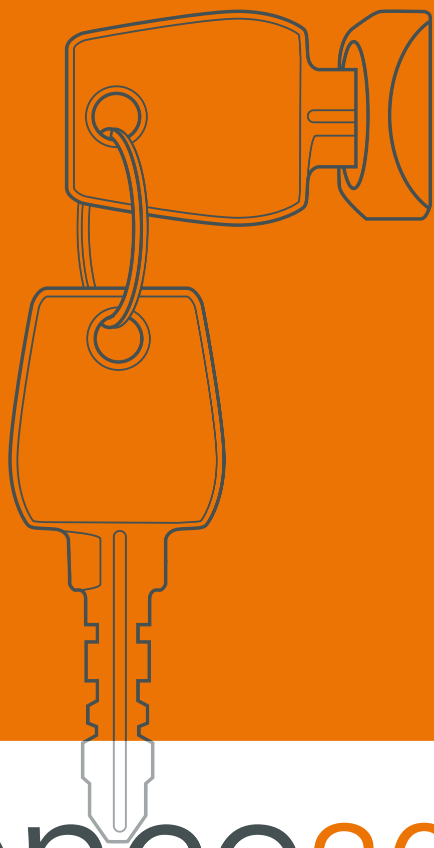
TAKKT AG

BUSINESS EQUIPMENT SOLUTIONS



// competence 2009

Annual Report of TAKKT Group

Key figures of TAKKT Group *in EUR million under IFRS*

	2005	2006	2007	2008	2009
Turnover	**773.2**	**958.5**	**986.2**	**932.1**	**731.5**
Change in %	6.3	24.0	2.9	–5.5	–21.5
EBITDA	**98.4**	**119.5**	**142.3**	**133.1**	**68.7**
in % of turnover	12.7	12.5	14.4	14.3	9.4
EBITA	**88.9**	**105.2**	**125.0**	**117.3**	**49.4**
in % of turnover	11.5	11.0	12.7	12.6	6.8
EBIT	**88.9**	**105.2**	**125.0**	**117.3**	**49.4**
in % of turnover	11.5	11.0	12.7	12.6	6.8
Profit before tax	**78.7**	**92.9**	**116.1**	**111.0**	**42.4**
in % of turnover	10.2	9.7	11.8	11.9	5.8
Profit	**50.4**	**62.5**	**79.3**	**75.1**	**27.8**
in % of turnover	6.5	6.5	8.0	8.1	3.8
Cash flow	65.5	81.7	101.2	97.1	56.1
Capital expenditure (incl. acquisitions and finance leasing)	8.9	72.0	47.4	27.9	60.1
Depreciation	9.5	14.3	17.3	15.8	19.2
Cash flow per share in EUR	0.90	1.12	1.39	1.33	0.84
Earnings per share in EUR	0.68	0.84	1.07	1.01	0.41
Dividend per share in EUR	0.15	0.25	0.80*	0.80*	0.32
Non-current assets	**310.3**	**352.5**	**333.4**	**353.9**	**386.8**
in % of total assets	62.1	61.5	60.7	66.7	72.1
Shareholders' equity	**230.6**	**273.2**	**321.9**	**324.4**	**238.8**
in % of total assets	46.1	47.7	58.6	61.1	44.5
Net borrowings	**156.5**	**164.8**	**81.6**	**79.9**	**180.8**
Employees (full-time equivalent) at 31.12.	**1,868**	**2,027**	**1,971**	**1,960**	**1,768**

**) thereof special dividend of EUR 0,48*

The figures for financial years 2008 and 2009 were prepared on the basis of the new IFRS regulations on catalogue accounting, which are applicable from 01 January 2009.

OUR MISSION STATEMENT

TAKKT Group is the market-leading B2B mail order specialist for business equipment in Europe and North America. TAKKT has about three million customers in over 25 countries around the world. We enter new markets wherever we see positive prospects for success, by either founding new companies or acquiring existing ones. Our success is based on an efficient and strong system business, which the Group continuously optimises.

TAKKT acts as a one-stop shop, supplying its customers with everything they need for their business.

Our Group companies use hundreds of suppliers to compile a comprehensive range of more than 160,000 high-quality products. Our portfolio is complemented by exemplary service. For us, customer focus begins before an order is placed and does not finish once the goods have been delivered.

We attach great importance to the principles of sustainability. We ensure that resources are conserved, both in our core business and beyond. We are dedicated to pursuing the interests of our employees and society. We are aware that economic success and sustainable actions must not be mutually exclusive in the long term.

> Our objective: We want to become the world's leading B2B mail order specialist for business equipment.

Management Board

Management report

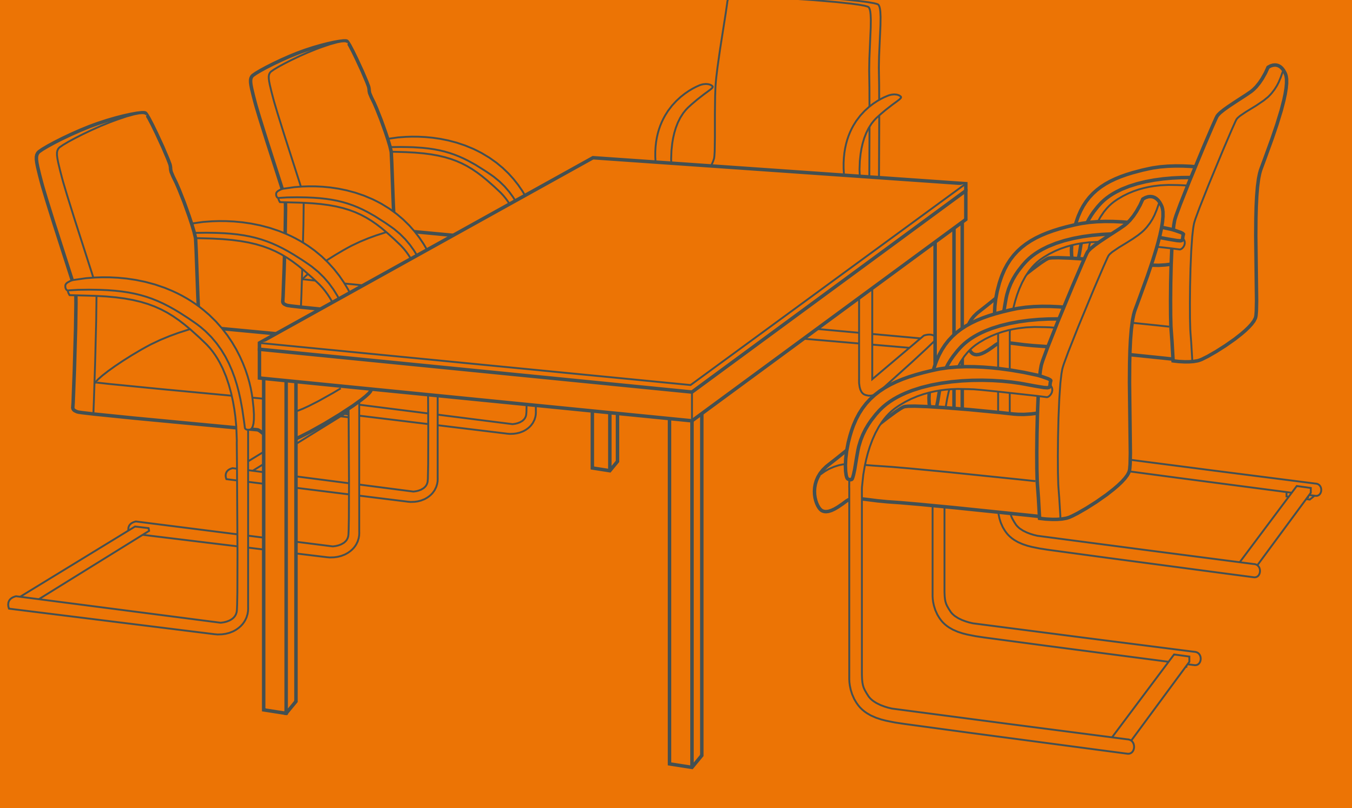
Divisions

TAKKT share

Corporate management

Consolidated financial statements

TAKKT IS THE LEADING B2B MAIL ORDER SPECIALIST GROUP FOR BUSINESS EQUIPMENT IN EUROPE AND NORTH AMERICA. BY ACQUIRING CENTRAL AND EXPANDING INTO NEW MARKETS IN 2009, TAKKT HAS FURTHER STRENGTHENED ITS FOUNDATIONS FOR PROFITABLE GROWTH IN THE FUTURE.



Dr Felix A. Zimmermann
CEO

Ladies and gentlemen

We have all heard the saying "History repeats itself". However, 2009 was without precedent in the ten years since TAKKT AG was established and the Group's history of more than 60 years. The consequences of the global economic and financial crisis made 2009 an exceptionally difficult year for TAKKT. The dramatic economic downturn had a marked impact on our Group's key figures. Turnover fell by 21.5 percent year-on-year, dropping from EUR 932.1 million to EUR 731.5 million. Operational profitability (EBITDA margin) decreased by 4.9 percentage points to 9.4 percent. Excluding the one-off expenditure for restructuring, it came to 10.1 percent. Given the extremely difficult environment, this is still a very respectable result.

All markets seized by crisis

In the past, TAKKT was able to benefit from its geographical diversification and the Group's broad client and product portfolio, especially at times of crisis. This was not the case in 2009. The economic downturn affected all the markets which TAKKT operates in. Although the economic swings differed in their impact, they were all sizeable and occurred almost simultaneously. The result was an organic decrease in turnover – i.e. adjusted for currency and acquisition effects – of 26.2 percent. As already assumed in October 2009, this meant the decline was slightly below the corridor of minus 15 to minus 25 percent estimated in early 2009.

FOCUS and GROWTH programmes

The extraordinary difficult economic conditions required quick action. Right at the beginning of the crisis, TAKKT reacted to the changing economic environment and utilised all the options for short-term capacity adjustments. However, corporate management soon realised that immediate measures such as reducing overtime accounts and introducing short-time working were insufficient to deal with the rapid decline in turnover. As a result, the two strategy programmes FOCUS and GROWTH were launched in the second quarter. FOCUS aims to review the value contribution and potential of all the Group's activities, processes and structures and to make any necessary adjustments. The GROWTH programme pools the Group's growth initiatives and prioritises them. By combining the two programmes, TAKKT optimises the way in which the available resources are used and allocated.

Essentially, the programmes represent a package of well-directed measures. They also aim to cut costs, but their prime objective is to focus on and pool the available competencies. The results of the two programmes are most visible in the new Group structure, which has become effective in 2010, establishing two divisions, TAKKT EUROPE and TAKKT AMERICA. For more detailed information about the programmes, please refer to the section of this report beginning on page 14.

Expansion into new markets

Our competencies have made TAKKT the market leading B2B mail order specialist. We want to strengthen this position: We have laid the foundation for further growth with our recent acquisition of Central Restaurant Products (Central), the leading US mail order company for restaurant equipment, the further expansion of Hubert in Europe, the market launch of our first online-only platform in Europe and our roll out of KAISER + KRAFT to the Russian market.

Change at the top

At the beginning of 2009, Georg Gayer announced that he would be resigning as CEO halfway through the year for personal reasons. He commenced his well-deserved retirement at the end of May. Georg Gayer's name is as closely attached to the development of TAKKT AG as no other. He had been CEO since the company was founded in 1999. His career was closely interwoven with the Group, for which he had worked since 1978. On behalf of my colleagues and everyone at TAKKT, I would like to take this opportunity to thank him once again for his extraordinary dedication and his valuable, long-standing contribution to the company. The Supervisory Board appointed me as his successor as of 01 June 2009.

The changes in the Group's structure also affect the management of TAKKT. As Topdeq is part of TAKKT EUROPE as the Office Equipment Group, Didier Nulens retired from the Management Board on 31 December 2009. However, he will remain responsible for the Topdeq group, which will concentrate on the profitable European activities after withdrawing from the US market. I would like to thank Didier Nulens on behalf of the whole Management Board for his good, constructive work during his time on the TAKKT Management Board.

I would like to welcome a new member to the Supervisory Board, Dr Dr Peter Bettermann. He was elected at the Annual General Meeting (AGM) in May 2009 to succeed Alexander von Witzleben, who retired at the end of 2008. Having been the speaker of the management board of Freudenberg & Co. KG for many years, he has a wealth of experience which will be of great value for TAKKT, especially for its business in Asia. Also, Dr Eckhard Cordes resigned from the Supervisory Board as of 31 December 2009. We would like to thank Dr Cordes for his active support over the last few years. A successor for him will be appointed at the Annual General Meeting in May 2010.

Back on course for growth
Looking forward, we can see initial signs of recovery following a difficult year in 2009. For TAKKT, the Management Board expects still minor organic decreases in turnover at the beginning of 2010. However, the economic indicators give us reason to be cautiously optimistic, so that we are expecting slight growth again from the middle of the year at the latest.
All in all, we anticipate organic turnover growth of between zero and two percent for the full year 2010 under these circumstances. Operational profitability is forecasted to be above eleven percent. However, it remains to be seen whether the financial markets will continue to stabilise and companies and consumers will regain trust.

That TAKKT survived the economic crisis in such good shape is also due to the contribution of the Group's staff. They have borne the brunt of the restructuring measures in 2009. Special thanks go to them. But we would also like to thank our business partners for their good cooperation as well as our customers and shareholders for their ongoing trust.

The corporate management continues to uphold the Group's principles of fair and transparent communication with all our stakeholders in spite of the difficulties posed by 2009. In my opinion, this forms a very sound basis for successful collaboration in the future as part of our sustainable corporate strategy.

Stuttgart, March 2010

Felix Zimmermann

Dr Felix A. Zimmermann
CEO TAKKT AG

Dr Felix A. Zimmermann
CEO,
TAKKT AMERICA division

"Our competencies have made TAKKT the market leader in specialised B2B mail order. In 2009, we set the course to further strengthen this position."

Dr Florian Funck
CFO

"TAKKT's sound balance sheet and flexible business model give the company scope to generate new impetus for growth, even in economically difficult times."

Franz Vogel
COO,
TAKKT EUROPE division

"We operate as a one-stop shop, offering a comprehensive product range via our catalogues and the internet. This makes mail order the most efficient way to procure our products."

Georg Gayer
CEO until 31 May 2009

Didier Nulens
Board Member until 31 December 2009

THE GLOBAL ECONOMIC CRISIS NEGATIVELY AFFECTED TAKKT GROUP'S TURNOVER AND RESULTS IN 2009. THE INITIATED STRATEGY PROGRAMMES FOCUS AND GROWTH OPTIMISE THE UTILISATION AND ALLOCATION OF RESOURCES.

Management report for TAKKT AG and the Group

The effects of the financial market crisis reached the real economy around the world in the 2009 financial year. Also TAKKT Group was heavily affected by this. In spite of a turnover decline exceeding anything seen in the past, the Group was able to reach a comparably respectable result and good profitability. Thanks to its stable business model and strategy, TAKKT is well positioned for 2010, even if it proves to be another difficult year.

Business model and corporate strategy

TAKKT has a clear business model with distinct growth options: extending the product portfolio, expanding into new countries and regions either through acquisitions or new foundations, and strengthening the e-commerce activities.

Focus on B2B mail order

TAKKT concentrates on selling durable and price-insensitive equipment to corporate clients via catalogue and the internet. The market which the Group operates in can be defined using three criteria. Firstly, in terms of customer relationships, there is a division into B2C and B2B sectors. Secondly, a distinction can be made between store-based retail, direct sales from the manufacturer and mail order. And thirdly, there is a difference in terms of product range between department store-like generalists on the one hand and specialists on the other. Within this market, TAKKT positions itself as a B2B mail order specialist for business equipment.

TAKKT's core competencies include, among others, the efficient use of advertising media. Knowing the customers' needs and therefore being able to address some three million customers directly is the basis for this. The Group is currently active in over 25 countries with more than 50 companies. Using a common concept, the groups and their service holdings pursue their own marketing and sales strategies which are tailored to their specific product ranges and target customer groups. The product selection comprises plant and warehouse equipment, classical and design-oriented office furniture and accessories, as well as supplies for retailers, the food service industry and the hotel market. Within these strategies, the individual sales companies – which operate under independent brand names – have the scope to address local customers individually. The companies use joint resources and systems and tailor workflows to one another.

All companies within the TAKKT Group present their product ranges clearly in printed or electronic catalogues and web shops. Every year, the Group sends out approximately 55 million pieces of advertising. Many of the more than 160,000 articles on offer are always available from stock. An efficient logistics system is therefore an important part of the business model. This means that adequate infrastructure must be available in the relevant target countries.

Added value for customers

TAKKT has set itself the goal of offering its customers a more efficient procurement process. Therefore, the offering of several hundred suppliers are bundled. Mail order also allows customers to find products quickly and order them easily. Together with an advanced service concept and attractive procurement conditions, TAKKT offers customers added value. This is a clear competitive advantage over sales directly from the manufacturer and store-based retail in a procurement environment with a strong awareness of process costs.

Attractive market environment

TAKKT operates in a very attractive market niche. This is largely due to three factors. Firstly, both the customer and supplier structures are highly fragmented, so that the risk of dependencies on either side is relatively low. Secondly, it is difficult for new competitors to enter the sector due to relatively high market entry barriers. These include several years of start-up losses to be expected while establishing a customer base in the catalogue business. Companies also have to master highly complex logistics and IT processes in order handling. And thirdly, the focus on quality and service inherent to the mail order business means that competition between suppliers does not focus primarily on price.

Focusing on trends

TAKKT has identified four key structural trends which support the company's focus on specialist B2B mail order and open up opportunities for TAKKT's business:

1. Reorientation of sourcing departments from product to process costs: It is not economically reasonable to put great effort into finding the lowest price for products worth a few hundred euros. Instead, sourcing organisations are increasingly looking for ways of ordering these goods as efficiently and easily as possible. A small price saving often does not justify time and effort of finding the lowest price, selecting the product and completing the order.

2. Consolidating business relationships to a few expert partners: Concentrating on a limited number of suppliers enables greater efficiency, for example when managing orders and supplier relations.

3. Globalisation and the need for worldwide supplies: When companies move their production sites abroad or establish new branches in other countries and regions, they like to fall back on known suppliers, products and services.

4. Growing importance of e-commerce in the value chain: More and more companies are starting to submit their orders by email, via the internet or e-procurement systems rather than just by phone or fax. It is also possible to cut costs if suppliers and service providers who are used regularly are incorporated into the company's own electronic order processing systems.

Sustainable growth as part of corporate strategy

Profitable growth is the number one priority at TAKKT. To safeguard this in the long-term, TAKKT is pursuing three interrelated strategies:

1. Acquisitions to extend the product portfolio or expand regionally. These relevant acquisitions also serve as a platform for the growth options described in points 2 and 3 below.

2. International expansion by duplicating the current business model based on existing platforms. This entails establishing newly founded companies in new countries and regions or pursuing multi-brand strategies in existing ones.

3. Strengthening of the mail order business in existing markets by optimising catalogues and e-commerce services, enlarging the product range and expanding the address databases.

In the last 15 years, the Group has added at least one start-up or acquisition every year. This growth rate shall be maintained in the future. The long-term target is to achieve an average turnover growth of ten percent per annum. Organic and acquisitional growth should each account for around half of this figure. Spreading the business model to different regions, sectors, product groups and customer segments also diversifies the risks. TAKKT's business model generates a strong cash flow and produces sufficient financial surplus even in times of crisis to fund growth while maintaining its sound balance sheet structure.

E-commerce has high strategic importance

Within mail order, e-commerce simplifies business relations and makes procurement processes more efficient for customers and suppliers alike. TAKKT is therefore continuously growing this aspect of its business.

The Group is pursuing a multiple strategy which rests on three pillars. Firstly, the classic catalogue business – which is traditionally aimed at medium-sized and larger companies – can be ideally supplemented with the relevant operating company's web site. It does not matter for TAKKT whether the customer places the order online or using conventional methods, i.e. telephone, fax or post. As soon as the order enters the order processing system, it is handled in the same way. Thus customers benefit from an additional, convenient ordering channel without compromising on service. Secondly, the online catalogue can be prepared for selected key accounts in a way that the data can be integrated in the customer's intranet or order processing system. These e-procurement solutions further reduce transaction costs for the customer and strengthen his loyalty. And thirdly, online-only platforms such as officefurniture.com and Certeo can also address customers who so far could not be served cost-efficiently by TAKKT's classic catalogue business and the associated web shops. These are primarily smaller companies.

FOCUS and GROWTH programmes

TAKKT launched the FOCUS and GROWTH programmes as a reaction to the ongoing crisis in demand. FOCUS reviews the existing and potential value contribution of all the Group's activities, processes and structures and adequately adjusts its cost structures and capacities. The aim of GROWTH is to pool and prioritise all TAKKT Group's clearly identified growth initiatives and to accelerate their implementation.

Since TAKKT wanted to react quickly to the changing economic environment, all the FOCUS measures were determined in 2009 and either initiated or completed by the end of the year. These included Topdeq's withdrawal from the USA, for example. The main reason for this move was the failure to achieve the catalogue response rates anticipated when the company was established. This was exacerbated by the continuing weakening of the US dollar exchange rate, which prompted a long-term increase in the procurement prices for products sourced in Europe. Furthermore, the US activities were burdened by relatively high infrastructure costs, especially for the three warehouse sites. The Management Board does not expect any fundamental changes in these specific US factors in the medium to long term. It therefore wants to focus on Topdeq's profitable European business in the future and roll this out to further attractive markets with catalogues and online.

Also as part of the FOCUS programme, the Plant Equipment Group's US warehousing structure has been streamlined from four to two sites. The expansion and consolidation of the logistics networks and the improvement in the service quality offered by freight carriers in the USA means that the Plant Equipment Group can supply its US customers from two warehouses at virtually the same speed and level of reliability.

At KAISER + KRAFT EUROPA, FOCUS led to an adjustment of personnel capacities at the company's own production facilities in Haan near Düsseldorf to the economic situation and the closure of the warehouse for products manufactured at the same site by 31 December 2009. The goods formerly stored in Haan will be dispatched via the mail order centre in Kamp-Lintfort in future. In addition, a number of reorganisation and restructuring measures were initiated at the division's service holding company and the German sales companies to increase process efficiency.

Finally, TAKKT decided to adjust the sales concept in Estonia based on the modest size of the market and current economic developments in the Baltic states. Instead of serving customers through a TAKKT-owned company, a marketing partnership with a local dealer will be used in the future.

In total, the efficiency-increasing programme was associated with one-off expenditure of EUR 5.2 million (at EBITDA level) in 2009. As of 2010, the Management Board expects all the FOCUS measures to have a positive effect on profits of at least three million euros per year.

As part of the GROWTH programme, TAKKT has set itself the goal of growing faster than the market and emerging from the crisis quicker than its competitors. In addition, TAKKT aims to further diversify its portfolio and strengthen its business with clients in the service sector, as medium and long-term increase rates for this group of customers exceed the general growth level in western economies. This will also have a stabilising effect on the overall portfolio's development during economic crises. The acquisition of Central Restaurant Products (Central) in April 2009 should be seen in this context. Central's product range for smaller and medium-sized companies in the gastronomy sector forms a sustainable addition to the existing business operated by TAKKT's company Hubert. Together with Hubert's expansion plans within Europe, this places the Group's offering to hotels and restaurants on a broader basis.

In addition to this, a new company was established within the KAISER + KRAFT EUROPA division, which will expand the group's successful e-commerce activities. The Certeo brand markets business equipment to corporate customers exclusively via the internet. It was launched in Germany in October 2009. Plans are already underway to expand it further in Europe.

Furthermore, the Management Board has decided to expand into Russia with the KAISER + KRAFT brand in early 2010 using TAKKT's successful business model. The Russian market offers good growth potential due to its size and the good reputation of quality products from Western Europe. KAISER + KRAFT was established in Russia in the fourth quarter of 2009 and the first catalogues in Russian language were dispatched in early 2010. Other GROWTH initiatives are planned for 2010, such as rolling out the multi-brand strategy and expanding the range of own brands. Their implementation is currently being worked on intensively.

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 systems ensure efficient steering by management and also provide the individual sites with a framework within which they can operate flexibly and independently in line with their market's individual needs.

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

The EBITDA margin serves as an indicator for the short-term operational profitability of each Group company. The figure eliminates the effects of differing country-specific tax rates and finance structures. As the figure also does not include depreciation and amortisation, it allows a direct comparison between existing and newly acquired companies. TAKKT has defined a long-term target corridor for the EBITDA margin of twelve to 15 percent.

The Economic Value Added® (EVA®) indicator is used for longer-term strategic controlling. It shows whether, and to what extent, the Group is growing profitably and whether capital expenditure and acquisitions are enhancing value. Profitability, based on capital employed, is compared to the weighted total cost of capital. The EVA® thus shows if the interest demands of both equity and debt investors are adequately met.

Like all of TAKKT Group's profit figures, the EVA® fell significantly in 2009. However, internal calculations show that even in the 2009 crisis, TAKKT's earnings exceeded its cost of capital and the Group generated a positive EVA®.

Further information on corporate management in line with section 289a of the German Commercial Code (HGB) (Declaration on Corporate Governance) can be found online at www.takkt.com in the Share/Corporate Governance section.

Divisions shape development of TAKKT AG

The Group's parent company TAKKT AG operates purely as a management holding company, essentially taking on a strategic management role. Operating business is handled within the divisions. Their results therefore largely influence the net assets, financial position and results of operations, as well as the opportunities and risks for the future development of TAKKT AG. Until the end of 2009, there were three divisions – KAISER + KRAFT EUROPA, Topdeq and K + K America. Due in part to the withdrawal of Topdeq from the US market, TAKKT Group's organisational structure was adjusted with effect as of 01 January 2010. There are two divisions within the TAKKT Group: TAKKT EUROPE and TAKKT AMERICA. TAKKT EUROPE is made up of two groups: the Business Equipment Group (BEG), which is managed by the service company KAISER + KRAFT EUROPA GmbH, and the Office Equipment Group (OEG), which comprises the Topdeq companies. Within TAKKT AMERICA, there are as before the Plant Equipment Group (PEG), the Specialties Group (SPG) and the Office Equipment Group (OEG).

Further explanations of the new Group structure can be found on page 46 onwards of this report.

Disclosures as per the German Act Implementing the Takeover Directive

According to section 289, paragraph 4 respectively section 315, paragraph 4 nos. 1–9 of the German Commercial Code (HGB) the following information has to be provided, as far as relevant for TAKKT AG or the Group.

TAKKT AG's issued capital totalling EUR 65,610,331 is divided into 65,610,331 no-par-value bearer shares. These are not subject to any restrictions regarding voting rights or the transfer of shares.

TAKKT AG is a 70.4 percent subsidiary of Franz Haniel & Cie. GmbH, Duisburg. There are no other shareholders holding more than ten percent of voting rights.

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

In accordance with the resolution passed at the Annual General Meeting (AGM) on 06 May 2009, 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 32,805,165.50 by issuing new no-par-value bearer shares until 29 October 2014, taking shareholders' subscription rights into account.

Based on the authorisation granted by the AGM on 07 May 2008, TAKKT AG on 15 January 2009 resolved to issue a voluntary, public share buy-back offer with the aim of acquiring own shares. After the deadline for the offer expired on 10 February 2009, a total of 7,289,669 shares has been cancelled.

The Management Board is authorised according to the resolution of the AGM on 06 May 2009 subject to section 71, paragraph 1 no. 8 of the German Stock Corporation Act (AktG) to acquire own shares up to an amount of ten percent of issued capital. A reverse subscription right respectively a right to tender in the case of purchasing and the subscription right of shareholders in the case of selling 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 05 November 2010.

On the balance sheet date, TAKKT AG had borrowings of EUR 29.5 million from various banks. These were subject to a change of control as per sections 289, paragraph 4 no. 8 and 315, paragraph 4 no. 8 of the German Commercial Code (HGB). No further information is disclosed in accordance with the second half-sentence of the relevant regulation. Furthermore, the members of the Management Board have the right to terminate their contracts 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 exercising this right of termination, they have the right of compensation for loss of office amounting to two years' annual salaries. Other sources of income are not taken into account. The right of 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.

Further disclosures as required by section 315, paragraph 4 no. 2 HGB (limitation of voting rights), no. 4 (shares with special rights), no. 5 (controlling voting rights of employees) and no. 9 (compensation agreement with the Management Board or staff in case of a takeover offer) are not relevant for TAKKT AG or TAKKT Group.

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 of the German Stock Corporation Act (AktG). The dependence report comes to the following conclusion:

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

Events after the reporting period

Adjustments to the Group structure

Due in part to the withdrawal of Topdeq from the US market, TAKKT Group's structure was adjusted with effect as of 01 January 2010. There are now two divisions within the TAKKT Group: TAKKT EUROPE and TAKKT AMERICA. TAKKT EUROPE is made up of two groups: the Business Equipment Group (BEG), consisting of the companies which previously belonged to the KAISER + KRAFT EUROPA division, and the Office Equipment Group (OEG), comprising the Topdeq companies. TAKKT AMERICA still consists of the Plant Equipment Group (PEG), the Specialties Group (SPG) and the Office Equipment Group (OEG).

The structural adjustment is accompanied by a reduction of the Management Board from four to three members. CEO Dr Felix A. Zimmermann remains responsible for TAKKT AMERICA. Franz Vogel assumes executive responsibility for the TAKKT EUROPE division. Dr Florian Funck remains CFO. Didier Nulens retired from the Management Board of TAKKT AG effective 31 December 2009. He is now concentrating on managing Topdeq's activities and overseeing the Office Equipment Group within TAKKT EUROPE.

Economic conditions and business developments

2009 was dominated by an economic crisis unlike anything seen since the Second World War. The downturn was longer and deeper than economic experts anticipated. All around the world, companies in every sector faced a considerable drop in turnover.

US real estate crisis results in worldwide economic downturn

In 2009, the full force of the financial crisis triggered by the US real estate market hit the real economy. The USA began recording weak economic development back in early 2008, but the crisis broadened into a tangible global recession in the third quarter of 2008 and throughout the first half of 2009. Subtle signs of recovery were only noticeable from halfway through the year. However, it still remains unclear whether these will constitute a sustainable easing or if they are merely short-term effects of the massive government stimulus packages. A number of emerging countries in Asia offered the first few rays of hope, recording increasing figures for overall economic production as of the second quarter. From summer onwards, global trade began to revive. Towards the end of the reporting year, this positive indicator was followed by increasing signs of a forthcoming economic recovery. In both North America and Europe, industrial production and order developments began to pick up again, but certainly on a very low level.

The uncertainty about the economic development was reflected in weak consumption by private households and a reluctance among companies to invest. The latter had a direct effect on turnover developments at TAKKT Group. In the Group's most important sales regions – the USA and Europe – economic performance as measured by gross domestic product (GDP) fell by 2.4 percent and 4.0 percent respectively. Germany's GDP shrank by 5.0 percent. This was the worst decline since the end of the Second World War.

In addition to restrictive lending by banks, a previously unheard-of slump in exports contributed towards companies' unwillingness to invest. This primarily affected firms in industrialised countries with a strong focus on exports. The prospects for the export sector remained muted up to year-end, and there are no signs of strong export-driven growth in 2010 either. European companies also suffered under the strength of the euro, which climbed from its lowest exchange rates of around USD 1.25 at the beginning of 2009 to a high for the year of USD 1.51.

For TAKKT, changes in GDP growth rates are an important early indicator for the development of the economy in the respective region. In addition to this, the Group uses various purchasing manager indices for its economic forecasts to estimate the development of business over the next three to six months. As a general rule, figures below 50 points indicate that the volumes in the particular market will decline and that sales potential will deteriorate. Similarly, figures above 50 points usually mean that market volume will increase – with a resulting positive effect on business prospects.

After falling to 32.9 points in December 2008 – the lowest figure seen since the early 80s – the Purchasing Manager Index (PMI) in the USA constantly remained below 40 points in the first quarter. The index recovered as the year progressed. Starting in August 2009, it returned to over 50 points and showed that companies' procurement volumes were growing compared to the previous year for the first time. In Europe and Germany, the purchasing manager indices only returned to over 40 points in the second half of the year. They exceeded the 50-point mark in October for the first time in 16 months. As TAKKT's business has followed these index movements very closely with a three to six-month delay both in the more distant past and during the crisis, the purchasing manager indices suggest that the Group will see moderate positive turnover developments beginning in the second quarter 2010.

Economic environment

	GDP growth in percent		PMI values average for year	
	2009	2008	2009	2008
Europe	–4.0	0.7	43.3	46.5
Germany	–5.0	1.3	42.8	48.6
USA	–2.4	1.3	46.3	45.5

Turnover and earnings situation

As a management holding company, TAKKT was made up of three divisions until the end of 2009. All three strategic business units faced significant falls in turnover in the year under review. While the gross profit margin improved throughout the Group, the operational profitability deteriorated considerably due to the decline in business volumes.

Crisis leads to sharp drop in turnover at TAKKT

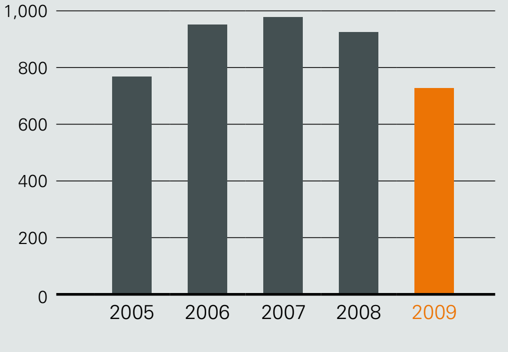
In the financial year 2009, TAKKT generated turnover of EUR 731.5 (2008: 932.1) million. This represents a 21.5 percent decrease year-on-year, and the most severe fall in turnover in the history of the Group. However, positive effects resulted from the acquisition of Central and the fact that the US dollar was on average stronger than in 2008 throughout the year. Adjusted for these effects, the drop amounted to 26.2 percent. The economic crisis was a global phenomenon in 2009. Therefore, TAKKT was unable to benefit from the Group's broad diversification in the year under review. All the regions and business units recorded shrinking turnover. Nevertheless, the swings differed from region to region. For example, the North American market proved rather more robust than the European one. This is primarily because TAKKT's activities in North America are more diversified.

The declines were driven by the same factors in all three divisions and were typical for business developments during a recession. The most important factor was the falling number of orders. At the same time, the average order value also sank. One of the reasons for this was a lower number of larger orders. During a downward phase, companies restrict their capital spending to replacements, while expansion investments with higher order values stimulate growing demand during upswings.

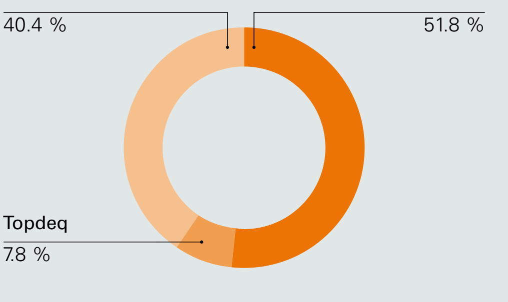
KAISER + KRAFT EUROPA – the division which contributed the most towards growth in previous years – had to take a sharp decline. Turnover fell from EUR 539.3 million in the previous year to EUR 379.2 million – a drop of 29.7 percent. Adjusted for currency effects, the decrease amounted to 29.2 percent. The share of KAISER + KRAFT EUROPA in consolidated turnover in 2009 was 51.8 (57.8) percent.

After struggling with a difficult economic environment already in the previous year, turnover at Topdeq – which specialises in design-oriented office equipment – fell again in the year under review. Topdeq concluded 2009 with turnover of EUR 57.3 (82.7) million, 30.7 percent less than in the previous year. In currency-adjusted terms, the decline was 31.4 percent. Overall, the division generated 7.8 (8.9) percent of total TAKKT turnover.

Turnover *in EUR million*



Turnover *by divisions*



K + K America also posted a drop in turnover in the financial year. However, at 9.6 percent on US dollar basis, it was much lower than that seen in the other two divisions. After generating USD 454.9 million in the previous year, K + K America recorded total turnover of USD 411.2 million. Its more stable position in relation to the Group-wide fall in turnover is partly thanks to the larger proportion of service providers in its customer portfolio. This proportion was further increased by the acquisition of Central, which was completed in April 2009. Excluding Central, the turnover decline amounted to 20.0 percent. In TAKKT's reporting currency of euros, turnover amounted to EUR 295.6 (310.9) million. The division's share of consolidated turnover was thus 40.4 (33.3) percent.

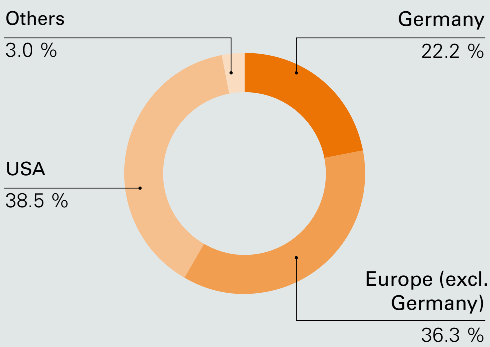
The trends in the divisions were also reflected in the regional distribution of consolidated turnover. The acquisition of Central, the less pronounced organic drop in turnover at K + K America and the US dollar's stronger position on average for the year all brought about a shift in favour of the US business. Converted into the reporting currency, turnover at the companies there fell to EUR 281.5 (299.6) million. The US share in the Group's total turnover therefore rose to 38.5 (32.2) percent. In Europe (excluding Germany), TAKKT's turnover dropped to EUR 265.6 (371.8) million – 36.3 (39.9) percent of the total turnover. Especially the Eastern European companies, which had driven growth in the previous years, suffered serious downswings. In the German market, TAKKT generated EUR 162.3 (233.5) million or 22.2 (25.0) percent of total turnover. Other regions experienced the smallest drops in turnover. These other regions currently comprise Canada, China, Japan and Mexico. In these markets, which are relatively recent additions for TAKKT, turnover totalled EUR 22.0 (27.2) million. This corresponds to a share of 3.0 (2.9) percent of consolidated turnover.

E-business share grows

At EUR 103.8 (126.0) million, the absolute turnover generated by online orders was also down in the year under review due to the economic situation. However, at 17.6 percent, the fall was less pronounced than the overall development. The proportion of total turnover accounted for by online orders accordingly rose from 13.9 to 14.3 percent. This figure solely includes turnover from orders which are received by TAKKT's sales companies via the internet. However, it should be remembered that many customers use the catalogue and the internet complementarily, and that even the online-only brands receive a high percentage of telephone orders from customers. The percentage of orders initiated by the internet therefore exceeds the reported figure.

TAKKT has recognised the growing importance of the internet as a sales channel by establishing Certeo. The Group's first online-only e-commerce company in Europe was launched on the German market in October 2009 as planned. With this move, TAKKT is following the example set by its subsidiary NBF in the USA, which has been operating very successfully with online-only brands for eight years.

Turnover *by region*



Value and growth drivers

As described in detail above, the weak global economy impacted on both the number of orders throughout the Group and the average order value. The number of orders fell to 1.6 (2.0), while the average order value dropped to EUR 444 (461). Fewer new customers were also recorded than in the previous year. As is typical for a recession, advertising efficiency fell and advertising activities were also reduced for precisely this reason. However, advertising costs were not cut back equally in all companies and all sectors. The largest curtailments were made where advertising efficiency is at its lowest – primarily in the field of non-customers at long-established companies. Past experience clearly shows that companies focusing their marketing and communication activities during the crisis on customers are winners in the medium term.

As a long-term average, TAKKT Group's advertising costs correspond to around ten percent of total turnover and therefore account for approximately a third of operating expenses. This makes them an important factor, which can be adjusted fairly flexibly. Nonetheless, the advertising budget cuts were capped at half the expected decline rate in turnover to prevent a procyclical effect. Despite the economic crisis, the total number of customers remained stable at around three million.

Increased gross profit margin

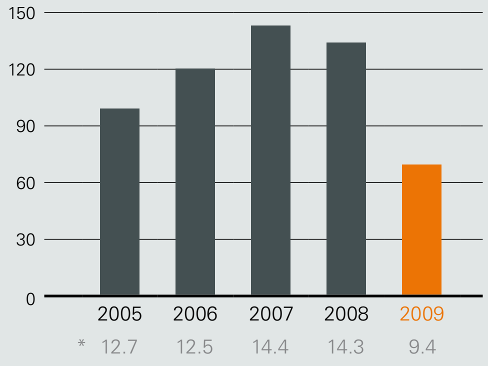
The significant drop in turnover also had a considerable impact on TAKKT Group's result. However, the gross profit margin remained unaffected, bucking the trend to rise from 41.4 percent in the previous year to 42.0 percent in 2009. Adjusted for the Central acquisition, the gross profit margin increased to 42.4 percent. This anti-cyclical development corresponds to the pattern which is customary for TAKKT in the course of economic developments. In a recession, better purchasing conditions can be achieved thanks to lower prices for raw materials and intense follow-up negotiations with suppliers and hauliers. In addition to this, procurement benefits are achieved from the higher proportion of items delivered straight from stock. The recession also prompts a fall in the number of larger individual orders, which are generally associated with larger discounts and therefore lower gross profit margins.

The gross profit margin increased in all three divisions. KAISER + KRAFT EUROPA and K + K America experienced particularly distinct organic improvements. At Topdeq, the increase was lower because the company sold off its inventory in the US due to the suspension of its operations there.

Profitability burdened by economic crisis

Personnel expenses – a major cost factor – fell from EUR 103.2 million to EUR 101.1 million in the reporting year. This 2.0 percent reduction is well below the 26.2 percent organic decline in turnover for three reasons. Firstly, personnel expenses for Central are included as of April 2009. Secondly, the personnel expenses also include severance payments amounting to some EUR 3.0 million in connection with the FOCUS programme. And thirdly, the US dollar's stronger performance on average for the year led to an increase in expenses.

EBITDA *in EUR million (*margin in %)*



With the exception of the gross profit margin, all of the Group's key result indicators fell significantly. Earnings before interest, tax, depreciation and amortisation (EBITDA) dropped by 48.4 percent to EUR 68.7 (133.1) million as a result of the decline in turnover. It should be remembered that the previous year's figures have been adjusted in line with the catalogue accounting regulations applicable as of 01 January 2009.

Despite the measures taken to adjust capacity and cost structures right at the beginning of the crisis, the Group was unable to maintain operational profitability at the previous years' high level. At 9.4 (14.3) percent, the EBITDA margin was well below TAKKT's own long-term target range of twelve to 15 percent. Adjusted for one-off expenditure totalling EUR 5.2 million in connection with the FOCUS programme, the Group still posted a double-digit EBITDA margin of 10.1 percent. Given the economic climate, this was still a very respectable figure. This once again shows how flexibly cost items can be managed in TAKKT's business model. The initial consolidation of Central had a moderately positive effect on the margin, as the new company's profitability is above the Group average. Adjusted for Central and one-off expenditure for FOCUS, the EBITDA margin came in at 10.0 percent.

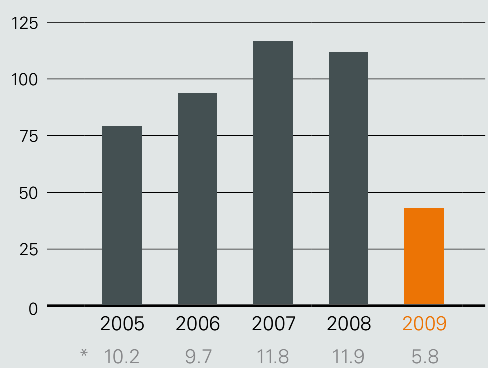
TAKKT's Management Board expects the EBITDA margin to return to the target corridor again by 2011 as a consequence of the restructuring measures already initiated and the anticipated economic recovery. It further expects the restructuring measures alone to have a positive effect on the result in the amount of at least three million euros per annum starting 2010.

Depreciation increased in the year under review due to the amortisation of intangible assets in connection with the allocation of the purchase price paid for Central (see page 109). The stronger US dollar and the capital expenditure in 2008 also contributed towards the increase in depreciation and amortisation. This caused the EBITA – earnings before interest, tax and amortisation of goodwill – to fall to EUR 49.4 (117.3) million. Thanks to the strong cash flow generated by TAKKT's business model, there were no grounds for impairment on goodwill despite the severe downturn in business. As a result, earnings before interest and tax (EBIT) amounted to EUR 49.4 (117.3) million. The EBIT margin fell to 6.8 (12.6) percent.

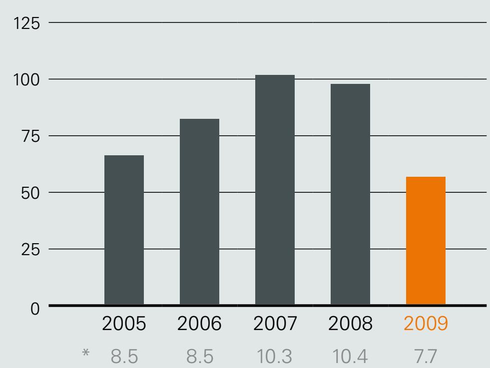
Finance expense increased year-on-year. This is primarily attributable to higher borrowings due to the acquisition of Central, the share buy-back and the dividend payout. However, the stronger performance of the US dollar on average for the year also contributed towards the higher expense. Lower interest rates had the opposite effect. Profit before tax fell accordingly to EUR 42.4 (111.0) million.

The tax ratio increased to 34.3 (32.4) percent. The K + K America division's higher share of the Group's pre-tax profit and the effects of the valuation of deferred tax assets on loss carry-forwards had a negative effect on the tax ratio. These were only partly offset by positive effects in connection with the closure of Topdeq in the USA.

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



Cash flow *in EUR million (*margin in %)*



The profit after tax for 2009 therefore came in at EUR 27.8 (75.1) million. Of this, minority interests accounted for EUR 0.7 million, while EUR 27.1 million was attributable to TAKKT AG shareholders. Earnings per share dropped from EUR 1.01 to 0.41. The weighted average number of outstanding shares was 66,628,887 in 2009, compared to 72,900,000 in 2008. This reduction in the number of shares is linked to the share buy-back undertaken in February 2009.

Strong cash flow generated despite downturn

The cash flow – i.e. profit for the period plus depreciation, amortisation and deferred tax expense – fell to EUR 56.1 (97.1) million due to the lower result. Although the cash flow margin as a percentage of consolidated turnover was well below the previous year's figure, it was nevertheless good at 7.7 (10.4) percent. It shows that TAKKT's business model remains viable even in a difficult economic environment.

Although the cash flow decreased considerably in the year under review, releasing net working capital partly compensated for this. As a result, the cash flow from operating activities – which comprises changes in the net working capital as well as the cash flow – only fell from EUR 96.9 million to EUR 71.0 million. After taking into account the low capital expenditure of EUR 4.6 (27.9) million needed in 2009 for rationalising, maintaining and expanding its business, TAKKT even had access to a free cash flow of EUR 66.4 (69.0) million for acquisitions, payouts to shareholders and loan repayments even in the crisis year of 2009. This figure once again underlines the strong cash flow generated by TAKKT's business model. Further information on cash flow generation and usage is available in the cash flow statement of TAKKT Group in the consolidated financial statements on page 70 onwards.

Cash flow calculation *in EUR million*

	2005	2006	2007	2008	2009
Profit	50.4	62.5	79.3	75.1	27.8
Depreciation	9.5	14.3	17.3	15.8	19.2
Deferred tax affecting profit	5.6	4.9	4.6	6.2	9.1
Cash flow	**65.5**	**81.7**	**101.2**	**97.1**	**56.1**

Financial situation

In 2009, TAKKT optimised its balance sheet structure by buying back own shares and distributing a special dividend. At the same time, it maintained its financial scope for expansion opportunities.

Slight increase in total assets

Throughout the course of the year, TAKKT Group's balance sheet ratios shifted due to the share buy-back programme, the cash acquisition of Central and the distribution of another special dividend for 2008. On the balance sheet date, 31 December 2009, the Group had total assets of EUR 536.4 (530.8) million. Its non-current assets were EUR 386.8 (353.9) million. Goodwill made up the largest item at EUR 240.1 (217.7) million. As per IFRS 3, goodwill is not subject to regular amortisation. Instead, an impairment test is undertaken every year. As in previous years, there was no need for goodwill impairment in 2009.

The increase in goodwill and therefore non-current assets is due to the acquisition of Central. On 03 April 2009, TAKKT acquired 100 percent of the shares in Central Products LLC through the US Group company K + K America Corp. in return for a cash payment of approximately USD 83 million as part of a share deal. The cash price was financed by using existing long-term credit lines, which led to an increase in liabilities. Further information about how the purchase price of Central was allocated to individual assets can be found on page 113 onwards. The balance sheet value of tangible assets fell to EUR 99.8 (108.7) million due to depreciation and currency translation.

Current assets fell against 2008 to EUR 149.6 (176.9) million due to weak business developments and exchange rates. Trade receivables – the largest individual item in this category – were also significantly down on the year at EUR 72.1 (88.4) million. In spite of the crisis, TAKKT did not experience any significant changes in customer payment patterns. At 34 (36) days, the average collection period remained very good. TAKKT's write-offs remained low as usual at well under 0.3 percent.

Inventories decreased to EUR 51.6 (69.9) million. This was primarily attributable to the FOCUS measures to optimise PEG's warehousing structures in North America and to withdraw Topdeq from the USA. Currency effects also played a part. The Central acquisition offset this to some degree. Weak business developments also contributed towards the reduction in stocks. However, adjusted for the above effects, inventory levels did not decline at the same rate as turnover. There are two strategic reasons for this. Firstly, the Group aims to use the existing warehouse infrastructure efficiently and increase the number of products on stock when it has free capacity. This speeds up order processing and maximises the competitive advantage over store-based dealers. Secondly, the weak demand situation was utilised to achieve more favourable purchasing conditions. In this regard, TAKKT was able to benefit from the fact that the durables sold are not subject to any storage risk.

Covenants

	2005	2006	2007	2008	2009
Equity ratio in percent	46.1	47.7	58.6	61.1	44.5
Debt repayment period in years	2.6	2.3	1.2	0.8	3.0
Interest cover	8.6	8.7	14.1	21.0	6.9
Gearing	0.7	0.6	0.3	0.2	0.8

Lower equity ratio reduces total cost of capital

Shareholders' equity fell in the 2009 financial year to EUR 238.8 (324.4) million, while the equity ratio dropped to 44.5 (61.1) percent. This development is due to three steps taken by the company: the share buy-back at the beginning of the year, the Central acquisition in April and the dividend payout in May 2009. TAKKT has set itself a target range of 30 to 60 percent for its equity ratio. After the ratio exceeded the upper limit of the target range at the end of the 2008 financial year despite the payout of a special dividend, the Management Board published a voluntary public buy-back offer for a total of up to 7,290,000 own shares. The offer received a positive response – almost the full number of shares were acquired and then cancelled.

The purchase of own shares and the subsequent payment of a special dividend again in May improved the balance sheet structure with regards to the total cost of capital. As TAKKT generates a high and stable free cash flow, greater borrowings respectively a lower equity ratio were a sensible option. Even after taking the steps listed above, the Group has sufficient financial scope for further external and internal growth.

The Group's net borrowings increased to EUR 180.8 (79.9) million. The main reasons for this increase were the acquisition of own shares (EUR 57.7 million), the payment of the purchase price for Central (EUR 59.1 million) and the distribution of a dividend for 2008 (EUR 52.5 million). The high inflow of funds from operating business restricted the increase in borrowings to EUR 102.2 million. It should also be borne in mind that TAKKT finances capital expenditure and acquisitions in the currency of the relevant business unit. As a result, liabilities fell by EUR 1.3 million due to the depreciation in the US dollar (closing rate).

Deferred tax liabilities increased again as expected due to tax writedowns on goodwill, rising to EUR 24.9 (18.7) million. Goodwill in the individual balance sheets of Group companies is amortised in accordance with local tax regulations, but not in accordance with IFRS, which is the basis for the consolidated financial statements. These differences give rise to deferred taxes.

Provisions for pension liabilities were up slightly. However, they remain of secondary significance for the Group at around three percent of total assets.

Capital expenditure TAKKT Group *in EUR million*

	2005	2006	2007	2008	2009
Tangible assets	4.9	8.1	45.8	24.7	3.1
Intangible assets	4.0	63.7	1.3	3.0	56.9
Other financial assets	0.0	0.2	0.3	0.2	0.1
Total	**8.9**	**72.0**	**47.4**	**27.9**	**60.1**
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0
Other depreciation	9.5	14.3	17.3	15.8	19.2

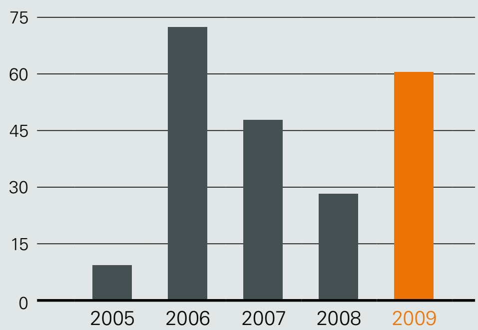
TAKKT Group's efficient payment management system enables it to continue to take advantage of supplier discounts. Aside from currency effects, the year-on-year reduction in trade payables is primarily due to the sharp drop in business volume seen in the year under review.

The other financial key figures used internally by TAKKT for the long-term management of its financial structure, often known as covenants, changed in line with the measures outlined above – i.e. the share buy-back, acquisition and total dividend – and due to the sharp decline in business. Gearing rose from 0.2 to 0.8, the debt repayment period increased from 0.8 to 3.0 years and interest coverage fell from 21.0 to 6.9. Definitions of these indicators are included in the glossary starting on page 126. However, all of the key financial indicators remain sound, leaving scope for further internal and external growth.

Standard capital expenditure below long-term average

Due to the acquisition of Central in the USA, capital expenditure rose in the year under review to EUR 60.1 million. By contrast, rationalisation, expansion and modernisation investments were well below the previous year's figures at EUR 4.6 (27.9) million. With a ratio of 0.6 (3.0) percent, they were also below the long-term average of one to two percent of consolidated turnover. Following large-scale capacity increases in Europe in the previous years, there were no major individual projects in the year under review. This enabled TAKKT to make full use of the benefits of its low-investment business model during the crisis.

Capital expenditure* *in EUR million*



*) incl. acquisitions and financial leasing

Research and quality assurance

The awareness of customers' needs is one of the keys to TAKKT Group's success, while knowledge transfer safeguards the company's competitive edge. These two aspects go hand in hand when it comes to making ongoing improvements.

Further development focuses on e-business

TAKKT Group sees itself purely as a B2B mail order specialist. For this reason, the Group does not conduct any classic research and development, unlike technology-oriented manufacturing companies. However, all of the 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 regular market research. A market research institute carries out surveys for the whole Group, using a standardised methodology. This procedure guarantees the results' comparability at an international level and over long periods of time.

In the 2009 financial year, the surveys concentrated on the Group company KAISER + KRAFT in Germany and on e-business around the world. For example, as part of the market research activities, surveys were conducted into six of the Group companies' web shops, including KAISER + KRAFT and Topdeq in Germany and C&H, Hubert, National Business Furniture and officefurniture.com in the USA. Also, tracking studies were conducted at ten companies, each asking recent buyers how satisfied they were with the order process and handling. Concrete action plans are derived from the results of all these studies, and management is monitoring their implementation to ensure that customer satisfaction is continually increased.

The results of the year 2009 market research once again underline the growing importance of online ordering options for TAKKT's customers. Increasing user-friendliness was therefore at the heart of the improvements. The Group companies' web sites are being constantly revised in the interests of user-friendliness. The most important criteria for customers are clarity and speed. As the Group companies offer a wide range of products, the product search poses the greatest challenge for the web shops' architecture. The platform for the KAISER + KRAFT EUROPA companies was redesigned in 2009 for this reason. It was rolled out to most of its sales companies in 2009 and the process will be completed in 2010. Of course, new companies such as Hubert in Germany and France have a web shop right from day one. The new companies' web sites draw on other Group companies' experiences. As the North American market is ahead of Europe in terms of e-business, the US companies' experiences are consistently used for European sites.

Acquiring and retaining customers

Optimising e-business does not only entail improving the web shops' functionality and keeping existing customers happy. Making the shops easy to find online is also crucial for success on the internet, as this should help the Group to gain new customers. Customer-oriented search engine optimisation is the key. This means permanently working on the shops' placement in the search results which are generated by the search engines' algorithms rather than by paying for advertising. TAKKT is systematically working on optimising each web site's page headings and text links to enhance its relevance when customers enter search terms. The aim is to be listed as high up as possible on the results pages. The successful work of the US company officefurniture.com and the skills it acquired were used as a basis for the launch of Certeo in Germany.

A more advanced aspect of e-business is providing electronic catalogues on the intranet or order processing systems operated by selected key account customers. Adjusting the catalogue to the relevant client's systems significantly heightens the product range's presence and thereby strengthens customer loyalty. In addition to this, such e-procurement solutions can reduce transaction costs for the client. This means that TAKKT Group is more often chosen as a supplier.

Quality with ISO certification

TAKKT Group's quality management is firmly dedicated to the demands and expectations of customers. Effective quality management rests on measuring quality. This is why TAKKT records all customer queries and complaints electronically. Specially trained staff process, analyse and categorise all suggestions and complaints. TAKKT can then use this information to systematically improve products as well as catalogues and optimise workflows. Suppliers and service providers for Group companies are also included in the improvement process, and their quality is likewise continuously 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.

Employees

The difficult economic situation made it necessary to make a number of far-reaching staff cuts. Even in such times, TAKKT is aware of its responsibility towards its employees, society and environment as a whole.

Economic crisis makes job cuts necessary

On 31 December 2009, TAKKT Group employed 1,768 (1,960) full-time equivalent staff members, while the actual employee number was 2,003 (2,120) on headcount basis. Despite the acquisition of Central with its workforce of around 130 full-time equivalent staff, the headcount went down. Attempts were made to avoid redundancies for as long as possible. However, the measures available – such as not filling vacancies, short-time working, overtime reduction, unpaid leave and reductions in working hours – were not always sufficient to adjust staffing levels to the sharp drop in business volume. This meant that both redundancies and reorganisation measures were necessary. Those which had the most drastic effect on staff numbers included Topdeq's withdrawal from the US market, streamlining the warehouse structure in the US market, reducing capacity at the company's own production facilities and closing the warehouse in Haan.

At the balance sheet date, the KAISER + KRAFT EUROPA division employed 788 (976) full-time equivalent staff members, Topdeq employed 146 (216) and K + K America 806 (740). The holding company had 28 (28) employees. The average age of staff throughout the Group is approximately 43.

Training and further education stimulate staff development

Despite the economic crisis and the staff cutbacks it necessitated, TAKKT fulfilled its responsibility to train younger generations. In 2009, a total of 27 (32) employees were in training. Of these, nine attended an in-service university course. TAKKT Group offers vocational training for young men and women to become wholesale and export operators, office communication operators, marketing communication operators, technical draughtspersons, production mechanics, warehouse clerks and warehouse logistics clerks.

Qualified and motivated staff are a key success factor for the company. That is why TAKKT attaches great importance to comprehensive training and continuing professional development (CPD), even in difficult economic circumstances. Staff make great use of the company's CPD programme, which consists of three elements: internal training, external speakers and courses at the Haniel Academy. TAKKT regularly offers internal seminars in which specially trained or particularly experienced employees pass on their knowledge to colleagues. For the second element, the Group invites external speakers to talk on a variety of topics such as sales and IT. The Haniel Academy is a management centre which helps executives and skilled workers to strengthen their technical and personal skills and perform to their full potential. The academy works with first-rate management experts from colleges and leading international business schools to offer seminars and workshops.

In May 2009, a conference entitled FUTURE@TAKKT was also held for the Group's top executives and e-commerce specialists to stimulate knowledge transfer in the important growth field of e-commerce. At the conference, workshops were held compiling and presenting key insights into e-business at TAKKT. The cornerstones of the Group's e-commerce strategy were also developed at the event.

Training courses in the year under review focused on the issue of management. One of the key aims was to give executives better instruments for managing their units and motivating their teams in difficult situations. One such important tool is the TAKKT Dialogue, which provides a structured framework for staff appraisals involving employees and their line managers. Dialogue meetings are held at least once a year. They comprise an extensive review and outlook, an assessment of the employee's performance based on TAKKT key qualifications, quantifiable targets for the coming year and an individual development plan.

Employees participate in success

TAKKT's employees make a decisive contribution to the company's success. The Group generally rewards this with appropriate performance-related bonus models. If a company achieves or exceeds its set turnover targets, the staff share in its success via a cash bonus of up to one month's salary in addition to their regular pay. However, if the relevant turnover targets are not met – as was largely the case in 2009, for example – no bonus is paid.

In Germany, employees are also eligible to participate in the success of the company by buying employee shares. In 2009, 37.5 percent of all entitled employees took advantage of this opportunity and bought 8,895 shares.

As TAKKT executives accept an especially high degree of responsibility within the Group, special remuneration models are used for them. Middle-level managers' pay depends on the operating results of their company and whether they have fulfilled their individual targets. Management Board remuneration is based on the cash flow generated, the performance of the TAKKT share and the EVA®. Detailed information on this is included in the remuneration report from page 58 onwards.

Dedicated to employees, society and the environment

In spite of the ongoing economic crisis, the company remained committed to various projects for its employees, society and environment in 2009.

For details of these projects, please refer to page 16 onwards of the enclosed magazine or the 2009 corporate responsibility report at www.takkt.com under Holding/CR.

Risk report

To early identify and manage risks is an important component in business success. For this, TAKKT has developed effective systems which are used throughout the Group.

Active risk management

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

Another decisive factor in successful risk management is timely and comprehensive reporting. For example, the Management Board receives information on order intake and service levels for every company on a daily basis. In addition, the Group continuously 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 are an inherent part of the company's risk management system. Their task is to monitor processes in all Group companies regarding their 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.

Internal control and risk management system for the accounting process

TAKKT has extensive structures, systems and measures in place which safeguard the effectiveness and security of the accounting process, including the preparation of individual and consolidated financial statements. The internal control and risk management system for accounting is based on close cooperation between the companies' directors, the TAKKT Management Board and the corporate accounting, corporate controlling, corporate finance, legal and internal auditing departments. The system is completed by a Group-wide four-eye-principle, consistent rules of management, Group-wide controlling as well as processes to anticipate risks which can impair strategic and operational measures and thereby jeopardise the realisation of the Group's value and growth potential. The control and reporting structures start at subsidiary level and finish with the Management Board, which is regularly informed about all developments and must approve critical measures. TAKKT uses various instruments to ensure that the latest IFRS standards, other relevant legal requirements and internal guidelines are upheld throughout the Group. These include constantly updated accounting guidelines, a standardised chart of accounts, a Group-wide schedule for the production of financial statements, various handbooks and a number of other mandatory standards. External experts are called in when necessary, for example when evaluating pension liabilities or producing reports on purchase price allocation in conjunction with company acquisitions.

Local managers and auditors regularly verify that control systems and accounting regulations are utilised and upheld within the Group. Checks are also carried out by the corporate accounting department, the internal audit department and the Group auditor. Furthermore, the companies regularly reconcile their intercompany balances. In addition to this, certified data processing systems are used for order processing, bookkeeping, reporting and treasury. Together with central training sessions for the relevant users, they help with the process of quality assurance. Standardised, centrally administered IT systems are used to produce the consolidated financial statements. SAP SEM BCS is used for consolidation at every level of TAKKT Group. A form-based data collection and collation instrument is utilised to produce the notes to the consolidated financial statements. This is also based on SAP. A number of validations within the IT systems support the financial reporting process. The IT systems used for accounting are protected against unauthorised access. Furthermore, systems are in place to segregate duties and manage change. A range of internal controls is also implemented at the various process levels to ensure that accounting complies with all the relevant regulations.

No risks threatening the Group's existence

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

The economy: the major risk to TAKKT's business

The individual B2B mail order operations carried out within TAKKT Group are fundamentally dependent on economic developments in the various regions and sectors. Due to its well-diversified customer and product portfolio, TAKKT has been able to cushion the effects of economic fluctuations in individual countries, sectors and areas in the past. With more than 160,000 products, the company addresses customers of all sizes and from various industries. Its broad-based international positioning also 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 the economic situation, to long-established marketing companies, which tend to reflect the current business cycle in their own development.

In the reporting year, an economic downturn that was longer and deeper than anything seen in the company's history was experienced. Although the economic swings differed in their impact, all of the regions and sectors which TAKKT serves were affected by this global economic downturn. In this case, the sectoral and geographical diversification could do little to cushion the development. In this respect, TAKKT's business model is exposed to a general global economic risk.

Low-risk industry

The specialist B2B mail order industry for business equipment is exposed to comparatively little risk. Market entry barriers for new catalogue competitors are particularly high, as building a customer base is very expensive and time-consuming. Establishing online-only operations also calls for significant investments, as companies need to establish relevance with popular search engines, acquire specialist expertise in the field of online marketing and master highly complex logistics and IT processes in the handling of orders.

TAKKT does not depend on any individual manufacturer or supplier. The company can switch to alternative suppliers at short notice for almost every product it sells. This situation will not change in the long term because there is no reason to suspect that the crisis will prompt comprehensive consolidation within the supplier market for TAKKT's products.

Dependency is also low on the sales side because TAKKT's customer structure is very fragmented. Out of a total of approximately three million customers, only two customers each generate sales of slightly above one percent of TAKKT Group's turnover. Furthermore, the customer base includes companies from very different segments of the service sector, public authorities and the manufacturing industry. For some time now, the focus has been shifting from the manufacturing industry to the service and the public sectors. While almost all of the company's customers were manufacturers 25 years ago, this industry now accounts for just 50 percent. TAKKT also targets customers of all possible sizes – from freelancers to hotel chains and from single workshops to large-scale manufacturing facilities.

The internet: more opportunities than risks

The internet is developing rapidly. The number of users who grew up with the internet is constantly increasing. Search functions are getting better and better. This makes it ever easier to specifically select non-branded products. TAKKT is responding to these trends with a multi-brand strategy: On the one hand, TAKKT is continuing to operate its traditional line of business with its established catalogue brands and a corresponding web shop for larger clients who need additional services and advice and who think more in terms of process costs. On the other hand, the Group offers online-only business for smaller, more price-conscious customers who demand less service and advice. With the expansion of its online presence, TAKKT has further strengthened a high-growth sales channel. The proportion of total turnover accounted for by online orders has been increasing for years. However, the online business figures published by TAKKT only include orders which are received by TAKKT sales companies via the internet. In fact, more orders are initiated by the internet that are then placed by other means, such as the telephone. TAKKT thus sees the internet as presenting more opportunities than risks.

There is little risk of TAKKT's business model being replaced by online-only sales platforms or marketplaces because most B2B customers are looking for professional providers offering a preselected product range of high-quality equipment in a one-stop shop solution, with fast and reliable delivery guaranteed. Electronic marketplaces are unable to fully meet these requirements, as they mainly focus on the technical processing of transactions. However, TAKKT can use the internet to further strengthen existing customer relations, for example by providing e-procurement solutions for key accounts.

Reacting flexibly to price changes

TAKKT Group companies usually revise their catalogues three times a year. This enables them to react flexibly to changing offers and procurement prices. If costs for raw materials such as steel or wood increased, for example, it would be possible to adjust catalogue prices at short notice or offer alternative products. As TAKKT provides durable equipment, the demand side scarcely reacts to increasing or decreasing prices. At the same time, TAKKT's warehouse capacities allow utilising weak economic phases to opportunistically build up its stocks at better purchasing terms. This has a positive effect on both gross profit margin and profitability.

All-round protection for advertising media and addresses

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

The Group produces some 55 million pieces of advertising media every year. Paper and printing prices are therefore an important cost factor. To ensure that short-term price fluctuations have no influence on 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 data relating to existing and potential customers. Additional security systems guarantee that only authorised personnel can access and process the addresses. The TAKKT Management Board does not expect any possible tightening of data protection regulations to have a significant and incalculable effect on the Group's business.

Low warehousing risk

The risks for TAKKT associated with inventory assets are deemed immaterial. This applies equally to product obsolescence as well as to technical and price developments. For example, tables, chairs and cabinets are standard articles that are always needed; they are not subject to seasonal price fluctuations or short-term fads. Since TAKKT is continually optimising and updating its product range, an item may be dropped from the catalogue in the medium term, yet still remain stocked in the warehouse. In such cases, the company generally falls back on contractual return clauses arranged with suppliers for remnant stock.

Efficient logistics system

The majority of TAKKT Group'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 the price advantage for TAKKT that arises from pooled international purchasing. Customers also benefit from this system through the sales prices.

These advantages clearly outweigh the risks resulting from centralised warehousing, such as fire. However, if it is necessary to operate smaller regional warehouses to provide an optimum delivery service, the divisions establish such facilities. All warehouses are covered by the necessary insurance against fire, theft or business disruptions, etc. Should a temporary disruption at a warehouse result in delivery bottlenecks, the divisions can also distribute the majority of their goods via drop shipment.

Every TAKKT division regularly reviews its warehouse concepts. This ensures high standards of security, delivery quality, speed and efficiency. If necessary, the warehousing structures can be adapted to changing conditions. For example, the warehousing structure in the USA was optimised in 2009 in the course of the FOCUS programme. This involved reducing the number of PEG warehouse sites from four to two. In Germany, the warehouse in Haan was closed for capacity reasons.

TAKKT commissions external logistics companies to transport and deliver its products. The market for logistic services is fragmented, and total shipping costs account for less than ten percent of consolidated turnover. TAKKT does not expect fluctuating fuel prices, road tax or tolls to have a material effect on the Group's earnings position.

Low write-offs on receivables and guarantee claims

TAKKT's loss on receivables remains very low at well under 0.3 percent of its turnover. This extraordinarily good figure can primarily be attributed to the Group carefully checking customer creditworthiness and actively managing receivables. Even in 2009 – which saw the worst economic environment in the company's history – the percentage did not increase significantly thanks to the low average order value and the highly fragmented customer structure. The same applies to the collection period, i.e. the average time between invoicing and payment being received. It was 34 (36) days in the year under review.

The number of customers claiming on 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 quality 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 its 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, for example servers, order processing software and product management systems. A key priority of TAKKT's risk management is therefore 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, ongoing data back-ups and external hardware capacities reduce the risks associated with IT system breakdowns.

As well as the TAKKT Group companies' internal IT departments, external specialists check the performance and security of the IT systems. They test whether the systems are running reliably, whether they are protected against unauthorised access, and whether data can be restored easily. In the year under review, no major issues were reported at any of the companies examined.

High security standards also apply when using IT. Strict guidelines govern the use of email, 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 Group companies' business. It is also essential to ensure that the sales companies can be reached by phone at all times. For this reason, the Group uses special back-up systems and uninterruptible power supplies. This provides protection from line or power failures and faulty telephone systems. Calls can also be rerouted to other sites if necessary. The company continuously monitors how easy it is for customers to contact the companies' sales offices. These empirical figures allow the Group to flexibly tailor 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 transaction risks and translation risks. Transaction risks result primarily from buying and selling goods in different currencies. The Group protects itself from the effects of these risks by generally buying and selling products in the same currency. Transaction risks from fluctuating exchange rates remain for substantially less than ten percent of consolidated turnover – mainly from intercompany transactions. Topdeq's withdrawal from the US market will further reduce this percentage. The currency risks which remain after offsetting are generally assumed and hedged by the respective delivering entity. Based on the individual companies' turnover forecasts, the open currency positions are identified and hedged using derivative financial instruments to an amount of between 60 and 70 percent, preferably with forward foreign exchange contracts. In general, forecast turnovers and cash flows are considered for one catalogue cycle.

Translation risks resulting from currency changes are also relevant to TAKKT Group's balance sheet and its consolidated income statement. These risks arise when the financial reports of foreign subsidiaries are translated into the reporting currency of euros. As a result, fluctuations in exchange rates, especially in the US dollar, impact on the absolute value of key figures reported in euros. TAKKT generally does not hedge against these risks, as there are no economic grounds to justify putting proper hedging mechanisms in place. Furthermore, translation risks only have a minor effect on the structure of TAKKT's consolidated balance sheet and income statement.

Negative impacts from changing interest rates are also a risk for TAKKT. As a rule, the Group protects itself from this risk with interest rate swaps and interest rate caps. These hedges usually have the same duration as the loan contracts, so that interest rates for long-term loans are also hedged for the long term. The target hedge level is between 60 and 70 percent of the finance volume. This limits the negative impact of interest rate increases, but still offers the Group the potential to profit from interest rate reductions or persistently low short-term 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 on page 104 onwards of the Notes. By using the above-mentioned currency and interest rate hedges, TAKKT does not face any material risks from changes in prices.

TAKKT monitors and manages the stability of its financial structure internally using long-term financial planning and specific key financial indicators known as covenants. These covenants include, for example, the debt repayment period and the equity ratio. TAKKT has determined an internal threshold for each of these figures. The Group's equity ratio target is between 30 and 60 percent. An explanation of the covenants can be found in the glossary starting on page 126, and the current figures are presented on page 24 of this annual report.

The Group is mainly funded by long-term loans and always has sufficient unutilised facilities. At year-end, the unutilised long-term credit lines exceeded the loan liabilities due in the next 2.5 years. This means that TAKKT Group's external growth can be realised at any time by drawing on previously established conditions, so the company is not affected by difficult situations on the financing market as seen in 2008/2009, for example. As a consequence, unavailable credit facilities do not pose a significant risk for TAKKT. The finance department of TAKKT regularly monitors banks' creditworthiness and deals exclusively with banks with an excellent credit rating. Furthermore, the bank pool is widely spread. The company can therefore virtually rule out any liquidity risk arising from financing.

Low personnel risk

TAKKT Group employees make a critical contribution to the Group's sustained success. Their expertise and dedication have both direct and indirect effects on business development. To continue generating 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 put stand-in arrangements in place to deal with cases of staff illness or resignation.

Efficient steering and control systems

TAKKT Group's management relies on a range of efficient steering and control systems to manage each individual operating company. The subsidiaries inform the Management Board about their respective turnover figures 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 do not have any impact on the economic situation of the Group, neither individually nor taken jointly.

Conclusion: risks limited and calculable

All in all, the risks for TAKKT Group are limited and calculable. Based on the information currently available, the Management Board does not believe that there are any substantial individual risks either now or in the foreseeable future that threaten the Group's ongoing existence. As the business model generates strong cash flows and the Group has a sound finance structure, neither the risks as a whole nor the serious global economic crisis threaten TAKKT Group's ongoing existence.

Forecast report

Although the underlying economic conditions made 2009 the most difficult year in the history of TAKKT AG so far, the Group is still in a very sound position. This is a good starting point for profitable growth in the future.

Economic recovery in sight

Following the global economic downturn that began in the second half of 2008, economic experts anticipate a more positive outlook for 2010. According to forecasts, the GDP in Europe should return to growth, with an increase of 1.5 percent expected in 2010, followed by 1.7 percent growth in 2011. In Germany, the economy is expected to grow by 2.3 percent in 2010 and by 1.5 percent in 2011. Experts believe the USA will emerge from the trough more quickly. They anticipate growth of 2.8 percent in 2010 and of 3.0 percent in 2011. However, this means that the industrialised nations' economic output over the next few years will still remain well below the level seen in 2008.

It is a precondition for this development that the international financial system remains stable. The global economic recovery is primarily driven by the dynamic economic developments in Brazil, India, China and other Asian countries. Demand for imports from emerging regions will be a crucial factor in determining how quickly the global economy recovers. In addition to the uncertainties regarding the development of the financial system, the increase in public debt around the world also poses a threat to economic recovery. Over the last two years, the North American and European governments have injected substantial funds into stabilising the economy in general and the banking sector in particular. These stimuli were financed by increased borrowing. In the meantime, the level of debt has reached such an extent, that experts believe it will considerably limit governments' ability to intervene in future. Should new crises emerge in the medium term, it cannot be assumed that governments will be able to launch the same kind of extensive rescue measures as initiated in 2009.

TAKKT's strategic positioning as described in the Business model and corporate strategy chapter as well as long-term structural market trends which support the business model give lead to numerous opportunities for the Group's medium and long-term development. These opportunities are contrasted by the risks laid out in the risk report – in particular the risk of the economic cycle. As the Management Board of TAKKT AG expects to see a gentle economic tail wind commencing in the second half of 2010 and continuing into 2011, it is cautiously optimistic about the future. Because this should enable TAKKT to further exploit its internal and external growth potential and work on optimising its product ranges and services.

Back on track for growth

Since 1985, TAKKT has grown by an average of around ten percent per year. This increase in turnover was attributable to acquisitions and organic growth in roughly equal parts. The average figure for organic growth comprises some years with above-average growth (such as recently in 2006/2007), years of average growth (as in 2004/2005) and years with below-average or even negative organic growth (as in the period 2001 to 2003 and 2009). Based on the economic expectations and growth initiatives outlined above, the Management Board anticipates organic growth of zero to two percent for the full year of 2010. Positive organic growth rates for the Group are only expected from the second quarter onwards. If the upswing picks up in 2011, annual organic growth rates in turnover of five percent or more could once again be achieved.

Management is convinced that, in the medium and long term, TAKKT Group will return to its above-mentioned historic growth path averaging around ten percent per year. If the company acquires another good-sized mail order platform in 2010 and/or 2011, growth rates in these years could exceed the long-term average.

US dollar affects key indicators

TAKKT generated 38.5 percent of its turnover in the USA. Fluctuations in the exchange rate of the US dollar therefore have a significant impact on the Group's key figures in euros. When translated into the reporting currency of euros, a strong dollar leads to higher turnover and vice versa. The concrete impact can be illustrated using two scenarios: If the euro/US dollar exchange rate increases by ten percent compared to the previous year (i.e. the US dollar becomes weaker), the increase in turnover reported in euros will be almost four percentage points below the currency-adjusted growth. But if the US dollar strengthens by ten percent (i.e. the euro/US dollar exchange rate falls), the increase in turnover reported in euros will be almost four percentage points higher than the currency-adjusted growth.

To illustrate distorting currency effects clearly and report business development objectively, the Group does not only list turnover changes in the reporting currency but also adjusted for currency effects. TAKKT also shows the effects of acquisitions and divestments on turnover in a transparent way. This applies to both its quarterly financial reports and its annual reports. TAKKT's turnover forecast is always based on figures which have been 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 only have a small impact on TAKKT Group. The Management Board has therefore set itself the target of keeping gross profit margins at 2009's level in 2010 and 2011.

Profitability increasing again

The development in TAKKT's turnover depends on the economic trends in the various regions. It is therefore particularly important for TAKKT to maintain a considerable degree of variability in its key cost blocks. This generally allows costs to be promptly adjusted to economic conditions and enables the Group to stay within a clearly defined long-term target corridor for the EBITDA margin of twelve to 15 percent. However, the unusually sharp drop in turnover in 2009 prompted the operational margin to fall below the target range. Starting in 2010, the measures implemented in the year under review to increase efficiency will have positive effects on earnings of more than three million euros per year. For this reason, the Management Board expects to see an EBITDA margin of more than eleven percent in 2010, even if organic growth remains low at zero to two percent. As of 2011, the margin should once again reach the target corridor of twelve to 15 percent.

Capital expenditure develops in line with business

Although the investment volume in 2009 was below the long-term average of one to two percent of consolidated turnover, it is expected to be within – but at the lower end of – this corridor in 2010 and 2011. The major projects planned by TAKKT include further optimising the IT infrastructure in the Business Equipment Group (previously KAISER + KRAFT EUROPA) and setting up a new web platform for the SPG.

New expansion plans

TAKKT will consistently follow its course of expansion in the coming years regardless of the economic situation. In 2010, the Group has launched the KAISER + KRAFT brand in Russia. The Group also intends to further roll out its tried and tested multi-brand strategy, for example by entering another European market with the gaerner brand. Following the successful market entry of Hubert in Germany and France, further European expansion opportunities are being investigated for the restaurant supplies company. TAKKT will furthermore continue to extend its range of own brands around the world, especially since the EURO*KRAFT* and *office akktiv* brands have received such a positive response in Europe.

Online-only business – i.e. brands that market their products exclusively on the internet – will play an ever greater role in the Group's expansion plans. With the online platform Certeo, the Group's first European internet brand went live in Germany in the second half of 2009. Preparations are already under way to extend the business model to other segments and countries.

Constant dividend policy
TAKKT AG is upholding its sustainable dividend policy even in the difficult economic environment. On the one hand, this ensures that shareholders participate directly in the company's economic success via dividends. On the other hand, it creates financial scope for further external growth. In general, approximately 30 percent of profits attributable to shareholders should be paid out as an ordinary dividend. However, the amount paid out should not be less than in the previous year. In addition to this, TAKKT may distribute a special dividend thanks to the strong cash flow generated by its business model. For this to happen, the equity ratio must reach or exceed the upper end of the Group's target range (30 to 60 percent).

Development of the divisions
Expectations for the TAKKT EUROPE and TAKKT AMERICA divisions are closely linked to the projections for the whole Group outlined above. Due to Topdeq's withdrawal from the US market, turnover at TAKKT EUROPE is likely to be slightly below the Group average in 2010. By contrast, the TAKKT AMERICA division should benefit somewhat from the more robust economic development in North America and the roll-out of Hubert in Europe. Development is expected to become more even across the board again in 2011.

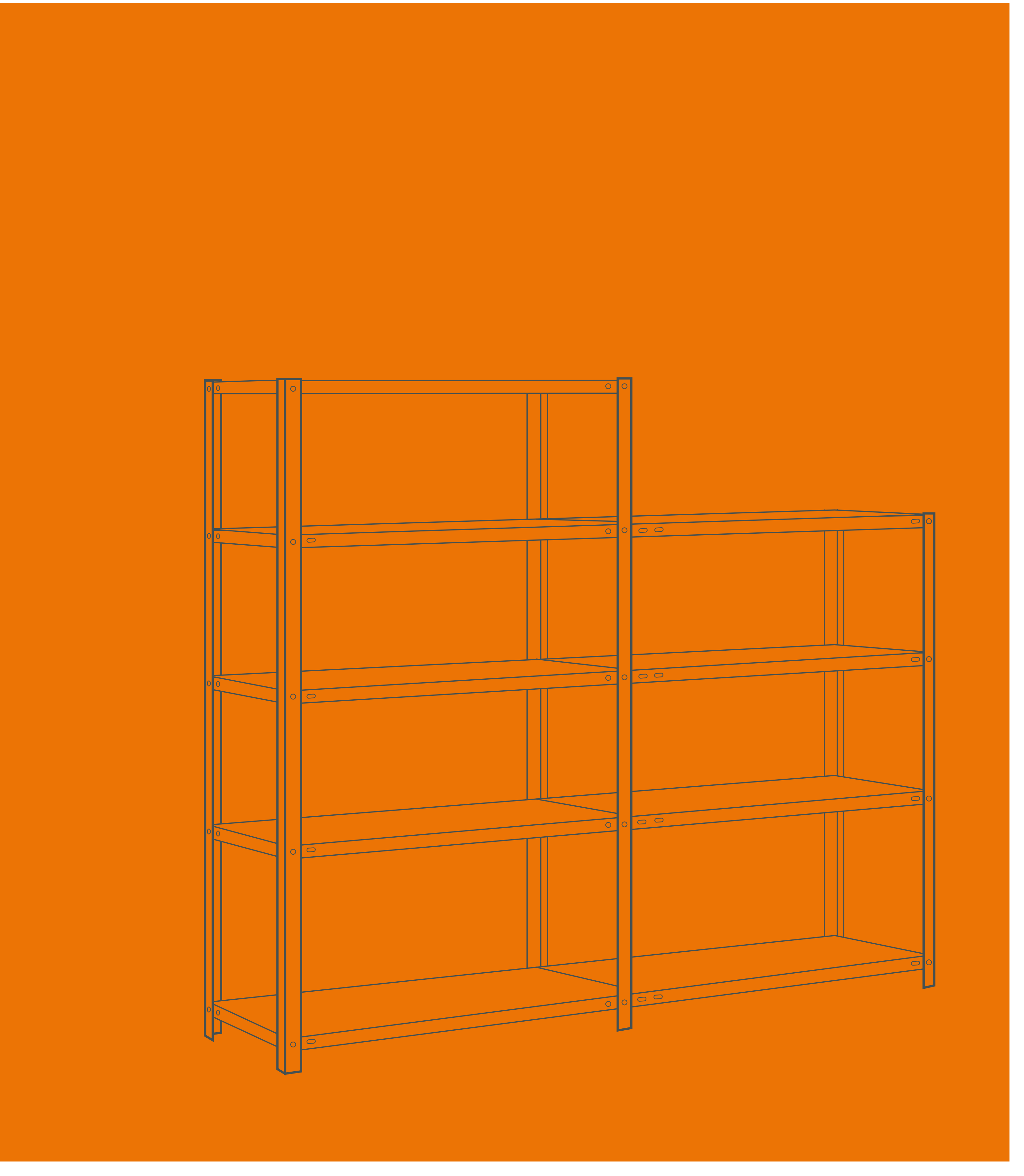
In terms of profitability, the TAKKT EUROPE division's EBITDA margin should reach the upper end of the target corridor again in 2010. The expected development is based on both an improved margin at the new Business Equipment Group (formerly KAISER + KRAFT EUROPA) and a positive EBITDA margin at the Office Equipment Group (formerly Topdeq).

The TAKKT AMERICA division will also see a modest increase in its operational profitability in 2010, not least thanks to the FOCUS programme. However, the restructuring measures which the Group has initiated will only have full impact as of 2011.

Guarantee
This annual report and the forecast report in particular include forward-looking statements and information.

These forward-looking statements are estimates made by TAKKT management based on all the information available to them when the annual report went to press. Should the basic assumptions not be realised or other risks arise, the actual results can differ from those expected. TAKKT management cannot therefore accept any liability for these statements.

TAKKT IMPLEMENTS EXTENSIVE CHANGES TO ITS GROUP STRUCTURE. FROM 2010 ON, THE GROUP CONSISTS OF TWO DIVISIONS, TAKKT EUROPE AND TAKKT AMERICA.



KAISER + KRAFT EUROPA

Targeting new markets

Following a high-growth period, KAISER + KRAFT EUROPA was significantly affected by the recession in 2009. Despite this economic setback, KAISER + KRAFT EUROPA remained the Group's most profitable division.

Declining key figures

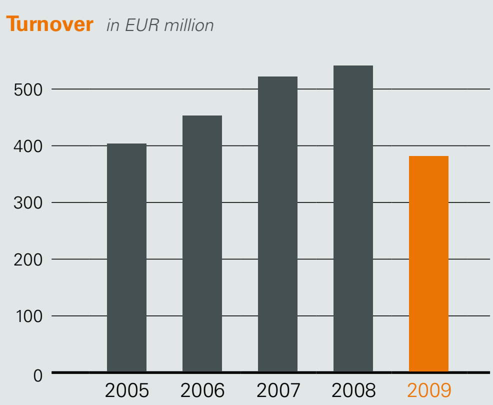
In the year under review, KAISER + KRAFT EUROPA recorded turnover of EUR 379.2 (539.3) million. Due to the economic downturn, the division's turnover fell by 29.7 percent. Adjusted for currency effects, turnover decreased by 29.2 percent. This decline was primarily caused by lower order numbers. However, the average order value was also down. The sales companies which posted above average growth in the previous years were hit hardest by the economic downturn. It was particularly severe in Eastern Europe, and the signs of recovery also took longest to emerge here.

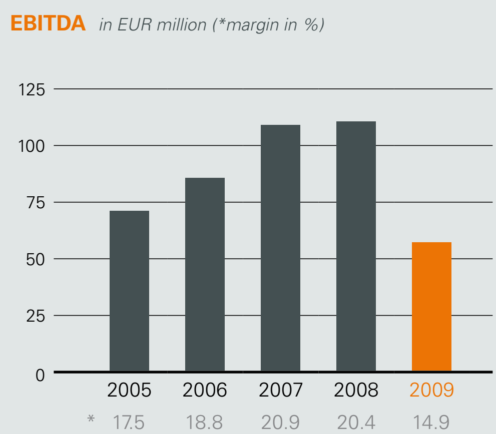
As a consequence of the sharp fall in turnover, KAISER + KRAFT EUROPA also posted a considerable year-on-year decrease in its EBITDA – to EUR 56.6 (109.8) million – in the year under review. Earnings fell due to the lower rate of capacity utilisation and a reduced advertising efficiency. At 14.9 (20.4) percent, the EBITDA margin was well below the previous year's high figure. The result includes one-off expenditure totalling EUR 2.4 million in connection with the FOCUS programme. Excluding one-off expenditure, the EBITDA margin was at 15.6 percent. Nevertheless, KAISER + KRAFT EUROPA remains the most profitable of the three divisions.

FOCUS adjustments

As part of the programme to review the value contribution made by all Group companies, a number of measures was implemented at the KAISER + KRAFT EUROPA division. Staffing levels at the company's own production facilities in Haan near Düsseldorf were adjusted, and the warehouse at the same site was closed on 31 December 2009. The products manufactured in Haan will be dispatched via the mail order centre in Kamp-Lintfort in future. In addition to this, the sales strategy in Estonia was revised. The Gerdmans company based there was closed at the end of 2009. In future, this market will be served via a marketing partnership with a local dealer. This sales concept has been successfully tested elsewhere and is more straightforward for the Group. It was introduced because the economic situation in the Baltic states remains difficult.

The FOCUS measures also include a large number of smaller organisational steps in the fields of advertising, sales, administration and IT at the service company KAISER + KRAFT EUROPA GmbH as well as the optimisation of sales structures at German companies.





Expansion goes ahead

Despite the difficult economic environment, the KAISER + KRAFT EUROPA division has implemented its expansion plans. In early October 2009, a new company was launched in Germany under the brand of Certeo to sell business equipment exclusively online. The above-average growth in TAKKT's online business over many years and the currently more stable development of internet-only business in the USA validated the strategic decision to expand this business model further. The Group is currently examining roll out options for Certeo to further European markets in 2010. The internet is also a major topic for the existing companies, with the KAISER + KRAFT EUROPA companies' web shops undergoing a fundamental overhaul to improve user-friendliness and therefore customer loyalty. In addition, KAISER + KRAFT EUROPA will strengthen its product portfolio by launching another own brand.

Preparations for the operational start of the KAISER + KRAFT catalogue business in Russia in the 2010 financial year were made. As the Russian economy has good growth prospects and quality products from Western Europe have an outstanding reputation there, the Group sees very good potential in this market. Furthermore, there are plans to roll out the gaerner brand in an additional European country.

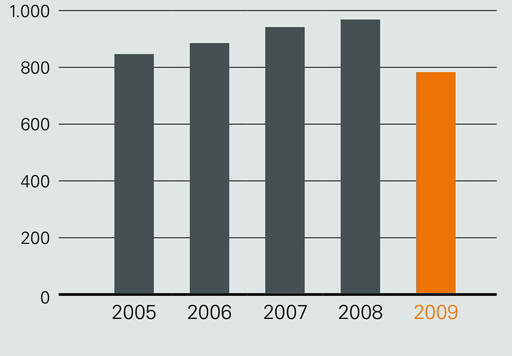
KAISER + KRAFT EUROPA

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 advanced 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, 788 employees work for KAISER + KRAFT EUROPA in more than 20 European countries as well as in China and Japan. The brands KAISER + KRAFT, gaerner, Gerdmans, KWESTO and Certeo are part of KAISER + KRAFT EUROPA. The group is the largest and most profitable division of TAKKT with around 1.1 million customers. Its product range comprises approximately 50,000 products – from waste bins to shelving systems to mobile cranes.

The company's own brands EURO*KRAFT* and *office akktiv* stand for top-quality office, business and warehouse equipment. On request, the company develops customised products, mini-series and products in the customer's corporate design. As of 2010, the companies belonging to KAISER + KRAFT EUROPA become the Business Equipment Group within the new TAKKT EUROPE division.

Employees *Full-time equivalents – 31.12.*



Topdeq

Focusing on profitable business in Europe

Business in the US remained difficult, causing Topdeq to post red figures for 2009. As the underlying conditions in the USA make it seem unlikely to achieve the set goals even in the long term, it was decided to withdraw from the US market and concentrate on the profitable European business.

Turnover decline across the board

Topdeq also experienced a considerable year-on-year drop in turnover, which fell by 30.7 percent to EUR 57.3 (82.7) million. This was despite positive currency effects from the stronger development of the Swiss franc and the US dollar on average for the year. Adjusted for these effects, turnover was down by 31.4 percent. As in the other divisions, this decrease was primarily caused by lower order numbers. The average order value also fell.

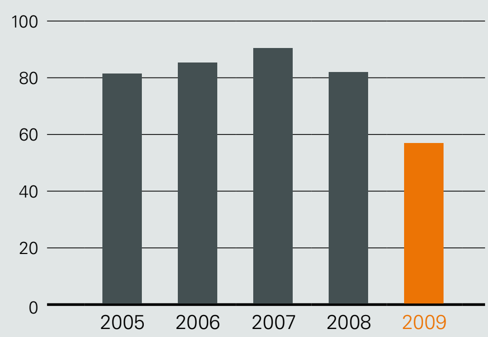
While turnover developments at the various companies differed in the previous year, the sales companies in all countries recorded falling turnover in 2009. As expected, the countries where Topdeq has only been present for a few years – i.e. Belgium and Austria – performed best. The weakest performance was once again seen on the US market, followed by the Netherlands.

The division’s profitability was burdened by a lower advertising efficiency and poor utilisation of the mail order infrastructure. EBITDA fell from EUR 6.1 million in the previous year to EUR minus 1.5 million, taking it into the red for the first time since 2004. The EBITDA margin dropped from 7.4 to minus 2.6 percent. The result includes one-off expenditure totalling EUR 1.2 million in connection with the FOCUS programme. This related in particular to the withdrawal from the USA. Topdeq’s European activities generated a positive EBITDA margin, even during the 2009 crisis.

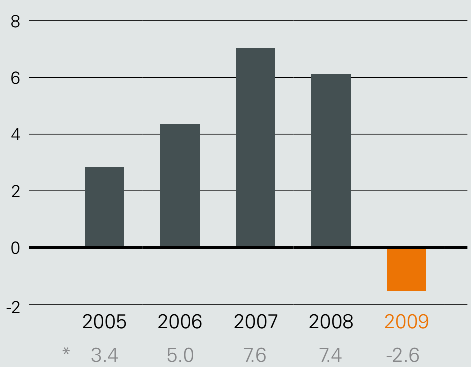
Withdrawal from the USA

As the conditions for Topdeq in the USA remain difficult, the Management Board decided to suspend operations in this market at the end of 2009. This decision was taken because turnover developments in the USA have not fulfilled the Group’s

Turnover *in EUR million*



EBITDA *in EUR million (*margin in %)*



expectations since Topdeq entered the market in 2000. Reasons for this were the persistent weakness of the US dollar, which made Topdeq products sourced in Europe too expensive for the US market, and the low response rates from customers and potential customers to the catalogues that were sent out. This was exacerbated by high logistic costs due to inadequate utilisation of the infrastructure. As there was no sign of a fundamental change in this situation, it seemed impossible to achieve the profitability targets.

Profitability targets postponed but not abandoned

In the light of recent business developments, the Topdeq companies will be unable to achieve their target of a double-digit EBITDA margin in 2010. However, by concentrating on the profitable business in Europe, it seems realistic for Topdeq to aim for a double-digit operational margin in the medium term.

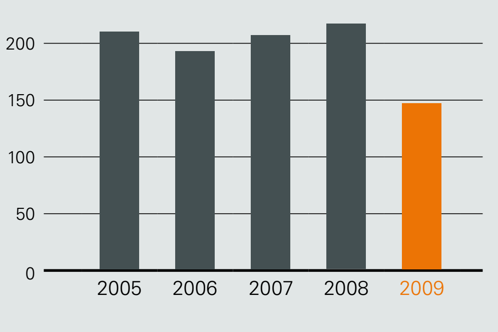
Some growth stimuli are expected to come from the further rollout of Topdeq's business in promising European markets. For example, Topdeq plans to enter the Spanish market in 2010 with an online-only presence. In addition to this, the company launched its own brand Siqnatop in January 2010, which offers high-quality design and functionality at an attractive price.

Topdeq

Style in the office

Topdeq specialises in high-quality, design-oriented office furniture and accessories. The company offers its customers some 2,300 designer products via catalogue and the internet. Its range includes, for example, chairs by Philippe Starck and the desk series from Sir Norman Foster. Topdeq guarantees a high level of quality and service. This includes 24-hour delivery and a quality guarantee lasting five years or more. 146 employees are responsible for handling the orders submitted by some 400,000 customers, largely from the service sector. The company has been part of TAKKT Group since 1994. It is represented in Germany, Switzerland, the Netherlands, France, Belgium and Austria. As of 2010, Topdeq becomes the Office Equipment Group in the TAKKT EUROPE division.

Employees *Full-time equivalents – 31.12.*



K + K America

Acquisition strengthens position

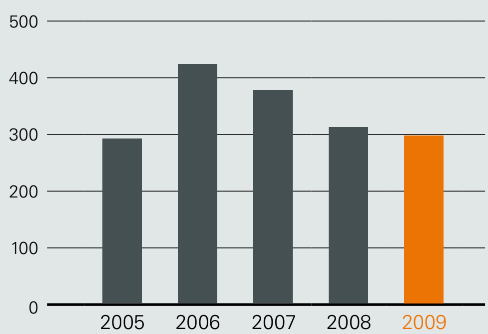
K + K America experienced the mildest downturn in the Group in 2009. Nevertheless, the economic crisis still had a major impact on turnover and earnings. The acquisition of Central further strengthened the division's customer portfolio in the service sector.

Expansion despite crisis

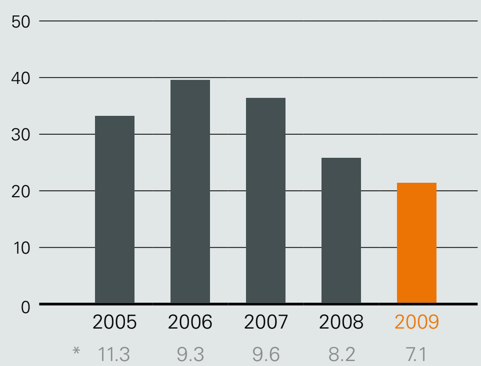
All in all, turnover at K + K America fell 9.6 percent to USD 411.2 (454.9) million. This was a modest decline in comparison to the other divisions, which was largely due to the initial consolidation of Central as of 03 April 2009. At minus 20.0 percent, the dip in the division's turnover in US dollars still developed slightly better than for the Group as a whole even after adjustments for acquisition effects. Here too, the downswing was caused by lower order numbers in the wake of the recession. Translated into the reporting currency of the euro, the fall in turnover (including Central) was lower because the US dollar was stronger on average for the year. Turnover dropped from EUR 310.9 million to EUR 295.6 million – a decrease of 4.9 percent. Within the division, there were clear differences in the extent of the turnover losses. While the Plant Equipment Group (C&H, Avenue) suffered downward trends comparable to those seen in Europe, the Office Equipment Group (NBF Group) and in particular the Specialties Group (Hubert, Central) – whose customers are largely from the service sector – fared relatively well. The latter even succeeded in generating modestly positive organic turnover growth in the fourth quarter of 2009.

EBITDA fell to EUR 21.1 (25.5) million, which corresponds to an EBITDA margin of 7.1 (8.2) percent. Excluding Central – whose good operational profitability had a positive effect on the division's figures – the EBITDA margin came in at 6.5 percent. K + K America also experienced a negative influence from lower infrastructure utilisation and reduced advertising efficiency. In addition to this, the expected start-up losses for the newly established Hubert companies in Germany (which began operations in 2008) and France (2009) also impacted on this division's results. One-off expenditure totalling EUR 1.6 million in connection with the FOCUS programme also had an effect on the result. Adjusted for FOCUS expenditure, the division's EBITDA margin came in at 7.7 percent. The most important measure was to streamline PEG's warehousing structure in the USA. This included closing the New Jersey warehouse at the end of 2009. In 2010, the warehouses in Mississippi and Milwaukee will also cease operating. Their activities will be pooled at a new site in Kenosha. These adjustments are being made because transport logistics has become much more efficient in recent years, meaning that the whole of the USA can now be served from two warehouses at virtually the same speed and level of reliability. Additionally, PEG will launch an online-only brand by the middle of 2010.

Turnover *in EUR million*



EBITDA *in EUR million (*margin in %)*



In 2009, the OEG (NBF) posted an EBITDA margin of 8.9 (8.2) percent. TAKKT had been striving for a double-digit EBITDA margin for this group in 2010. However, due to the economic crisis, it is possible that this target will only be achieved a year later.

Acquisition of market leader in restaurant equipment

By acquiring Central – the leader in the US market for mail order restaurant equipment – TAKKT strengthened its US portfolio in 2009. The restaurant supplies market is worth around five billion USD. It has displayed relatively stable growth rates of approximately five percent per annum for the last 20 years. Central was established in 1981 and has grown faster than the market in the last ten years. Since its acquisition, Central generated turnover of over USD 47.3 million with around 130 employees and posted an EBITDA margin of 12.0 percent. Unlike Hubert, which concentrates mainly on durables and value-added services for key accounts with a large number of locations, Central also offers larger pieces of equipment for independent small and medium-sized restaurant businesses. This acquisition increases the proportion of service sector clients in TAKKT's customer portfolio.

Hubert expansion on track

By acquiring Central, TAKKT has now also launched a multi-brand strategy in the North American food service sector. At the same time, the expansion of Hubert in Europe is proceeding according to plan. The first catalogues were dispatched in France in September, and the entry into another European country is planned for 2010.

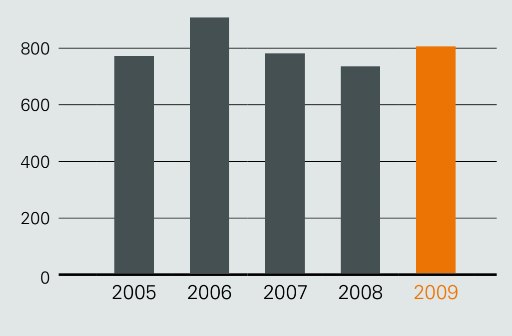
K + K America

Variety is king

K + K America offers its customers a range of around 110,000 products. Its approximately 1.3 million customers include industrial, service and retailing companies as well as craft businesses, public bodies, government agencies, schools and churches. 806 employees serve clients in the USA, Canada, Mexico, Germany and France. The division's subsidiaries have different areas of specialisation. The 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; Central and Hubert market equipment for retailers and the food service industry (Specialties Group); and the NBF Group, which has been part of TAKKT Group since 2006, is the US market leader in mail order for office equipment (Office Equipment Group). The division maintains its stock of products at nine warehouses in the USA and Canada. A warehouse is also operated in Germany for Hubert's European business.

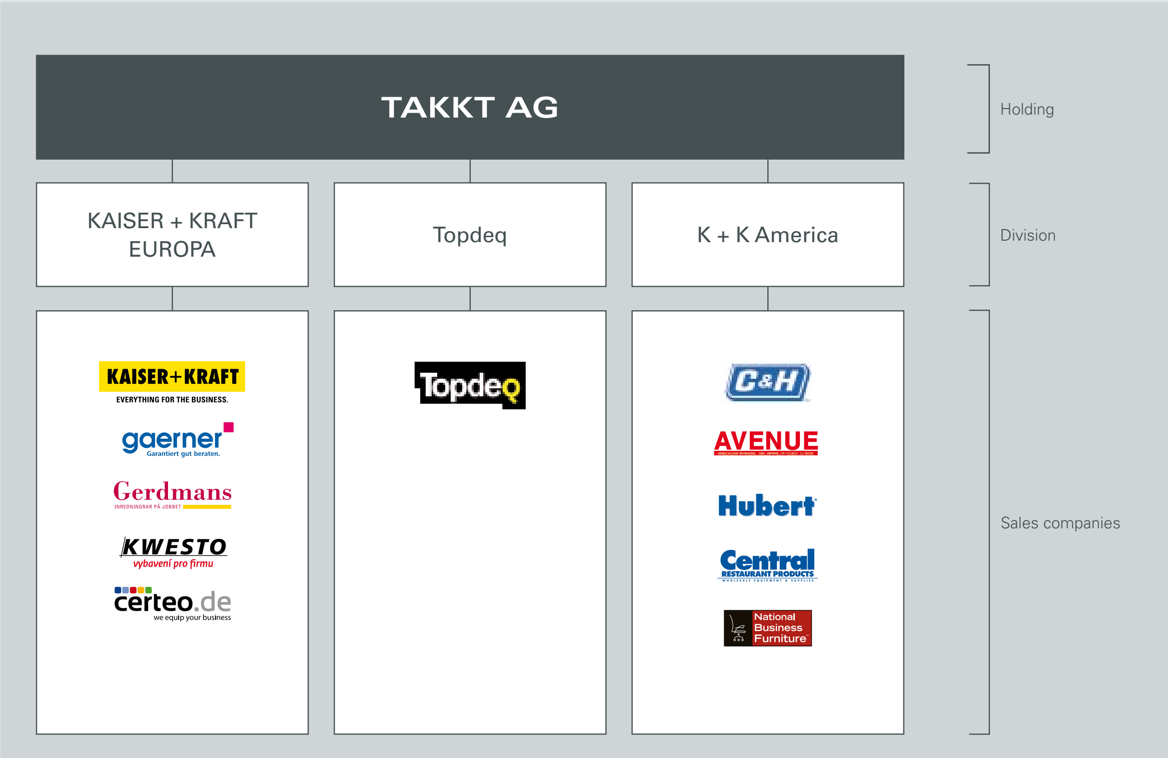
The division is renamed TAKKT AMERICA as of 2010, but its structure consisting of the three groups described above remains unchanged.

Employees *Full-time equivalents – 31.12.*



TAKKT at a glance

Group structure until 31 December 2009

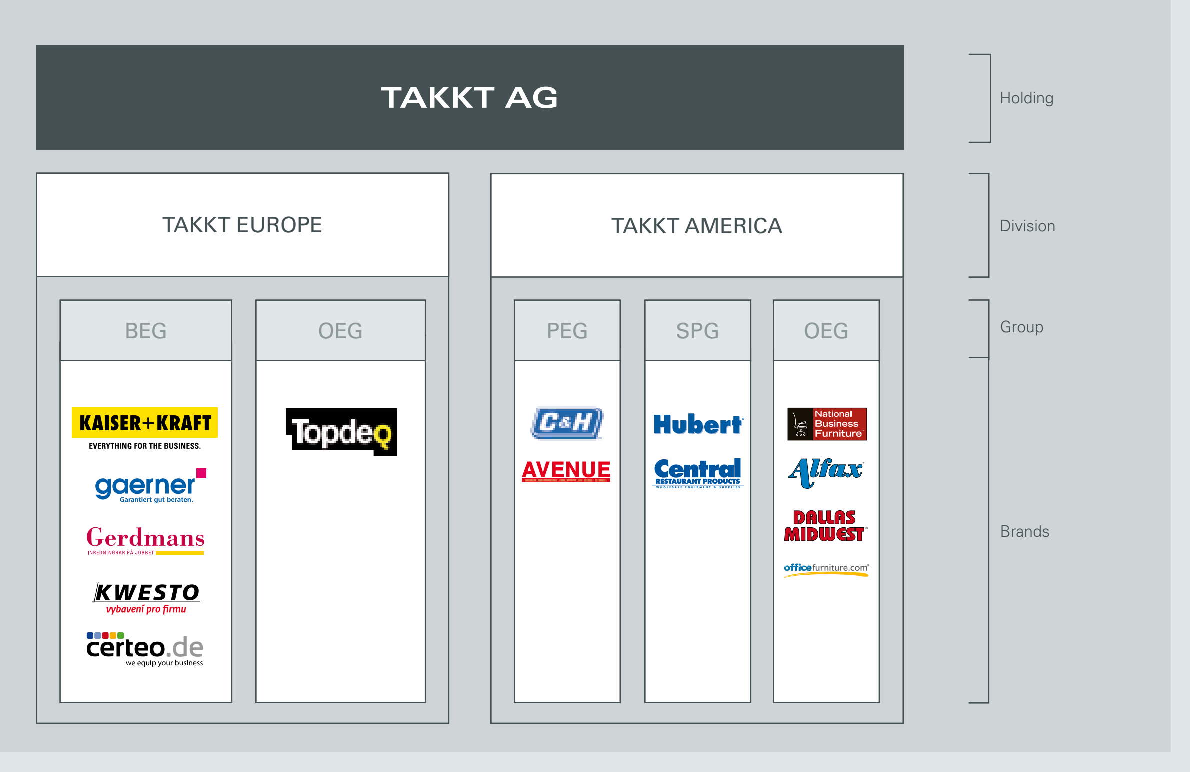


Adjustments to the Group structure as of 2010

The most comprehensive change initiated as part of the FOCUS and GROWTH strategy programmes launched in 2009 affects the whole TAKKT Group. From the Management Board to the individual divisions, new structures and responsibilities are being put in place since 01 January 2010. With the new structure, the Group consists of two divisions: TAKKT EUROPE and TAKKT AMERICA. The main reason for this decision was the growing size difference between the previous divisions, KAISER + KRAFT EUROPA and K + K America on the one hand and Topdeq on the other hand. Another factor was Topdeq's focus on European markets.

Since 2010, TAKKT EUROPE is made up of two groups. The Business Equipment Group (BEG) comprises the former KAISER + KRAFT EUROPA division with the KAISER + KRAFT, gaerner, Gerdmans and KWESTO brands along with the new online sales brand Certeo. The Office Equipment Group (OEG) – consisting of the Topdeq companies – will continue to focus on offering high-quality office equipment. As before, there are three groups within TAKKT AMERICA. The Plant Equipment Group (PEG) with C&H and Avenue supplies plant and warehouse equipment primarily to customers in the manufacturing industry. The Specialties Group (SPG) with its Hubert and Central brands targets retailers and customers

Group structure from 01 January 2010



from the food service and hotel sectors. The Office Equipment Group (OEG) with the National Business Furniture, Alfax, Dallas Midwest and officefurniture.com brands caters for all companies and institutions needing office equipment.

Each of the five groups has a service company which supports the individual brands by providing central services such as managing IT and logistics or developing advertising ideas. This centralisation ensures that the structures and systems needed for B2B mail order are provided efficiently. TAKKT AG, responsible for the strategic management of the Group, steers the cross-divisional transfer of knowledge.

WHEN IT COMES TO INFORMATION FOR THE CAPITAL MARKETS, BUSINESS PARTNERS, EMPLOYEES AND OTHER STAKEHOLDERS, TAKKT STANDS FOR TRANSPARENCY, CONTINUITY AND CREDIBILITY.

TAKKT share

TAKKT stands for continuity in its financial communication

Communication throughout TAKKT AG is based on fairness and transparency. Even in difficult times, TAKKT adheres to this approach and wins a further award in 2009.

Information is crucial for trust
Rapid, transparent and comprehensive communication is the hallmark of the dialogue that TAKKT has maintained with participants in the capital markets since going public. All players – institutional investors, private shareholders, financial analysts, banks and potential investors – promptly receive all information on corporate strategy and the development of the business. TAKKT's approach remains consistent – not just when there are positive developments to report. Especially in an uncertain economic environment, speed and openness are attributes that help companies to retain capital market players' esteem and trust. TAKKT is an SDAX company and is listed in the Prime Standard segment of the Deutsche Boerse.

The basis for TAKKT's financial communication is its web site www.takkt.com. There, anyone interested in the company can find annual and quarterly financial reports, ad-hoc announcements, press releases as well as information about TAKKT's corporate structure, corporate strategy and corporate governance. TAKKT also answers frequently asked questions about the company and its development. The financial calendar gives advance notice of all reporting dates and shows when TAKKT will be attending roadshows and investors' conferences. This comprehensive and permanently updated source of information is used by both private and institutional investors.

As a matter of course, TAKKT promptly provides the capital market with information about the company's profit developments. The figures are published just one month after the end of each quarter. All capital market players can access the conference calls held when quarterly figures are published. Here, the participants have the opportunity to address their questions directly to members of the Management Board. Anyone interested in finding out more can also contact the team at the investor relations department any time to request information. This option is not only popular with institutional investors and analysts, but also with private investors.

Also investor relations is a top executive issue
The TAKKT Management Board published financial figures for 2008 at its financial statements press conference in Stuttgart and at the analysts' conference in Frankfurt in March 2009. TAKKT also attended a number of capital market conferences and spoke to numerous investors in the financial centres of Frankfurt, London, Paris, Edinburgh and Zurich. As in previous years, a large number of investors and analysts also visited the company's headquarters in Stuttgart in 2009. The management team uses these one-on-ones and group presentations to explain TAKKT AG's business model and the company's long-term earnings and growth prospects to interested visitors.

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 shareholders. Whatever the event, TAKKT's top management is always actively involved along with the investor relations department. The investor relations team is located close to the management to ensure that the relevant staff always have access to the latest information.

Key figures for TAKKT Group *under IFRS*

	2005	2006	2007	2008	2009
Earnings per share (EPS) in EUR	0.68	0.84	1.07	1.01	0.41
Cash flow per share (CPS) in EUR	0.90	1.12	1.39	1.33	0.84
Dividend per share in EUR	0.15	0.25	0.80*	0.80*	0.32
Payout ratio in percent	22.0	29.6	74.7	71.1	77.5
Number of shares in millions (31.12.)	72.9	72.9	72.9	72.9	65.6
Shareholders' equity ratio in percent	46.1	47.7	58.6	61.1	44.5
Share price in EUR (31.12.)	9.50	13.15	11.90	8.00	7.15
Highest price in EUR	9.70	14.27	15.49	12.50	9.15
Lowest price in EUR	7.25	9.31	11.78	6.59	5.00
Market capitalisation in EUR million (31.12.)	692.6	958.6	867.5	583.2	469.1

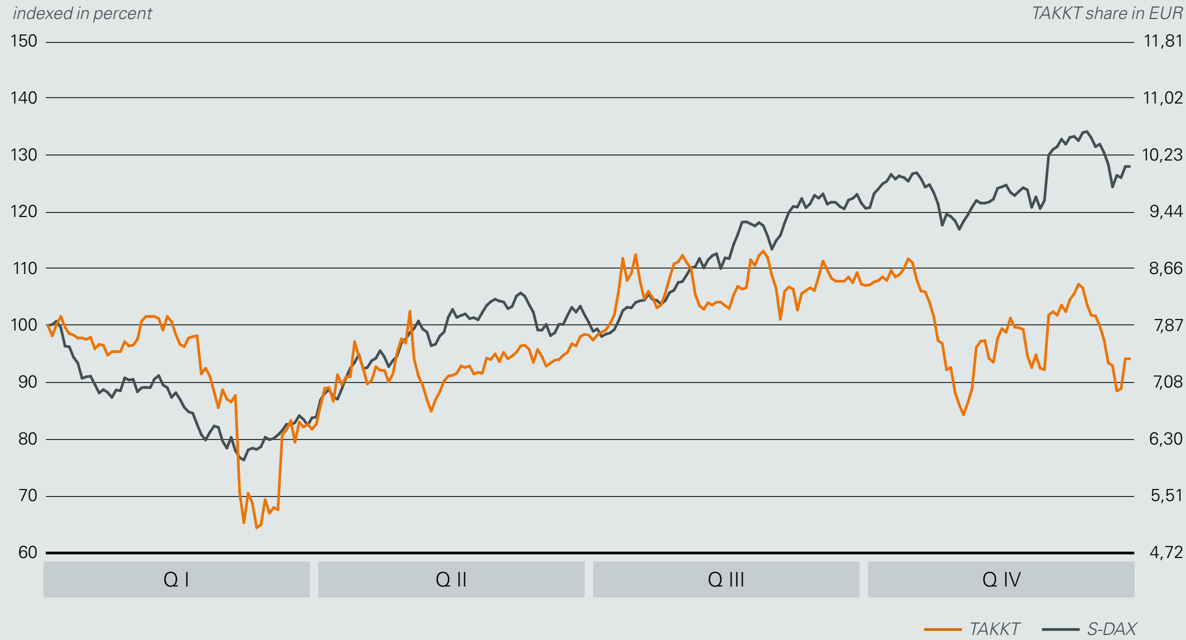
**) thereof EUR 0.32 ordinary dividend and EUR 0.48 special dividend*

High level of transparency adds value for investors

TAKKT has set itself the goal of establishing a constantly high level of transparency as the basis for its investor relations work. This means that consistency is just as important in the quality and type of reporting as it is in the speed and frequency with which information is published. Details are always presented in the same section and in the same way in each financial report. This makes it easier for readers to analyse the information. If the reporting format differs in any way from that used in previous years, this is noted alongside the relevant item. For example, TAKKT provided comprehensive information about the upcoming changes in catalogue cost accounting at an early stage. Acquisition and divestment effects are also shown transparently, an example of this being the takeover of the US mail order company Central in the year under review.

The overall objective of the company's investor relations work is to widen the shareholder base and thereby increase the share's liquidity. It also aims to reduce share performance volatility by managing market expectations. As a whole, the investor relations measures are intended to foster the attractiveness of the TAKKT share.

Performance of the TAKKT share *52-week comparison 2009*



CFO Dr Florian Funck (right) and IR manager Joachim Eschke at the Investor Relations award ceremony in Frankfurt.

A further award for investor relations work

The company's IR activities recently won another award, proving that these goals are not just empty promises – the capital market perceives that TAKKT is achieving its objectives. In 2009, TAKKT won the German Investor Relations Award in the SDAX category, while Joachim Eschke, head of investor relations at TAKKT AG, ranked second in the ranking of SDAX IR managers. The award was presented jointly by the magazine WirtschaftsWoche, the German Investor Relations Association (DIRK) and the London based market research company Thomson Reuters Extel Survey. Winning this award spurs TAKKT on to further improve its already high standards.

High attendance at Annual General Meeting (AGM)

More than 400 shareholders and guests attended the tenth ordinary AGM of TAKKT AG in Ludwigsburg on 06 May 2009. As in the previous year, the shareholders approved the payment of an ordinary dividend of 32 cents per share and a special dividend of 48 cents per share by a large majority. The shareholders also once more authorised the Management Board to acquire own shares amounting to up to ten percent of the share capital. At the beginning of 2009, the company made full use of the authorisation granted by the last AGM and subsequently cancelled the acquired shares.

Dr Dr Peter Bettermann, Managing Partner and Speaker of the Management Board of Freudenberg & Co. KG, Weinheim, was elected as a member of the Supervisory Board after being nominated by the majority shareholder Franz Haniel & Cie. GmbH, Duisburg. He succeeds Alexander von Witzleben, who has retired from the Supervisory Board.

Dr Eckhard Cordes resigned from his Supervisory Board position as of 31 December 2009. A successor for him will be appointed at the AGM in May 2010.

Constant ordinary dividend

TAKKT AG pursues a continuous dividend policy, which grants shareholders a direct share in the company's profits and cash flow. This policy operates on the premise that the company retains sufficient financial scope for further acquisition-based growth. The Management and Supervisory Boards will therefore propose an unchanged ordinary dividend of 32 cents per share at the AGM for the financial year 2009 on 04 May 2010. Following the share buy-back and the acquisition of Central in the reporting year, the company's equity ratio is in the middle of the target range of 30 to 60 percent at 44.5 percent. As a result, no special dividend is proposed for 2009. TAKKT will therefore pay out 77.5 percent of the profits attributable to shareholders in 2009.

Also in the future, TAKKT's sound balance sheet and stable business model will make it possible to offer its shareholders an attractive share of the Group's profits and cash flow. Whether special dividends will be paid out in addition to the ordinary dividend in the years to come depends on, besides the earnings situation, whether TAKKT makes significant acquisitions or other value-creating investments.

What makes investor relations work stand out?

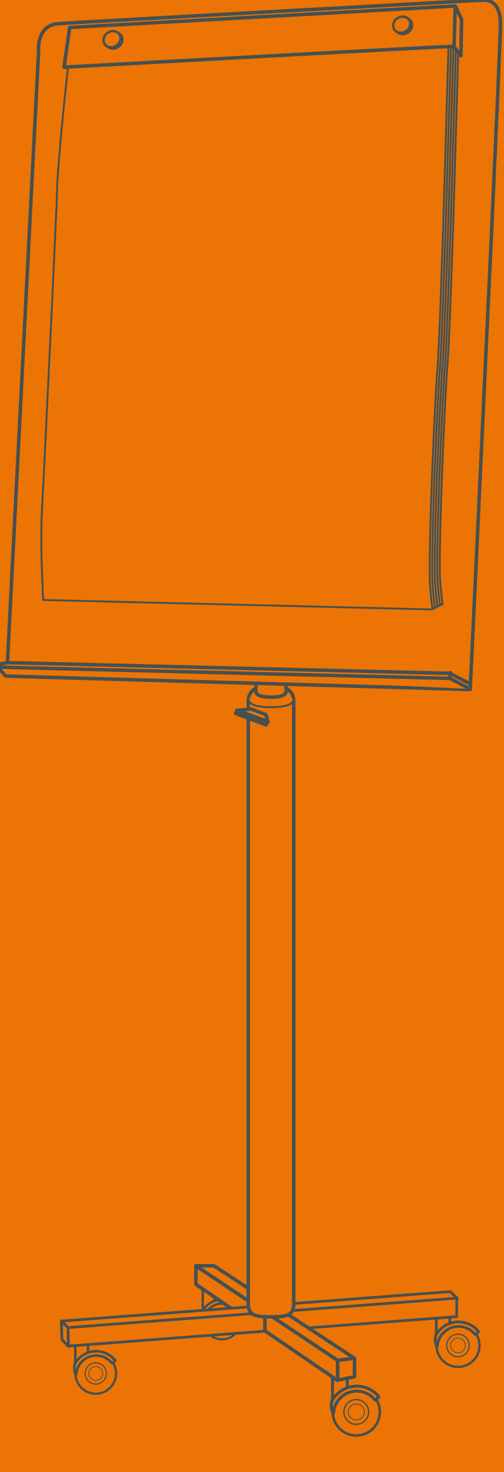
Clarity and transparency, active and prompt communication between the Management Board and the capital market, a knowledgeable and skilled IR team, fast reactions and availability – these are the criteria that capital market players look at when assessing the quality of a company's investor relations work. Especially when times are difficult on the stock markets, analysts and investors appreciate fast, proactive and comprehensive information about the current business situation.

What makes for outstanding investor relations work?

For the fourth time since 2006, Thomson Reuters Extel Surveys, in conjunction with the German Investor Relations Association (DIRK) and the WirtschaftsWoche magazine, has conducted an extensive study into "Excellence in investor relations in Germany". They gathered input from fund managers and analysts from around the world who either invest in the German stock market or cover it in their analyses. The results of this study culminated in the 2009 German Investor Relations Award, which was presented in Frankfurt on 18 May 2009 as part of DIRK's annual conference. TAKKT AG moved up from third place in the previous year to first place in the league table for SDAX companies. In the category for IR managers at SDAX companies, Joachim Eschke's work was awarded second place.

The award honoured TAKKT's strategy of providing continuous, transparent, fast and comprehensive information about the course of business and future prospects to all capital markets players – regardless of whether they are a major fund or a private investor.

TAKING RESPONSIBILITY IS AN IMPORTANT BASIS FOR SUCCESS – AND THEREFORE A CRUCIAL ASPECT OF BALANCED AND SUCCESSFUL CORPORATE MANAGEMENT.



Corporate governance report

Assuming responsibility and controlling responsible persons

For TAKKT, corporate governance means more than simply fulfilling a duty. Because taking responsibility lays the basis for success – from cooperation between the Management and Supervisory Boards and between executives and employees to communication with shareholders.

Responsible by conviction

For TAKKT AG, responsible corporate management is an essential fundamental principle. For this reason, the Group explicitly supports the objectives of the German Corporate Governance Code (see information box on page 58). This is demonstrated in practice by, for example, the fact that the Management Board informs the Supervisory Board and shareholders promptly and comprehensively about all the latest developments. Management structures are marked by a clear, lean organisation and direct reporting lines. Furthermore, the company operates a value-based remuneration and incentive system. To secure lasting business success, TAKKT has established an active risk management system which is optimised regularly. Further information on this subject can be found in the risk report starting on page 29.

A 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 web site www.takkt.com provides comprehensive information in both German and English. Alongside the company's key figures and information about the TAKKT share, the web site contains financial reports, press releases, ad-hoc news as well as the financial calendar.

Voting rights at the AGM

The AGM of TAKKT AG offers shareholders the opportunity to exercise their statutory rights. They can either vote personally or by proxy on the relevant items on the agenda. The procedure for registration and proof of eligibility used at the AGM of TAKKT AG is in accordance with the stipulations of the German Stock Corporation Act and with international standards. All shareholders wishing to attend an AGM of TAKKT AG and exercise their right to vote must register and prove that they are 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 cooperation between Management and Supervisory Boards

Together more successful: Following this principle, the Management and Supervisory Boards at TAKKT AG work together closely and trustingly. The Management Board steers the company, develops and implements strategies, takes responsibility for the operational business and ensures effective risk management. Important decisions are taken by the Management Board in coordination with the Supervisory Board, which it also informs regularly and comprehensively about developments in the company, its environment, its strategy and its business.

It is the duty of the Supervisory Board to oversee and advise the Management Board in managing the company. It carries out this duty with dedication and thus makes a substantial contribution to the company's success. It supports the Management Board in fulfilling its responsibilities completely and in good time and is involved in the major decisions. Furthermore, it is the task of the Supervisory Board to appoint the auditors in accordance with the resolution passed at the AGM. TAKKT AG shareholders decide on the Supervisory Board members' remuneration. Supervisory Board remuneration is regulated in the company's articles of association, which can be found on the internet at www.takkt.com in the Share/Corporate Governance section.

Commitment to the Corporate Governance Code

TAKKT AG underlines its commitment to responsible corporate management by expressly supporting the aims and requirements of the German Corporate Governance Code. In December 2009, the Management and Supervisory Boards therefore renewed their declaration of general conformity with the latest version of the recommendations made by the German Corporate Governance Code Government Commission according to section 161 of the German Stock Corporation Act (AktG). The declaration of conformity is reproduced here verbatim and is also permanently available on the www.takkt.com web site in the Share/Corporate Governance section.

Declaration pursuant to section 161 German Stock Corporation Act (AktG) on 31. December 2009

The Management and Supervisory Boards of TAKKT AG declare that the recommendations of the „German Corporate Governance Codex 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 18 June 2009, will be met. Management and Supervisory Boards further declare that since the last declaration, the recommendations of the „German Corporate Governance Codex Government Commission" as amended from time to time, have been met. The following exceptions apply:

- Under clause 4.2.4 the German Corporate Governance Codex recommends that the total compensation of each member of the management board is to be disclosed by name, divided into non-performance-related and performance-related components. The same applies to obligations arising from benefits which were granted to a board member on the premature or scheduled termination of their role on the Board or which were altered in the course of the financial year. There is no need to disclose these details if the Annual General Meeting passes a resolution to this effect by three quarters majority. At TAKKT AG, this information is not issued individually as on 31 May 2006 the General Meeting has made such a resolution for the duration of five years.

- Under clause 5.3.2 the German Corporate Governance Codex 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.

- Under clause 5.3.3 the German Corporate Governance Codex 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 an Nomination Committee for the Board.

- Under clause 5.4.6 para. 3 the German Corporate Governance Codex recommends the individual disclosure of compensation paid to the Management 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. As the compensation of the management board is not issued individually, TAKKT AG would like to deal accordingly with the compensation of the Supervisory Board. The terms of the compensation of the Supervisory Board are set forth in the bylaws of TAKKT AG, which is public domain.

- Under clause 7.1.2 the German Corporate Governance Codex 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 continiously informed about the business development. Moreover, all members of the Supervisory Board receive a written monthly report. Therefore, the Supervisory Board does not consider it necessary for it or an audit committee to discuss separately the quarterly financial reports.

Stuttgart, 31 December 2009

On behalf of the Supervisory Board of TAKKT AG
Prof Dr Klaus Trützschler, Chairman of the Supervisory Board

On behalf of the Management Board of TAKKT AG
Dr Felix A. Zimmermann, CEO

TAKKT has only determined a few exceptions, where it does not follow the Code's recommendations. These include disclosure of the remuneration paid to individual Management and Supervisory Board members. The total of all relevant payments as well as the way in which Management Board remuneration is divided into fixed and variable parts can be found on pages 59 and 117 onwards of this annual report. TAKKT is convinced that providing more individualised details would not add any relevant information and would, moreover, infringe on the privacy of the Supervisory and Management Board members. The company's shareholders agree with this and resolved at the AGM in 2006 that the remuneration paid to Management Board members should not be published on an individualised basis up to and including 2011.

GCGC

German Corporate Governance Code Government Commission (GCGC)

The commission set up by the German Federal Government in September 2001 initially had the task of developing a Code of Best Practice for responsible corporate management in Germany. The commission presented the subsequent Code to the legislator in February 2002. Since July of that year, capital market-driven companies have been obliged by law to state in a declaration of conformity to what extent 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 corporate management.

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

The Supervisory Board considers it unnecessary to establish 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 them to discuss the quarterly and half-year financial reports before they are published. This is because the Chairman and Deputy Chairman of the Supervisory Board are constantly informed of business developments, and the other members receive written monthly updates from the Management Board.

Value-based remuneration systems

The Management Board of TAKKT AG is significantly responsible for the sustained success of the company. Therefore, the Management Board members receive remuneration that is appropriate to their level of responsibility as well as to the economic situation of the Group. The Personnel Committee of the Supervisory Board has developed a remuneration model containing fixed, non-performance-related and variable, performance-related components. The fixed component is dependent on the Board Member's experience and personal performance as well as on market standards. At the Personnel Committee's suggestion, the Supervisory Board regularly reviews the structure of the remuneration system and examines whether the amounts paid to the Management Board are appropriate.

Readjustment of performance-related remuneration

In 2009, the remuneration system was revised. This primarily affected the performance-related components and applied to the year under review. The performance-related components consist of a success-based bonus paid annually and a rolling remuneration component that acts as a long-term incentive, currently taking the form of a performance cash plan.

Remuneration of Management Board *in EUR '000*

	2009
Salaries and other short-term payments	4,411
thereof variable	2,250
Provision for payments after end of employment	127
Other long-term benefits	50
	4,588

The bonus arrangements have been revised and essentially adjusted in their basis of valuation. This system replaces the former profit-based bonus. The TAKKT Group's cash flow from operating activities is used as the basis for calculating the new bonus. How much of a bonus is paid is determined by a percentage share of the basis in the relevant financial year. The bonus amount paid out is capped. The Supervisory Board also has the right to increase or reduce the bonus by 20 percent in case of an extraordinary contribution by a Board Member or any unusual circumstances, according to its best judgement.

The performance cash plan was introduced on 01 January 2009 for the first time as a remuneration component to act as a long-term incentive. It applies to the period from 2009 to 2012 and replaces the strategy bonus previously paid. The performance cash plans are paid out in cash after a period of four years if the relevant targets are met. The cash payout due from the 2009–2012 plan depends on the attainment of two performance objectives. Firstly, the development of the total shareholder return (TSR) throughout the term of the relevant plan. The TSR is equivalent to the TAKKT share's total return, taking dividend payouts into account. The second factor for the basis of valuation is the cumulative EVA® generated throughout the plan's term. The EVA® indicator is used for value-based corporate management. It shows whether the interest claims of equity and debt investors are adequately met and value added has been generated. Remuneration is therefore based on sustainably increasing the company's value. The amount paid out under the performance cash plans is also capped.

The bonus and the cash performance plans work together as an incentive for the Management Board to sustainably increase the company's growth, profitability and value. This benefits staff and shareholders in equal measure.

Share options are not part of the Management Board remuneration at TAKKT AG. There are no plans to change this in the future. For further information about the Management Board remuneration system, please refer to www.takkt.com in the Share/Corporate Governance section.

Share ownership and directors' dealings

In total, the members of the Management and Supervisory Boards held 8,676 (7,365) shares as of 31 December 2009. This is less than one percent of the TAKKT shares issued.

According to section 15a of the German Securities Trading Act (WpHG), executives (as well as natural and legal persons closely related to them) of a company listed on the regulated market must notify the respective issuer 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, two such notifiable transactions were carried out. The details were published online, and BaFin was duly informed. Further information on this can be found on page 116 and at www.takkt.com in the Share/Corporate Governance section.

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.

Ladies and Gentlemen

TAKKT AG celebrated its tenth anniversary in 2009. The Group can look back on a very successful decade. However, there was not much time for both the Management Board and staff to enjoy past achievements in the year just gone by. The worst economic downturn in the postwar period and the global financial and economic crisis required full concentration of all resources on overcoming the current challenges. Thanks to the flexible business model and especially the dedication of our Management Board and staff, we succeeded in maintaining the Group's profitability at a good level despite the sharp drop in turnover. The Supervisory Board accompanied the company throughout all phases and provided support as best it could.

Business development and personnel changes

The Supervisory Board met four times in the financial year 2009. The quarterly meetings focused mainly on the current course of business, acquisition opportunities, planning, risk management, the internal control system, audit planning, the development of newly founded and young companies, the acquisition of the US mail order company Central as well as the optimisation and growth initiatives FOCUS and GROWTH and their associated measures. In this regard, the Supervisory Board also discussed the changes to the Group's structure as of 01 January 2010 and the resulting reduction of the Management Board from four to three members.

At its meeting on 20 March 2009, the Supervisory Board decided on a successor for Georg Gayer. He resigned as a board member and CEO as of 31 May 2009 for personal reasons and commenced his retirement. The Deputy Chairman of the Management Board, Dr Felix A. Zimmermann, was nominated as the new CEO. He is also responsible for the K + K America division. Dr Zimmermann has extensive experience within the TAKKT Group, having been CFO of TAKKT AG from March 1999 to May 2004. He was CFO of Celesio AG between June 2004 and April 2008.

The Supervisory Board would like to take this opportunity to thank Georg Gayer once again. He had been CEO of TAKKT AG since it was established in 1999, and his whole career was closely linked with the Group's development. Georg Gayer had a significant share in shaping the Group in its current form. We wish him all the best for the future and are delighted that he will continue to advise the Management and Supervisory Boards as a consultant.

The Supervisory Board welcomed a new member, Dr Dr Peter Bettermann. He was elected at the AGM in May 2009 to succeed Alexander von Witzleben, who retired at the end of 2008. In addition, Dr Eckhard Cordes resigned from his Supervisory Board position at TAKKT AG as of 31 December 2009. A successor will be appointed at the AGM in May 2010.

In the financial year 2009, the Personnel Committee met twice. In particular, these meetings dealt with the Management Board remuneration system and the report on the development of Management Board remuneration.

Constructive cooperation in a spirit of partnership

The cooperation between the Supervisory Board and management was marked by transparency and openness also in 2009. The Management Board regularly informed us verbally and in writing about all points relevant to the Group – planning, business developments, the risk position, risk management system, compliance and TAKKT's strategy. The information given was not limited to the legally required minimum. Requests for further information were also responded to immediately by the Management Board. In addition to the regular Supervisory Board meetings, we received a monthly summary report on the latest developments. Management informed me separately about any significant events between scheduled meetings. I shared this information with the other members of the Supervisory Board not later than at the next meeting. The Management and Supervisory Board members discussed all relevant topics openly and constructively. If points needed to be decided by the Supervisory Board, we passed the required resolutions in a timely manner.

Prof Dr Klaus Trützschler
Chairman of the Supervisory Board

In November 2009, we once again examined the efficiency of our panel. The members assessed the Supervisory Board's work and competence using detailed questionnaires. The results of this survey were discussed in detail in December. We concluded that the efficiency of our panel remains on a high level.

Being geared to the Corporate Governance Code

The Supervisory Board attaches importance to conducting its control tasks continuously and with great intensity. This commitment has marked our work and will do so in the future since it contributes significantly to responsible management at TAKKT. In this connection, the Management and Supervisory Boards have again signed the declaration of conformity to the recommendations made by the German Corporate Governance Code Government Commission effective 31 December 2009. Further information on this and on the remuneration system for the TAKKT Management Board can be found from page 56 onwards.

Ordinary dividend remains constant

At the next Annual General Meeting, both the Management and the Supervisory Boards will propose the payout of an ordinary dividend of 32 cents per share, which is the same as in the previous year. Due to the acquisition made in the year under review, the share buy-back and the course of business in 2009, we refrain from distributing a special dividend. With the proposed dividend, shareholders will nevertheless receive an attractive return on their investment for 2009. As measured by the surrounding conditions, they are participating directly in the company's relatively good earnings position and comfortable cash flow.

Consolidated financial statements and financial statements approved
The AGM appointed Ebner Stolz Mönning Bachem GmbH & Co. KG, Stuttgart, as the auditors for the financial year 2009. The focus of the audit of TAKKT AG in the period under review was on the 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 and the associated reorganisation measures, the Central acquisition, impairment tests, the cash flow statement as well as the notes to the consolidated financial statements and the combined management report of TAKKT AG and the Group. The auditors verified the TAKKT AG financial statements, the consolidated financial statements and the combined management report and issued an unqualified audit certificate. TAKKT AG's system for early risk detection was also audited and its suitability confirmed. The auditors in charge took part in the Supervisory Board's annual accounts meeting. They informed the 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 for TAKKT AG and the Group as well as the proposed profit appropriation. No objections were put forward by the Supervisory Board. The financial statements of TAKKT AG have therefore been declared and the consolidated financial statements approved. The Supervisory Board agrees with the profit appropriation proposal made 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 the majority of TAKKT shares in 2009. Therefore, the Management Board prepared 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, prepared an auditors' report on this, as required under section 313 AktG. No reservations were expressed as a result of the audit. The auditors 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 closing statement made by the Management Board therein, which can be found on page 16 of 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 us. Our thanks also go to all members of staff for their commitment and outstanding performance in the challenging year of 2009 and to the Management Board for their trusting cooperation founded on partnership.

Stuttgart, March 2010

Prof Dr Klaus Trützschler

Members of the Supervisory Board

Prof Dr Klaus Trützschler
Chairman
Member of the Management Board of Franz Haniel & Cie. GmbH

Dr Eckhard Cordes (until 31 December 2009)
Deputy Chairman
CEO of Franz Haniel & Cie. GmbH (until 31 December 2009)
CEO of Metro AG

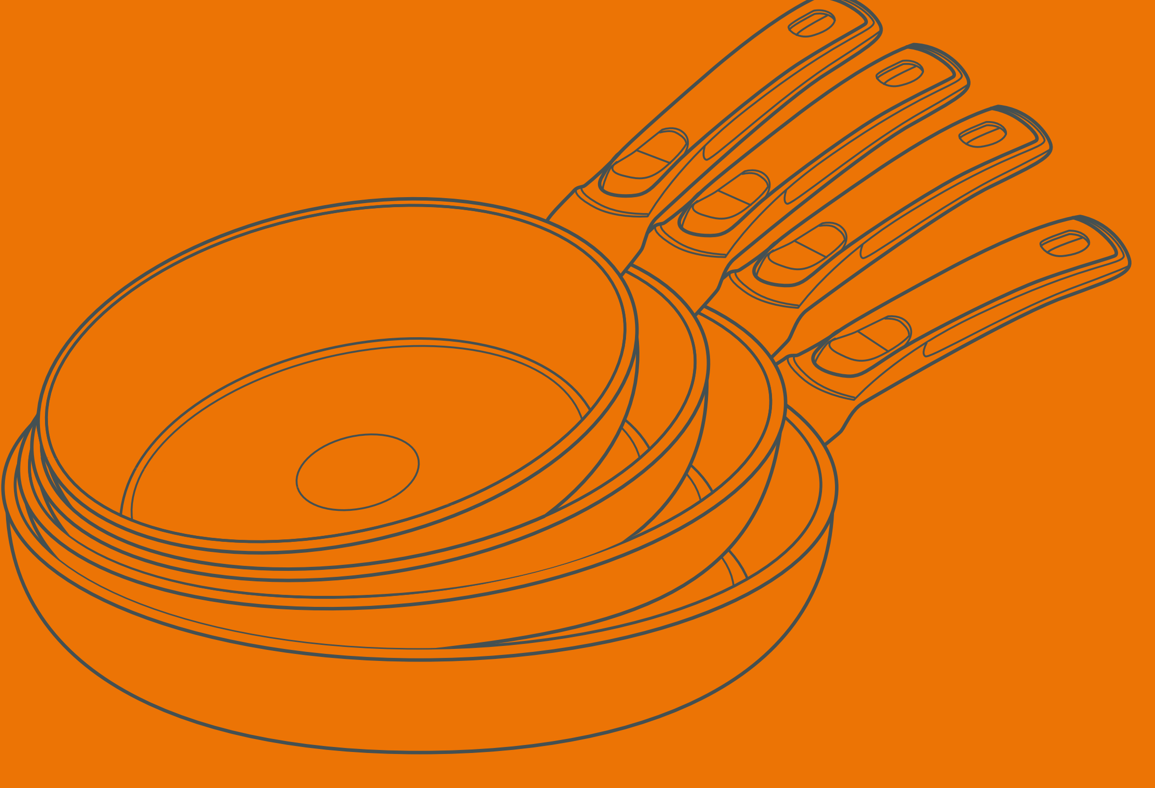
Dr Dr Peter Bettermann (since 04 May 2009)
Managing Partner and Speaker of the Management Board of Freudenberg & Co. KG

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

EVEN DURING THE 2009 CRISIS: SOUND CONSOLIDATED BALANCE SHEET AND STRONG CASH FLOW GENERATION.



Consolidated income statement of TAKKT Group, Stuttgart, 01 January to 31 December 2009 under IFRS *in EUR '000*

	Notes	2009	2008 restated*
Turnover	(1)	731,464	932,145
Changes in inventories of finished goods and work in progress		–688	616
Own work capitalised		48	41
Gross performance		**730,824**	**932,802**
Cost of sales		423,812	546,491
Gross profit		**307,012**	**386,311**
Other income	(2)	6,586	7,922
Personnel expenses	(3)	101,099	103,167
Other operating expenses	(4)	143,848	157,998
EBITDA		**68,651**	**133,068**
Depreciation of property, plant and equipment and other intangible assets	(5)	19,227	15,811
EBITA		**49,424**	**117,257**
Amortisation of goodwill		0	0
EBIT		**49,424**	**117,257**
Income from at equity investments		0	0
Finance expenses	(6)	–7,220	–5,786
Other finance result	(7)	177	–446
Finance result		**–7,043**	**–6,232**
Profit before tax		**42,381**	**111,025**
Income tax expense	(8)	14,548	35,973
Profit		**27,833**	**75,052**
Profit attributable to			
Owners of TAKKT AG		27,095	73,847
Minority interest		738	1,205
		27,833	**75,052**
Weighted average number of issued shares in millions		66.6	72.9
Earnings per share (in EUR)	(9)	0.41	1.01

**) In order to make the figures for the prior year comparable with those of the current year, the figures for the financial year 2008 have been restated according to the new IFRS standard regarding catalogue cost accounting effective from 01 January 2009.*

Consolidated statement of comprehensive income of TAKKT Group, Stuttgart, 01 January to 31 December 2009 under IFRS *in EUR '000*

	2009	2008 restated*
Profit	**27,833**	**75,052**
Other income		
Income and expenses from the subsequent measurement of cash flow hedges recognised in equity	–2,812	–1,333
Income recognised in the income statement	1,947	8
Subsequent measurement of cash flow hedges	**–865**	**–1,325**
Income and expenses from the adjustment of foreign currency reserves recognised in equity	–1,893	1,958
Income recognised in the income statement	0	0
Adjustment of foreign currency reserves	**–1,893**	**1,958**
Deferred taxes on subsequent measurement of cash flow hedges	321	468
Deferred taxes on adjustment of foreign currency reserves	0	0
Deferred taxes on other income	**321**	**468**
Changes directly recognised in equity (sum of other income)	**–2,437**	**1,101**
attributable to owners of TAKKT AG	–2,437	1,101
attributable to minority interest	0	0
Total comprehensive income	**25,396**	**76,153**
attributable to owners of TAKKT AG	24,658	74,948
attributable to minority interest	738	1,205

**) In order to make the figures for the prior year comparable with those of the current year, the figures for the financial year 2008 have been restated according to the new IFRS standard regarding catalogue cost accounting effective from 01 January 2009.*

Further details on Other income can be found on page 104 onwards.

Consolidated balance sheet of TAKKT Group, Stuttgart, at 31 December 2009 under IFRS *in EUR '000*

Assets	Notes	2009	2008 restated*	01.01.2008 restated*
Non-current assets				
Property, plant and equipment	(10)	99,817	108,722	93,359
Goodwill	(11)	240,052	217,656	211,623
Other intangible assets	(12)	41,264	20,054	21,925
At equity investments		20	20	20
Other assets	(13)	852	861	820
Deferred tax	(14)	4,757	6,585	7,350
		386,762	**353,898**	**335,097**
Current assets				
Inventories	(15)	51,572	69,929	64,614
Trade receivables	(16)	72,134	88,379	109,012
Other receivables and assets	(17)	14,164	13,405	17,441
Income tax receivables		8,567	1,672	957
Cash and cash equivalents	(18)	3,201	3,475	5,504
		149,638	**176,860**	**197,528**
Total assets		**536,400**	**530,758**	**532,625**

Equity and liabilities	Notes	2009	2008 restated*	01.01.2008 restated*
Shareholders' equity	**(19)**			
Issued capital		65,610	72,900	72,900
Retained earnings		201,812	277,602	262,075
Other components of equity		−28,584	−26,147	−27,248
		238,838	**324,355**	**307,727**
Minority interest in equity	**(20)**	**3,259**	**3,380**	**2,865**
Total equity		**242,097**	**327,735**	**310,592**
Non-current liabilities				
Borrowings	(21)	155,792	49,557	72,750
Deferred tax	(14)	24,945	18,704	12,982
Provisions	(22)	19,506	18,800	17,878
		200,243	**87,061**	**103,610**
Current liabilities				
Borrowings	(21)	28,176	33,802	18,524
Trade payables	(23)	16,486	24,707	31,683
Other liabilities	(24)	30,936	34,884	37,630
Provisions	(25)	13,175	11,572	14,272
Income tax payables		5,287	10,997	16,314
		94,060	**115,962**	**118,423**
Total equity and liabilities		**536,400**	**530,758**	**532,625**

**) In order to make the figures for the prior year comparable with those of the current year, the figures for the financial year 2008 have been restated according to the new IFRS standard regarding catalogue cost accounting effective from 01 January 2009.*

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

	Issued capital	Retained earnings	Other components of equity	**Share-holders' equity**	Minority interest	**Total equity**
Balance at 01.01.2009	**72,900**	**277,602**	**–26,147**	**324,355**	**3,380**	**327,735**
Transactions with owners	–7,290	–102,885	0	–110,175	–859	–111,034
thereof capital reduction through buy-back of shares	–7,290	–50,396	0	–57,686	0	–57,686
thereof dividends paid	0	–52,489	0	–52,489	–859	–53,348
Total comprehensive income	0	27,095	–2,437	24,658	738	25,396
Balance at 31.12.2009	**65,610**	**201,812**	**–28,584**	**238,838**	**3,259**	**242,097**

	Issued capital	Retained earnings	Other components of equity	**Share-holders' equity**	Minority interest	**Total equity**
Balance at 01.01.2008	**72,900**	**276,255**	**–27,248**	**321,907**	**2,973**	**324,880**
Change in accounting policy	0	–14,180	0	–14,180	–108	–14,288
Balance at 01.01.2008 – restated	**72,900**	**262,075**	**–27,248**	**307,727**	**2,865**	**310,592**
Dividends paid	0	–58,320	0	–58,320	–690	–59,010
Total comprehensive income	0	73,847	1,101	74,948	1,205	76,153
Balance at 31.12.2008	**72,900**	**277,602**	**–26,147**	**324,355**	**3,380**	**327,735**

Consolidated cash flow statement of TAKKT Group, Stuttgart *in EUR '000*

	2009	2008 restated*
Profit	27,833	75,052
Depreciation of non-current assets	19,227	15,811
Deferred tax affecting profit	9,067	6,237
Cash flow	**56,127**	**97,100**
Other non-cash expenses and income	163	3,755
Profit and loss on disposal of non-current assets and consolidated companies	–235	–258
Change in inventories	19,708	–6,121
Change in trade receivables	16,186	20,309
Change in other assets not included in investing and financing activities	–4,487	1,787
Change in short- and long-term provisions	2,273	–1,909
Change in trade payables	–8,328	–7,299
Change in other liabilities not included in investing and financing activities	–10,423	–10,447
Cash flow from operating activities	**70,984**	**96,917**
Proceeds from disposal of non-current assets	1,267	559
Capital expenditure on non-current assets	–4,592	–27,897
Cash outflows for the acquisition of consolidated companies (less acquired cash and cash equivalents)	–59,059	0
Cash flow from investing activities	**–62,384**	**–27,338**
Proceeds from borrowings	231,411	51,766
Repayments of borrowings	–129,248	–63,649
Dividends to owners of TAKKT AG and minority interests	–53,348	–59,010
Payments to owners (share buy-back)	–57,686	0
Other financial payments	0	–450
Cash flow from financing activities	**–8,871**	**–71,343**
Net change in cash and cash equivalents	–271	–1,764
Effect of exchange rate changes	–3	–265
Cash and cash equivalents at 01.01.	3,475	5,504
Cash and cash equivalents at 31.12.	**3,201**	**3,475**

**) In order to make the figures for the prior year comparable with those of the current year, the figures for the financial year 2008 have been restated according to the new IFRS standard regarding catalogue cost accounting effective from 01 January 2009.*

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 55,000 (EUR 207,000) and interest payments of EUR 4,078,000 (EUR 4,867,000). In 2009, income taxes of EUR 18,202,000 (EUR 35,867,000) were paid.

Capital expenditure relates to rationalisation and expansion measures. Proceeds from the disposal of non-current assets include the disposal of finance leases amounting to EUR 242,000 (EUR 0).

Borrowings include all interest-bearing liabilities; please see page 97 onwards for further details. EUR 52,489,000 (EUR 58,320,000) in dividends were paid to TAKKT AG shareholders in the year under review. This constitutes a total dividend of EUR 0.80 (EUR 0.80) per share, comprising an ordinary dividend of EUR 0.32 (EUR 0.32) and a special dividend of EUR 0.48 (EUR 0.48).

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.

Segment reporting by division 2009 of TAKKT Group, Stuttgart *in EUR '000*

01.01.2009–31.12.2009	K + K EUROPA	Topdeq	K + K America	Others	Consolidation	Group total
Turnover to third parties	378,564	57,290	295,610	0	0	731,464
Inter-segment turnover	588	52	18	0	–658	0
Segment turnover	379,152	57,342	295,628	0	–658	731,464
Other non-cash expenses (+) and income (–)	1,693	–1,113	105	–522	0	163
EBITDA	56,595	–1,485	21,073	–7,532	0	68,651
Scheduled depreciation of segment assets	5,791	3,093	9,696	124	–15	18,689
Unscheduled depreciation of segment assets	8	82	448	0	0	538
EBITA	50,796	–4,660	10,929	–7,656	15	49,424
EBIT	50,796	–4,660	10,929	–7,656	15	49,424
Income from at equity investments	0	0	0	0	0	0
Finance expenses	–3,795	–1,099	–4,157	–1,708	3,539	–7,220
Interest and similar income	205	47	241	3,101	–3,539	55
Profit before tax	47,218	–5,712	7,026	–6,166	15	42,381
Income tax expense	16,079	–1,799	4,256	–3,993	5	14,548
Profit	31,139	–3,913	2,770	–2,173	10	27,833
Segment assets	252,264	75,463	248,852	526,403	–566,582	536,400
thereof investment in non-current assets	2,658	218	57,202	20,069	–20,000	60,147
thereof book value of at equity investments	20	0	0	0	0	20
thereof deferred tax and income tax receivables	2,730	2,481	7,330	1,361	–455	13,447
Segment liabilities	169,391	42,506	156,845	93,414	–167,853	294,303
thereof deferred tax and income tax payables	13,500	51	15,453	436	792	30,232
thereof borrowings (short- and long-term)	117,926	35,040	112,239	83,665	–164,902	183,968
Average no. of employees (full-time equivalent)	833	176	781	27	0	1,817
Employees (full-time equivalent) at the reporting date	788	146	806	28	0	1,768

Segment reporting by division 2008 of TAKKT Group, Stuttgart *in EUR '000*

01.01.2008–31.12.2008 restated *	K + K EUROPA	Topdeq	K + K America	Others	Consolidation	Group total
Turnover to third parties	538,589	82,684	310,872	0	0	932,145
Inter-segment turnover	747	24	16	0	–787	0
Segment turnover	539,336	82,708	310,888	0	–787	932,145
Other non-cash expenses (+) and income (–)	946	438	2,087	284	0	3,755
EBITDA	109,776	6,137	25,521	–8,366	0	133,068
Scheduled depreciation of segment assets	5,216	2,910	7,599	129	–43	15,811
Unscheduled depreciation of segment assets	0	0	0	0	0	0
EBITA	104,560	3,227	17,922	–8,495	43	117,257
EBIT	104,560	3,227	17,922	–8,495	43	117,257
Income from at equity investments	0	0	0	0	0	0
Finance expenses	–6,650	–2,554	–3,865	–3,391	10,674	–5,786
Interest and similar income	2,063	345	490	7,977	–10,674	201
Profit before tax	100,008	1,018	13,924	–3,968	43	111,025
Income tax expense	29,555	1,182	6,072	–849	13	35,973
Profit	70,453	–164	7,852	–3,119	30	75,052
Segment assets	269,721	86,407	223,567	584,003	–632,940	530,758
thereof investment in non-current assets	16,916	6,905	3,943	25,144	–25,000	27,908
thereof book value of at equity investments	20	0	0	0	0	20
thereof deferred tax and income tax receivables	4,124	2,112	2,175	311	–329	8,393
Segment liabilities	184,908	62,594	130,198	59,419	–234,096	203,023
thereof deferred tax and income tax payables	12,641	40	11,127	5,026	867	29,701
thereof borrowings (short- and long-term)	125,962	54,469	92,771	44,139	–233,982	83,359
Average no. of employees (full-time equivalent)	963	215	774	28	0	1,980
Employees (full-time equivalent) at the reporting date	976	216	740	28	0	1,960

**) In order to make the figures for the prior year comparable with those of the current year, the figures for the financial year 2008 have been restated according to the new IFRS standard regarding catalogue cost accounting effective from 01 January 2009.*

Segment reporting by geographical region 2009 of TAKKT Group, Stuttgart *in EUR '000*

01.01.2009 – 31.12.2009	Germany	Rest of Europe	USA	Other	Group total
Turnover to third parties	162,310	265,626	281,539	21,989	731,464
Non-current assets*	179,988	12,368	188,208	712	381,276

**) non-current assets excluding financial instruments, deferred tax assets and post-employment benefit assets*

Segment reporting by geographical region 2008 of TAKKT Group, Stuttgart *in EUR '000*

01.01.2008 – 31.12.2008	Germany	Rest of Europe	USA	Other	Group total
Turnover to third parties	233,517	371,779	299,642	27,207	932,145
Non-current assets*	186,453	12,211	147,445	479	346,588

**) non-current assets excluding financial instruments, deferred tax assets and post-employment benefit assets*

Segment information

In the scope of segment reporting under IFRS 8, the activities of TAKKT Group are broken down into divisions. The breakdown follows the management approach and takes account of internal controlling and reporting. The adoption of IFRS 8 from 01 January 2009 did not lead to any changes in segmenting for TAKKT Group. The fundamental segment result for management purposes is EBITDA.

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 applied in the previous year.

Divisions of TAKKT Group as of 31 December 2009

KAISER + KRAFT EUROPA division

KAISER + KRAFT EUROPA GmbH, Stuttgart, and the sales companies of the groups KAISER + KRAFT, gaerner, Gerdmans, KWESTO and Certeo operate in more than 20 European countries. KAISER + KRAFT group 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 catalogue 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.) 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 division focuses on the following product groups: transport, storage, environment, workshop and office equipment.

Topdeq division

The Topdeq division sells design-oriented office furniture and accessories via catalogue and the internet in Germany, Switzerland, the Netherlands, France, 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 and at least a five-year warranty. Topdeq operates warehouses in Germany and France. Topdeq's product portfolio comprises some 2,300 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 catalogue and the internet over 40,000 products from the transport, storage and business equipment sectors. Specialties Group, comprising the Hubert companies in the USA, Canada, Germany and France and Central Products LLC, which was acquired in 2009, sells some 55,000 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 via the companies National Business Furniture, Dallas Midwest, Alfax and officefurniture.com.

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

Geographical information

Turnover to third parties is allocated according to where the selling unit is located. Non-current assets are allocated according to where the unit that owns the assets is located.

Notes to the consolidated financial statements for the year ended 31 December 2009

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 the reporting date 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 25 February 2010.

The following accounting standards and interpretations were passed or amended by IASB and IFRIC and endorsed by the EU in the period to 31 December 2009:

Standard		Status	Applicable from
IAS 1	Presentation of Financial Statements	amended	01.01.2009
IAS 23	Borrowing Costs	amended	01.01.2009
IAS 32	Financial Instruments: Presentation (Puttable Financial Instruments and Obligations Arising on Liquidation)	amended	01.01.2009
IAS 32	Classification of Rights Issues	amended	01.02.2010
IAS 38	Intangible Assets – Advertising Costs	amended	01.01.2009
IAS 39/ IFRIC 9	Embedded Derivatives	amended	01.07.2008
IAS 39	Recognition and Measurement: Eligible Hedged Items	amended	01.07.2009
IFRS 1 rev	First-time Adoption of IFRS	amended	01.07.2009
IFRS 2	Share-based Payments	amended	01.01.2009
IFRS 3/ IAS27	Business Combinations	amended	01.07.2009
IFRS 7	Improving Disclosures about Financial Instruments	amended	01.01.2009
IFRS 8	Operating Segments	new	01.01.2009
IFRIC 12	Service Concession Arrangements	new	01.01.2008
IFRIC 15	Agreements for the Construction of Real Estate	new	01.01.2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	new	01.07.2009
IFRIC 17	Distributions of Non-cash Assets to Owners	new	01.07.2009
IFRIC 18	Transfer of Assets from Customers	new	01.07.2009

Below, the content of those standards are summarised, that are likely to effect future financial statements.

IAS 1 Presentation of Financial Statements

The changes to the presentation of financial statements in accordance with IAS 1 (revised 2007) were adopted by TAKKT Group. These changes require a statement of comprehensive income be drawn up as an additional part of the financial statements. IAS 1 also requires that when making a retrospective adjustment to accounting principles, e.g. by applying new accounting standards, adjusted balance sheet figures be reported as of the beginning of the comparative period. For this reason, the balance sheet also contains the adjusted values from the opening balance sheet as of 01 January 2008 in addition to the adjusted comparison values for 2008.

IAS 23 Borrowing Costs

The adjusted standard IAS 23 is mandatory with effect from 01 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 over a considerable period of time. It was not necessary to capitalise borrowing costs in TAKKT Group during the 2009 financial year.

IAS 38 Intangible Assets – Advertising Costs

With effect from 01 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. For TAKKT Group, this means that from 01 January 2009 the catalogue costs in accordance with IAS 38.69 are to be recognised in full as an expense as soon as a company acquires the right to take possession of the catalogues or as soon as it receives services in relation to catalogues. Previously, the catalogue costs were allocated on a straight-line basis to the months or quarters in which they generated turnover (matching principle). In order to ensure comparability, the previous year's figures for the 2008 financial year were restated as if the new accounting standard IAS 38 had already been applied in the 2008 financial year.

The effects of the change-over on the net assets, financial position and results of operations are outlined in the following table:

Effect on the income statement *in '000*

	2008 restated	2008 reported	Δ
Turnover	932,145	932,145	0
Gross profit	**386,311**	**386,311**	**0**
Other income	7,922	7,922	0
Personnel expenses	103,167	103,167	0
Other operating expenses	157,998	155,082	2,916
EBITDA	**133,068**	**135,984**	**–2,916**
Depreciation of property, plant and equipment and other intangible assets	15,811	15,811	0
Amortisation of goodwill	0	0	0
EBIT	**117,257**	**120,173**	**–2,916**
Finance result	–6,232	–6,232	0
Profit before tax	**111,025**	**113,941**	**–2,916**
Income tax expense			
– Income tax	29,736	29,736	0
– Deferred tax	6,237	7,117	–880
Profit	**75,052**	**77,088**	**–2,036**
attributable to owners of TAKKT AG	73,847	75,862	–2,015
attributable to minority interests	1,205	1,226	–21
Earnings per share (in EUR)	1.01	1.04	–0.03

Effect on the net assets and financial position *in ‘000*

Assets	2008 restated	2008 reported	Δ
Non-current assets			
Deferred tax	6,585	4,723	1,862
Other non-current assets	347,313	347,313	0
	353,898	**352,036**	**1,862**
Current assets			
Other receivables and assets	13,405	36,876	–23,471
Other current assets	163,455	163,455	0
	176,860	**200,331**	**–23,471**
Total assets	**530,758**	**552,367**	**–21,609**

Equity and liabilities	2008 restated	2008 reported	Δ
Total equity			
Shareholders’ equity	324,355	340,540	–16,185
Minority interest in equity	3,380	3,509	–129
	327,735	**344,049**	**–16,314**
Non-current liabilities			
Deferred tax	18,704	23,999	–5,295
Other non-current liabilities	68,357	68,357	0
	87,061	**92,356**	**–5,295**
Current liabilities	**115,962**	**115,962**	**0**
Total equity and liabilities	**530,758**	**552,367**	**–21,609**

IFRS 2 Share-based Payment

IFRS 2 governs the reporting of share-based payment instruments recognised in profit and loss which are used as payment for goods or services.

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 from 01 January 2009 did not lead to any changes in segmenting for TAKKT Group. The segment Other, however, is now presented separately from consolidation and shown in a separate column as a reconciliation of the individual segment figures with the Group values. The previous year’s figures were restated accordingly.

The option of applying standards already approved by the IASB early was not taken. According to current estimates, an earlier application would not have had any material effect on the financial statements.

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 2009 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 specialist for business equipment and has a presence in more than 25 countries. Besides TAKKT AG, 8 (6) domestic and 55 (52) foreign 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 acquisition and by six newly founded companies. Two companies, which are insignificant for the Group's net assets, financial position and results of operations, were merged with another Group company.

One domestic associated company of little significance exists.

As of 31 December 2009, TAKKT AG is a 70.4 (72.7) percent subsidiary of Franz Haniel & Cie. GmbH, Duisburg. 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 2009. 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 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 Total equity.

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 primarily recognised in the individual financial statements and in the income statement under Other operating expenses.

Currency translation rates of importance for TAKKT Group

		Closing rates		Average rates	
Currency	Country	2009	2008	2009	2008
USD	USA	1.4406	1.3917	1.3909	1.4631
CHF	Switzerland	1.4836	1.4850	1.5099	1.5862
GBP	UK	0.8881	0.9525	0.8903	0.7944
SEK	Sweden	10.2520	10.8700	10.6080	9.5981

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 realised 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)	3–33
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 and intangible assets with an indefinite useful life 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 value in use of the cash generating unit. TAKKT Group applies WACC rates between 10.1 and 12.1 percent (between 11.5 and 12.6 percent in the previous year). As in the previous year, a growth factor of two percent was used to calculate perpetuity. The growth in perpetuity is below the expected future market growth. The amount is then compared to the respective book value. If this amount is below the book value of the cash generating unit, an impairment charge is made on the goodwill and other assets, if required.

Other acquired intangible assets with a defined useful life are disclosed at acquisition cost plus incidental acquisition cost less straight line depreciation or accelerated depreciation in line with usage. Net book values and useful lives are reviewed on the balance sheet date and adjusted if necessary.

	Useful life in years
Trade names	indefinite
Customer lists	5 or 11
Domain names/web sites	3
Catalogue designs	5 or 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 and loss
- Financial liabilities at fair value through profit and 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 subject to a variable market interest rate.

For disclosures in accordance with IFRS 7.27B, the calculation of fair values should be allocated to the following three levels as per IFRS 7.27A:

- Level 1: Prices quoted on an active market for the same instrument (without adjustments)
- Level 2: Prices quoted on an active market for similar instruments or valuation methods whereby all important input factors are based on observable market data
- Level 3: Valuation methods whereby all important input factors are not based on observable market data

Derivative financial instruments such as forward 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 liability (fair value hedge), or to hedge a future cash flow from a firm commitment or forecast 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 relationship is established between all derivatives used as hedging instruments and specific assets, liabilities, firm commitments or forecast 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 forward foreign exchange contracts. The market value of a forward 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 interest rate caps are determined using the Black-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. 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 current 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 legal 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 fair value of the fixed-interest-bearing liabilities from finance leases is determined by discounting the lease instalments using current maturity-matched interest rates.

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.

No significant changes to the underlying assumptions and estimations were identifiable at the time of preparation of the consolidated financial statements.

2. Notes to the income statement

(1) Turnover *in EUR '000*

	2009	2008
Turnover with third parties	730,900	931,695
Turnover with affiliated companies	564	450
	731,464	**932,145**

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 117 onwards. A breakdown of turnover by segment and geographical region is shown in the segment reports on page 72 onwards.

(2) Other income *in EUR '000*

	2009	2008
Rental income	60	108
Income from the release of valuation allowances	773	954
Income from disposal of non-current assets	318	305
Operating income	2,579	3,268
Other	2,856	3,287
	6,586	**7,922**

(3) Personnel expenses *in EUR '000*

	2009	2008
Wages and salaries	84,559	85,726
Social security costs	14,726	15,105
Retirement costs	1,614	2,688
Income from the release of personnel-related provisions	–783	–997
Other	983	645
	101,099	**103,167**

Personnel expenses for 2009 include one-off expenditure of EUR 3,051,000 in relation to the FOCUS programme. Included in Social security costs are refunds from the German Federal Employment Office as result of short-term working amounting to EUR 504,000 (EUR 0). The segment reports on page 72 onwards refer to the number of employees of the Group.

(4) Other operating expenses *in EUR '000*

	2009	2008
Losses from disposal of non-current assets	83	47
Valuation allowances on current assets	2,075	1,805
Income from the release of provisions	–378	–303
Operating leasing and rents	11,425	10,855
Exchange differences	157	–1,215
Operating taxes	1,806	1,548
Operating expenses	109,075	125,942
Administrative expenses	19,605	19,319
	143,848	**157,998**

Valuation allowances mainly relate to trade receivables and write-offs of receivables where they cannot be recovered. Write-offs amounted to EUR 1,390,000 (EUR 1,376,000).

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. Other operating expenses in the year under review include one-off expenditure of EUR 2,193,000 for the FOCUS programme.

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

	2009	2008
Property, plant and equipment	11,062	10,041
Other intangible assets	8,165	5,770
	19,227	**15,811**

In 2009, unscheduled depreciation was carried out on Property, plant and equipment under IAS 36 amounting to EUR 176,000 (EUR 0). This was related to capacity adjustments as part of the FOCUS programme. With regard to Other intangible assets, unscheduled amortisation amounting to EUR 362,000 (EUR 0) was necessary.

(6) Finance expenses *in EUR '000*

	2009	2008
Interest portion of finance leases	–1,014	–1,335
Interest portion of pension provisions	–1,038	–871
Interest on borrowings	–5,168	–3,580
	–7,220	**–5,786**

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

	2009	2008
Valuation of intercompany loans and financial instruments	122	–647
Interest and similar income	55	201
	177	**–446**

More details on the use of derivative financial instruments are disclosed in the risk report on page 33 onwards as well as in the notes on page 104 onwards.

(8) Income tax expense

Income tax expense includes income tax 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 income tax expense *in EUR '000*

	2009	2008
Income tax	5,481	29,736
Deferred tax	9,067	6,237
	14,548	**35,973**

Income tax includes reimbursements of EUR 307,000 relating to prior periods (payment: EUR 282,000). Deferred tax includes additional allowances on deferred tax assets amounting to EUR 3,097,000 (EUR 2,935,000). The difference between the actual tax expense and the tax expense calculated at a rate of 30.7 (30.7) percent for TAKKT AG is made up as follows:

Tax rate reconciliation *in EUR '000*

	2009	2008
Profit before tax	42,381	111,025
Expected average tax expense	13,011	34,085
Changes in tax rates	323	210
Differences between local and Group tax rates	–1,093	–2,351
Non-deductible expenses	1,034	1,052
Non-taxable income	–1,982	–151
Allowance for deferred tax on loss carry-forwards and other	3,039	2,938
Taxes relating to prior years	–57	–19
Other differences	128	178
Corrections for municipal trade tax	145	31
Income tax expense per the consolidated income statement	**14,548**	**35,973**

The calculated tax rate of 30.7 percent is based on the tax rates applicable in Germany in 2009. Corporation tax of 15.0 percent, solidarity surcharge of 5.5 percent and the average municipal tax rate for the German Group companies were taken into account.

The item Non-taxable income mainly comprises tax income relating to the closure of Topdeq in the USA.

(9) Earnings per share

	2009	2008
Number of shares issued (in thousand)	65,610	72,900
Weighted number of shares issued (in thousand)	66,629	72,900
Profit attributable to the owners of TAKKT AG (in EUR '000)	27,095	73,847
Earnings per share (in EUR)	0.41	1.01
Cash flow (in EUR '000)	56,127	97,100
Cash flow per share (in EUR)	0.84	1.33

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. The number of shares fell to 65,610,331 in the year under review as a result of the share buy-back in February 2009.

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 01.01.2009	97,862	70,413	474	168,749
Currency translation	–135	–362	–16	–513
Changes in scope of consolidation	153	659	0	812
Additions	960	1,327	14	2,301
Transfers	0	453	–453	0
Disposals	–4,976	–1,698	–5	–6,679
Balance at 31.12.2009	**93,864**	**70,792**	**14**	**164,670**
Cumulative depreciation				
Balance at 01.01.2009	25,612	34,415	0	60,027
Currency translation	–170	–297	0	–467
Changes in scope of consolidation	0	0	0	0
Additions	3,981	7,081	0	11,062
Transfers	0	0	0	0
Disposals	–4,222	–1,547	0	–5,769
Balance at 31.12.2009	**25,201**	**39,652**	**0**	**64,853**
Net book values				
Balance at 31.12.2009	**68,663**	**31,140**	**14**	**99,817**

The depreciation included in the tangible assets development was translated at average exchange 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. Please refer to page 86 for details on unscheduled depreciation.

At the balance sheet date, property, plant and equipment with a book value of EUR 12,926,000 (EUR 15,712,000) acquired under a finance lease were reported. Leased assets of EUR 10,377,000 (EUR 12,230,000) are shown under Land, buildings and similar assets and EUR 2,549,000 (EUR 3,482,000) under Plant, machinery and office equipment.

Property, plant and equipment from finance leases with acquisition costs of EUR 4,296,000 and a net book value of EUR 734,000 was disposed of in the year under review as part of the FOCUS programme.

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 rights.

	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**

(11) Goodwill *in EUR '000*

	Goodwill	Goodwill on consolidation	Total
Acquisition costs			
Balance at 01.01.2009	189,346	28,310	217,656
Currency translation	–4,236	0	–4,236
Changes in scope of consolidation	26,632	0	26,632
Additions	0	0	0
Disposals	0	0	0
Balance at 31.12.2009	**211,742**	**28,310**	**240,052**
Cumulative amortisation			
Balance at 01.01.2009/31.12.2009	**0**	**0**	**0**
Net book values			
Balance at 31.12.2009	**211,742**	**28,310**	**240,052**

	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**

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 reported 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. An addition was recorded in the year under review as a result of the acquisition of Central Products LLC. Further information on the acquisition can be found on page 113 onwards.

Net book value of goodwill *in EUR '000*

Cash generating units	**2009**	2008
KAISER + KRAFT EUROPA	79,379	79,379
Topdeq	0	0
Plant Equipment Group	1,966	2,035
Specialties Group	98,031	74,428
Office Equipment Group	32,366	33,504
	211,742	**189,346**

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	2009	2008
KAISER + KRAFT EUROPA	15,450	15,450
Topdeq	12,860	12,860
	28,310	**28,310**

Subsequent consolidation

In accordance with IFRS 3, from 01 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 2009. For tax purposes, the goodwill is still depreciated over a period of 15 years. At the balance sheet date, the resulting deferred tax liability amounts to EUR 32,220,000 (EUR 26,444,000). 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 01.01.2009	6,776	23,233	7,884	24,073	1,273	63,239
Currency translation	–399	–1,105	–235	–460	–28	–2,227
Changes in scope of consolidation	8,915	16,768	1,912	265	251	28,111
Additions	0	0	0	1,317	844	2,161
Transfers	0	0	0	2,100	–2,100	0
Disposals	0	0	0	–90	0	–90
Balance at 31.12.2009	**15,292**	**38,896**	**9,561**	**27,205**	**240**	**91,194**
Cumulative depreciation						
Balance at 01.01.2009	0	19,947	5,292	17,946	0	43,185
Currency translation	–13	–813	–203	–320	0	–1,349
Changes in scope of consolidation	0	0	0	0	0	0
Additions	360	3,933	694	3,178	0	8,165
Transfers	0	0	0	0	0	0
Disposals	0	0	0	–71	0	–71
Balance at 31.12.2009	**347**	**23,067**	**5,783**	**20,733**	**0**	**49,930**
Net book values						
Balance at 31.12.2009	**14,945**	**15,829**	**3,778**	**6,472**	**240**	**41,264**

	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**

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.

For information on unscheduled depreciation, please refer to page 86. 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. Trade names were reported with their book value of EUR 14,945,000 (EUR 6,776,000) as intangible assets with an indefinite life. These relate to the cash generating unit Office Equipment Group in the amount of EUR 6,199,000 (EUR 6,776,000) and the cash generating unit Specialties Group in the amount of EUR 8,746,000 (EUR 0).

(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*

	2009	2008
Deferred tax on loss carry-forwards – gross	10,940	9,900
Allowance	–8,527	–7,591
Deferred tax on loss carry-forwards – net	**2,413**	**2,309**

Permissibility of impaired loss carry-forwards *in EUR '000*

	up to 1 year	1 to 5 years	over 5 years	Total
2009	1,507	12,316	8,237	22,060
2008	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	
	2009	2008	2009	2008
Property, plant and equipment and other intangible assets	3,267	2,470	4,957	5,689
Goodwill	0	0	32,220	26,444
Inventories	675	855	383	811
Trade receivables and other assets	2,792	6,231	623	581
Non-current provisions	1,404	1,352	283	160
Current provisions	1,405	1,113	116	173
Market value of derivative financial instruments	1,105	1,332	167	566
Loss carry-forwards	2,413	2,309	0	0
Borrowings	5,518	6,570	0	0
Other	81	174	99	101
Subtotal	**18,660**	**22,406**	**38,848**	**34,525**
Netting	–13,903	–15,821	–13,903	–15,821
Consolidated balance sheet	**4,757**	**6,585**	**24,945**	**18,704**

Only deferred tax on the market value of the derivative financial instruments classified as cash flow hedges amounting to EUR 1,014,000 (EUR 717,000) did not affect profit.

Of EUR 4,757,000 (EUR 6,585,000) deferred tax assets, EUR 2,407,000 (EUR 536,000) relate to companies which generated losses in the year under review. Calculating the respective deferred tax assets is based on the positive results of the rolling five-year planning.

In accordance with IAS 12, no deferred tax liabilities are reported for the retained earnings of subsidiaries. In the event of future dividend payouts, there would be a tax liability of EUR 2,651,000 (EUR 2,734,000). Any foreign withholding tax and income tax effects at foreign intermediate holding companies were not taken into consideration for reasons of materiality.

As in the previous year, deferred tax liabilities for temporary differences in at equity valued investments between the IFRS approach and the tax accounting approach are not reported for reasons of materiality.

(15) Inventories *in EUR '000*

	2009	2008
Raw materials and supplies	944	1,163
Work in progress	883	1,010
Finished goods and purchased merchandise	49,577	67,531
Payments on account	168	225
	51,572	**69,929**

An obsolescence reserve of EUR 10,057,000 (EUR 9,825,000) has been made on finished goods and work in progress, taking into consideration the expected selldown period of the inventories. Intercompany profits of EUR 269,000 (EUR 874,000) have been eliminated.

(16) Trade receivables

Trade receivables are reported at nominal value less allowances.

Development of allowances on trade receivables *in EUR '000*

	2009	2008
Balance at 01.01.	3,771	4,288
Additions	657	388
Usage	–11	–87
Release	–678	–814
Currency translation and other changes	28	–4
Balance at 31.12.	**3,767**	**3,771**

For reconciliation from gross to net figures, see also section 4 Risk management and financial instruments/Information according to IFRS 7 (page 104 onwards).

All goods delivered were subject to customary ownership retention rights.

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

	2009	2008
Receivables from affiliated companies	99	40
Market value of derivative financial instruments	449	1,466
Other	13,616	11,899
	14,164	**13,405**

A schedule of receivables from affiliated companies can be found under related-party transactions on page 117. These were not subject to any allowance. These balances are the result of the current settlement transactions. Other includes mainly supplier bonuses, receivables from other taxes and advance payments for advertising services.

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

	2009	2008
Cheques, cash balances	328	228
Cash at banks	2,873	3,247
	3,201	**3,475**

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 69. Please refer to page 25 of the management report for details on shareholders' equity management as required by IAS 1. The fully paid-in issued capital of TAKKT AG was reduced to EUR 65,610,331 (EUR 72,900,000) after the share buy-back of 7,289,669 no-par-value bearer shares and the subsequent capital reduction in February 2009. It is divided into 65,610,331 (72,900,000) no-par-value bearer shares. With the share buy-back, the Management and Supervisory Boards made use of the authorisation to purchase own shares as issued by the Annual General Meeting (AGM) on 07 May 2008. The cost of the share buy-back totalling EUR 98,000 after tax was offset against shareholders' equity. The AGM again authorised the Management and Supervisory Boards on 06 May 2009 to purchase own shares. No use was made of this right in 2009. In accordance with the resolution of the AGM on 06 May 2009, the Management Board is authorised until 29 October 2014 to increase the issued capital by an amount of up to EUR 32,805,165.50 once or several times by issuing new no-par-value bearer shares. With the approval of the Supervisory Board, the Management Board is, however, entitled to exclude residual amounts from the shareholders' statutory subscription right. Please refer to page 16 in the management report.

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, changes in the market values of derivatives used to hedge future cash flows not affecting the income statement as well as the total of the consolidation adjustments and the resulting deferred tax shown in the income statement.

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 20,995,000 (EUR 52,489,000) for the 2009 financial year. As a result of the share buy-back programme, the remaining 65.6 million shares will attract an ordinary dividend of EUR 0.32 (EUR 0.32). A special dividend is not planned for the 2009 financial year (2008: EUR 0.48 per share).

(20) Minority interest in equity *in EUR '000*

	2009	2008
Share in capital and reserves	2,521	2,175
Share in total comprehensive income	738	1,205
	3,259	**3,380**

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	31.12.2009
Liabilities to banks	11,475	72,121	67,437	151,033
Finance leases	1,742	5,920	10,314	17,976
Finance liabilities to affiliated companies	12,161	0	0	12,161
Other	2,798	0	0	2,798
	28,176	**78,041**	**77,751**	**183,968**
thereof long-term (maturity > 1 year)				155,792

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

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 one property comprising land, buildings, equipment and IT systems. The fair value of finance leases amounts to EUR 19,604,000 (EUR 23,330,000).

A schedule of liabilities to affiliated companies can be found in related-party transactions on page 117.

Development of current and non-current borrowings *in EUR '000*

	01.01.2009	Other changes	Additions	Repay-ments	31.12.2009
Liabilities to banks	39,767	– 1,299	231,411	– 118,846	151,033
Finance leases	21,402	0	0	– 3,426	17,976
Finance liabilities to affiliated companies	17,838	– 1	0	– 5,676	12,161
Other	4,352	– 255	0	– 1,299	2,798
	83,359	**– 1,555**	**231,411**	**– 129,247**	**183,968**

Other changes include currency translation in the amount of EUR 1,300,000 (EUR 3,566,000). Average net borrowings for the financial year amounted to EUR 169,790,000 (EUR 82,145,000). Liabilities were weighted by month and converted using the average exchange rate method as used in the income statement. Additions to Liabilities to banks relate to new credit lines and a different usage of existing lines at the beginning and the end of the year. Other includes the EVA® certificates issued to TAKKT Group executives.

Borrowings by currency and interest rate hedges *in EUR '000*

	31.12.2009	Portion of total liability *(in percent)*	Weighted remaining term *(in years)*	Average interest rate *(in percent)*
USD liabilities	**120,747**	**65.7**	**3.5**	**4.0**
EUR liabilities	**62,981**	**34.2**		
– Borrowings	30,046	16.3	5.0	1.8
– Finance leases (fixed interest rate)	17,976	9.8	6.0	5.1
– Other	14,959	8.1	n/a	n/a
Liabilities other currencies	**240**	**0.1**	**n/a**	**n/a**
	183,968	**100.0**	**n/a**	**n/a**
thereof hedged	112,728	61.3		

	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*

	2009	2008
Pension provisions	17,024	15,544
Other provisions	2,482	3,256
	19,506	**18,800**

Other provisions mainly relate to early retirement part-time working arrangements and archiving obligations. The change since the previous year is the result of the usage of EUR 714,000 (EUR 539,000), a release of EUR 598,000 (EUR 476,000) and an addition of EUR 538,000 (EUR 660,000).

Pension provisions

Development of pension provisions *in EUR '000*

	2009	2008
Present value of funded obligations	1,758	1,363
Present value of unfunded obligations	20,398	16,484
Total present value of obligations	**22,156**	**17,847**
Fair value of plan assets	–1,721	–1,325
Unrecognised actuarial losses	–3,411	–978
Unrecognised past service costs	0	0
Net pension commitments at 31.12.	**17,024**	**15,544**

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*

	2009	2008
Present value of obligations 01.01.	17,847	15,818
Current service cost	746	801
Interest expense	1,085	904
Plan participants' contributions	22	21
Actuarial gains (–)/losses (+)	2,681	589
Currency translation	0	–2
Benefits paid	–383	–412
Obligations assumed in the course of acquisitions	0	0
Plan curtailments	0	0
Plan settlements	0	0
Past service costs	114	0
Transfer of obligations	44	128
Present value of obligations 31.12.	**22,156**	**17,847**

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

Parameters *in percent*

	2009	2008
Actuarial interest rate	5.10	6.00
Salary trend	2.75	2.75
Pension trend	1.90	1.90

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 plans are calculated annually by independent actuarial experts using the projected unit credit method. 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*

	2009	2008
Fair value 01.01.	1,325	1,305
Expected return on plan assets	47	33
Actuarial losses	194	–131
Benefits paid	0	0
Employer contributions	133	97
Plan participants' contributions	22	21
Plan settlements	0	0
Fair value 31.12.	**1,721**	**1,325**

The expected return on these plan assets for 2009 was 6.2 (5.3) 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*

	2009	2008
Personnel expenses		
Current service costs	746	801
Past service costs	114	0
Amortisation of actuarial gains (–)/losses (+)	38	–12
Interest expense		
Interest	1,085	904
Expected return on plan assets	–47	–33

General overview *in EUR '000*

	2009	2008	2007	2006
Present value of obligations	22,156	17,847	15,818	17,488
Fair value of plan assets	1,721	1,325	1,305	1,240
Difference	**20,435**	**16,522**	**14,513**	**16,248**
Experience adjustments on plan assets	33	–3	–23	–71
Experience adjustments on obligations	–284	1,151	–404	136

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 5,632,000 (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 paid by the employer are up 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 716,000 (EUR 1,899,000) 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*

	2009	2008
Customer payments on account	1,987	1,678
Market value of derivative financial instruments	2,861	3,442
Uninvoiced goods and services	7,960	9,723
Other tax payables	5,494	5,516
Personnel liabilities	3,183	4,020
Social security contributions	728	786
Deferred income	229	0
Other	8,494	9,719
	30,936	**34,884**

A schedule of liabilities to affiliated companies can be found under related-party transactions on page 117.

(25) Current provisions

Development of current provisions *in EUR '000*

	01.01.2009	Currency translation	Usage	Transfers	Release	Additions	31.12.2009
Staff bonuses	7,473	–92	–7,247	0	–176	5,158	5,116
Personnel obligations	433	–14	–388	0	–9	2,286	2,308
Customer credit notes	2,290	–7	–1,698	0	–138	1,054	1,501
Other	1,376	3	–299	0	–240	3,410	4,250
	11,572	**–110**	**–9,632**	**0**	**–563**	**11,908**	**13,175**

	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.

Customer credit notes includes the amount of EUR 81,000 (EUR 0) from the acqisition of Central. It is recorded under Additions.

Other includes an amount of EUR 2,201,000 (EUR 0) as of 31 December 2009, which relates to onerous rental contracts for buildings no longer used as a result of FOCUS measures.

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

In the risk report contained in the management report starting on page 33, 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 2009 *in EUR '000*

				Reconciliation to balance sheet	**Balance sheet item total**
Financial instrument category	I.	II.	III.		
Valuation type	Fair value	Amortised cost	Amortised cost		
Assets					
Non-current assets					
Other assets	0	713	0	139	852
Current assets					
Trade receivables	0	72,134	0	0	72,134
Other receivables and assets	428	7,044	0	6,692	14,164
Cash and cash equivalents	0	3,201	0	0	3,201
	428	**83,092**	**0**		
Liabilities					
Non-current liabilities					
Borrowings	0	0	139,558	16,234	155,792
Current liabilities					
Borrowings	0	0	26,434	1,742	28,176
Trade payables	0	0	16,486	0	16,486
Other liabilities	147	0	2,189	28,600	30,936
	147	**0**	**184,667**		

Financial instrument categories at 31 December 2008 *in EUR '000*

				Reconciliation to balance sheet	Balance sheet item total
Financial instrument category	I.	II.	III.		
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	6,795	13,405
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**		

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

The calculation method used for all of the other receivables and liabilities measured at fair value relates to level 2. For a definition of the levels, please see page 83.

Net result of the categories *in EUR '000*

		Subsequent valuation				
	From interest	At fair value	Currency exchange	Subtotal	Valuation allowance	31.12.2009
Financial assets or liabilities at fair value through profit and loss	–6	373	0	367	0	367
Loans and receivables	55	0	–181	–126	–1,303	–1,429
Financial liabilities measured at amortised cost	–3,123	0	–251	–3,374	0	–3,374
	–3,074	**373**	**–432**	**–3,133**	**–1,303**	**–4,436**

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

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*

	01.01.2009	Currency translation	Other changes	31.12.2009
Nominal value of receivables	92,150	–212	–16,037	75,901
Valuation allowances	–3,771	1	3	–3,767
Book value of receivables	**88,379**	**–211**	**–16,034**	**72,134**

	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 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 from original financial liabilities as well as incoming and outgoing payments on derivative financial liabilities and assets as of 31 December 2009. There were no financial guarantees. 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 2009 *in EUR '000*

	Cash flow 2010	Cash flow 2011	Cash flow 2012–2014	Cash flow 2015–2019	Cash flow 2020…
Original financial liabilities					
Liabilities to banks	–14,194	–14,744	–64,643	–67,582	0
Finance leases	–2,593	–2,021	–6,607	–12,213	0
Finance liabilities to affiliated companies	–12,161	0	0	0	0
Trade payables	–16,486	0	0	0	0
Other liabilities	–4,543	0	0	0	0
Derivative financial receivables					
Outgoing payments	–31,343	0	0	0	0
Connected incoming payments	31,770	0	0	0	0
Derivative financial liabilities					
Outgoing payments	–42,087	–2,008	–4,798	0	0
Connected incoming payments	38,238	0	0	0	0

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

TAKKT has considerable unused short and long-term credit lines with a number of German and international banks which exceed the contractual maturities of the next 2.5 years. The liquidity risk resulting from the maturities is thus negligible.

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 profits 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 reasonable.

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	
	2009	2008	**2009**	2008
Assets				
Currency derivatives designated as cash flow hedges	2,876	16,480	21	860
Currency derivatives without hedge accounting	28,803	17,380	428	606
Liabilities				
Currency derivatives designated as cash flow hedges	26,206	18,752	–593	–836
Currency derivatives without hedge accounting	12,081	64,139	–147	–691
	69,966	**116,751**	**–291**	**–61**

Currency derivatives designated as cash flow hedges

TAKKT is exposed to currency risks as a limited amount of purchases and sales, well below 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 Other components of equity through changes in the fair value of the hedge instruments. They are therefore considered in shareholders' equity-related sensitivity calculations.

In the financial year 2009, losses after deferred tax totalling EUR 385,000 (gains: EUR 13,000) resulting from changes in the fair values of forward 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 2009, gains of EUR 13,000 (EUR 323,000) recorded in shareholders' equity were transferred to the income statement (under the item Other operating expenses). TAKKT expects that, with payments within the next twelve months, losses recorded in shareholders' equity amounting to EUR 385,000 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 2009 *in EUR '000*

Nominal value	Due date
4,112	29.01.2010
3,459	26.02.2010
3,513	31.03.2010
134	29.04.2010
3,062	30.04.2010
4,331	28.05.2010
325	31.05.2010
3,421	30.06.2010
3,223	30.07.2010
3,502	31.08.2010

Underlying currency derivative transactions 2008 *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 forward 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 with regard to the derivatives and the related intercompany loans causing counteracting changes in Other finance 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. Other exchange rate fluctuations have no material effect on profit or equity. 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*

31.12.2009	Increase/ decrease	Effect on pre-tax result	Effect on shareholders' equity without impact on profits
EUR/USD	+10%	–47	+46
EUR/USD	–10%	+57	–46

31.12.2008	Increase/ decrease	Effect on pre-tax result	Effect on shareholders' equity without impact on profits
EUR/USD	+10%	–38	–35
EUR/USD	–10%	+47	+35

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	
	2009	2008	**2009**	2008
Assets				
Interest rate derivatives designated as cash flow hedges	0	0	0	0
Interest rate derivatives without hedge accounting	0	30,000	0	0
Liabilities				
Interest rate derivatives designated as cash flow hedges	94,752	29,101	–2,120	–1,914
Interest rate derivatives without hedge accounting	0	0	0	0
	94,752	**59,101**	**–2,120**	**–1,914**

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 136,500,000 (USD 40,500,000) as cash flow hedges with a maturity until 31 January 2011 (USD 36,500,000) or 30 June 2014 (USD 100.000,000). 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 2009, losses of EUR 1,368,000 (EUR 841,000) after deferred tax resulting from the change of fair values were recorded in shareholders' equity without an effect on profits. Losses after deferred taxes recorded in shareholders' equity amounting to EUR 1,221,000 (EUR 293,000) were transferred to the income statement (Finance expenses). These changes in valuation represent the effective part of the hedge relationship.

In the case of interest rate swaps qualified as cash flow hedges, changes in market interest rates cause fluctuations in Other components of 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 previous year's financial statements with a nominal value of EUR 30,000,000 expired in January 2009.

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*

31.12.2009	Increase/ decrease in basis points	Effect on pre-tax result	Effect on share-holders' equity without impact on profits
EUR	+100 / –100	–405 /+405	–79 /+80
USD	+100 / –100	–191 /+191	+1,883 / –2,042

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

The increase in interest rate sensitivity compared with the previous year results from the higher variable borrowings (profit-related sensitivity) as well as the higher interest hedging volume (sensitivity with no effect on profits).

5. Other notes

Contingent liabilities *in EUR '000*

	2009	2008
Right of recourse from lease agreements	207	245

Capital commitments *in EUR '000*

	2009	2008
Due in the following year	106	875

The disclosure relates mainly to tangible assets.

Contingent claims and liabilities

At 31 December 2009, 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 disclosed.

Acquisition of subsidiaries

On 03 April 2009, TAKKT Group acquired 100 percent of the shares in the company Central Products LLC (Central) through the US Group company K + K America Corp. in return for a cash payment of approximately USD 83 million as part of a share deal. There is also a conditional purchase price adjustment agreement. TAKKT does not currently anticipate having to make payments on the basis of this agreement.

Central is the leading US mail order group for restaurant equipment. It serves 75,000 customers and offers some 14,000 items in catalogues and online. In 2008, Central generated turnover of approximately USD 70 million and posted an EBITDA margin of almost 13 percent. Since it was acquired on 03 April 2009, Central has recorded USD 47.3 million of turnover. The EBITDA margin has been 12.0 percent since the company's initial consolidation.

Had Central been acquired on 01 January 2009, TAKKT Group's turnover would have amounted to EUR 741.8 million in 2009 and its EBITDA margin would have been 9.4 percent.

Amortisation of intangible assets from company acquisitions made in the current and previous accounting periods totalled EUR 5.0 (EUR 3.2) million in 2009.

The transaction was recorded using the purchase method. The purchase price can be allocated to the assets and liabilities assumed at the time of the acquisition as follows:

Purchase price allocation *in USD million*

	Book value	Fair value adjustments	Fair value
Non-current assets	2.0	39.1	41.1
Current assets	7.4	–0.3	7.1
Current liabilities	–2.2	–0.1	–2.3
	7.2	**38.7**	**45.9**
Goodwill			**37.6**
Purchase price			**83.5**

Goodwill is attributable to various factors which serve to strengthen TAKKT Group's operating and strategic position but cannot be evaluated individually. Due to exchange rate fluctuations between the initial consolidation and the balance sheet date, goodwill fell by EUR 503,000.

The acquisition costs include directly attributable costs for legal and consulting services as well as fees totalling EUR 209,000.

The other intangible assets acquired have the following anticipated useful lives:

Useful life

	Fair value in USD million	Useful life in years
Trade names	12.6	indefinite
Customer lists	23.7	5 or 11
Catalogue designs	2.5	5
Other	0.3	3
	39.1	

Measures adopted in the FOCUS programme

As part of the FOCUS programme, steps were taken to adjust capacity by the end of the year. These included the withdrawal of Topdeq from the USA, for example. In addition, the KAISER + KRAFT EUROPA division's warehouse for own-produced goods in Haan was closed on 31 December 2009. The products stored in Haan will be dispatched via the mail order centre in Kamp-Lintfort in future. Furthermore, the Plant Equipment Group's warehousing structure in the USA is being streamlined from four sites to two.

At KAISER + KRAFT EUROPA, the sales concept in Estonia is being altered to match the modest size of the market and current economic developments in the Baltic states. Instead of serving customers via a dedicated TAKKT company, a sales partnership with a local dealer will be used in the future. The FOCUS measures also include a range of smaller organisational steps taken in the marketing, sales and IT departments at the service company KAISER + KRAFT EUROPA GmbH as well as the optimisation of sales structures at German companies.

In 2009, the steps taken to boost efficiency led to a one-off expenditure of EUR 5.2 million impacting EBITDA. The Management Board expects all the FOCUS measures to prompt annual savings of at least three million euros from 2010 onwards.

Events after the reporting period

TAKKT Group's organisational structure has been adjusted as of 01 January 2010. There are now two divisions within the TAKKT Group – TAKKT EUROPE and TAKKT AMERICA. TAKKT EUROPE comprises two groups: the Business Equipment Group (BEG), consisting of the companies which previously belonged to the KAISER + KRAFT EUROPA division, and the Office Equipment Group (OEG), comprising the Topdeq companies. TAKKT AMERICA (previously K + K America) is still made up of the Plant Equipment Group (PEG), the Specialties Group (SPG) and the Office Equipment Group (OEG).

Leasing and other financial obligations 2009 *in EUR '000*

	up to 1 year	1 to 5 years	over 5 years	Total
Finance leases				
Minimum lease payments	2,593	8,082	7,329	18,004
Remaining obligation	0	545	4,884	5,429
Discounting	–851	–2,707	–1,899	–5,457
Present value	**1,742**	**5,920**	**10,314**	**17,976**
thereof minimum lease payments to affiliated companies	0	0	0	0
thereof remaining obligation to affiliated companies	0	0	0	0
Operating leases				
Minimum lease payments	8,655	22,256	8,754	39,665
thereof minimum lease payments to affiliated companies	9	9	0	18

Leasing and other financial obligations 2008 *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 opinion 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. However, the certificate owner is 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 2,798,000 (EUR 4,352,000). EUR 255,000 was released (EUR 402,000 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 in early 2009, subsidised in accordance with the then valid section 19a of the German Income Tax Act (EStG).

A total of 8,895 shares were acquired by 321 employees, which means that 37.5 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 6.07. This resulted in an expense of EUR 73,000.

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 2009 and made available to the shareholders on the web site of TAKKT AG (see page 57).

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 two notifications for the year under review. Prof Dr Dres h.c. Arnold Picot, member of the Supervisory Board of TAKKT AG, notified that in the year 2009 he purchased shares in TAKKT AG to a total value of EUR 23,181.81. Franz Vogel, member of the Management Board of TAKKT AG, notified that in the year 2009 he purchased shares in TAKKT AG to a total value of EUR 26,683.01. TAKKT AG promptly published these notifications.

Related-party transactions

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 transactions mainly refer to the cash management system, processing intercompany transactions, service and consulting contracts. By participating in Haniel Group's euro cash management system, TAKKT Group benefits from potential economies of scale for the eurozone. All transactions with related parties were contractually agreed and were performed on terms that are customary for transactions with third parties.

Related-party transactions *in EUR '000*

	Holding Franz Haniel & Cie. GmbH/service companies		Divisions of Haniel Group		Total	
	2009	2008	2009	2008	2009	2008
Turnover	14	39	550	407	564	446
Other expenses	777	800	218	224	995	1,024
Interest income	0	0	0	0	0	0
Interest expense	243	456	0	0	243	456
Receivables	0	1	99	39	99	40
Payables	12,693	19,599	1	13	12,694	19,612
Other financial obligations	0	223	0	0	0	223

6,785,807 shares worth EUR 53,608,000 were acquired from Franz Haniel & Cie. GmbH as part of the share buy-back programme. The Management Board is made up of 4 (5) members. Further details are given on page 124.

Management Board remuneration system

The total remuneration paid to Board members is made up of non-performance-related and performance-related components. When deciding on the remuneration paid to Board members at TAKKT AG, consideration is given to the company's size, its economic and financial position and the amount and structure of the remuneration paid to Board members at comparable companies. At the Personnel Committee's suggestion, the Supervisory Board regularly reviews the structure of the remuneration system and examines whether the amounts paid to the Management Board are appropriate. In 2009, various aspects of the remuneration system were revised with effect as of 01 January 2009. The main changes are explained below.

Non-performance-related components

The non-performance-related components consist of a fixed basic salary, fringe benefits and a contribution towards a pension scheme. TAKKT pays its Board members' fixed basic salary monthly. The fringe benefits received by the Management Board comprise the use of company cars, accident insurance, foreign travel health insurance, traveller's baggage and D&O insurance. Each individual Board member pays tax on his use of a company car, as this constitutes a remuneration component. TAKKT has made a pension commitment to its Board members. Every year, a contribution equivalent to ten percent of the basic salary and the target bonus is made. Contributions are only made for as long as the individual is appointed to the Management Board. The target bonus is based on a 100 percent target achievement. A guaranteed minimum rate of interest applies to the pension contributions. Earlier pension obligations have now been replaced by the new pension commitments. Board members are entitled to pension payments when they leave the company as long as they are over the age of 60. In the case of disability or death, an enhanced pension plan is paid out. This is supplemented by the missing contributions which would have been paid up to the age of 63.

Performance-related remuneration components

The performance-related components comprise an annual success-based bonus and a rolling remuneration component that acts as a long-term incentive. This currently takes the form of a performance cash plan. The bonus arrangements have been revised effective 01 January 2009, and mainly the basis of calculation has been adjusted. This system replaces the former profit bonus. The performance cash plan was first introduced on 01 January 2009 for the period from 2009 to 2012 and replaces the strategy bonus previously paid.

TAKKT Group's cash flow from operating activities is used as the basis for calculating the new bonus. How much of a bonus is paid is determined by a percentage share of the basis used for calculation in the relevant financial year. The bonus amount paid out is capped. The Supervisory Board also has the right to increase or reduce the bonus by 20 percent if it dutifully deems a Board member to have made an extraordinary contribution or should unusual circumstances arise. Based on a system of age bands, Board members can convert certain portions of their bonus into pension components if required.

The performance cash plans are paid out in cash after a period of four years if the relevant targets are met. The cash payout due from the 2009–2012 plan depends on two objectives. Firstly, the development of the total shareholder return (TSR) throughout the term of the relevant plan. The TSR is equivalent to the TAKKT share's total return, taking dividend payouts into account. The second factor is the cumulative EVA® generated throughout the plan's term. The component which is linked to share performance is classified as a cash-settled share-based payment transaction as per IFRS 2. It is valued using a binomial probability method of share option valuation. The expenditure for the benefits received or liability to settle these benefits is recorded over the expected vesting period. The liability is reassessed on each balance sheet date and on the due date. Changes in fair value are recorded through profit and loss. The EVA® indicator is used for value-based corporate management. It shows whether the interest demands of equity and debt investors are adequately met. Remuneration is therefore based on sustainably increasing the company's value. The amount paid out under the performance cash plans is also capped. Individuals are only entitled to payouts under the performance cash plan if they were employed during the relevant performance period. If a member reaches retirement age or terminates Board membership, a pro rata payment is made.

The Annual General Meeting resolution passed on 31 May 2006 relieved the Management Board from disclosing its members' individual remuneration. As a consequence, TAKKT stipulates the total amount paid to its Management Board divided into the different remuneration components.

Remuneration of Management Board *in EUR '000*

	2009	2008
Salaries and other short-term payments	4,411	4,556
thereof variable	2,250	2,481
Provision for benefits after end of employment	127	177
Other long-term benefits	50	50
	4,588	**4,783**

In 2009, performance-related remuneration was made up of EUR 2,136,000 in bonuses and EUR 114,000 for the long-term performance cash plan. On the balance sheet date, the fair value of the performance cash plan and the corresponding provision amounted to EUR 114,000 (EUR 0). This valuation is based on the expected development of the relevant contributing factors and is made by taking into account the partial amounts earned.

At the balance sheet date, the defined benefit obligation for the Management Board members amounted to EUR 2,486,000 (EUR 4,497,000).

At 31 December 2009, TAKKT AG Management Board members held 5,676 (7,365) shares. With the exception of EVA® certificates of EUR 1,095,000 (EUR 1,889,000) 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 194,000 (EUR 43,000). These include consultancy fees of EUR 39,000 (EUR 0). The pension provision for the former members amounts to EUR 2,908,000 (EUR 504,000).

Remuneration of Supervisory Board

The reimbursement of expenses to the TAKKT AG Supervisory Board was EUR 9,000 (EUR 8,000). An accrual of EUR 272,000 (EUR 403,000) was made to cover remuneration payments. This comprises fixed elements of EUR 188,000 (EUR 189,000) and performance-based elements of EUR 84,000 (EUR 214,000). There are no further claims or obligations to members of the Supervisory Board. At 31 December 2009, the Supervisory Board members held 3,000 (0) TAKKT AG shares.

Fees for Group auditors' services *in EUR '000 excluding VAT*

	2009	2008
Audit fees (individual companies and Group)	456	509
Other certification or appraisal services	0	0
Tax advisory services	0	0
Other services	80	44
	536	**553**

Declaration of shareholders´ holdings

Outside the requirements of the German Securities Trading Act (WpHG), Franz Haniel & Cie. GmbH, Duisburg, notified us voluntarily in February 2010 that at 31 December 2009 it owned 70.4 (72.7) percent of the shares.

On 06 November 2009, Jupiter Unit Trust Managers Limited, London, United Kingdom, informed us in accordance with section 21 (1) of the German Securities Trading Act (WpHG) that on 30 March 2009 its share of voting rights in TAKKT AG exceeded the threshold of three percent of total voting rights in the company. Jupiter Unit Trust Managers Limited's share of voting rights in TAKKT AG was 3.03 percent (1,986,617 shares) on 30 March 2009.

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
Certeo Business Equipment GmbH, Stuttgart
Topdeq Service GmbH, Pfungstadt
Topdeq GmbH, Pfungstadt
Hubert Europa Service GmbH, Pfungstadt
Hubert GmbH, Pfungstadt

Subsidiaries of TAKKT AG, Stuttgart, at 31 December 2009

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
		32	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 OOO, Moscow/Russia	2	98.00
		3	2.00
17	KAISER + KRAFT s.r.o., Nitra/Slovakia	2	99.90
		3	0.10
18	KAISER + KRAFT Ltd. STI., Istanbul/Turkey	2	99.00
		3	1.00
19	Gaerner GmbH, Duisburg/Germany	2	100.00
20	Gaerner Gesellschaft m.b.H., Elixhausen/Austria	2	100.00
21	Gaerner AG, Baar/Switzerland	2	100.00
22	Gaerner Business Equipment S.A.U., Castelldefels/Spain	2	100.00
23	Gaerner S.A.S., Réau/France	2	100.00
24	Powell Mail Order Ltd., Llanelli/Great Britain	2	100.00
25	Hoffmann Bedrijfsuitrusting B.V., Zeist/The Netherlands	2	100.00
26	Gerdmans Inredningar AB, Markaryd/Sweden	2	100.00
27	Gerdmans Kontor-og Lag. A/S, Nivaa/Denmark	26	100.00
28	Gerdmans Sisustuse OÜ, Tallinn/Estonia	26	100.00
29	Gerdmans Innredninger A/S, Sandvika/Norway	26	100.00
30	Gerdmans OY, Espoo/Finland	26	100.00
31	KWESTO Service s.r.o., Prague/Czech Republic	2	99.93
		7	0.07

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

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

Representative Bodies

Supervisory Board

Prof Dr Klaus Trützschler, Essen, born 11 December 1948
Chairman
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, until 31 December 2009
Deputy Chairman
Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg, until 31 December 2009
Chairman of the Management Board of METRO AG, Düsseldorf
Chairman of the Supervisory Board of Celesio AG, Stuttgart, until 31 December 2009
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

Dr Dr Peter Bettermann, Weinheim, born 29 May 1947, since 04 May 2009
Managing Partner and Speaker of the Management Board of Freudenberg & Co. KG, Weinheim
Chairman of the Supervisory Board of BATIG Gesellschaft für Beteiligungen GmbH, Hamburg
Chairman of the Supervisory Board of British American Tobacco (Germany) GmbH, Hamburg
Member of the Supervisory Board of Evonik Industries AG, Essen
Deputy Chairman of the Advisory Board of Wilh. Werhahn KG, Neuss

Michael Klein, Leogang/Austria, born 05 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
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

Management Board

Dr Felix A. Zimmermann, Stuttgart, born 27 June 1966
Deputy Chairman until 31 May 2009, COO K + K America division
CEO since 01 June 2009, COO TAKKT AMERICA division

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

Franz Vogel, Leinfelden-Echterdingen, born 22 October 1948
COO TAKKT EUROPE division

Until 31 May 2009:
Georg Gayer, Eberdingen-Nußdorf, born 05 May 1946
CEO

Until 31 December 2009:
Didier Nulens, Koningslo/Belgium, born 04 May 1962
COO Topdeq 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, 25 February 2010

TAKKT AG
Management Board

Dr Felix A. Zimmermann   Dr Florian Funck   Franz Vogel

Independent auditors' report

We have audited the consolidated financial statements prepared by TAKKT AG, Stuttgart, comprising the balance sheet, income statement, statement of comprehensive income, 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 01 January to 31 December 2009. The declaration on corporate governance in accordance with section 289a of German Commercial Code (HGB), which can be found on page 15 of the combined management report, does not form part of the audit of the consolidated financial statements as per section 317 (2) sentence 3 of HGB. 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 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, 25 February 2010
Ebner Stolz Mönning Bachem GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Bernhard Steffan
German Public Auditor

Uwe Harr
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 or merchandise information system 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.

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 (PMI)
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 of TAKKT AG 2010

18 January
Cheuvreux German Corporate Conference, Frankfurt

18 February
Publication of preliminary figures for 2009

23 March
Financial Statements Press Conference, Stuttgart
DVFA Analyst Conference, Frankfurt

March
Spring Roadshows

29 April
Interim financial report for the first quarter 2010

04 May
Annual General Meeting in Ludwigsburg

29 July
Interim financial report for the first six months 2010

28 October
Interim financial report for the first nine months 2010

November
Autumn Roadshows
German Equity Forum, Frankfurt

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

TAKKT AG is member of

Deutscher Investor Relations Verband e.V.

TAKKT AG is listed in

DEUTSCHE BÖRSE PRIME STANDARD

Conception, editors and realisation: thema communications ag, Frankfurt

Printer: Volkhardt Caruna Medien GmbH & Co. KG, Amorbach
Photos: Norber Miguletz, Bettina Engel-Albustin, iStock, Matthias Jung, TAKKT AG
Publishing system: Multimedia Solutions AG, Zurich

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