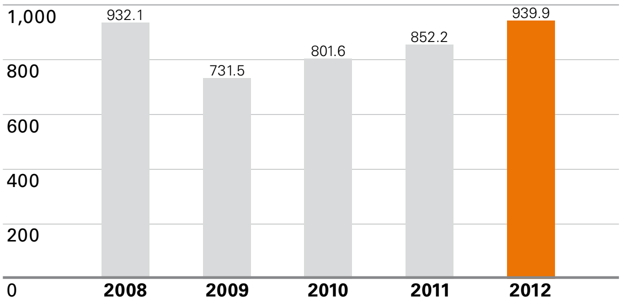
TAKKT AG
BUSINESS EQUIPMENT SOLUTIONS

ANNUAL REPORT OF TAKKT GROUP 2012

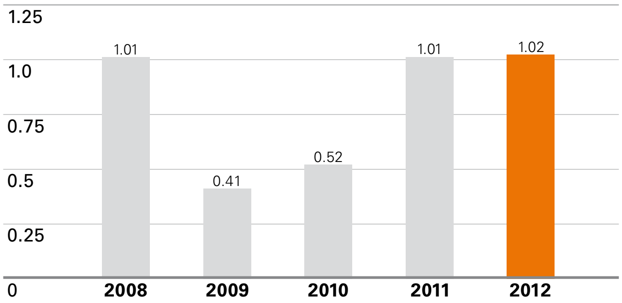
MULTI-CHANNEL DIRECT MARKETING

SELECTED KEY FIGURES

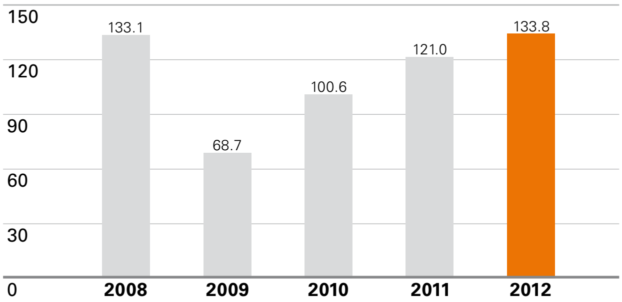
TURNOVER *in EUR million*



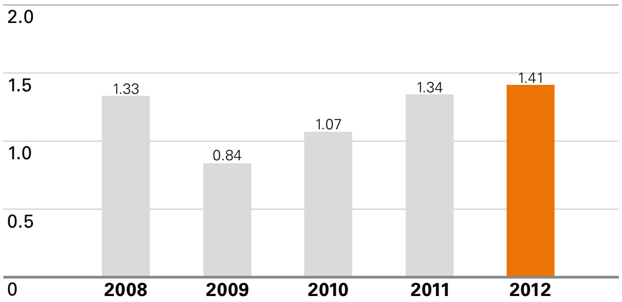
EARNINGS PER SHARE *in EUR*



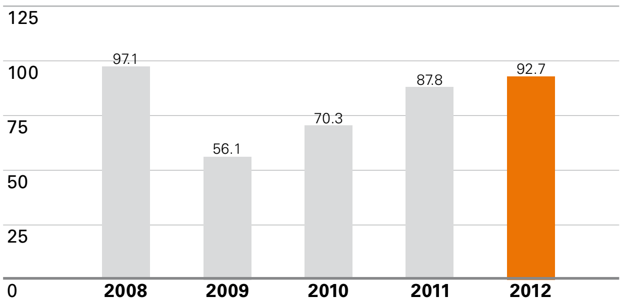
EBITDA *in EUR million*



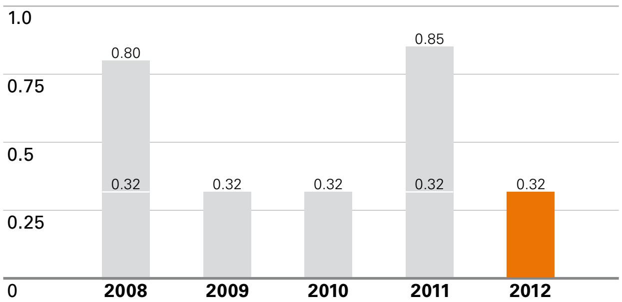
TAKKT CASH FLOW PER SHARE *in EUR*



TAKKT CASH FLOW *in EUR million*



DIVIDEND PER SHARE *in EUR*



KEY FIGURES OF TAKKT GROUP

in EUR million	2008	2009	2010	2011	**2012**
Turnover	**932.1**	**731.5**	**801.6**	**852.2**	**939.9**
Change in %	–5.5	–21.5	9.6	6.3	10.3
EBITDA	**133.1**	**68.7**	**100.6**	**121.0**	**133.8**
in % of turnover	14.3	9.4	12.6	14.2	14.2
EBIT	**117.3**	**49.4**	**68.0**	**104.1**	**111.6**
in % of turnover	12.6	6.8	8.5	12.2	11.9
Profit before tax	**111.0**	**42.4**	**59.0**	**95.6**	**100.1**
in % of turnover	11.9	5.8	7.4	11.2	10.7
Profit	**75.1**	**27.8**	**34.6**	**66.0**	**67.0**
in % of turnover	8.1	3.8	4.3	7.7	7.1
TAKKT cash flow	97.1	56.1	70.3	87.8	92.7
Capital expenditure for investments	27.9	4.6	6.7	9.3	8.5
Capital expenditure for acquisitions	0.0	59.1	0.0	1.8	204.6
Depreciation and impairment	15.8	19.2	32.7	16.8	22.2
TAKKT cash flow per share in EUR	1.33	0.84	1.07	1.34	1.41
Earnings per share in EUR	1.01	0.41	0.52	1.01	1.02
Ordinary dividend per share in EUR	0.32	0.32	0.32	0.32	0.32
Special dividend per share in EUR	0.48	–	–	0.53	–
Non-current assets	**353.9**	**386.8**	**377.8**	**376.9**	**679.7**
in % of total assets	66.7	72.1	69.8	68.5	77.7
Total equity	**327.7**	**242.1**	**251.7**	**301.0**	**312.0**
in % of total assets	61.7	45.1	46.5	54.7	35.7
Net borrowings	**79.9**	**180.8**	**139.2**	**93.7**	**324.9**
Employees (full-time equivalent) at 31.12.	**1,960**	**1,768**	**1,807**	**1,869**	**2,351**

COMPANY STRUCTURE

TAKKT AG
BUSINESS EQUIPMENT SOLUTIONS

TAKKT EUROPE			TAKKT AMERICA		
SERVICE COMPANIES					
KAISER+KRAFT EUROPA	TOPDEQ SERVICE	RATIOFORM	C&H SERVICE	HUBERT SERVICE	NBF SERVICE
MULTI-CHANNEL BRANDS					
KAISER+KRAFT gaerner Gerdmans KWESTO	Topdeq	ratioform	C&H AVENUE INDUSTRIAL SUPPLY CO. LTD.	HUBERT Central RESTAURANT PRODUCTS	National Business Furniture DALLAS MIDWEST
WEB-FOCUSED BRANDS					
certeo.com		Davpack	INDUSTRIAL SUPPLIES.com	DISPLAYS2GO	officefurniture.com
BEG **B**usiness **E**quipment **G**roup	**OEG** **O**ffice **E**quipment **G**roup	**PSG** **P**ackaging **S**olutions **G**roup	**PEG** **P**lant **E**quipment **G**roup	**SPG** **S**pecialties **G**roup	**OEG** **O**ffice **E**quipment **G**roup

OUR MISSION STATEMENT

TAKKT Group is the market-leading B2B direct marketing specialist for business equipment in Europe and North America. TAKKT has more than 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 200,000 high-quality products. Our portfolio is complemented by an exemplary service. For us, customer focus begins before an order is placed and does not finish once the goods have been delivered.

Our actions are guided by the principles of sustainability. We actively contribute towards protecting the environment and preventing climate change in our core business. We take responsibility for our products – in manufacturing, marketing and distributing them. We are dedicated to pursuing the interests of our employees and society. We are aware that long-term economic success is not possible without acting sustainably.

OUR OBJECTIVE

We want to be the world's leading B2B direct marketing specialist for business equipment. The TAKKT companies, therefore, rely on the different marketing media print, online, tele and field in the context of an efficient and integrated multi-channel approach. We aim to become a worldwide role model in terms of sustainability in our industry by 2016.

CORPORATE VALUES

TAKKT obtains its unique character from our employees and our specific business model. It is vital to the success of the company to acknowledge the role each individual plays and their contribution. TAKKT's corporate values provide a touchstone and form the basis for internal collaboration as well as cooperation with business partners.

01 RESPECTING REALITY

At TAKKT, we ensure that corporate reality is immediately visible and perceptible to staff and management. This means that we communicate transparently and clearly, act in a direct and straightforward manner and managers and employees know how their performance is contributing to the success of the company.

02 ACTING SYSTEMATICALLY

At TAKKT, we are constantly working on making our actions measurable, scalable and more efficient. The combination of judgement and consistency in the implementation of the TAKKT business model makes it possible to actively manage our profitability and value creation for the benefit of all stakeholders.

03 PRACTISING PARTNERSHIP

At TAKKT, we strive to do everything we can to ensure that our customers and suppliers regard us as a partner for our mutual success and that they are highly motivated to work closely together with us. Consistent very high customer satisfaction, outstanding service quality and promoting our mutual benefit are all top priorities for us. We want to be better than the competition.

04 ENSURING CONTINUITY

At TAKKT, we stand for continuity and reliability, especially in times of change. Our actions are always undertaken with medium- and long-term goals in mind. We are committed to growth with substance, continuous learning and consistent adaptation to changes and new conditions.

05 TAKING RESPONSIBILITY

At TAKKT, we actively accept our social responsibility and are committed to calling for and promoting ecological and human values. We take care to respect individual and cultural characteristics and consider sustainability an important element of our competitive advantage.

06 ACTING IN TRUST

At TAKKT, we are true to our word. With that in mind, reliability and transparent behaviour are the benchmark for our actions. Even in case of conflicts, we assume good intentions, provide support and search together for workable solutions. Trust, respect and meeting others on equal terms are essential values for us.

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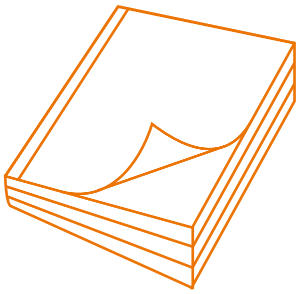
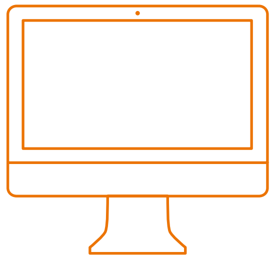
OUR INTEGRATED MULTI-CHANNEL APPROACH

HOW WE REACH OUR CUSTOMERS

With more than three million customers in over 25 countries, TAKKT's client base cannot be considered a homogeneous group. In B2B, customers require an individualised approach tailored to their sector, the size of their business, and the role of the point of contact of the customer. True to the motto "learning from the best", TAKKT will therefore continue to develop its integrated multi-channel marketing approach throughout the entire Group. This makes the integration of the four core marketing media – print, online, telemarketing and field marketing – one of the Group's main tasks, both now and in the years to come. TAKKT does not consider its multi-channel strategy to be an isolated offering through multiple channels. It rather focuses on specifically addressing each customer across all channels. Every TAKKT customer should have the opportunity to acquire product information, make enquiries or submit orders via the channel or channels of their choice. The potential and behaviour of individual customer segments is captured. This allows each customer segment to be addressed in an optimised way with selected marketing approaches such as the delivery of catalogues, the provision of a customised e-procurement solution, a phone call or even a personal visit to the customer's premises. The use of this customer-managed relationship approach enables each of the TAKKT Group companies to mutually benefit from the varying expertise in different marketing areas.

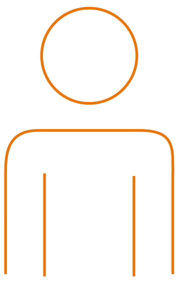


PRINT MARKETING



ONLINE MARKETING

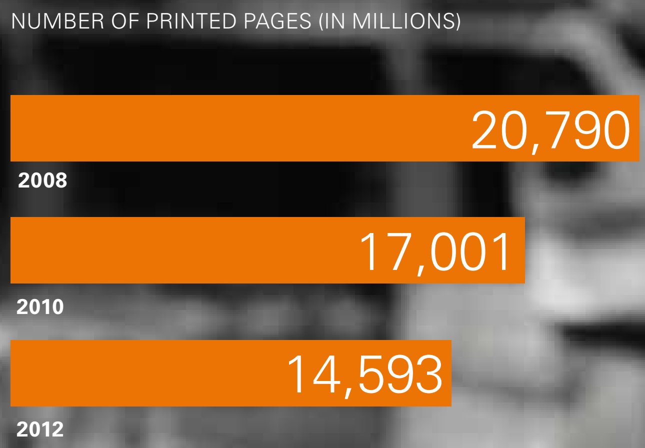
TELE MARKETING



FIELD MARKETING

PRINT MARKETING

TAILORED TO THE TARGET AUDIENCE, DIRECT AND EFFECTIVE



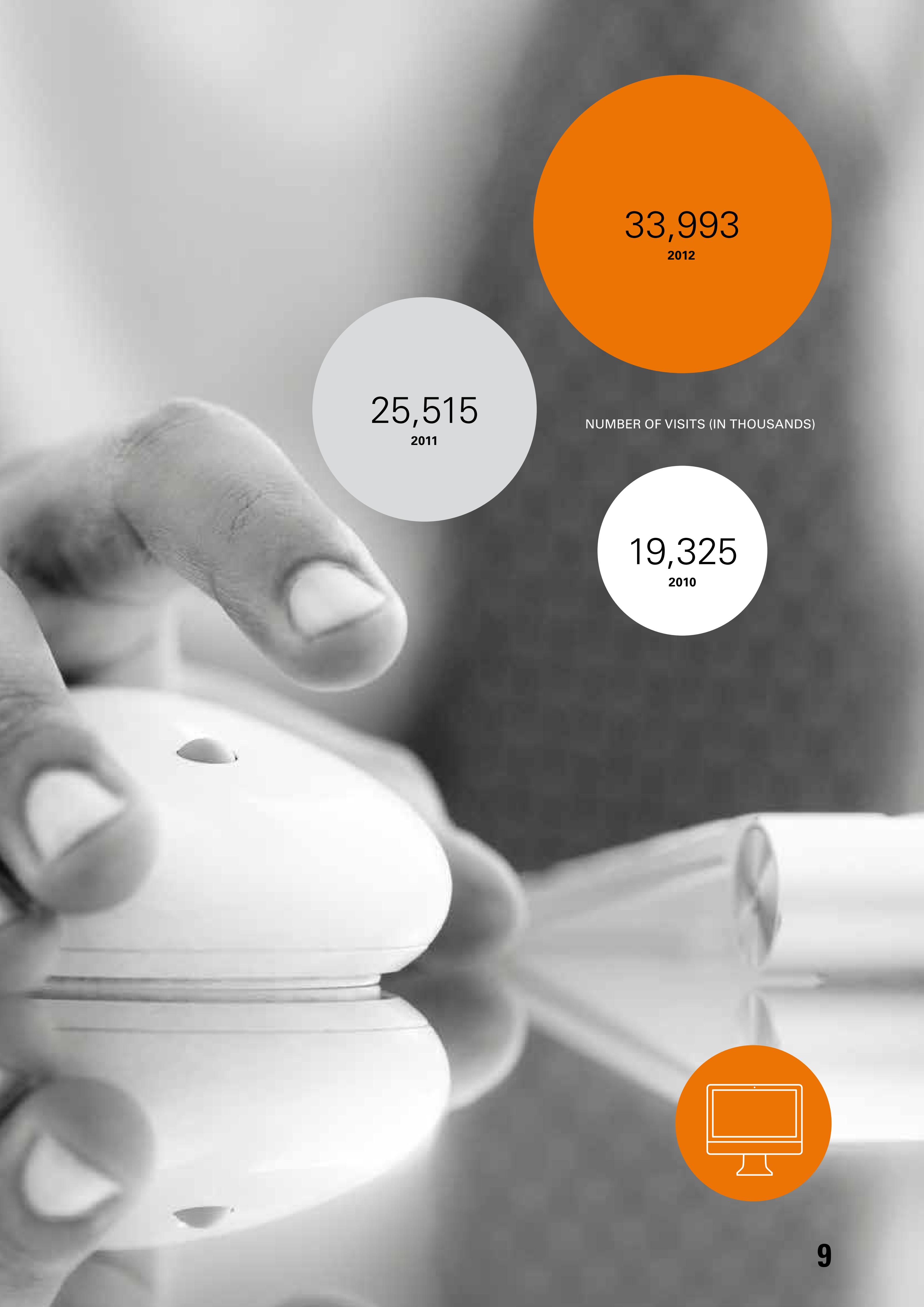
Although digital media is growing massively in importance, print media such as catalogues and brochures remain an effective marketing instrument in B2B direct marketing. For this reason, they play an important role in TAKKT Group's multi-channel marketing as a way to push and initiate sales. The clear and intuitive structure of the catalogues has proven its value over many years. Touch and fast perceptibility provide additional convenience and comfort in the use of these catalogues and enable the products to be presented in a visually attractive fashion that underlines the high quality of the offerings and elevates a multi-channel brand above purely online platforms in the long term. As our environment becomes ever more hectic, printed publications often exude the kind of calm and continuity that many people long for and they will therefore remain an important communication and advertising medium in the future. However, linking the printed offerings with those of the other channels is critical to TAKKT Group's multi-channel approach. In the printed materials, this is ensured by providing references to information that is available online or can be obtained over the telephone or in person from a field marketing representative.


www.kaiserkraft.de

ONLINE MARKETING

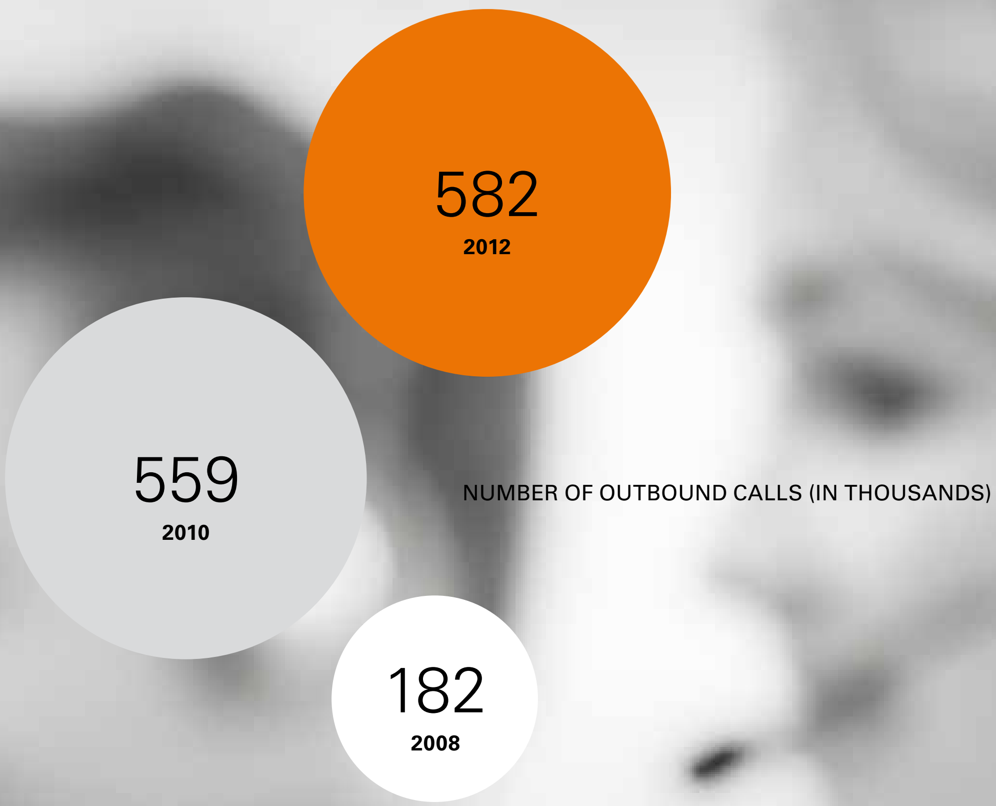
EFFECTIVE AND INTELLIGENT

The importance of digital sales channels is growing massively. The order intake through online channels saw significant growth at TAKKT in 2012. The majority of customers use the channels print and online in conjunction with one another. Customers often gather information using the traditional catalogue and then use the web shop to obtain more information about the product or order online. Furthermore, TAKKT provides additional potential for customer acquisition from web-focused brands. The e-procurement solutions that are available also play a role. In these, the product ranges of the individual TAKKT brands are integrated into the ERP system through an electronic interface, providing the customer with the ability to order comfortably at any time. The analysis of the search and purchasing behaviour of the customers in the TAKKT brands' web shops also enables each customer to be addressed in an individualised manner. In addition, TAKKT also uses instruments such as SEO (search engine optimisation) and SEA (search engine advertising) in order to raise the profile of its online presences and advertisements in search engines.


33,993
2012
25,515
2011
NUMBER OF VISITS (IN THOUSANDS)
19,325
2010

TELEMARKETING

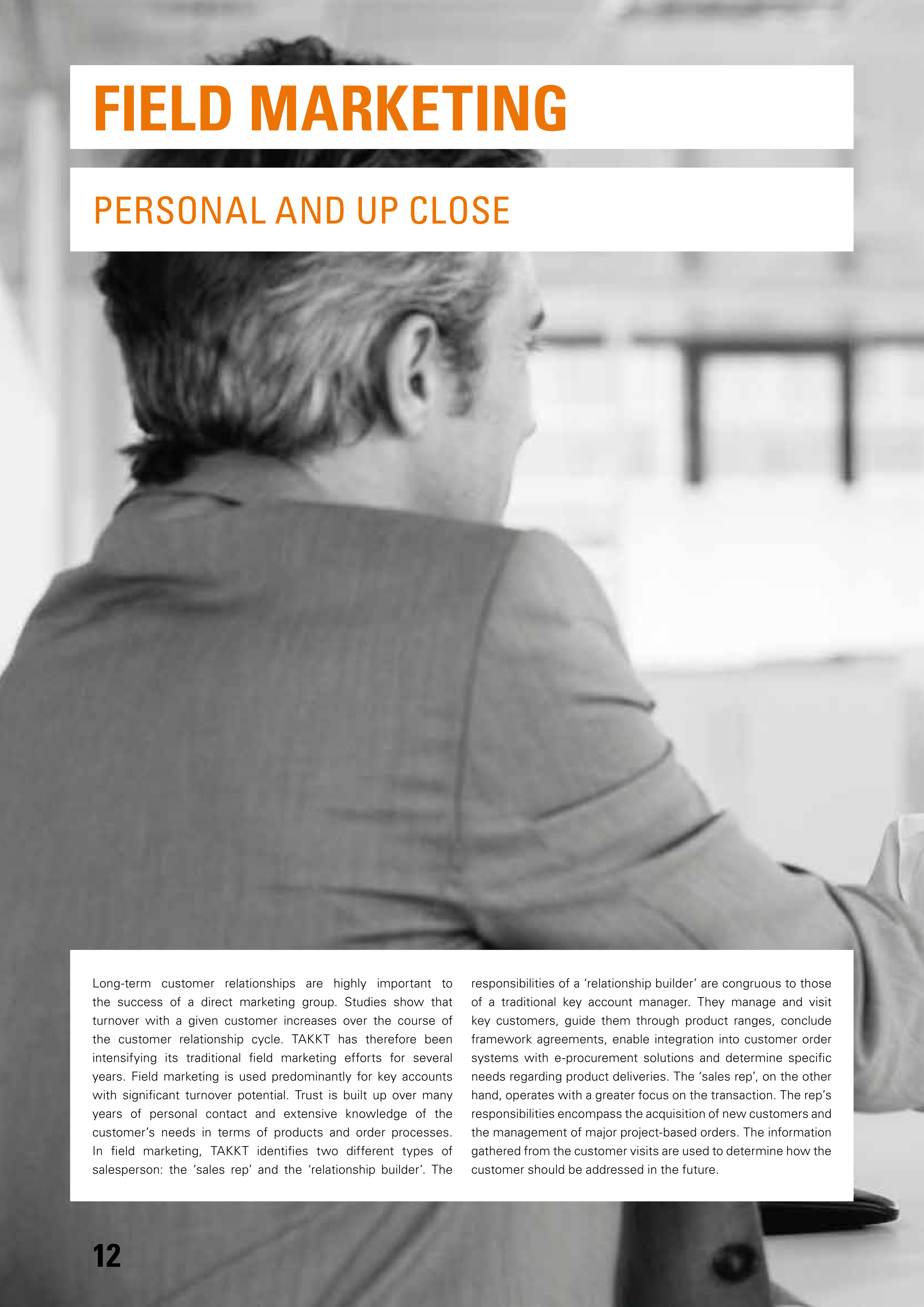
CONTINUOUS DIALOGUE



In addition to its traditional office-based customer service for taking orders and customer enquiries, the TAKKT brands are also currently developing their telemarketing efforts with outbound calls. The focus here is on building relationships with customers with above-average potential by way of personal contact over the telephone. Through the integration of other channels as part of the multi-channel approach, customers are contacted strategically. The needs of the customers are discussed during the telephone calls to make targeted customer management possible. This enables telemarketing employees to initiate further telephone calls, have product catalogues sent out or organise appointments with field marketers. The support of the telemarketing activities also enables field marketers to avoid unproductive activities and, for example, to concentrate on visits to interested customers that show more promise.

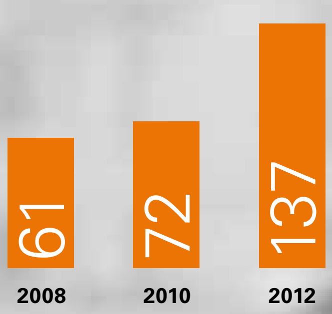
FIELD MARKETING

PERSONAL AND UP CLOSE



Long-term customer relationships are highly important to the success of a direct marketing group. Studies show that turnover with a given customer increases over the course of the customer relationship cycle. TAKKT has therefore been intensifying its traditional field marketing efforts for several years. Field marketing is used predominantly for key accounts with significant turnover potential. Trust is built up over many years of personal contact and extensive knowledge of the customer's needs in terms of products and order processes. In field marketing, TAKKT identifies two different types of salesperson: the 'sales rep' and the 'relationship builder'. The responsibilities of a 'relationship builder' are congruous to those of a traditional key account manager. They manage and visit key customers, guide them through product ranges, conclude framework agreements, enable integration into customer order systems with e-procurement solutions and determine specific needs regarding product deliveries. The 'sales rep', on the other hand, operates with a greater focus on the transaction. The rep's responsibilities encompass the acquisition of new customers and the management of major project-based orders. The information gathered from the customer visits are used to determine how the customer should be addressed in the future.

NUMBER OF FIELD MARKETERS



OUR GROUPS

WHERE AND WHAT OUR CUSTOMERS ORDER

6 GROUPS AND MORE THAN 200,000 PRODUCTS

TAKKT Group is first divided into the divisions TAKKT EUROPE and TAKKT AMERICA, and at a secondary level split into six groups. TAKKT EUROPE comprises the Business Equipment Group (customers from the industrial, commerce, trade and service sectors), Office Equipment Group (primarily SME service providers) and Packaging Solutions Group (supplying customers from various sectors). TAKKT AMERICA comprises the Plant Equipment Group (customers from the industrial, commerce, trade and administrative sectors), Specialties Group (specialised in food service and retail) and Office Equipment Group (supplying service providers, schools, churches, government agencies and other public bodies). In each group, a service company provides central services for each of the sales companies and manages procurement, marketing, logistics and IT, for example. The sales companies, however, are organised locally with their various brands in order to be close to the market and close to the customer. TAKKT AG serves as the management holding company and the central financier of all of the Group companies, controlling the transfer of expertise between the divisions and groups.

BEG – BUSINESS EQUIPMENT GROUP

GROUP

OFFICE AND INDUSTRY SUPPLIERS

BRANDS

Multi-channel brands

KAISER+KRAFT

gaerner

Gerdmans

KWESTO

Web-focused brand

certeo.com

FACTS

986 EMPLOYEES

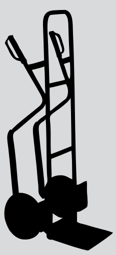
58,000 PRODUCTS

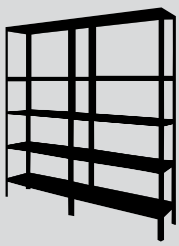
1.1 MILLION CUSTOMERS

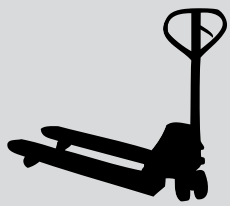
SALES REGIONS

23 EUROPEAN COUNTRIES, CHINA, JAPAN

PRODUCT EXAMPLES







The BEG success story began in Stuttgart back in 1945. Walter Kaiser and Helmut Kraft founded a company that went on to become Europe's leading B2B direct marketing company for office, plant and warehouse equipment in the following decades. Today, 986 staff members in more than 20 European countries as well as China and Japan work for the brands KAISER+KRAFT, gaerner, Gerdmans, KWESTO, Certeo and Quip24, which sell their range of products through catalogues, over the internet and through field marketers. As the operational service holding company based in Stuttgart, KAISER+KRAFT EUROPA GmbH is in charge of the central functions such as catalogue production and purchasing. The BEG is the TAKKT Group's largest group with above-average profitability. The companies in this group develop customised products, mini-series and products in their customer's corporate design on request.

OEG – OFFICE EQUIPMENT GROUP

GROUP

DESIGN SUPPLIERS

BRANDS

Multi-channel brand

Topdeq

FACTS

149 EMPLOYEES

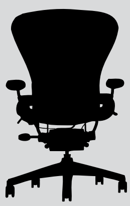
4,500 PRODUCTS

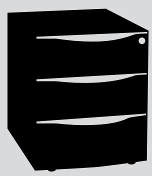
400,000 CUSTOMERS

SALES REGIONS

GERMANY, AUSTRIA, SWITZERLAND, NETHERLANDS, BELGIUM, FRANCE

PRODUCT EXAMPLES





The European OEG comprises the Topdeq companies, which are represented in a total of six European countries. Topdeq specialises in high-quality, design-oriented office furniture and accessories. The majority of its customers are from the service sector. Topdeq sells its portfolio of products via catalogues and the internet. Special services that the office supplier provides for its customers include a quality guarantee lasting up to ten years, a 24-hour delivery service and a wide range of additional services for office planning and furnishing, for example a free CAD service. Assembling the products it supplies is also part of the extensive range of services provided by the company.

PSG – PACKAGING SOLUTIONS GROUP

GROUP

PACKAGING SUPPLIERS

BRANDS

Multi-channel brand	Web-focused brand
ratioform	Davpack

FACTS

333 EMPLOYEES

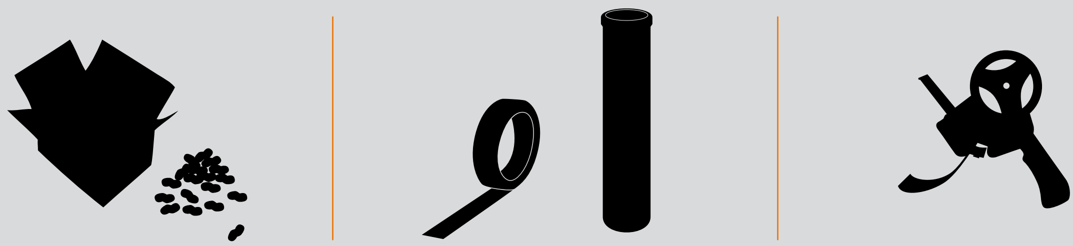
5,500 PRODUCTS

150,000 CUSTOMERS

SALES REGIONS

GERMANY, AUSTRIA, SWITZERLAND, SPAIN, ITALY, GREAT BRITAIN

PRODUCT EXAMPLES



The PSG is the third group within the TAKKT EUROPE division and comprises the operating companies of the Ratioform and Davpack brands. Both brands sell a full range of transport packaging solutions. The Ratioform Group, with its headquarters in Pliening near Munich, was acquired in 2012 and is the leading multi-channel direct marketing group for transport packaging in Germany, and also operates in five other European countries. All of the products offered by Ratioform are available in stock. The range is sold via multiple channels to B2B customers in different sectors. A high quality of service is guaranteed by a high level of stock availability and rapid shipping to the customer.

TAKKT AMERICA

PEG – PLANT EQUIPMENT GROUP

GROUP

BUSINESS SUPPLIERS

BRANDS

Multi-channel brands

C&H

AVENUE

Web-focused brand

INDUSTRIAL SUPPLIES.com

FACTS

223 EMPLOYEES

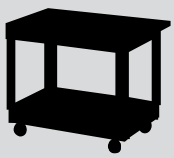
52,000 PRODUCTS

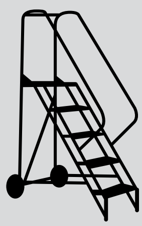
550,000 CUSTOMERS

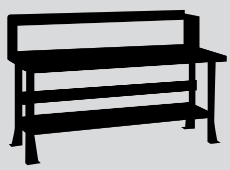
SALES REGIONS

USA, CANADA, MEXICO

PRODUCT EXAMPLES







The PEG combines the direct marketing activities of C&H in the USA and Mexico, Avenue in Canada, and the web-focused brand IndustrialSupplies.com. C&H and Avenue rank among the leading specialist B2B direct marketing companies in North America. The companies see themselves as full-service suppliers, offering products from the transport, storage and plant equipment sectors. The PEG expanded its scope in 2010 by establishing the online-only brand IndustrialSupplies.com, aimed at smaller companies. With warehouses in the USA and Canada, the PEG is capable of offering a fast delivery service. All of the company's products can also be ordered online.

TAKKT AMERICA

SPG – SPECIALTIES GROUP

GROUP

RESTAURANT SUPPLIERS

BRANDS

Multi-channel brands

HUBERT

Central RESTAURANT PRODUCTS

Web-focused brand

DISPLAYS2GO

FACTS

661 EMPLOYEES

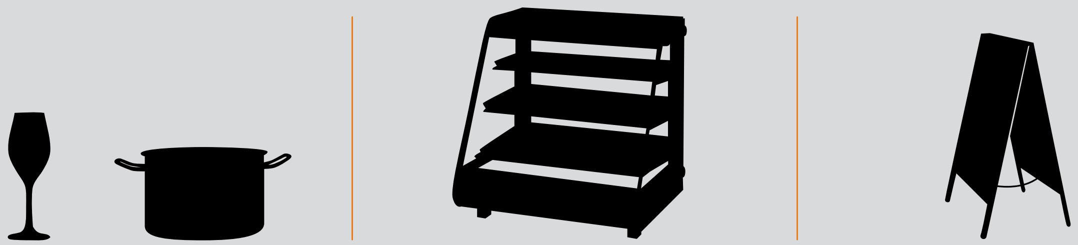
65,000 PRODUCTS

450,000 CUSTOMERS

SALES REGIONS

USA, CANADA, GERMANY, SWITZERLAND, FRANCE

PRODUCT EXAMPLES



The SPG comprises the Hubert brand in the USA, in Canada, Germany, France and Switzerland plus Central Restaurant Products and Displays2Go in the USA. Its customers are in the food service and retail sectors. Established in 1946, Hubert is the leading direct marketing group dedicated to equipment and supplies for the restaurant sector in the US. Hubert provides comprehensive solutions including up-to-the-minute merchandising products and creative promotional ideas. Central offers its products for the restaurant industry via a roughly 300-page catalogue as well as a web shop and is supported by an effective telephone sales team. This range is aimed primarily at satisfying the needs of smaller customers. The web-focused selection of GPA/Displays2Go is the latest brand in this successful group. The leading B2B direct marketing specialist for displays in the USA was acquired in 2012.

OEG – OFFICE EQUIPMENT GROUP

GROUP

OFFICE SUPPLIERS

BRANDS

Multi-channel brands

National Business Furniture

Dallas Midwest

Web-focused brand

officefurniture.com

FACTS

150 EMPLOYEES

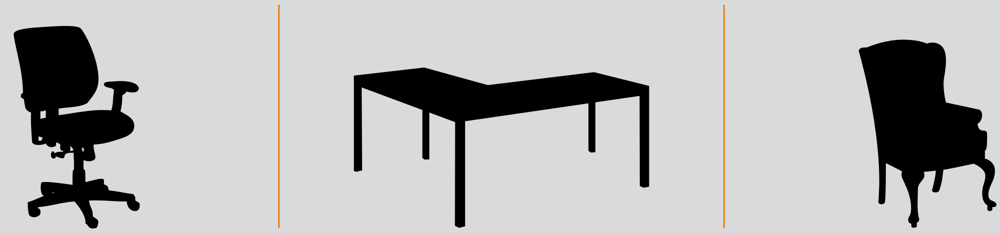
16,000 PRODUCTS

600,000 CUSTOMERS

SALES REGIONS

USA, CANADA

PRODUCT EXAMPLES



TAKKT AMERICA operates its B2B direct marketing business for office equipment via the OEG. The National Business Furniture (NBF) brand sells classic American office furniture, and has also been operating in Canada since late 2010. The group's customer base consists mainly of service companies, schools, churches, government agencies and other public institutions. Like NBF, the Dallas Midwest brand has been part of TAKKT Group since 2006. Their ranges of office furniture and equipment are aimed predominantly at non-profit organisations such as schools, universities, churches and government agencies. The OEG also operates the web-focused brand officefurniture.com – the first TAKKT Group company to market products solely on the internet. It was also taken over in 2006 as part of the NBF acquisition

TO THE SHAREHOLDERS

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LETTER FROM THE MANAGEMENT BOARD

Dr Felix A. Zimmermann
CEO

Ladies and gentlemen

In many respects, 2012 was a year of strategic development for TAKKT. In a time where economic cycles are becoming increasingly extreme, we have once again put TAKKT in a better position to weather the storm.

STABLE KEY FIGURES DESPITE CHALLENGING BUSINESS ENVIRONMENT

Despite the challenging economic situation in Europe, we are able to report solid key figures for the TAKKT Group for the past financial year:

- Our turnover rose by 10.3 percent to EUR 939.9 million. Adjusted to reflect currency effects and acquisitions, consolidated turnover declined slightly by 2.8 percent.

- The most important earnings figure for the TAKKT Group – earnings before interest, taxes, depreciation and amortisation (EBITDA) – rose to EUR 133.8 million; at 14.2 percent, the EBITDA margin remained in the upper third of our target corridor of between 12 and 15 percent.

This shows how the past strategy of diversification has yielded results. The TAKKT portfolio is balanced and the compensation of risk through the business in North America has been successful.

SUCCESSFUL ACQUISITIONS: GPA AND RATIOFORM

We have also had the opportunity to add two healthy market-leading companies to the TAKKT portfolio, enabling us to diversify even further. Both companies have innovative business models in their own way and cater to interesting niche markets:

- GPA is the leading B2B direct marketing company for display items in the USA with around eighty percent of its product sales taking place online.

- Ratioform is considered to be the market leader in B2B direct marketing for transport packaging in Germany and follows an integrated multi-channel approach.

Both companies have grown more rapidly than the TAKKT Group in the past and have reported higher profitability. Strategically, these companies are very good additions to our portfolio.

SCHULDSCHEIN ISSUED AT ATTRACTIVE CONDITIONS

In October, TAKKT issued its first Schuldschein note for the refinancing of its acquisition line for the purchase of Ratioform in the short term. Highly oversubscribed, the Schuldschein amounting to EUR 140 million was issued at very attractive conditions. Through this placement, we have optimised the maturity profile of our borrowings, are even more well-known on the capital market and have additional free lines that we can use for additional potential acquisitions. We aim to continue expanding our portfolio in the coming years with acquisitions in order to grow our range, address new customer groups or expand into new regions.

DYNAMIC: INTEGRATED MULTI-CHANNEL MARKETING

TAKKT will continue to work hard even in the light of success, as market conditions are constantly subject to change. In order to be able to adapt quickly and flexibly to changed customer behaviour, for example, we have launched the strategic initiative DYNAMIC throughout the Group. With this programme, we are pursuing the next logical step in our company's development – moving from direct marketing to operating as an integrated multi-channel business. For us, integrated multi-channel marketing means that we establish an efficient balance between all marketing methods – print, online and increasingly telemarketing and field marketing – and reach the customer wherever they need our products by addressing them individually.

Many of our Group companies are already integrated multi-channel providers or have many years of expertise with respect to individual marketing channels. We will make use of these available strengths in our portfolio and motivate our employees even more to share their expertise with the other groups. Our goal is to bring all Group companies to the same level with regard to integrated multi-channel marketing. To this end, for example, we make use of our tried and tested communications platforms, like the FUTURE@TAKKT Group Conference, where TAKKT executives exchange ideas with one another, or the TAKKT Forum, to which external specialists are invited. TAKKT Group companies thereby mutually benefit from their different areas of marketing knowledge.

SUSTAINABILITY

We have also breathed life into our goal to be a leading example for sustainability in our industry by 2016. We define sustainability as the long-term balance between economic, environmental and social concerns. For us, these are not just empty words recited in order to sound hip. Short-term optimisation to the detriment of long-term perspectives is not consistent with our philosophy. The concept of sustainability is an essential component of our strategy today and can no longer be separated from our daily business.

We calculated a carbon footprint for the first time in 2012 – an important prerequisite in making our progress quantifiable in terms of sustainability and establishing this progress as a unique selling point against the competition. The challenge in the years to come will first be to reduce and then – if useful and possible – to compensate our CO_2 emissions. We aim to become a role model in terms of sustainability. That is why, for example, we are the first major B2B shipper in Europe to send packages carbon neutrally via UPS since January 2013. We also send our catalogues and mailings carbon neutrally within Europe. We are convinced that we will increase our market share in the long run through our sustainable approach to business. At this point I would like to point you towards our 2012 Sustainability Report, in which we report in detail on our activities in the field of sustainability.

CHANGES ON THE SUPERVISORY BOARD

On behalf of the Management Board, I would like to take this opportunity to thank our business partners for their cooperation and our customers and shareholders for continuing to place their trust in us. I would like to thank Prof. Dr Klaus Trützschler in particular, who has decided to step down from his position as Chairman of the Supervisory Board at the end of January 2013. Prof. Dr Trützschler has led the Supervisory Board as its Chairman with expertise and success for many years and will continue to actively support us in the future as the Deputy Chairman of the Supervisory Board. His successor as Chairman of the Supervisory Board is Stephan Gemkow, who has been CEO of Franz Haniel & Cie. GmbH since August 2012. I would like to thank our departing Supervisory Board member, Prof. Dr Kluge, for the constructive partnership that set ideas in motion at TAKKT. We also welcomed Dr Johannes Haupt as a new member of the Supervisory Board in May 2012. As a B2B specialist with many years of experience, he is an ideal addition to the TAKKT Supervisory Board. I would like to take this opportunity to warmly welcome Mr Gemkow and Dr Haupt.

The greatest contribution to the success of the TAKKT Group is made by the people who do excellent work here every single day. Without them, we would not be able to reach our ambitious goals. I would like to thank them sincerely for their excellent performance as a team in the past year, also on behalf of my colleagues on the Management Board. We look forward to continuing the success story of our company in the coming years together with our employees.

LOOKING FORWARD

For the financial year 2013, we are looking to the future with cautious optimism. The start is likely to be on the weak side. Nonetheless, we believe TAKKT to be well positioned. In the light of our sustainable growth strategy and diversification, we are in a position to achieve good turnover and encouraging profitability, even in a weak economic environment.

Stuttgart, March 2013

Dr Felix A. Zimmermann
(CEO of TAKKT AG)

MEMBERS OF THE MANAGEMENT BOARD

Franz Vogel
Member of the Management Board

Dr Felix A. Zimmermann
Chairman of the Management Board, CEO

Dr Claude Tomaszewski
Member of the Management Board, CFO

TAKKT SHARE AND INVESTOR RELATIONS

In 2012, the TAKKT share developed better in a volatile stock market environment than its comparative index SDAX, increasing by 23.2 percent. Reliability plays an important role for TAKKT, particularly in investor relations. The company therefore informs its shareholders in good time, transparently and extensively – and seeks an on-going dialogue with the capital market.

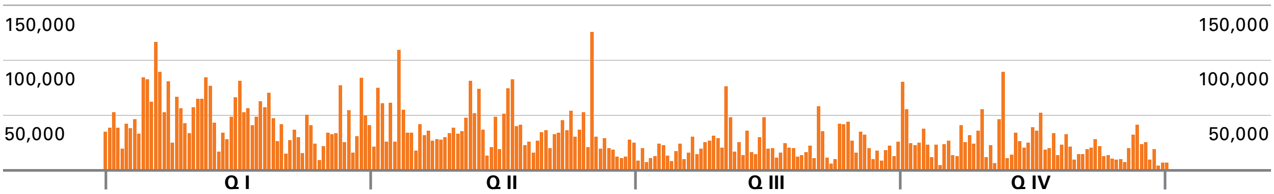
THE SHARE

TAKKT SHARE DEVELOPS BETTER THAN MARKET

After a strong start to the year, the German stock markets then consolidated during the spring, only to manage a final run in the last month of the year. The DAX reached a temporary low of fewer than 6,000 points in early June. In the middle of the year, however, the German stock markets recovered, with DAX, MDAX and SDAX closing at the end of the year at 29.1 percent, 33.9 percent and 18.7 percent higher, respectively, than one year before despite a renewed decline in November. The price of the TAKKT share also saw positive development in 2012. It by and large followed the trends of the SDAX comparative index, in which TAKKT is represented with a share of 1.73 percent. While it fared somewhat better than SDAX over the period in general, it proved to be somewhat more volatile over the course of the year. Specifically, this meant a considerable rise from around EUR 8.50 in the first three months of 2012 to prices of over EUR 11.70. However, the price declines in the second quarter proved to be almost as pronounced as these price gains, bringing the stock just over the EUR 9 mark. This decline, however, was for the most part also attributable to the expected price drop following the dividend payout of 85 cents per share in May. The second half of the year began with a mild consolidation of the share price through to October, although the minimum threshold of EUR 9 remained untouched. In the final quarter of the year, the share moved back into double digits, closing at the end of December at EUR 10.50. Over the course of the year as a whole, the share gained 23.2 percent, including the dividend paid out the return was thus 34.0 percent (SDAX: 18.7 percent). The market capitalisation of TAKKT AG as of 31 December 2012 came to EUR 688.9 (559.0) million. The shares in free float were 29.6 percent and therefore amounted to EUR 203.9 (165.5) million. The liquidity of the share, in other words the trading volume on the stock markets, also

Performance of the TAKKT share *(52-week comparison in 2012, with SDAX as comparative index)*

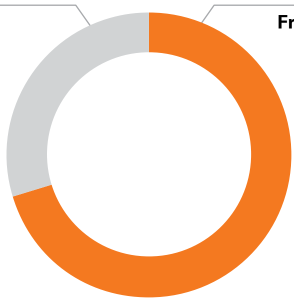
Trading volume of the TAKKT share *(daily volume in number of shares in 2012)*

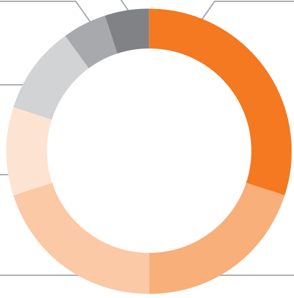


improved in the course of the past financial year. On the most important trading platform, XETRA, an average of 32.6 (23.8) thousand TAKKT shares were traded on each trading day. In a Deutsche Börse ranking list that encompasses all 100 companies listed on the MDAX and SDAX, this reveals a slight improvement in market capitalisation on the basis of the free float from 76th place to 73rd, and also reveals a considerable improvement in traded volume from 97th place to 77th.

Basic data of the TAKKT share	
WKN (securities identification code, Wertpapierkennnummer)	744600
ISIN	DE0007446007
Ticker symbol	TTK
Reuters symbol	TTKG.F (Frankfurt)
Bloomberg symbol	TTK.GR
Number and type of shares	65,610,331 no-par-value bearer shares
Share capital	EUR 65,610,331
Initial public listing	15 September 1999
Market segment	Prime Standard
Index	SDAX
Designated sponsors	Crédit Agricole Cheuvreux S.A. Close Brothers Seydler Bank AG

Shareholder structure and regional distribution of free-float shares as of 31 December 2012*





** For regional distribution approximate values on basis of Bloomberg data*

Key share figures *(five-year perspective)*

	2008	2009	2010	2011	2012
Earnings per share (EPS) in EUR	1.01	0.41	0.52	1.01	1.02
TAKKT cash flow per share (CPS) in EUR	1.33	0.84	1.07	1.34	1.41
Dividend per share in EUR	0.80	0.32	0.32	0.85	0.32
thereof ordinary dividend in EUR	0.32	0.32	0.32	0.32	0.32
thereof special dividend in EUR	0.48	–	–	0.53	–
Payout ratio in percent	71.1	77.5	61.2	84.5	31.3
Number of shares in million (31.12.)	72.9	65.6	65.6	65.6	65.6
Total equity ratio in percent	61.7	45.1	46.5	54.7	35.7
Share price in EUR (31.12.)	8.00	7.15	10.80	8.52	10.50
Highest price in EUR	12.50	9.15	11.10	12.44	11.88
Lowest price in EUR	6.59	5.00	7.20	8.21	8.50
Market capitalisation in EUR million (31.12.)	583.2	469.1	708.6	559.0	688.9

Outside of the reporting obligations laid out by the German Securities Trading Act (WpHG), Franz Haniel & Cie. GmbH, Duisburg, informed us voluntarily in January 2013 that it held 70.4 (70.4) percent of the ordinary shares with voting rights relative to the share capital of TAKKT AG as of 31 December 2012.

We have been notified of the following as per section 21(1) of the German Securities Trading Act (WpHG):

- On 23 January 2012 we were informed according to section 21(1) of the WpHG by the following companies that their share of voting stocks in TAKKT AG, Presselstraße 12, 70191 Stuttgart, Germany, went below the threshold of three percent of the total voting stocks of the company on 12 January 2012: Jupiter Unit Trust Managers Limited, Jupiter Asset Management Limited, Knightsbridge Asset Management Limited (formerly Comasman Limited), Jupiter Asset Management Group Limited, Jupiter Fund Management Group Limited, Jupiter Fund Management PLC (formerly Jupiter Investment Management Holdings Limited) and Jupiter Investment Management Group Limited, all located in London, United Kingdom.

  For further details please refer to our website under: http://www.takkt.de/january-2012.html

- On 06 September 2012, The Capital Group Companies, Inc., 333 South Hope Street, Los Angeles, CA 90071, USA notified us as per section 21(1) of the WpHG that its share of the voting rights in TAKKT AG, Presselstrasse 12, 70191 Stuttgart, exceeded the threshold of three percent of the total voting rights in the company on 01 September 2012. As of that day, The Capital Group Companies, Inc. held 3.78 percent (2,480,655 ordinary shares) of the total voting rights in TAKKT AG. 3.78 percent (2,480,655 ordinary shares) of the total voting rights in TAKKT AG were attributable to The Capital Group Companies, Inc., pursuant to section 22(1), sentence 1, no. 6 in conjunction with section 22(1) sentence 2 and sentence 3 of the German Securities Trading Act.

INVESTOR RELATIONS

RELIABILITY AS A BASIS FOR TRUST

Since it went public in 1999, TAKKT has placed great value on providing the capital market with the most important information on corporate strategy and business performance quickly and transparently. TAKKT communicates openly with the capital market in order to develop a long-term relationship of trust with its investors. Equal treatment of all shareholders is an absolute priority for the company. Institutional investors, private shareholders, financial analysts, banks and potential investors all receive the same information about TAKKT.

COMPREHENSIVE INFORMATION ON WWW.TAKKT.COM

The information provided on the TAKKT web site in the "Share" section is designed to meet the information needs of all capital market participants. Shareholders and anyone interested in the company can find financial reports, ad-hoc announcements, press releases, investor information and presentations from roadshows and analysts' conferences. The web site also contains general information about various topics, from TAKKT's growth strategy to corporate governance. Telephone conferences are also held when quarterly results are published or for important corporate events such as acquisitions, and these conferences are accessible to all interested parties. These enable every participant to put their questions directly to the Management Board. Outside of quarterly reporting, any interested party can also contact the investor relations team by phone or email at the company's headquarters in Stuttgart. This option is very popular with institutional and private investors, analysts and financial journalists.

SPEED AND TRANSPARENCY

TAKKT aims to compete with Germany's major corporations when it comes to providing information quickly. For this reason, the company presents interim results within a month after the end of each quarter at the latest. The management also places great value in the quality of the published information. To make it easier to analyse data, details are always presented in financial reports in the same way and, whenever possible, in the same section. If variations in comparison with previous years occur, these are explained. Extraordinary effects such as the impact of acquisitions or exchange rates on key figures are presented transparently by TAKKT.

CLOSE COMMUNICATION WITH INVESTORS AND ANALYSTS

TAKKT seeks to communicate regularly and transparently with institutional and private investors, financial analysts, potential investors and financial journalists:

- Every spring, TAKKT presents its consolidated financial statements at a financial statements press conference in Stuttgart and an analysts' conference in Frankfurt.

- The Management Board regularly takes part in capital market conferences and investor conferences, including the German Equity Forum in Frankfurt, which Deutsche Börse AG traditionally holds in November of each year. At the beginning of the year under review, the Management Board and the investor relations team also participated in the capital market conference of Cheuvreux (Crédit Agricole Group) in Frankfurt for the eighth time. In late September, TAKKT was present at the Berenberg Bank and Goldman Sachs German Corporate Conference in Munich.

- The Management Board also spoke to numerous investors during roadshows in London, Edinburgh, Paris, Zurich and Frankfurt, among other places.

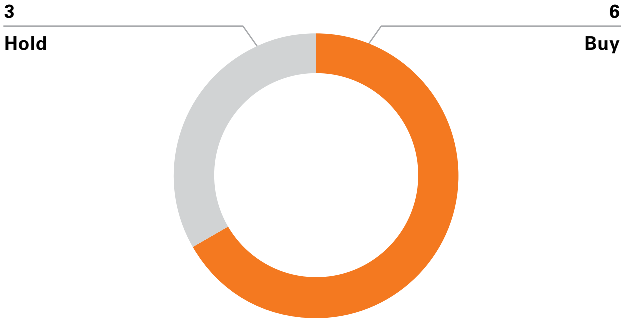
- The Management Board participated in one-to-one talks and group presentations at the company's headquarters in Stuttgart to explain the current business developments, corporate strategy and growth prospects of the TAKKT Group.

- All information published during these and other similar events are provided by TAKKT on its web site at http://www.takkt.de/en/share/presentations.html.

Through its investor relations work, TAKKT communicates its attractive business model to the capital market. TAKKT tries to reduce share price fluctuations through transparent financial communications. The share is expected to become even more attractive to investors in the future with a diversified shareholder base and higher liquidity of the share. Capital market communications are therefore always a job for the Management Board at TAKKT as well. The Board is actively involved in all investor relations activities.

The positive image of the company on the capital market is reflected in the large number of financial analysts who regularly observe the TAKKT share. Six of these analysts were recommending the purchase of this share as of 26 February 2013.

Institution	Analyst
Berenberg Bank	Alexandra Schlegel
Commerzbank	Daniel Gleim
Crédit Agricole Cheuvreux	Craig Abbott
Deutsche Bank	Benjamin Goy
DZ Bank	Christian Douglas
Hauck & Aufhäuser	Thomas Wissler
Landesbank Baden-Württemberg	Barbara Ambrus
M. M. Warburg & CO	Thilo Kleibauer
Montega	Tim Kruse



VALUE-BASED MANAGEMENT

TAKKT management uses a standardised system of key figures to steer the individual Group companies. At the heart of this system is the Group-wide business model, which is comparable across regions, product ranges and customers. A management system of this kind gives the individual companies a framework within which they can operate flexibly and independently in line with their market's individual needs. It is important for the management that the available 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 regular basis. In addition, the gross profit margin and marketing efficiency of the individual advertising media are also constantly monitored.

TAKKT uses internal and external key figures to measure and steer the short-term and long-term success of the company. The EBITDA margin serves as the most important indicator for the short-term operational profitability of each Group company. The effects of differing country-specific tax rates and financing structures do not affect the figure. As the figure does not include depreciation and amortisation of non-current assets, it permits a direct comparison between existing and newly acquired companies. TAKKT has defined a long-term target corridor for the Group's EBITDA margin of 12 to 15 percent.

The Economic Value Added® (EVA®) indicator is used internally for longer-term controlling based on company value. It reveals whether and to what extent TAKKT is growing and increasing in value, and enables the value creation potential of individual investments or acquisitions to be ascertained. The profitability of the Group, the capital invested for this purpose and the resultant cost of capital are all reflected in such an evaluation. The EVA® thus makes it possible to state whether the interest demands of both equity and debt investors are adequately met. In 2012, the EVA® of the TAKKT Group was clearly positive once again.

For external evaluations, TAKKT focuses on the development of the Total Shareholder Return (TSR), which is the cumulative return on shares over a period of time. Both share performance and dividend payouts during the period under examination are reflected in the calculation of this key figure. Both the EVA® and the TSR are used as targets for the variable long-term plan portion of the Management Board remuneration, thus representing an incentive system that focuses on long-term, sustainable growth in the value of the company.

ANNUAL GENERAL MEETING

SUSTAINABLE DIVIDEND POLICY AND SPECIAL DIVIDENDS FOR 2011

Approx. 350 shareholders and guests attended the 13th ordinary Annual General Meeting (AGM) of TAKKT AG in Ludwigsburg on 08 May 2012. In addition to an unchanged ordinary dividend of EUR 0.32 per share, the shareholders voted by a large majority in favour of paying out a special dividend of EUR 0.53 per share. Overall, TAKKT therefore paid 84.5 percent of the 2011 profit to its shareholders for the 2011 financial year. The ordinary dividend represented 31.8 percent of the profit.

With this course of action, the TAKKT Group is following its long-term dividend strategy, with which it is pursuing two goals. Firstly, shareholders should profit directly from the operating success of the company through dividends. At the same time, TAKKT aims to maintain the financial scope for external growth. Therefore, approx. thirty percent of the profit should generally be paid out as an ordinary dividend. However, the amount paid out should not be less than the ordinary dividend of the previous year. If the total equity ratio reaches the upper end of the Group's own target corridor (thirty to sixty percent) or exceeds it, TAKKT may also distribute a special dividend in light of the strong cash flow generated by its business model.

TAKKT did not need to finance a larger acquisition or other larger investment in 2011. At 54.7 percent, the equity ratio was at the upper end of the target range as of 31 December 2011. For this reason, the company paid out a special dividend. Even after the total dividend payout and the financing of the two acquisitions in 2012, TAKKT still has a solid financial position at the end of the financial year, with an equity ratio of 35.7 percent.

NEW SUPERVISORY BOARD ELECTED

As the terms in office for all members of the Supervisory Board came to an end after the 2012 AGM, new elections for the Supervisory Board took place as planned. The following persons were elected to the Supervisory Board for the next five years:

Prof. Dr Klaus Trützschler	formerly a member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg (Chairman of the Supervisory Board until 31 January 2013, Deputy Chairman since 01 February 2013)
Prof. Dr Jürgen Kluge	Corporate consultant, formerly CEO of Franz Haniel & Cie. GmbH (Deputy Chairman of the Supervisory Board until 07 September 2012)
Dr Florian Funck	Member of the Management Board of Franz Haniel & Cie. GmbH
Dr Johannes Haupt	CEO of E.G.O. Blanc und Fischer & Co. GmbH, Oberderdingen
Thomas Kniehl	Employee for claims/research/returns at KAISER+KRAFT GmbH

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

More detailed information about the Supervisory Board is provided in the report of the Supervisory Board on pages 34 to 36 of this annual report.

The AGM also ratified the management's proposals on the other items of the agenda by a large majority. Detailed information about the voting results can be found in the Share / Annual General Meeting section of our web site, www.takkt.com. The Management Board also presented its first Sustainability Report in line with Global Reporting Initiative (GRI) standards. More information on sustainability can be found on pages 75 to 79 of this annual report.

2013 FINANCIAL CALENDAR

The financial calendar for the 2013 stock market year is shown on page 156 of this annual report and can also be accessed on the TAKKT web site, where it is regularly updated.

INVESTOR RELATIONS CONTACT

Corporate Finance / Investor Relations
Presselstrasse 12, 70191 Stuttgart
Telephone: +49 711 3465-8222
Fax: +49 711 3465-8104
Email: investor@takkt.de
Web site: http://www.takkt.de/en/share.html

REPORT OF THE SUPERVISORY BOARD

Stephan Gemkow
Chairman of the Supervisory Board

LADIES AND GENTLEMEN,

The year under review once again provided the global economy, and TAKKT as well, with unique challenges. Still, TAKKT did not allow itself to stray from its path of success. On the contrary – the Management Board and the employees managed to further strengthen TAKKT's position in B2B direct marketing by flexibly adapting to the changing conditions. Thanks to its sustainable growth strategy, TAKKT consistently generates high cash flows. In the year under review, turnover was noticeably increased thanks to successful acquisitions and regional diversification while also maintaining high profitability. The Supervisory Board accompanied the company and the Management Board and provided support throughout each and every phase.

BUSINESS DEVELOPMENT AND PERSONNEL CHANGES

In the 2012 financial year, the Supervisory Board met five times. The meetings focused primarily on the current course of business, the acquisition of GPA and Ratioform, and the possibility of further acquisitions. In addition, the Supervisory Board addressed strategy and business performance planning, the risk situation, risk management, the internal control system and audit planning. Also on the agenda were the Management Board remuneration, the extension of the term in office of CEO Dr Zimmermann and matters of corporate governance and compliance.

The Personnel Committee met twice in the year under review. Primary concerns addressed were the extension of the term in office of Dr Zimmermann for a further five years as of 01 May 2013 as well as changes to the Management Board remuneration.

As the terms in office for all members of the Supervisory Board came to an end with the Annual General Meeting on 08 May 2012, new elections for the Supervisory Board took place as planned in the year under review. All of the members present on the Board prior to the election were re-elected, and Dr Johannes Haupt, CEO of E.G.O. Blanc und Fischer & Co. GmbH was newly elected. Prof. Dr Kluge resigned from his post with effect from 07 September 2012. Stephan Gemkow, CEO of Franz Haniel & Cie. GmbH since August 2012, was appointed as a member of the Supervisory Board by court order dated 14 January 2013 and elected to the post of Chairman as the successor of Prof. Dr Klaus Trützschler as of 01 February 2013. The Supervisory Board would like to thank Prof. Dr Klaus Trützschler, who led the Supervisory Board as its Chairman expertly and successfully for many years. He will be actively supporting the work of the Supervisory Board as its Deputy Chairman in the future. The Supervisory Board also thanks Prof. Dr Jürgen Kluge for his loyal service.

CONSTRUCTIVE COOPERATION IN A SPIRIT OF PARTNERSHIP

As usual, the cooperation between the Supervisory Board and Management Board was transparent and open in the year under review. The Management Board regularly informed the Supervisory Board verbally and in writing – including outside of Supervisory Board meetings – about all points relevant to the Group. Consultations between the Management Board and Supervisory Board were always constructive and very open. When necessary, the Chairman of the Supervisory Board and the CEO met to discuss matters in more detail. If points needed to be decided by the Supervisory Board, the Supervisory Board passed the required resolutions in a timely manner.

ORIENTED TOWARDS THE CORPORATE GOVERNANCE CODE

The Supervisory Board attaches importance to conducting its control tasks continuously and with great intensity. This commitment will also mark our work 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 2012. Further information on this and on the remuneration system for the TAKKT Management Board can be found from page 73 onwards.

ORDINARY DIVIDEND REMAINS CONSTANT

The Management Board and Supervisory Board will propose at the AGM in May 2013 that an ordinary dividend of EUR 0.32 per share will be paid out. This represents a payout ratio of 31.3 percent of the profit. In this way, the shareholders profit directly from TAKKT's good earnings and high cash flow.

CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS OF TAKKT AG APPROVED

The AGM has followed the proposal of the Supervisory Board and appointed Ebner Stolz Mönning Bachem GmbH & Co. KG, Stuttgart, as the auditors for the 2012 financial year. The auditors issued a declaration of independence to the Supervisory Board. The Supervisory Board reviewed the independence of the auditor as per section 107(3) sentence 3 of the Stock Corporation Act (AktG) and point 7.2.1 of the German Corporate Governance Code.

The audit of the Supervisory Board for the period under review focused on impairment tests of intangible assets, including goodwill, on the accounting, valuation and reporting of web shops, and on segment reporting. On a Group level, the auditors additionally paid particular attention to the accounting and valuation of company acquisitions, the reporting of foreign auditors, the impairment tests, the consolidation measures, the cash flow statement and the Notes to the consolidated financial statements as well as the combined management report and Group management report. The auditors audited the TAKKT AG financial statements, the consolidated financial statements and the combined management report and Group management report, and issued an unqualified audit opinion. The TAKKT Group's early warning system for risks 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, thus enabling the annual report of TAKKT AG to be adopted and that of the Group to be approved. The Supervisory Board agreed to the Management Board's proposal regarding profit appropriation, and also approved the combined management report and the assessment regarding the continued performance of the Group.

SUPERVISORY BOARD APPROVES DEPENDENCE REPORT

Franz Haniel & Cie. GmbH, Duisburg, continued to hold the majority of TAKKT shares in 2012. As required under section 312 of the German Stock Corporation Act (AktG), the Management Board therefore prepared a report on relations with affiliated companies for the past financial year. Ebner Stolz Mönning Bachem GmbH & Co. KG, Stuttgart, prepared an auditor's report as required under section 313 of the AktG. The audit did not result in any objections being raised, and the following unqualified opinion was issued by the auditor: "Having conducted a proper audit and appraisal, we confirm that, firstly, the facts set out in the report are correct, secondly, payments made by the company for transactions covered in the report were not unduly high and, thirdly, no circumstances covered in the report indicate a substantially different assessment than that given by the Management Board." The Supervisory Board reviewed and approved the dependence report and the corresponding audit report according to section 314 of the AktG. The Board had no objections to the dependence report and the closing statement made by the Management Board therein, which can be found on page 71 of the management report.

Our thanks go to the TAKKT AG shareholders for the trust they have once again placed in us in 2012. We would like to thank all of the employees for their hard work and excellent performance in 2012. Thanks also go to the Management Board for their trusting cooperation founded on partnership.

Stuttgart, March 2013

Stephan Gemkow

MEMBERS OF THE SUPERVISORY BOARD

Stephan Gemkow Chairman of the Supervisory Board since 01 February 2013 Member since 14 January 2013	Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Prof. Dr Klaus Trützschler Deputy Chairman since 01 February 2013 Chairman until 31 January 2013	Formerly a member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Prof. Dr Jürgen Kluge Deputy Chairman until 07 September 2012	Corporate consultant, formerly Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Dr Florian Funck	Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Dr Johannes Haupt Member since 08 May 2012	CEO of E.G.O. Blanc und Fischer & Co. GmbH, Oberderdingen
Thomas Kniehl	Employee for claims/research/returns at KAISER+KRAFT GmbH, Stuttgart
Prof. Dr Dres. h.c. Arnold Picot	University professor at the Ludwig-Maximilians-Universität München

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MANAGEMENT REPORT FOR TAKKT AG AND THE GROUP

In the 2012 financial year, TAKKT profited from its strategy of regional diversification. Despite the negative economic developments in Europe, the Group was able to increase its turnover on the whole, which was attributable on the one hand to strong sales in North America. On the other hand, the Group made two promising acquisitions in the year under review. With an integrated multi-channel approach, the company is also moving ahead strategically and is on track to achieve its goals – TAKKT aims to be the leading B2B direct marketing group for business equipment and to become a worldwide role model in its sector in terms of sustainability by 2016.

BUSINESS MODEL

CORPORATE STRATEGY

In a consistently attractive market environment, TAKKT has positioned itself as a B2B direct marketing group for business equipment with a multi-brand strategy. Sustainable opportunities arise from the structural market trends that the Group takes advantage of using its competitive strengths. The Group will keep to its strategy in the long run: to grow profitably, to diversify risks and act sustainably.

B2B DIRECT MARKETING FOR BUSINESS EQUIPMENT

TAKKT focuses mainly on the sale of durable, price-insensitive equipment to corporate customers, supplying pallet lifting trucks to German automotive suppliers, shelving for American supermarket chains and office swivel chairs for law firms in France, for example. The product range encompasses durables that businesses use for their business activities. Sales are performed over multiple channels as part of the company's integrated multi-channel approach.

The market boundaries, within which the Group operates can be defined using the following criteria:

- The **customers** are categorised as either consumers (B2C) or businesses (B2B).

- Store-based retail, sales straight from the manufacturer and direct marketing form the various **sales channels**, although there are also hybrid forms.

- In terms of **product range**, we differentiate between department store-like generalists on the one hand and specialists on the other.

- In terms of **sector segmentation**, there are the horizontally aligned retailers (horizontals) who – regardless of the buyer group – concentrate on certain product groups such as warehouse and plant equipment, packaging or office furniture. There are also the vertically aligned retailers (verticals), who base their range on the needs of a certain sector or customer group.

- Regarding **services**, we differentiate between pure distributors and providers who also offer services beyond purely the distribution of goods to provide additional benefits for the customer.

In this environment, TAKKT has positioned itself as a predominantly horizontal B2B direct marketer for business equipment with an extensive range of services.

Within this regard, the Group is divided into the divisions TAKKT EUROPE and TAKKT AMERICA, and then sub-divided into six groups from there. TAKKT EUROPE is made up of the Business Equipment Group (BEG), Office Equipment Group (OEG) and Packaging Solutions Group (PSG). TAKKT AMERICA comprises the Plant Equipment Group (PEG), the Specialties Group (SPG) and the Office Equipment Group (OEG). The structure of the Group is illustrated on the inside of the cover of this annual report.

ADDED VALUE FOR THE CUSTOMER – BEYOND DIRECT MARKETING

TAKKT operates within an attractive niche market. In B2B direct marketing, the customer considers the price in relation to a package comprising product, quality and service. Direct marketing allows the customer to find products quickly and order them easily. The customer also expects a high standard of service. It is precisely in this field that the Group's strengths lie. The services offered include:

- Staff of sales companies advise customers by phone and help them choose the right product. If requested by a customer, individual price quotes are prepared professionally and sent out promptly. To help customers choose the right products, the marketing teams send out material samples such as fabric swatches when possible.

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- If TAKKT's product portfolio does not offer an immediate solution to a customer's problem, the problem is first being specified together with him and subsequently a fitting solution is procured from an adequate supplier. Due to TAKKT's long standing and well established relationships to suppliers custom-made products can be obtained.

- Customer requests for major projects are supported individually by telemarketing and field sales employees in order to account for special requirements such as a fixed delivery date.

- Products distributed by TAKKT groups come with long guarantee periods in principle, generally several years longer than required by law. For office furniture in particular, TAKKT offers the possibility to buy identical replacements for several years.

Additionally, TAKKT creates added value for the customer by bundling the product range of hundreds of suppliers efficiently and presenting them in an organised manner. The company categorises products in its range by size, volume or supported load, for example, instead of by manufacturer, which helps the buyer make their selection and saves money. There are efficient ways for the customer to order quickly and easily via the channel that is best suited to them. The company also offers its customers attractive conditions and fast delivery via sophisticated logistics, specifically tailored to the destination countries. This is a critical competitive advantage compared to direct sales and retail – particularly in light of the fact that companies are increasingly focused on process costs in procurement.

The niche market that TAKKT operates in is also interesting in the following respects:

- TAKKT makes use of an extremely fragmented supplier pool and maintains supplier relationships that are well-established and last many years. TAKKT is also diversified heavily on the customer side and therefore largely independent from single large orders or major customers.

- There are considerable barriers to market entry because any potential new competitor would first have to make significant investments in marketing, IT and logistics and would have to incur several years of start-up losses before they could achieve the margins that are standard in the sector. Furthermore, such an investment would only prove worthwhile if that company manages to develop a loyal customer base that regularly provides repeat business in the long term.

EFFICIENT CUSTOMER COMMUNICATIONS AND MULTI-BRAND STRATEGY AS SUCCESS PROVIDERS

TAKKT knows its customers' needs. The company not only profits from its many years of experience in direct marketing, it also analyses customer behaviour on an ongoing basis. This enables TAKKT to address its customers efficiently and use different marketing media and formats to encourage customers to place orders, maintaining a consistently high level of advertising efficiency.

TAKKT pursues a multi-brand strategy in sales. This strategy encompasses multi-channel brands and web-focused brands:

- **Multi-channel brands** combine traditional catalogue business, which is more attractive to medium-sized and larger companies, with an online service and – where appropriate – employees for telemarketing and field marketing to form an integrated approach. Key accounts are managed by customer relationship managers. The catalogue and web shop have basically the same product range in this multi-channel approach. Regardless of whether the product is offered online, by telephone or through the catalogue, the price is always the same. As soon as the order enters the enterprise resource planning (ERP) system, it is handled using standardised processes. For key accounts, product information can also be entered directly into their own in-house systems. Individualised e-procurement solutions like this reduce the transaction costs incurred by customers even further. Customers can compile their own range of frequently ordered products and also see their ordering history, giving them a detailed overview of their supplier relationship history.

- With **web-focused brands,** TAKKT addresses customers who would not be addressed efficiently with the traditional catalogue business and its associated online services. This particularly concerns smaller businesses with lower demand. Ideally, the customer relationship with purely online-based transactions should be profitable from the very first order, unlike multi-channel brands, which focus more on repeat purchases from customers and only become profitable after a certain number of orders. The range and prices can be adapted more specifically to the rapidly changing needs of this customer group.

MARKET TRENDS SUPPORT PROVEN BUSINESS MODEL

The Management believes that five structural market trends provide sustainable opportunities which TAKKT can benefit from by utilising its competitive strengths (see chart below). These trends also underline the company's business model – focusing on corporate customers, direct marketing as a sales channel, specialising product ranges and an extensive range of services for the customer.

TAKKT's competitive advantages are the result of a corporate strategy that is fundamentally composed of three elements: profitable growth, diversification of risk and acting sustainably.

PROFITABLE GROWTH

Over the past 15 years, there has been at least one company founded or acquired each year. TAKKT plans to maintain this pace of expansion in the long run. TAKKT aims to continue its **profitable growth** and grow its turnover by an average of ten percent each year, with an EBITDA margin of 12 to 15 percent. Considered over a longer period of time, 50 percent of this growth is expected to be organic, with the other 50 percent developing through acquisitions.

Organic growth is being driven by the following initiatives:

- **Expansion of e-commerce:** E-commerce simplifies business relationships and streamlines procurement processes. For this reason, TAKKT is continuing to develop this sales channel.

- **Expansion of additional multi-channel activities:** Achieving an integrated balance of print, online, telemarketing and field activities – multi-channel marketing – is becoming increasingly important for a success in sales. TAKKT is consistently developing this market strategy further, expanding upon the fields of telemarketing and field marketing.

- **Development and refinement of web-focused brands:** With brands that distribute predominantly online, products and prices can be more easily adapted to the rapidly changing needs of this customer group. Smaller businesses in particular can be catered to more efficiently in this fashion. The TAKKT Group is constantly expanding this sales channel by further developing existing brands and establishing new ones.

- **Expansion of the product range:** The product range is being expanded in two ways. On the one end, existing product

Market trend	Competitive edge
Companies are increasingly consolidating their business relationships to a **small number of expert partners.** Concentrating on a limited number of suppliers reduces the number of contact partners and the orders can be managed more efficiently.	TAKKT compiles ranges that cover in particular the demand of its customers for long-lasting durables. With its business model, TAKKT has clearly positioned itself as a **B2B direct marketer for business equipment** that provides its customers with a one-stop solution for many components.
Businesses are **focusing** increasingly **on process costs.** It is uneconomical to put great effort into finding the lowest price for products worth a few hundred euros. The value of being able to quickly find goods, order them easily and obtain good service is gaining increased appreciation – a considerable barrier to entry for potential new market players.	TAKKT creates **added value for the customer** by efficiently bundling the ranges of hundreds of suppliers and presenting them in an organised manner. This shortens processes and reduces transaction costs. TAKKT also offers a selection of high-quality products, a well-developed service, attractive conditions and fast delivery via sophisticated logistics, specifically tailored to the destination countries.
Companies are increasingly making use of **e-commerce** for procurement. They submit their order by email, via the internet or through an in-house e-procurement system.	TAKKT offers **e-commerce solutions aimed at specific customer groups,** ranging from a classic web shop to the electronic incorporation of the product range in the customers' ERP systems (e-procurement).
Companies make use of catalogues and the internet when searching for the products they need, and may also wish to be **advised** in face-to-face meetings and over the telephone. They increasingly will contact different providers before deciding where to buy. To stay successful, a company must understand this move towards a **customer-managed relationship** and be in a position to reach the customer wherever the purchase will be made.	TAKKT combines and integrates all media channels in its **multi-channel marketing** that may induce the recipient to buy. The company analyses the search and purchase behaviour of its customers precisely and reaches them by means of different marketing media and formats wherever they are looking for products that TAKKT offers – be it via catalogue, online, by telephone or through field marketing employees. Each order is processed uniformly using efficient IT systems – regardless of how the order was initiated or placed.
Globalisation has meant that companies have a greater need for deliveries around the world. If they relocate their production sites abroad or establish new branches, they want to be able to fall back on known suppliers, products and services.	With more than 50 sales companies in over 25 countries, TAKKT's **organisational structure puts it close to the market and close to the customer.** Within TAKKT's common concept, the various business lines and their service companies pursue their own marketing and sales strategies. These are tailored to their specific regional market conditions, products and target groups.

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ranges are being expanded. On the other end, there is also a drive to expand into new product categories that complement existing ranges or address new buyer groups.

- Expansion of product performance brands: For TAKKT, product performance brands are product-related private brands that only include products that meet the industrial standard at least or satisfy higher quality demands. These brands improve customer loyalty and generate above-average margins. The company aims to increase the share of turnover from product performance brands to twenty percent by 2016.

- International roll-out of successful business models: Some companies in the TAKKT Group are currently pursuing their successful business model only in certain countries or regions. TAKKT is expanding existing platforms and establishing new companies in new national markets.

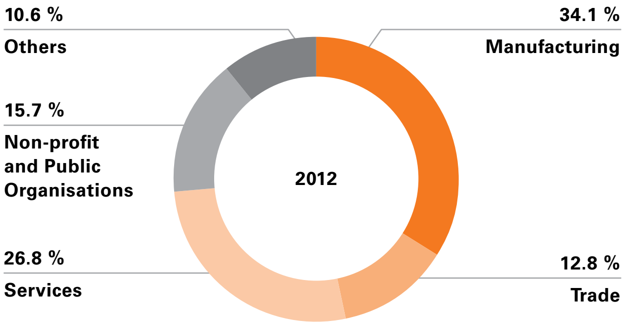
The TAKKT Group is expected to see non-organic growth with the acquisition of healthy, market-leading companies. The concept of diversification also plays a role in this. Acquisitions enable TAKKT to expand its product range, address new customer groups and expand into new regions. Sectors and regions profiting from major structural trends are also potential growth fields.

RISK DIVERSIFICATION

At the same time, TAKKT strives to continue with the diversification of risks and make itself even more independent from the effects of the economy. The following levels are taken into consideration here:

1. At a **customer level,** TAKKT serves businesses from the manufacturing and trade sectors, service providers as well as non-profit and public organisations to compensate for the cyclical fluctuations experienced by individual target groups.

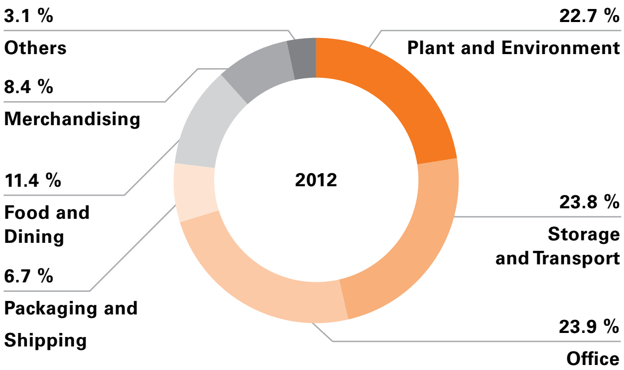
Diversification of customer groups



Orders from manufacturing businesses make up one third of the Group's turnover. They are the single biggest customer group, even though the share and importance of all other customer groups has increased steadily since the initial public listing in 1999. By now service providers contribute slightly under 27 percent to Group turnover. The biggest proportionate increase in recent years – also due to the acquisitions – comes from non-profit and public organisations, with which TAKKT today generates over 15 percent of its turnover. Trading companies account for just under 13 percent, other customers, e.g. from the primary sector, for just under 11 percent of Group turnover. This development has two stabilising effects on TAKKT's business. Firstly, the Group has been able to reduce its dependency on manufacturing businesses. Secondly, it profits increasingly from the anti-cyclical order placement of public organisations, which adds to turnover during economic downturns.

2. At a **product level,** TAKKT differentiates between products for plant & environment, storage & transport, office, packaging & shipping, food & dining and merchandising. TAKKT diversifies heavily here to actively compensate for fluctuations in demand.

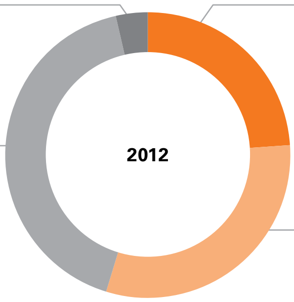
Diversification of product range



TAKKT generates just under a quarter of turnover with products for storage & transport, for plant & environment and for the office, respectively. Due in part to the growing Hubert business and the acquisition of GPA, the biggest increase in recent years was with products for food & dining and merchandising, which each now amount to approximately ten percent of the Group's turnover. Roughly seven percent is attributed to products for packaging & shipping. This portion will increase in 2013 due to the first-time consolidation of the Ratioform group for the full year. The roll-out of the business model to additional product groups for catering, merchandising and packaging resulting from the acquisitions of Hubert (2000), Central (2009), GPA (2012) and Ratioform (2012) allow TAKKT to profit from growth trends in these sectors and record above-average gains.

3. At a **regional level,** TAKKT differentiates between Germany, Europe without Germany, North America and other countries such as Canada, Mexico, China and Japan. Regional diversification has proven to be one of the pillars of TAKKT's business model in the past, as this enables economic instability in the various target markets to be partly compensated for. The Group will continue this approach.

Regional diversification



The regional split in turnover is separated in three major areas. Following the acquitions of American companies in recent years, TAKKT generated over 40 percent of its 2012 turnover in the USA. This amount was significantly lower years ago. In 2012, the German domestic market accounted for just under a quarter of turnover. Products delivered to other European countries made up a portion of just over 30 percent. As shown in the recent year, the regional diversification allows the Group to compensate regional downturns partly by an increase in turnover in other regions.

ACTING SUSTAINABLY

TAKKT has also established the goal of sustainability – the long-term balance between economic, environmental and social concerns – as a permanent part of its corporate strategy. TAKKT aims to become a worldwide role model in terms of sustainability in its industry by 2016. All of the goals and measures related to this are described in detail in the Sustainability Report published in 2012 and summarised in the "Sustainability and employees" section on page 75 of this annual report.

CORPORATE DEVELOPMENT

FORMS OF INNOVATION – CONTINUOUSLY LOOKING FOR LONG-TERM GROWTH AND OPTIMISATION POTENTIAL

TAKKT is a retail company and therefore does not engage in traditional research and development as a technology-based manufacturer would. The business environment is in a constant state of flux nevertheless. Customer demands continue to shift, the relationship between supplier and buyer is changing, and new procurement, storage and sales processes are becoming established. For this reason, the Group is continuously working to adapt its ranges, services and market interactions to ideally satisfy future demands. In order to remain on the cutting edge, the company continually analyses the ordering behaviour of its customers, for example. This enables TAKKT to adapt to the current market environment on an ongoing basis and play an active role itself in shaping it.

To develop further in the long run, the Group predominantly makes use of four formats:

1. **Internal transfer of knowledge:** The Management encourages the transfer of expertise within the Group. It motivates the employees to share their knowledge with colleagues – in particular those in other groups. This is implemented, for example, at events such as the annual FUTURE@TAKKT executive conference, where best practice solutions are discussed. Once again, a Group-wide idea competition was held in the year under review. Employees submitted a total of over sixty suggestions for improvement on the topic of sustainability. The three best ideas – including a concept for an energy-efficient warehouse – were presented with an award and will be implemented within the company.

2. **Discussions with outside experts:** The Management initiates regular exchanges between external experts and employees

within the TAKKT Group (the 'outside-in' approach). The TAKKT Forum is held twice a year to this end. Together with esteemed external speakers, top executives within the company answer key questions about corporate development here. During the event in spring 2012, the meaning of 'social commerce' for TAKKT was defined. The TAKKT Forum in late autumn of 2012 addressed the topic of 'dynamic customer management'.

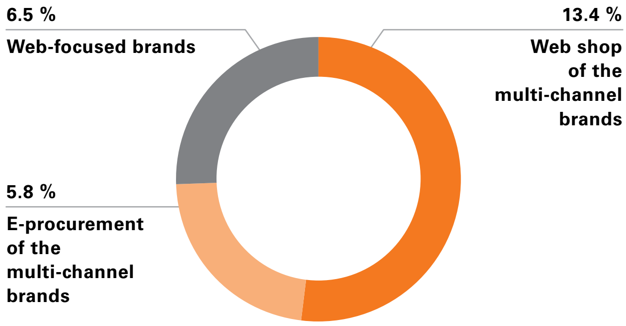
3. **Market analyses and surveys:** TAKKT regularly involves outside specialists in market and customer analyses. In this way, methodological expertise is continuously refined and the high quality of the analysis is ensured. For example a market research institute is analysing the behaviour of customers of individual companies and comparisons are drawn over longer periods of time and across the different companies. Customers of Central Restaurant Products in the USA were recently surveyed in this regard.

4. **Stakeholder dialogue:** TAKKT regularly communicates with its stakeholders about their demands and needs. To this end, customer surveys, supplier conferences, employee surveys and investor relations activities are held. TAKKT makes the results of these exchanges quantifiable and integrates them into the development of the company. This is how sustainability measures, for example, were developed, which are documented in the 2012 Sustainability Report.

EXPANSION OF E-COMMERCE

E-commerce as part of the direct marketing activities simplifies business relationships and streamlines procurement processes. The e-commerce business offers distinct advantages, for example in terms of transaction costs and availability. Demand in this area is rising among customers. This is also reflected in business development. In 2012, e-commerce at TAKKT once again saw above-average performance. Also due to the acquisitions, online order intake was rising by 32.7 percent to EUR 240.7 (181.4) million and representing 25.7 (21.3) percent of the Group order intake. In this connection, web-focused brands achieved a share of 6.5 (3.0) percent, while 5.8 (6.0) percent was generated via multi-channel brand e-procurement and 13.4 (12.3) percent was generated via multi-channel brand web shops. TAKKT is therefore continuously expanding its e-commerce activities. In phases of economic weakness the structural shift from offline to online business in direct marketing is accelerated. It has been observed that recovery in the online area following economic downturns is much more rapid than in other sales channels.

Proportion of e-commerce relative to total order intake



Efforts to expand e-commerce are being made in two directions. For **multi-channel brands** such as KAISER+KRAFT, the target group comprises medium-sized and larger companies for whom procurement process costs are of predominant concern. The existing web shops are optimised and modernised on an ongoing basis. Ties with key customers are strengthened using e-procurement systems. This provides advantages for both sides. Key customers can use e-procurement to reduce their transaction costs. At the same time, it also enables TAKKT to reduce order processing costs.

Web-focused brands such as Certeo or Displays2Go, on the other hand, are directed towards smaller businesses and self-employed people who are more interested in acquiring individual products. The focus here is more on search engine optimisation and search engine marketing for the purpose of being visible to those searching for products online. With its acquisition of the direct marketing specialist GPA and their sales brand Displays2Go as well as the buy-out of the web-focused supplier Davpack as part of the acquisition of the Ratioform group, TAKKT is also profiting from these companies' expertise in online business and thus expanding its expertise in the field of e-commerce.

EXPANSION OF ADDITIONAL MULTI-CHANNEL ACTIVITIES

The TAKKT Group is currently refining its strategy step by step regarding integrated multi-channel marketing. This approach is being taken in light of the observation that the behaviour of TAKKT customers around the world is changing. Just a few years ago, the catalogue was the dominant sales medium in the business model.

Today, businesses can make use of considerably more sources of information in searching for products. TAKKT therefore strives to achieve an integrated mix of print, online, telemarketing and field marketing media. The purpose of the dynamic selection of marketing methods is to reach the customer wherever they are looking for products that TAKKT can offer them.

All of the groups plan their multi-channel marketing so that it is consistent with the specific requirements of the customer segments they serve and with specific regional conditions:

- In the Packaging Solutions Group (PSG) with its sales brand Ratioform, to name an example, customer potential is evaluated right when contact is established. In this manner, customers with above-average potential, for example, are regularly addressed by means of telemarketing and catalogues, while customers with less potential are only supplied with selected print marketing materials. As with the other TAKKT groups, customers with great a great deal of potential are managed individually by field marketers. This customer group is provided with tailored product offers and integrated e-procurement solutions.

- In the Chinese market – to name another example – the Business Equipment Group (BEG) is expanding with the gradual regional development of field marketing employees under the KAISER+KRAFT brand. These actively acquire new customers, explaining the benefits and method of operation of the distance selling model, which is largely unknown in the local environment. The introduction and roll-out of an integrated IT tool for the management of field marketing that provides field marketers with access to order histories and past customer contacts is now largely complete within the BEG.

- Central Restaurants, an American Group company in the SPG, has built up expertise over many years in telemarketing. Central not only dispatches catalogues but also closely attends to all existing customers by telephone. It does so as soon as the first order is received, for example when the customer places an order via the web site. The goal is to recognise the needs of the customer early on and to offer tailored solutions. The telemarketing personnel are paid largely on the basis of the turnover generated by each customer managed by them. As with Ratioform, telemarketing has established itself at Central as a successful marketing tool for capitalising on customers with above-average potential. Initial highly promising approaches were also introduced in other groups in 2012, with each group developing a model tailored to specific needs.

DEVELOPMENT AND REFINEMENT OF WEB-FOCUSED BRANDS

With brands that distribute predominantly online, products and prices can be adapted more easily to the rapidly changing needs of this customer group than with other sales channels. Customers with fewer needs, namely smaller businesses, can be addressed more efficiently in this manner. The Group is expanding this sales channel on an ongoing basis by expanding existing brands and establishing new ones.

TAKKT places great value on having the value driver for new brands perform at a level that is typical of business in the development stage. If the target values are not met in the long term, the new brand is discontinued. Examples of this would be the discontinuation of the web-focused brands cateringplanet.com in the US-based group SPG and Furnandi in the OEG in the year under review. The other web-focused brands, however, performed in line with the Management's expectations.

The experience gathered over the past three years will be used by TAKKT for the launch of future web-focused brands. With the exception of OEG in Europe, all of the TAKKT groups have web-focused brands. The web-focused brands Davpack and Displays2Go were added in the year under review. The operating business Davpack, which is based in Derby near Birmingham and is part of the Ratioform group, is one of the leading providers of packaging solutions in the United Kingdom and has been part of the TAKKT Group since July 2012. Displays2Go is the main sales brand of GPA, which is based in Rhode Island, USA. The company has been part of the US group SPG since April 2012 and is a leading B2B direct marketing specialist for displays in the United States.

EXPANSION OF THE PRODUCT RANGE

The ranges of the TAKKT Group's sales brands currently encompass more than 200,000 items. The existing ranges are optimised and expanded effectively according to cost efficiency criteria. The web shops present the opportunity of offering and selling additional products cost-effectively outside of the printed advertising materials. That way existing ranges can be expanded in a practical fashion to include new product categories based on the customer's needs.

In the year under review, efforts were intensified in all groups to list additional products online. How the catalogue and the internet work together is crucial for success. Customers make use of the

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advantages of both channels to gather information and place orders. The selection and quality of the products offered continues to be a key component of the TAKKT Group companies' expertise.

PRODUCT PERFORMANCE BRANDS

Product performance brands are an important part of the Group strategy as they improve customer loyalty and generate above-average margins. For this reason, TAKKT had initiated a programme in 2011 to raise the profile of all of these brands even further with the aim of inreasing their share of the turnover to 20 percent by 2016. In 2012, this had already reached 13.1 percent after 10.5 percent in the previous year and 9.8 percent in 2010. As of 31 December 2012, TAKKT has 19 of these brands, of which 6 had been newly introduced in the year under review. TAKKT's focus here is on quality. The company only carries high-quality products under product performance brands if they at least meet industrial standards.

INTERNATIONAL ROLL-OUT OF SUCCESSFUL BUSINESS MODELS

Some of the TAKKT Group companies have successful business models that are gradually being implemented in other regions. To this end, TAKKT is making use of the expertise available to it, developing on existing platforms and establishing subsidiaries in new countries and new regions.

- In February 2012, the BEG successfully completed the operational roll-out of the web-focused brand Certeo in France. Preparations were made for roll-out in another country in the year under review.

- For the SPG brand Hubert, the US market leader in direct marketing items for the retail, food service and hotel industries, preparations were made in 2012 to add another sales market in the European Union.

- The company's expansion efforts in 2012 also focused on the growth of activities in China, Mexico, Russia and Turkey. The expansion of the business in these growth regions requires careful preparation as the situation there differs greatly from that of the current core business regions in terms of logistics, market interactions and business practices.

SERVICE OPTIMISATION AND ONGOING QUALITY ASSURANCE

TAKKT continually invests in powerful IT and web shop systems that can be used to process orders in a manner that is even more efficient and customer-oriented. In the year under review, TAKKT invested around EUR 4.3 (4.1) million.

TAKKT also stands out above the competition with its short and reliable delivery times, thus raising the market entry barriers for other companies even further. The company places great value on deliveries that are quick and punctual – both are essential for ensuring that customers are and remain satisfied. The significance of the warehouse business is derived from the expectation that most of the items offered should be available in stock. The higher amount of tied-up capital is financed by improved purchasing conditions for larger batch sizes. The company has 10 central warehouses and 22 satellite warehouses around the world. In the year under review, an OEG warehouse in the USA was expanded and a leasing solution was launched in China for the BEG. Plans to rent new warehouse capacities for the OEG in the USA and the PEG in Mexico are currently being considered for 2013.

The TAKKT Group's quality management focuses on the demands and expectations of customers. TAKKT records all customer queries and complaints electronically. Specially trained staff process, analyse and categorise all suggestions and complaints. The company uses this to systematically develop improvements in its products, advertising material and business processes. Suppliers and service providers for the Group are included in this improvement process and their quality is also continuously monitored.

In Europe, all the major locations of the TAKKT Group are certified according to DIN ISO 9001:2008 or comparable standards. Non-certified companies maintain appropriate and equally high 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 companies with demonstrably high quality standards.

GROWTH AND RISK DIVERSIFICATION THROUGH ACQUISITIONS

TAKKT further diversified its business activities in 2012 with the acquisition of two market-leading companies and has thus been able to increase its independence from the state of the economy. The growth potential and profitability of both acquisitions is above the Group average:

- TAKKT acquired George Patton Associates, Inc. (GPA), a B2B direct marketing specialist for display items based in Rhode Island, USA and a market leader in the USA, with effect from 01 April 2012. About 80 percent of its turnover is generated via the internet. The company GPA is now part of the SPG in the TAKKT AMERICA division. Its web-focused brand Displays2Go ideally supplements the Group's portfolio in North America.

- TAKKT also acquired Ratioform Holding GmbH, a B2B direct marketing company for packaging solutions based in Pliening, near Munich, with effect from 01 July 2012. Ratioform is a market leader in the field of transport packaging in Germany, generating 75 percent of its turnover there, and also operates in five other European countries. The British market will only be served with the web-focused brand Davpack. Ratioform offers a range of over 5,500 products. It pursues an integrated multi-channel approach and represents an independent third group within the TAKKT EUROPE division, the PSG.

More detailed information on the acquisitions of these two companies can be found in the Notes to the consolidated financial statements on pages 136 onwards.

FINANCIAL YEAR

GENERAL ECONOMIC AND SECTOR-SPECIFIC CONDITIONS

The global economy in 2012 was influenced by a variety of growth factors in Europe, North America and Asia. While performance in the European economy continued to be weak, due in particular to the sovereign debt crisis, the US economy remained relatively stable. Even Germany was unable to escape the downward trend in Europe. China is still booming – but the rate of growth is slowing. It has been demonstrated once again that in phases of economic weakness, the structural shift from offline to online business in direct marketing is accelerated. This benefits the TAKKT business model with its integrated multi-channel approach.

EUROPE EXPERIENCING DOWNTURN, USA STABLE

In its forecast in the 2011 annual report, TAKKT predicted that developments between Europe and the USA would differ. Indeed, the financial markets remained uncertain in 2012 in the light of the sovereign debt crisis, which also dragged the European real economy down and discouraged investment. Germany initially appeared to be fairly robust, but was unable to escape the downturn as the year went on. Growth here began to slow as early as the end of the first quarter. North America and Asia were able to stay on their growth path. Though their economies slowed somewhat from the middle of the year, they did remain steady. The economy in the USA was heavily supported by monetary and fiscal policies in the run-up to the presidential elections, which helped to slow the downturn. In China, concerns are rising about a bursting of what could have been a growth bubble.

The growth rates of the gross domestic product (GDP) in the sales regions of importance to TAKKT reflect this development. In Germany, the economy grew 0.5 percent in the first quarter of 2012 compared to the previous quarter, but this value fell to 0.3 and 0.2 percent in the following two quarters respectively. Growth declined in the fourth quarter, at a rate of –0.6 percent. For 2012 as a whole, growth was much weaker at 0.7 percent than in 2011 (3.0 percent).

There is now a sustained period of weakness in the EU with a –0.5 percent downturn of the GDP. After zero growth in the first quarter of 2012, a decline in economic output was recorded in the three subsequent quarters of –0.2, –0.1 and –0.6 percent respectively. GDP there had grown by 1.5 percent in the previous year.

Business model
Corporate strategy
Corporate development
Financial year
General economic and sector-specific conditions
Turnover and earnings review
Financial and assets position
Subsequent events
Outlook
Opportunities and risk report
Forecast report
Corporate Governance
Corporate Governance report
Remuneration report

At a rate of 2.2 percent, on the other hand, growth in the USA remained noticeably positive with slightly alternating development throughout the four quarters (2.0, 1.3, 3.1 and –0.1 percent respectively). China continued to see strong growth at 7.8 percent in the full year.

GDP growth for EU, Germany and USA

	GDP-growth in percent		
	actual 2012	forecast 2012	actual 2011
EU	–0.5	–0.4	1.5
Germany	0.7	0.5	3.0
USA	2.2	2.0	1.8

RELIABLE EARLY INDICATORS FOR TAKKT'S SECTOR

In order to be able to better predict developments in its sector, TAKKT continuously monitors a variety of purchasing managers' indices (PMIs). The order intake of the groups generally follows changes in these PMIs with a delay of three to six months.

- Values below 50 points generally indicate that market volumes are in decline and that sales potential is deteriorating.

- Values above 50 points, on the other hand, usually mean a larger market volume and improved business prospects.

In the year under review, these indicators once again proved to be reliable, with the German PMI at 48.5 points already indicating a shrinking economy in the fourth quarter of 2011. It temporarily breached the 50 point mark at the start of the year, but then fell well below this threshold with an average of 45.5 and 45.0 points in the second and third quarters respectively before gaining again slightly in the last quarter. In the EU, the index has been consistently indicating declining trends since August 2011. After 48.5 points in the first quarter of 2012, the value remained slightly below 46 points in the subsequent quarters. The situation was different in North America. In the first two quarters of the year under review, the PMI for the industry was well above the 50 point mark at an average of 53.4 and 52.7 points respectively. In the second half of the year, the PMI achieved values of around 50 points, indicating a cooldown of the economy.

The general conditions in the 2012 financial year were challenging on the whole. Of the three scenarios that TAKKT outlined in the 2011 annual report for 2012, it was the most cautious prediction that occurred. The GDP growth rates not only declined in comparison to the previous year's values, they were actually negative in certain key regions. The majority of the PMI values were below 50 points for the most part. In Europe, TAKKT was fighting against the economic downturn, while the economic situation in the USA was mildly positive.

PMI for EU, Germany and USA

	PMI values average full year	
	2012	2011
EU	46.2	52.2
Germany	46.7	54.8
USA	51.8	55.2

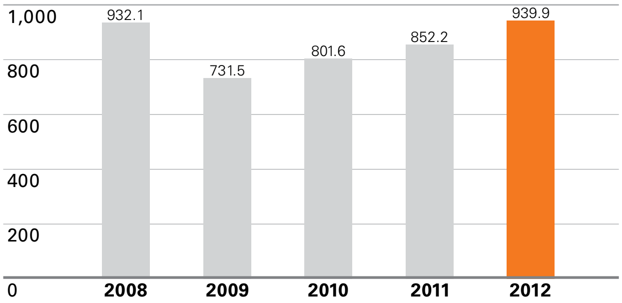
TURNOVER AND EARNINGS REVIEW

In the 2012 financial year, the TAKKT Group profited in particular from its strategy of regional diversification. Thanks to the strong North American business, it was possible to compensate for a part of the decline in organic turnover in Europe. The two acquisitions in the year under review also had a positive effect on the Group's turnover and earnings. The performance of the e-commerce business was above average. The bottom line recorded a rise in turnover of 10.3 percent. At 14.2 percent, the EBITDA margin reached the upper third of the long-term target corridor of 12 to 15 percent.

GROWTH IN TURNOVER THROUGH ACQUISITIONS, TAKKT AMERICA AND E-COMMERCE – MILD DECLINE IN ORGANIC TURNOVER

While organic turnover in the TAKKT EUROPE division declined significantly due to the challenging market environment, the TAKKT AMERICA division generated good organic growth. The acquisitions of GPA and Ratioform, the above-average performance in e-commerce and a stronger US dollar contributed to a considerable overall increase in consolidated turnover of 10.3 percent to EUR 939.9 (852.2) million in 2012. Turnover including acquisitions therefore exceeded the level reached in 2008 for the first time. Adjusted to reflect currency effects and acquisitions, consolidated turnover declined slightly by 2.8 percent. This is congruent with the most cautious scenario laid out by the TAKKT Group in the forecast section of the 2011 annual report, in which a mild decline in organic turnover was predicted.

Turnover *in EUR million*

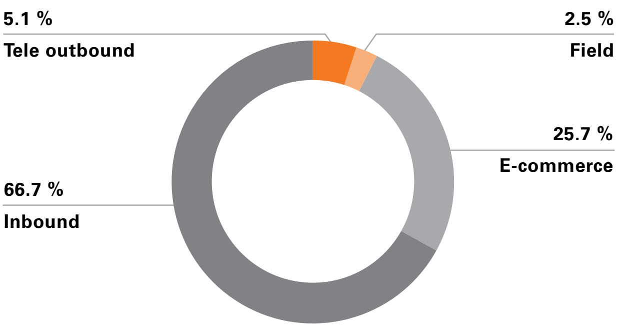


ABOVE-AVERAGE INCREASE IN E-COMMERCE

The importance of e-commerce grew once again for TAKKT in 2012, with the online business volume increasing in the year under review by 32.7 percent from EUR 181.4 to 240.7 million, 7.7 percent when adjusted for currency effects and acquisitions, which is once again faster than the other sales channels. The share of order intake generated online therefore rose again from 21.3 percent in the previous year to 25.7 percent. The figures include orders which were placed with TAKKT by telephone but were triggered by the internet.

Orders derived from tele- and field marketing activities are trending upwards, having contributed 5.1 and 2.5 percent in the order intake respectively in 2012. Those were primarily generated by NBF (OEG AMERICA), Central (SPG) and Ratioform (PSG), companies which had been acquired in recent years.

Order intake by entry type



ORDER FIGURES: VALUE AND GROWTH DRIVERS CONTINUE TO BE INTACT

As a result of acquisitions, the number of orders in the year under review rose to around 2.0 (1.8) million. At the same time, the two acquisitions made in 2012 resulted in the average order value throughout the Group as a whole declining slightly in structural terms. This is primarily attributable to the product range of the acquired companies. Therefore, in the year under review, the average order value fell to EUR 465 (479). Adjusted for acquisitions, the average order value increased in comparison to previous year´s level, although the number of orders declined slightly as result of the economic situation.

The number of customers rose considerably in the financial year to around 3.2 (2.9) million. The acquisitions are responsible for this. Adjusted for acquisitions, the number of customers was stable at 2.9 million. In both types of business – multi-channel and web-focused – the customer numbers are higher than in the previous year.

TAKKT EUROPE: HIGHER TURNOVER WHEN ADJUSTED FOR ACQUISITIONS, DECLINE IN ORGANIC TURNOVER

In the TAKKT EUROPE division, turnover rose by 1.5 percent to EUR 515.1 (507.3) million. The share of Group turnover fell to 54.8 (59.5) percent. This mild growth is fully attributable to the acquisition of Ratioform with effect from 01 July 2012. Germany's leading multi-channel direct marketing group for packaging solutions will represent the new Packaging Solutions Group (PSG) within the TAKKT EUROPE division. Currency effects also had a positive influence on turnover. The euro crisis caused many European currencies outside of the Eurozone to gain in strength during the year under review, in particular the Swiss franc (CHF), the British pound (GBP) and the Swedish crown (SEK). Due to the renewed economic downturn in Europe, it was not possible to return to the turnover level reached in 2008 despite the acquisition of Ratioform and the positive currency effects.

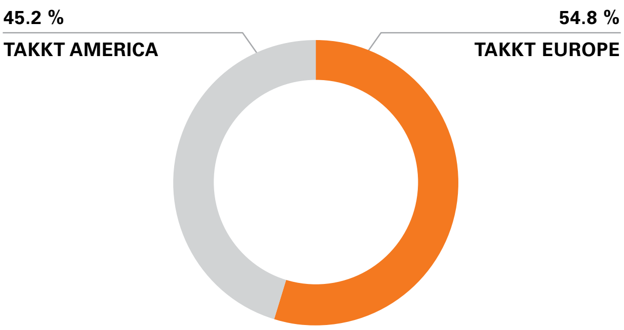
Adjusted for currency and acquisition effects, turnover fell significantly by 7.6 percent as a result of the economic conditions. The primary factor behind this development was the large decline in order numbers, although the average order value was also somewhat lower than in the previous year. If the PSG is included in the calculation, the number of orders for TAKKT EUROPE was indeed above that of the previous year, but the average order value in Europe declined even further as a result of the acquisition. Ratioform generates a lower per-order value in terms of structure with its product range than TAKKT EUROPE on the whole.

All three groups were affected by the conditions in Europe, but these effects varied. In the year under review, the turnover of the BEG declined by a mid single-digit percentage figure. As expected, the most severe declines were in Southern and Western Europe. The drop in Central, Northern and Eastern Europe as well as in Germany, was somewhat less pronounced. The web-focused brands exhibited robust growth rates, as did Asia, which is included in the BEG in the TAKKT EUROPE division.

The OEG group within the TAKKT EUROPE division also performed worse in comparison to the previous year. The decline in organic turnover was once again in the double-figure range due to the weak economy and to the change in the marketing strategy made in 2011 as part of repositioning efforts. Furthermore, the web-focused brand Furnandi was abandoned in 2012 because the value drivers did not perform in line with expectations. The continued high level of the average order value at the Topdeq companies and the acquisition of additional customers, though, is encouraging.

The new group PSG contributed EUR 42.9 million to the division's turnover in the second half of the year. Thanks to intensive marketing activities and the special range of packaging solutions, the decline in turnover for this group was limited to a low single-digit percentage as against the pro forma turnover of 2011 despite a challenging environment.

Distribution of turnover by division



TAKKT AMERICA: ORGANIC GROWTH IN TURNOVER AND POSITIVE ACQUISITION EFFECTS

In the TAKKT AMERICA division, turnover rose in 2012 by 23.2 percent to EUR 425.2 (345.2) million or 45.2 (40.5) percent of consolidated turnover. The values are well above the turnover reported in 2008.

This strong growth is attributable in part to the acquisition of GPA with effect from 01 April 2012. GPA, a leading US-american B2B direct marketing company for display items, enabled TAKKT to expand its product range and grow its expertise in e-commerce. The turnover values reported above were also bolstered by the stronger US dollar. Adjusted for acquisition and currency effects, TAKKT AMERICA's organic growth was at a good 4.2 percent. This level of performance is consistent with the prediction that TAKKT AMERICA would experience higher organic growth than TAKKT EUROPE, which the Management had stated in the forecast section of the 2011 annual report.

The TAKKT AMERICA division in general continued to profit from the broad diversification of its customer base and product portfolio. The growth in organic turnover was the result of a higher average order value, although order numbers decreased slightly. As with the TAKKT EUROPE division, the average order value in US dollar has been reduced by structural factors as a result of the acquisition of GPA, as this company's values are well below those of the rest of the division.

Within TAKKT AMERICA, the organic performance among the groups varied. Turnover within the Plant Equipment Group (PEG) was slightly below that of the previous year's level, while growth in the average order value was overcompensated for by the decline in order numbers. The PEG is a full-service supplier that offers transport products, warehouse and plant equipment to the manufacturing industry. TAKKT has observed that this industry cut its investments much sooner than other industries due to uncertainty surrounding future economic developments.

Even without the acquisition of GPA, the SPG was able to generate organic growth of a mid single-digit percentage. The group profited from strong demand in the restaurant and food retail industry. Order numbers fell slightly year on year, such that the organic growth was derived from a higher average order value.

The highest organic growth in turnover was achieved in the year under review by the OEG. The B2B equipment supplier also benefited from the continued expansion of the field marketing activities. Growth was driven both by the average order value and by order numbers.

TURNOVER BY REGION: USA AND OTHER REGIONS STRONGER

Due to the acquisitions, currency effects and organic growth, the regional distribution of turnover within the TAKKT Group has developed as follows:

- Turnover from business in Germany rose as a result of acquisitions to EUR 225.2 (204.1) million. Its contribution to consolidated turnover remained constant at 24.0 (24.0) percent.

- The share of European business (excluding Germany) declined to EUR 289.4 (303.0) million or 30.8 (35.5) percent due to economic conditions.

- In the USA, EUR 392.6 (317.5) million or 41.7 (37.3) percent of turnover was generated thanks to an acquisition, good organic growth and the strong US dollar.

- The share of turnover for the other regions – in particular that of China, Japan, Canada and Mexico, rose with turnover of EUR 32.8 (27.6) million to 3.5 (3.2) percent.

GROSS PROFIT MARGIN STABLE

The Group´s gross profit margin remained stable at 43.3 (43.3) percent in 2012 as a result of the acquisitions. This is due to the acquired companies Ratioform and GPA exhibiting a gross profit margin above the TAKKT average – an effect that overcompensates for the organic decline in the gross profit margin at Group level. Without the acquisitions, there would have been a decline to 42.4 percent for the following reasons:

- The distribution of regions and products in the consolidated turnover has shifted. TAKKT AMERICA, for example, grew stronger than TAKKT EUROPE, but generates a lower gross profit margin in structural terms.

- Rising raw material prices drove sourcing prices up. But in the interest of remaining competitive, these price increases were not yet entirely passed on to the customer.

PERSONNEL AND MARKETING EXPENSES RISE

Personnel expenses rose in 2012 by 16.5 percent to EUR 132.2 (113.5) million, exceeding the proportional rise in turnover. This is primarily attributable to the acquisitions, the continued expansion of capacity in the area of active customer service (telemarketing and field marketing) and currency effects.

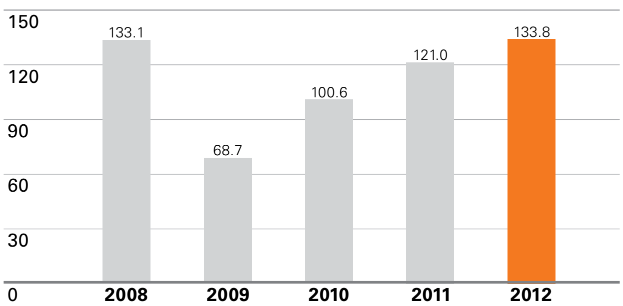
Due to the expansion of the resource-intensive multi-channel activities, there is currently a structural shift between advertising expenses and personnel expenses, as the marketing expenses to be reported under personnel expenses for telemarketing and field marketing have grown. This has led to a disproportionate rise in personnel expenses and in the ratio of personnel expenses as a percentage of turnover in the 2012 financial year to 14.1 percent as against 13.3 percent in the previous year.

Advertising expenses for print and online marketing, however, developed at a disproportionately low level relative to turnover, although the following extraordinary effects and cut-off date effects should be noted. Firstly, the acquisitions consequently led to an absolute rise in advertising expenses. Secondly, as explained in the previous annual report, the previous year's result was additionally burdened by expenses brought forward for printing the first two 2012 catalogues together. Thirdly, there was also a reduction in advertising expenses in the year under review. Due to the timing of holidays around Christmas and New Year's Eve at the end of 2012, the 2013 January catalogue for the BEG was sent out at the beginning of January 2013 instead of the end of December 2012. Adjusted for these effects, the advertising expenses ratio was slightly below the previous year´s level. While advertising efficiency was lower in Europe due to the economic circumstances, it rose in North America as expected.

EBITDA MARGIN REMAINS WITHIN UPPER THIRD OF THE TARGET CORRIDOR

One of the most important key performance indicators for the TAKKT Group in determining operational profitability is EBITDA (earnings before interest, taxes, depreciation and amortisation). In the year under review, EBITDA rose by 10.6 percent to EUR 133.8 (121.0) million due to the positive development of turnover and gross profit.

EBITDA TAKKT Group *in EUR million*

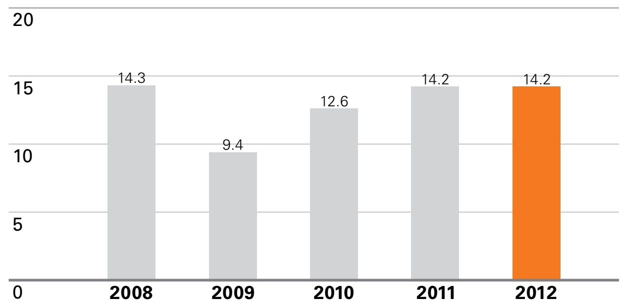


The EBITDA margin could be kept constant at 14.2 (14.2) percent. Thus, it reached the upper third of the target corridor of 12 to 15 percent. Without the acquisitions, which increased the margin in the year under review by 0.4 percentage points, the margin would have decreased to 13.8 percent. This is because

- the better capacity utilisation in North America was not enough to balance out the lower capacity utilisation of the central mail-order infrastructure in Europe and

- TAKKT AMERICA grew faster in 2012 than the Group, yet the margin of this division is below the Group average.

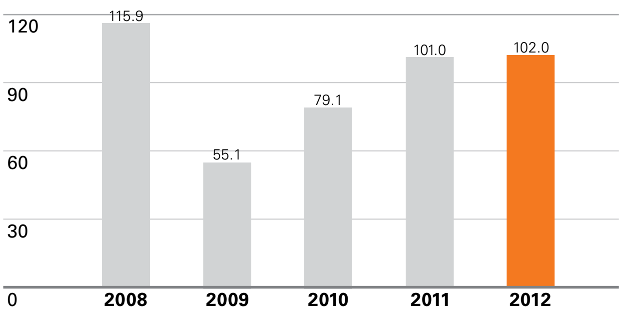
EBITDA margin TAKKT Group *in %*



TAKKT EUROPE: RATIOFORM ACQUISITION CAN ALMOST COMPENSATE FOR ECONOMIC EFFECT

The poor state of the economy in Europe heavily impacted upon the development of the organic result. With the first-time consolidation of the Ratioform group, which has above-average profitability, the EBITDA of TAKKT EUROPE of EUR 102.0 million was slightly above the previous year's level of EUR 101.0 million.

EBITDA TAKKT EUROPE *in EUR million*



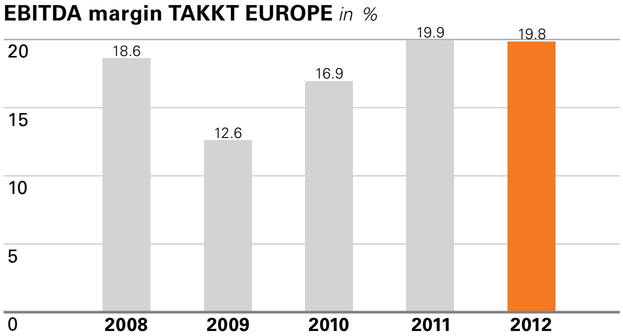
This corresponds to an EBITDA margin of 19.8 (19.9) percent. Ratioform's contribution to the result came to EUR 10.9 million with an EBITDA margin of 25.5 percent. Without the acquisition, EBITDA came to EUR 91.0 million with a margin of 19.3 percent. This has the following main reasons:

- The gross profit margin dropped to 45.6 (46.1) percent because rising sourcing prices could not be fully passed onto the customer in the interest of remaining competitive.

- The economic situation meant that capacity was not fully utilised in the year under review and the advertising efficiency declined in comparison to the previous year.

As expected, the margin remained well above the upper end of the target corridor of 12 to 15 percent for the Group. This makes the PSG the division's new leader in terms of profitability, while also the BEG is still well above the target range despite the margin decline. However, the OEG margin is significantly lower.

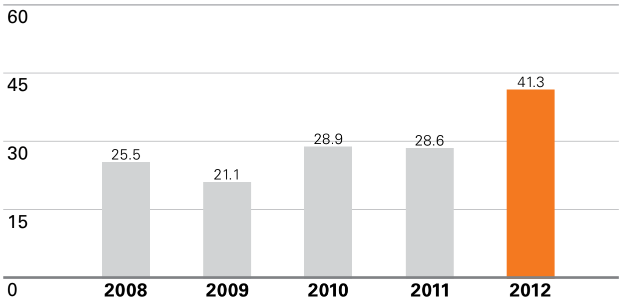
EBITDA margin TAKKT EUROPE *in %*



TAKKT AMERICA: WITHOUT ACQUISITION HIGHER EBITDA MARGIN AS WELL

The EBITDA in the TAKKT AMERICA division rose by 44.4 percent to EUR 41.3 (28.6) million. The acquisition of GPA also made a contribution, providing an additional share of the result of EUR 3.8 million. However, this contribution was burdened by the effect that business performance in 2012 being better than expected. As a result, the earn-out liability for future variable purchase price components was increased. Together with the acquisition-related additional costs of EUR 0.3 million this caused EBITDA to be reduced by EUR 3.1 million.

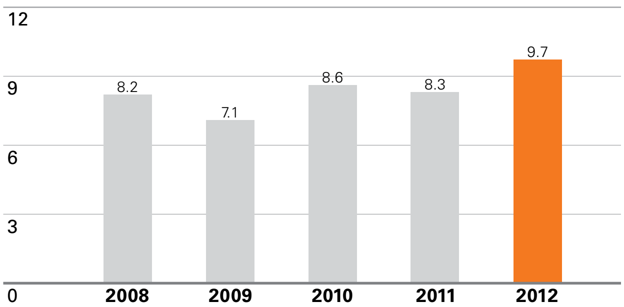
EBITDA TAKKT AMERICA *in EUR million*



The EBITDA margin of the division rose overall to 9.7 (8.3) percent. Adjusted for the effect arising from catalogue production costs through the combined production of the first two catalogues of the PEG in 2011, the EBITDA margin of the previous year was at 8.7 percent. Without the additional expenses resulting from the adjustment of the earn-out liability and the additional expenses for the GPA acquisition the EBITDA margin reached 10.4 percent and with that a figure above the ten percent mark in 2012. Adjusted for one-off effects the EBITDA margin increased by 1.7 percentage points. Even without the acquisition of GPA the adjusted EBITDA margin grew significantly from 8.7 percent to 9.6 percent. This increase was mainly due to better utilisation of infrastructure and increased advertising efficiency.

Within TAKKT AMERICA, the SPG remains the most profitable. It reported an EBITDA margin within the Group target corridor, followed by the OEG, which generated a double-digit margin for the first time in 2012. This target was initially announced for 2010 as part of the NBF acquisition in 2006, but was delayed by two to three years in light of the financial and economic crisis. With a margin in the medium single-digit percentage range, the PEG continues to remain well below the Group average.

EBITDA margin TAKKT AMERICA *in %*

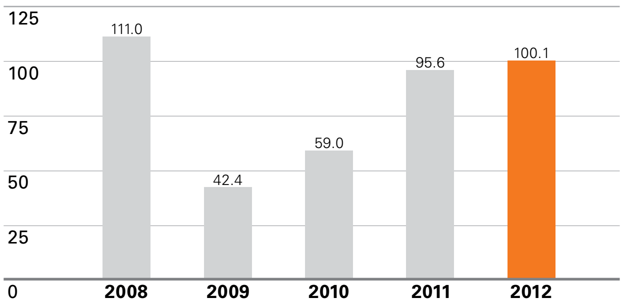


DEPRECIATION AND INTEREST EXPENSES INCREASE YEAR ON YEAR DUE TO ACQUISITIONS

Depreciation rose considerably to EUR 22.2 (16.8) million in the year under review. This is predominantly related to the individual identifiable and appraisable intangible assets from the acquisition of GPA and Ratioform being depreciated for the first time. This additional depreciation came to EUR 5.3 million in the year under review. On the other hand, the depreciation of intangible assets related to the acquisition of Central in 2009 and the purchase of NBF in 2006 fell by EUR 0.3 million. The strength of the US dollar also impacted upon use of the euro as the reporting currency.

Extraordinary expenses such as goodwill impairments were not incurred in 2012, nor were they in the previous year. EBIT (earnings before interest and taxes) was above the previous year's value at EUR 111.6 (104.1) million. The EBIT margin declined to 11.9 (12.2) percent. Financial debt rose considerably as a result of the acquisitions. Finance expenses rose accordingly to EUR 11.8 (8.7) million. The stronger US dollar, the acquisition financing and the interest accrued on the purchase price liability for GPA contributed to this rise. This resulted in a profit before tax of EUR 100.1 (95.6) million.

Profit before tax *in EUR million*



SLIGHT INCREASE IN NET PROFIT AND EARNINGS PER SHARE

The tax rate rose year on year from 31.0 percent to 33.0 percent. This was mainly due to structural effects caused by TAKKT AMERICA's larger share of the Group's profit before tax.

All in all, consolidated net profit grew to EUR 67.0 (66.0) million. Accordingly, earnings per share rose slightly to EUR 1.02 (1.01) based on the unchanged weighted average number of shares of 65,610,331.

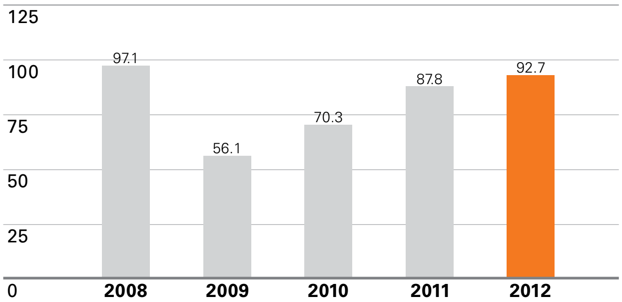
FINANCIAL AND ASSETS POSITION

With sound financing and a solid equity base, the TAKKT Group traditionally has a good balance sheet. This enables the Group to create the scope it needs to be able to take advantage of expansion opportunities such as those in the year under review at any time. TAKKT has very solid financing even with the special dividend paid out for 2011 and the acquisitions of GPA and Ratioform. The maturity structure was successfully optimised with the placing of a Schuldschein loan. Despite the challenging environment, TAKKT's cash flow remained strong as usual.

STRONG INTERNAL FINANCING CAPABILITY REMAINS A STRENGTH OF THE BUSINESS MODEL

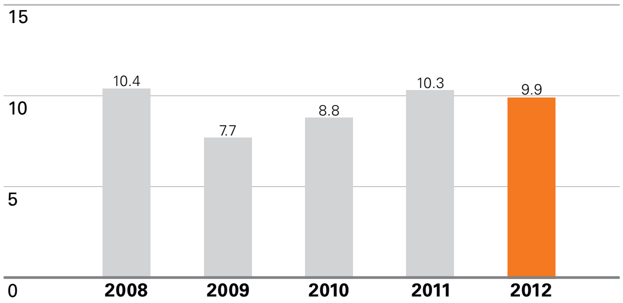
Despite the decline in European business, the TAKKT cash flow – defined as profit plus depreciation, impairment of non-current assets and deferred tax affecting profit – remained at a high level, which was due in particular to the good performance in North America and the acquisitions. TAKKT's cash flow rose 5.6 percent to EUR 92.7 (87.8) million.

TAKKT cash flow *in EUR million*



The cash flow margin, an established indicator of the company's operational profitability, remained fairly stable at 9.9 (10.3) percent.

Cash flow margin *in %*



The development of inventories as well as trade receivables and trade payables had a positive effect on the cash flow from operating activities. Due in particular to the decline in business in the fourth quarter, EUR 10.6 million in cash were released following the drop in trade receivables year on year. Inventories and trade payables have risen. The resultant outflow of funds of EUR 1.1 million was offset by various contrary effects in other net current assets and in other adjustments.

In the previous year, a rise in net working capital and other adjustments resulted in a cash need as higher trade receivables had been recorded due to the business performance at the time. Additionally, the first two catalogues were printed together, which led to an additional outflow of funds.

As a result of the cash inflow due to the reduction in net working capital in the reporting period (compared to a cash outflow in the previous year) the cash flow from operating activities rose considerably from EUR 79.4 million to EUR 103.3 million.

Managerial presentation of free TAKKT cash flow *(five year perspective)*

	2008	2009	2010	2011	2012
TAKKT cash flow	**97.1**	**56.1**	**70.3**	**87.8**	**92.7**
Change in net working capital as well as other adjustments	–0.2	14.9	18.1	–8.4	10.6
Cash flow from operating activities	**96.9**	**71.0**	**88.4**	**79.4**	**103.3**
Capital expenditure in the maintenance, expansion and modernisation of ongoing operations	–27.9	–4.6	–6.7	–9.3	–8.5
Free TAKKT cash flow	**69.0**	**66.4**	**81.7**	**70.1**	**94.8**

TAKKT invested EUR 8.5 (9.3) million in the maintenance, expansion and modernisation of its ongoing business operations in the reporting period. The capital expenditure ratio was 0.9 (1.1) percent, placing it slightly below the long-term average between one and two percent of turnover. The installation of the solar power facility at the Hubert site in Harrison, Ohio, USA, was completed in 2012 with a total investment volume of EUR 2.3 million.

Starting from a TAKKT cash flow generated in 2012, a free TAKKT cash flow of EUR 94.8 (70.1) million remained after deducting investments in net working capital as well as in the maintenance, expansion and modernisation of the ongoing business operations. In the reporting period, this free TAKKT cash flow was more than offset by payments made for the acquisitions of Ratioform (EUR 166.5 million) and GPA (EUR 38.1 million) as well as for shareholder dividends amounting to EUR 55.8 million. As a result, there was a considerable net increase in borrowings in the financial year under review.

Detailed information on the sources and applications of funds is provided in the TAKKT Group cash flow statement on pages 86 to 87 of this annual report.

LIQUIDITY SECURED AND FINANCIAL RISKS LIMITED

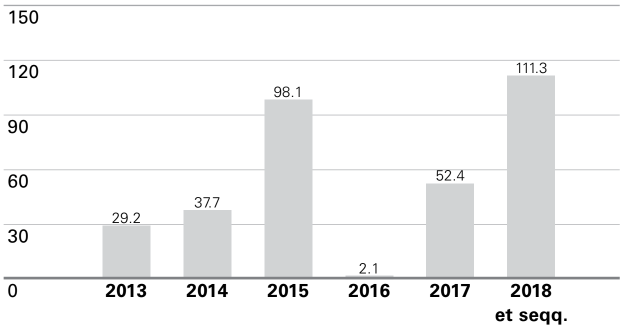
Financial management within the TAKKT Group encompasses the supervision and allocation of all financial resources and the maintenance of the Group's creditworthiness and financing capability. The purpose is to ensure that the liquidity of TAKKT AG and all of its subsidiaries is maintained at all times. In this regard, it is ensured that the companies remain independent, both legally and economically, that financial risks such as liquidity, market price and counterparty risks are limited, and that finance expenses are optimised.

Within this context, the two acquisitions made in 2012 were financed quickly and smoothly using existing and unused credit commitments and an additional short-term credit line. Moreover, TAKKT was able to refinance itself in October 2012 with the successful completion of its first Schuldschein transaction on the capital market. Due to the strong demand, the originally targeted issue volume of EUR 75 million was increased to EUR 140 million, and the interest rate conditions for the Schuldschein tranches with maturities of three and five years were set at the lower end of the offered spread range.

The maturity structure of the borrowings as per 31 December 2012 is as follows:

Maturity profile of borrowings of TAKKT Group

in EUR million



As of the balance sheet date, there were also unused credit lines amounting to a low three-digit million EUR amount with remaining terms of up to five years.

The payment behaviour of TAKKT's customers remained stable as usual in 2012 despite the challenging economic environment. At 33 (35) days, the average collection period decreased mainly as a result of the acquisitions. The rate of write-offs on receivables also remained low at less than 0.3 percent of consolidated turnover. The TAKKT Group's efficient payments system further enables it to take advantage of supplier discounts.

All covenants, which TAKKT uses internally for the long-term management of its financial structure, fell within the internally set

Internal corporate covenants 2008–2012

	2008	2009	2010	2011	2012
Total equity ratio in percent	61.7	45.1	46.5	54.7	35.7
Debt repayment period in years	0.8	3.0	2.4	1.2	2.2
Interest cover	21.0	6.9	9.0	12.2	9.6
Gearing	0.2	0.8	0.6	0.3	1.0

target corridor as of the reporting date. At 35.7 (54.7) percent, the equity ratio remained within the range of 30 to 60 percent. This target corridor represents the balance between security and profitability that TAKKT strives to achieve. While there should be sufficient financial scope for growth and more challenging times, TAKKT also aims to achieve the appropriate return on the invested capital.

While the acquisitions and the special dividend for the 2011 financial year brought gearing up from 0.3 to 1.0, it still remained well below the long-term upper limit of 1.5. The debt repayment period, at 2.2 (1.2) years, also remained within the time limit of five years. The interest cover fell slightly from 12.2 to 9.6. The method of calculation and the definition of the key figures are presented on page 116 of the Notes and in the glossary starting on page 151. All of the key financial indicators underline the very solid financing of the TAKKT Group and show that TAKKT has sufficient scope for financing of further growth.

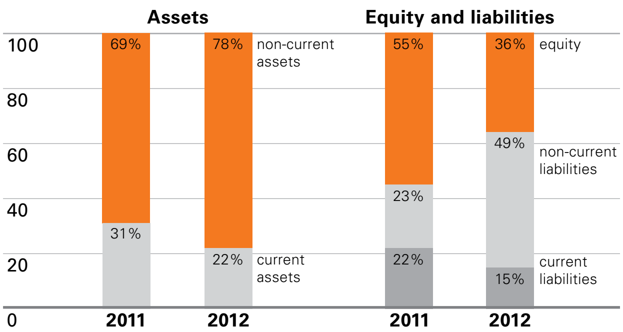
TOTAL ASSETS GROW AS A RESULT OF ACQUISITIONS

The TAKKT Group's balance sheet ratios changed in 2012, most notably due to the acquisitions. With the first-time consolidation of GPA and Ratioform, their assets and debt have been recognised as well, and borrowings also increased as a result of the acquisition financing. There were no material currency effects this year.

As of 31 December 2012, total Group assets rose to EUR 874.3 (549.8) million. Non-current assets accounted for EUR 679.7 (376.9) million or 77.7 (68.5) percent of those. As a result of the acquisitions, goodwill amounting to EUR 216.6 million, intangible assets amounting to EUR 66.6 million and property, plant and equipment amounting to EUR 36.3 million were additionally recognised in the year under review. No impairment of goodwill was necessary on the basis of the impairment test performed. Current assets grew in total from EUR 172.9 million to EUR 194.6 million. Resulting from the acquisitions, EUR 12.7 million in inventories and EUR 7.7 million in trade receivables were added as the most significant individual items. This put total trade receivables at EUR 87.1 (91.1) million and inventories at EUR 78.0 (58.8) million.

Current and non-current liabilities, valued at EUR 130.1 (121.4) and EUR 432.2 (127.4) million respectively, accounted for around 14.9 (22.1) and 49.4 (23.2) percent of total assets respectively. As a result of the acquisition financing, the borrowings of the Group have grown to a total of EUR 330.9 (95.9) million. The shift in the ratio towards non-current liabilities is in particular the result of the Schuldschein loan and underlines the solid financing of the TAKKT Group. Deferred tax liabilities rose heavily to EUR 53.1 (35.9) million, which is attributable to tax write-downs on goodwill and to the first-time recognition of deferred tax liabilities on the intangible assets recognised through the acquisition of Ratioform (not including goodwill). Despite a regular increase, pension provisions continue to be of low importance at around 2.6 (3.8) percent of total assets.

Balance sheet structure of TAKKT Group



Intangible assets such as customer and supplier relationships, brand value and internal expertise are not accounted for in case they do not accord to IAS 38. At TAKKT this mostly applies to those assets that were self-created within the Group. For the acquisition of entire companies, some of these assets are recognised under IFRS 3 upon first recognition in the consolidated financial statements if they are measurable and identifiable on their own. The assets recognised as part of company acquisitions therefore provide a good indicator for the value potential of these assets. For example, a total of EUR 85.3 million was recognised for customer relationships for the acquisitions of the NBF Group in 2006, Central in 2009 and GPA and Ratioform in 2012. The depreciated value of these customer relationships as recognised as of the balance sheet date came to EUR 47.5 million. The value of the TAKKT Group brands recognised as of 31 December 2012 came to EUR 25.7 million.

There are no off-balance-sheet financial instruments such as non-recourse factoring arrangements or asset-backed securities within the TAKKT Group. However, the Group did conclude operating leasing agreements with future payment obligations totalling EUR 46.7 (33.8) million, for example for property, buildings, operating equipment, business equipment and vehicles. These were not recognised under IAS 17 and are therefore not reported under non-current assets.

SUBSEQUENT EVENTS

After the balance sheet date no significant events occurred which had a significant impact on the earnings, financial and assets position.

OUTLOOK

OPPORTUNITIES AND RISK REPORT

Companies operate in a complex world where the future behaviour of all market participants is uncertain. Every business decision is based on expectations, whereby the likelihood of them occurring is varied. All companies are exposed to risks at all times. An important factor in a company's success is recognising and managing risks and opportunities early on. For this reason, the TAKKT Group has developed effective systems that it utilises successfully.

SYSTEMATIC MANAGEMENT OF OPPORTUNITIES AND RISKS

TAKKT has an active opportunity and risk management system that systematically identifies, quantifies, manages and monitors all material opportunities and risks. A risk is defined here as the danger of deviating from a company goal in an unfavourable manner, while an opportunity is defined as the possibility of exceeding these goals. TAKKT strives to achieve a balance of opportunities and risks in all of its activities for the purpose of sustainably increasing the value of the company in the interest of all stakeholders.

The opportunity and risk management system encompasses all fields of activity within the TAKKT Group and arranges opportunities and risks into the following categories:

- Related to competitors and the sector
- Corporate strategy and positioning of the company
- Operating processes (procurement, marketing, sales, logistics and human resources)
- Financial management
- Other risks

In terms of organisation, the opportunity and risk management system is structured as follows: responsibility for the establishment and monitoring of the opportunity and risk management system lies with the Management Board, which is assisted by the central Group accounting, corporate controlling, finance, legal, HR and internal auditing departments of the Group holding company. As part of its duty to monitor the Management Board, the Supervisory

Board examines the effectiveness of the opportunity and risk management system. The external auditors examine the establishment and suitability of the early warning risk recognition system, as they are not dependent on the relevant processes. The internal auditing department monitors the major processes of all Group companies to ensure that they perform well, are cost-effective and satisfy internal directives.

The opportunity and risk management system is based on the close partnership between the directors of the companies, the Management Board and the central departments. Important components of the system are a uniform risk management directive; a process integrated into planning for the standardised recording, evaluation and reporting of opportunities and risks; the thorough controlling of all companies; a uniform code of procedure; and a double-checking principle applied throughout the Group.

The TAKKT Group continuously analyses the market and competitive environment of its divisions and companies. Its own potentials are regularly monitored to see whether adapting to possible changes could improve its market position. This systematic observation enables it to identify and assess opportunities and risks at an early stage. As a result of this analysis, TAKKT defines measures that can be applied in order to limit, manage or avert risks. In addition, the Group continuously analyses economic indicators such as changes in GDP growth rates or the development of PMIs. The Group can use this data to promptly identify factors that may have an influence on the realisation of its strategy and planning.

The TAKKT Group's management relies on a range of efficient steering and control systems to manage the operating companies. Each year the Management Board holds discussions with all of the subsidiaries on the operational planning for the coming year and the results of the risk monitoring. It is also regularly informed about the current order intake levels. The analysis and discussion of the monthly reports between the Management Board and Corporate Controlling help to actively manage opportunities and risks in respect of their effect on gross profit. Special report formats that provide information on significant cost blocks such as HR and advertising costs also provide a basis for the efficient management of cost risks. The strategic management rests on detailed planning for several years ahead, which is done each year for all six groups and the company as a whole.

All control and reporting structures generally start at subsidiary level and end with the Management Board, whose approval is required for critical measures. Internal controls have been established at all levels and at every stage of the process. Companies that have been newly founded or acquired are included in the controlling system and opportunity and risk management system in accordance with a structured integration process. They have to meet exactly the same requirements as the established companies in the Group.

INTERNAL CONTROL SYSTEM FOR THE ACCOUNTING PROCESS

TAKKT has extensive structures, systems and measures in place which safeguard the effectiveness and security of the accounting process and of the preparation of financial statements within the Group. These enable TAKKT to ensure that the intended readership of its financial report is always provided with relevant and reliable information on the Group's business activities. The accounting-based internal control system is derived from the internationally recognised "Internal Control – Integrated Framework" issued by COSO (the Committee of Sponsoring Organizations of the Treadway Commission).

The Group-wide application of the Generally Accepted Accounting Principles (GAAP) and the most recent International Financial Reporting Standards (IFRS) is assured by TAKKT by means of mandatory requirements, including accounting guidelines that are updated on an on-going basis, a standardised chart of accounts for reporting purposes, a Group-wide schedule for the preparation of financial statements, and various handbooks. The Group accounting department monitors compliance with these guidelines. If necessary, TAKKT will call in external experts or qualified consultants, for example when evaluating pension liabilities or for reports on purchase price allocation for company acquisitions. All employees responsible for accounting and financial reporting receive regular training.

In order to assure a high standard of accounting, TAKKT makes use of certified data processing systems for order processing, accounting, reporting and treasury and trains all of the users responsible for this centrally. Standardised and centrally administered IT systems are used to prepare the consolidated financial statements. The standard software solution SAP SEM BCS is used for consolidation at every level of the TAKKT Group. A form-based data collection and collation instrument is utilised to prepare the Notes to the consolidated financial statements. This is also based on an SAP solution. Automated check processes within the IT systems support the financial reporting process, and the IT systems within the accounting department are protected from unauthorised access. TAKKT has also ensured that functions are separated from one another to prevent or reduce risks that result from errors and irregularities, to identify problems and to ensure that corrective measures are taken. This guarantees that no individual employee ever has control over all phases of a business transaction. IT change management systems ensure that no data is lost when changes are made to the IT infrastructure.

The Group's compliance with its control systems and accounting regulations is regularly verified, for example by local managers and auditors. Checks are also carried out by the central Group accounting department, the internal audit department and the Group auditors. TAKKT uses the measures, systems and checks described to ensure that the Group accounting process is consistent with all accounting regulations and legislation and that it is reliable.

The effectiveness of accounting processes is documented by way of a recurrent process comprising risk analysis, identification of controls and an assessment of the effectiveness of these checks. A report is issued annually to the Supervisory Board with the results of this documentation process.

OPPORTUNITIES

Growth by way of efficient customer communications: Integrated multi-channel approach

The multi-channel approach described in more detail in the "Corporate strategy" section on page 40 to 41 provides TAKKT with significant growth opportunities. By skillfully combining print media, the internet, telemarketing and field marketing in its sales efforts, TAKKT can present itself as a reliable partner to the customer. The Group already has many years of experience in this field and continues to refine this sales strategy, most notably by expanding its telemarketing and field marketing sales efforts.

E-commerce and e-procurement provide new opportunities

The number of users who have grown up with the internet (digital natives) continues to rise, and the targeted selection of products is getting easier and easier with improved search functionality. TAKKT is responding to these trends with a diversified online strategy. Larger customers who have greater service and consulting demands and for whom process costs are a predominant concern are catered for by TAKKT's traditional business activities via the usual multi-channel brands with the aid of web shops and e-procurement, while web-focused brands are directed towards smaller occasional customers with fewer service and advice requirements. TAKKT has a distinct competitive advantage here against new market entrants, as the Group is able to use the infrastructure at its disposal to cater to additional target groups by means of new brands and alternative sales approaches.

Greater opportunities through diversification

TAKKT's diversified business model provides the company with unique opportunities. The broad diversification in terms of products, customers and regions enables the Group to be less economically dependent on individual sectors or regions and makes relative stability possible even in economically challenging times. For example, the economic difficulties in Europe during the year under review were compensated for in part by the successful business in North America. TAKKT aims to diversify even further by acquiring market-leading B2B direct marketing companies in other sectors and by expanding existing business models to other national markets.

Broader investor basis, increased financial flexibility

TAKKT grew its refinancing sources in the year under review and optimised the maturity profile of its borrowings. In its debut transaction, the Group placed a Schuldschein loan with a volume of EUR 140 million and maturities of three and five years with fixed and variable interest rates respectively. This allowed for the refinancing of a short-term acquisition credit line that TAKKT had secured for the acquisition of the Ratioform Group. This transaction enabled TAKKT to attract debt capital investors who could be contacted in the event of any future issues and has raised its profile even further on the capital market. The Group also now has additional free credit lines for possible future acquisitions.

COMPETITIVE AND SECTOR-RELATED RISKS

Economic instability: a major risk to TAKKT's business

B2B direct marketing activities are generally dependent on the economy, and TAKKT's business model is therefore subject to general economic risk. The Group has managed thus far to stave off the effects of economic instability in individual countries, sectors and fields through diversification.

- With its various multi-channel and web-focused brands, TAKKT addresses customers of all sizes from various industries.
- With more than 200,000 products, TAKKT has a very broad range.
- Through its presence in more than 25 countries while focusing on North America, Europe and Asia, TAKKT reduces economic risks in individual markets.

Business model
Corporate strategy
Corporate development
Financial year
General economic and sector-specific conditions
Turnover and earnings review
Financial and assets position
Subsequent events
Outlook
Opportunities and risk report
Forecast report
Corporate Governance
Corporate Governance report
Remuneration report

- The sales companies are also in various states of growth – while the newly founded companies and the more recent establishments experience dynamic growth and are largely unaffected by economic instability, the more established sales companies are likely to follow the general economic cycles in terms of their performance.

- The investment behaviour of the customers of each group also varies depending on the economic cycle.

Only in severe global crises, such as the last one in 2008/09, has TAKKT not been able to benefit from its diversification due to the fact that every customer group, every sector and every region was affected by the downturn. For example, organic turnover fell by a little over 25 percent year on year in 2009, while EBITDA dropped by around 50 percent.

Risk presented by new competitors is manageable
TAKKT is potentially also subject to the risk of losing market share as a result of new competitors entering the market. TAKKT believes this risk to be comparatively small in the B2B direct marketing sector for business equipment, as the market entry barriers are very high, even for web-only suppliers, due to the development of supplier structures, logistics and a customer base being very costly and time-consuming. New competitors must expect many years of initial start-up losses. Established suppliers such as TAKKT have an advantage over start-ups due to economies of scale.

TAKKT also considers the risk that TAKKT's multi-channel business model will be replaced by open, web-based marketplaces to be low. While the success of such marketplaces in the B2C sector is attributable most notably to pricing and the convenience of ordering, the primary customer concerns are different in the B2B sector. Corporate customers are interested in a high-quality product range, professional advice and comprehensive after-sales service. This includes, for example, fulfilling guarantees, re-orders and spare parts deliveries. Ultimately, the TAKKT range products are intended to make commercial activities more productive and safer so that the customer can focus on their core business. Open marketplaces cannot offer these kinds of product-related services. Furthermore, corporate customers are interested in flexible, tailored pricing, depending on their needs, the product and the volume of their order. Electronic marketplaces cannot provide such flexibility and price customisation. Therefore these marketplaces are at a disadvantage in comparison to product specialists as they are unable to fully meet the requirements for an attractive all-round package comprising product, service and price.

RISKS ARISING FROM CORPORATE STRATEGY AND POSITIONING

Acquisition and integration risks predictable
As part of its growth strategy, the TAKKT Group makes strategic acquisitions to complement its portfolio. While this provides a range of opportunities, it may also create the following risks:

- The integration of acquired companies or their products and services into TAKKT's business activities may take longer or incur higher costs than expected.

- The growth and earnings performance expected upon acquisition is not generated.

- Goodwill or remaining intangible assets may need to be impaired due to poor business performance.

TAKKT has experience with acquisitions and is therefore well equipped to handle these risks. Acquisitions are carefully prepared and only carried out if there is a sufficient likelihood of the acquired company contributing to the success of the TAKKT Group in the long run. TAKKT imposes high return on investment expectations here and conducts thorough due diligence. In addition, companies are integrated into the Group according to clearly defined processes that are based on past experience. The annual impairment tests performed on goodwill in the year under review once again underlined the value of these assets. In spite of the recession in the European economy, no impairment risk was apparent.

No dependence on individual suppliers or customers
TAKKT does not face any substantial risk with respect to dependency on individual suppliers. The company is able to switch to alternative suppliers for nearly every product and ensures that nothing will change in this situation, even in the long term. Even in past crises, there was no consolidation of suppliers for TAKKT's product range.

There is also little dependency in terms of sales, because the structure of TAKKT's customer base is highly diversified. Only two customers in a customer base of more than three million customers generate turnover for the Group that accounts for more than one percent of total turnover. The impact of the loss of individual customers is therefore minor. TAKKT also diversifies in terms of its customer base, which includes companies from many different segments of the service sector, public authorities and the manufacturing industry. The focus has been shifting for some time now. While almost all of the company's customers came from manufacturing 25 years ago, this sector now accounts for less than 50 percent. TAKKT also caters to customers of many different sizes – from self-employed individuals to hotel chains and public bodies, from single workshops to large-scale manufacturing facilities. Thanks to e-commerce, the customer basis will broaden even further in the future. Smaller buyers can be better reached online and served in a more economically efficient manner, while key customers are more closely tied to TAKKT by means of e-procurement, as this makes purchasing much easier and more efficient for them.

E-commerce higher risk than catalogue business

E-commerce tends to be exposed to a higher risk at first than traditional catalogue business because it is much easier to compare ranges and prices. Technological progress on the internet forces business models to undergo constant change. The TAKKT Group addresses these trends by refining its online service on an on-going basis.

Reacting flexibly to price changes

TAKKT is subject to the risk of not being able to pass on rising purchasing costs to its customers. TAKKT's multi-channel brands limit this risk by revising their catalogues several times a year. This enables them to react flexibly to changes in product availability and purchasing prices in most cases, if the competitive situation permits. For web-focused brands, changes can be made even more quickly and more frequently. If the cost of steel rises, for example, TAKKT can usually change its price quickly or offer an alternative product. TAKKT also trades in durable goods that are neither perishable nor subject to risks from significant changes in technology or trends. TAKKT has extensive warehouse capacity and can therefore make use of phases of economic weakness to build up its stocks. The risk presented by rising prices is therefore limited on the whole.

OPERATING RISKS

Strategic protection for advertising media and customer addresses

The printed catalogue is an important sales medium for the TAKKT Group. There is a risk that this advertising material could be damaged or lost before it arrives in the customer's hands. The company therefore selects all of its service providers carefully and pays particular attention that its advertising material remains undamaged during production and distribution. To minimise the risk of loss, TAKKT has its catalogues produced by seven printers in different locations. Any loss or destruction of advertising media is covered by insurance.

Fluctuations in the price of paper and printing services also present a risk for TAKKT. Because the company prepares around 48 million advertising documents each year, these costs are fairly significant. To ensure that short-term price fluctuations cannot impact on earnings, the Group has mostly longer-term printing contracts with reliable partners. TAKKT companies were not significantly affected by the financial difficulties of individual printers in the year under review.

The loss of customer data also presents potential risks for TAKKT. A high-quality and secure address database forms the basis for the TAKKT Group's business. The Group thus takes great care in protecting data relating to existing and potential customers. Security systems ensure that only authorised personnel can access and process the addresses. The TAKKT Management Board does not expect any tightening of data protection regulations to have a significant effect on the Group's business.

Low warehousing risk

TAKKT does not deem risks from inventory assets to be significant. These encompass risks arising from ageing as well as technical developments and changes in pricing of its products. Tables, desks, chairs, cabinets and cupboards are standard furnishings that are always needed. In B2B business in particular, they are not subject to seasonal price fluctuations or short-term fads. Since the TAKKT Group continually updates its product range, an item may be dropped from the catalogue in the medium term yet still remain stocked in the warehouse. In this case, the product is sold off at a special price or the company falls back on contractual return clauses that are generally arranged with suppliers for remnant stock.

Efficient logistics system

TAKKT generally stores products in large mail order centres and therefore there is less need to build up inventory or reorder products than would be necessary with several smaller warehouses. The divisions only develop smaller regional warehouses to provide optimum delivery services wherever it is necessary, as has been the case in Scandinavia, Eastern Europe and Canada, for example. By bundling product purchases, TAKKT is able to profit from better pricing. This also reduces procurement costs and thus benefits the customer. These advantages far outweigh the disadvantages resulting from centralised warehousing, such as fire. These risks are also sufficiently covered by insurance, for example against fire, theft and loss of production.

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

TAKKT contracts external logistics companies to deliver its goods and, when choosing its logistics partners, pays particular attention to how attractive their costs are and to their wide-ranging know-how in delivering products to the very different regions. Fluctuating fuel prices, tax for motor vehicles and tolls have little impact on TAKKT's earnings, with shipping costs accounting for much less than ten percent of consolidated turnover.

Low write-offs on receivables and guarantee claims

The risk that receivables may be written off at TAKKT remains extraordinarily low with a write-off rate of less than 0.3 percent of turnover. There are a number of reasons for this. Firstly, the company checks the creditworthiness of its customers carefully and actively manages its receivables. Secondly, the average order value is low with a highly diversified customer structure. The rate of receivables that are written off therefore remains stable regardless of the economic cycle. The same applies to the average collection period, which measures the average period between the invoice date and payment receipt date. This came to 33 (35) days in the year under review.

The number of customers claiming warranties and guarantees has remained consistently low for several years, and the right to return goods is only rarely exercised. The reason for this is that TAKKT only sells durable products that are less likely to develop faults. TAKKT gains additional security through contractual return clauses arranged with the majority of its suppliers and is insured against product liability risks.

Few personnel-related risks

The long-term success of TAKKT is largely dependent on qualified and motivated employees, whose know-how and commitment directly affects business. In order to continue growing profitably, TAKKT relies on always being able to acquire highly qualified employees and retain them in the long term. The Group therefore places great value on its strategic HR policy, which is illustrated on pages 40 to 43 of the Sustainability Report 2012 and addresses the strategic use of further training, for example. Risks from staff turnover are by and large minimal as TAKKT always has deputy and successor arrangements in place for the event that an employee is ill or leaves the company. However, if staff illness or resignation occurs in key positions within the company that require special and more unusual qualifications, this could lead to longer vacancies.

Reliable and powerful IT and communication systems

TAKKT depends on powerful and reliable IT systems to run its business, for example servers, order processing software and product management systems. Data security and the smooth operation of systems therefore play an important role in TAKKT's risk management.

At TAKKT EUROPE, the companies make use of central high-availability systems to protect data and functionality. A server processes day-to-day business, while special software copies all files to a backup system. This system provides services only in the event of server failure. At TAKKT AMERICA, the same risks are minimised to the greatest extent possible with continual backups and external hardware capacity.

TAKKT's internal IT departments and outside specialists check the systems on an on-going basis to ensure that they are working properly, are secured against unauthorised access and that the data can be restored without any problems. TAKKT has developed measurement systems and an IT security management plan based on a security analysis. High security standards are in place, with strict guidelines governing the use of email, the internet and any other IT systems. All staff members are required to agree in writing to comply with these rules.

It is also crucial for the TAKKT companies' business that the sales companies be reachable by telephone without any interruptions in service. The Group uses uninterruptable power supplies and back-up systems to protect itself against failures and faults. Calls can also be rerouted to other sites. The company continuously monitors how easy it is for customers to contact the companies' sales offices. Through these checks, TAKKT is able to align its telesales capacities flexibly with business volumes.

FINANCIAL RISKS

Because TAKKT operates around the world, it is exposed to financial risks. This concerns risks arising from exchange rate and market interest rate fluctuations as well as risks related to financing and securing liquidity. The purpose of the risk management system with respect to financial instruments is to monitor these risks continuously and limit them by means of operational and financial activities. There are rules in place for the handling of financial instruments which ensure that financial transactions above certain limits are not carried out without the approval of the Management Board. Derivative financial instruments are only used for hedging.

Hedging against exchange rate risks
Currency risks arise from transactions not processed in euros, which is the reporting currency. 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 and services in different currencies. The Group protects itself against these risks by generally buying and selling products in the same currency. Transaction risks from fluctuating exchange rates remain for less than ten percent of consolidated turnover – mainly from intercompany transactions. The open net items are identified based on the individual companies' turnover forecasts. The resultant currency risks are generally hedged by the respective delivering entity using derivative financial instruments to an amount of around seventy percent, preferably with forward foreign exchange contracts. As a result, the transaction risk arising from exchange rate fluctuations is low on the whole. In general, forecast turnovers and cash flows are considered for one catalogue cycle. More information on the use of derivative financial instrument is provided in the Notes to the consolidated financial statements on pages 125 to 136.

- **Translation risks** arise for the TAKKT Group's balance sheet and income statement when the financial statements of individual foreign subsidiaries are translated into euros, the reporting currency. Especially fluctuations in the US dollar impact on the absolute value of the key figures reported in euros. TAKKT 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.

Hedging against interest rate risks
The risk presented by interest rates changing is derived from market-based fluctuations in general interest rates. It affects the amount of interest payments as well as the market values of financial instruments. TAKKT protects itself against this risk through interest rate swaps. In order to ensure that the interest rates of long-term loans are hedged in the long term, the maturity periods of the hedges are based on the terms of the loan agreement. The target hedge level is between sixty and eighty percent of the finance volume. This limits the negative impact of interest rate increases, but still offers 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 the future free cash flows, which are used to repay borrowings.

The hedging instruments held as of the balance sheet date are described in detail in the Notes on page 132 onwards. Quantitative information on exchange rate and interest rate risks is also provided there, including sensitivity analyses for exchange rate and interest rate fluctuations. By using the above-mentioned currency and interest rate hedges, TAKKT does not face any material risks from changes in prices.

Liquidity risk marginal – financing secured in the long term
Financing may also present TAKKT with potential risks. The Group monitors and manages its financial structure by means of long-term financial planning and specific internal covenants, which are explained in more detail in the glossary starting on page 151.

Covenant	Internal limit	Value as of 31 December 2012
Equity ratio	30 to 60 percent	35.7 percent
Debt repayment period	< 5 years	2.2 years
Interest cover	> 4	9.6
Gearing (debt-equity ratio)	< 1.5	1.0

The Group finances itself primarily by means of long-term loans. In addition, TAKKT always has sufficient free credit lines available of which the yearly average clearly exceeds one hundred million euros in the last reporting periods. TAKKT's external growth can thus be achieved in the long term at conditions already agreed up to this amount – regardless of the current situation on the financing market. TAKKT closes deals exclusively with banks with a good rating, which the finance department regularly monitors. Furthermore, the bank pool is widely spread. The company can therefore virtually rule out a liquidity risk arising from financing issues.

OTHER RISKS

Legal risks with no material impact on the business
TAKKT Group companies are involved in litigation in day-to-day business both as plaintiff and defendant. This litigation does not have a material impact on the economic situation of Group, neither individually nor jointly.

Recently, there have increasingly been patent disputes regarding the use of functionalities during web site programming, especially in the USA. Like many other companies, TAKKT has in certain cases been targeted with lawsuits from 'patent trolls' – non-practising entities who systematically buy up patents and then collect licensing royalties. Companies using the web technologies covered by the patents, which are often trivial, can get caught up in legal disputes. Consequently, the company must decide in each case whether it makes more sense to enter into costly legal proceedings or to pay the royalties. In the year under review, TAKKT also joined a defensive patent aggregator to minimise further attacks.

Furthermore, the increased sovereign debt in certain countries results in a higher number of tax audits. TAKKT, however, does not regard this as posing any significant additional risks.

Lastly, a product warning was issued at Topdeq about a furniture range, as this range may be lacking in stability. Topdeq has offered a remedy service in this regard. Based on current information, the cost and risks associated with this process are manageable.

General assessment of the Management Board – no risks to the Group as a going concern

TAKKT is continually developing its entire opportunity and risk management system further and adjusts it to meet new demands where required. The auditors have once again confirmed the suitability and effectiveness of the early warning system for risks. In the year under review, the risk environment described remained largely unchanged from the previous year. Based on the information currently available, the Management Board does not believe that there are any risks at present or in the foreseeable future that may put the Group at jeopardy as a going concern or that are more substantial than ordinary business risks. The TAKKT business model generates strong cash flows and the company has solid financing, meaning that neither the risks as a whole nor a renewed global recession would threaten the viability of the TAKKT Group as a going concern. Nonetheless, TAKKT has taken all necessary precautions to recognise opportunities and risks in good time and either exploit or manage them where appropriate.

FORECAST REPORT

TAKKT has repeatedly proved that its business model is well equipped to handle any economic situation, as long as it remains flexible and is supported by a solid balance sheet and financing structure. The company has successively grown its market position, is continuing to develop and is therefore also profitable and has strong cash flows, even in challenging times. TAKKT therefore anticipates to be able to grow turnover organically and to increase its result in 2013 despite the economic uncertainty.

STRATEGIC DEVELOPMENT AS BASIS FOR GROWTH

As detailed in the „Corporate strategy" section on page 40 onwards, TAKKT will continue to refine its successful business model in the years to come.

TAKKT already has long-term strategic opportunities arising as it shifts from being a traditional direct marketing company to an integrated multi-channel company. For this reason, impulses by way of direct customer contact, for example through telemarketing and field marketing, will increase in combination with print and online advertising media. The share of business initiated over the web will also continue to rise. TAKKT expects the new marketing media to continue gaining in significance, with positive effects on customer loyalty and the TAKKT Group's sales volumes.

Taking the following steps will also provide further opportunities for TAKKT:

- Successful brands will be expanding their business model to new markets. The Hubert brand, for example, which is the market leader in the US for direct marketing for retail, food service and hotels, will be entering other sales markets in the EU.

- TAKKT will be establishing innovative technologies through new web shops in the European BEG and in the American PEG. TAKKT expects to generate opportunities for increasing order intake and turnover from this.

- In the BEG, the largest group, TAKKT is beginning to optimise the complex IT processes within the ERP and procurement systems and develop a media-neutral product database that provides uniform product data regardless of the sales channel used. As a result, process costs should be reduced in the long-term and productivity increased.

- Additional products and services provide growth opportunities with existing and new customers. TAKKT will concentrate even more on marketing complementary product ranges exclusively online.

- TAKKT is also continually looking for potential acquisition targets.

These developments and activities provide TAKKT with the opportunity to achieve growth rates that go beyond the long-term average of GDP.

VARYING ECONOMIC EXPECTATIONS IN EUROPE AND NORTH AMERICA

The economy will continue to see varying performance in 2013 in Europe and North America, the two most important regions for TAKKT.

In Europe, sovereign debts remain high, pressure to consolidate persists and little scope is available for governmental intervention. For these reasons, TAKKT does not expect the European economy to bolster sales results in the first half of 2013. GDP growth in the eurozone is likely to be around 0.3 percent and the rate of growth in Germany may be around 1.0 percent. TAKKT only expects GDP growth rates to return to 1.5 percent in the eurozone and 2.5 percent in Germany in 2014.

North America, on the other hand, had already driven TAKKT's business up in 2012. This trend that could theoretically continue in 2013, though growth momentum has softened slightly in the economies of North America and base effects should be taken into account. TAKKT expects GDP growth of 2.0 and 2.8 percent in the USA for 2013 and 2014 respectively.

Asia, the third region in which TAKKT operates, will once again grow significantly faster than the global economy in 2013 and 2014. For Japan and China, which are of relevance to the Group, TAKKT expects GDP growth of 0.6 and 7.5 percent, 1.3 and 7.5 percent respectively. However, both markets currently only play a minor role in the consolidated figures.

SHORT-TERM INDICATORS HINT AT RECOVERY IN THE SECOND HALF-YEAR

The statements made above regarding the business forecasts are also supported by the performance of major purchasing manager indices. These indices are highly reliable indicators of developments in the TAKKT Group's order situation with a time delay of three to six months. Values under 50 points generally result in a decline, while values above 50 points bring about a year-on-year increase in order intake.

The values for Germany (49.8) and Europe (47.9) are currently at and below the 50-point mark, respectively. Therefore, TAKKT expects a decline in the single-digit range in Europe, at least for the first half of 2013. Currently, a few early indicators hint at a recovery of the economic activity in Europe beginning towards the middle of the year.

After a slight decline in development, the USA has returned to run stably above the 50 point threshold with 53.1 at present. This indicates a mildly positive trend for the PEG.

LONG-TERM GROWTH PATH EXPECTED TO CONTINUE

Over the past 27 years, TAKKT has grown ten percent annually on average – including the severe decline in 2009. Acquisition-induced and organic growth each contributed roughly half to this increase. The long-term average figure for organic growth comprises some periods of average growth (such as 2004, 2005, 2010 and 2011), years with below-average or negative performance (such as 2001 through to 2003, 2009 and 2012) and periods such as 2006 and 2007 in which TAKKT experienced above-average organic growth. The Management is convinced that the TAKKT Group will remain on this growth path in the medium and long-term. Developments in the next two years are largely dependent on the performance of the economy in the USA and Europe due to the cyclical sensitivity of the business.

In terms of the TAKKT Group's overall growth, the two acquisitions from 2012 will provide positive effects in 2013. While GPA and Ratioform were only recognised from April and July onwards respectively as per their time of acquisition in 2012, they will be recognised in the consolidated figures for the entire year for the first time in 2013. This situation is expected to result in growth in consolidated turnover of around six percent.

The Management Board currently considers the following three scenarios to be possible for 2013:

- With a significant improvement in the GDP growth rate in comparison to that of 2012 and PMIs between 50 and 60 points, organic turnover growth – that means adjusted for currency and acquisition effects – of between three and five percent is realistic for TAKKT. Taking the effects of acquisitions into account, this would generate a currency-adjusted growth of nine to eleven percent.

- If GDP growth rates remain unchanged or only slightly improve and PMI values remain at around 50 or a little bit above, the Group should generate organic turnover growth between one and three percent. Taking into account the effects described from the acquisitions in 2012, this would mean a currency adjusted growth in turnover of around seven to nine percent.

- Should GDP growth rates be worse than in 2012 and if PMIs constantly remain below 50 points, a zero percent growth or a further decline in organic consolidated turnover cannot be excluded. In this case, the organic decline in turnover would be partly compensated for or even more than compensated for by the effects of acquisitions.

The economic indicators currently suggest that the middle scenario is the most likely. North American economic forecasts continue to look a little bit more favourable than those in Europe, and so it is expected that slightly higher organic growth will be generated in 2013 for TAKKT AMERICA than for TAKKT EUROPE. Both divisions will be able to partly offset possible negative economic effects through various growth initiatives.

For 2014, TAKKT currently predicts organic growth of between two and five percent, provided that the financial markets stabilise and that the economy is revived.

US DOLLAR AFFECTS KEY FIGURES

TAKKT generates about 45 percent of its turnover in North America. 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 US dollar leads to higher turnover. When the dollar is weak compared with the euro, consolidated turnover is diminished. This can be illustrated using two scenarios:

- If the EUR/USD exchange rate increases by five percent against the previous year (i.e. the US dollar becomes weaker), the increase in reported turnover (in euros) will be about two percentage points below the currency-adjusted growth.

- If the EUR/USD exchange rate decreases by five percent against the previous year (i.e. the US dollar becomes stronger), the increase in reported turnover (in euros) will be about two percentage points higher than the currency-adjusted growth.

To illustrate currency effects clearly and depict business performance objectively, the Group does not only report turnover changes in the reporting currency but also adjusts for currency effects. TAKKT also transparently shows the effects of acquisitions and divestments on turnover in all financial reporting. Turnover forecasts in this case always refer to data adjusted for currency and acquisition effects unless otherwise stated.

GROSS PROFIT AND EBITDA MARGINS REMAIN ON LONG-TERM TARGET LEVEL

TAKKT expects the gross profit margins of the divisions to remain stable or to rise slightly in 2013 and 2014. However, the possibility that the consolidated gross profit margin may decline slightly cannot be excluded if the North American share of business continues to rise due to economic conditions. TAKKT AMERICA generates lower margins structurally. The Management Board has set itself the target of keeping the gross profit margin above the 40 percent mark for the long term. Positive effects on TAKKT EUROPE and TAKKT AMERICA are also expected in 2013 from the acquisitions of the reporting year. The PSG and the company GPA both report above-average gross profit margins.

In the middle scenario, the consolidated EBITDA margin should remain in the upper third of the 12 to 15 percent target corridor. In 2013, TAKKT EUROPE and TAKKT AMERICA will continue to profit from the above-average profitability of the acquisitions. TAKKT AMERICA is likely to become even more profitable through the increased utilisation of capacity, after the EBITDA margin in 2012 – adjusted for one-offs – has reached a double-digit figure for the first time due to the GPA acquisition. The EBITDA margin of TAKKT EUROPE will still be well above the target corridor. Provided a slight organic increase in turnover occurs, additional economies of scale are achieved with increased capacity utilisation there as well.

If the more cautious scenario becomes realised, a decrease of the EBITDA margin for the Group into the lower half of the target corridor cannot be ruled out. In case the optimistic scenario occurs, the EBITDA margin could reach the upper limit of the target corridor or even be slightly above it. Accordingly, the EBITDA margins of TAKKT EUROPE and TAKKT AMERICA would positively or negatively deviate from the anticipated margin of the middle scenario in the event that the optimistic or the more cautious scenario applied.

CAPITAL EXPENDITURE AT NORMAL LEVEL

In 2013 and 2014, capital expenditure for the expansion, rationalisation and modernisation of business operations will be at the level of between one and two percent of turnover, which is the long-term target. A focus for the upcoming years will be the expansion and modification of the European IT infrastructure. The long-term project aims to adjust the processes of the European companies and brands in such a way that enables them to react quickly and flexibly to changes in underlying conditions. This relates in particular to the business processes related to e-commerce, for active customer contact through telemarketing and field marketing, and for adapting product ranges to changes in market conditions.

RAPID ORGANIC REDUCTION IN DEBT, IMPROVEMENTS IN COVENANTS AND LIQUIDITY

In 2013 and 2014, the traditionally high free cash flows will benefit from the fact that no massive capital expenditure is planned for the expansion, modernisation or rationalisation of the infrastructure. If opportunities for acquisitions, which could arise, are not exploited, this should result in a rapid reduction in debt and a further improvement of the self-imposed covenants. Moreover, the additional free liquidity provided by the first Schuldschein issue offers unused credit lines for further external growth. More detailed information on the issuance of the first Schuldschein is provided on page 56 of this annual report, while the covenants are discussed in the financial and assets position on pages 56 and 57.

DIVIDEND POLICY

TAKKT pursues a sustainable dividend strategy that is illustrated in this annual report on pages 56. As the equity ratio is not expected to reach the upper end of the 30 to 60 percent target corridor in 2013 and 2014, it is believed that in the forecast period an ordinary dividend of around 30 percent of the profit or at least 32 cents per share will be distributed.

GUARANTEE

This annual report and the forecast report in particular include forward-looking statements and information. These 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 opportunities or risks arise, the actual results can differ from those expected. TAKKT Management cannot therefore accept any liability for these statements.

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CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

RESPONSIBILITY TOWARDS CUSTOMERS, STAFF, SHAREHOLDERS AND SOCIETY

Good corporate governance increases the company's value in the long run. This is why values such as responsibility, reliability and trust are emphasised at TAKKT. The Group considers transparency in communications with its stakeholders to be the basis for the company's success.

COMMITMENT TO THE GERMAN CORPORATE GOVERNANCE CODE

TAKKT expressly supports the aims and requirements of the German Corporate Governance Code. This underlines the value placed upon responsible corporate management at TAKKT. In December 2012, 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 verbatim on page 72 of this annual report and is also available at www.takkt.com in the Share/Corporate Governance section.

There are only a few cases where TAKKT does not follow the Code's recommendations:

- TAKKT does not **disclose 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 73 and 74 of this annual report. TAKKT holds the opinion that providing more specific details would not add any information but would infringe on the privacy of the Supervisory and Management Board members. TAKKT's shareholders agree with this view and resolved at the AGM in 2012 that the compensation of Management Board members will not be published on an individualised basis up to and including 2016. The Supervisory Board will also propose at the AGM on 07 May 2013 that the compensation of the Supervisory Board be changed to a solely fixed amount.

- 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, as per the articles of association.

- Moreover, the Supervisory Board does not consider it necessary for the whole Supervisory Board to discuss the **quarterly and half-year financial reports before they are published**. This is because the Chairman of the Supervisory Board is constantly informed of business developments and the other members receive written monthly updates from the Management Board.

PARTICIPATION AT THE AGM

At the AGM of TAKKT AG, shareholders have the opportunity to exercise their statutory rights. They can either vote personally or by proxy on the relevant items on the agenda. They may also cast votes by post. The procedure for registration and proof of eligibility used at the AGM of TAKKT AG is in accordance with the stipulations of German stock corporation law 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 CO-OPERATION AMONG MANAGEMENT

TAKKT's internal management structures are characterised by clear organisation and direct reporting lines. The company also operates a value-based remuneration and incentive system. More information on the remuneration of the TAKKT Management Board is provided in the remuneration report on pages 73 and 74.

The Management and Supervisory Boards at TAKKT work together in keeping with the motto of "together, we can achieve more". The Management Board steers the company, develops strategies, implements these strategies in the company's operating 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 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 its management of 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 most important decisions. The Supervisory Board also appoints the auditors in accordance with the resolution passed at the AGM.

In accordance with the articles of association, the Supervisory Board of TAKKT AG consists of six members, while the Personnel Committee comprises three. The responsibilities of the Personnel Committee include preparing matters related to the Management Board members' contractual conditions. It must also approve any additional service contracts that Supervisory Board members have with the company.

A Directors and Officers (D&O) insurance policy for the Management Board and Supervisory Board members is procured with the legally stipulated excess. TAKKT AG shareholders decide on the Supervisory Board members' remuneration. Remuneration is governed in principle by the company's articles of association, which can be found on the TAKKT web site www.takkt.com under Share/Corporate Governance.

DIVERSITY ON THE SUPERVISORY BOARD

Given the operating purpose of the company, its size and the share of international business, the Supervisory Board of TAKKT AG strives to take various principles into account in its make-up as per clause 5.4.1 of the German Corporate Governance Code. First and foremost, the Supervisory Board should select duly qualified, suitable candidates when making nominations. A further goal is for women to have a long-term involvement in the Supervisory Board by holding one seat. Given the current make-up of the Supervisory Board, its members' experience, internationality and qualifications, the environment in which TAKKT AG operates, and the existing code of procedure for the Supervisory Board, TAKKT believes that it fulfils the requirements of the German Corporate Governance Code. The Supervisory Board will continue to take account of the above-mentioned goal and the principles associated with it in the future. In fulfilment of Clause 5.4.2 of the German Corporate Governance Code, the Supervisory Board has further decided that it shall have at least two independent members.

Further information about 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 under Share/Corporate Governance.

RISK MANAGEMENT

Taking a responsible approach to business-related risks is a fundamental principle of good corporate governance. The Management Board and management within the TAKKT Group make use of Group-wide reporting and control systems to record, assess and manage these risks. The systems are continuously enhanced, adapted to changes in underlying conditions and checked by auditors. The Management Board regularly informs the Supervisory Board about risks and their development. Individual details about risk management and the internal control system for accounting are described in depth in the opportunities and risk report from page 58 onwards.

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. TAKKT has a compliance system of the customary scope, which is checked by the specialist departments and the Group's compliance officer. These steps ensure that potential cases of non-compliance are generally quickly identified. In addition to standard compliance rules (for example relating to anti-corruption, anti-discrimination etc.), TAKKT has also set up a whistleblowers' hotline with an external service provider where employees can anonymously report compliance violations.

SHARE OWNERSHIP AND DIRECTORS' DEALINGS

In total, the members of the Management and Supervisory Boards held 8,676 (8,676) shares in TAKKT AG as of 31 December 2012. This is much 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 they buy or sell shares or related financial instruments at a value exceeding EUR 5,000 in the course of a calendar year. The company was not informed of any such notifiable transactions in the year under review. Information on share ownership can be found in the Notes on page 145.

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 have the greatest influence on the net assets, financial position and results of operations as well as the opportunities and risks for the future development of TAKKT AG.

STATEMENTS PERTAINING TO ACQUISITIONS

According to section 289, paragraph 4 and section 315, paragraph 4, no. 1–9 of the German Commercial Code (HGB), the following details must be disclosed regarding TAKKT AG and the TAKKT Group:

TAKKT AG's share capital totalling EUR 65,610,331 corresponds to 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 of the German Stock Corporation Act apply for changing the articles of association.

In accordance with the resolution passed at the 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.

In addition, the Management Board is authorised, according to the resolution of the AGM on 04 May 2010, subject to section 71, paragraph 1, no. 8 of the AktG to acquire treasury shares up to an amount of ten percent of issued capital. A reverse subscription right or 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 exercise this authorisation in total or in smaller amounts, once or several times, in the pursuit of one or more objectives until 03 May 2015.

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, the Board Member has the right of compensation for loss of office amounting to a maximum of two years' annual salaries. Other sources of income are not taken into account. The right to 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.

As of the balance sheet date, TAKKT AG had borrowed a total of EUR 172.5 million from Schuldschein investors and various banks. This was subject to a change of control clause as per sections 289(4) no. 8 and 315(4) no. 8 of the German Commercial Code (HGB). No further information is provided, as required by the second half-sentence of the relevant regulation.

The disclosures as required by section 315, paragraph 4, no. 2 of the German Commercial Code (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 the 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. The dependence report comes to the following conclusion: "In summary, we can state that TAKKT AG has received adequate payment for every transaction, according to the circumstances known at the time when the transactions were undertaken, and was not put at a disadvantage as a result of the measures."

DECLARATION OF COMPLIANCE PURSUANT TO PARAGRAPH 161 GERMAN STOCK CORPORATION ACT (AKTG) AS PER 31 DECEMBER 2012:

The Management and Supervisory Boards of TAKKT AG declare that the recommendations of the Government Commission on the German Corporate Governance Code [Regierungskommission Deutscher Corporate Governance Kodex], 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 15 May 2012, are being complied with. The Management and Supervisory Boards further declare that the recommendations of the Government Commission on the German Corporate Governance Code [Regierungskommission Deutscher Corporate Governance Kodex], as amended from time to time, have been complied with since the last declaration. The following exceptions apply:

1. The German Corporate Governance Code provides under Clause 4.2.4 that the total remuneration of each member of the Management Board is to be disclosed stating the member's name and broken down into fixed and variable remuneration components. The same applies to promises of payments or benefits in the event of early or regular termination of the services as a member of the Management Board, which have been granted or amended during the course of the financial year. No such disclosure is made if the General Meeting passes a resolution to this effect with a three-quarters majority. At TAKKT AG, said disclosure is not made individually as the General Meeting of 04 May 2011 passed such a resolution for a period of five years.

2. The German Corporate Governance Code recommends under Clause 5.3.2 that the Supervisory Board establish an Audit Committee („Prüfungsausschuss"). No such Audit Committee has been established at TAKKT AG. As, with six members, the Supervisory Board of TAKKT AG is comparatively small, the Management and Supervisory Boards still see no need to establish an Audit Committee for the Board.

3. The German Corporate Governance Code recommends under Clause 5.3.3 that the Supervisory Board establish a Nomination Committee („Nominierungsausschuss"). No such Nomination Committee has been established at TAKKT AG. As, with six members, the Supervisory Board of TAKKT AG is comparatively small, the Management and Supervisory Boards also see no need to establish a Nomination Committee for the Board.

4. As regards the remuneration of members of the Supervisory Board, the German Corporate Governance Code recommends under Clause 5.4.6 that if a success-oriented remuneration is promised in addition to a fixed remuneration, said success-oriented remuneration should be commensurate with a sustainable development of the company. Apart from the fixed remuneration, the Supervisory Board of TAKKT AG currently receives a success-oriented variable remuneration in the amount of EUR 2,500.00 for every EUR 0.10 profit/share (Ergebnis/Aktie) based on the profit/share (Ergebnis/Aktie) stated in the Group's consolidated accounts for the financial year for which the remuneration is paid. The Supervisory Board has, however, decided that it will propose to the next ordinary General Meeting of 07 May 2013 that the remuneration of the members of the Supervisory Board be converted to solely a fixed remuneration with effect from 01 January 2013. After this conversion has taken effect TAKKT AG shall comply with the recommendation under Clause 5.4.6.

5. Under Clause 5.4.6(3), the German Corporate Governance Code recommends that the remuneration of the members of the Supervisory Board as well as the fees paid to or benefits granted to the members of the Supervisory Board for services rendered personally, especially consulting and agency services, be disclosed individually in the notes to the accounts (Anhang) or in the annual report (Lagebericht). Said disclosures are not made individually at TAKKT AG. Since the remuneration of the Management Board is not disclosed individually TAKKT AG proceeds in the same way with regard to the remuneration of the members of the Supervisory Board. The basic principles of the remuneration of the Supervisory Board are regulated in TAKKT AG's Articles of Association, which are in the public domain.

6. The German Corporate Governance Code recommends under Clause 7.1.2 that half-yearly financial reports and any quarterly financial reports be discussed by the Supervisory Board or its Audit Committee with the Management Board prior to publication. At TAKKT AG, the Chairman and the Deputy Chairman of the Management Board are continuously informed about the course of business. Moreover, all of the members of the Supervisory Board receive a written monthly report. Therefore, the Supervisory Board does not consider it necessary that the quarterly financial reports be additionally and separately discussed by the plenary Supervisory Board or by an Audit Committee.

Stuttgart, 31 December 2012

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 Zimmermann, Chairman of the Management Board

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Remuneration report

REMUNERATION REPORT

MANAGEMENT BOARD REMUNERATION SYSTEM

The Management Board of TAKKT AG is primarily responsible for the sustained success of the company and therefore receives remuneration that is appropriate for its duties and the economic position of the Group. The remuneration paid is based on the company's size, its economic and financial position, and the amount and structure of the remuneration paid to Board members at comparable companies. It comprises non-performance-related and performance-related components. The Supervisory Board regularly reviews the structure of the remuneration system and examines whether the amounts paid are appropriate.

NON-PERFORMANCE-RELATED REMUNERATION COMPONENTS

The non-performance-related remuneration components consist of three parts:

- The Management Board members are paid a fixed basic monthly salary. This was modified with effect from 01 January 2012 after three years to reflect actual circumstances.

- The fringe benefits comprise the use of company cars, accident insurance, foreign travel health insurance, luggage insurance and D&O insurance. The Board members pay tax on their use of a company car as this constitutes a remuneration component.

- The Management Board Members are provided with a pension commitment with annual contributions amounting to ten percent of the sum of their basic salary and target bonus. Contributions are only paid as long as the individual is appointed to the Management Board. The target bonus is calculated on the assumption that the targets are achieved in full. A guaranteed minimum rate of interest applies to the pension contributions. Board Members are entitled to pension payments when they leave the company but no earlier than the member's 60th birthday. In the case of disability or death, the amount from the pension plan is paid out that would have been paid out if contributions had been made up to the age of 63.

PERFORMANCE-RELATED REMUNERATION COMPONENTS

The performance-related components comprise an annual bonus and a rolling remuneration component that acts as a long-term incentive. This currently takes the form of a performance cash plan.

The TAKKT Group's average cash flow from operating activities over a three-year period is used as a basis of valuation for the bonus for the financial year 2012. The payable bonus is capped at 200 percent. The Supervisory Board also has the right to increase or reduce the bonus by 20 percent in accordance with its duties. Possible reasons for this may be special services provided by a Board Member or unusual circumstances. Management Board Members may convert parts of their bonus into additional pension components, graded by age band. With effect from the 2013 financial year, the operating result for the year in the form of the EBIT (earnings before interest and taxes) will be used as a basis of valuation for the annual bonus.

The performance cash plans are redefined each year and paid out in cash after a period of four years if the relevant targets are met. The payout from the plans depends on the achievement of two objectives:

- Performance of Total Shareholder Return (TSR) over the term of the plan. The TSR corresponds to the total return of the TAKKT share, taking dividend payouts into account. This component, which is linked to share performance, is classified as a cash-settled share-based payment transaction under IFRS 2. It is valued using a binomial probability method of share valuation.

- Amount of the cumulative Economic Value Added® (EVA®) over the term of the plan. The EVA® indicator is used for value-based corporate management. It shows whether the interest demands of equity and debt investors are met. Remuneration is therefore based on sustainably increasing the company's value.

The amount paid out under the performance cash plans is also capped. Starting from the 2012 financial year, the target values for the performance cash plans were increased and, in return, the payment cap was increased from 200 percent to 300 percent of the target amount.

The expenditure for the benefits received or liability to settle these benefits is recorded after the claim is vested. The liability is reassessed on each balance sheet date and on the due date. Changes in fair value are recorded through profit and loss. Based on the current contractual agreements, the beneficiary has full entitlement to payment of the performance cash plan if the period of employment began at least twelve months before the beginning of the term of the performance cash plan. If an individual reaches retirement age or begins or terminates his/her Management Board membership within a calendar year, a pro rata calculation is made in the case of the recently established plan. Share options are not part of the Management Board remuneration at TAKKT AG. There are no plans to change this in the future.

The reported variable remuneration amounting to EUR 2,561,000 (EUR 2,522,000) includes a provision release of EUR 306,000 (EUR 271,000). In 2012, performance-related remuneration without the release of provision was made up of EUR 1,690,000 (EUR 1,452,000) in bonuses and EUR 1,177,000 (EUR 1,341,000) for the long-term performance cash plans.

On the balance sheet date, the fair value of the performance cash plans and the corresponding provision amounted to EUR 2,531,000 (EUR 1,872,000). This valuation is based on the expected development of the relevant contributing factors. At the balance sheet date, the defined benefit obligation for the Management Board members amounted to EUR 3,116,000 (EUR 2,333,000).

At 31 December 2012, TAKKT AG Management Board members held 5,536 (5,536) shares. With the exception of EVA® certificates of EUR 552,000 (EUR 793,000) as well as the usual amounts due in accordance with the employment contracts, no further claims or obligations to the Management Board members exist.

Payments to retired Management Board members amounted to EUR 329,000 (EUR 250,000). The pension provision for the former members amounts to EUR 4,656,000 (EUR 4,676,000).

Remuneration of the Management Board *in EUR'000 (year under review and previous year)*

	2012	2011
Salaries and other payments	3,701	3,465
thereof variable	2,561	2,522
Provision for payments after end of employment	247	272
Other long-term benefits	0	40
	3,948	**3,777**

SUSTAINABILITY AND EMPLOYEES

SUSTAINABILITY AND EMPLOYEES*

TAKKT's Sustainability Report 2012
"Well on our way"

THE GLOBAL COMPACT
WE SUPPORT

CARBON DISCLOSURE PROJECT

** The section Sustainability and employees forms part of the Management report.*

TAKKT sees responsibility for sustainable business practises as more than merely a topic with which to boost its image. The corporate management defines sustainability as the long-term balance between economic, environmental and social concerns and is aware that it is instrumental in enabling long-term business success. This is why sustainability is an integral part of TAKKT's corporate strategy. The Group has also been an active supporter of the United Nations Global Compact since 2012 and has undertaken to comply with the ten principles of this compact.

SCORE: SUSTAINABILITY IS A MATTER OF COMMON SENSE

Sustainability is nothing new for TAKKT. It has long been a tradition in the Group to handle resources wisely. Sustainability and profitable growth are not mutually exclusive. They go hand in hand. This is why TAKKT began to anchor its sustainability-related activities within its corporate strategy in 2011. These various activities have since been established and coordinated within the context of the SCORE sustainability initiative. SCORE stands for "sustainable corporate responsibility". This daily responsibility is a collective duty that covers all groups and is present at every stage of the value chain. SCORE is applied starting from the uppermost echelon of the Management, meaning that the Management Board is directly responsible, in order to send a clear signal both within and outside of the company.

The idea of the United Nations Global Compact also provides a guideline for sustainable behaviour. TAKKT has issued a commitment to comply with these ten universal principles, which address matters relating to human rights, working standards, environmental protection and anti-corruption, and to contribute towards the spread of these principles.

MAKING SUSTAINABILITY QUANTIFIABLE

The TAKKT Group informs its stakeholders about how it lives up to its corporate responsibility. The corresponding initiatives are described in detail in the 2012 Sustainability Report, and the TAKKT sustainability strategy was also presented therein for the first time. This strategy is based on the goal of being the global role model in our industry in terms of sustainability by 2016. The management is also convinced that sustainability increases company value in the long term at every stage of the value chain and creates a competitive advantage.

Focus areas and sustainability goals

Focus areas	Sustainability goals for 2014	Pages in Sustainability Report
Sourcing: Good in the long run	• Development of a system of certification for suppliers with production facilities in high-risk countries, of which 20 % certified • 5 % more turnover with sustainable products	25–28
Marketing: Something for everyone	• 5 % less paper used for every one million euros in turnover • 85 % of advertising material printed on paper from certified sustainable sources (PEFC, FSC) • 5 % less CO_2 per ton of advertising material paper	29–32
Logistics: Simply efficient	• Carbon neutral shipping routes implemented	33–36
Resources & climate: Sustainable savings	• Emissions footprints for major companies in all groups • Certified environmental management system introduced in at least three companies • 5 % less energy consumed at sites already in place in 2011	37–39
Employees: Working in harmony	• Acquiring, encouraging and developing talent	40–43
Society: Local responsibility	• Encouraging social responsibility among employees	44–46

TAKKT has identified the expectations of its stakeholders and the challenges of its business models and categorised them into six focus areas: sourcing, marketing, logistics, resources and climate, employees and society. Specific measures, figures and targets are established in each focus area, and these are built into the Group's planning and control systems. This reveals how the Group integrates the concept of sustainability into the nature and structure of the organisation and develops solutions and measures for improving its sustainability performance.

SUSTAINABILITY REPORT 2012 – AN AWARD WINNING REPORT

The Sustainability Report 2012 was given an independent certificate by the auditor of TAKKT AG, prepared in accordance with the international standards of the Global Reporting Initiative (GRI) and classified as application level C+ under GRI classification.

For its outstanding achievements in environmental reporting, TAKKT was presented with an award in the category "Best Improvers" in environmental reporting at the 2012 annual conference of the Carbon Disclosure Project (CDP). The CDP asks more than 3,000 companies based in around 60 countries around the world about their CO_2 emissions and water consumption as well as their strategies to counteract the greenhouse effect. It aims to make companies' climate strategies more comparable and to encourage companies to sustainably reduce their emissions. Of all the participants in Germany, it was the TAKKT Group that achieved the most progress in its environmental reporting when compared with the previous year. Furthermore, TAKKT has received several awards for the design of its Sustainability Report 2012, including a red dot design award, one of the world's biggest design competitions.

More detailed information on sustainability is provided in the Sustainability Report 2012, which can be downloaded at http://www.takkt.de/sustainability-reports.html and will be updated in May 2013. The next Sustainability Report will be published in May 2014. As part of its support in the UN Global Compact, TAKKT will also summarise its progress in 2013 in a report.

NUMBER OF EMPLOYEES CONTINUES TO RISE

TAKKT did not just increase its turnover and earnings in 2012; the number of employees also rose. The average age of staff throughout the Group remained at around 42 years. Women made up 47.5 (49.2) percent of the workforce.

	Number of employees 31 December 2012	Number of employees 31 December 2011
Full time equivalent	2,351	1,869
of these TAKKT EUROPE	1,322	1,013
of these TAKKT AMERICA	1,000	825
of these TAKKT AG	29	31
of which at GPA	185	–
of which at Ratioform	299	–
Headcount	**2,562**	**2,021**

TRAINING AND FURTHER EDUCATION INCREASE STAFF RETENTION

The TAKKT Group attaches great importance to training. Qualified and motivated employees who identify with their company are essential to the company's success.

By providing training, TAKKT gains access to qualified personnel. In 2012, a total of 41 (26) apprentices were in training throughout the Group, of which 10 (9) were students who completed an in-service university course at the Baden-Wuerttemberg Cooperative State University (DHBW). In the year under review, 3 university college graduates in the Group began a trainee programme while they spent time in the various company divisions.

The TAKKT Group also encourages the long-term loyalty of its employees to the company by investing in training and personnel development, for example. Expenditures for training in the 2012 financial year were increased by 27.9 percent to EUR 810,600 (EUR 633,900). The CPD programme is used extensively. It comprises the following elements:

- External training that allow employees to acquire additional specialist knowledge

- Presentations by external speakers

- Training sessions at the Haniel Academy Executives and skilled workers are helped to strengthen their technical and personal skills and perform to their full potential in seminars and workshops. The academy works with management experts from university colleges and leading international business schools to offer these.

SHARING IN SUCCESS AT MULTIPLE LEVELS

TAKKT's employees make a decisive contribution to the company's success, which the Group rewards with appropriate performance-related staff bonus models. If a company achieves or exceeds certain turnover targets, the staff share in its success in the form of a cash bonus of up to one month's salary per year. However, if the turnover targets are not met, no staff bonus or substitute payment is made.

As TAKKT executives accept an especially high degree of responsibility within the Group, special remuneration models are used for them. Middle managers' remuneration depends on the operational results of their company and whether they have fulfilled their individual targets. The Management Board incentives are based on the cash flow from operating activities (respectively since 01 January 2013 on the operating result in the form of the EBIT), the Economic Value Added (EVA®) and on the return on shares (in the form of the Total Shareholder Return or TSR). Detailed information is provided in the remuneration report on pages 73 to 74.

In Germany, employees may also buy employee shares. In 2012, 52.1 percent of all entitled employees took advantage of this opportunity and bought 19,605 shares. An employee share purchase programme was offered again for 2013.

DEVELOPMENT PROGRAMMES

In addition to work-related benefits, the Group has been offering its staff a range of development programmes for years. Employees in foreign countries where the standard of care is below that in Germany may utilise various additional benefits that vary based on local specifics. They include company health insurance and pension schemes for countries where the statutory provisions are insufficient. Additional services such as preventive health care and family guidance are offered in Germany as well.

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Consolidated income statement of TAKKT Group 01 January to 31 December 2012 *in EUR '000*

	Notes	2012	2011
Turnover	(1)	939,939	852,247
Changes in inventories of finished goods and work in progress		–180	99
Own work capitalised		44	20
Gross performance		**939,803**	**852,366**
Cost of sales		533,257	483,656
Gross profit		**406,546**	**368,710**
Other income	(2)	8,248	8,438
Personnel expenses	(3)	132,158	113,451
Other operating expenses	(4)	148,873	142,744
EBITDA		**133,763**	**120,953**
Depreciation and impairment of property, plant and equipment and other intangible assets	(5)	22,180	16,834
Impairment of goodwill	(6)	0	0
EBIT		**111,583**	**104,119**
Income from associated companies		0	0
Finance expenses	(7)	–11,803	–8,733
Other finance result	(8)	295	189
Financial result		**–11,508**	**–8,544**
Profit before tax		**100,075**	**95,575**
Income tax expense	(9)	33,038	29,603
Profit		**67,037**	**65,972**
attributable to owners of TAKKT AG		67,037	65,972
attributable to non-controlling interests		0	0
Weighted average number of issued shares in million		65.6	65.6
Earnings per share (in EUR)	(10)	1.02	1.01

Consolidated statement of comprehensive income of TAKKT Group 01 January to 31 December 2012 *in EUR '000*

	2012	2011
Profit	**67,037**	**65,972**
Income and expenses from the subsequent measurement of cash flow hedges recognised in equity	–952	–1,346
Income recognised in the income statement	177	4,849
Subsequent measurement of cash flow hedges	**–775**	**3,503**
Income and expenses from the adjustment of foreign currency reserves recognised in equity	313	2,106
Income recognised in the income statement	0	0
Adjustment of foreign currency reserves	**313**	**2,106**
Deferred tax on the subsequent measurement of cash flow hedges	223	–1,334
Deferred tax on the adjustment of foreign currency reserves	0	0
Deferred tax on other comprehensive income	**223**	**–1,334**
Changes to other components of equity (other comprehensive income)	**–239**	**4,275**
Total comprehensive income	**66,798**	**70,247**
attributable to owners of TAKKT AG	66,798	70,247
attributable to non-controlling interests	0	0

Further details on Other comprehensive income can be found on page 115.

Consolidated statement of financial position of TAKKT Group at 31 December 2012 *in EUR '000*

	Notes	2012	2011
Property, plant and equipment	(11)	123,587	93,305
Goodwill	(12)	458,903	244,369
Other intangible assets	(13)	91,661	33,171
Investment in associated companies		20	20
Other assets	(14)	806	897
Deferred tax	(15)	4,709	5,113
Non-current assets		**679,686**	**376,875**
Inventories	(16)	77,966	58,787
Trade receivables	(17)	87,082	91,146
Other receivables and assets	(18)	21,561	19,544
Income tax receivables		2,048	1,239
Cash and cash equivalents	(19)	5,945	2,214
Current assets		**194,602**	**172,930**
Total assets		**874,288**	**549,805**

	Notes	2012	2011
Share capital		65,610	65,610
Retained earnings		264,239	252,971
Other components of equity		–17,834	–17,595
Total equity	(20)	**312,015**	**300,986**
Borrowings	(21)	301,633	65,335
Deferred tax	(15)	53,124	35,890
Other liabilities	(22)	48,246	353
Provisions	(23)	29,169	25,861
Non-current liabilities		**432,172**	**127,439**
Borrowings	(21)	29,233	30,537
Trade payables	(24)	31,020	22,093
Other liabilities	(25)	45,756	40,522
Provisions	(26)	16,523	17,053
Income tax payables		7,569	11,175
Current liabilities		**130,101**	**121,380**
Total equity and liabilities		**874,288**	**549,805**

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

	Share capital	Retained earnings	Other components of equity	**Total equity**
Balance at 01.01.2012	**65,610**	**252,971**	**–17,595**	**300,986**
Transactions with owners	0	–55,769	0	–55,769
thereof dividends paid	0	–55,769	0	–55,769
Total comprehensive income	0	67,037	–239	66,798
Balance at 31.12.2012	**65,610**	**264,239**	**–17,834**	**312,015**

	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 01.01.2011	**65,610**	**207,994**	**–21,870**	**251,734**
Transactions with owners	0	–20,995	0	–20,995
thereof dividends paid	0	–20,995	0	–20,995
Total comprehensive income	0	65,972	4,275	70,247
Balance at 31.12.2011	**65,610**	**252,971**	**–17,595**	**300,986**

For further information on shareholders' equity, refer to page 114 onwards.

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

	Notes	2012	2011
Profit		67,037	65,972
Depreciation and impairment of non-current assets	(5)/(6)	22,180	16,834
Deferred tax affecting profit	(9)	3,509	5,003
TAKKT cash flow		**92,726**	**87,809**
Other non-cash expenses and income		4,628	1,235
Profit and loss on disposal of non-current assets and consolidated companies		–37	–1,187
Change in inventories		–6,271	–1,087
Change in trade receivables		10,559	–4,467
Change in other assets not included in investing and financing activities		–314	–2,628
Change in short- and long-term provisions		–125	3,621
Change in trade payables		5,183	–4,047
Change in other liabilities not included in investing and financing activities		–3,059	104
Cash flow from operating activities		**103,290**	**79,353**
Proceeds from disposal of non-current assets		477	2,171
Capital expenditure on non-current assets		–8,469	–9,267
Cash outflows for the acquisition of consolidated companies (less acquired cash and cash equivalents)		–204,560	–1,817
Cash flow from investing activities		**–212,552**	**–8,913**
Proceeds from borrowings		478,865	75,779
Repayments of borrowings		–310,100	–126,702
Dividends to owners of TAKKT AG		–55,769	–20,995
Cash flow from financing activities		**112,996**	**–71,918**
Net change in cash and cash equivalents		3,734	–1,478
Effect of exchange rate changes		–3	68
Cash and cash equivalents at 01.01.		2,214	3,624
Cash and cash equivalents at 31.12.	(19)	**5,945**	**2,214**

The cash flow statement has been derived from the consolidated financial statements of the TAKKT Group and has been prepared according to IAS 7. It shows changes in cash and cash equivalents during the financial year on the basis of cash transactions. Cash flows are reported separately according to source and application in operating, investing, and financing activities. Operating cash flows are presented according to the indirect method, cash flows from investing and financing activities according to the direct method. To adjust for exchange rate effects, the individual items of the opening balance were translated at the respective exchange rates at the closing date. These figures were then compared with the closing statement of financial position.

The TAKKT cash flow figure is used in all financial communications. TAKKT defines this as profit plus depreciation and impairment of non-current assets and 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 126,000 (EUR 223,000) and interest payments of EUR 7,493,000 (EUR 7,803,000). In 2012, income taxes of EUR 34,631,000 (EUR 25,163,000) were paid.

Capital expenditure relates to maintenance, expansion and modernisation of the business. Capital expenditure on non-current assets is reduced by government grants amounting to EUR 676,000 (EUR 0). In the reporting period the cash outflows for the acquisition of consolidated companies refer to the acquisitions of George Patton Associates, Inc., and Ratioform Holding GmbH. In the previous year this position referred to the acquisition of UBEN Unternehmensberatung Enzinger GmbH. Further information can be found on page 136 onwards.

Borrowings include all interest-bearing liabilities, please see page 117 onwards for further details. EUR 55,769,000 (EUR 20,995,000) in dividends were paid out to TAKKT AG shareholders in the year under review. This constitutes a total dividend of EUR 0.85 (EUR 0.32) per share.

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

Segment reporting by division 2012 of TAKKT Group *in EUR '000*

	TAKKT EUROPE	TAKKT AMERICA	Segments total	Others	Consolidation	Group total
Turnover to third parties	514,748	425,191	939,939	0	0	939,939
Inter-segment turnover	305	1	306	0	–306	0
Segment turnover	515,053	425,192	940,245	0	–306	939,939
Other non-cash expenses (+) and income (–)	408	4,156	4,564	64	0	4,628
EBITDA	101,975	41,342	143,317	–9,554	0	133,763
Depreciation of segment assets	12,984	8,966	21,950	133	0	22,083
Impairment of segment assets	97	0	97	0	0	97
EBIT	88,894	32,376	121,270	–9,687	0	111,583
Income from associated companies	0	0	0	0	0	0
Finance expenses	–5,492	–6,428	–11,920	–4,483	4,600	–11,803
Interest and similar income	163	65	228	4,498	–4,600	126
Profit before tax	83,515	26,213	109,728	–9,653	0	100,075
Income tax expense	23,386	12,220	35,606	–2,568	0	33,038
Profit	60,129	13,993	74,122	–7,085	0	67,037
TAKKT-Cashflow	74,146	25,818	99,964	–7,238	0	92,726
Segment assets	578,914	351,142	930,056	744,720	–800,488	874,288
thereof investment in non-current assets	247,636	80,250	327,886	20,189	–20,004	328,071
thereof investments in associated companies	20	0	20	0	0	20
thereof deferred tax and income tax receivables	4,892	1,264	6,156	970	–369	6,757
Segment liabilities	287,091	233,076	520,167	242,026	–199,920	562,273
thereof deferred tax and income tax payables	35,275	24,508	59,783	166	744	60,693
thereof borrowings (long- and short-term)	189,656	115,678	305,334	226,522	–200,990	330,866
Average no. of employees (full-time equivalent)	1,169	968	2,137	31	0	2,168
Employees (full-time equivalent) at the closing date	1,322	1,000	2,322	29	0	2,351

Segment reporting by division 2011 of TAKKT Group *in EUR '000*

	TAKKT EUROPE	TAKKT AMERICA	Segments total	Others	Consolidation	Group total
Turnover to third parties	507,086	345,161	852,247	0	0	852,247
Inter-segment turnover	251	5	256	0	–256	0
Segment turnover	507,337	345,166	852,503	0	–256	852,247
Other non-cash expenses (+) and income (–)	–267	262	–5	1,240	0	1,235
EBITDA	100,998	28,632	129,630	–8,677	0	120,953
Depreciation of segment assets	8,633	7,629	16,262	116	0	16,378
Impairment of segment assets	39	417	456	0	0	456
EBIT	92,326	20,586	112,912	–8,793	0	104,119
Income from associated companies	0	0	0	0	0	0
Finance expenses	–5,469	–6,604	–12,073	–2,520	5,860	–8,733
Interest and similar income	550	12	562	5,521	–5,860	223
Profit before tax	87,577	13,809	101,386	–5,811	0	95,575
Income tax expense	23,448	6,693	30,141	–538	0	29,603
Profit	64,129	7,116	71,245	–5,273	0	65,972
TAKKT-Cashflow	73,933	18,930	92,863	–5,054	0	87,809
Segment assets	315,070	268,204	583,274	570,987	–604,456	549,805
thereof investment in non-current assets	7,570	3,832	11,402	80	0	11,482
thereof investments in associated companies	20	0	20	0	0	20
thereof deferred tax and income tax receivables	4,185	1,225	5,410	1,078	–136	6,352
Segment liabilities	204,587	165,909	370,496	54,024	–175,701	248,819
thereof deferred tax and income tax payables	20,780	22,835	43,615	2,420	1,030	47,065
thereof borrowings (long- and short-term)	130,922	102,156	233,078	39,649	–176,855	95,872
Average no. of employees (full-time equivalent)	1,001	827	1,828	31	0	1,859
Employees (full-time equivalent) at the closing date	1,013	825	1,838	31	0	1,869

Segment reporting by geographical region 2012 of TAKKT Group *in EUR '000*

	Germany	Europe without Germany	USA	Other	Group total
Turnover to third parties	225,181	289,396	392,584	32,778	939,939
Non-current assets*	394,347	14,199	265,226	484	674,256

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

Segment reporting by geographical region 2011 of TAKKT Group *in EUR '000*

	Germany	Europe without Germany	USA	Other	Group total
Turnover to third parties	204,138	303,014	317,467	27,628	852,247
Non-current assets*	159,868	13,921	196,514	637	370,940

* *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 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 and checked for plausibility using an arm's-length comparison wherever possible. This method complies with OECD (Organisation for Economic Co-operation and Development) principles. The same system was used in the previous year.

The division **TAKKT EUROPE** is divided into three groups:

The Business Equipment Group (BEG), consisting of the KAISER+KRAFT, gaerner, Gerdmans, KWESTO, Certeo und Quip24 brands, offers in more than twenty countries in Europe as well as Japan and China over 58,000 products for office, plant and business equipment.

The Office Equipment Group (OEG), consisting of the Topdeq brand, sells in six European countries around 4,500 products from the fields of high-quality, design-oriented office furniture and accessories.

The Packaging Solutions Group (PSG), consisting of the Ratioform and Davpack brands, offers in six European countries over 5,500 different transport packaging products.

TAKKT EUROPE operates 3 central warehouses and 19 regional warehouses.

The division **TAKKT AMERICA** is divided into three groups:

The Plant Equipment Group (PEG), consisting of the brands C&H in the USA and Mexico, Avenue in Canada and IndustrialSupplies.com in the USA, sells over 52,000 products from the fields of transport, storage and plant equipment.

The Specialties Group (SPG), consisting of the brands Hubert in the USA, Canada, Germany, France and Switzerland as well as Central Restaurant Products and Displays2Go in the USA, sells around 65,000 equipment items for the food service sector, hotels and retail trade.

The Office Equipment Group (OEG), consisting of the brands National Business Furniture (NBF) in the USA and Canada as well as Dallas Midwest, Alfax and officefurniture.com in the USA, offers around 16,000 products from the office equipment sector.

TAKKT AMERICA operates 7 central warehouses and 3 regional warehouses.

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 2012

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 sec. 315a of the German Commercial Code (HGB). The interpretations (IFRIC – International Financial Reporting Interpretations Committee and SIC – Standards Interpretations Committee) by the International Financial Reporting Standards Interpretations Committee (IFRS IC) have been taken into account. All International Financial Reporting Standards (IFRS) valid at the closing date and approved by the Commission of the European Union (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 26 February 2013.

New accounting standards

The following accounting standards and interpretations have been passed or amended by IASB and IFRS IC and endorsed by the EU. Their application is compulsory from the 2012 financial year:

Standard		Status	Applicable from
Amendments to IFRS 7	Transfer of financial assets	amended	01.07.2011

The first-time adoption of these standards does not have any material effect on net assets, financial position and results of operations of TAKKT Group.

The IASB has passed new and revised standards which must be applied from 01 January 2013 or a later date. Some of these standards have yet to be approved by the EU prior to their application. Below is a list of the specific IFRS/IAS in question:

Standard		Status	Applicable from
IFRS 9	Financial instruments: classification and measurement of financial assets and financial liabilities	new	01.01.2015
IFRS 10	Consolidated financial statements	new	01.01.2014
IFRS 11	Joint arrangements	new	01.01.2014
IFRS 12	Disclosure of interests in other entities	new	01.01.2014
IFRS 13	Fair value measurement	new	01.01.2013
IAS 19 rev.	Employee benefits	amended	01.01.2013
IAS 27 rev.	Separate financial statements	amended	01.01.2014
IAS 28 rev.	Investments in associates and joint ventures	amended	01.01.2014
IFRIC 20	Stripping costs in the production phase of a surface mine	new	01.01.2013
Amendments to IFRS 1	Government loans	amended	01.01.2013
Amendments to IFRS 1	Severe hyperinflation and removal of fixed dates for first-time adopters	amended	01.01.2013
Amendments to IFRS 7	Disclosures: Offsetting financial assets and financial liabilities	amended	01.01.2013
Amendments to IFRS 9 and IFRS 7	Mandatory effective date of IFRS 9 and transition disclosures	amended	01.01.2015
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition Guidance	amended	01.01.2014
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities	amended	01.01.2014
Amendments to IAS 1	Presentation of items of other comprehensive income	amended	01.07.2012
Amendments to IAS 12	Deferred tax: Recovery of underlying assets	amended	01.01.2013
Amendments to IAS 32	Offsetting financial assets and financial liabilities	amended	01.01.2014
AIP 2009–2011	Annual improvements project IASB 2009–2011	amended	01.01.2013

The option of early applying standards already approved by the IASB was not taken. According to current estimates, an earlier application would have had the following effects on net assets, financial position and results of operations. The changes will also affect the coming years.

IAS 19 Employee benefits

By revising IAS 19, the so-called corridor method has been abolished. This means that actuarial gains and losses (now called remeasurements) have to be reported in the position Changes to other components of equity (Other comprehensive income) immediately in their year of origin. The actuarial gains and losses reported in Other comprehensive income will not be recognised in the income statement. Unrecognised past service costs from changes of plan have to be recognised affecting net income in their year of origin. If the revised IAS 19 had been adopted early in 2012 or 2011, the profit would have improved by around EUR 0.1 (0.2) million, shareholders' equity would have been reduced by around EUR 9.9 (2.3) million, both without considering tax effects. The pension provision would have been increased by EUR 9.9 (2.3) million as of 31 December 2012. Furthermore an early adoption would have made necessary additional notes like sensitivity analyses for changes in the actuarial interest rate.

According to current estimates all other new or revised standards, especially IFRS 7, IFRS 9, IFRS 10, IFRS 12, IFRS 13, and the revised IAS 27, will not cause any material changes in net assets, financial position and result of operations but only result in additional notes to the financial statement.

Apart from that, 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 EU 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 nature of expense method.

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 2012 in accordance with IFRS, the Group Management report, the TAKKT AG individual financial statements according to HGB and all other documentation according to sec. 325 HGB will be submitted to the Electronic Federal Gazette (elektronischer Bundesanzeiger).

TAKKT is a B2B direct marketing specialist for business equipment and has a presence in more than 25 countries. Besides TAKKT AG, 13 (11) domestic and 66 (61) foreign companies are included in the consolidated financial statements. The consolidated financial statements 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 other rights.

Since 31 December 2011 the consolidated group has changed as follows: One company was in foundation within the TAKKT EUROPE division. The TAKKT AMERICA division has acquired one company, the TAKKT EUROPE division six companies. In addition Furnandi Office Equipment GmbH, Pfungstadt, as part of the TAKKT EUROPE division, has been merged with Topdeq Service GmbH, Pfungstadt, in 2012.

There is one domestic associated company.

At 31 December 2012 TAKKT AG was a 70.4 (70.4) percent subsidiary of Franz Haniel & Cie. GmbH, Duisburg. TAKKT Group will therefore be included in the latter's consolidated financial statements.

C) PRINCIPLES OF CONSOLIDATION

Subsidiaries are fully consolidated as of the acquisition date, i.e. from the moment in which the Group has acquired control either directly or indirectly. A subsidiary is not included in the financial statements any more from the moment when the parent company has lost control of the subsidiary.

The consolidated financial statements and all individual financial statements included in the consolidated financial statements have the same balance sheet date, 31 December 2012. 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 acquisition method based on a purchase price allocation at the time of control being obtained (IFRS 3). The part of the purchase price which was transferred in a business combination in the expectation of future positive inflows of funds from the business combination and which cannot be allocated to the fair values of the identifiable assets is to be recorded as goodwill in non-current assets.

Incidental costs incurred during a company merger are recorded as expense.

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, if material.

Deferred taxes were provided on consolidation measures affecting the income statement in accordance with IAS 12.

Receivables from and liabilities against as well as expenses and income from third parties were offset, provided a right and an intention to settle on a net basis existed.

Within TAKKT Group there are no non-controlling interests in equity, profit and comprehensive income.

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 financially autonomously, the respective local currency is identical to the functional currency. Under the functional currency concept, assets and liabilities of all subsidiaries not reporting in euros are translated using the closing rate, whereas income and expenses are translated using the average exchange rate for the year. Foreign 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 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 at the date of the transaction. Assets and liabilities in foreign currencies are translated at the rate prevailing at the balance sheet date. Exchange differences are primarily recognised under Other operating expenses in the income statement of the individual financial statements.

Currency translation rates of importance for TAKKT Group

		Closing rates		Average rates	
Currency	Country	2012	2011	2012	2011
USD	USA	1.3194	1.2939	1.2839	1.3904
CHF	Switzerland	1.2072	1.2156	1.2053	1.2300
GBP	UK	0.8161	0.8353	0.8105	0.8676
SEK	Sweden	8.5820	8.9120	8.6989	9.0278
CAD	Canada	1.3137	1.3215	1.2836	1.3755

E) ACCOUNTING AND VALUATION PRINCIPLES

Turnover includes sales of products and services less cash discounts, rebates and accruals from customer loyalty programmes. Turnover from sales is realised with the transfer of ownership and risk to the customer. They are recorded at fair value of the consideration received. Provisions are made to allow for customers' rights of return. According to IFRIC 13, loyalty award credits which are granted as part of a customer loyalty programme are accounted for with the fair value as deferred income in Other liabilities and result in a decrease in turnover.

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

Advertising cost are expensed as soon as the company has the right to access the advertising media and/or has received the service associated with the advertising activities.

Impairments are carried out if the asset's recoverable amount has fallen below the book value (amortised cost). The recoverable amount is defined as the higher value of its fair value less cost to sell and the present value of the expected cash flows from the usage of the asset (value in use).

Borrowing costs are capitalised when assets are bought, constructed or produced which have a lengthy acquisition or manufacturing process.

Government grants are recorded at fair value per IAS 20 when it is sufficiently certain that the pertinent conditions have been met and the relevant grants will be awarded. Grants to cover expenses are recognised as income and offset in the periods during which the designated expenses are incurred. Grants to cover capital expenditure are deducted from the funded assets.

Property, plant and equipment is capitalised at acquisition or manufacturing costs less scheduled depreciation and any impairments. If the reasons for an impairment no longer exist, the impairment is reversed. The new value must not exceed the amortised cost.

Property, plant and equipment is depreciated using the straight-line method over its useful economic life. Depreciation is based on the following useful lives in the Group, which have remained unchanged since the previous year:

	2012 Useful life in years	2011 Useful life in years
Buildings (incl. leasehold improvements)	3–50	3–50
Plant, machinery and office equipment	2–16	2–16

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

The requirements of finance leases 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 lease payments and subject to straight-line depreciation during their useful lives or the shorter duration of the leasing contract, which is between 10 and 25 years. The present value of obligations for future lease instalments is disclosed under long- and short-term borrowings.

For some buildings under a finance lease contract, standard market renewal and purchase options at the end of the general lease term exist. The option price usually corresponds to the residual book value. In order to determine the fair value, the interest rate of the underlying lease contract was applied, if possible. If this rate was not available the incremental borrowing rate was applied.

As well as finance leases, TAKKT Group also concluded rental contracts in which the economic ownership of rental goods remains with the lessor (operating leasing). Leasing payments are distributed evenly throughout the lease duration and recognised as expense. Depending on the subject of the lease, typical lease and lease extension 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. In the year under review, TAKKT Group had a total of 6 (5) cash-generating units. The impairment test is based on a detailed plan of the future operating cash flow before interest and taxes less capital expenditure on maintenance and replacements less changes in the net current assets for a period of five years and perpetuity following the detailed planning period. This detailed planning is based on financial plans approved by Management, which are also used for internal purposes. Key planning assumptions are the underlying turnover growth and the operational margin. When detailed plans are produced, past developments and expectations regarding future market trends are taken into account. 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) before tax determined for every cash generating unit in order to calculate the value in use of the cash generating unit. The WACC rate is calculated using an iterative procedure to ensure that the value in use before tax corresponds to the value in use after tax. TAKKT Group applies pre-tax WACC rates of between 8.5 and 10.2 percent (between 11.2 and 14.1 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 long-term average organic growth and below the long-term average expected future market growth. The recoverable amount – i.e. the higher of value in use or fair value less costs to sell, which may be calculated subsequently – 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. Brands are entered with an indeterminate useful life because the right of use for the brands can be utilised indefinitely and the level of awareness is permanently maintained by means of advertising.

Other acquired **intangible assets with a defined useful life** are disclosed at acquisition costs plus incidental acquisition costs less straight line or declining balance depreciation in line with usage and any impairment. Net book values and useful lives are reviewed at every balance sheet date and adjusted, if necessary. Depreciation was based on the following useful lives:

	2012 Useful life in years	2011 Useful life in years
Goodwill	indefinite	indefinite
Brands	indefinite	indefinite
Customer relationships	3–11	5 or 11
Supplier relationships	5	–
Internet domains	10	3
Catalogue-/web design	5 or 10	5 or 10
Software, licenses and similar rights	2–5	2–5

If not subject to capitalisation according to IAS 38 **research and development costs** are recognized in the income statement when incurred. Development costs are capitalised if the recognition criteria of IAS 38 are met. They are recognized at acquisition and manufacturing costs less scheduled depreciation and impairment. Capitalised development costs include all directly attributable costs and proportionate overhead and are depreciated over the expected useful life using the straight-line method.

A valuation of investments in associated companies per IAS 28 was not deemed necessary due to reasons of materiality. They are recognised in the balance sheet at acquisition costs.

Inventories are recognised at the lower of acquisition or manufacturing costs or net realisable value. In general, a value based on the FIFO method (first in, first out) is 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. There are no relevant borrowing costs due to the nature of the company's business. Obsolescence reserves were made, 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 at each balance sheet date. All purchases and sales of financial assets are recognised on settlement date (settlement date accounting).

Financial assets in the available-for-sale category are initially reported at fair value plus transaction costs and subsequently at their respective fair value at the balance sheet date. Resulting book gains and losses are recorded in shareholders' equity under consideration of deferred taxes without any effect on profits. If there is no listed 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 impairment is reversed accordingly. In the case of 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, using the effective interest method, where appropriate) or at their lower fair value. Risks are taken into consideration by allowances. Apart from the required individual value adjustments, trade receivables are subject to an allowance based on general credit risks, the age of the receivables and past experience (e.g. collection costs and cash discounts granted for rapid payment). This general allowance is necessary because of the large number of trade debtors in the direct marketing business.

Financial assets and liabilities in the category fair value through profit and loss are initially recorded at their fair value plus transaction costs and subsequently at their respective fair value at the balance sheet date. Fluctuations in fair 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 measured at amortised cost, using the effective interest method, where appropriate.

Fair values for every financial instrument category according to IFRS 7 generally reflect book values. This applies especially to assets in the categories available-for-sale and fair value through profit and loss, which are reported at the balance sheet at market values. In the case of loans and receivables as well as financial liabilities, the book value is usually a sufficient approximation of the fair value. If this is not the case, additional details are provided. The other 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 method whereby all important input factors are based on observable market data

Level 3: Valuation method whereby all important input factors are not based on observable market data

Derivative financial instruments such as forward foreign exchange contracts and interest rate 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. 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. For a statistical series, a ratio is created between 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.

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 and interest rate swaps. 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 at the forward rate at the balance sheet date. 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.

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 taxes 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.

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

Deferred taxes are recognised on all temporary differences between the relevant tax balance sheet and the 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 impaired if their realisation cannot 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 taxes 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 taxes. 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 and the expected return on plan assets are offset against each other and 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 at the best estimate of the amount to be paid if a current legal or factual external 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 discounted using maturity-matched interest rates. Provisions are reviewed on a regular basis and adjusted to the best estimate currently available if new insights are obtained or circumstances have changed. If it is not probable any more that fulfilling the obligation is connected to the outflow of resources with an economic value, a provision is released.

Liabilities are initially valued at the amount to be paid and, with the exception of derivatives and purchase price liabilities, subsequently 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, except for the short-term portions of long-term provisions since they are not material.

If IFRS 3 is not applicable, **contingent liabilities and assets** are not recognised in the balance sheet but stated and explained in the notes.

When preparing the consolidated financial statements, **assumptions** are made and **estimates** are used which have an effect on the value and disclosure of assets and debts, income and expenses and the contingent liabilities and assets. The assumptions and estimates relate primarily to the useful lives used for property, plant and equipment and intangible assets as well as for purchase price allocations, the performance of annual impairment tests and the valuation of inventories, receivables, provisions, contingent liabilities, other passive items of accrual and deferral and deferred taxes. The actual future values may deviate from the assumptions and estimates made.

2. NOTES TO THE INCOME STATEMENT

(1) Turnover *in EUR '000*

	2012	2011
Turnover with third parties	939,535	851,738
Turnover with affiliated companies	404	509
	939,939	**852,247**

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 143. A breakdown of turnover by segment and geographical region is shown in the segment reporting on page 88.

(2) Other income *in EUR '000*

	2012	2011
Rental income	185	210
Income from the release of allowances	809	308
Income from the disposal of non-current assets	143	1,411
Operating income	3,519	3,349
Other	3,592	3,160
	8,248	**8,438**

(3) Personnel expenses *in EUR '000*

	2012	2011
Wages and salaries	109,439	94,364
Social security costs	19,703	16,744
Retirement costs	2,896	2,588
Income from the release of personnel-related provisions	–839	–1,060
Other	959	815
	132,158	**113,451**

The segment reports on page 88 onwards refer to the number of employees of the Group.

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

	2012	2011
Disposal of non-current assets	106	224
Valuation allowances on current assets	1,869	2,091
Release of provisions	–687	–682
Operating leasing and rents	11,649	10,089
Foreign exchange differences	–1,784	921
Adjustments to contingent considerations	2,806	0
Operating taxes	1,710	2,067
Operating expenses	108,705	105,161
Administrative expenses	24,499	22,873
	148,873	**142,744**

The variable part of the purchase price due in spring 2015 for George Patton Associates, Inc. (GPA), acquired as of 01 April 2012, depends on the achievement of turnover targets for 2014. As the company´s development in the first nine months of affiliation to the Group exceeded expectations, an increased payment compared to the time of first-time consolidation is assumed. For that reason, expenses of EUR 2,806,000 from the adjustment of the purchase price liability affecting net income were recognised in accordance with IFRS 3.

Valuation allowances mainly relate to trade receivables and full write-offs of receivables where they cannot be recovered. Write-offs amounted to EUR 1,672,000 (EUR 1,557,000).

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 advertising costs.

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

	2012	2011
Property, plant and equipment	11,007	10,206
Other intangible assets	11,173	6,628
	22,180	**16,834**

Depreciation and impairment comprises scheduled depreciation amounting to EUR 8,607,000 (EUR 3,272,000) relating to intangible assets recorded in conjunction with purchase price allocations.

An impairment amounting to EUR 0 (EUR 39,000) was recorded on property, plant and equipment under IAS 36. With regard to other intangible assets, an impairment relating to a webshop amounting to EUR 97,000 (EUR 417,000) was necessary as per IAS 36. In 2011 this related to the valuation of OEG brands in North America. The reason for the impairment was a decrease of the turnover on which the purchase price allocation was initially based and which is considered to be generated by certain brands. In 2012 no further impairment was necessary due to the more stable development of this turnover.

(6) Impairment of goodwill
No need of impairment was derived from the impairment tests both in financial years 2011 and 2012. Please refer to the details on page 97 for information about the general procedure as regards impairment testing.

(7) Finance expenses *in EUR '000*

	2012	2011
Interest portion of finance leases	–1,161	–430
Interest portion of pension provisions	–1,209	–1,117
Interest portion purchase price liabilities	–2,141	0
Interest on borrowings	–7,292	–7,186
	–11,803	**–8,733**

The position Interest portion purchase price liabilities relates to the interest accumulation for the purchase price liability that was recorded in connection with the acquisition of GPA as of 01. April 2012. In principle, this liability is to be paid in 2015.

In the reporting period Interest on borrowings includes interest expense resulting from the issuance of the Schuldschein bonded loan. Previous year's interest on borrowings included one-off payments for early cancelling long-term interest hedging transactions. Further information can be found in the sections net result of the financial instruments categories on page 98 onwards and interest rate hedging on page 134 onwards.

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

	2012	2011
Valuation of intercompany loans and financial instruments	169	–34
Interest and similar income	126	223
	295	**189**

More details on the use of derivative financial instruments are disclosed in the opportunities and risk report on page 64 onwards as well as in the notes on page 125 onwards.

(9) Income tax expense
Income tax expense includes income tax paid and due as well as deferred taxes in the individual countries. The income tax rates applied range between 10.0 (10.0) percent and 39.0 (40.9) percent.

Breakdown of income tax expense *in EUR '000*

	2012	2011
Income tax	29,529	24,600
Deferred tax	3,509	5,003
	33,038	**29,603**

Income tax includes expenses of EUR 910,000 (income EUR 215,000) relating to prior periods. Deferred tax expenses amounting to EUR 1,122,000 (EUR 1,376,000) result from additional allowance on deferred tax assets. Deferred tax losses amounting to EUR 9,000 (gains EUR 1,000) result from tax rate changes. 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*

	2012	2011
Profit before tax	100,075	95,575
Expected average tax expense	30,723	29,342
Changes in tax rates	9	–1
Differences between local and Group tax rates	–764	–2,142
Non-deductible expenses	1,203	1,591
Non-taxable income	–473	–848
Allowance for deferred tax assets	1,122	1,376
Taxes relating to prior years	910	–215
Other differences	308	500
Income tax expense per the consolidated income statement	**33,038**	**29,603**

The calculated tax rate of 30.7 percent is based on the tax rates applicable in Germany in 2012. 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.

In the reporting period the Group tax rate increased to 33.0 (31,0) percent mainly due to structural effects. This was driven by the increase of the North American companies´ share in profit before tax.

In the year under review, write-downs in the amount of EUR 1,075,000 (EUR 258,000) on deferred taxes were reversed.

(10) Earnings per share

	2012	2011
Number of shares issued (in thousand)	65,610	65,610
Weighted number of shares issued (in thousand)	65,610	65,610
Profit (in EUR '000)	67,037	65,972
Earnings per share (in EUR)	1.02	1.01
TAKKT cash flow (in EUR '000)	92,726	87,809
TAKKT cash flow per share (in EUR)	1.41	1.34

Earnings per share are calculated by dividing the profit by the weighted average number of shares.

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

3. NOTES TO THE BALANCE SHEET

(11) 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 01.01.2012	102,668	69,195	1,648	173,511
Currency translation	31	−259	−30	−258
Changes in scope of consolidation	29,190	7,047	72	36,309
Additions	210	3,258	1,518	4,986
Transfers	2,556	328	−2,884	0
Disposals	−4	−4,508	0	−4,512
Balance at 31.12.2012	**134,651**	**75,061**	**324**	**210,036**
Cumulative depreciation and impairment				
Balance at 01.01.2012	36,076	44,130	0	80,206
Currency translation	−96	−268	0	−364
Additions	4,880	6,127	0	11,007
Transfers	0	0	0	0
Disposals	−2	−4,398	0	−4,400
Balance at 31.12.2012	**40,858**	**45,591**	**0**	**86,449**
Net book values				
Balance at 31.12.2012	**93,793**	**29,470**	**324**	**123,587**

The additions to depreciation and impairment included in the property, plant and equipment development were 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 97 for details on impairment in accordance with IAS 36.

In the reporting period due to the installation of a photovoltaic system on the roof of the Hubert warehouse in Harrison/Ohio a government grant amounting to EUR 676,000 (EUR 0) was received and deducted from acquisition costs.

At the balance sheet date, property, plant and equipment with a book value of EUR 38,514,000 (EUR 8,486,000) acquired under a finance lease were reported. Leased assets are shown with EUR 35,941,000 (EUR 8,486,000) under Land, buildings and similar assets and with EUR 2,573,000 (EUR 0) under office equipment. The acquisition of the Ratioform Group in the financial year 2012 included the addition of leased land and buildings amounting to EUR 29,000,000 and business equipment amounting to EUR 2,712,000.

Since the transfer of the assets capitalised as finance leases at the end of the leasing period is uncertain, the finance lease properties continue to be depreciated over the lease period. Overall, there was 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.

Purchase commitments for property, plant and equipment amounted to EUR 202,000 (EUR 246,000).

	Land, buildings and similar assets	Plant, machinery and office equipment	Payments on account	Total
Acquisition costs				
Balance at 01.01.2011	97,216	74,243	623	172,082
Currency translation	790	580	19	1,389
Changes in scope of consolidation	0	5	0	5
Additions	944	4,349	1,955	7,248
Transfers	6,564	–5,615	–949	0
Disposals	–2,846	–4,367	0	–7,213
Balance at 31.12.2011	**102,668**	**69,195**	**1,648**	**173,511**
Cumulative depreciation and impairment				
Balance at 01.01.2011	29,720	45,874	0	75,594
Currency translation	334	560	0	894
Additions	4,295	5,911	0	10,206
Transfers	4,038	–4,038	0	0
Disposals	–2,311	–4,177	0	–6,488
Balance at 31.12.2011	**36,076**	**44,130**	**0**	**80,206**
Net book values				
Balance at 31.12.2011	**66,592**	**25,065**	**1,648**	**93,305**

(12) Goodwill *in EUR '000*

	Goodwill	Goodwill on consolidation	Total
Acquisition costs			
Balance at 01.01.2012	226,749	30,480	257,229
Currency translation	–2,063	0	–2,063
Additions	63,941	152,656	216,597
Disposals	0	0	0
Balance at 31.12.2012	**288,627**	**183,136**	**471,763**
Cumulative impairment			
Balance at 01.01.2012 / 31.12.2012	**0**	**12,860**	**12,860**
Net book values			
Balance at 31.12.2012	**288,627**	**170,276**	**458,903**

	Goodwill	Goodwill on consolidation	Total
Acquisition costs			
Balance at 01.01.2011	222,084	28,310	250,394
Currency translation	4,665	0	4,665
Additions	0	2,170	2,170
Disposals	0	0	0
Balance at 31.12.2011	**226,749**	**30,480**	**257,229**
Cumulative impairment			
Balance at 01.01.2011 / 31.12.2011	**0**	**12,860**	**12,860**
Net book values			
Balance at 31.12.2011	**226,749**	**17,620**	**244,369**

The increase in goodwill is due to the acquisition of GPA. The financial year´s increase in goodwill on consolidation relates to the acquisition of Ratioform Holding GmbH whereas in the previous year the increase was due to the acquisition of UBEN Unternehmensberatung Enzinger GmbH. For further information concerning the acquisitions, please refer to page 136 onwards.

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 had to be reported as so-called asset deals. In these cases, all assets were acquired separately by the buyer. If the costs of acquisition exceeded the fair value of the individual identifiable assets and liabilities, the difference was capitalised as goodwill in the individual balance sheet of the respective acquirer.

Net book value of goodwill *in EUR ’000*

Cash generating units	**2012**	2011
Business Equipment Group	79,379	79,379
Plant Equipment Group	2,146	2,188
Specialties Group	171,762	109,146
Office Equipment Group (America)	35,340	36,036
	288,627	**226,749**

If acquisitions had to be reported as so-called share deals, the portion of acquisition costs which exceeded the fair value of the equity at the time of purchase was capitalised as goodwill on consolidation.

Net book value of goodwill on consolidation *in EUR ’000*

Cash generating units	**2012**	2011
Business Equipment Group	17,620	17,620
Office Equipment Group (Europe)	0	0
Packaging Solutions Group	152,656	0
	170,276	**17,620**

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 impairment test once a year or more often, if necessary. No impairment charge on goodwill was necessary in the financial year 2012 nor in 2011. Taxable goodwill is still depreciated over a period of 15 years. At the balance sheet date, the resulting deferred tax liability amounted to EUR 54,034,000 (EUR 47,254,000). No deferred taxes result from goodwill on consolidation.

(13) Other intangible assets *in EUR '000*

	Brands	Customer lists	Other (purchase price allocation)	Software, licences and similar rights	Payments on account	Total
Acquisition costs						
Balance at 01.01.2012	17,026	43,306	10,644	30,140	235	101,351
Currency translation	–329	–828	–77	–308	–5	–1,547
Changes in scope of consolidation	10,200	42,849	13,067	451	0	66,567
Additions	0	0	0	1,595	1,843	3,438
Transfers	0	0	0	404	–404	0
Disposals	0	0	0	–1,384	0	–1,384
Balance at 31.12.2012	**26,897**	**85,327**	**23,634**	**30,898**	**1,669**	**168,425**
Cumulative depreciation and impairment						
Balance at 01.01.2012	1,221	32,842	8,224	25,893	0	68,180
Currency translation	–23	–703	–229	–305	0	–1,260
Additions	0	5,657	2,950	2,566	0	11,173
Transfers	0	0	0	0	0	0
Disposals	0	0	0	–1,329	0	–1,329
Balance at 31.12.2012	**1,198**	**37,796**	**10,945**	**26,825**	**0**	**76,764**
Net book values						
Balance at 31.12.2012	**25,699**	**47,531**	**12,689**	**4,073**	**1,669**	**91,661**

	Brands	Customer lists	Other (purchase price allocation)	Software, licences and similar rights	Payments on account	Total
Acquisition costs						
Balance at 01.01.2011	16,487	41,935	10,307	30,337	122	99,188
Currency translation	539	1,371	337	506	1	2,754
Changes in scope of consolidation	0	0	0	0	0	0
Additions	0	0	0	1,679	299	1,978
Transfers	0	0	0	162	–162	0
Disposals	0	0	0	–2,544	–25	–2,569
Balance at 31.12.2011	**17,026**	**43,306**	**10,644**	**30,140**	**235**	**101,351**
Cumulative depreciation and impairment						
Balance at 01.01.2011	748	29,293	7,069	24,813	0	61,923
Currency translation	56	1,137	295	539	0	2,027
Additions	417	2,412	860	2,939	0	6,628
Transfers	0	0	0	0	0	0
Disposals	0	0	0	–2,398	0	–2,398
Balance at 31.12.2011	**1,221**	**32,842**	**8,224**	**25,893**	**0**	**68,180**
Net book values						
Balance at 31.12.2011	**15,805**	**10,464**	**2,420**	**4,247**	**235**	**33,171**

The additions to depreciation and impairment included above were translated at average exchange rates as in the income statement. The difference to the closing rate is included in Currency translation.

For details on the increase in acquired brands, customer lists and other intangible assets resulting from the acquisitions of GPA and Ratioform Holding GmbH please refer to page 136 onwards.

For information on impairment per IAS 36, please refer to page 97. 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. Acquired brands were reported at their book value of EUR 25,699,000 (EUR 15,805,000) as intangible assets with an indefinite life. These relate to the cash generating unit PSG in the amount of EUR 10,200,000 (EUR 0), to the cash generating unit SPG in the amount of EUR 9,550,000 (EUR 9,738,000) and to the cash generating unit OEG (America) in the amount of EUR 5,949,000 (EUR 6,067,000) . The important customer lists have a remaining useful life between 1 and 10 years.

Purchase commitments for intangible assets amount to EUR 518,000 (EUR 58,000).

(14) Other assets
Other assets include staff loans, deposits and pension plan reinsurances.

(15) Deferred taxes

Deferred tax on loss carry-forwards *in EUR '000*

	2012	2011
Deferred tax on loss carry-forwards – gross	13,562	15,950
Allowance	– 11,939	– 14,236
Deferred tax on loss carry-forwards – net	**1,623**	**1,714**

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

	up to 1 year	1 to 5 years	over 5 years	unlimited	Total
2012	3,819	14,973	13,493	8,848	**41,133**
2011	2,856	18,383	13,676	10,618	**45,533**

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	
	2012	2011	2012	2011
Property, plant and equipment and other intangible assets	5,071	4,749	26,434	3,742
Goodwill	712	641	54,034	47,254
Inventories	2,757	2,456	30	3
Trade receivables and other assets	3,592	2,589	670	454
Non-current provisions	3,198	2,889	440	332
Current provisions	1,549	1,382	60	148
Borrowings	12,036	3,967	145	0
Other liabilities	2,154	154	110	0
Market value of derivative financial instruments	889	940	73	325
Loss carry-forwards	1,623	1,714	0	0
Subtotal	**33,581**	**21,481**	**81,996**	**52,258**
Netting	– 28,872	– 16,368	– 28,872	– 16,368
Consolidated balance sheet	**4,709**	**5,113**	**53,124**	**35,890**

Deferred taxes on the market value of the derivative financial instruments classified as cash flow hedges amounting to EUR 822,000 (EUR 615,000) did not affect profit.

Of EUR 4,709,000 (EUR 5,113,000) deferred tax assets, EUR 542,000 (EUR 1,744,000) relate to companies which generated losses in the year under review or in the previous year. 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 3,105,000 (EUR 2,583,000). 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 taxes for temporary differences in associated companies between the IFRS approach and the tax accounting approach are not reported for reasons of materiality.

(16) Inventories *in EUR '000*

	2012	2011
Raw materials and supplies	1,479	854
Work in progress	1,084	828
Finished goods and purchased merchandise	75,101	57,004
Payments on account	302	101
	77,966	**58,787**

An obsolescence reserve of EUR 9,997,000 (EUR 9,184,000) has been made on finished goods and purchased merchandise, taking into consideration the expected sell-down period of the inventories. Intercompany profits of EUR 390,000 (EUR 264,000) have been eliminated.

(17) Trade receivables

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

	2012	2011
Balance at 01.01.	4,196	3,759
Additions	579	561
Release	–569	–179
Currency translation and other changes	–4	55
Balance at 31.12.	**4,202**	**4,196**

For further information concerning the reconciliation from gross to net figures, see also section 4. Risk management and financial instruments (page 125 onwards).

All goods delivered were subject to customary ownership retention rights. TAKKT has not capitalised any overdue receivables that are not impaired.

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

	2012	2011
Receivables from affiliated companies	30	82
Market value of derivative financial instruments	844	1,504
Other tax receivables	3,546	3,668
Bonus claims against suppliers	8,268	6,808
Deferred expenses	5,493	5,467
Other	3,380	2,015
	21,561	**19,544**

The position Other includes a claim for reimbursement against the vendors of the Ratioform Group totalling EUR 766,000. The corresponding liability is shown under current provisions in the same amount.

Receivables from affiliated companies relate to other business segments of the Haniel Group and basically consist of trade receivables.

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

	2012	2011
Cheques, cash balances	290	122
Bank balances	5,655	2,092
	5,945	**2,214**

Bank balances comprises funds with a maturity of up to three months.

(20) Total equity

For the consolidated statement of changes in total equity, refer to page 85. The fully paid-in issued capital of TAKKT AG amounts to EUR 65,610,331 (EUR 65,610,331). It is divided into 65,610,331 (65,610,331) no-par-value bearer shares. The Annual General Meeting (AGM) authorised the Management and Supervisory Boards on 04 May 2010 to purchase own shares. No use was made of this right in 2012. In accordance with the resolution of the AGM amending the statutes 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. This is subject to approval of the Supervisory Board and has to take into consideration the subscription rights of the shareholders. 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 71 in the Management Report.

Retained earnings include earnings contributed by Group companies since acquisition as well as the consolidation adjustments and related deferred taxes affecting profit.

Other components of equity *in EUR '000*

	Derivative financial instruments	Deferred tax	Foreign currency reserves	Total
Balance at 01.01.2011	**–5,066**	**1,897**	**–18,701**	**–21,870**
Changes in the scope of consolidation	0	0	0	0
Other comprehensive income	3,660	–1,282	1,897	4,275
thereof currency translation effects	157	52	1,897	2,106
Balance at 31.12.2011 / 01.01.2012	**–1,406**	**615**	**–16,804**	**–17,595**
Changes in the scope of consolidation	0	0	0	0
Other comprehensive income	–759	207	313	–239
thereof currency translation effects	16	–16	313	313
Balance at 31.12.2012	**–2,165**	**822**	**–16,491**	**–17,834**

The shareholders have a claim to the unappropriated profits available for distribution by TAKKT AG, provided that the latter is not excluded from distribution to the shareholders by law or the statutes of the company, 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 55,769,000) for the 2012 financial year. The 65.6 million shares will therefore attract a total dividend of EUR 0.32 (EUR 0.85) per share. For the financial year 2011, a special dividend of EUR 0.53 per share was suggested in addition to the ordinary dividend.

Capital management

The overriding goal of TAKKT Group´s capital management is to optimise and maintain a solid capital structure in order to secure the necessary flexibility and scope for value-adding investments.

The Group monitors and steers its capital structure based on long-term financial planning and specific self-imposed covenants. For each of these key figures, TAKKT has internally determined critical thresholds. The Group aims for an equity ratio between 30 and 60 percent. For gearing, the long-term target is below 1.5, though exceeding a value of two for a short time is still tolerated. The target for the debt repayment period is less than five years. For the interest cover, another index for the company's financial stability, a figure above four is aimed at.

	2012	2011
Total equity	312,015	300,986
/ Total assets	874,288	549,805
Equity ratio (in percent)	**35.7**	**54.7**
Borrowings	330,866	95,872
./. Cash and cash equivalents	5,945	2,214
Net borrowings	324,921	93,658
/ Total equity	312,015	300,986
Gearing	**1.0**	**0.3**
Average net borrowings	205,886	106,767
/ TAKKT cash flow	92,726	87,809
Debt repayment period (in years)	**2.2**	**1.2**
EBITA	111,583	104,119
/ Net interest expense (= Finance expenses less Interest and similar income)	11,677	8,510
Interest cover	**9.6**	**12.2**

Steering the results of the individual Group companies at TAKKT Group is conducted through a system of key figures. Here, the EBITDA margin with a long-term target corridor between 12 and 15 percent serves as benchmark for the short-term operational profitability, whereas the EVA®, for which a positive value is envisaged, serves as benchmark for the long-term value-based controlling. For further details on the value-based management, please refer to pages 31 and 32 of the annual report.

(21) Non-current and current borrowings *in EUR '000*

	Remaining term			
	up to 1 year	1 to 5 years	over 5 years	31.12.2012
Liabilities to banks	17,088	42,603	82,149	141,840
Schuldschein bonded loan	0	139,526	0	139,526
Finance leases	1,849	8,162	29,193	39,204
Finance liabilities to affiliated companies	8,716	0	0	8,716
Other	1,580	0	0	1,580
	29,233	**190,291**	**111,342**	**330,866**
thereof long-term (maturity > 1 year)				301,633

	Remaining term			
	up to 1 year	1 to 5 years	over 5 years	31.12.2011
Liabilities to banks	24,246	10,820	42,507	77,573
Schuldschein bonded loan	0	0	0	0
Finance leases	912	3,906	8,102	12,920
Finance liabilities to affiliated companies	2,964	0	0	2,964
Other	2,415	0	0	2,415
	30,537	**14,726**	**50,609**	**95,872**
thereof long-term (maturity > 1 year)				65,335

The remaining term of the liabilities to banks is equivalent to the terms of the respective utilised financing commitments. Additionally, TAKKT has unused credit lines of a low three-digit million figure. Liabilities under finance lease contracts refer to four buildings and additionally to equipment. The fair value of finance leases amounts to EUR 39,576,000 (EUR 13,393,000).

A schedule of liabilities to affiliated companies can be found in related-party transactions on page 143.

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

	01.01.2012	Currency translation	Changes in scope of consolidation	Other changes	Additions	Repay-ments	31.12.2012
Liabilities to banks	77,573	–1,480	33,553	0	333,594	–301,400	141,840
Schuldschein bonded loan	0	0	0	0	139,526	0	139,526
Finance leases	12,920	0	27,628	0	0	–1,344	39,204
Finance liabilities to affiliated companies	2,964	7	0	0	5,745	0	8,716
Other	2,415	0	6,486	35	0	–7,356	1,580
	95,872	**–1,473**	**67,667**	**35**	**478,865**	**–310,100**	**330,866**

	01.01.2011	Currency translation	Changes in scope of con-solidation	Other changes	Additions	Repay-ments	31.12.2011
Liabilities to banks	114,018	3,703	0	0	75,779	–115,927	77,573
Schuldschein bonded loan	0	0	0	0	0	0	0
Finance leases	16,214	0	0	0	0	–3,294	12,920
Finance liabilities to affiliated companies	9,848	27	0	0	0	–6,911	2,964
Other	2,705	0	0	280	0	–570	2,415
	142,785	**3,730**	**0**	**280**	**75,779**	**–126,702**	**95,872**

Average net borrowings for the financial year amounted to EUR 205,886,000 (EUR 106,767,000). Debt was weighted by months and converted using the average exchange rates 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. Additionally, a Schuldschein bonded loan was issued in the fourth quarter of 2012 amounting to EUR 140,000,000 and divided into four tranches. The tranches have terms of three and five years respectively, each with a fixed and variable interest rate respectively. Apart from extending the investor base and debt financing options, the issuance primarily serves to refinance a short-term acquisition credit line which was used for the acquisition of the Ratioform Group. The fair value of the portion of the Schuldschein bonded loans with fixed interest rates amounts to EUR 63,224,000 (EUR 0).

At the balance sheet date, Other includes the EVA® certificates issued to TAKKT Group executives. An addition during the year resulting from the acquisition of the Ratioform Group was settled.

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

	31.12.2012	Portion of total liabilities *(in percent)*	Weighted remaining term *(in years)*	Average interest rate *(in percent)*
USD liabilities	**108,898**	**32.9**		
– Borrowings	108,879	32.9	3.8	3.5
– Other	19	0.0	n/a	n/a
EUR liabilities	**221,727**	**67.0**		
– Borrowings	32,720	9.9	3.9	2.2
– Schuldschein bonded loan	139,526	42.2	3.1	3.0
– Finance leases (fixed interest rate)	39,204	11.8	9.2	4.4
– Other	10,277	3.1	n/a	n/a
Liabilities other currencies	**241**	**0.1**	**n/a**	**n/a**
	330,866	**100.0**	**n/a**	**n/a**
thereof hedged	254,522	76.9		

	31.12.2011	Portion of total liabilities *(in percent)*	Weighted remaining term *(in years)*	Average interest rate *(in percent)*
USD liabilities	**77,370**	**80.7**		
– Borrowings	76,663	80.0	2.9	4.4
– Other	707	0.7	n/a	n/a
EUR liabilities	**18,392**	**19.2**		
– Borrowings	800	0.8	0.5	2.1
– Schuldschein bonded loan	0	0.0	n/a	n/a
– Finance leases (fixed interest rate)	12,920	13.5	5.4	3.1
– Other	4,672	4.9	n/a	n/a
Liabilities other currencies	**110**	**0.1**	**n/a**	**n/a**
	95,872	**100.0**	**n/a**	**n/a**
thereof hedged	43,834	45.7		

Further information on interest rate hedges can be found on page 134 onwards.

(22) Other longterm liabilities

Other longterm liabilities exclusively comprise purchase price liabilities amounting to EUR 48,246,000 (EUR 353,000). Included are contingent considerations amounting to EUR 13,964,000 (EUR 353,000). Further information can be found on page 141 onwards.

(23) Non-current provisions *in EUR '000*

	2012	2011
Pension provisions	22,832	20,664
Personnel provisions	5,062	3,743
Other provisions	1,275	1,454
	29,169	**25,861**

Personnel provisions mainly comprise obligations for early retirement part-time working arrangements amounting to EUR 1,340,000 (EUR 1,400,000) as well as provisions for the long-term performance cash plans of the Management Board of EUR 2,531,000 (EUR 1,872,000). The change in personnel and other provisions is the result of the utilisation of EUR 603,000 (EUR 609,000), a release of EUR 437,000 (EUR 118,000), an addition of EUR 2,019,000 (EUR 2,345,000) as well as additions from changes in the scope of consolidation amounting to EUR 161,000 (EUR 0). Pension provisions acquired within the acquisitions amount to EUR 402,000. Furthermore, assumed liabilities from value accounts amounting to EUR 593,000 were offset with the corresponding pension plan reinsurance.

Pension provisions

Development of pension provisions *in EUR '000*

	2012	2011
Present value of funded obligations	2,455	1,848
Present value of unfunded obligations	32,512	22,846
Total present value of obligations	**34,967**	**24,694**
Fair value of plan assets	−2,387	−1,835
Unrecognised actuarial losses	−9,748	−2,195
Pension provisions at 31.12.	**22,832**	**20,664**

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 *in EUR '000*

	2012	2011
Present value of obligations 01.01.	24,694	24,517
Current service cost	1,105	1,064
Interest expense	1,310	1,188
Plan participants' contributions	0	22
Actuarial gains (–)/losses (+)	8,066	–1,686
Benefits paid	–625	–610
Plan curtailments	0	–168
Past service costs	0	90
Currency translation	0	0
Transfer of obligations	15	277
Change in scope of consolidation	402	0
Present value of obligations 31.12.	**34,967**	**24,694**

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

Parameters *in percent*

	2012	2011
Actuarial interest rate	3.70	5.20
Salary trend	2.75	2.75
Pension trend	1.90	1.90

The derivation of the yields of high quality fixed rate corporate bonds used for the determination of the actuarial interest rate was adjusted to the changed capital market conditions.

The probability of employee fluctuation was considered, depending 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. With effect of 01 January 2011, the underlying plan was discontinued. Claims arising afterwards are covered by a defined contribution plan.

Present value of plan assets *in EUR '000*

	2012	2011
Fair value 01.01.	1,835	2,008
Expected return on plan assets	101	71
Actuarial gains (+)/losses (–)	451	–270
Benefits paid	0	0
Employer contributions	0	4
Plan participants' contributions	0	22
Fair value 31.12.	**2,387**	**1,835**

The expected return on these plan assets for 2012 was 4.1 (5.5) 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*

	2012	2011
Personnel expenses		
Current service costs	1,105	1,064
Past service costs	0	90
Amortisation of actuarial gains (–)/losses (+)	63	116
Gains (–)/Losses (+) from plan curtailments and settlements	0	–168
Finance expense		
Interest expense	1,310	1,188
Expected return on plan assets	–101	–71
Interest portion of pension provision	**1,209**	**1,117**

General overview *in EUR '000*

	2012	2011	2010	2009	2008
Present value of obligations	34,967	24,694	24,517	22,156	17,847
Fair value of plan assets	2,387	1,835	2,008	1,721	1,325
Difference	**32,580**	**22,859**	**22,509**	**20,435**	**16,522**
Experience adjustments on plan assets	–8	–111	15	33	–3
Experience adjustments on obligations	427	97	–645	–284	1,151

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 7,398,000 (EUR 6,144,000) 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 a certain time of service. The amounts paid by the employer are up to 2.5 percent of the employee's salary. The companies cannot derive any claims from their contribution payments; accordingly, no such assets have to be capitalised by these companies. Expenses for defined contribution plans amounted to EUR 1,728,000 (EUR 1,486,000) in the year under review.

(24) Trade payables

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

(25) Other current liabilities *in EUR '000*

	2012	2011
Customer payments on account	3,837	3,133
Market value of derivative financial instruments	2,521	3,473
Uninvoiced goods and services	11,185	11,180
Other tax payables	7,300	6,990
Personnel liabilities	4,626	3,726
Accrued interest	802	3
Social security contributions	1,028	1,003
Bonus liabilities to customers	1,947	2,167
Audit fees	1,023	963
Deferred income	965	333
Other	10,522	7,551
	45,756	**40,522**

A schedule of liabilities to affiliated companies can be found under related-party transactions on page 143.

(26) Current provisions

Development of current provisions *in EUR '000*

	01.01.2012	Currency translation	Changes in scope of consolidation	Usage	Transfers	Release	Additions	31.12.2012
Staff bonuses	10,445	–152	1,585	–11,130	0	–791	8,453	8,410
Personnel obligations	920	–1	0	–731	0	–48	966	1,106
Customer credit notes	1,649	–18	48	–1,085	0	–73	1,016	1,537
Other	4,039	5	1,766	–1,130	0	–178	968	5,470
	17,053	**–166**	**3,399**	**–14,076**	**0**	**–1,090**	**11,403**	**16,523**

	01.01.2011	Currency translation	Changes in scope of consolidation	Usage	Transfers	Release	Additions	31.12.2011
Staff bonuses	10,766	331	0	–9,625	–531	–696	10,200	10,445
Other personnel obligations	1,902	7	0	–1,065	0	–358	434	920
Customer credit notes	1,652	58	0	–1,141	0	–56	1,136	1,649
Other	2,983	7	0	–763	0	–515	2,327	4,039
	17,303	**403**	**0**	**–12,594**	**–531**	**–1,625**	**14,097**	**17,053**

The release and additions to provisions are converted at average exchange rates as in the income statement. The difference to the closing rate is included in currency translation. Other provisions include provisions for litigations amounting to EUR 766,000. These are compensated in the same amount by a corresponding claim for reimbursement against the vendors of the Ratioform Group. This claim is shown under Other receivables and assets.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

In the opportunities and risk report contained in the Management report on page 58 onwards, TAKKT details the possible financial 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 accordingly. 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 (at amortised cost)

III. Financial liabilities measured at amortised cost

Financial instrument categories at 31 December 2012 *in EUR '000*

	Financial instrument category			No IAS 39 category	Reconciliation to balance sheet	**Balance sheet item total**
	I.	II.	III.			
Assets						
Non-current assets						
Other assets	0	560	0	0	246	806
Current assets						
Trade receivables	0	87,082	0	0	0	87,082
Other receivables and assets	547	11,679	0	297	9,038	21,561
Cash and cash equivalents	0	5,945	0	0	0	5,945
	547	**105,266**	**0**			
Liabilities						
Non-current liabilities						
Borrowings	0	0	264,278	37,355	0	301,633
Other liabilities	0	0	0	48,246	0	48,246
Current liabilities						
Borrowings	0	0	27,384	1,849	0	29,233
Trade payables	0	0	31,020	0	0	31,020
Other liabilities	22	0	4,636	2,618	38,480	45,756
	22	**0**	**327,318**			

Financial instrument categories at 31 December 2011 *in EUR '000*

	Financial instrument category			No IAS 39 category	Reconciliation to balance sheet	Balance sheet item total
	I.	II.	III.			
Assets						
Non-current assets						
Other assets	0	660	0	0	237	897
Current assets						
Trade receivables	0	91,146	0	0	0	91,146
Other receivables and assets	156	8,905	0	1,348	9,135	19,544
Cash and cash equivalents	0	2,214	0	0	0	2,214
	156	**102,925**	**0**			
Liabilities						
Non-current liabilities						
Borrowings	0	0	53,327	12,008	0	65,335
Other liabilities	0	0	0	353	0	353
Current liabilities						
Borrowings	0	0	29,625	912	0	30,537
Trade payables	0	0	22,093	0	0	22,093
Other liabilities	527	0	2,772	3,068	34,155	40,522
	527	**0**	**107,817**			

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

Column No IAS 39 category includes derivatives with a positive fair value of EUR 297,000 (EUR 1,348,000) respectively a negative fair value of EUR 2,499,000 (EUR 2,947,000), finance leases with a book value of EUR 39,204,000 (EUR 12,920,000) and purchase price liabilities at a fair value of EUR 48,365,000 (EUR 474,000).

The calculation method used for all the other receivables and assets and the other liabilities measured at fair value except for the valuation of contingent liabilities relates to level 2. The reconciliation of the contingent liability that relates to level 3 can be found on page 141. A definition of the levels can be found on page 99.

Net result of the financial instruments categories *in EUR '000*

	From interest	At fair value	Currency translation	Valuation allowance	2012
Financial assets or liabilities at fair value through profit and loss	0	896	0	0	896
Loans and receivables	122	0	730	–1,060	–208
Financial liabilities measured at amortised cost	–6,017	0	–917	0	–6,934
	–5,895	**896**	**–187**	**–1,060**	**–6,246**

	From interest	At fair value	Currency translation	Valuation allowance	2011
Financial assets or liabilities at fair value through profit and loss	0	–212	0	0	–212
Loans and receivables	223	0	212	–1,783	–1,348
Financial liabilities measured at amortised cost	–3,460	0	359	0	–3,101
	–3,237	**–212**	**571**	**–1,783**	**–4,661**

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. As a result of the strong diversification of the customer structure as described in the risk report, there is no exceptional concentration of risk in operating business. Thanks to consequent 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 (0.3) percent of turnover. Risks of write-offs are accounted for by creating allowances.

Trade receivables *in EUR '000*

	01.01.2012	Currency translation	Changes in scope of consolidation	Other changes	31.12.2012
Nominal value of receivables	95,342	–150	7,698	–11,606	91,284
Valuation allowances	–4,196	4	0	–10	–4,202
Book value of receivables	**91,146**	**–146**	**7,698**	**–11,616**	**87,082**

	01.01.2011	Currency translation	Changes in scope of consolidation	Other changes	31.12.2011
Nominal value of receivables	91,237	1,011	0	3,094	95,342
Valuation allowances	−3,759	−55	0	−382	−4,196
Book value of receivables	**87,478**	**956**	**0**	**2,712**	**91,146**

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 good creditworthiness, the actual risk of default can be considered as rather low. Risk concentrations in the finance area are avoided by broadly spreading transactions and deals among a number of banks with good ratings. The banks' creditworthiness is checked continuously.

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 at 31 December 2012. There were no financial guarantees. Foreign currency amounts were translated into the reporting currency euro at the respective closing rate at the balance sheet date.

Maturity analysis at 31 December 2012 *in EUR '000*

	Cash flow 2013	Cash flow 2014	Cash flow 2015–2017	Cash flow 2018–2022	Cash flow 2023 et seqq.
Original financial liabilities					
Liabilities to banks	−18,939	−37,223	−11,073	−82,246	0
Schuldschein bonded loan	−3,872	−3,837	−146,613	0	0
Finance leases	−3,707	−3,707	−11,120	−19,857	−21,099
Finance liabilities to affiliated companies	−8,716	0	0	0	0
Trade payables	−31,020	0	0	0	0
Other liabilities	−5,533	−118	−52,509	0	0
Derivative financial receivables					
Outgoing payments	−57,142	−118	−116	0	0
Connected incoming payments	57,927	129	129	0	0
Derivative financial liabilities					
Outgoing payments	−31,383	−1,046	−647	0	0
Connected incoming payments	29,608	0	0	0	0

Maturity analysis at 31 December 2011 *in EUR '000*

	Cash flow 2012	Cash flow 2013	Cash flow 2014–2016	Cash flow 2017–2021	Cash flow 2022 et seqq.
Original financial liabilities					
Liabilities to banks	–25,452	–11,618	–2,366	–42,621	0
Schuldschein bonded loan	0	0	0	0	0
Finance leases	–1,251	–1,251	–3,754	–8,638	0
Finance liabilities to affiliated companies	–2,964	0	0	0	0
Trade payables	–22,093	0	0	0	0
Other liabilities	–5,308	–119	–234	0	0
Derivative financial receivables					
Outgoing payments	–57,805	–9,004	–118	0	0
Connected incoming payments	59,309	9,219	123	0	0
Derivative financial liabilities					
Outgoing payments	–54,064	–1,112	–673	0	0
Connected incoming payments	52,104	0	123	0	0

TAKKT has considerable unused short- and long-term credit lines with a number of German and international banks amounting to a low three-digit million figure. Thus, the liquidity risk resulting from the maturities is largely 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 at the closing date had been affected by hypothetical changes in different relevant risk variables. The assumption is that the volume of financial instruments at the closing date was representative for the full year and that the assumed changes in risk variables at the closing 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 up to three years. No netting of currency derivatives was undertaken.

Currency hedging *in EUR '000*

	Nominal value		Market value	
	2012	2011	**2012**	2011
Assets				
Currency derivatives designated as cash flow hedges	28,438	39,208	297	1,348
Currency derivatives without hedge accounting	30,014	28,473	547	156
Liabilities				
Currency derivatives designated as cash flow hedges	7,348	8,164	–89	–296
Currency derivatives without hedge accounting	22,323	44,257	–22	–527
	88,123	**120,102**	**733**	**681**

CURRENCY DERIVATIVES DESIGNATED AS CASH FLOW HEDGES

TAKKT is exposed to currency risks as a limited amount of purchases and sales of products and services – below ten percent of consolidated turnover – is in different currencies. Around seventy percent of the 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 at 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 2012 financial year, gains after deferred taxes totalling EUR 145,000 (EUR 709,000) 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. Additionally, gains of EUR 713,000 (losses EUR 763,000) 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, gains recorded in shareholders' equity amounting to EUR 145,000 after deferred taxes will be reclassified to the income statement.

Broken down by currency, the designated transactions underlying the cash flow hedges have the following maturities:

Underlying currency derivative transactions *in EUR '000*

	2012		2011	
	Cash flow 2013	Cash flow 2014 et seqq.	Cash flow 2012	Cash flow 2013 et seqq.
CAD	6,642	0	5,216	0
CHF	16,938	0	19,380	9,096
CZK	468	0	1,284	0
DKK	538	0	564	0
GBP	2,444	0	2,176	0
HUF	1,524	0	1,693	0
JPY	101	0	102	0
MXN	532	0	710	0
NOK	2,161	0	2,184	0
PLN	314	0	247	0
RON	386	0	907	0
RUB	509	0	303	0
SEK	2,978	0	2,865	0
TRY	250	0	342	0
USD	0	0	303	0

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.

Foreign currency receivables or payables against third parties at individual companies are also hedged economically using forward foreign exchange contracts, if necessary. Here, fluctuations in exchange rates of the underlying currencies also lead to counteracting fluctuations in earnings through changes in market value of both the derivative instrument as well as the corresponding receivables and payables and are therefore also included in the profit-based sensitivity calculation.

No fair value hedge accounting is applied.

The following table lists the effects of a theoretical change in the EUR/CHF exchange rate on the profit before tax as well as shareholders' equity on the balance sheet date. Other exchange rate fluctuations have no material effect on profit or equity. Influences on the balance sheet and income statement resulting from the translation of individual financial statements into the reporting currency euro (so-called translation risks) are not included.

Sensitivity analysis for currency fluctuations *in EUR '000*

31.12.2012	Increase/ decrease	Effect on profit before tax	Effect on share-holders' equity without impact on profits
EUR/CHF	+10 %	0	+1,673
EUR/CHF	–10 %	0	–1,673

31.12.2011	Increase/ decrease	Effect on profit before tax	Effect on share-holders' equity without impact on profits
EUR/CHF	+10 %	0	+2,735
EUR/CHF	–10 %	0	–2,735

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 does not occur.

Interest rate hedges *in EUR '000*

	Nominal value		Market value	
	2012	2011	**2012**	2011
Assets				
Interest rate derivatives designated as cash flow hedges	0	0	0	0
Interest rate derivatives without hedge accounting	0	0	0	0
Liabilities				
Interest rate derivatives designated as cash flow hedges	153,292	61,829	–2,410	–2,650
Interest rate derivatives without hedge accounting	0	0	0	0
	153,292	**61,829**	**–2,410**	**–2,650**

To hedge future interest payments for the US dollar debt subject to a floating interest rate, TAKKT classified interest rate swaps with a nominal value of USD 60,000,000 and maturity date on 30 June 2014 and with a nominal value of USD 40,000,000 and maturity date on 30 June 2016. In the previous year, the nominal value was USD 60,000,000 with maturity date on 30 June 2014. An additional and counteracting interest rate swap amounting to USD 20,000,000 was contracted in the financial year 2011 and ended on 30 June 2012. This results for the first half of 2012 in a remaining hedge amount of USD 40,000,000 and for the second half of 2012 in a hedge amount of USD 100,000,000.

The EUR debt subject to floating interest rates is also interest hedged by TAKKT. The two tranches of the Schuldschein bonded loan issued in October with variable interest rates were hedged by contracting interest rate swaps with a nominal value of EUR 67,500,000 with maturity date on 19 October 2015 and EUR 10,000,000 with maturity date on 19 October 2017. In the previous year, TAKKT had no interest rate swaps in EUR.

TAKKT's objective with contracting interest rate swaps is to transform floating rate into fixed rate financing.

A potential change in creditworthiness and therefore the credit margin of the debtor is not part of this hedge. The effective part of the US dollar interest rate swaps is recorded at fair value without an effect on profits. In the case of interest rate swaps which qualify as cash flow hedges, changes in market interest rates cause fluctuations in both the Other components of equity (changes in fair value) and the finance expense (compensation payments). These financial instruments are therefore taken into account in shareholders' equity and profit-related sensitivity calculations.

In 2012, losses of EUR 748,000 (EUR 1,463,000) after deferred taxes 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 764,000 (EUR 2,159,000) were transferred to the income statement (Finance expenses). These amounts represent the change in valuation of the effective part of the hedge relationship. As in the previous year, there have been no material ineffectivenesses.

UNDERLYING INTEREST RATE DERIVATIVE TRANSACTIONS

Long-term bilateral credit lines form TAKKT Group's source of financing. These are generally utilised on a revolving basis with short-term interest rates and include a Schuldschein loan since 2012. TAKKT uses derivative financial instruments to hedge against rising market interest rates and therefore potentially increasing future interest payments. The target hedge level for the interest rate risk is between sixty and eighty percent of the finance volume.

The table below shows in which reporting periods the cash flows hedged at 31 December 2012 are expected to become payable. The anticipated hedged interest outpayments are the result of floating-rate US dollar liabilities with a nominal volume of USD 100,000,000 (USD 100,000,000) and of floating-rate EUR liabilities with a nominal volume of EUR 77,500,000 (EUR 0).

Underlying interest rate derivative transactions 2012 *in '000 USD/EUR*

	Cash flow 2013	Cash flow 2014	Cash flow 2015–2017	Cash flow 2018–2022	Cash flow 2023 et seqq.
USD	351	237	186	0	0
EUR	288	251	316	0	0

Underlying interest rate derivative transactions 2011 *in '000 USD/EUR*

	Cash flow 2012	Cash flow 2013	Cash flow 2014–2016	Cash flow 2017–2021	Cash flow 2022 et seqq.
USD	342	398	199	0	0
EUR	0	0	0	0	0

Other financial instruments

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

Non-interest-bearing financial instruments (e.g. trade receivables and payables) are generally not subject to the risk of interest rate variability. Only if changes in market interest rates have an influence on financial instruments recognised at fair value, they are considered in the sensitivity calculation.

The following table lists the sensitivity of the profit before tax and shareholders' equity in case of a theoretical change in the level of market interest rates relating to the financial instruments at the closing date which would have been exposed to such a change in the interest rate level.

Sensitivity analysis for interest rate fluctuations *in EUR '000*

31.12.2012	Increase/ decrease in basis points	Effect on profit before tax	Effect on shareholders' equity without impact on profits
EUR	+100/–100	-299/+318	+2.011/–1.119
USD	+100/–100	+705/–696	+1.485/–941

31.12.2011	Increase/ decrease in basis points	Effect on profit before tax	Effect on shareholders' equity without impact on profits
EUR	+100/–100	+23/–24	–235/+240
USD	+100/–100	–390/+405	+958/–766

In the sensitivity calculation for the case of a decrease of the interest rate level by 100 basis points the underlying reference interest rate was lowered to zero percent at the most. Negative reference interest rates were excluded in the calculation.

5. OTHER NOTES

CONTINGENT LIABILITIES AND RECEIVABLES

Based on the contract considering the opportunity to expand the mail order centre in Kamp-Lintfort, a payment of compensation between EUR 2,034,000 (EUR 1,808,000) and EUR 2,484,000 (EUR 2,760,000) could become due if the expansion was abandoned. The exact amount depends on the date of a possible declaration of non-execution. Additionally, TAKKT Group could be made liable for a third party's rental obligations of EUR 0 (EUR 65,000) (right of recourse from lease agreements).

ACQUISITION OF SUBSIDIARIES

George Patton Associates, Inc. (GPA)

With effect from 01 April 2012, the TAKKT Group company K+K America Corporation acquired GPA, headquartered in Rhode Island, USA. The acquisition of the B2B direct marketing company for display products will enable TAKKT to strengthen its US portfolio. The new company will be part of TAKKT AMERICA's SPG.

In 2011, GPA generated turnover of approximately US dollars 52 million and recorded an EBITDA margin of around 20 percent. This makes GPA the leading B2B direct marketing specialist for display products in the USA. About 80 percent of its turnover is generated via the internet.

A purchase price to be paid in two instalments was agreed for 100 percent of the shares and voting rights in GPA. The purchase price paid at the beginning of the second quarter amounted to US dollars 50.8 million in total. The second payment has been agreed for early 2015. The minimum amount of this payment will be US dollars 47.7 million. The purchase price may also include an additional variable amount of approximately up to US dollars 22 million, depending on whether turnover targets for 2014 are met. All payments are to be settled in cash only. The second payment and the conditional element of the purchase price that the Management Board expects were recognised at the time of first-time consolidation under Other non-current liabilities with its discounted value of US dollars 57.0 million.

The purchase price liability was increased according to IFRS 3 by US dollars 3.6 million affecting net income as the company´s development in the first nine months of affiliation to the group exceeded expectations. The total liability including the accumulated interest of US dollars 2.7 million therefore amounted to US dollars 63.3 million as of the balance sheet date.

This transaction was configurated as an asset deal. The following fair values of the identifiable assets and liabilities, were recognised as first-time consolidation amounts:

	Fair value at acquisition date (in EUR million)
Assets	**19.9**
Other intangible assets	11.2
Property, plant and equipment	0.5
Inventories	6.2
Trade receivables	0.7
Other assets	1.3
Liabilities	**3.1**
Trade payables	1.0
Other liabilities	2.1
Net assets acquired	**16.8**

In the fourth quarter of 2012, subsequent adjustments of first-time consolidation values have reduced net assets by EUR 0.1 million.

The intangible assets identified as part of the purchase price allocation with a total value of EUR 11.2 million and their expected useful lives are listed in the following table:

	Fair value (in EUR million)	Useful life in years
Internet domains	6.7	10
Catalogue/Online content	1.7	5
Customer and supplier relationships	1.5	3–5
Others	1.3	3–5
	11.2	

No contingent liability was recognised. The remaining excess of the consideration made for the company amounting to EUR 80.7 million (US dollars 107.8 million) over the fair value of the acquired assets and liabilities that can be individually identified and measured is recognised as goodwill amounting to EUR 63.9 million, that reflects various factors. The most important of these are assembled workforce, employee knowledge and the strengthening of TAKKT Group's strategic position in North America. The goodwill as well as the individually identifiable intangible assets will be fully tax deductible in principle. The component of goodwill resulting from the second payment in early 2015 will only have a tax effect from that date on.

The fair value of the receivables acquired is EUR 1.5 million. Trade receivables with a gross and net value of EUR 0.7 million are included.

Following the transfer of control in 2012, GPA contributed turnover of EUR 36.4 million and a negative profit totalling EUR 0.5 million to the consolidated income statement. If the transaction had already been completed by 01 January 2012, the consolidated turnover in 2012 would have been higher by EUR 48.9 million and the profit lower by EUR 0.1 million.

Incidental acquisition costs of EUR 0.3 million incurred as a result of the transaction were recognised under Other operating expenses and reduced profit.

The previous owners have agreed to long-term service contracts and remain in charge of managing the company. TAKKT financed the acquisition from long-term credit lines that were already approved.

Ratioform Holding GmbH

With effect from 01 July 2012, TAKKT AG acquired Ratioform Holding GmbH, headquartered in Pliening near Munich, Germany. The acquisition of the B2B direct marketing group for packaging solutions will enable TAKKT to strengthen its European portfolio.

Ratioform is the leading B2B direct marketing group for transport packaging in Germany. There Ratioform generates around 75 percent of its turnover. Ratioform also operates in five other European countries. One of the key growth drivers behind increasing demand for transport packaging is the growing importance of internet trade. This acquisition will also be a long-term supplement to TAKKT Group's portfolio.

As well as the two German companies Ratioform Holding GmbH and Ratioform Verpackungen GmbH, the Ratioform Group has companies in Italy, Spain, the United Kingdom and Switzerland. Ratioform has a range of more than 5,500 products in the areas of warehousing and distribution, almost all of which are available directly from stock. The high-quality products are sold to B2B customers from various sectors using the multi-channel approach. Ratioform guarantees very high service standards, thanks in part to a high level of stock availability that enables quick delivery to customers.

A purchase price of EUR 211.7 million on a debt free basis was agreed for 100 percent of the shares and voting rights in Ratioform Holding GmbH, as part of a share deal. Assuming the financial debt at the acquisition date, the purchase price amounted to EUR 171.7 million and was settled in cash. In addition, a contingent payment of up to EUR four million is to be payable in cash at the beginning of 2016 if certain turnover and margin targets are met. The contingent payment is not expected to become payable.

The transaction was configurated as a share deal. The following fair values of the identifiable assets and liabilities were recognised as first-time consolidation amounts:

	Fair value at acquisition date (in EUR million)
Assets	**112.9**
Other intangible assets	55.4
Property, plant and equipment	35.8
Inventories	6.5
Trade receivables	7.0
Other assets	3.0
Cash and cash equivalents	5.2
Liabilities	**93.9**
Bank borrowings	33.5
Finance Leases	27.6
Other financial liabilities	6.5
Trade payables	2.9
Deferred tax	15.3
Other liabilities	8.1
Net assets acquired	**19.0**

The intangible assets identified as part of the purchase price allocation with a total value amounting to EUR 54.9 million and their expected useful lives are listed in the following table:

	Fair value (in EUR million)	Useful life in years
Customer relationships	42.1	5–10
Trade name	10.2	indefinite
Catalogue/Online content	1.3	5
Others	1.3	3–5
	54.9	

No contingent liability was recognised. The remaining excess amount of the consideration made for the company amounting to EUR 171.7 million over the fair value of the identifiable assets and liabilities acquired has been recognised as goodwill amounting to EUR 152.7 million, which reflects various factors. The most important of these are the assembled workforce, employee knowledge, the expansion of the product range and thus the diversification of the TAKKT Group in Europe. The goodwill is not tax deductible.

The fair value of the receivables acquired is EUR 9.5 million. These basically consist of trade receivables, with a net value of EUR 7.0 million including an allowance amounting to EUR 0.4 million.

Following the transfer of control, in the third quarter of 2012 the Ratioform Group contributed turnover of EUR 42.9 million and a total profit of EUR 1.6 million to the consolidated income statement. If the transaction had already been completed by 01 January 2012, the consolidated turnover in 2012 would have been higher by EUR 85.0 million and the profit by EUR 3.0 million.

Incidental acquisition costs of EUR 0.5 million incurred as a result of the transaction were recognised under other operating expenses and resulted in a lower profit.

The former executives will continue to be responsible for managing the company.

UBEN Unternehmensberatung Enzinger GmbH

With effect of 01 October 2011, TAKKT Group has acquired the full amount of shares in UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen, Germany, its long-term strategic IT partner, through the German Group company KAISER+KRAFT EUROPA GmbH. This way, TAKKT EUROPE secured important IT know-how for the long term.

The purchase price amounting to EUR 2,296,000 comprises a payment of EUR 1,821,000 in 2011 and a variable purchase price portion amounting to EUR 475,000. The contingent part of the purchase price still outstanding amounts to EUR 354,000 and has been recognised as Other liability because Management expects the underlying condition will be fulfilled. One instalment amounting to EUR 71,000 has been paid out in 2012. The outstanding component is to be paid out in three additional annual instalments.

In accordance with IFRS 3, the transaction was recorded using the acquisition method. Within the purchase price allocation, UBEN's assets and liabilities were valuated at fair value and split up as follows:

	Fair value at acquisition date (in *EUR '000)*
Non-current assets	5
Current assets	124
Current liabilities	3
Net assets acquired	**126**
Goodwill	**2,170**
Purchase price	**2,296**

The IT know-how assumed with the acquisition, which is important for TAKKT in the long term, is reflected in goodwill. Apart from tax liabilities, mainly liabilities against KAISER+KRAFT EUROPA GmbH were incurred.

Incidental acquisition costs amounting to EUR 7,000 were recorded as expenses.

CHANGES IN CONTINGENT CONSIDERATION *in EUR million*

Balance at 01.01.2012	**0.5**
Additions	10.3
Disposals	0.1
Currency translation	0.0
Accrued interest	0.6
Revaluation	2.8
Balance at 31.12.2012	**14.1**

The contingent considerations´ fair value is calculated by discounting the expected value which is derived from probability-weighted scenarios for the amount to be paid.

EUR 0.1 million of the contingent considerations are payable within one year.

ASSETS HELD FOR SALE

Following the expiry of the lease, an office and warehouse building was acquired in the TAKKT AMERICA division in the third quarter of 2012 with the intention to sell it to an investor still in 2012 and to lease it back subsequently. In the fourth quarter of 2012 the planned sale and lease of the building was carried out. In the context of the sale a profit of EUR 9,000 was recognised in the income statement.

SUBSEQUENT EVENTS

After the balance sheet date no significant events occurred which had a significant impact on the earnings, financial and assets position.

LEASING AND OTHER FINANCIAL OBLIGATIONS 2012 *in EUR '000*

	up to 1 year	1 to 5 years	over 5 years	Total
Finance leases				
Minimum lease payments	3,706	14,826	36,073	54,605
Remaining obligation	0	0	4,884	4,884
Discounting	–1,857	–6,664	–11,764	–20,285
Present value	**1,849**	**8,162**	**29,193**	**39,204**
Operating leases				
Minimum lease payments	10,317	25,245	11,131	46,693

LEASING AND OTHER FINANCIAL OBLIGATIONS 2011 *in EUR '000*

	up to 1 year	1 to 5 years	over 5 years	Total
Finance leases				
Minimum lease payments	1,251	5,005	3,754	10,010
Remaining obligation	0	0	4,884	4,884
Discounting	–339	–1,099	–536	–1,974
Present value	**912**	**3,906**	**8,102**	**12,920**
Operating leases				
Minimum lease payments	7,762	17,765	8,268	33,795

The obligations from operating lease contracts mainly refer to rental obligations for office and warehouse facilities. These contracts are usually subject to price adjustment clauses.

STAFF PARTICIPATION MODEL

Until 2005, TAKKT Group Senior Management had the option to subscribe for EVA® certificates. EVA® certificates are bonds whose 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 owners of the certificate are financially involved in the increase or decrease in value of the company for which they work. As well as the chance of generating a return, the owners may lose their entire investment depending on development. The certificates have a maturity of ten years each. The certificate owners are entitled to cash in the certificates after five years at the earliest. The EVA® certificates issued by TAKKT Group amounting to EUR 1,580,000 (EUR 2,415,000) are disclosed as Other under Borrowings. An expense of EUR 35,000 (EUR 280,000) was posted in the year under review.

Additionally, German employees again had the opportunity to purchase employee shares in the year under review. Shares acquired at the stock exchange for this purpose were sold to employees in early 2012. A total of 19,605 (18,345) shares was acquired by 410 (401) employees, which means that 52.1 (52.2) percent of all eligible employees made use of this option. The shares were bought at an average market price of EUR 8.90 (EUR 9.95) and sold to the employees at an average market price of EUR 6.08 (EUR 6.91). In total, EUR 63,000 (EUR 61,000) were expensed.

GERMAN CORPORATE GOVERNANCE CODE

The declaration on the recommendations made by the Government Commission German Corporate Governance Code required under sec. 161 AktG was issued at 31 December 2012 and made available to the shareholders on the web site of TAKKT AG (see page 72 in this annual report).

INFORMATION ON DIRECTORS' DEALINGS

According to sec. 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, especially derivatives, if they exceed the amount of EUR 5,000 within a calendar year.

TAKKT AG received no such notifications for the year under review.

RELATED-PARTY TRANSACTIONS

Related parties in the sense of IAS 24 include the Management and Supervisory Boards of TAKKT AG (including any and all persons related to these boards), TAKKT Group's associated companies and the majority shareholder Franz Haniel & Cie. GmbH, Duisburg (including its subsidiaries and affiliated companies as wells as their Management and Supervisory Boards). Related-party transactions mainly refer to the cash management system, delivery and service contracts and processing intercompany transactions. By participating in Haniel Group's cash management system, TAKKT Group benefits from potential economies of scale. All transactions with related parties were contractually agreed.

Related-party transactions *in EUR '000*

	Holding Franz Haniel & Cie. GmbH/service companies		Divisions of Haniel Group		Associated companies of Haniel Group/Others		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Turnover	23	28	381	481	321	422	725	931
Other expenses	572	490	39	31	0	0	611	521
Finance expense	212	306	0	0	0	0	212	306
Receivables	524	146	30	82	3	0	557	228
Payables	8,735	3,490	6	1	0	0	8,741	3,491
Other financial obligations	849	921	0	0	0	0	849	921

The Management Board consists of 3 (3) members. Further details are given on page 149.

MANAGEMENT BOARD REMUNERATION SYSTEM

The total remuneration of the Board members is made up of non-performance-related and performance-related components. A more detailed explanation of the remuneration system can be found in the Corporate Governance section within the Management report on page 73 onwards.

Remuneration of the Management Board *in EUR '000*

	2012	2011
Salaries and other components	3,701	3,465
thereof variable	2,561	2,522
Provision for benefits after end of employment	247	272
Other long-term benefits	0	40
	3,948	**3,777**

Variable remuneration amounting to EUR 2,561,000 (EUR 2,522,000) includes a provision release of EUR 306,000 (EUR 271,000). In 2012, performance-related remuneration without the release of provision was made up of EUR 1,690,000 (EUR 1,452,000) in bonuses and EUR 1,177,000 (EUR 1,341,000) for the long-term performance cash plans. On the balance sheet date, the fair value of the performance cash plans and the corresponding provision amounted to EUR 2,531,000 (EUR 1,872,000). This valuation is based on the expected development of the relevant contributing factors. At the balance sheet date, the defined benefit obligation for the Management Board members amounted to EUR 3,116,000 (EUR 2,333,000).

At 31 December 2012, TAKKT AG Management Board members held 5,536 (5,536) shares. With the exception of EVA® certificates of EUR 552,000 (EUR 793,000) as well as the usual amounts due in accordance with the employment contracts, no further claims or obligations to the Management Board members exist.

Payments to retired Management Board members amounted to EUR 329,000 (EUR 250,000). The pension provision for the former members amounts to EUR 4,656,000 (EUR 4,676,000).

REMUNERATION OF SUPERVISORY BOARD

Remuneration paid to the TAKKT AG Supervisory Board amounted to EUR 417,000 (TEUR 400,000), of which EUR 14,000 (EUR 9,000) formed reimbursement of expenses. Included is an addition of EUR 350,000 (EUR 335,000) to the accrual to cover remuneration payments. This comprises fixed elements of EUR 179,000 (EUR 172,000) and performance-based elements of EUR 171,000 (EUR 163,000). There are no further claims or obligations to members of the Supervisory Board. At 31 December 2012, the Supervisory Board members held 3,140 (3,140) shares of TAKKT AG.

FEES FOR GROUP AUDITORS' SERVICES *in EUR '000 excluding VAT*

	2012	2011
Audit (individual companies and Group)	434	386
Other certification or appraisal services	0	0
Tax advisory services	0	0
Other services	196	134
	630	**520**

Other services primarily include audit-related services.

DECLARATION OF SHAREHOLDERS' HOLDINGS

Outside the requirements of WpHG, Franz Haniel & Cie. GmbH, Duisburg, notified us voluntarily in January 2013 that it owned 70.4 (70.4) percent of the shares at 31 December 2012.

According to section 21(1) of the German Securities Trading Act (WpHG), the following notifications have been received:

On 23 January 2012 we were informed according to section 21(1) of the WpHG by the following companies that their share of voting stocks in TAKKT AG, Presselstraße 12, 70191 Stuttgart, Germany, went below the threshold of three percent of the total voting stocks of the company on 12 January 2012: Jupiter Unit Trust Managers Limited, Jupiter Asset Management Limited, Knightsbridge Asset Management Limited (formerly Comasman Limited), Jupiter Asset Management Group Limited, Jupiter Fund Management Group Limited, Jupiter Fund Management PLC (formerly Jupiter Investment Management Holdings Limited) and Jupiter Investment Management Group Limited, all located in London, United Kingdom.

For further details please refer to our website under: http://www.takkt.de/january-2012.html

On 06 September 2012, The Capital Group Companies, Inc., 333 South Hope Street, Los Angeles, CA 90071, USA notified us as per section 21(1) of the WpHG that its share of the voting rights in TAKKT AG, Presselstrasse 12, 70191 Stuttgart, exceeded the threshold of 3 percent of the total voting rights in the company on 01 September 2012. As of that day, The Capital Group Companies, Inc. held 3.78 percent (2,480,655 ordinary shares) of the total voting rights in TAKKT AG. 3.78 percent (2,480,655 ordinary shares) of the total voting rights in TAKKT AG were attributable to The Capital Group Companies, Inc., pursuant to section 22(1), sentence 1, no. 6 in conjunction with section 22(1) sentence 2 and sentence 3 of the German Securities Trading Act.

EXEMPTION FROM DISCLOSURE OBLIGATIONS

Pursuant to sec. 264, para. 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
Quip24 GmbH, Stuttgart
Topdeq Service GmbH, Pfungstadt
Topdeq GmbH, Pfungstadt
Hubert Europa Service GmbH, Pfungstadt
Hubert GmbH, Pfungstadt
UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen
Ratioform Holding GmbH, Pliening
Ratioform Verpackungen GmbH, Pliening

SUBSIDIARIES OF TAKKT AG, STUTTGART, AT 31 DECEMBER 2012

TAKKT AG, Stuttgart, described as number 1 in the following overview, holds interests 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	2/13	50.00/50.00
6	KAISER+KRAFT AG, Zug/Switzerland	2	100.00
7	KAISER+KRAFT s.r.o., Prague/Czech Republic	2/33	99.80/0.20
8	KAISER+KRAFT S.A., Barcelona/Spain	2	100.00
9	FRANKEL S.A.S., Morangis/France	2	100.00
10	KAISER+KRAFT Ltd., Hemel Hempstead/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/Netherlands	2	100.00
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	2/3	99.00/1.00
17	KAISER+KRAFT s.r.o., Nitra/Slovakia	2/3	99.90/0.10
18	KAISER+KRAFT Ltd. STI., Istanbul/Turkey	2/3	99.00/1.00
19	gaerner GmbH, Duisburg/Germany	2	100.00
20	gaerner Gesellschaft m.b.H., Elixhausen/Austria	2	100.00
21	gaerner AG, Zug/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	gaerner S.R.L., Cadorago/Italy	12	100.00
26	gaerner B.V.B.A, Diegem/Belgium	2/19	99.00/1.00
27	Hoffmann Bedrijfsuitrusting B.V., Zeist/The Netherlands	2	100.00
28	Gerdmans Inredningar AB, Markaryd/Sweden	2	100.00
29	Gerdmans Kontor-og Lag. A/S, Nivaa/Denmark	28	100.00
30	Gerdmans Innredninger A/S, Sandvika/Norway	28	100.00
31	Gerdmans OY, Espoo/Finland	28	100.00
32	KWESTO Service s.r.o., Prague/Czech Republic	2/7	99.93/0.07
33	KWESTO s.r.o., Prague/Czech Republic	32	100.00
34	KWESTO Kft., Györ/Hungary	32	100.00
35	KWESTO Sp. z o.o., Wroclaw/Poland	32	100.00
36	KWESTO Service S.R.L., Râmnicu Vâlcea/Romania	32	100.00
37	KWESTO s.r.o., Nitra/Slovakia	32	100.00
38	KAISER+KRAFT (China) Commercial Co. Ltd., Shanghai/People's Rebublic of China	2	100.00
39	KAISER+KRAFT K.K., Chiba/Japan	2	100.00
40	UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen/Germany	2	100.00
41	BEG GmbH i. G., Stuttgart/Germany	2	100.00

No.	Group companies	held by no.	interest %
42	Certeo Business Equipment GmbH, Stuttgart/Germany	2	100.00
43	Quip24 GmbH, Stuttgart/Germany	2	100.00
44	Topdeq Service GmbH, Pfungstadt/Germany	1	100.00
45	Topdeq GmbH, Pfungstadt/Germany	44	100.00
46	Topdeq N.V., Diegem/Belgium	44/45	99.80/0.20
47	Topdeq AG, Zug/Switzerland	44	100.00
48	Topdeq S.A.S., Tremblay-en-France/France	44	100.00
49	Topdeq B.V., Mijdrecht/The Netherlands	13	100.00
50	Topdeq Nederland B.V., Mijdrecht/The Netherlands	44	100.00
51	Ratioform Holding GmbH, Pliening/Germany	1	100.00
52	Ratioform Verpackungen GmbH, Pliening/Germany	51	100.00
53	Ratioform Imballaggi S.r.l., Milano/Italy	51	100.00
54	Ratioform Embalajes, S.A., Barcelona/Spain	52	100.00
55	Ratioform Verpackungen AG, Dällikon/Switzerland	52	100.00
56	Davenport Paper Co. Ltd., Derby/Great Britain	52	100.00
57	TAKKT America Holding Inc., Milwaukee/USA	1	100.00
58	K+K America Corporation, Milwaukee/USA	57	100.00
59	C&H Service LLC, Milwaukee/USA	58	100.00
60	C&H Distributors LLC, Milwaukee/USA	58	100.00
61	Avenue Industrial Supply Co. Ltd., Richmond Hill/Canada	58	100.00
62	C&H Productos Industriales SRLCV, Mexico City/Mexico	58 /60	99.97/0.03
63	IndustrialSupplies.com LLC, Milwaukee/USA	58	100.00
64	Hubert Service North America LLC, Harrison/USA	58	100.00
65	Hubert Company LLC, Harrison/USA	58	100.00
66	SPG U.S. Retail Resource LLC, Harrison/USA	58	100.00
67	Hubert Distributing Company Ltd., Markham/Canada	58	100.00
68	Foodserviceplanet.com LLC, Harrison/USA	58	100.00
69	Central Products LLC, Indianapolis/USA	58	100.00
70	George Patton Associates, Inc., Rhode Island/USA	58	100.00
71	Hubert Europa Service GmbH, Pfungstadt/Germany	2	100.00
72	Hubert GmbH, Pfungstadt/Germany	71	100.00
73	Hubert AG, Zug/Switzerland	71	100.00
74	Hubert S.A.S., Morangis/France	71	100.00
75	NBF Service LLC, Milwaukee/USA	58	100.00
76	National Business Furniture LLC, Milwaukee/USA	58	100.00
77	Alfax Furniture LLC, Dallas/USA	58	100.00
78	Dallas Midwest LLC, Dallas/USA	58	100.00
79	Officefurniture.com LLC, Milwaukee/USA	58	100.00
80	National Business Furniture Ltd., Richmond Hill/Canada	58	100.00

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

REPRESENTATIVE BODIES AT 31 DECEMBER 2012

SUPERVISORY BOARD

Prof. Dr Klaus Trützschler, Essen, born 11 December 1948
Chairman
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg, until 30 April 2012
Chairman of the Supervisory Board of Wuppermann AG, Leverkusen
Chairman of the Supervisory Board of Zwiesel Kristallglas AG, Zwiesel
Member of the Supervisory Board of Bilfinger Berger SE, Mannheim
Member of the Supervisory Board of Celesio AG, Stuttgart, until 16 May 2012
Member of the Supervisory Board of Sartorius AG, Göttingen
Member of the Advisory Board of Wilh. Werhahn KG, Neuss
Member of the Supervisory Board of Deutsche Bank AG, Frankfurt/Main, since 31 May 2012

Prof. Dr Jürgen Kluge, Düsseldorf, born 02 September 1953, until 07 September 2012
Deputy Chairman
Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg, until 31 July 2012
Chairman of the Supervisory Board of Celesio AG, Stuttgart, until 18 December 2012
Member of the Supervisory Board of SMS GmbH, Düsseldorf

Dr Florian Funck, Essen, born 23 March 1971
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Member of the Supervisory Board of Celesio AG, Stuttgart, since 16 May 2012
Member of the Supervisory Board of Metro AG, Düsseldorf, since 23 May 2012

Dr Johannes Haupt, Oberderdingen, born 29 June 1961, since 08 May 2012
Chairman of the Management Board (CEO) of E.G.O. Blanc und Fischer & Co. GmbH, Oberderdingen
Chairman of the Supervisory Board of Elektro-Kontakt d.d., Zagreb/Croatia
Chairman of the Advisory Board of ETA d.o.o., Cerkno/Slovenia
Member of the Advisory Board of BLANCO GmbH & Co. KG, Oberderdingen
Member of the Advisory Board of BLANCO CS GmbH & Co. KG, Oberderdingen

Thomas Kniehl, Stuttgart, born 11 June 1965
Employee damages/research/returns 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
Chairman of the Supervisory Board of Sartorius Weighing Technology 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
Chairman of the Management Board, CEO
Member of the Advisory Board of Müller Ltd. & Co. KG, Ulm, since 01 January 2012

Dr Claude Tomaszewski, Stuttgart, born 25 April 1969
Member of the Management Board, CFO

Franz Vogel, Leinfelden-Echterdingen, born 22 October 1948
Member of the Management Board

Responsibility statement by the Management Board
To the best of our knowledge and in accordance with the applicable accounting 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, 26 February 2013
TAKKT AG
Management Board

Dr Felix A. Zimmermann Dr Claude Tomaszewski 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 financial year from 01 January to 31 December 2012. 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 sec. 315a, para. 1 HGB and supplementary articles of association are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and the combined Management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with sec. 317 HGB and the generally accepted German standards for the audit of financial statements promulgated by the 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 sec. 315a, para. 1 HGB and supplementary articles of association 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, 26 February 2013
Ebner Stolz Mönning Bachem GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Berger

Wolfgang Berger	Uwe Harr
German Public Auditor	German Public Auditor

GLOSSARY

AVERAGE ORDER VALUE
The average order value is the value of all incoming orders divided by the number of all orders. The average order value is influenced by the product range featured in the advertising media 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.

BEG
Business Equipment Group. The BEG is part of the TAKKT EUROPE division and comprises the KAISER+KRAFT, gaerner, Gerdmans, KWESTO, Certeo and Quip24 brands.

CASH FLOW MARGIN
The cash flow margin is the TAKKT cash flow divided by the turnover of a reporting period. It shows the percentage of the turnover that the company has at its disposal for investment in current and non-current assets, debt repayment and dividend distribution and is therefore a good indicator for the operational profitability and self-financing capability of a company.

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 defines this as average net borrowings divided by the TAKKT cash flow.

DEBTORS
In accounting terms, debtors refers to unpaid trade receivables.

DEFERRED TAXES
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 or liabilities side of the balance sheet.

DERIVATIVE FINANCIAL INSTRUMENTS
Certificate or contract which refers to another – usually tradable – asset. In general, these financial instruments are tradable themselves. Derivatives include interest rate swaps, interest rate caps, foreign exchange contracts and foreign 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 taxes.

EBITA
Earnings before interest, taxes and amortisation.

EBITDA
Earnings before interest, taxes, depreciation and amortisation.

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

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, a positive result is calculated and economic value is added.

E-PROCUREMENT
The electronic catalogue available on the internet is edited for the sourcing system or intranet 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 total equity by the total assets.

ERP 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.

FIELD MARKETING
The term field marketing integrates several classical external sales activities. TAKKT differentiates two kinds of sales employees. The 'sales rep' acquires new customers and manages major project-based orders. The tasks of a customer relationship manager are similar to those of a key account manager who individually supports customers with a greater turnover potential.

FREE TAKKT CASH FLOW
Free TAKKT cash flow is defined as cash flow from operating activities less regular expenditure for the expansion, rationalisation and modernisation of the business operations. This free TAKKT cash flow can generally be used for acquisitions, payments to shareholders and repayment of borrowings.

GEARING
Gearing measures the ratio between total equity and net borrowings. This ratio is calculated by dividing net borrowings by total equity.

HEDGING
Protection against interest rate, currency and price risks, etc. by using original or derivative financial instruments such as option or forward deals which (largely) cover the risks of the underlying transaction.

INTEREST COVER
This figure shows the relation between the EBITA and net finance expense.

INTEREST RATE CAP
A guaranteed interest rate limit acquired against payment of a premium (derivative financial instrument). If the interest rate exceeds the cap, the seller of the interest rate cap pays the difference to the acquirer.

INTEREST RATE SWAP
An agreement between two parties to swap interest payments on the basis of different interest rates (derivative financial instrument). Variable interest rates can be swapped for fixed interest rates.

MARKET VALUES
Certain balance sheet items are recognised at the value that can be realised in or be derived from a market – e.g. the stock exchange – at the closing date.

MULTI-CHANNEL BRAND
Multi-channel brands combine traditional catalogue business, which is more attractive to medium-sized and larger companies, with an online service. Where appropriate employees for telemarketing and field marketing are part of this integrated approach. Key accounts are also managed by customer relationship managers. The catalogue and web shop have basically the same product range.

NET BORROWINGS
Net borrowings is the balance of all financial liabilities and liquid funds reported in the balance sheet.

OEG
Office Equipment Group. Within TAKKT EUROPE, the OEG consists of the Topdeq companies. The brands National Business Furniture (NBF), Dallas Midwest and officefurniture.com form TAKKT AMERICA's OEG.

PEG
Plant Equipment Group. The PEG forms a part of the TAKKT AMERICA division and consists of the brands C&H, Avenue and IndustrialSupplies.com.

PRODUCT PERFORMANCE BRAND
As part of its product portfolio TAKKT introduces premium private label brands called product performance brands which stand out with their high quality and deliver added value to the customer.

PSG
Packaging Solutions Group. The PSG is part of the TAKKT EUROPE division and comprises the brands Ratioform and Davpack.

PURCHASING MANAGER INDEX (PMI)

Purchasing manager indices are worldwide observed short-term economic indicators. Generally, industry representatives or market research institutes carry out surveys regarding future development, contacting the purchase managers in various industries on a regular basis. 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.

SPG

Specialties Group. The SPG belongs to the TAKKT AMERICA division and comprises the Hubert, Central and Displays2Go brands.

STOCK SHIPMENT BUSINESS

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

TAKKT CASH FLOW

The TAKKT cash flow is defined as profit plus depreciation and impairment of non-current assets and deferred tax affecting profit. In this definition, the key figure shows the operational cash flow earned in the period before changes in net working capital.

TELEMARKETING

Telemarketing consists of outbound marketing calls in contrast to the typical inbound activities for the order acceptance of mail order companies.

TOTAL SHAREHOLDER RETURN (TSR)

The TSR is the total return of a share, taking into account share price changes and any dividends distributed.

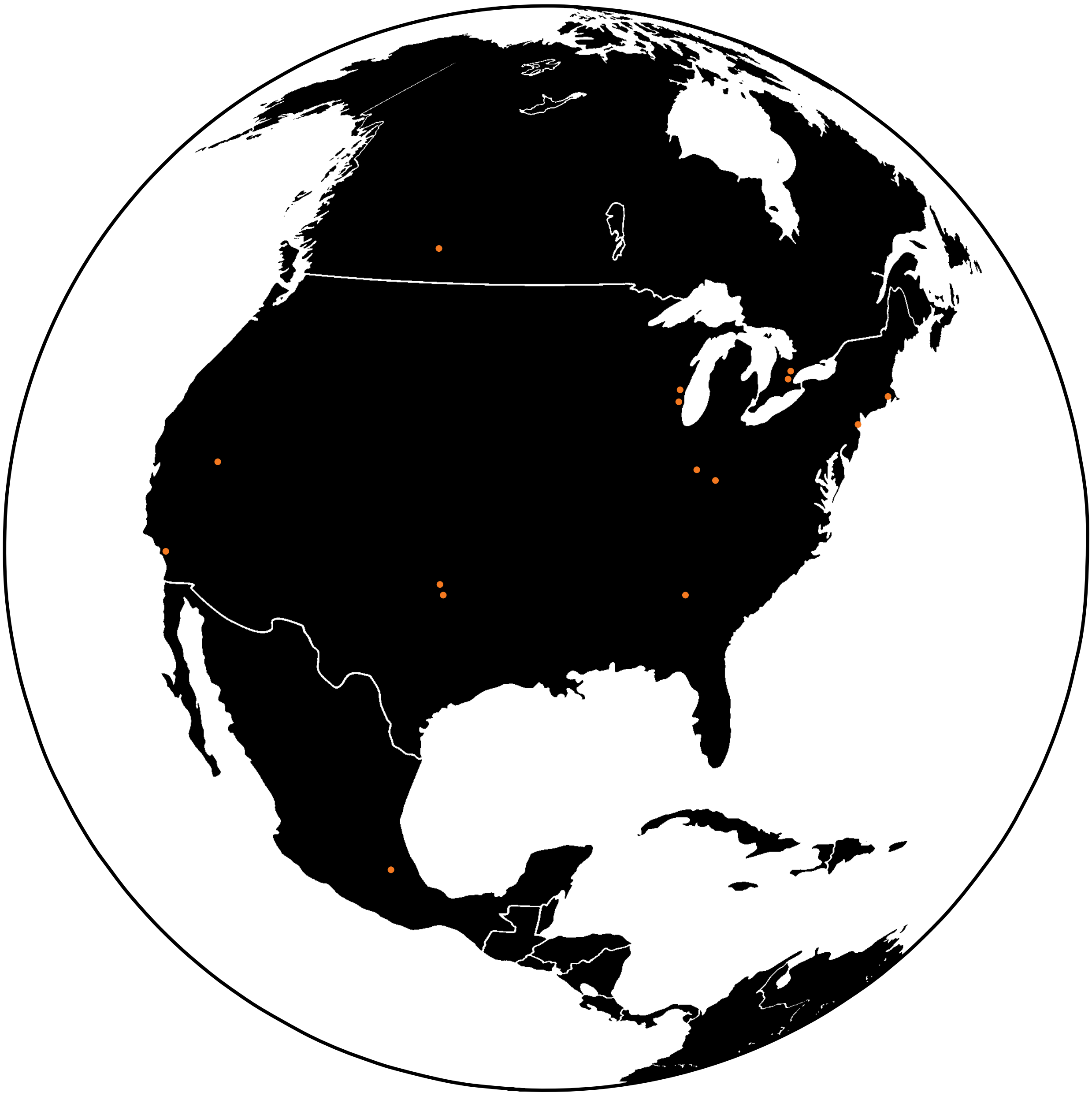
WEB-FOCUSED BRANDS

Web-focused brands mainly distribute their products over the internet and adress smaller businesses with lower demand. These cannot be addressed efficiently with the traditional catalogue business and its associated online services. The range and prices of products can here be adapted more specifically to the rapidly changing needs of this customer group.

LOCATIONS DIVISION TAKKT EUROPE

BELGIUM Diegem **DENMARK** Nivaa **GERMANY** Berlin | Duisburg | Groß-Gerau | Haan | Kamp-Lintfort | Köln | Leinfelden-Echterdingen | Marl | München | Nürnberg | Petersberg | Pfungstadt | Pliening/Landsham | Reinbek | Remda-Teichel | Schönaich | Schöneiche | Seelze/Letter | Stuttgart | Waldkirchen | Weil der Stadt **FINLAND** Espoo **FRANCE** Mitri-Mory | Morangis | Réau **GREAT BRITAIN** Derby | Hemel Hempstead | Llanelli **ITALY** Cadorago | Lomazzo | Mombretto di Mediglia **NETHERLANDS** Lisse | Mijdrecht | Zeist **NORWAY** Sandvika **AUSTRIA** Elixhausen | Salzburg | Wien **POLAND** Warszawa | Wrocław **PORTUGAL** Lisboa **ROMANIA** Râmnicu Vâlcea **RUSSIA** Balashikha **SWEDEN** Markaryd **SWITZERLAND** Regensdorf | Steinhausen/Zug | St. Sulpice **SLOVAKIA** Nitra **SLOVENIA** Ljubljana **SPAIN** Barcelona | Gavà **CZECH REPUBLIC** Jihlava | Praha **TURKEY** Kadiköy/Istanbul **HUNGARY** Budaörs | Györ **CHINA** Shanghai **JAPAN** Chiba

LOCATIONS DIVISION TAKKT AMERICA



CANADA Calgary, AB | Markham, ON | Richmond Hill, ON **MEXICO** Mexico, D.F. **USA** Atlanta, GA | Rhode Island, RI | Dallas, TX | Farmers Branch, TX | Harrison, OH | Indianapolis, IN | Los Angeles, CA | Milwaukee, WI | New York, NY | Pleasant Prairie, WI | Reno, NV

FINANCIAL CALENDAR 2013

21–23 JANUARY	CHEUVREUX GERMAN CORPORATE CONFERENCE, FRANKFURT
19 FEBRUARY	PUBLICATION OF PRELIMINARY FIGURES FOR 2012
21 MARCH	FINANCIAL STATEMENTS PRESS CONFERENCE, STUTTGART ANALYST CONFERENCE, FRANKFURT
22 MARCH	BANKERS' DAY, PLIENING NEAR MUNICH
25–28 MARCH	SPRING ROADSHOW
30 APRIL	INTERIM FINANCIAL REPORT 3M 2013
07 MAY	ANNUAL GENERAL MEETING, LUDWIGSBURG
17–19 JUNE	SUMMER ROADSHOW
30 JULY	INTERIM FINANCIAL REPORT 6M 2013
23–25 SEPTEMBER	BERENBERG BANK AND GOLDMAN SACHS CONFERENCE, MUNICH
31 OCTOBER	INTERIM FINANCIAL REPORT 9M 2013
04–07 NOVEMBER	AUTUMN ROADSHOW
11–13 NOVEMBER	EIGENKAPITALFORUM DEUTSCHE BÖRSE AG, FRANKFURT

IMPRINT

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