Group invites external trainers on a variety of topics such as staff leadership and IT. The third component consists of training sessions at the Haniel Academy. TAKKT Group's specialists and managers attend these seminars for example to improve their negotiating techniques or extend their management skills.

TAKKT Group also attaches great importance to practical training for job starters. In Germany, the company offers training in the following occupations: wholesale and export clerks, marketing communications clerks, technical draughtspersons, industrial mechanics, production mechanics, warehouse clerks and warehouse logistics clerks. In the year under review, 12 (13) women and men started their occupational training in Germany. On top of that 9 staff members attend in-service courses in different disciplines at a university of co-operative education. In addition graduates were again recruited either for specialist or management functions in the various divisions. Young executives are enrolled in a two-year programme and pass through different positions at home and abroad.

Number of staff slightly declined

On 31 December 2008 TAKKT employed 1,960 (1,971) full-time equivalent staff members. The slight decline is mainly due to the weak business development in North America.

The KAISER + KRAFT EUROPA division employed 976 (949) staff members, Topdeq employed 216 (206) and K + K America 740 (787). The holding company had 28 (29) employees. The average age of staff throughout the Group remained unchanged at around 40 years.

TAKKT provides humanitarian aid in the slums of Mumbai

Employees participate in success

TAKKT's employees make a decisive contribution to the company's success. The Group rewards this with appropriate bonus models. If a company reaches or exceeds its turnover targets, staff are awarded bonus payments in addition to their salary. A warehouse worker in Europe, for example, can achieve a bonus of up to one month's salary. In Germany, employees are also eligible to participate in the success of the company by buying employee shares. In 2008 49.1 percent of all entitled employees took advantage of this opportunity and bought 11,140 shares.

TAKKT managers accept an especially high degree of responsibility within the Group, and are therefore entitled to special compensation models. Middle-level managers' pay depends on the operating results of their company and whether they have fulfilled their individual targets. The Management Board is compensated according to the cash flow generated and the EVA®. Detailed information on this is included in the compensation report on page 91.

Commitment to social responsibility

Corporate social responsibility stands for socially and environmentally responsible company management. With this in mind, TAKKT bases its corporate actions on the Global Compact, formulated by the then UN Secretary-General Kofi Annan in 1999. Companies supporting the Global Compact initiative commit themselves to following several principles, including:

- Protecting human rights
- Abolishing forced labour
- Eradicating child labour
- Preventing corruption
- Fostering environmental awareness

Support for children in need

Since 2006 TAKKT Group has expanded its activities on social projects. The focus is on initiatives that promote training and further education for children and young people or that create jobs. The company has so far concentrated on the Indian city of Mumbai, formerly Bombay. Mumbai is a metropolis with a population of over 14 million and is also twinned with Stuttgart, where TAKKT AG has its headquarters.

In Mumbai, TAKKT has supported the child aid project Prem Dan since 2006. The organisation's name means "gift of love", and it was founded in 1978 by the Indian Sister Felicity Morris. Ever since its foundation, the organisation has offered inter-denominational humanitarian aid in the slums of Mumbai. TAKKT has sponsored 30 children, in each case allowing a child from the aid project to enjoy ten years of education – a first long-term project. In the year under review, all 30 children successfully completed their first year of schooling. Staff can also get involved in the project by writing letters to the children and thus extending and intensifying their contact with them.

But TAKKT is not only involved in Mumbai. Each division also supports social projects on their own responsibility. For example, in the year under review, KAISER + KRAFT EUROPA used payments from supplier agreements to sponsor a school for mentally handicapped children and young people. The TAKKT company donated a minibus to the Bodelschwingh School in Sindelfingen, to be used for trips to the swimming pool, to city and cultural facilities, or for shopping.

Acting to protect the environment

All TAKKT divisions are dedicated to avoiding environmental impacts and preserving resources. Every product in the range is checked for its environmental friendliness, which also applies to products the company produces in Haan under the EURO*KRAFT* brand. For shipping, the subsidiary companies use environment-friendly packaging materials which can be recycled.

Protection of the environment can only be effective if the entire supply chain is involved. Therefore strict guidelines are also applied to TAKKT's suppliers. For example, printing companies predominantly use non-chlorine bleached paper in the production of catalogues. Companies in Germany also have to be ISO-certified and comply with the Eco Audit Directive of the European Union.

Promoting climate protection

TAKKT Group is proud of the fact that, with its business model – mail order – it is able to make a contribution to climate protection. The principle of mail order is to transport goods from the manufacturer to the end-user as efficiently as possible. This means keeping transport routes as short as possible and the resulting emissions as low as possible. A further ecological benefit of mail order, in comparison to selling through sales representatives or brick-and-mortar retailing, is that no CO_2 emissions are caused by the seller needing to visit the customer or vice versa. Catalogues produced from renewable and CO_2-absorbing raw materials represent a further positive contribution of mail order to the ecological balance sheet.

To help further raise public awareness of the climate protection issue and to underline corporate responsi-

TAKKT donated a minibus to the Bodelschwingh School bility, TAKKT took part in the Carbon Disclosure Project for the third time in 2008. As part of this initiative, more than 3,000 companies worldwide, 200 of them in Germany, are asked to set out their strategies for reducing CO_2 emissions. In Germany the project was initiated by the Bundesverband Investment und Asset Management e. V. (BVI) and the World Wide Fund for Nature (WWF). Its objectives include providing the public with better information on carbon dioxide emissions and thus helping to stimulate sustained protective measures. TAKKT will continue to support this initiative and will participate in the survey again in 2009. Further information on the Carbon Disclosure Project can be found at www.cdproject.net.

Risk report

An important component in business success is the early recognition and management of risks. Therefore TAKKT has developed effective risk management systems and implemented them throughout the Group.

Active risk management

TAKKT continuously analyses the market and competitive environment of its divisions and companies. The Group also regularly monitors its own potential for adjustment to possible changes. This systematic observation enables it to identify and assess opportunities and risks at an early stage. As a result of this analysis, TAKKT defines measures that can be applied to limit, manage or avert risks.

Another decisive factor in successful risk management is timely and comprehensive reporting. The Management Board receives information on order entry and service levels for every company on a daily basis. In addition the Group analyses economic indicators such as changes in GDP growth rates or the development of purchasing manager indices. The Group can use this data to promptly identify factors that may have an influence on the realisation of its strategy and planning.

Internal and external auditors have a firm place in the company's risk management. Their task is to monitor processes in all Group companies to assess operating performance, efficiency and compliance with internal guidelines. All newly founded companies and acquisitions are immediately integrated into the controlling and risk management system. They have to meet exactly the same stringent requirements as the established companies in the Group.

TAKKT is continually developing its risk management system and tailoring it to meet new demands where required. The auditors confirmed the suitability and effectiveness of the risk management system. In the year under review the risk environment described in the following paragraphs remained largely unchanged from the previous year. The company was not aware of risks threatening its existence or material risks exceeding normal business risks.

Diversification reduces economic risks

With a diversified customer and product portfolio, TAKKT is able to cushion the impact of economic fluctuations in specific countries, industries and areas. The company addresses customers of all sizes from various industries with more than 145,000 products. Its broad-based international positioning reduces economic risks in individual regions. In the year under review, TAKKT Group operated in more than 25 countries on three continents. Positive diversification effects also arise from the fact that the sales companies are in varying phases of the growth cycle. The portfolio ranges from start-ups and young companies, which generally grow dynamically regardless of economic situation, to long-established sales companies, which tend to reflect the current business cycle in their own development. However this many-faceted diversification is not sufficient to protect the Group from the effects of severe, global economic crises.

Low-risk industry

Risks in the B2B mail order industry for office, business and warehouse equipment are comparatively low. Market entry barriers for new competitors are particularly high as building a customer base is very expensive and time consuming.

TAKKT is not dependent on any individual manufacturer. For almost all products listed in the catalogues there are alternative suppliers to which the company can turn at short notice. In the long-term this situation will not change, as it is unlikely for the supplier base for TAKKT's product range to consolidate significantly.

Dependency on individual customers is also low because TAKKT's customer structure is very fragmented. Out of a total of some three million customers, only two customers generate sales of slightly above one percent each of TAKKT Group's overall turnover. Moreover the customer portfolio consists of companies from a wide range of industries – from small service providers to hotel chains, from public authorities to manufacturing companies, as well as many other businesses.

With the expansion of its online presence, TAKKT has further strengthened another high-growth sales channel. The number of online orders has grown disproportionately over several years, while the number of customers and turnover have shown dynamic growth. TAKKT thus sees more opportunities than risks in the internet. It is unlikely that the TAKKT business model will be replaced by an exclusively internet-based sales platform or marketplace, as B2B customers are looking for professional providers offering a preselected product range of high-quality equipment in a one-stop shop solution, with reliable delivery guaranteed. Electronic marketplaces are unable to meet fully these requirements, as they mainly focus on the processing of transactions.

Flexible reaction to purchase price changes

TAKKT Group companies generally revise their catalogues three times a year, which means that they are able to react flexibly to any changes in offers and purchasing prices. If costs for raw materials such as steel or wood increased, it would be possible to adjust catalogue prices at short notice or offer alternative products.

All-round protection for advertising media and addresses

Printed catalogues and mailings are TAKKT Group's key sales vehicles. The Group therefore takes particular care to ensure that its catalogues remain undamaged in production or distribution. To minimise the risk of loss, TAKKT has its catalogues produced by 10 printers in different locations. Any loss or destruction of catalogues is also covered by insurance.

The Group prints over 60 million items of advertising media every year. Therefore paper and printing prices are an important cost factor. To ensure that short-term price fluctuations cannot impact earnings, the Group has mostly signed longer-term printing contracts.

Customer addresses are very important for TAKKT Group's business. The Group therefore carefully protects the data of existing and potential customers. Security systems ensure that only authorised personnel can access and process the addresses.

The TAKKT Management Board does not consider that the possible tightening up of data protection regulations will have any significant impact on TAKKT's business.

Low risk in inventories

The risks for TAKKT associated with inventory assets are only marginal. This applies equally to product obsolescence and to technical and price developments. Items such as tables, chairs and cabinets are standard articles that are always in demand; they are not prone to seasonal price swings or short-term fads. The Group also manages its inventories actively. Since TAKKT is continually optimising and updating its product range, it may happen that an item is dropped from the catalogue in the medium-term yet still remains stocked in the warehouse. In such cases, TAKKT generally falls back on contractual returns clauses arranged with suppliers for remnant stock.

Efficient logistics system

The majority of TAKKT's goods are stored in large mail order centres. This means that it is necessary to store less inventory overall and re-order goods from manufacturers less frequently than would be the case with numerous small warehouses. A further benefit of the large mail order centres is a price advantage for TAKKT thanks to pooled international purchasing. Also customers benefit from this system through the selling prices.

These advantages far outweigh the risks, of fire for example, resulting from centralised warehousing. However the divisions also establish smaller regional warehouses if this is necessary for ensuring an optimal delivery service, for example in Scandinavia. All warehouses are covered by the necessary insurance against fire, theft or business disruptions, etc.

Every TAKKT division regularly reviews its warehouse concepts. This ensures that security, delivery quality, speed and efficiency standards remain at high levels. If necessary a location can be adapted to new conditions. Should a disruption in a warehouse result in bottlenecks, the divisions can also deliver the majority of their goods by drop shipment.

TAKKT contracts external logistics companies to deliver goods. Competition among logistics companies and parcel services allows the Group to negotiate favourable terms with its business partners. This also means that increasing fuel prices, as in the first half of the year under review, only affect TAKKT's earnings marginally. Shipping costs altogether account for less than ten percent of Group turnover. Furthermore in the past the company has proved that it is in a position to manage such risks without any substantial impact on earnings.

Low write-offs and guarantee claims

TAKKT's write-off ratio on receivables remains at a very low level, significantly lower than 0.3 percent of turnover. This extraordinarily good figure can be primarily attributed to the Group carefully checking customer creditworthiness and actively managing receivables. The ratio is unlikely to increase materially even in times of economic difficulty, due to the low average order value and the heavily fragmented customer structure.

The number of customers claiming warranties and guarantees or making use of their right to return goods has been consistently low for many years. This is because TAKKT exclusively sells durable products that are generally not susceptible to faults and therefore create high levels of customer satisfaction. TAKKT gains additional security through contractual return clauses arranged with the majority of suppliers. The Group is also insured against product liability risks.

Reliable and powerful IT systems

TAKKT depends on extremely reliable and powerful IT systems to run its business, e.g. servers, order management software and product management systems. Therefore a key priority of TAKKT's risk management is to ensure data security and the smooth operation of IT.

To protect data and operations, the KAISER + KRAFT EUROPA and Topdeq divisions use central high-availability systems. A server processes day-to-day business, while special software simultaneously copies all files to a back-up system. If the server fails, the second system takes over. At K + K America, regular data back-ups and external hardware capacities reduce the risk associated with a long-term system breakdown.

As well as the TAKKT companies' internal IT departments, external specialists check the performance and security of the IT systems. They test if the systems are running reliably, are protected against unauthorised access, and if data can be restored easily.

In the year under review no issues were reported by any of the companies examined.

High security standards also apply when using IT. Strict guidelines govern the use of e-mail, the internet and other IT systems. All staff members are required to agree in writing to comply with these rules.

It is not only a smoothly operating IT system that is decisive for the TAKKT companies' business. It is also essential to ensure that the sales companies can be reached by phone at all times. As a result, the Group relies on special back-up systems as well as uninterruptible power supplies to guard against any defects in lines, power cuts or malfunctions in the telephone system. Calls can also be rerouted to other locations if necessary. Continuous checks are performed to establish how easy it is for customers to contact the companies' sales offices. These checks allow the Group to flexibly tune its telesales capacities to business volumes.

Full control of financial risks

The main financial risks affecting TAKKT's business result from changes in exchange rates and varying interest rate levels.

When it comes to volatility in exchange rates, a distinction should be made between so-called transaction risks and translation risks. Transaction risks result especially from buying and selling goods in different currencies. The Group is largely protected against the effects of these risks because the three divisions generally buy products in the same currency in which they sell them. Transaction risks from fluctuating exchange rates remain for substantially less than ten percent of Group turnover – mainly from intercompany transactions. These remaining risks are generally assumed and hedged by the respective delivering entity. Based on the turnover forecasts of the individual companies, the Group's open currency positions are identified and hedged with derivative financial instruments to an amount of between 60 to 70 percent, preferably with forward exchange contracts. In general forecast turnovers and payments are considered for one catalogue cycle.

So-called translation risks resulting from currency fluctuations are relevant to TAKKT Group's balance sheet and its income statement. These risks arise when consolidating the financial reports of foreign subsidiaries and translating their currency into the reporting currency of euros. These risks are generally not hedged, as these translation risks hardly affect the structure of TAKKT's consolidated balance sheet and income statement. Nevertheless fluctuations in exchange rates, especially in the US dollar, do impact the absolute value of key figures.

Negative impacts from changing interest rates are also a risk for TAKKT. The Group protects itself from this risk with interest rate swaps and interest rate caps. These hedges generally have the same duration as the loan contracts, so that interest rates for long-term loans are also hedged long-term. The target hedge level is between 60 to 70 percent of the finance volume. This limits the negative impact of interest rate increases, but still offers the potential to benefit from falling interest rates. The development of the hedge amount is mainly driven by future free cash flows which can be used to repay borrowings. A detailed description of hedge instruments held as of the balance sheet date, as well as quantitative details of currency and interest rate risks, is included in the notes on page 132 onwards. By employing the above-mentioned currency and interest rate hedges there are no material financial risks for TAKKT from changes in prices.

TAKKT is able to monitor and manage the solidity of its financial structure due to long-term financial planning and so-called covenants. Covenants include, for example, debt repayment periods and the equity ratio. TAKKT has determined an internal threshold for each of these figures. For the equity ratio, the Group currently places the lower threshold at around 30 percent. With respect to the total cost of capital, management believes that a certain degree of debt makes sense. TAKKT therefore aims for a target corridor of 30 to 60 percent for the equity ratio. An explanation of the covenants can be found in the glossary starting on page 153, and information on current values is presented on page 57 of this financial report.

The Group is mainly funded by long-term loans and always has sufficient unutilised credit lines. The external growth of TAKKT Group can therefore be funded at any point on terms fixed in advance, without regard to financial market developments and thus also without regard to difficult situations on the financial market, as for example in 2008. Lacking availability of debt capital therefore does not constitute a material risk for TAKKT even in the given circumstances. The finance department of TAKKT regularly monitors the financial strengths of banks and deals exclusively with banks with an excellent rating. Furthermore the bank pool is widely spread. The company can therefore almost rule out any liquidity risk.

Low personnel risk

TAKKT Group employees make a critical contribution to the sustained development of the Group's success. Their expertise and dedication have both direct and indirect effects on business development. To generate profitable growth in future, TAKKT continuously strives to gain new, highly qualified employees and retain them in the long-term. Risks resulting from staff turnover are minimal, as TAKKT has stand-in arrangements in place in cases of staff illness or resignation.

Efficient steering and controlling systems

TAKKT Group's management relies on a range of efficient steering and controlling systems to manage each individual operating company. The subsidiaries inform the Management Board about their respective turnover and order volumes on a daily basis. The gross profit is managed using monthly accounts as well as catalogue price calculations during the year. Efficient cost management is based on special reporting formats, focusing on crucial cost categories such as personnel and advertising expenses.

Legal risks have no impact on the business

TAKKT Group companies are involved in litigation in day-to-day business both as plaintiff and defendant. These cases neither individually nor taken together have an impact on the economic situation of the Group.

Conclusion: risks limited and calculable

To summarise it can be said that the risks for TAKKT Group are limited and calculable. Based on up-to-date information, the Management Board does not currently forecast any substantial individual risks. The total of individual risks is no threat to the existence of the Group.

Forecast report

In a turbulent global economic environment, TAKKT remains well positioned for the years 2009 and 2010. The Group sees opportunities to extend its business position as in the preceding years and to consistently optimise its products and services. Entry into new markets also offers further opportunities for generating growth.

Fall in GDP anticipated

Economic experts forecast that both of TAKKT's key regions, Europe and North America, will record a sharp fall in GDP, and the economic situation will see a slight improvement in the fourth quarter 2009 at the earliest. They are cautiously optimistic for 2010.

Expressed in figures, the experts forecast a fall in GDP in Europe of two to three percent in 2009 and slight growth of 0.8 percent in 2010. In Germany the economy is also expected to contract by two to three percent in 2009 and to grow by 1.0 percent in 2010.

The pessimistic expectations for the European economy especially for 2009 are mainly based on the near collapse of the international financial system. The associated credit restrictions threaten to bring all global growth impulses to a halt. The growing pessimism among businesses and households will reflect itself in a reduced willingness to invest and spend. The economic weakness in key foreign markets will also have a negative impact on the European export-oriented economy.

The North American economy has already experienced two difficult years. Experts do not anticipate any improvement in 2009; rather they forecast an economic contraction as in Europe. The financial crisis and the associated restrictive lending policies will continue to have a negative impact on the economy. This will be reinforced by the tight financial situation of many private households: increasing unemployment and high indebtedness will lead to a growing reluctance to spend. As a result the experts forecast a fall in GDP of 2.0 percent in 2009. In 2010 the economy may recover slightly and grow by 1.8 percent.

Economic dynamism will also slacken in Asia. But TAKKT does not expect this to have any material effect on the Group, because its business activities in China and Japan still remain limited.

The negative prospects for the global economy will also hinder the development of TAKKT in 2009. The Management Board is nevertheless confident about the future development of the Group. This confidence stems on the one hand from the proven and internationally successful business model, which still offers many options for growth. For example the Group will expand and further update its product range and improve its services in existing markets, and TAKKT Group also plans to establish itself in new regions. On the other hand, the Management Board sees the weakness of the economy as an opportunity to enhance the efficiency of organisation and processes in all divisions.

Uneven turnover development

In the past 20 years, the Group increased its turnover by an average of some twelve percent per year – through acquisitions and organic growth in equal measure. This average figure of approx. six percent for organic growth comprises some years with above-average growth (as e.g. in the recent past in the years 2006 and 2007), years of average growth (as in 2004 and 2005), and years with below-average or even negative organic growth (as in the period 2001 to 2003). Taking into account the negative economic forecasts sketched above, the Management Board anticipates a decline in organic turnover (i.e. adjusted for currency effects and acquisitions) that could be within the range of ten to 20 percent in 2009. With slightly improved economic prospects for the year 2010, growth of some five percent may be achieved again.

Management is convinced that, in the medium and long-term, TAKKT Group will return to its above-mentioned historic growth path averaging twelve percent per year. Should the opportunity arise in 2009 or 2010 for the company to acquire a large mail order platform, growth rates could significantly exceed the long-term average.

US dollar affects figures

TAKKT generates about one-third of its turnover in North America. Therefore fluctuations in the exchange rate of the US dollar have a significant impact on the Group's euro key figures. When translated into the reporting currency of euros, a strong dollar leads to higher turnover. When the US dollar is weak, the Group's turnover in euros is diminished. The concrete impact can be illustrated in two scenarios. If the EUR/USD exchange rate increases by five percent against the previous year (i.e. the US dollar becomes weaker), the increase in turnover reported in euros will be circa 1.7 percentage points below the currency-adjusted growth. But if the US dollar strengthens by five percent (i.e. the EUR/USD rate falls), the increase in turnover reported in euros will be circa 1.7 percentage points higher than the currency-adjusted growth.

To eliminate distorting currency effects and report business development objectively, the Group does not only report turnover changes in the reporting currency but also adjusted for currency changes. TAKKT also presents the turnover effects of acquisitions and divestments in a transparent way in annual as well as quarterly financial reports. TAKKT's turnover forecast figures are also always adjusted for currency and acquisition effects.

Gross profit margin will remain high

As outlined in the risk report, changes in raw material and fuel prices have only a marginal impact on TAKKT Group. Therefore the Management Board has set itself the target of keeping gross profit margins above the 40 percent mark in 2009 and 2010. On account of falling raw material costs as a consequence of the economic crisis, the TAKKT Management Board even sees potential for a slight increase in gross profit margins in 2009.

Profitability to remain high

The development of TAKKT's turnover is, not least, dependent on trends in the economy. It is therefore particularly important for TAKKT to maintain a degree of variability in its key cost items. This allows costs to be adjusted to economic conditions and thus makes possible the stipulation of a long-term target corridor of 12 to 15 percent for the Group's EBITDA margin. Provided that the economy-related organic fall in TAKKT Group's turnover remains in the 10 to 15 percent zone, the Group's EBITDA margin will remain within the target corridor even in the crisis year of 2009 – although below the 2008 level. If the organic fall in turnover were to reach the 15 to 20 percent zone, the EBITDA margin in 2009 would remain in double-digits but below the target corridor. In the event of a drastic intensification of the economic crisis and an organic decline of more than 20 percent, the EBITDA margin would fall below ten percent in 2009. Since the Management Board anticipates a slight improvement in the economic situation, and thus in organic turnover growth, in 2010, the EBITDA margin will also improve again in comparison to 2009.

Investment in infrastructure

Since substantial parts of the logistics infrastructure in Europe and North America were expanded in 2007 and 2008, the investment ratio in 2009 will amount to only just over one percent of turnover and will thus be at the lower end of the long-term average range of one to two percent. TAKKT is planning the optimisation of the IT infrastructure in Europe and North America as well as the development of a new internet platform for KAISER + KRAFT EUROPA. In addition a more favourably priced and logistically suitable location shall be found for the KWESTO warehouse in the Czech Republic.

New expansion plans

TAKKT will resolutely follow its course of expansion in the coming years regardless of the economic situation. In 2009 the Group is planning to found a further KAISER + KRAFT company in Eastern Europe. TAKKT will also roll out the operations of K + K America subsidiary Hubert in further European countries. TAKKT Group will thus open up further potential in the retailing and food service customer segments in Europe. E-business will also take on an important role in this expansion course. Brands that sell their products exclusively through the internet will become more important in future.

Development of the divisions

As with the Group as a whole, the three divisions will also suffer from the global economic crisis in 2009 and record falls in organic turnover, which may lie in the 10 to 20 percent zone. For 2010 the Management Board considers it possible for all three divisions to achieve organic turnover growth rates of some five percent, on account of the fact that the global economic situation is expected to improve by then.

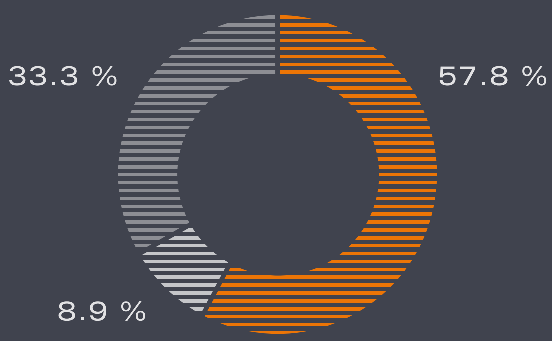
In terms of profitability, KAISER + KRAFT EUROPA will again generate a high EBITDA margin. This will be below the level of 2008, but still significantly higher than the TAKKT target corridor of 12 to 15 percent. Due to their reduced turnover in 2009, the Topdeq and K + K America divisions will not be able to achieve any increase in profitability at the EBITDA level. But on account of the improved economic prospects for 2010, the Management Board anticipates that the EBITDA margins will increase over 2009 in all three divisions. However it is not certain whether the Management Board's target of a double-digit EBITDA margin for Topdeq and NBF Group can be achieved as planned in 2010.

Guarantee

This annual report and especially the forecast report include forward-looking statements and information.

These forward-looking statements are estimates, made by TAKKT management based on all the information available today. Should the basic assumptions not be realised or unexpected risks arise, the actual results can differ from the currently expected results. TAKKT management cannot therefore accept any liability for these statements.

02 DIVISIONS



Turnover
by division

- KAISER + KRAFT EUROPA
- Topdeq
- K + K America

Mail order company of the year

KAISER + KRAFT EUROPA remained true to its role as growth driver within TAKKT Group in the year under review. The division again increased its turnover and profit. The business success of KAISER + KRAFT EUROPA was also confirmed by its award of the title “Mail Order Company of the Year 2008”.

Turnover growth despite economic downturn

In the year under review, KAISER + KRAFT EUROPA recorded turnover of EUR 539.3 (519.8) million. Despite the economic downturn especially in the second half of 2008, which was felt by almost all subsidiaries, the division grew by 3.8 percent. Also adjusted for currency effects, turnover went up by 3.8 percent. The growth was based on increases in both order numbers and order values. In an environment of generally slackening economic dynamic, the subsidiaries in Turkey, China and Slovakia still produced double-digit growth. Of the larger European markets only Great Britain and the Netherlands recorded slight falls in turnover.

Regardless of the numerous company start-ups in the preceding years, in the year under review KAISER + KRAFT EUROPA increased its EBITDA slightly against the previous year from EUR 108.4 to 111.5 million. On account of the significant economic downturn in the second half-year, however, the EBITDA margin was below the previous year’s figure at 20.7 (20.9) percent. This was mainly due to additional expenditures for the

KAISER + KRAFT EUROPA

From Stuttgart to the world

The success story of KAISER + KRAFT EUROPA began in Stuttgart in 1945. Helmut Kraft and Walter Kaiser founded a company that went on to become Europe’s leading B2B mail order company in the following decades. Its European expansion started in 1967, followed by its Asian market entry in 2002. Today 976 staff work for KAISER + KRAFT EUROPA in more than 20 European countries as well as in China and Japan. The company is the largest and most successful division of TAKKT AG with around 1.1 million customers.

- The brands KAISER + KRAFT, Gaerner, Gerdmans and KWESTO are part of KAISER + KRAFT EUROPA.
- The product range encompasses around 50,000 articles – from waste bins to shelving systems or mobile cranes.
- Its own brands EURO*KRAFT* and *office akktiv* are synonymous with high-quality equipment for the office, business and warehouse. On request, the company develops customised products, mini-series and products in the customer’s corporate design.

warehouse capacities which were expanded in 2008 and a lower advertising efficiency.

Successful company start-ups

In the year under review, KAISER + KRAFT EUROPA continued to pursue the successful multi-brand strategy of previous years. Since May 2008, Gaerner has also been selling its products in the Spanish market and has thus followed its sister company KAISER + KRAFT, which has been active on the Iberian peninsula since 1989. The development in the first financial year significantly exceeded expectations.

The young KAISER + KRAFT companies in China and Slovakia set up in 2006 and 2007, as well as Gaerner in France, continued to develop in a positive way.

In the coming years KAISER + KRAFT EUROPA will maintain its existing strategy of expansion. This will include the expansion of operations in Eastern Europe. But the Group will also work actively on the further implementation of its multi-brand strategy in Central and Southern Europe, as well as the extension of its e-business activities. In 2009 the division plans to set up a new company that will market its products to business customers exclusively on the internet. TAKKT Group has already had very positive experience with this business model in the K + K America division with the officefurniture.com and officechairs.com brands and now intends to transfer it to the European market.

Outstanding business model

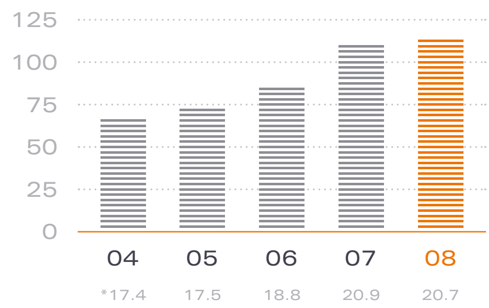
KAISER + KRAFT EUROPA received an official confirmation of its successful business model in September 2008 when it was awarded the title of "Mail Order Company of the Year". With this award the German E-Commerce and Distance Selling Trade Association and the trade magazine Der Versandhausberater recognised above all the innovative strength and the quality of the product range developed by KAISER + KRAFT EUROPA, as well as its business development in recent years. The award is the most important distinction in the German mail order industry.

Turnover

in EUR million

EBITDA

in EUR million (*margin in %)



Employees

Full-time equivalents – 31.12.

Focus on design furniture proves its worth

Topdeq was most severely affected by the difficult economic conditions. But despite a decline in turnover, the division was able to maintain its profitability. Topdeq received the regional award of "Company of the Year 2008" for its investment in the mail order centre in Pfungstadt.

Belgium and Austria growing against the downward trend

Topdeq already suffered from the negative economic outlook and cooling business climate since the beginning of the year. In the year under review the division experienced an overall fall in turnover from EUR 91.2 to 82.7 million. This was entirely due to lower order numbers. In the year under review, average order values rose further as a consequence of the repositioning of the division as a premium brand and the associated focus on high-quality, design-driven office furniture. Adjusted for currency effects the fall in turnover was 8.8 percent. Worthy of note is the development of the young companies in Belgium and Austria. Despite the difficult environment they bucked the trend in turnover – Belgium even with a double-digit growth rate.

Stable profitability despite fall in turnover

Strict cost management was unable to fully compensate the negative impact of reduced turnover on earnings, with the result that Topdeq recorded a fall in earnings in 2008. EBITDA fell from EUR 7.0 to 6.3 million. On the other hand the margin remained stable and reached a figure of 7.6 percent as in the previous year.

Topdeq

Style in the office

Topdeq specialises in high-quality, design-oriented office furniture and accessories. The range includes for example chairs by Philippe Starck and the desk series from Sir Norman Foster. Topdeq's customers are in large part companies from the service sector. The company has been part of TAKKT Group since 1994. It is represented in Germany, Switzerland, the Netherlands, France, the USA, Belgium and Austria.

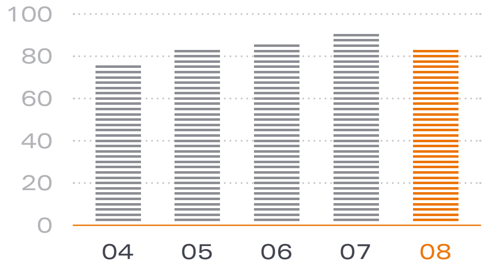
- Topdeq offers its customers some 2,500 design products through its catalogue or on the internet.
- 216 employees handle orders from some 500,000 customers.
- Topdeq guarantees outstanding quality and outstanding service. This includes a quality guarantee of up to ten years, and delivery within 24 hours in Europe and a maximum of 48 hours in the USA.

The start-up of the expanded mail order centre in Pfungstadt can be judged as a success. As Topdeq and KAISER + KRAFT EUROPA use the logistics centre jointly, since the second quarter of 2008 the higher operating costs have been matched by corresponding revenues.

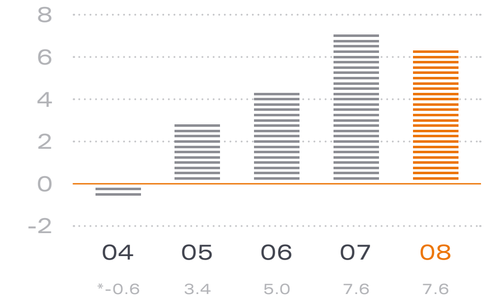
Company of the Year 2008

Topdeq expanded the mail order centre in Pfungstadt in 2008. Following the expansion, the new European mail order centre now provides room for some 32,000 pallet spaces in an area of about 30,000 (previously 18,000) square metres. Thus, more products are available for delivery directly from stock, especially for customers of KAISER + KRAFT EUROPA. At the same time, the expansion lays the basis for further growth and for the extension of international purchasing by the European TAKKT operations. With its investment in the facility, Topdeq created new jobs. For its investment in the region, the Darmstadt-Dieburg district authority awarded Topdeq the title of "Company of the Year 2008".

Turnover
in EUR million



EBITDA
in EUR million (*margin in %)



Employees
Full-time equivalents – 31.12.

Resisting the downward trend

As already in 2007, K + K America again struggled against the downward economic trend in the year under review. The division was unable to avoid a fall in its turnover and earnings.

NBF Group and Hubert perform well

Two factors influenced the course of business of K + K America in the year under review: the sale of Conney in September 2007 and the difficult economic situation. Turnover fell by 11.3 percent from USD 513.0 to 454.9 million. Adjusted for the effects of the Conney sale however, turnover on a US dollar basis only fell slightly by 1.5 percent. The sole cause of the decline was a fall in order numbers. Translated into the reporting currency, turnover fell to EUR 310.9 (375.6) million additionally impacted by the weakness of the US dollar during the year.

As in previous years, K + K America's three groups developed unevenly. Both Specialties Group (comprising the Hubert companies in the USA, Canada and Germany) and Office Equipment Group (NBF Group) maintained the previous year's turnover levels or respectively increased slightly. Both of these groups target their product range mainly at customers in the service sector. The companies in Plant Equipment Group (C&H in the USA and Mexico, and Avenue in Canada), by contrast, suffered more severe falls in turnover, partly due to the economic situation and the discontinuance of two unprofitable catalogues. These companies mainly supply plant and warehouse equipment to customers in the manufacturing industry, which has already been affected by the weakness of the economy for a period of several quarters.

K + K America

Variety is trump

K + K America offers its customers 95,000 articles – the largest product range of all three TAKKT divisions. Its approx. 1.2 million customers include industrial, service and retailing companies as well as trade businesses, public bodies, government agencies, schools and churches. Its subsidiaries specialise in different directions. Plant Equipment Group, consisting of C&H Distributors in the USA, C&H Productos Industriales in Mexico and Avenue Industrial Supply in Canada, offers plant and warehouse equipment in particular; the Hubert companies in the USA, Canada and Germany are dedicated to equipment for retailing and the food service industry (Specialties Group); NBF Group, which has been part of TAKKT AG since 2006, is the US market leader in B2B mail order for office equipment (Office Equipment Group).

- 740 employees serve customers in the USA, Canada, Mexico and Germany.
- The division operates eight warehouses in the USA, Canada and Germany.

Because of the sale of Conney at the end of September 2007 and the weak US dollar during the year, EBITDA declined from EUR 36.1 to 26.6 million in the year under review. Due to the anticipated losses at start-up of the Hubert subsidiary in Germany among other reasons, the division's EBITDA margin fell to 8.6 (9.6) percent. A further reason was the reduced level of capacity utilisation of the mail order infrastructure in Plant Equipment Group. Adjusted for the sale of Conney and the associated profit from the deconsolidation in the preceding year, the EBITDA margin would have fallen by 0.9 percentage points.

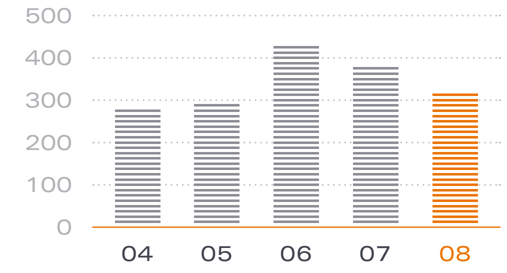
Integration of NBF Group runs according to plan

At the beginning of 2006, K + K America acquired the leading US office furniture mail order supplier NBF and thus expanded its position in the growing service sector. The integration continued smoothly in the year under review. Since 2008, NBF Group has made use of the logistics infrastructure installed by Topdeq, enabling it to deliver selected products directly from stock. This will mean that customers in future will be able to benefit from shorter delivery times and better service. The introduction of warehouse business is one of a number of planned measures that shall contribute to NBF achieving a double-digit EBITDA margin by 2010. In 2008 the EBITDA margin of NBF was 8.5 (8.6) percent.

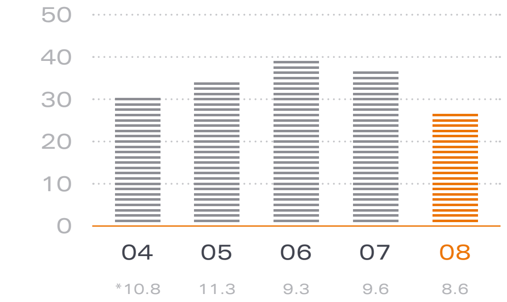
Hubert launched in Europe

In June 2008, the official opening of the European Hubert company took place in Pfungstadt. Hubert had already mailed out its first catalogue to potential customers in Germany the previous month – with a positive response that significantly exceeded expectations. The company is already planning to expand into a further European market in 2009.

Turnover
in EUR million



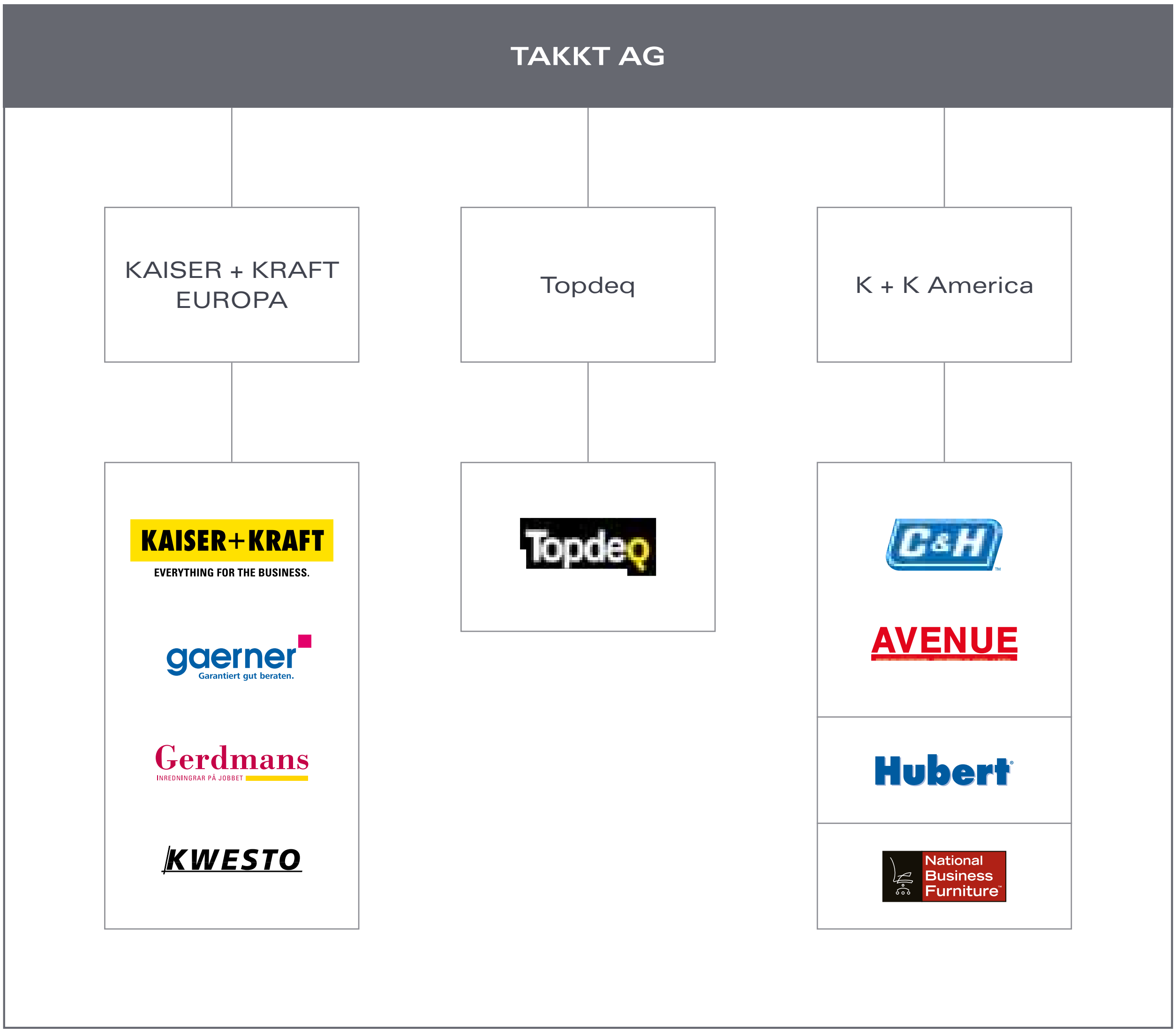
EBITDA
in EUR million (*margin in %)

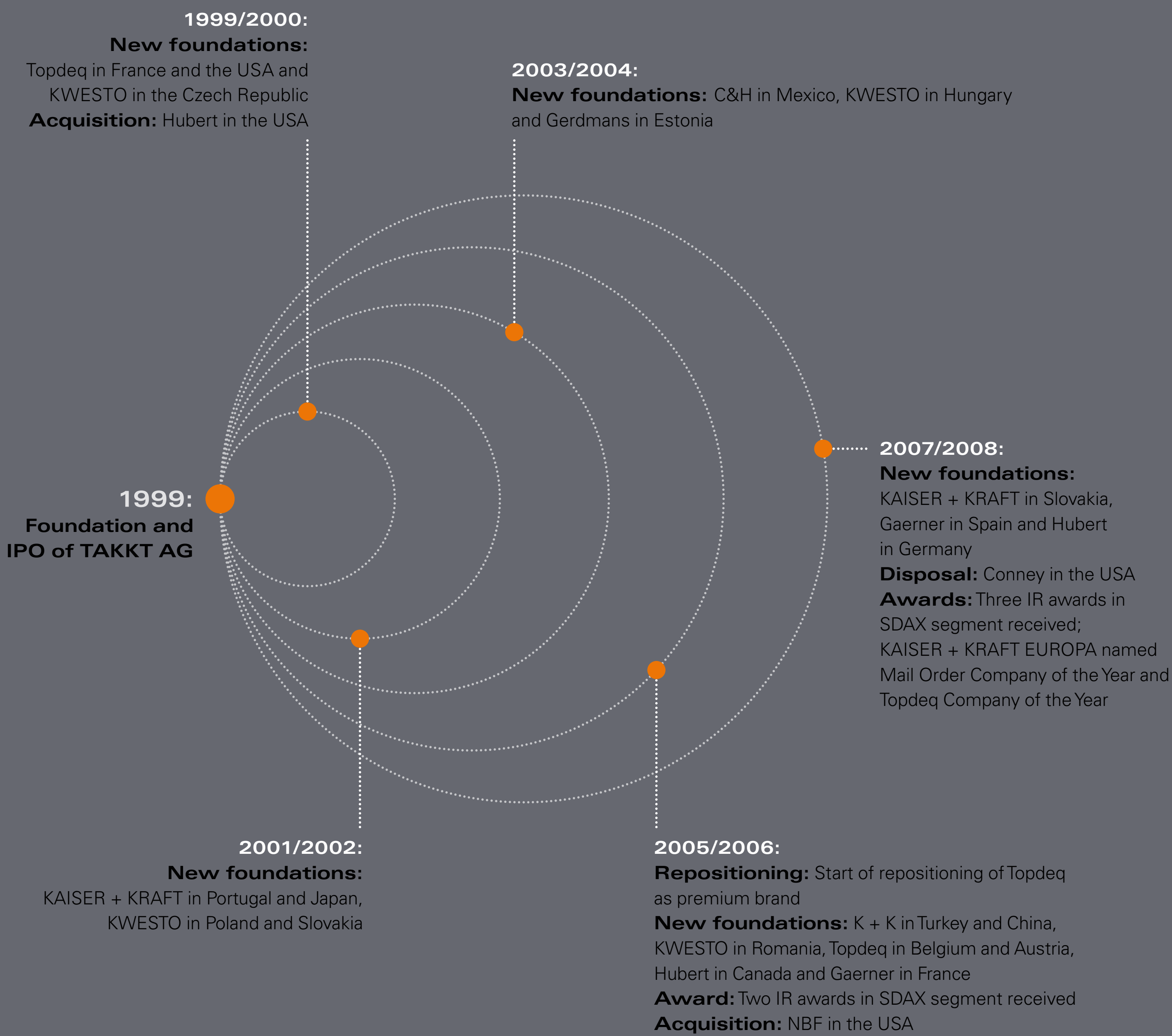


Employees
Full-time equivalents – 31.12.

TAKKT AG unites three divisions under one roof

The sales companies of the three TAKKT divisions, KAISER + KRAFT EUROPA, Topdeq and K + K America, address their specific target groups with a diverse product range. Their service holding companies are responsible for an efficient IT and logistics infrastructure, as well as compiling product ranges and producing catalogues. TAKKT AG, responsible for the strategic management of the Group, steers the cross-divisional transfer of knowledge. This Group structure enables expansion into a variety of new markets without dramatically increasing the complexity of management. This is best documented by the successful number of start-ups in the past few years.

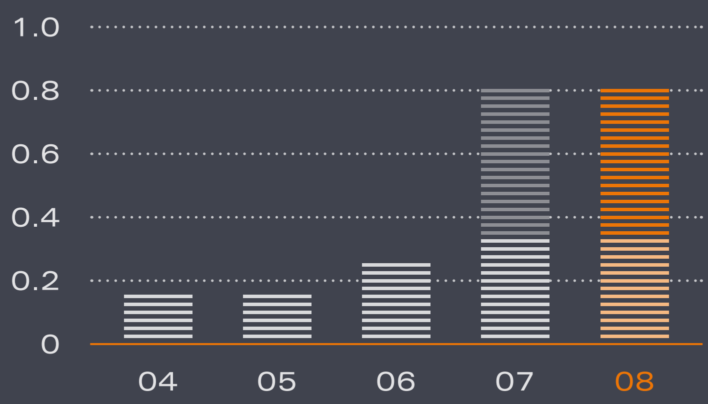




WITHOUT BORDERS

From the beginning, the success of TAKKT AG has been marked by the opening up of new markets – whether through the roll-out of the business model in new countries and regions such as in Asia with the founding of KAISER + KRAFT in Japan and China, implementation of the two-brand strategy as in Eastern Europe with the KWESTO brand alongside KAISER + KRAFT, or the successful acquisition of new companies such as Hubert and NBF in the USA to further diversify the product and customer portfolio.

03 TAKKT SHARE



Dividend per share

in EUR

Ordinary dividend

Special dividend

Shareholders and analysts profit from exemplary financial communication

In its dialogue with all participants in the capital market, TAKKT AG is committed to transparency, continuity and speed. Thanks to its prompt and understandable communication, the company's investor relations work received two awards in 2008.

Transparent and comprehensive communication

Rapid, transparent and comprehensive communication is the hallmark of the dialogue that TAKKT maintains with the participants in the capital market. All players – institutional investors, private shareholders and financial analysts as well as potential investors and banks – promptly receive all information on corporate strategy and the development of the business.

The basis of TAKKT's financial communication is its website www.takkt.com. Here, interested parties can find among other things quarterly and annual reports, ad-hoc news and press releases, corporate presentations, and details on corporate governance. TAKKT also provides answers to frequently asked questions about the company and its development, and announces all publication dates, as well as the dates of roadshows and investors' conferences at which TAKKT is presenting, in its financial calendar. This comprehensive and permanently updated source of information was used by private investors as well as by institutional investors in the period under review.

Providing the capital market with information about its quarterly results as quickly as possible is perfectly normal for TAKKT. These figures are published one month after the end of each quarter – a financial service that is not standard practice even in larger corporations. Interested parties are also welcome to put their questions to members of the Management Board in telephone conferences. Independently of these events, all investors are also invited to submit their questions to the investor relations department.

Key figures for TAKKT Group under IFRS

	2004	2005	2006	2007	2008
Earnings per share (EPS) in EUR	0.44	0.68	0.84	1.07	1.04
Cash flow per share (CPS) in EUR	0.83	0.90	1.12	1.39	1.37
Dividend per share in EUR	0.15	0.15	0.25	0.80*	0.80*
Payout ratio in percent	33.8	22.0	29.6	74.7	69.2
Number of shares in millions	72.9	72.9	72.9	72.9	72.9
Shareholders' equity ratio in percent	39.6	46.1	47.7	58.6	61.7
Share price in EUR (31.12.)	7.75	9.50	13.15	11.90	8.00
Highest price in EUR	7.95	9.70	14.27	15.49	12.50
Lowest price in EUR	5.92	7.25	9.31	11.78	6.59
Market capitalisation in EUR million (31.12.)	565.0	692.6	958.6	867.5	583.2

thereof EUR 0.32 ordinary dividend and EUR 0.48 special dividend

This offer is especially popular with institutional investors, but also with private investors.

Close contact with investors

TAKKT published the final figures for the year 2007 at its financial statements press conference in Stuttgart and the analysts' conference in Frankfurt/Main in March 2008. In addition TAKKT visited key international financial centres. TAKKT again participated in two capital market conferences in Frankfurt/Main, and also staged roadshows in London, Paris, Zurich, Brussels, Edinburgh, Cologne, Bonn, Düsseldorf and Frankfurt/Main. Additionally there were many visits to the corporate headquarters in Stuttgart during the year. In all these meetings, the company presented the Group's business model and long-term earnings and growth perspectives to numerous investors and other interested parties.

Through these activities the company aims to deepen its contact with existing shareholders as well as to increase contacts with potential investors and raise the number of investors. Independently of the various types of events, TAKKT's top management is always actively involved along with the investor relations department.

New awards for investor relations work

TAKKT's financial communication is marked by continuity at the highest level. For example, developments and topics are always covered at the same place and in the same form. If there are changes against the previous year or if one-off effects impact the development in the period under review, these changes are explained at the relevant spot. TAKKT also reports transparently on acquisition or divestment effects, as was the case in the sale of Conney again in the year under review.

TAKKT received as many as two awards for its investor relations work in 2008. They demonstrate that TAKKT informs all players in the capital market in a continuous, transparent, comprehensive and topical way about its current business and planned future developments.

High participation at Annual General Meeting

More than 400 shareholders and guests attended the ninth ordinary Annual General Meeting (AGM) of TAKKT AG in Ludwigsburg on 7 May 2008. By a large majority the AGM approved a substantial increase in the ordinary dividend from 25 to 32 cents per share

Performance of the TAKKT share, 52-week comparison 2008

Dr Florian Funck (left), CFO of TAKKT AG, receiving the Investor Relations Award from Dr Klaus Schweinsberg, Chief Editor of the magazine Capital

and the payment of a special dividend of 48 cents per share. The shareholders also once more authorised the Management Board to acquire own shares amounting to up to ten percent of the share capital. Management did not make use of this possibility in the financial year 2008. For the purchase of own shares in 2009 see page 51 onwards.

Finally the shareholders also approved by a large majority the proposed amendment to the company statutes regarding the compensation of members of the Supervisory Board. In so doing they paid special tribute to the willingness of the Supervisory Board members to relinquish a significant portion of their performance-related compensation.

Immediately before the AGM, the Supervisory Board of TAKKT AG discussed the extension of Management Board contracts in the context of securing the continuity of the company's management. At the request of the Chairman of the Management Board, Georg Gayer, his contract running until 28 February 2009 was only extended until May 2010. At its meeting on 14 March 2008 the Supervisory Board had already appointed Dr Felix A. Zimmermann as Deputy Chairman of the Management Board with responsibility for the K + K America division for five years with effect from 1 May 2008. Thus all three TAKKT divisions are once again represented by a member on the Management Board. The Supervisory Board extended in rotation the contracts of Franz Vogel (COO KAISER + KRAFT EUROPA division, until 28 February 2014), Dr Florian Funck (CFO, until 31 May 2014) and Didier Nulens (COO Topdeq division, until 30 June 2014).

Another special dividend

For TAKKT AG it goes without saying that shareholders should participate fairly in the company's profit and cash flow. At the same time TAKKT wants and needs to have enough financial scope for further profitable growth. At the AGM for the financial year 2008 on 6 May 2009, the Management and Supervisory Boards will therefore propose an unchanged ordinary dividend of 32 cents per share. Since the equity ratio is slightly above the target corridor of 30 to 60 percent, it is also proposed to again distribute a special dividend of 48 cents per share. The Group is thus maintaining its constant and reliable dividend policy in the period under review. The payout ratio of the ordinary dividend amounts to about 28 percent of the equity share of profit for the year. Including the special dividend, TAKKT will distribute about 70 percent of the equity share of profit for 2008. In the future too, due to the very solid balance sheet and stable business model, TAKKT's shareholders will be able to participate to a high degree in the earnings and cash flow of the Group. Whether special dividends will again be paid out alongside the ordinary dividend, or whether own shares will be purchased in the coming years will depend on whether TAKKT will have to fund larger value-creating acquisitions or other investment.

TAKKT once more achieves excellence in investor relations work

TAKKT received two awards for financial communication in 2008. For the fourth time in succession, the specialist for office, business and warehouse equipment was placed in the top three in the SDAX segment of the prestigious Investor Relations Award presented by the financial magazine Capital. The company also won a prize for the first time in the German Investor Relations Award, where it came third in the SDAX. The award is sponsored by Thomson Reuters Extel Surveys, the magazine WirtschaftsWoche and the German Investor Relations Association (DIRK).

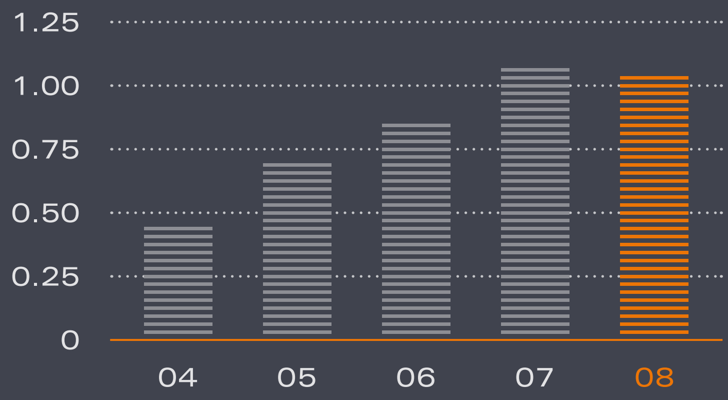
Transparency and tempo

Both awards are confirmation of successful financial communication which benefits investors, shareholders, analysts and the financial media. TAKKT was assessed on the continuity, transparency, comprehensiveness and speed of information provided for capital market participants on the current course of business and planned developments. "Both prizes are an endorsement of our strategy," comments Dr Florian Funck, CFO of TAKKT AG. "We do not differentiate between large-scale funds and private investors – all capital market participants receive identical information."

Information at first hand

"The awards are an additional incentive for us to maintain and further extend our high standards," explains Joachim Eschke, head of corporate finance and investor relations at TAKKT. On roadshows in major European financial centres Eschke and members of the TAKKT Management Board visited current and prospective investors, presented their business model and provided information on current business and future company targets. Investors had the opportunity to discuss individual questions with the TAKKT representatives.

04 CORPORATE MANAGEMENT



Earnings per share
in EUR

Taking responsibility – A key foundation stone for success

For TAKKT, corporate governance means more than simply the fulfilment of a duty. Because responsibility lays the basis for success – from co-operation between executives and employees and between the Management and Supervisory Boards, to communication with business partners and shareholders.

Responsible by conviction

For TAKKT, responsible corporate management is an essential fundamental principle. For this reason the Group explicitly avows the objectives of the German Corporate Governance Code (see information box on page 90). This is shown in practice, for example, by the fact that the Management Board informs the Supervisory Board and shareholders promptly and comprehensively about the latest developments. Management structures are marked by clear organisation and direct lines of responsibility. The company also operates a value-based compensation and incentive system. To secure lasting business success, TAKKT has installed an active risk management system which is undergoing continual optimisation. Further information on this subject can be found in the annual report starting on page 62.

Tradition of transparency

Ever since its foundation, TAKKT AG has attached great importance to open communication with shareholders and all interested parties. Shareholders can direct questions and suggestions to the Management and Supervisory Boards at any time. The internet site www.takkt.com provides comprehensive information in both German and English. Here, alongside the company's key figures and information about the TAKKT share, can be found among other things financial reports, press releases and ad-hoc news. The financial calendar also contains the dates of all important regular publications such as e.g. interim reports. The documents for the AGM can also be downloaded conveniently from the website.

Voting rights at the AGM

The AGM of TAKKT AG offers shareholders the opportunity to exercise their statutory rights. If decisions are to be taken which require shareholders' approval, they can either vote personally or by proxy. The procedure for registration and proof of eligibility at the AGM of TAKKT AG is in accordance with the stipulations of the German Stock Corporation Act and with international standards. Every shareholder who wishes to participate in an AGM of TAKKT AG and exercise his right to vote must register and prove that he is eligible to participate and vote at the meeting. Details of the conditions for registration and participation are announced in the invitation to every AGM.

Close co-operation between Management and Supervisory Boards

Greater success comes from working together. Mindful of this watchword, the Management and Supervisory Boards of TAKKT AG co-operate on a basis of trust. The Management Board is responsible for steering the company – it develops the strategy and implements it, takes responsibility for the operating business and ensures effective risk management. Important decisions are taken by the Management Board in consultation with the Supervisory Board, which it also informs regularly and comprehensively about developments in the company, its environment, its strategy, and the development of its business.

It is the duty of the Supervisory Board to oversee and advise the Management Board in its management of the company. It carries out this duty with dedication, and thus makes a substantial contribution to the com-

Declaration pursuant to section 161 German Stock Corporation Act (AktG) on 31 December 2008:

The Management and Supervisory Boards of TAKKT AG declare that the recommendations of the "German Corporate Governance Code Government Commission", published by the Federal Ministry of Justice ("Bundesministerium der Justiz") in the official part ("amtlicher Teil") of the Electronic Federal Gazette ("Elektronischer Bundesanzeiger"), as amended on 6 June 2008 will be met. Management and Supervisory Boards further declare that since the last declaration the recommendations of the "German Corporate Governance Code Government Commission" as amended from time to time have been met. There are the following exceptions:

1. Under clause 4.2.4 the German Corporate Governance Code recommends that the total compensation of each member of the Management Board is to be disclosed by name, divided into non-performance-related, performance-related and long-term incentive components, unless decided otherwise by the General Meeting by three-quarters majority. At TAKKT AG this information is not issued individually as on 31 May 2006 the Annual General Meeting has made such a resolution for the duration of five years.

2. Under clause 5.3.2 the German Corporate Governance Code recommends that the Supervisory Board shall establish an Audit Committee. At TAKKT AG no Audit Committee has been installed. As the Supervisory Board of TAKKT AG with six members is comparatively small, Management and Supervisory Boards still see no need to establish an Audit Committee for the Board.

3. Under clause 5.3.3 the German Corporate Governance Code recommends that the Supervisory Board shall establish a Nomination Committee. At TAKKT AG no Nomination Committee has been installed. As the Supervisory Board of TAKKT AG with six members is comparatively small, Management and Supervisory Boards also see no need to establish a Nomination Committee for the Board.

4. Under 5.4.7 para. 3 the German Corporate Governance Code recommends the individual disclosure of compensation paid to the Supervisory Board, and compensation or benefits paid to the members of the Supervisory Board for personal services, especially consulting and agency services. At TAKKT AG this information is not issued individually.

5. Under clause 7.1.2 the German Corporate Governance Code recommends that half-year and any quarterly financial reports shall be discussed by the Supervisory Board or its Audit Committee prior to publication. At TAKKT AG the Chairman and the Deputy Chairman are continuously informed about the business development. Moreover all members of the Board receive a written monthly report. Therefore the Supervisory Board does not consider it necessary to additionally and separately discuss the quarterly financial reports with the whole Supervisory Board or with an Audit Committee.

Stuttgart, 31 December 2008

On behalf of the Supervisory and Management Boards of TAKKT AG

Prof Dr Klaus Trützschler,
Chairman of the Supervisory Board
Georg Gayer, CEO

pany's success. It supports the Management Board in fulfilling its responsibilities promptly and completely, and participates in taking the most important decisions. A further responsibility of the Supervisory Board is to appoint the auditors in accordance with the resolution of the AGM. Compensation of Supervisory Board members is determined by the shareholders of TAKKT AG. Supervisory Board compensation is regulated in the company statutes which can be found on the internet at www.takkt.com.

Commitment to the Corporate Governance Code

TAKKT AG underlines its commitment to responsible corporate management by expressly avowing the aims and requirements of the German Corporate Governance Code. In December 2008, the Management and Supervisory Boards therefore renewed their declaration of general conformity with the latest version of the recommendations of the German Corporate Governance Code Government Commission according to section 161 AktG. This declaration of conformity is reproduced here verbatim on page 89 and is also available on the www.takkt.com website.

TAKKT has only determined on a few exceptions from the declaration. These include the fact that the Group does not disclose the compensation paid to individual Management and Supervisory Board members. The total of all relevant compensation payments as well as the way in which Management Board compensation is divided into fixed and variable parts can be read on pages 91 and 145 of this annual report. TAKKT is convinced that providing more individualised details would not add any information and would infringe on the privacy of the Supervisory and Management Board members. TAKKT shareholders agree with this and at the AGM in 2006 they resolved that the compensation of Management Board members will not be published on an individualised basis until 2011 inclusive.

The Supervisory Board does not see any necessity for either an audit committee or a nomination committee. The Supervisory Board is lean and efficient with only six members. Moreover the Supervisory Board does not consider it necessary for the whole Supervisory Board to discuss the quarterly and half-year financial reports before they are published. This decision is explained by the fact

GCGC

German Corporate Governance Code Government Commission (GCGC)

The commission set up by the German Federal Government in September 2001 initially had the task to develop a "Code of Best Practice" for responsible company management in Germany. The commission presented the subsequent Code to the legislator in February 2002. Since July of that year, capital market-driven companies are obliged by law to state in a declaration of conformity how far they have applied the recommendations of the Code. Guidelines are reviewed and improved by the commission annually.

The German Corporate Governance Code also includes recommendations on the composition of the Supervisory Board and the responsibilities of the AGM. The objective is to create a binding framework for good corporate governance for German companies. At the same time the applicable rules are to be made as transparent as possible – both in Germany and abroad. Investors and shareholders are also given criteria to help them rate company management.

For more information see:
www.corporate-governance-code.com

that the Chairman and Deputy Chairman are kept informed continuously and the whole Supervisory Board monthly in writing, by the Management Board about the course of business.

Value-based compensation systems

The Management Board of TAKKT AG is decisively responsible for the sustained success of the company. Management Board members therefore receive compensation that is appropriate to their duties and responsibilities as well as to the economic situation of the Group. The personnel committee of the Supervisory Board has therefore developed a compensation model made up of fixed and variable components. The fixed component is dependent on experience and personal performance, as well as on market standards. The variable part consists of a profit and a strategy bonus. Through the conjunction of these two bonus components, Management Board members are motivated to sustainably increase growth, profitability and the value of the Group to the benefit of employees and shareholders in equal measure.

The profit bonus is based on cash flow and is more growth oriented. However, high cash flow increases can also be generated by overpaid acquisitions. The strategy bonus on EVA® basis places a limit to this. It creates incentives for generating long-term profitable growth and meeting the interest expectations of debt and equity investors.

Stock options are not a component of Management Board compensation at TAKKT AG and will not be in the future.

Further information on the Board's compensation system can be found on the internet at www.takkt.com.

Share ownership and compulsory notification

Altogether the Management and Supervisory Board members held 7,365 (5,369) shares in the year under review, which was less than one percent of TAKKT shares issued.

According to section 15a of the German Securities Trading Act (WpHG), persons who perform management functions (as well as natural and legal persons closely related to that person) at a company listed at a German stock exchange must notify the respective company and the German Federal Financial Supervisory Authority (BaFin) if in the course of a calendar year they buy or sell shares or related financial instruments at a value exceeding EUR 5,000. In the year under review, one such transaction subject to notification was carried out, published on the website and notified to BaFin. Further information on this can be found in the Notes on page 144 and on our website www.takkt.com.

Corporate compliance

TAKKT AG attaches the highest priority to its compliance with all statutory and contractual obligations associated with responsible corporate governance. The Management Board also takes care to ensure that internal corporate guidelines are adhered to. Compliance with external and internal regulations is also regularly monitored by external auditors and the internal audit department on behalf of the Management Board.

Remuneration of Management Board in EUR '000

	2008
Salaries and other short-term payments	4,556
thereof variable	2,481
Provisions for payments after end of employment	177
Other long-term benefits	50
	4,783

Ladies and Gentlemen

In the past financial year, TAKKT Group was again successful. Despite the global cooling of the economy, it achieved slight increases in its organic turnover and profitability. The principal reasons for this are to be found in the dedication of our employees as well as that of the Management Board. As the Supervisory Board we have lent them our full support.

Business development and personnel changes

The Supervisory Board met five times in the financial year 2008. The four regular quarterly meetings were mainly about the current course of business, acquisition options, strategic and operational planning, risk management, the internal control system, audit planning, the development of newly founded and young companies, as well as the integration of NBF Group. In September 2008 there was an extraordinary meeting at which we agreed on changes to the Supervisory Board. Alexander von Witzleben, at that time the Chairman of the Supervisory Board, resigned the Chairmanship with effect from 15 September 2008, and from that date until 31 December 2008 he limited his activities to membership of the Supervisory Board. At the end of 2008 he retired from the Supervisory Board. Since 24 September 2008 the new Chairman of the Supervisory Board has been Prof Dr Klaus Trützschler, with Dr Eckhard Cordes serving as his Deputy.

There has also been a change on the Management Board of TAKKT AG. Since May 2008, Dr Felix A. Zimmermann has been Deputy Chairman of the Management Board with responsibility for the K + K America division. Georg Gayer previously fulfilled this duty on an interim basis. At the end of January 2009 Mr Gayer advised us that, for personal reasons, he will resign as a member of the Management Board and CEO of TAKKT AG with effect from 31 May 2009. We respect his decision, while at the same time we regret his premature departure. Over the past 30 years Mr Gayer has been second to none in his efforts to drive forward the development of TAKKT into a leading international B2B mail order company for office, business and warehouse equipment, for which I would like to thank him most sincerely in the name of the Supervisory Board.

In the financial year 2008 the Personnel Committee met twice. In particular, these meetings dealt with Management Board contracts and the report on the development of Management Board compensation.

Constructive co-operation in a spirit of partnership

The co-operation between the Supervisory Board and management was again marked by transparency and openness in 2008. The Management Board regularly informed us verbally and in writing about all points relevant to the Group. The information we were given was not limited to that required by statute. Requests for further information were responded to immediately by the Management Board. In addition to regular Supervisory Board meetings, we also received a monthly summary report on the latest developments. Management informed me separately about any material events between scheduled meetings. This information was then shared with the other members of the Supervisory Board at the next meeting. The Management and Supervisory Boards discussed all

Prof Dr Klaus Trützschler
Chairman of the Supervisory Board

relevant topics openly and constructively. If points needed to be decided by us, we passed the required resolutions in a timely manner.

Oriented towards Corporate Governance Code

The Supervisory Board attaches importance to conducting its control tasks continuously and with great intensity. We will continue to perform this duty with the same dedication and contribute considerably to responsible management at TAKKT. In this connection we and the Management Board have again signed the declaration of conformity to the recommendations of the German Corporate Governance Code Government Commission effective 31 December 2008. Further information on this as well as on the compensation system for the TAKKT Management Board can be found on page 88 onwards.

Renewed payment of special dividend

At the forthcoming AGM, the Supervisory Board together with the Management Board will propose to pay out an ordinary dividend of 32 cents per share, unchanged from the previous year, and additionally a renewed special dividend of 48 cents per share. This means that, for the financial year 2008, our shareholders will again receive an attractive return on their investment and benefit from the Group's good profit situation and high cash flow.

Consolidated financial statements and financial statements of TAKKT AG approved

The AGM appointed Ebner Stolz Mönning Bachem GmbH & Co. KG, Stuttgart, as the auditors for the financial year 2008. The focus of the audit of TAKKT AG in the period under review was on valuation of financial assets and provisions, as well as the correctness and completeness of the Notes. For the Group the audit concentrated on the impact of the global economic crisis, capital consolidation, impairment tests, elimination of unrealised intercompany profits as well as the Notes to the consolidated financial statements and the combined management report of TAKKT AG and the Group. The auditors audited the TAKKT AG financial statements, the consolidated financial statements and the combined management report which received an unqualified audit opinion. The TAKKT AG risk management system was also audited and its suitability confirmed. The auditors in charge took part in the Supervisory Board's annual accounts meeting. They informed members about the key findings of the audit and answered more detailed questions.

The Supervisory Board carefully reviewed the auditor's findings and approved them. In addition, the Supervisory Board also reviewed the consolidated financial statements, the financial statements of TAKKT AG, and the combined management report as well as the proposed profit appropriation. No objections were put forward by the Supervisory Board. Therefore the financial statements of TAKKT AG and the Group are now final. The Supervisory Board agrees with the profit appropriation proposal put forward by the Management Board. The Supervisory Board also approves the combined management report and in particular the assessment of the Group's future development.

Supervisory Board approves dependence report

Franz Haniel & Cie. GmbH, Duisburg, continued to hold a majority of TAKKT shares in 2008. The Management Board therefore provided the Supervisory Board with a report on relations with affiliated companies for the past financial year as required under section 312 of the German Stock Corporation Act (AktG). Ebner Stolz Mönning Bachem GmbH & Co. KG, Stuttgart, also prepared an auditor's report as required under section 313 AktG. As the audit was concluded without any reservations, the auditor issued the following unqualified opinion: "Having conducted a proper audit and appraisal we confirm that, firstly the facts set out in the report are correct and, secondly payments made by the company for transactions covered in the report were not unduly high."

The Supervisory Board reviewed and approved the dependence report and the corresponding audit report according to section 314 AktG. The Board had no objections to the report and the contained closing statement by the Management Board, which can be found on page 51 in the management report.

Thanks to shareholders, staff members and Management Board

We would like to thank TAKKT AG shareholders for the trust they have once again placed in the Supervisory Board. Our special thanks go to the employees for their outstanding performance in 2008 and to the Management Board for their trusting co-operation in a spirit of partnership.

Stuttgart, March 2009

Klaus Trützschler

Prof Dr Klaus Trützschler, Chairman of the Supervisory Board

Members of the Supervisory Board

Prof Dr Klaus Trützschler
Chairman from 24 September 2008
Deputy Chairman until 24 September 2008
Member of the Management Board of Franz Haniel & Cie. GmbH

Dr Eckhard Cordes
Deputy Chairman from 24 September 2008
Chairman of the Management Board of Franz Haniel & Cie. GmbH
Chairman of the Management Board of METRO AG

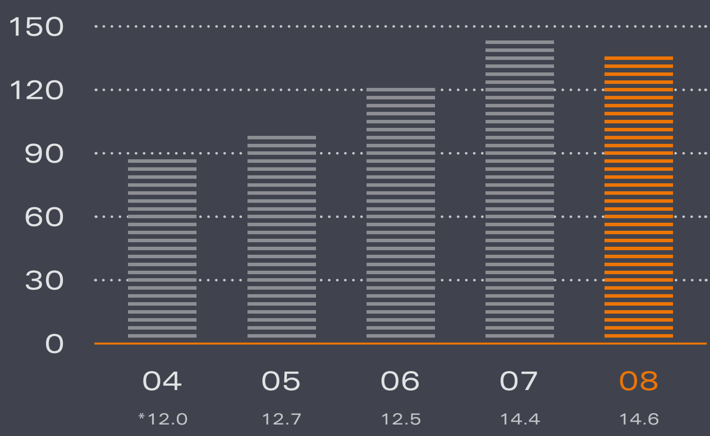
Michael Klein
Non-Executive Chairman of RAPP Germany GmbH, Multichannel Marketing Agency

Thomas Kniehl
Logistics employee at KAISER + KRAFT GmbH

Prof Dr Dres h.c. Arnold Picot
University professor at the Ludwig-Maximilians-Universität München

Alexander von Witzleben
Chairman until 15 September 2008
Member until 31 December 2008
Member of the Management Board of Franz Haniel & Cie. GmbH
until 31 December 2008

05 CONSOLIDATED FINANCIAL STATEMENTS



EBITDA

in EUR million (*margin in %)

Consolidated income statement of TAKKT Group, Stuttgart, 1 January to 31 December 2008 under IFRS (in EUR '000)

	Notes	2008	2007
Turnover	(1)	932,145	986,207
Changes in inventories of finished goods and work in progress		616	311
Own work capitalised		41	30
Gross performance		**932,802**	**986,548**
Cost of sales		546,491	578,820
Gross profit		**386,311**	**407,728**
Other income	(2)	7,922	8,368
Personnel expenses	(3)	103,167	112,309
Other operating expenses	(4)	155,082	161,460
EBITDA		**135,984**	**142,327**
Depreciation of property, plant and equipment and other intangible assets	(5)	15,811	17,356
EBITA		**120,173**	**124,971**
Amortisation of goodwill		0	0
EBIT		**120,173**	**124,971**
Result from at-equity investments		0	0
Finance expenses	(6)	–5,786	–9,657
Other finance result	(7)	–446	760
Finance result		**–6,232**	**–8,897**
Profit before tax		**113,941**	**116,074**
Income taxes	(8)	36,853	36,817
Profit		**77,088**	**79,257**
attributable to TAKKT AG shareholders		75,862	78,038
attributable to minority interest		1,226	1,219
Earnings per share (in EUR)	(9)	1.04	1.07

Consolidated balance sheet of TAKKT Group, Stuttgart, at 31 December 2008 under IFRS (in EUR '000)

Assets	Notes	**2008**	2007
Non-current assets			
Property, plant and equipment	(10)	108,722	93,359
Goodwill	(11)	217,656	211,623
Other intangible assets	(12)	20,054	21,925
Investments in associates		20	20
Other assets	(13)	861	820
Deferred tax	(14)	4,723	5,624
		352,036	**333,371**
Current assets			
Inventories	(15)	69,929	64,614
Trade receivables	(16)	88,379	109,012
Other receivables and assets	(17)	36,876	35,554
Income tax assets		1,672	957
Cash and cash equivalents	(18)	3,475	5,504
		200,331	**215,641**
Total assets		**552,367**	**549,012**

Equity and liabilities	Notes	**2008**	2007
Shareholders' equity	**(19)**		
Issued capital		72,900	72,900
Reserves		192,951	171,255
Other comprehensive income		–1,173	–286
Profit attributable to shareholders		75,862	78,038
		340,540	**321,907**
Minority interest	**(20)**	**3,509**	**2,973**
Total equity		**344,049**	**324,880**
Non-current liabilities			
Borrowings	(21)	49,557	72,750
Deferred tax	(14)	23,999	17,464
Provisions	(22)	18,800	17,878
		92,356	**108,092**
Current liabilities			
Borrowings	(21)	33,802	18,524
Trade payables	(23)	24,707	31,683
Other liabilities	(24)	34,884	35,247
Provisions	(25)	11,572	14,272
Income tax liabilities		10,997	16,314
		115,962	**116,040**
Total equity and liabilities		**552,367**	**549,012**

Consolidated statement of changes in total equity of TAKKT Group, Stuttgart (in EUR '000)

	Issued capital	General reserves	Currency reserves	Other comprehensive income	Shareholders' equity	Minority interest	Total equity
Balance at 01.01.2008	**72,900**	**276,255**	**–26,962**	**–286**	**321,907**	**2,973**	**324,880**
Effect of currency changes	0	0	1,978	–30	1,948	0	1,948
Dividends paid	0	–58,320	0	0	–58,320	–690	–59,010
Profit	0	75,862	0	0	75,862	1,226	77,088
Changes in derivative financial instruments	0	0	0	–857	–857	0	–857
Balance at 31.12.2008	**72,900**	**293,797**	**–24,984**	**–1,173**	**340,540**	**3,509**	**344,049**

	Issued capital	General reserves	Currency reserves	Other comprehensive income	Shareholders' equity	Minority interest	Total equity
Balance at 01.01.2007	**72,900**	**216,442**	**–16,516**	**354**	**273,180**	**2,354**	**275,534**
Effect of currency changes	0	0	–10,446	9	–10,437	0	–10,437
Dividends paid	0	–18,225	0	0	–18,225	–600	–18,825
Profit	0	78,038	0	0	78,038	1,219	79,257
Changes in derivative financial instruments	0	0	0	–649	–649	0	–649
Balance at 31.12.2007	**72,900**	**276,255**	**–26,962**	**–286**	**321,907**	**2,973**	**324,880**

Consolidated cash flow statement of TAKKT Group, Stuttgart (in EUR ’000)

	2008	2007
Profit	77,088	79,257
Depreciation of non-current assets	15,811	17,356
Deferred tax affecting profit	7,117	4,615
Cash flow	**100,016**	**101,228**
Other non-cash expenses and income	3,813	3,422
Profit and loss on disposal of non-current assets and consolidated companies	–258	–1,233
Change in inventories	–6,121	–8,811
Change in trade receivables	20,309	–1,878
Change in other assets not included in investing and financing activities	–3,570	–7,059
Change in short and long-term provisions	–1,909	2,638
Change in trade payables	–7,299	2,934
Change in other liabilities not included in investing and financing activities	–8,064	3,709
Cash flow from operating activities	**96,917**	**94,950**
Proceeds from disposal of non-current assets	559	2,360
Capital expenditure on non-current assets	–27,897	–45,809
Proceeds from the disposal of consolidated companies and other business units (less cash and cash equivalents sold)	0	33,884
Cash outflows for the acquisition of consolidated companies (less acquired cash and cash equivalents)	0	0
Cash flow from investing activities	**–27,338**	**–9,565**
Proceeds from borrowings	51,766	103,448
Repayment of borrowings	–63,649	–168,414
Dividends to TAKKT AG shareholders and minority interest	–59,010	–18,825
Other financial payments	–450	154
Cash flow from financing activities	**–71,343**	**–83,637**
Net change in cash and cash equivalents	–1,764	1,748
Effect of exchange rate changes	–265	–122
Cash and cash equivalents at 01.01.	5,504	3,878
Cash and cash equivalents at 31.12.	**3,475**	**5,504**

The cash flow statement has been prepared from the consolidated financial statements using the indirect method and has been prepared according to IAS 7. To adjust for exchange rate effects the opening balance sheet was translated at the respective exchange rates on the reporting date. These figures were then compared with the closing balance sheet. Any non-cash expenses and income items were adjusted for.

The cash flow figure is used in all financial communications. Since the application of IFRS 3 in 2005 TAKKT defines this as the profit plus depreciation plus deferred tax affecting profit. It is shown as a subtotal within the cash flow from operating activities.

The cash flow from operating activities includes interest receipts of EUR 207,000 (EUR 804,000) and interest payments of EUR 4,867,000 (EUR 8,744,000). In 2008 income taxes of EUR 35,867,000 (EUR 30,053,000) were paid.

Capital expenditure relates to rationalisation and expansion measures. Assets of EUR 0 (EUR 1,590,000) were acquired by means of a finance lease.

Borrowings include all interest-bearing liabilities; please see page 126 onwards for further details. EUR 58,320,000 (EUR 18,225,000) in dividends were paid to TAKKT AG shareholders in the year under review. This constitutes a total dividend of EUR 0.80 (EUR 0.25) per share, comprising an ordinary dividend of EUR 0.32 (EUR 0.25) and a special dividend of EUR 0.48 (EUR 0).

Cash and cash equivalents stated at the balance sheet date include cash, bank balances and cheques. This was not netted off with short-term borrowings.

Primary segment reporting 2008 of TAKKT Group, Stuttgart (in EUR '000)

01.01.2008 – 31.12.2008	K + K EUROPA	Topdeq	K + K America	Others/ consolidation	Group total
Turnover to third parties	538,589	82,684	310,872	0	932,145
Inter-segment turnover	747	24	16	–787	0
Segment turnover	539,336	82,708	310,888	–787	932,145
Segment share of Group turnover	57.9%	8.9%	33.3%	–0.1%	100.0%
EBITDA	111,496	6,257	26,597	–8,366	135,984
EBITA	106,280	3,347	18,998	–8,452	120,173
EBIT	106,280	3,347	18,998	–8,452	120,173
Profit before tax	101,728	1,138	15,000	–3,925	113,941
Profit	71,739	–84	8,522	–3,089	77,088
Scheduled depreciation of segment assets	5,216	2,910	7,599	86	15,811
Impairment of segment assets	0	0	0	0	0
Other non-cash expenses (+) and income (–)	582	425	2,521	285	3,813
Income from at-equity investments	0	0	0	0	0
Segment assets	277,854	85,779	231,122	–48,919	545,836
thereof book value of assets valued at-equity	20	0	0	0	20
Deferred tax and income tax assets	2,515	2,068	1,966	–18	6,531
Total assets	280,369	87,847	233,088	–48,937	552,367
Segment liabilities	46,305	8,085	26,300	9,273	89,963
Deferred tax and income tax liabilities	14,336	220	14,547	5,893	34,996
Borrowings (short and long-term)	125,962	54,469	92,771	–189,843	83,359
Total liabilities	186,603	62,774	133,618	–174,677	208,318
Segment capital expenditure	16,916	6,905	3,943	144	27,908
Average no. of employees (full-time equivalent)	963	215	774	28	1,980
Employees (full-time equivalent) at the reporting date	976	216	740	28	1,960

Secondary segment reporting by region 2008 of TAKKT Group, Stuttgart (in EUR '000)

01.01.2008 – 31.12.2008	Germany	Rest of Europe	North America	Other	Group total
Segment turnover	233,517	371,779	320,293	6,556	932,145
Segment share of Group turnover	25.0%	39.9%	34.4%	0.7%	100.0%
Segment assets	190,342	133,453	218,373	3,668	545,836
Segment capital expenditure	15,146	8,899	3,711	152	27,908

Primary segment reporting 2007 of TAKKT Group, Stuttgart (in EUR '000)

01.01.2007 – 31.12.2007	K + K EUROPA	Topdeq	K + K America	Others/ consolidation	Group total
Turnover to third parties	519,683	91,233	375,291	0	986,207
Inter-segment turnover	107	9	285	–401	0
Segment turnover	519,790	91,242	375,576	–401	986,207
Segment share of Group turnover	52.7%	9.2%	38.1%	0.0%	100.0%
EBITDA	108,404	6,956	36,112	–9,145	142,327
EBITA	101,467	4,945	27,756	–9,197	124,971
EBIT	101,467	4,945	27,756	–9,197	124,971
Profit before tax	96,527	3,516	20,358	–4,327	116,074
Profit	67,295	2,350	10,420	–808	79,257
Scheduled depreciation of segment assets	5,283	2,011	8,356	52	15,702
Impairment of segment assets	1,654	0	0	0	1,654
Other non-cash expenses (+) and income (–)	1,889	–184	–849	2,566	3,422
Income from at-equity investments	0	0	0	0	0
Segment assets	270,343	85,252	221,109	–34,421	542,283
thereof book value of assets valued at-equity	20	0	0	0	20
Deferred tax and income tax assets	2,430	3,553	1,296	–550	6,729
Total assets	272,773	88,805	222,405	–34,971	549,012
Segment liabilities	56,206	18,615	26,799	–2,540	99,080
Deferred tax and income tax liabilities	13,155	419	10,771	9,433	33,778
Borrowings (short and long-term)	124,553	40,888	93,184	–167,351	91,274
Total liabilities	193,914	59,922	130,754	–160,458	224,132
Segment capital expenditure	8,698	31,901	6,654	155	47,408
Average no. of employees (full-time equivalent)	920	199	892	29	2,040
Employees (full-time equivalent) at the reporting date	949	206	787	29	1,971

Secondary segment reporting by region 2007 of TAKKT Group, Stuttgart (in EUR '000)

01.01.2007 – 31.12.2007	Germany	Rest of Europe	North America	Other	Group total
Segment turnover	227,770	363,304	389,458	5,675	986,207
Segment share of Group turnover	23.1%	36.8%	39.5%	0.6%	100.0%
Segment assets	199,041	126,207	214,448	2,587	542,283
Segment capital expenditure	38,493	1,777	7,073	65	47,408

Segment information

In the scope of segment reporting under 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. The secondary reporting differentiates between Germany, rest of Europe, North America and other countries (China, Japan, Mexico). Segment reporting uses the same accounting standards as the consolidated financial statements. Intra-group transfers are valued at internal prices calculated on the basis of the cost-plus method. This method complies with OECD principles. The same approach was pursued in the previous year.

Primary reporting by division

KAISER + KRAFT EUROPA division

KAISER + KRAFT EUROPA GmbH, Stuttgart, comprises the groups KAISER + KRAFT, Gaerner, Gerdmans and KWESTO in more than 20 European countries. KAISER + KRAFT also formed companies in Japan and China in 2002 and 2005 to enter the Asian market. The companies of the division offer approximately 50,000 products via catalogues and the internet. KAISER + KRAFT EUROPA operates the European mail order centre in Kamp-Lintfort, one regional warehouse for the Gerdmans Group in Sweden and one for the KWESTO Group in the Czech Republic, as well as a production facility for durable transport equipment (platform trucks, sack trucks, trolley jacks, etc.) and warehouse in Haan, near Düsseldorf. In addition KAISER + KRAFT EUROPA together with Topdeq uses the mail order centre in Pfungstadt that was expanded in 2007/2008.

The self-produced products are marketed under the EURO*KRAFT* brand. In addition to the standard range, the company also manufactures tailor-made 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 division

Topdeq division sells design-oriented office furniture and accessories via catalogues and the internet in Germany, Switzerland, the Netherlands, France, the United States, Belgium and Austria. The division's customers are predominantly small to medium-sized companies from the service sector. Topdeq offers a special 24-hour delivery service within Europe and a 48-hour delivery service within the USA and at least a five-year warranty. Topdeq operates warehouses in Germany, Switzerland, France and the United States. The Topdeq's product portfolio comprises some 2,500 products.

K + K America division

The K + K America division is divided into three groups.

- Plant Equipment Group, comprising C&H Distributors in the USA, C&H Productos Industriales in Mexico and Avenue Industrial Supply in Canada, sells via catalogues and internet over 45,000 products from the transport, storage and business equipment sectors.
- Specialties Group, comprising the Hubert companies in the USA, Canada and Germany, sells some 35,000 commodities and equipment items for the retail trade and the food service and hotel sector.
- Office Equipment Group offers some 14,000 products from the field of office equipment throughout the USA under the brand names National Business Furniture, Dallas Midwest, Alfax Furniture, officefurniture.com and officechairs.com.

K + K America Group operates a total of seven warehouses in the USA and Canada, as well as one warehouse in Germany.

Notes to the consolidated financial statements for the year ended 31 December 2008

1. General information

a) Accounting principles

The consolidated financial statements of TAKKT AG, Stuttgart, have been drawn up in accordance with the regulations issued by the International Accounting Standards Board (IASB) and section 315a German Commercial Code (HGB); the interpretations (IFRIC and SIC) by the International Financial Reporting Interpretations Committee have been taken into account. All International Financial Reporting Standards (IFRS) valid at 31 December 2008 and approved by the EU have been applied.

The consolidated financial statements and the combined management report of TAKKT AG and the Group were approved by the Management Board for submission to the Supervisory Board on 27 February 2009.

The following accounting standards and interpretations were passed or amended by IASB and IFRIC and endorsed by the EU in the period to 31.12.2008:

Standard		Status	Applicable from
IAS 1	Presentation of Financial Statements	amended	01.01.2009
IAS 23	Borrowing Costs	amended	01.01.2009
IAS 38	Intangible Assets – Advertising Costs	amended	01.01.2009
IAS 39/IFRS 7	Reclassification of Financial Instruments	amended	01.07.2008
IFRS 2	Share-based Payments	amended	01.01.2009
IFRS 8	Operating Segments	new	01.01.2009
IFRIC 11	Group and Treasury Share Transactions	new	01.03.2007
IFRIC 13	Customer Loyalty Programmes	new	01.01.2008
IFRIC 14	IAS 19 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	new	01.01.2008

Below the changes are summarised, together with their likely effect on future financial statements.

IAS 23 Borrowing Costs

The adjusted standard IAS 23 is mandatory with effect from 1 January 2009 and results in an obligation to capitalise borrowing costs arising from the purchase, building or production of assets, the acquisition or production process of which takes place across a considerable period of time.

IAS 38 Intangible Assets – Advertising Costs

With effect from 1 January 2009, expenditure is to be recognised as an expense as soon as the company acquires the right to take possession of the goods or receives the service. Previously the catalogue costs were treated according to the matching principle and recognised as an expense at the time when the advertising was put into effect.

IFRS 8 Operating Segments

IFRS 8 lays down a new concept for segment reporting. According to the management approach, segments will be identified in future on the basis of which components management uses for measuring internal performance and for taking operational decisions.

The first-time adoption of IAS 39/IFRS 7 (amended version) as well as IFRIC 11, 13 and 14 has no material effect on the financial statements of the Group, as they were not relevant for TAKKT in the financial year under review.

The option of applying IAS 1 and 23 as well as IFRS 2 and 8 early was not taken. An earlier application would not have had any material effect on the financial statements.

The amendments to IAS 38 were also not applied early. The immediate recognition of expenses in the accounting for catalogue costs will have an effect on the Group's figures in 2009. An earlier application in 2008 would have reduced the profit for the year by approx. EUR 2 million and equity by approx. EUR 16 million. More details on the effects of this accounting change on the Group can also be found in the shareholders' information on the website www.takkt.com under the section "Share".

Otherwise the consolidated financial statements have been prepared using the same accounting and valuation principles as in the previous year. The consolidated financial statements comply with the European Union Directive on consolidated accounting (Directive 83/349/EEC). The consolidated financial statements have been prepared in euros. Unless otherwise noted, all amounts are quoted in EUR '000.

In order to improve clarity, certain items are aggregated in the balance sheet and income statement. A breakdown of the individual amounts is provided in the Notes. The balance sheet has been divided into short and long-term items in accordance with IAS 1. The income statement was prepared in accordance with the type of expenditure format with the separate disclosure of gross profit.

b) Scope of consolidation

TAKKT AG, Stuttgart, which is registered under HRB 19962 with the German Commercial Register of the Stuttgart local court, is the Group's holding company. The consolidated financial statements at 31 December 2008 in accordance with IFRS, the Group management report and the TAKKT AG individual financial statements according to HGB will be submitted to the electronic Bundesanzeiger (Federal Gazette).

TAKKT AG is a B2B mail order group for office, business and warehouse equipment and has a presence in more than 25 countries. Besides TAKKT AG, 6 domestic (6) and 52 foreign (51) companies are included in the consolidated financial statements. The consolidated financial statements therefore include all companies in which TAKKT AG directly or indirectly holds a majority of voting rights or has control of such entities as defined in IAS 27 as a result of such rights.

In the year under review the number of companies included in the consolidated financial statements has been increased by one newly founded company.

One domestic associated company of little significance exists.

TAKKT AG is a 72.7 percent subsidiary of Franz Haniel & Cie. GmbH, Duisburg (at 31 December 2008). TAKKT Group is therefore included in the latter's consolidated accounts.

c) Accounting policies

The consolidated financial statements and all individual financial statements included in the consolidated financial statements have the same balance sheet date, 31 December 2008. According to IAS 27, the financial statements of the domestic and foreign subsidiaries included in the consolidated financial statements were prepared using uniform accounting and valuation principles.

Capital consolidation was prepared using the purchase method based on a purchase price allocation at the time of control being assumed (IFRS 3). Goodwill acquired in a business combination in the expectation of future positive inflows of funds from the business combination, which cannot be allocated to identifiable assets in a reassessment of the value, is to be recorded as goodwill in intangible assets. In accordance with IFRS 3, goodwill is subject to an annual impairment test, or more frequently if events or changes in circumstances indicate a necessity. If an impairment has been identified it has to be recognised in goodwill with an effect on profit.

A subsidiary is no longer consolidated from the point when the parent company no longer has control of the subsidiary.

Intercompany profits and losses, turnover, expenses and income as well as all receivables and liabilities between the Group subsidiaries were eliminated. Unrealised intercompany profits in current and non-current assets were eliminated provided they were not immaterial.

Differences arising from the intercompany debt consolidation are recorded in the income statement, in so far as they individually exceeded EUR 10,000.

Receivables and liabilities to third parties were consolidated on the condition that such balances with third parties were mutually effective and could be netted off against each other.

Minority interests in a subsidiary's equity and profits are disclosed in the position minority interest within the total equity section.

In accordance with IAS 12, deferred tax was provided on all consolidation measures affecting the income statement.

d) Currency translation

TAKKT AG's reporting currency is the euro. In accordance with IAS 21, currency is translated using the functional currency concept. Since all companies manage their businesses autonomously, the respective local currency is identical to the functional currency. Under the functional currency concept, assets and liabilities of all subsidiaries which do not report in euros, are translated using the closing rate, whereas income and expenses are translated using the average exchange rate for the year. Exchange rate differences from the translation of foreign financial statements into the Group currency are recorded in shareholders' equity without any effect on profit. The goodwill on consolidation was calculated applying the exchange rate at the time of acquisition.

If a foreign business operation is disposed of, currency differences, which until then were recorded in shareholders' equity without any effect on profit, are then recorded in the income statement as part of the profit or loss on sale.

TAKKT Group does not operate subsidiaries in high-inflation countries.

In the individual financial statements of the TAKKT Group companies, transactions in foreign currencies are translated at the rate prevailing on the date of the transaction. Assets and liabilities in foreign currencies are translated at the rate prevailing on the balance sheet date. Exchange differences are recognised in the individual financial statements and in the income statement under other operating expenses.

Selected currency translation rates

		Closing rates		Average rates	
Currency	Country	**2008**	2007	**2008**	2007
USD	USA	1.3917	1.4721	1.4631	1.3685
CHF	Switzerland	1.4850	1.6547	1.5862	1.6425
GBP	UK	0.9525	0.7334	0.7944	0.6840
SEK	Sweden	10.8700	9.4415	9.5981	9.2490

e) Accounting and valuation principles

Turnover includes sales from products and services, less allowances and discounts. Turnover from sales is realised with the transfer of ownership and risk to the customer. Provisions are made to allow for customers' rights of return.

Other income is accrued if the economic benefit is probable and the amount can be determined reliably.

Property, plant and equipment is capitalised at acquisition or manufacturing costs less scheduled depreciation. There are no material self-produced property, plant and equipment items because of the business activity.

Property, plant and equipment is depreciated using the straight-line method over its useful economic life. Scheduled depreciation is based on the following useful lives in the Group:

	Useful life in years
Buildings (incl. leasehold improvements):	3 – 30
Plant, machinery and office equipment:	2 – 15

Net book values and useful lives are reviewed on each balance sheet date and adjusted if necessary.

The requirements of finance leasing pursuant to IAS 17 are satisfied if TAKKT Group bears all substantial opportunities and risks in leasing transactions as lessee and can therefore be considered economic owner. In these cases property, plant and equipment are capitalised at fair value or at the lower present value of the minimum leasing payments and subject to straight-line depreciation during their useful lives or the shorter duration of the leasing contract, which is between three and 22 years. The present value of obligations for future lease instalments is disclosed under short and long-term borrowings.

Property and equipment under a finance lease contract generally include a purchase option at market price at the end of the general lease term. The option price usually corresponds to the residual book value. A maturity-matched interest rate was used to calculate the present value. In the case of special leases, the interest rate on which the lease contract was based was applied.

As well as finance leases TAKKT Group also concluded rental contracts, where the economic ownership of rental goods remains with the lessor (Operate Leasing). Leasing payments are expensed. Depending on the subject of the lease, typical lease and pre-emptive purchase rights apply.

The book value of goodwill is reviewed once a year, or during the year if necessary, pursuant to IAS 36 using so-called cash generating units. The impairment test is based on a detailed plan of future cash flows before interest and tax less capital expenditure for a period of five years and perpetuity following the detailed planning period. In calculating perpetuity future company growth is considered and based on the average market growth. The cash flows calculated are discounted with the weighted average cost of capital (WACC) determined for every cash generating unit in order to calculate the market value of the cash generating unit. TAKKT Group applies WACC rates between 11.5 and 12.6 percent (between 10.6 and 11.6 percent in the previous year). The market value is then compared to the respective book value. If the market value is below the book value of the cash generating unit, an impairment charge is made on the goodwill and other assets, if required.

Other intangible assets with a defined useful life are disclosed at acquisition cost plus incidental acquisition cost less straight line depreciation. Net book values and useful lives are tested on the balance sheet date and adjusted if necessary. Assets with an indefinite useful life are not subject to scheduled depreciation but tested for impairment annually or if events make this necessary.

	Useful life in years
Trade names:	indefinite
Customer lists:	5 or 15
Domain names/websites:	3
Catalogue designs:	10
Software:	2 – 5

Research and development costs are not incurred on account of the business activity.

Inventories are recognised at the lower of acquisition or manufacturing costs or net realisable value. A value based on the FIFO method (“first in, first out”) is generally applied. The manufacturing costs include not only the directly attributable materials used for production and wages but also appropriate portions of the indirect material and production overheads. Obsolescence reserves were made on purchased merchandise, taking into account the expected selldown period of the inventories. If the reasons for the write-downs no longer apply, the original reserves are released.

Financial assets and liabilities are categorised as follows:
– Available-for-sale financial assets
– Held-to-maturity investments
– Loans and receivables
– Financial assets at fair value through profit or loss
– Financial liabilities at fair value through profit or loss
– Financial liabilities measured at amortised costs

Financial assets and liabilities are classed on initial disclosure and reviewed for reporting as of the balance sheet date.

Financial assets in the available-for-sale category are reported at fair value on the balance sheet date. Resulting book gains and losses are recorded in shareholders' equity under consideration of deferred tax without any effect on profits. If there is no market value, or if a market value cannot be reliably determined, assets are recorded at their purchase price. If there are substantial indications for a loss of value, an impairment affecting profits has to be undertaken. If the reasons for an impairment no longer exist the value is appreciated. In the case of shareholders' equity instruments this is done without an effect on profits, and in the case of debt instruments, if the conditions described in IAS 39 are fulfilled, with an effect on profits. If assets are sold, the result previously recorded in shareholders' equity without an effect on profits is recorded with an effect on profits.

Financial assets in the category held-to-maturity as well as loans and receivables are recorded at their amortised cost (nominal value) or with their lower fair value. Risks are taken into consideration by valuation allowances. Apart from the required individual value adjustments, trade receivables are subject to a general allowance to cover identifiable credit risks based on past experience. This allowance is necessary because of the large number of trade debtors in the mail order business.

Financial assets and liabilities in the category fair value through profit and loss are recorded with their respective market value on the balance sheet date. Fluctuations in market values are recorded in the income statement. This solely includes derivatives which in the Group's view are not subject to an effective hedge relationship.

Financial liabilities which are not in the category fair value through profit and loss are to be measured at amortised costs (nominal value).

Fair values for every financial instrument category according to IFRS 7 reflect book values. This applies especially to assets in the categories available-for-sale and fair value through profit and loss, which are reported on the balance sheet at market values. In the case of loans and receivables as well as financial liabilities the book value is a sufficient approximation of the fair value. Receivables and payables are either short-term or are subject to a variable market interest rate.

Derivative financial instruments such as foreign exchange contracts and swaps are basically used for hedging purposes to reduce currency and interest risks from operating activities or the financing requirements resulting from these activities. At TAKKT, derivative financial instruments are either used to hedge the fair value of a balance sheet asset or a balance sheet liability (fair value hedge), or to hedge a future cash flow from an already entered into or planned underlying transaction (cash flow hedge). They are not undertaken for trading purposes or for reasons of speculation.

The Group documents under IAS 39 all relations between hedging instruments and the underlying transactions in accordance with the hedge accounting requirements. As part of this approach, a relation is established between all derivatives used as hedging instruments and specific assets, liabilities, firm commitments or projected future transactions. At TAKKT both prospective and retrospective effectiveness monitoring for cash flow hedges are proved via a high statistical correlation based on regression analysis. A ratio is created between cumulative changes in the value of the underlying transaction and the hedging instruments. If the ratio is within the bandwidth of 80 to 125 percent as defined by IAS 39, the hedge is regarded as effective. From TAKKT Group's point of view there were no fair value hedges in the year under review.

Accounting for derivative financial instruments occurs in other receivables and assets or in other liabilities as soon as purchase or sales contracts are made. According to IAS 39 all derivatives have to be reported at their fair value, regardless of the purpose or intention motivating their purchase.

A treasury system from SAP AG is used to compute the market value of foreign exchange contracts. The market value of a foreign exchange contract corresponds to the difference in the present values of the nominal amount at the fixed forward rate and the nominal amount on the closing date.

Interest rate swaps and interest rate caps are valued based on contract counterpart valuations. The market value of an interest rate swap is equal to the present value of the future cash flows resulting from this derivative instrument. The cash flows are discounted using maturity-matched interest rates in line with the interest rate curves of the respective currency. The market values of the interest rate caps are determined using the Black-and-Scholes method.

In the case of cash flow hedges, market value changes in the part of the hedging instrument deemed as effective are initially reported in shareholders' equity under consideration of deferred tax as part of cumulative changes in equity, with no effect on profit, until the future hedged flow of funds is recorded. A transfer to the income statement is made at the time of the profit effect of the underlying hedged item in earnings. The portion of the changes in fair value not covered by the underlying hedged item (hedge-ineffective portion) is immediately recognised in earnings.

Changes in the fair value of an effective fair value hedge are recorded in the income statement with an effect on profits, as are changes in the fair value of the underlying. These normally contrary changes almost offset each other within the income statement. There are no fair value hedges currently being used in the consolidated financial statements of the TAKKT Group.

Changes in the fair value of derivative financial instruments that do not meet the requirements for hedge accounting according to IAS 39 are also recognised in the income statement.

Other assets are capitalised at their nominal value. Catalogues which generate sales in the following year are disclosed on the balance sheet date at their acquisition and production cost. Staff loans and deposits are valued at amortised cost. Pension plan reinsurance was derived from a coverage capital calculation. The long-term corporate tax credits have been discounted at four percent.

Deferred tax is recognised on all temporary differences between the tax balance sheet and the consolidated IFRS balance sheet – with the exception of goodwill on consolidation, which is not tax deductible – as well as for loss carry-forwards. Deferred tax assets are only included if their realisation can be expected with a significant degree of confidence. For the probable use of losses the five-year budget of the individual company is considered. Deferred tax was calculated using the respective local tax rates. Tax rate changes determined at the balance sheet date have been taken into account for the calculation of deferred tax. Netting deferred taxes is conducted according to IAS 12.

In accordance with IAS 19, pension provisions and similar obligations are recognised using the actuarial projected unit credit method. In this procedure, prevailing long-term capital market interest rates as well as assumptions about future salary and pension increases are considered in addition to biometric calculation bases. Actuarial profits and losses are only recorded with an effect on profit if they deviate by more than ten percent of the higher amount of the present value of the defined benefit obligation and the current value of the plan assets (corridor). The excess amount is expensed over the average residual service life of the workforce. The interest portion of pension expense is disclosed under finance expenses. Direct pension commitments in Germany are derived using Prof Dr Klaus Heubeck's biometric calculation tables 2005 G.

With the exception of other personnel-related provisions calculated in accordance with IAS 19 other provisions are made on the basis of IAS 37 if a statutory or factual obligation exists which is based on transactions or incidents in the past. The outflow of resources must be probable and calculable.

Other provisions with a maturity of over one year are in principle discounted.

Liabilities are valued at the nominal value and, with the exception of derivatives, at amortised costs. Liabilities from finance lease contracts are disclosed at the present value of future lease instalments. The current value of the fixed-interest-bearing liabilities from finance leases is determined by discounting the lease instalments using the current interest rate.

The short-term portions of long-term assets and liabilities with a remaining term of less than one year are disclosed under short-term balance sheet positions. Pension provisions are an exception, as the short-term component is not material and all pension provisions are therefore classified as long-term.

When preparing the consolidated financial statements, assumptions have been made and estimates used which have an effect on the value and disclosure of assets and debts, income and expenses and the contingent liabilities. The assumptions and estimates relate primarily to the useful lives used for property, plant and equipment and intangible assets as well as determining and allocating the fair value at the point of purchase, the performance of annual impairment tests and the valuation of inventories, receivables, provisions and deferred taxes. The actual future values may deviate from the assumptions and estimates made.

2. Notes to the income statement

(1) Turnover (in EUR ’000)

	2008	2007
Turnover with third parties	931,695	985,644
Turnover with affiliated companies	450	563
	932,145	**986,207**

Turnover with affiliated companies relates to the majority shareholder Franz Haniel & Cie. GmbH, Duisburg, as well as companies of the majority shareholder, which are not included in the consolidated financial statements of TAKKT AG. A schedule can be found under related party transactions on page 144 onwards. A breakdown of turnover by segment and geographical region is shown in the segment reports on page 103 onwards.

(2) Other income (in EUR ’000)

	2008	2007
Rental income	108	219
Income from the release of valuation allowances	954	608
Income from disposal of non-current assets	305	98
Operating income	3,268	3,216
Other	3,287	4,227
	7,922	**8,368**

In the previous year the profit on disposal of Conney Safety Products LLC amounting to EUR 1,376,000 is included under Other.

(3) Personnel expenses (in EUR ’000)

	2008	2007
Wages and salaries	85,726	91,286
Social security costs	15,105	17,295
Retirement costs	2,688	3,907
Release of personnel-related provisions	–997	–864
Other	645	685
	103,167	**112,309**

The segment reports on page 103 onwards refer to the number of employees of the Group.

(4) Other operating expenses (in EUR ’000)

	2008	2007
Losses from disposal of non-current assets	47	193
Valuation allowances on current assets	1,805	2,091
Income from the release of provisions	–303	–287
Operating leasing and rents	10,855	10,675
Exchange differences	–1,215	1,356
Operating taxes	1,548	1,053
Operating expenses	123,026	123,964
Administrative expenses	19,319	22,415
	155,082	**161,460**

Valuation allowances mainly relate to trade receivables and write-offs of receivables where they cannot be recovered. Write-offs amounted to EUR 1,376,000 (EUR 1,480,000). Operating taxes include real estate tax, car tax, tax on capital and assets and the French “taxe professionnelle”. A major part of operating expenses is catalogue costs.

(5) Depreciation of property, plant and equipment and other intangible assets (in EUR ’000)

	2008	2007
Property, plant and equipment	10,041	11,228
Other intangible assets	5,770	6,128
	15,811	**17,356**

In 2007 unscheduled depreciation under IAS 36 amounting to EUR 1,654,000 was provided for in connection with the demolition of offices, in the process of expanding the facilities in Haan.

(6) Finance expenses (in EUR ’000)

	2008	2007
Interest portion of finance leases	–1,335	–1,409
Interest portion of pension provisions	–871	–780
Interest on borrowings	–3,580	–7,468
	–5,786	**–9,657**

(7) Other finance result (in EUR '000)

	2008	2007
Expense from the valuation of intercompany loans and financial derivatives	–647	–49
Interest and similar income	201	809
	–446	**760**

More details on the use of derivative financial instruments are disclosed in the risk report on page 65 onwards as well as in the notes on page 132 onwards.

In last year's annual report, interest income and interest expenses were reported under the heading "Interest result". For better comparability, the previous year's figures have also been reclassified for this year.

(8) Income taxes

Tax expense includes income taxes paid and due as well as deferred tax in the individual countries. The income tax rates applied range up to 40.9 (40.9) percent.

Breakdown of tax charge (in EUR '000)

	2008	2007
Income taxes	29,736	32,202
Deferred tax	7,117	4,615
	36,853	**36,817**

Income taxes include payments of EUR 282,000 relating to prior periods (refunds of EUR 2,781,000). Deferred tax includes additional allowances on deferred tax assets amounting to EUR 2,935,000 (EUR 552,000).

The difference between the actual tax expense and the tax expense calculated at a rate of 30.7 (38.9) percent for TAKKT AG is made up as follows:

Tax rate reconciliation (in EUR '000)

	2008	2007
Profit before tax	113,941	116,074
Expected average tax expense	34,980	45,153
Changes in tax rates	210	–1,460
Differences between local and Group tax rates	–2,366	–8,064
Non-deductible expenses	1,052	1,038
Non-taxable income	–151	–143
Allowance for deferred tax on loss carry-forwards and other	2,938	841
Taxes relating to prior years	–19	–2,240
Other differences	178	1,736
Corrections for municipal trade tax	31	–44
Actual income tax expense per the income statement	**36,853**	**36,817**

The calculated tax rate of 30.7 percent is based on the tax rates applicable in Germany in 2008. As a result of the German tax reform, tax rates were reduced: corporation tax of 15.0 (25.0) percent, solidarity surcharge of 5.5 (5.5) percent and the average municipal tax rate for the German Group companies were taken into account.

(9) Earnings per share

	2008	2007
Number of shares issued (in thousand)	72,900	72,900
Weighted number of shares issued (in thousand)	72,900	72,900
Profit attributable to the shareholders of TAKKT AG (in EUR '000)	75,862	78,038
Earnings per share (in EUR)	1.04	1.07
Cash flow (in EUR '000)	100,016	101,228
Cash flow per share (in EUR)	1.37	1.39

So-called potential shares (mainly stock options and convertible bonds), which could dilute the earnings per share, were not issued. The diluted and undiluted earnings per share are therefore identical.

3. Notes to the balance sheet

(10) Property, plant and equipment (in EUR '000)

	Land, buildings and similar assets	Plant, machinery and office equipment	Payments on account	Total
Acquisition costs				
Balance at 01.01.2008	73,744	54,537	18,903	147,184
Currency translation	1,070	559	–75	1,554
Additions	12,120	10,047	2,534	24,701
Transfers	12,937	7,951	–20,888	0
Disposals	–2,009	–2,681	0	–4,690
Balance at 31.12.2008	**97,862**	**70,413**	**474**	**168,749**
Cumulative depreciation				
Balance at 01.01.2008	24,007	29,818	0	53,825
Currency translation	320	375	0	695
Additions	3,289	6,752	0	10,041
Transfers	0	0	0	0
Disposals	–2,004	–2,530	0	–4,534
Balance at 31.12.2008	**25,612**	**34,415**	**0**	**60,027**
Net book values				
Balance at 31.12.2008	**72,250**	**35,998**	**474**	**108,722**
Balance at 01.01.2008	**49,737**	**24,719**	**18,903**	**93,359**

The depreciation included in the tangible assets development was translated at average rates as in the income statement. The difference to the closing rate is included in currency translation. Changes to the applied parameters (depreciation methods, useful lives and net book values) were not required.

At the balance sheet date, property, plant and equipment with a book value of EUR 15,712,000 (EUR 17,765,000) acquired under a finance lease were reported. Leased assets of EUR 12,230,000 (EUR 13,349,000) are shown under land, buildings and similar assets and EUR 3,482,000 (EUR 4,416,000) under plant, machinery and office equipment.

Since the transfer of the assets capitalised as finance leases at the end of the leasing period continues to be uncertain, the finance lease properties continue to be depreciated over the lease period. Overall there is no need to change the parameters used.

As in the previous year, tangible assets legally and economically owned by the Group, with the exception of the capitalised finance lease assets, are not subject to any restraints on disposal or ownership rights.

(11) Goodwill (in EUR '000)

	Goodwill	Goodwill on consolidation	Total
Acquisition costs			
Balance at 01.01.2008	183,339	28,284	211,623
Currency translation	6,007	0	6,007
Additions	0	26	26
Disposals	0	0	0
Balance at 31.12.2008	**189,346**	**28,310**	**217,656**
Cumulative amortisation			
Balance at 01.01.2008/31.12.2008	**0**	**0**	**0**
Net book values			
Balance at 31.12.2008	**189,346**	**28,310**	**217,656**
Balance at 01.01.2008	**183,339**	**28,284**	**211,623**

Cumulative amortisation of goodwill (EUR 99,879,000) from scheduled amortisation until 2004 prior to the introduction of IFRS 3 was netted off in 2005 against acquisition costs.

Some of the past acquisitions were made as so-called "asset deals". In this instance, all assets were acquired separately by the buyer. If the cost of acquisition exceeded the fair value of the individual identifiable assets, the difference was capitalised as goodwill in the individual balance sheet of the respective acquirer.

Net book value of goodwill (in EUR '000)

Cash generating units	2008	2007
KAISER + KRAFT EUROPA	79,379	79,379
Topdeq	0	0
Plant Equipment Group	2,035	1,923
Specialties Group	74,428	70,363
Office Equipment Group	33,504	31,674
	189,346	183,339

If acquisitions were made as so-called "share deals", proportionate acquisition costs exceeding equity at the time of purchase were capitalised as goodwill on consolidation.

Net book value of goodwill on consolidation (in EUR '000)

Cash generating units	2008	2007
KAISER + KRAFT EUROPA	15,450	15,424
Topdeq	12,860	12,860
	28,310	28,284

Subsequent consolidation

In accordance with IFRS 3, from 1 January 2005 goodwill is no longer amortised on a straight-line basis but subject to an annual impairment test. No impairment charges were necessary in the financial year.

For tax purposes, the goodwill is still depreciated over a period of 15 years. The resulting deferred tax liability amounts to EUR 26,444,000 (EUR 20,414,000).

No deferred tax results from goodwill on consolidation.

(12) Other intangible assets (in EUR '000)

	Trade names	Customer lists	Other (purchase price allocation)	Licences and similar rights	Payments on account	Total
Acquisition costs						
Balance at 01.01.2008	6,406	22,447	7,454	22,840	103	59,250
Currency translation	370	1,296	430	612	6	2,714
Additions	0	0	0	1,703	1,273	2,976
Transfers	0	0	0	109	–109	0
Disposals	0	–510	0	–1,191	0	–1,701
Balance at 31.12.2008	**6,776**	**23,233**	**7,884**	**24,073**	**1,273**	**63,239**
Cumulative depreciation						
Balance at 01.01.2008	0	17,787	3,404	16,134	0	37,325
Currency translation	0	1,107	279	405	0	1,791
Additions	0	1,563	1,609	2,598	0	5,770
Transfers	0	0	0	0	0	0
Disposals	0	–510	0	–1,191	0	–1,701
Balance at 31.12.2008	**0**	**19,947**	**5,292**	**17,946**	**0**	**43,185**
Net book values						
Balance at 31.12.2008	**6,776**	**3,286**	**2,592**	**6,127**	**1,273**	**20,054**
Balance at 01.01.2008	**6,406**	**4,660**	**4,050**	**6,706**	**103**	**21,925**

The depreciation included above was translated at average exchange rates as in the income statement. The difference to the closing rate is included in currency translation.

In the financial year unscheduled depreciation according to IAS 36 as well as changes to the applied parameters (depreciation methods, useful lives and net book values) were not required.

As in the previous year, intangible assets were not subject to any restraints on disposal or ownership. Trade names with an indefinite life amounting to EUR 6,776,000 (EUR 6,406,000) relate to the cash generating unit Office Equipment Group.

(13) Other assets

Other assets include staff loans, deposits and pension plan reinsurance as well as corporate tax credits.

(14) Deferred tax

Deferred tax on loss carry-forwards (in EUR ’000)

	2008	2007
Deferred tax on loss carry-forwards – gross	9,900	8,099
Allowance	–7,591	–4,239
Deferred tax on loss carry-forwards – net	**2,309**	**3,860**

Permissibility of impaired loss carry-forwards (in EUR ’000)

	up to 1 year	1 to 5 years	over 5 years	Total
	499	8,725	8,773	**17,997**

Deferred tax assets and liabilities result from recognition and valuation differences for the following balance sheet positions:

Deferred tax assets and liabilities (in EUR ’000)

	Assets		Liabilities	
	2008	2007	2008	2007
Property, plant and equipment and other intangible assets	2,470	1,787	5,689	6,164
Goodwill	0	0	26,444	20,414
Inventories	855	578	811	882
Trade receivables and other assets	1,532	1,775	3,039	1,698
Non-current provisions	1,352	1,404	160	13
Current provisions	1,113	800	173	152
Market value of derivative financial instruments	1,332	457	566	369
Loss carry-forwards	2,309	3,860	0	0
Borrowings	6,570	7,110	0	0
Other	174	94	101	13
Subtotal	**17,707**	**17,865**	**36,983**	**29,705**
Netting	–12,984	–12,241	–12,984	–12,241
Consolidated balance sheet	**4,723**	**5,624**	**23,999**	**17,464**

Only deferred tax on the market value of the derivative financial instruments classified as cash flow hedges amounting to EUR 717,000 (EUR 230,000) did not affect profit.

Of EUR 2,309,000 (EUR 3,860,000) deferred tax on loss carry-forwards, EUR 433,000 (EUR 1,086,000) relate to companies which generated losses in the year under review. Calculating the respective deferred tax on loss carry-forwards is based on the positive results of the rolling five-year planning.

(15) Inventories (in EUR '000)

	2008	2007
Raw materials and supplies	1,163	931
Work in progress	1,010	860
Finished goods and purchased merchandise	67,531	62,713
Payments on account	225	110
	69,929	**64,614**

An obsolescence reserve of EUR 9,825,000 (EUR 7,342,000) has been made on purchased merchandise, taking into consideration the expected selldown period of the inventories. Unrealised intercompany profits of EUR 874,000 (EUR 931,000) have been eliminated.

(16) Trade receivables

Trade receivables are reported at nominal value less allowances.

Development of allowances on trade receivables (in EUR '000)

	2008	2007
Balance at 01.01.	4,288	4,492
Additions	388	550
Usage	–87	–120
Release	–814	–404
Currency translation and other changes	–4	–230
Balance at 31.12.	**3,771**	**4,288**

For reconciliation from gross to net figures see also section 4 risk management and financial instruments/information according to IFRS 7 (page 135).

All goods delivered were subject to customary ownership retention rights.

(17) Other receivables and assets (in EUR '000)

	2008	2007
Receivables from affiliated companies	40	4,249
Market value of derivative financial instruments	1,466	1,332
Catalogue costs of the following year	24,406	19,957
Other	10,964	10,016
	36,876	**35,554**

A schedule of receivables from affiliated companies can be found under related party transactions on page 144. These were not subject to any allowance. These balances are the result of the current settlement transactions and the existing cash management system. By participating in Haniel Group's euro cash management system, TAKKT Group benefits from potential economies of scale for the eurozone.

Intercompany profits of EUR 1,795,000 (EUR 1,877,000) were eliminated from catalogue costs of the following year. Other includes mainly supplier bonuses.

The market values of derivatives are classed as short-term regardless of the maturity of the underlying transactions.

(18) Cash and cash equivalents (in EUR '000)

	2008	2007
Cheques, cash balances	228	237
Cash at banks	3,247	5,267
	3,475	**5,504**

Cash at banks comprises funds with a maturity of up to three months.

(19) Shareholders' equity
For the consolidated statement of changes in total equity, refer to page 100.

Please refer to page 66 of the management report for details on shareholders' equity management as required by IAS 1.

The issued capital of TAKKT AG remained unchanged at EUR 72,900,000 and is divided into 72,900,000 no-par-value bearer shares. In accordance with the resolution of the Annual General Meeting on 3 May 2005, the Management Board of TAKKT AG is authorised to increase the share capital with approval of the Supervisory Board, once or several times, by an amount of up to EUR 36,450,000 by issuing new bearer shares until 7 May 2010 taking shareholders' pre-emptive rights into account. On 7 May 2008 the Annual General Meeting authorised the Management and Supervisory Boards to purchase own shares. No use of this authority has been made in 2008. Please refer to page 51 onwards.

Reserves include the earnings reserves contributed by Group companies since acquisition, the corresponding translation adjustments to present values arising from the currency conversion of assets and liabilities not affecting the income statement, as well as the total of the consolidation and tax adjustments shown in the income statement.

Other comprehensive income includes changes in the market values of derivatives used to hedge future cash flows.

The shareholders have a claim on the unappropriated profits available for distribution by TAKKT AG 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 a dividend of EUR 52,488,000 (EUR 58,320,000). As a result of the share buy-back programme, the remaining 65.6 million shares will attract a total dividend of EUR 0.80 (EUR 0.80) per share consisting of an ordinary dividend of EUR 0.32 (EUR 0.32) and a special dividend of EUR 0.48 (EUR 0.48) per share.

(20) Minority interest (in EUR '000)

	2008	2007
Share in capital and reserves	2,283	1,754
Share in profit	1,226	1,219
	3,509	2,973

Minority interests exist at KAISER + KRAFT N.V., Diegem/Belgium, and Vink Lisse B.V., Lisse/Netherlands. All other Group companies are wholly owned.

(21) Current and non-current borrowings (in EUR '000)

	Remaining term				
	up to 1 year	1 to 5 years	over 5 years	31.12.2008	31.12.2007
Liabilities to banks	10,293	19,041	10,433	39,767	63,434
Finance leases	1,896	7,148	12,358	21,402	23,160
Finance liabilities to affiliated companies	17,838	0	0	17,838	0
Other	3,775	577	0	4,352	4,680
	33,802	**26,766**	**22,791**	**83,359**	**91,274**
thereof long-term (maturity > 1 year)				49,557	72,750

The remaining term of the liabilities to banks is equivalent to the respective financing commitments. Additionally, TAKKT AG has unused credit lines. Liabilities under finance lease contracts refer to two properties comprising land, buildings, equipment and IT systems. The fair value of finance leases amounts to EUR 23,330,000 (EUR 24,705,000).

A schedule of liabilities to affiliated companies can be found in related party transactions on page 144.

Development of current and non-current borrowings (in EUR '000)

	01.01.2008	Other changes	Additions	Repay-ments	31.12.2008
Liabilities to banks	63,434	3,566	33,928	–61,161	39,767
Finance leases	23,160	0	0	–1,758	21,402
Finance liabilities to affiliated companies	0	0	17,838	0	17,838
Other	4,680	402	0	–730	4,352
	91,274	**3,968**	**51,766**	**–63,649**	**83,359**

Other changes include currency translation in the amount of EUR 3,566,000 (EUR –13,424,000). Average net borrowings for the financial year amounted to EUR 82,145,000 (EUR 124,590,000). Liabilities were weighted by month and converted using the average rate method, which was also used in the income statement. Additions to liabilities to banks relate to a comparison of the credit lines at different banks being used at the beginning and the end of the year. Other includes the EVA® certificates issued to TAKKT Group management.

Borrowings by currency and interest rate hedges (in EUR '000)

	31.12.2008	Portion of total liability (in percent)	Weighted remaining term (in years)	Average interest rate (in percent)
USD liabilities	**39,053**	**46.8**	**2.5**	**4.8**
EUR liabilities	**43,990**	**52.8**		
– Borrowings	398	0.5	0.5	4.7
– Finance leases (fixed interest rate)	21,402	25.7	6.1	6.0
– Other	22,190	26.6	n/a	n/a
Liabilities other currencies	**316**	**0.4**	**n/a**	**n/a**
	83,359	**100.0**	**n/a**	**n/a**
thereof hedged	73,091	87.7		

(22) Non-current provisions (in EUR '000)

	2008	2007
Pension provisions	15,544	14,267
Other provisions	3,256	3,611
	18,800	**17,878**

Other provisions mainly relate to early retirement part-time working arrangements. The change since the previous year is the result of the usage of EUR 539,000, a release of EUR 476,000 and an addition of EUR 660,000.

Pension provisions

Development of pension provisions (in EUR '000)

	2008	2007	2006
Present value of funded obligations	1,363	1,436	1,399
Present value of unfunded obligations	16,484	14,382	16,089
Total present value of obligations	**17,847**	**15,818**	**17,488**
Fair value of plan assets	–1,325	–1,305	–1,240
Unrecognised actuarial losses	–978	–246	–3,455
Unrecognised past service costs	0	0	0
Net pension commitments at 31.12.	**15,544**	**14,267**	**12,793**

Pension provisions are based on obligations arising from current pensions and from pension schemes for retirement, disability and surviving dependents. The Group's coverage varies depending on legal, tax and economic circumstances in the respective country and comprises both defined contribution and defined benefit pension systems.

Pension provisions also include obligations from deferred compensation programmes. Defined benefit pension plans are mainly based on final pay plans.

Defined benefit pension plans (in EUR '000)

	2008	2007
Present value of obligations 01.01.	15,818	17,488
Current service cost	801	1,053
Interest expense	904	803
Plan participants' contributions	21	21
Actuarial gains (–)/losses (+)	589	–3,196
Currency translation	–2	1
Benefits paid	–412	–441
Obligations assumed in the course of acquisitions	0	0
Plan curtailments	0	0
Plan settlements	0	0
Past service costs	0	87
Transfer of obligations	128	2
Present value of obligations 31.12.	**17,847**	**15,818**

For German companies the following parameters apply when using the projected unit credit method:

Parameters (in percent)

	2008	2007
Assumed rate of interest	6.00	5.70
Salary trend	2.75	2.50
Pension trend	1.90	1.75

The probability of employee fluctuation was considered individually dependent on the job tenure in the company and the age of the beneficiary.

Non-German commitments are not material and are determined using specific local accounting principles and parameters.

Obligations from the defined benefit pension are calculated annually by independent actuarial experts using the projected unit credit method. Changes in obligations at German companies in the financial year resulted in an increase in the present value of obligations by EUR 0 (EUR 87,000).

At one foreign subsidiary, obligations are funded by contributions to an insurance company. Plan assets created in this process solely involve qualifying insurance policies.

Present value of plan assets (in EUR '000)

	2008	2007
Fair value 01.01.	1,305	1,240
Expected return on plan assets	33	23
Actuarial losses	– 131	– 77
Benefits paid	0	0
Employer contributions	97	98
Plan participants' contributions	21	21
Plan settlements	0	0
Fair value 31.12.	**1,325**	**1,305**

The expected return on these plan assets for 2008 was 5.25 percent.

Expected return on plan assets is included in the calculation of the fair value of plan assets at the balance sheet date. Expected return is based on historic returns and expected average income in the respective investment categories, which are also compared with the expectations of external sources. The actual income generated can deviate from the expected return on plan assets if the conditions on capital markets fail to develop as expected.

Presentation in income statement (in EUR '000)

	2008	2007
Personnel expenses		
Current service costs	801	1,053
Past service costs	0	87
Amortisation of actuarial gains (–)/losses (+)	–12	90
Finance expenses		
Interest	904	803
Expected return on plan assets	–33	–23

General overview (in EUR '000)

	2008	2007
Present value of obligations	17,847	15,818
Fair value of plan assets	1,325	1,305
Difference	**16,522**	**14,513**
Experience adjustments on plan assets	–3	–23
Experience adjustments on obligations	1,151	–404

Defined-contribution plans

Statutory pension insurance is an important component of retirement pension planning for most employees, especially in Germany. The employer contributions made to such insurance and recorded under personnel expenses amounted to EUR 5,385,000 during the period under review. The future level of such expenses largely depends on how the underlying pension insurance systems develop.

Some foreign companies, especially in North America, have voluntary defined-contribution plans for the payment of benefits after termination of employment. Affected US companies pay a pension contribution for their staff to an external fund after 90 days, one year or two years of service. The amounts range from 3.0 to 5.0 percent 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 for defined-contribution plans amounted to EUR 1,899,000 (EUR 2,677,000) in the year under review.

(23) Trade payables

With regard to trade payables, most of the goods delivered are subject to customary ownership retention rights.

(24) Other liabilities (in EUR '000)

	2008	2007
Customer payments on account	1,678	2,705
Market value of derivative financial instruments	3,442	1,253
Uninvoiced goods and services	9,723	7,005
Other tax liabilities	5,516	6,381
Personnel liabilities	4,020	4,970
Accrued interest	0	38
Social security contributions	786	870
Deferred income	0	184
Other	9,719	11,841
	34,884	**35,247**
thereof from taxes	5,516	6,381

The market values of derivatives are classed as short-term regardless of the maturity of the underlying transactions.

(25) Current provisions

Development of current provisions (in EUR '000)

	01.01.2008	Currency translation	Usage	Transfers	Release	Additions	31.12.2008
Staff bonuses	10,311	212	–9,922	0	–519	7,391	7,473
Personnel obligations	655	36	–451	–75	–2	270	433
Customer credit notes	2,479	–30	–1,961	0	–43	1,845	2,290
Other	827	–1	–258	75	–260	993	1,376
	14,272	**217**	**–12,592**	**0**	**–824**	**10,499**	**11,572**

The release and addition to provisions are converted at average exchange rates as in the income statement. The difference to the closing rate is included in currency translation.

4. Risk management and financial instruments/Information according to IFRS 7

In the risk report contained in the management report starting on page 62, TAKKT details the required qualitative information according to IFRS 7 on possible risks threatening the success of TAKKT Group as well as the strategy to manage these risks.

In addition to the liquidity and credit risks in the area of financial risks, TAKKT is also exposed to both opportunities and risks from fluctuations in exchange rates and interest rates on international capital markets due to its international presence. The Group's risk management system covers the uncertainties of future development of financial markets. Derivatives are used to reduce these risks, but also to benefit from potential opportunities. With this strategy the risk management system supports the Group's financial performance.

Financial instruments held by TAKKT are classed in the following categories:

I. Financial assets or liabilities at fair value through profit and loss
II. Loans and receivables
III. Financial liabilities measured at amortised cost

Financial instrument categories at 31 December 2008 (in EUR '000)

Financial Instrument Category	I.	II.	III.	Reconciliation to balance sheet	**Balance sheet item total**
Valuation type	Fair value	Amortised cost	Amortised cost		
Assets					
Non-current assets					
Other assets	0	725	0	136	861
Current assets					
Trade receivables	0	88,379	0	0	88,379
Other receivables and assets	606	6,004	0	30,266	36,876
Cash and cash equivalents	0	3,475	0	0	3,475
	606	**98,583**	**0**		
Liabilities					
Non-current liabilities					
Borrowings	0	0	30,052	19,505	49,557
Current liabilities					
Borrowings	0	0	31,905	1,897	33,802
Trade payables	0	0	24,707	0	24,707
Other liabilities	691	0	3,101	31,092	34,884
	691	**0**	**89,765**		

Financial instrument categories at 31 December 2007 (in EUR '000)

Financial Instrument Category	I.	II.	III.	Reconciliation to balance sheet	Balance sheet item total
Valuation type	Fair value	Amortised cost	Amortised cost		
Assets					
Non-current assets					
Other assets	0	671	0	149	820
Current assets					
Trade receivables	0	109,012	0	0	109,012
Other receivables and assets	644	10,224	0	24,686	35,554
Cash and cash equivalents	0	5,504	0	0	5,504
	644	**125,411**	**0**		
Liabilities					
Non-current liabilities					
Borrowings	0	0	51,351	21,399	72,750
Current liabilities					
Borrowings	0	0	16,763	1,761	18,524
Trade payables	0	0	31,683	0	31,683
Other liabilities	49	0	4,458	30,740	35,247
	49	**0**	**104,255**		

The financial assets and liabilities in category I solely include items not held for trading purposes.

Net result of the categories (in EUR '000)

	Subsequent valuation						
	From interest	At fair value	Currency exchange	Subtotal	Valuation allowance	**31.12.2008**	31.12.2007
Financial assets or liabilities at fair value through profit and loss	–462	–1,093	0	–1,555	0	–1,555	405
Loans and receivables	201	0	756	957	–851	106	355
Financial liabilities measured at amortised cost	–3,118	0	446	–2,672	0	–2,672	–7,468
	–3,379	**–1,093**	**1,202**	**–3,270**	**–851**	**–4,121**	**–6,708**

Credit risk

TAKKT is exposed to credit risk both from operating business as well as from financial instruments.

Credit risk in the operating business results from possible write-offs due to customer default. The possible loss cannot exceed the book value of the receivable from an individual customer. Given the high number of existing customer relationships the risk can generally be seen as being comparatively low. Thanks to stringent checks on creditworthiness in advance of transactions as well as stringent collection systems, write-offs on trade receivables were very low in the financial year at less than 0.3 percent (0.3 percent) of turnover. Risks of write-offs are accounted for by creating allowances.

Trade receivables (in EUR '000)

	01.01.2008	Currency translation	Other changes	31.12.2008
Nominal value of receivables	113,300	509	−21,659	92,150
Valuation allowances	−4,288	4	513	−3,771
Book value of receivables	**109,012**	**513**	**−21,146**	**88,379**

TAKKT has not capitalised any overdue receivables without having made an allowance.

As a result of the strong fragmentation of the supplier and customer structure, as described in the risk report, there is no exceptional concentration of risk in operating business.

The credit risk from derivative financial instruments is the risk of default of a contractual partner and therefore the maximum amount at risk equals the positive market values recognised less the negative market values with the same contractual partner. Since financial transactions are only concluded and maintained with counterparties with first-class creditworthiness, the actual risk of default can be considered low.

Risk concentrations in the finance area are avoided by broadly spreading transactions and deals among a number of first-class banks.

Liquidity risk

Liquidity risk is understood as the risk of not being able to meet payment obligations at any time. The following table lists the contractually agreed interest payments and repayments on original financial liabilities as well as incoming and outgoing payments on derivative financial liabilities and assets as of 31 December 2008. Foreign currency amounts were translated into the reporting currency of euros at the respective closing rate on the balance sheet date.

Maturity analysis at 31 December 2008 (in EUR '000)

	Cash flow 2009	Cash flow 2010	Cash flow 2011 – 2013	Cash flow 2014 – 2018	Cash flow 2019…
Original financial liabilities					
Liabilities to banks	–10,793	–3,301	–16,794	–10,443	0
Finance leases	–2,985	–2,985	–7,449	–8,615	–6,387
Finance liabilities to affiliated companies	–17,838	0	0	0	0
Trade payables	–24,707	0	0	0	0
Other liabilities	–7,582	–577	0	0	0
Derivative financial receivables					
Outgoing payments	–33,145	0	0	0	0
Connected incoming payments	34,429	0	0	0	0
Derivative financial liabilities					
Outgoing payments	–85,188	–972	–77	0	0
Connected incoming payments	82,811	0	0	0	0

Maturity analysis at 31 December 2007 (in EUR '000)

	Cash flow 2008	Cash flow 2009	Cash flow 2010 – 2012	Cash flow 2013 – 2017	Cash flow 2018…
Original financial liabilities					
Liabilities to banks	–14,565	–5,186	–25,504	–21,821	0
Finance leases	–3,073	–3,073	–8,640	–9,611	–8,066
Finance liabilities to affiliated companies	0	0	0	0	0
Trade payables	–31,683	0	0	0	0
Other liabilities	–8,080	–501	–519	0	0
Derivative financial receivables					
Outgoing payments	–61,211	0	0	0	0
Connected incoming payments	61,211	0	0	0	0
Derivative financial liabilities					
Outgoing payments	–28,213	0	0	0	0
Connected incoming payments	28,173	0	0	0	0

Liquidity risk resulting from contractually agreed maturities is negligible. TAKKT has considerable unused short and long-term credit lines with a number of German and international banks.

Market price risk

The term market price risk relates to the risk that the fair value or the future cash flows of a financial instrument change as a result of fluctuations in market prices. In the case of TAKKT, market price risk mainly comprises currency and interest rate risks. In the following paragraphs, for each type of risk, the financial instruments on the books at the reporting date will be described in detail.

The following sensitivity analyses of market price risks show which effects on profit or loss and shareholders' equity there would have been if financial instruments recorded on the reporting date had been affected by hypothetical changes in different relevant risk variables. The assumption is that the volume of financial instruments at the reporting date was representative for the full year and that the assumed changes in risk variables at the reporting date were feasible.

Currency risk

The table below shows the hedged nominal volumes and the market values of the respective currency hedges. Contracts have maturities between one and twelve months. No "netting" of currency derivatives was undertaken.

Currency hedging (in EUR '000)

	Nominal value		Market value	
	2008	2007	**2008**	2007
Assets				
Currency derivatives designated as cash flow hedges	16,480	10,706	860	688
Currency derivatives without hedge accounting	17,380	50,498	606	643
Liabilities				
Currency derivatives designated as cash flow hedges	18,752	23,530	–836	–229
Currency derivatives without hedge accounting	64,139	4,627	–691	–49
	116,751	**89,361**	**–61**	**1,053**

Currency derivatives designated as cash flow hedges

TAKKT is exposed to currency risks as a limited amount of purchases and sales, considerably less than ten percent of consolidated turnover, is in different currencies. Net foreign currency cash flows expected in TAKKT Group are hedged with currency instruments, which can be designated as effective cash flow hedges and did not show any material ineffectiveness by the closing date. Exchange rate differences of the underlying currencies impact the revaluation reserves in shareholders' equity (included in the item other comprehensive income) through changes in the fair value of the hedge instruments. They are therefore considered in shareholders' equity-related sensitivity calculations.

In the financial year 2008 gains after deferred tax totalling EUR 13,000 (EUR 76,000) resulting from changes in the fair values of foreign exchange contracts were recorded in shareholders' equity without affecting profit. These changes in valuation represent the effective part of the hedge relationship. In the financial year 2008 gains of EUR 323,000 (EUR 205,000) recorded in shareholders' equity were transferred to the income statement. TAKKT expects that, with payments within the next twelve months, gains recorded in shareholders' equity amounting to EUR 13,000 after deferred tax will be reclassified to the income statement.

The expected transactions underlying the cash flow hedges have the following contractual maturities:

Underlying currency derivative transactions (in EUR '000)

Nominal value	Due date
4,874	30.01.2009
3,836	27.02.2009
4,173	31.03.2009
4,218	30.04.2009
5,784	29.05.2009
4,278	30.06.2009
4,112	31.07.2009
3,957	31.08.2009

Currency derivatives without hedge accounting

Intercompany loans involving more than one currency are hedged with foreign exchange contracts. This locks in prices for intercompany financing transactions. Accordingly, the Group is not exposed to any risk from exchange rate movements. While the individual company can establish a relationship between the derivative instrument and the underlying transaction, the underlying transaction is eliminated in the context of the Group's debt consolidation. From the Group's perspective the derivative is therefore no longer used for hedging purposes.

Fluctuations in exchange rates in the underlying currencies trigger changes in market values causing changes in the item other financial result and are therefore included in the profit-based sensitivity calculation.

The following table lists the effects of a theoretical change in the EUR/USD exchange rate on the pre-tax result as well as shareholders' equity on the balance sheet date. Influences on balance sheet and income statement resulting from the translation of individual financial statements into the reporting currency of euros (so-called translation risks) are not included.

Sensitivity analysis for currency fluctuations (in EUR '000)

31.12.2008	Increase/ decrease	Effect on pre-tax result	Effect on share-holders' equity without impact on profits
EUR/USD	10%	+5,218	–35
EUR/USD	–10%	–5,209	+35

31.12.2007	Increase/ decrease	Effect on pre-tax result	Effect on share-holders' equity without impact on profits
EUR/USD	10%	+2,974	+302
EUR/USD	–10%	–2,972	–302

The effect on pre-tax result is largely offset by contrary positions resulting from the underlying transactions. Other exchange rate fluctuations have no material effect on profit or equity. The decrease in sensitivity on shareholders' equity against the previous year can mainly be attributed to a lower hedging requirement with respect to future payment flows in foreign currency. The increase in profit-related sensitivity results from a higher volume of hedged intercompany loans.

Interest rate risk

The table below shows the hedged nominal volumes and the market values of the respective interest rate hedges. A "netting" of these instruments did not occur.

Interest rate hedges (in EUR '000)

	Nominal value		Market value	
	2008	2007	**2008**	2007
Assets				
Interest rate derivatives designated as cash flow hedges	0	0	0	0
Interest rate derivatives without hedge accounting	30,000	30,000	0	1
Liabilities				
Interest rate derivatives designated as cash flow hedges	29,101	39,399	–1,914	–975
Interest rate derivatives without hedge accounting	0	0	0	0
	59,101	69,399	–1,914	–974

Interest rate derivatives designated as cash flow hedges

To hedge future interest payments for the US dollar debt TAKKT classified interest rate swaps with a nominal value of USD 40,500,000 as cash flow hedges with a maturity until 31 January 2011. TAKKT's objective with the US dollar interest rate swaps is to transform floating rate financing into fixed interest rate financing. A potential change in creditworthiness and therefore the credit margin of the debtor is not part of this hedge. US dollar interest rate swaps were recorded at their fair value without an effect on profits. In 2008 losses of EUR 841,000 after deferred tax resulting from the change of fair values were recorded in shareholders' equity without an effect on profits. These changes in valuation represent the effective part of the hedge relationship.

Due to rapid debt repayment a USD interest rate swap with a nominal value of USD 13,500,000 was sold in the year under review. With the sale, losses after deferred tax of EUR 293,000 recorded in shareholders' equity were transferred to the income statement.

In the case of interest rate swaps qualified as cash flow hedges, changes in market interest rates cause fluctuations in the other comprehensive income in shareholders' equity (changes in fair value) as well as fluctuations in the finance result (compensation payments). These financial instruments are therefore considered in shareholders' equity and profit-related sensitivity calculations.

Interest rate derivatives without hedge accounting

The EUR interest rate caps contained in the financial statements have a nominal value of EUR 30,000,000 and have a market value of EUR 0 (EUR 1,000).

In the case of interest rate derivatives which are not part of a hedge relationship according to IAS 39, changes in market interest rates affect other financial result via a change in the fair value and are therefore considered in earnings-based sensitivity calculations.

Other financial instruments

Floating rate financial instruments are included in the earnings-related sensitivity calculation, as interest rate changes affect the finance result.

Non-interest-bearing financial instruments (e.g. trade receivables and payables) are not subject to the risk of interest rates changing. They are therefore not considered in the sensitivity calculation.

The following table lists the sensitivity of the pre-tax result and shareholders' equity in case of a theoretical change in the level of market interest rates relating to the financial instruments on the reporting date which would have been exposed to such a change in the interest rate level.

Sensitivity analysis for interest rate fluctuations (in EUR '000)

31.12.2008	Increase/ decrease in basis points	Effect on pre-tax result	Effect on shareholders' equity without impact on profits
EUR	+100 / –100	–18 / +18	–105 / +106
USD	+100 / –100	+12 / –12	+382 / –405

31.12.2007	Increase/ decrease in basis points	Effect on pre-tax result	Effect on shareholders' equity without impact on profits
EUR	+100 / –100	–2 / +9	–86 / +87
USD	+100 / –100	–176 / +176	+289 / –325

5. Other notes

Contingent liabilities (in EUR '000)

	2008	2007
Right of recourse from lease agreements	2,015	2,219

Letters of comfort for special-purpose leasing companies are not disclosed as these liabilities are already included under borrowings.

Capital commitments (in EUR '000)

	2008	2007
Due in the following year	875	12,408

The disclosure relates mainly to tangible assets.

Contingent claims and liabilities

At 31 December 2008 there were contingent receivables in connection with early retirement part-time working arrangements. The amounts were negligible. No other material contingent liabilities need to be recognised.

Leasing and other financial obligations (in EUR '000)

	up to 1 year	1 to 5 years	over 5 years	Total
Finance leases				
Minimum lease payments	2,984	9,335	9,573	21,892
Remaining obligation	0	1,098	5,429	6,527
Discounting	–1,088	–3,285	–2,644	–7,017
Present value	**1,896**	**7,148**	**12,358**	**21,402**
thereof minimum lease payments to affiliated companies	354	532	0	886
thereof remaining obligation to affiliated companies	0	1,098	0	1,098
Operating leases				
Minimum lease payments	9,073	19,509	5,272	33,854
thereof minimum lease payments to affiliated companies	9	9	0	18

Most of the finance lease contracts are eligible for exercising call options at the fair value or options to extend at leasing rates prevailing in the market. Operating lease contracts mainly refer to rental obligations for office and warehouse facilities.

Staff participation model

Until 2005 TAKKT Group senior management had the option to subscribe for EVA® certificates. EVA® certificates are bonds where the market value depends on three factors: the absolute added value generated calculated using the formula [(return on capital – cost of capital) x capital], the EVA® change from the previous year, and a risk premium on the capital employed.

The market value is re-calculated every year and checked by the Group auditors, an audit certificate being issued. The owner of the certificate is financially involved in the increase or decrease in value of the company for which he works. As well as the chance of generating a return the owner may lose his entire investment depending on development. The certificates have a maturity of ten years each. The certificate owner is however entitled to cash in the certificates after five years at the earliest. The EVA® certificates issued by TAKKT Group are disclosed as other under borrowings of EUR 4,352,000 (EUR 4,680,000). EUR 402,000 (EUR 497,000) was expensed in the year under review.

In the past financial year, German employees again had the opportunity to buy employee shares. Shares acquired at the stock exchange for this purpose were sold to employees, subsidised in accordance with section 19a of the German Income Tax Act (EStG).

A total of 11,140 shares were acquired by 414 employees, which means that 49.1 percent of all eligible employees made use of this option. The shares were bought at an average market price of EUR 13.86 and sold to the employees at an average market price of EUR 8.84. This resulted in an expense of EUR 63,000.

German Corporate Governance Code

The declaration on the recommendations made by the "German Corporate Governance Code Government Commission" required under section 161 of the German Stock Corporation Act (AktG) was issued on 31 December 2008 and made available to the shareholders on the website of TAKKT AG (see page 88 onwards).

Information on Directors' Dealings

According to section 15a (Directors' Dealings) of the German Securities Trading Act (WpHG), persons who perform management functions at a company that is an issuer of shares as well as natural and legal persons closely related to that person, must notify both the issuer and the Federal Financial Supervisory Authority (BaFin) of their own dealings involving the issuer's shares or related financial instruments.

TAKKT AG received one notification for the year under review. Georg Gayer, CEO of TAKKT AG, notified that in the year 2008 he purchased shares in TAKKT AG to a total value of EUR 7,850. TAKKT AG promptly published this notification.

Related-party business relations

Related parties in the sense of IAS 24 include the Management and Supervisory Boards of TAKKT AG, the majority shareholder Franz Haniel & Cie. GmbH, Duisburg, and its subsidiaries and associated companies.

Related-party business mainly refers to the cash management system, current netting, service contracts, as well as finance leasing.

All transactions with related parties were contractually agreed and were performed on terms that are customary for transactions with third parties.

Related-party business relations (in EUR '000)

	Holding Franz Haniel & Cie. GmbH/service companies		Company divisions of Haniel Group		Total	
	2008	2007	2008	2007	2008	2007
Turnover	39	64	407	494	446	558
Other expenses	800	843	224	233	1,024	1,076
Interest income	0	268	0	0	0	268
Interest expense	456	705	0	0	456	705
Receivables	1	4,215	39	31	40	4,246
Payables	19,599	2,013	13	16	19,612	2,029
Other financial obligations	223	339	0	0	223	339

Remuneration of Management Board (in EUR '000)

	2008	2007
Salaries and other short-term payments	4,556	2,721
thereof variable	2,481	1,748
Provisions for benefits after end of employment	177	172
Other long-term benefits	50	40
	4,783	2,933

The Management Board is made up of 5 (4) members. Further details are given on page 150.

Variable remuneration results from a performance bonus in line with cash flow and a strategy bonus depending on EVA®. The Management Board members have the option to convert variable salary remuneration into pension components.

At 31 December 2008 TAKKT AG Management Board members held 7,365 (5,369) shares. With the exception of EVA® certificates of EUR 1,889,000 (EUR 1,726,000) as well as the usual amounts due in accordance with the employment contracts, no further claims or obligations exist.

Payments to retired Management Board members amounted to EUR 43,000 (EUR 320,000). The pension provision for the former members amounts to EUR 504,000 (EUR 480,000).

Remuneration of Supervisory Board

The reimbursement of expenses to the TAKKT AG Supervisory Board was EUR 8,000 (EUR 9,000). An accrual of EUR 403,000 (EUR 648,000) was made to cover remuneration payments. There are no further claims or obligations to members of the Supervisory Board.

At 31 December 2008 the Supervisory Board members held no TAKKT AG shares.

Fees for Group auditors' services (in EUR '000 excluding VAT)

	2008	2007
Audit fees (individual companies and Group)	509	521
Other certification or appraisal services	0	0
Tax advisory services	0	0
Other services	44	70
	553	591

Declaration of shareholders´ holdings

Outside the requirements of the German Securities Trading Act (WpHG), Franz Haniel & Cie. GmbH, Duisburg, notified us voluntarily in January 2009, that at 31 December 2008 it owned 72.7 percent of the shares.

Exemption from disclosure obligations

Pursuant to section 264 (3) HGB, the following companies included in the consolidated financial statements are exempt from the obligation to disclose their financial statements:

KAISER + KRAFT EUROPA GmbH, Stuttgart
KAISER + KRAFT GmbH, Stuttgart
Gaerner GmbH, Duisburg
Topdeq Service GmbH, Pfungstadt
Topdeq GmbH, Pfungstadt
Hubert GmbH, Pfungstadt

Subsidiaries of TAKKT AG, Stuttgart, at 31 December 2008

TAKKT AG, Stuttgart, described as number 1 in the following overview, has an interest in the following companies.

No.	Group companies	held by no.	interest %
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., Salzburg/Austria	2	100.00
5	KAISER + KRAFT N.V., Diegem/Belgium	2	50.00
		13	42.00
6	KAISER + KRAFT AG, Cham/Switzerland	2	100.00
7	KAISER + KRAFT s.r.o., Prague/Czech Republic	2	99.80
		31	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	KAISER + KRAFT Kft., Budaörs/Hungary	2	100.00
12	KAISER + KRAFT S.p.A., Lomazzo/Italy	2	100.00
13	Vink Lisse B.V., Lisse/The Netherlands	2	83.33
14	KAISER + KRAFT S.A., Lisbon/Portugal	2	100.00
15	KAISER + KRAFT Sp.z o.o., Warsaw/Poland	2	100.00
16	KAISER + KRAFT s.r.o, Nitra/Slovakia	2	99.90
		3	0.10
17	KAISER + KRAFT Ltd. STI., Istanbul/Turkey	2	99.00
		3	1.00
18	Gaerner GmbH, Duisburg/Germany	2	100.00
19	Gaerner Gesellschaft m.b.H., Elixhausen/Austria	2	100.00
20	Gaerner AG, Baar/Switzerland	2	100.00
21	Gaerner Business Equipment S.A.U., Castelldefels/Spain	2	100.00
22	Gaerner S.A.S., Réau/France	2	100.00
23	Powell Mail Order Ltd., Llanelli/Great Britain	2	100.00
24	Hoffmann Bedrijfsuitrusting B.V., Zeist/The Netherlands	2	100.00
25	Gerdmans Inredningar AB, Markaryd/Sweden	2	100.00
26	Gerdmans Kontor-og Lag. A/S, Nivaa/Denmark	25	100.00
27	Gerdmans Sisustuse OÜ, Tallinn/Estonia	25	100.00
28	Gerdmans Innredninger A/S, Sandvika/Norway	25	100.00
29	Gerdmans OY, Espoo/Finland	25	100.00
30	KWESTO Service s.r.o., Prague/Czech Republic	2	99.93
		7	0.07

No.	Group companies	held by no.	interest %
31	KWESTO s.r.o., Prague/Czech Republic	30	100.00
32	KWESTO Kft., Györ/Hungary	30	100.00
33	KWESTO Sp.z o.o., Wroclaw/Poland	30	100.00
34	KWESTO Service S.R.L., Bucharest/Romania	30	100.00
35	KWESTO s.r.o., Nitra/Slovakia	30	100.00
36	KAISER + KRAFT (China) Commercial Co. Ltd., Shanghai/People's Republic of China	2	100.00
37	KAISER + KRAFT K.K., Chiba/Japan	2	100.00
38	Topdeq Service GmbH, Pfungstadt/Germany	1	100.00
39	Topdeq GmbH, Pfungstadt/Germany	38	100.00
40	Topdeq Bürodesign Gesellschaft m.b.H., Schwechat/Austria	38	100.00
41	Topdeq N.V., Diegem/Belgium	38	99.80
		39	0.20
42	Topdeq AG, Hünenberg/Switzerland	38	100.00
43	Topdeq S.A.S., Tremblay en France/France	38	100.00
44	Topdeq B.V., Mijdrecht/The Netherlands	38	100.00
45	Topdeq Corporation, Cranbury/USA	46	100.00
46	America Design Holding Inc., Cranbury/USA	47	100.00
47	TAKKT America Holding Inc., Milwaukee/USA	1	100.00
48	K + K America Corporation, Milwaukee/USA	47	100.00
49	Avenue Industrial Supply Co. Ltd., Markham/Canada	48	100.00
50	C&H Distributors LLC, Milwaukee/USA	48	100.00
51	C&H Productos Industriales SRLCV, Mexico City/Mexico	48	99.97
		50	0.03
52	Hubert Company LLC, Harrison/USA	48	100.00
53	Hubert Distributing Company Ltd., Markham/Canada	48	100.00
54	Hubert GmbH, Pfungstadt/Germany	2	100.00
55	NBF Service LLC, Milwaukee/USA	48	100.00
56	Alfax Furniture LLC, Dallas/USA	48	100.00
57	Dallas Midwest LLC, Dallas/USA	48	100.00
58	National Business Furniture LLC, Milwaukee/USA	48	100.00
59	Officefurniture.com LLC, Milwaukee/USA	48	100.00

No.	Associated company	held by no.	interest %
60	Simple System GmbH & Co. KG, Munich/Germany	2	33.00

Representative Bodies

Supervisory Board

Prof Dr Klaus Trützschler, Essen, born 11 December 1948
Chairman from 24 September 2008, Deputy Chairman until 24 September 2008
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Member of the Supervisory Board of Bilfinger Berger AG, Mannheim
Member of the Supervisory Board of Celesio AG, Stuttgart
Member of the Advisory Board of Wilh. Werhahn KG, Neuss

Dr Eckhard Cordes, Düsseldorf, born 25 November 1950
Deputy Chairman from 24 September 2008
Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Chairman of the Management Board of METRO AG, Düsseldorf
Chairman of the Supervisory Board of Celesio AG, Stuttgart
Chairman of the Supervisory Board of Galeria Kaufhof GmbH, Cologne
Chairman of the Supervisory Board of real Holding GmbH, Alzey
Chairman of Tertia Handelsbeteiligungs GmbH, Cologne, from 6 May 2008
Member of the Board of Directors of Aktiebolaget SKF, Gothenburg, until 16 April 2008

Michael Klein, Leogang/Austria, born 5 April 1956
Non-Executive-Chairman of RAPP Germany GmbH, Multichannel Marketing Agency, Hamburg

Thomas Kniehl, Stuttgart, born 11 June 1965
Logistics employee at KAISER + KRAFT GmbH, Stuttgart
Chairman of the Joint Works Council of KAISER + KRAFT GmbH, Stuttgart,
and KAISER + KRAFT EUROPA GmbH, Stuttgart

Prof Dr Dres h.c. Arnold Picot, Gauting, born 28 December 1944
University professor at the Ludwig-Maximilians-Universität München
Chairman of the Supervisory Board of Sartorius AG, Göttingen
Chairman of the Supervisory Board of Sartorius Stedim Biotech GmbH, Göttingen
Deputy Chairman of the Supervisory Board of eteleon e-solutions AG, Munich
Member of the Supervisory Board of WIK GmbH, Bad Honnef
Member of the Supervisory Board of WIK-Consult GmbH, Bad Honnef
Member of the Advisory Board of Sartorius Stedim Biotech S.A., Aubagne/France

Alexander von Witzleben, Weimar, born 19 August 1963
Member until 31 December 2008, Chairman until 15 September 2008
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg, until 31 December 2008
Chairman of the Supervisory Board of caverion GmbH, Stuttgart
Chairman of the Supervisory Board of PVA TePla AG, Aßlar
Chairman of the Supervisory Board of VERBIO AG, Zörbig
President of the Advisory Board of Feintool International Holding AG, Lyss/Switzerland

Management Board

Georg Gayer, Eberdingen-Nußdorf, born 5 May 1946
CEO

Dr Felix A. Zimmermann, Stuttgart, born 27 June 1966
Deputy Chairman, COO K + K America division from 1 May 2008

Dr Florian Funck, Stuttgart, born 23 March 1971
CFO
Member of the Supervisory Board of SmartLoyalty AG, Wiesbaden

Didier Nulens, Koningslo/Belgium, born 4 May 1962
COO Topdeq division

Franz Vogel, Leinfelden-Echterdingen, born 22 October 1948
COO KAISER + KRAFT EUROPA division

Responsibility statement by the Management Board

To the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report for TAKKT AG and the Group includes a fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Stuttgart, 27 February 2009

TAKKT AG
Management Board

Georg Gayer   Dr Felix A. Zimmermann   Dr Florian Funck   Didier Nulens   Franz Vogel

Auditors' report

We have audited the consolidated financial statements prepared by TAKKT AG, Stuttgart, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement, segment reporting and the notes to the consolidated financial statements, together with the group management report which is combined with the management report of TAKKT AG for the business year from 1 January to 31 December 2008. The preparation of the consolidated financial statements and the combined management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) HGB and supplementary articles of incorporation are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

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

Our audit has not led to any reservations.

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

Stuttgart, 27 February 2009

Ebner Stolz Mönning Bachem GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Bernhard Steffan	Wolfgang Berger
German Public Auditor	German Public Auditor

Glossary

Average order value
The average order value is the value of all incoming orders divided by the number of all 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.

B2B or business-to-business
Supplier and customer relationships are deliberately established only between corporate customers.

Cash flow
The financial cash surplus of a period. TAKKT AG defines this as profit plus depreciation and deferred tax affecting profit. In this definition the key figure shows the operative cash flow earned in the period before changes in working capital.

Consolidation
Consolidation serves the purpose of creating consolidated accounts from the data provided by individual accounts from all companies in the Group. In the course of the consolidation Group internal transactions are eliminated. The Group accounts comprise a number of companies and show the Group as if it were a single entity.

Corporate governance
Company management according to specific rules, regulations, statutes and recommendations.

Debt repayment period
This figure defines the arithmetical duration of debt repayment in years. TAKKT AG defines this as average net borrowings divided by cash flow.

Debtors
In accounting terms debtors refers to unpaid trade receivables.

Deferred tax
Differences between tax regulations and the IFRS regulations for the determination of profits result in different tax burdens. These differences are shown as deferred items on the assets side or the liabilities side of the balance sheet.

Derivative financial instruments
Certificate or contract which refers to another – usually tradable – asset. Derivatives include interest rate swaps, foreign exchange contracts and currency options.

Drop shipment business
Goods ordered by the customer – including bulky items – are delivered from the supplier directly to the customer. The invoicing procedure is the same as with stock shipment.

EBIT
Earnings before interest and tax.

EBITA
Earnings before interest, tax and amortisation.

EBITDA
Earnings before interest, tax, amortisation of goodwill and depreciation of non-current assets.

E-business
Commerce via the internet; also includes e-procurement in the wider context of the word.

Economic Value Added® (EVA®, registered trademark of Stern Stewart Co.)
The result generated is seen in relation to the total cost of capital, i.e. the cost of equity and debt. If the company generates a return that exceeds the cost of capital, value is added.

E-procurement
The electronic catalogue available on the internet is edited for intranet use of the customer or for electronic marketplaces. This procurement approach allows the customer to save transaction costs.

Equity ratio
The equity ratio is determined by dividing the shareholders' equity by the total assets.

Gearing
Gearing measures the ratio between the shareholders' equity and net borrowings. This ratio is calculated by dividing net borrowings by the shareholders' equity.

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.

Interest cover
Relation between an earnings figure, e.g. EBITA, and net finance expense.

Interest rate cap
Derivative financial instrument – a guaranteed interest rate limit acquired against payment of a premium. If the interest rate exceeds the cap, the seller of the interest rate cap pays the difference to the acquirer.

Interest rate swap
Derivative financial instrument – an agreement between two parties to swap interest payments on the basis of different interest rates, e.g. variable interest rates can be swapped with fixed interest rates.

Internet telephony (Voice over IP or VoIP)
Real-time voice transmission over data lines.

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 stock 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.

Merchandise information 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.

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

Purchasing manager index
Purchasing indices are worldwide observed economic indicators. Generally industry representatives or market research institutes carry out surveys regarding future development, contacting the purchase managers in various industries. The results are translated into numbers – a so-called purchasing manager index. If the number rises, this indicates increased activity. Worldwide there are different indices, which are similar in their systematics.

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

Stock shipment
Goods ordered by the customer are delivered from the warehouse. Products are kept in stock by the TAKKT companies.

Translation risk
Valuation risk resulting from accounting regulations for the translation of items contained in individual financial statements prepared in foreign currencies.

Financial calendar 2009

25 March
Financial statements press conference in Stuttgart

25 March
DVFA analyst conference in Frankfurt/Main

30 April
Interim financial report for the first three months

6 May
10 Annual General Meeting in Ludwigsburg

30 July
Interim financial report for the first six months

29 October
Interim financial report for the first nine months

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