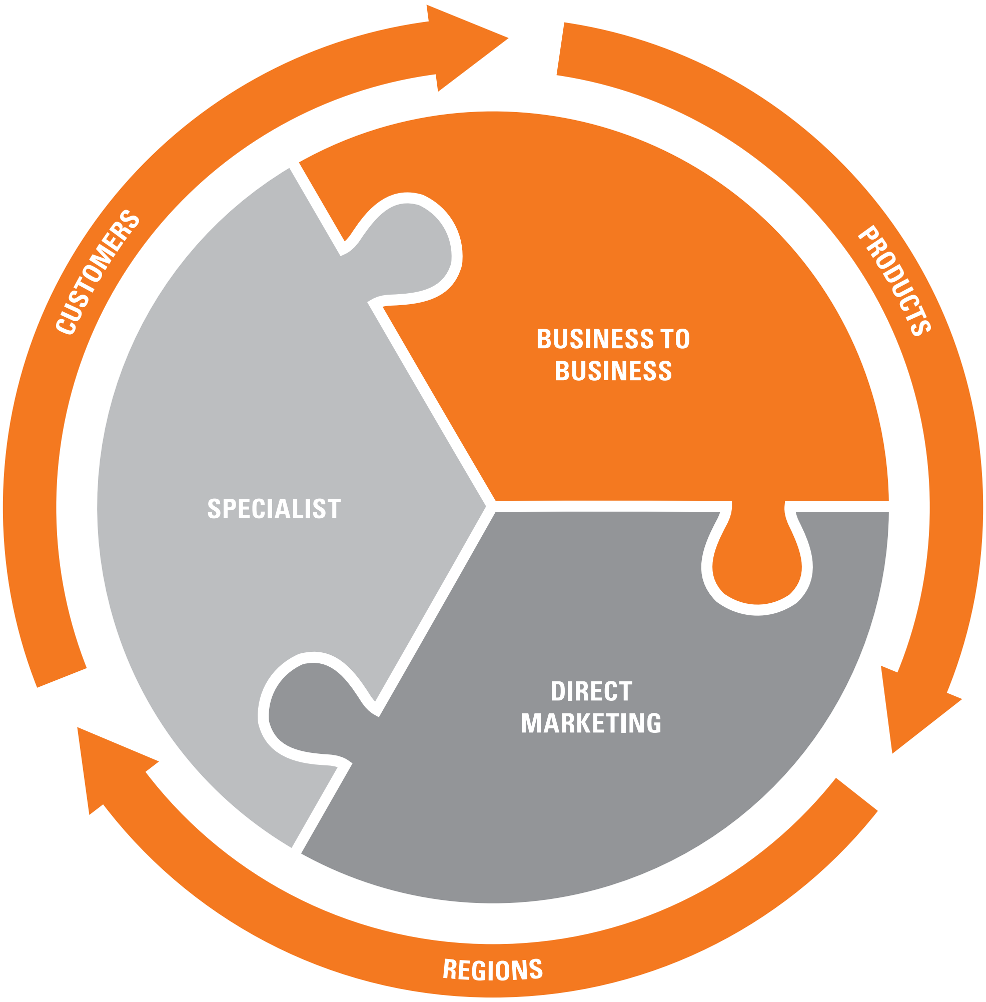
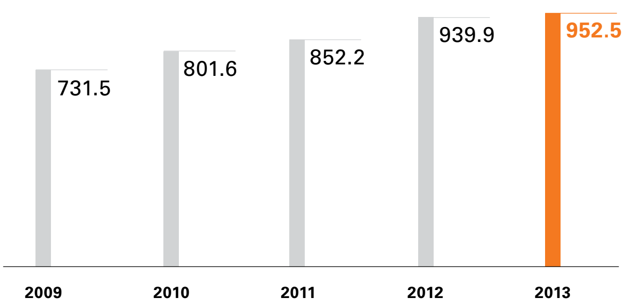
ANNUAL REPORT OF TAKKT GROUP 2013



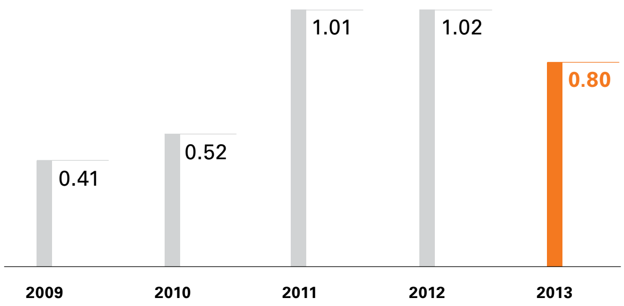
PORTFOLIO OF B2B DIRECT MARKETING SPECIALISTS

SELECTED KEY FIGURES

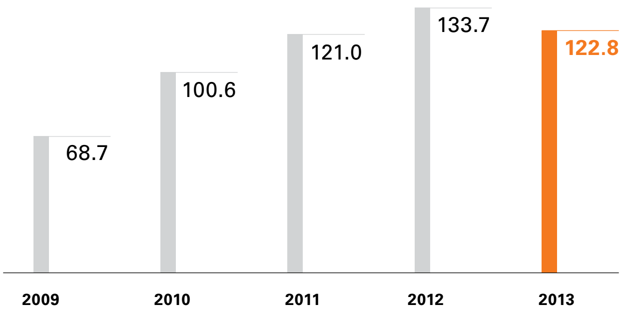
TURNOVER *in EUR million*



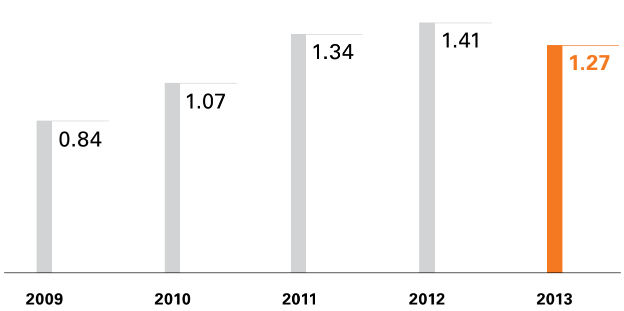
EARNINGS PER SHARE *in EUR*



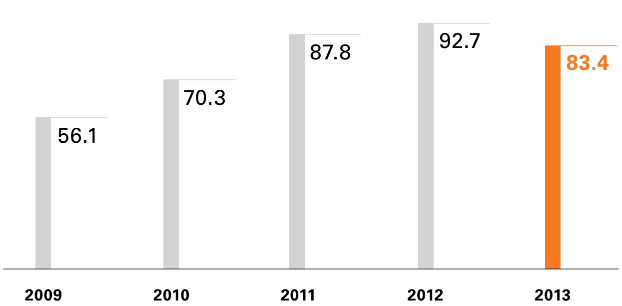
EBITDA TAKKT GROUP *in EUR million*



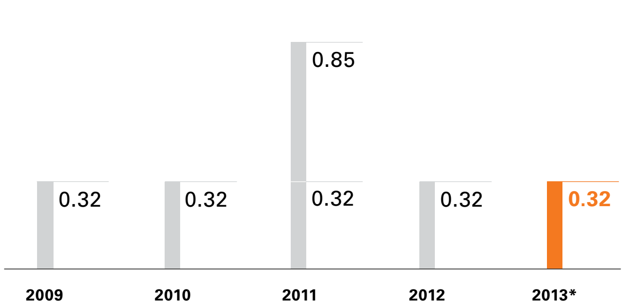
TAKKT CASH FLOW PER SHARE *in EUR*



TAKKT CASH FLOW *in EUR million*



DIVIDEND PER SHARE *in EUR*



** Dividend proposal for the fiscal year 2013.*
Figures for the fiscal year 2012 were adjusted due to changes in the accounting of pension provisions.

KEY FIGURES OF TAKKT GROUP

in EUR million	2009	2010	2011	2012*	2013
Turnover	**731.5**	**801.6**	**852.2**	**939.9**	**952.5**
Change in %	–21.5	9.6	6.3	10.3	1.3
EBITDA	**68.7**	**100.6**	**121.0**	**133.7**	**122.8**
in % of turnover	9.4	12.6	14.2	14.2	12.9
EBIT	**49.4**	**68.0**	**104.1**	**111.6**	**95.8**
in % of turnover	6.8	8.5	12.2	11.9	10.1
Profit before tax	**42.4**	**59.0**	**95.6**	**100.0**	**81.2**
in % of turnover	5.8	7.4	11.2	10.6	8.5
Profit	**27.8**	**34.6**	**66.0**	**67.0**	**52.5**
in % of turnover	3.8	4.3	7.7	7.1	5.5
TAKKT cash flow	56.1	70.3	87.8	92.7	83.4
Capital expenditure for investments	4.6	6.7	9.3	8.5	9.6
Capital expenditure for acquisitions	59.1	0.0	1.8	204.6	0.1
Depreciation, amortization and impairment	19.2	32.7	16.8	22.2	26.9
TAKKT cash flow per share in EUR	0.84	1.07	1.34	1.41	1.27
Earnings per share in EUR	0.41	0.52	1.01	1.02	0.80
Dividend per share in EUR**	0.32	0.32	0.85	0.32	0.32
Non-current assets	**386.8**	**377.8**	**376.9**	**679.9**	**649.0**
in % of total assets	72.1	69.8	68.5	77.7	76.2
Total equity	**242.1**	**251.7**	**301.0**	**303.7**	**332.5**
in % of total assets	45.1	46.5	54.7	34.7	39.0
Net borrowings	**180.8**	**139.2**	**93.7**	**324.9**	**273.0**
Total assets	**536.4**	**541.4**	**549.8**	**874.5**	**851.8**
ROCE in % (Return on Capital Employed)	10.8	14.8	23.0	18.1	12.5
TAKKT value added	–0.4	8.7	40.7	32.4	9.7
Employees (full-time equivalent) at 31.12.	**1,768**	**1,807**	**1,869**	**2,351**	**2,389**

* *Figures for the fiscal year 2012 were adjusted due to changes in the accounting of pension provisions.*

** *Dividend proposal for the fiscal year 2013.*

COMPANY STRUCTURE *as from January 01, 2014*

TAKKT AG

BUSINESS EQUIPMENT SOLUTIONS

BEG	PSG	PEG	SPG	OEG
KAISER+KRAFT EUROPA	RATIOFORM	C&H SERVICE	HUBERT SERVICE	NBF SERVICE
KAISER+KRAFT, gaerner, Gerdmans, KWESTO, Topdeq	ratioform	C&H, AVENUE	HUBERT, Central Restaurant Products	National Business Furniture, Dallas Midwest
certeo.com	Davpack	Industrial Supplies.com	Displays2go	officefurniture.com

TAKKT EUROPE

TAKKT AMERICA

Multi-channel brands

Web-focused brands

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 its employees and its 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.

CONTENT

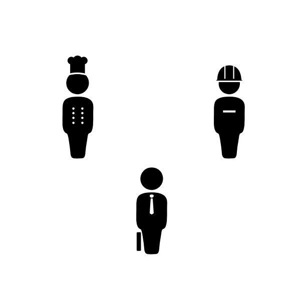
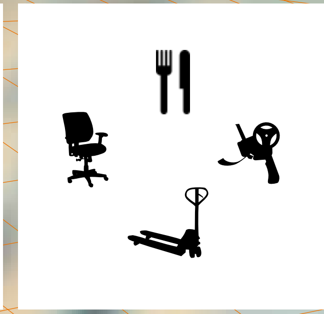
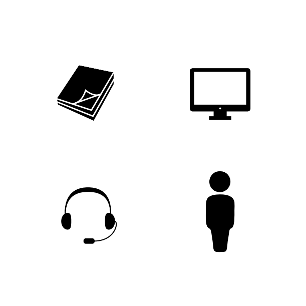
PORTFOLIO OF B2B DIRECT MARKETING SPECIALISTS

Living out shared values, utilizing individual strengths, learning from one another

In view of the goal of becoming the leading global B2B direct marketing specialist for business equipment, the TAKKT Group brings together specialized companies with very different strengths in one portfolio. Each company has a similar business model but a different focus in terms of their customer groups, product ranges and sales approaches – though all are characterized by a clear orientation towards B2B direct marketing for business equipment and are guided by the same value and growth drivers. Each Group company should bring in their individual strengths that have led them to success – and to share their special skills with the other companies in line with the motto "Learning from the best."

WHAT SETS EACH COMPANY APART

customer groups	product range	focus of the marketing and sales approaches	regions and locations

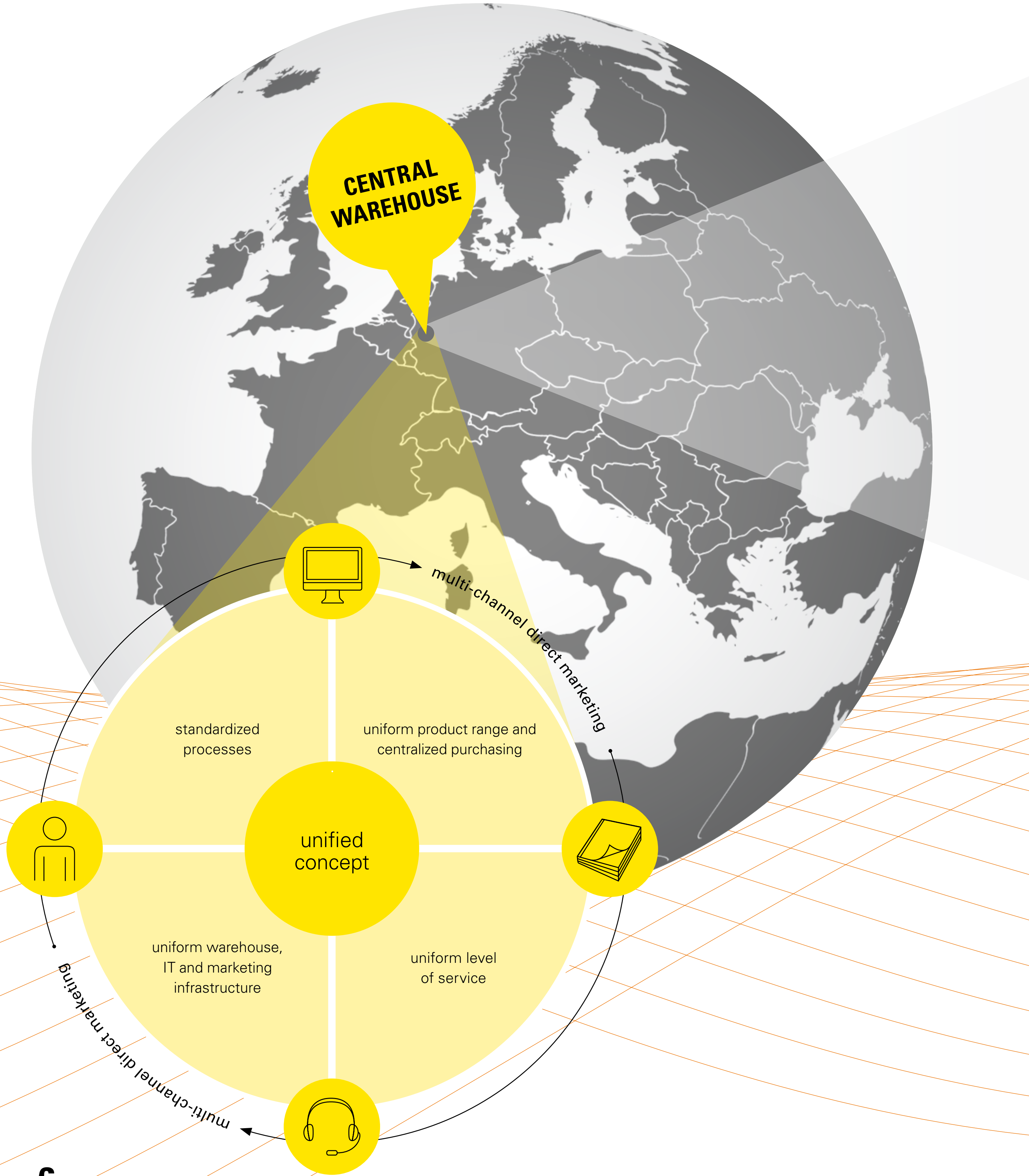






WHAT BRINGS US TOGETHER
BUSINESS TO BUSINESS
SPECIALIST
DIRECT MARKETING

THE SPECIALIST FOR PLANT, WAREHOUSE AND OFFICE

Strong as a unit through standardization and centralization



1

uniform
catalog/web shop
in 18 countries

As the nucleus of the Group, the Stuttgart-based company KAISER+KRAFT has been offering products for plant, warehouse and office equipment since 1945 – in line with the motto "Everything for the business". The business model is based on a unified concept that is scalable and can be expanded to other countries. KAISER+KRAFT has locations in 18 European countries. In each of these countries, the same catalog or web shop with the same products is used – of course in that country's language and currency. The majority of products are sent from central warehouses in Kamp-Lintfort and Pfungstadt. Processing all business through one infrastructure allows KAISER+KRAFT to utilize synergies and achieve a high profitability.

THE MULTI-CHANNEL SPECIALIST FOR PACKAGING SOLUTIONS

Close to the customer through integrated marketing

29/8

each customer has an average of 29 active impulses through 8 channels

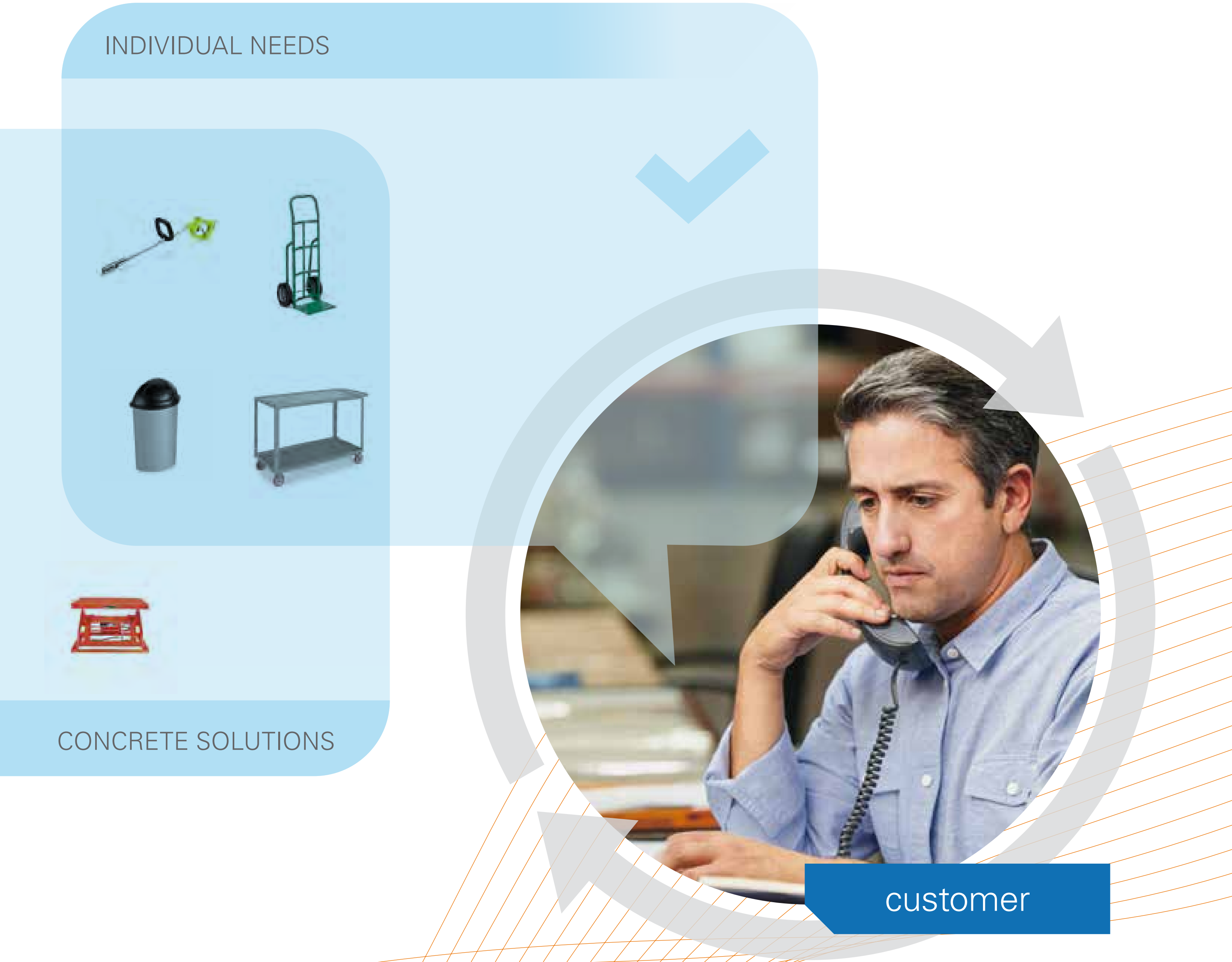
As the leading German B2B direct marketing group for transport packaging, Ratioform in Pliening near Munich has been providing for the packaging needs of all its customers, who are from very diverse industry sectors, since 1979. The company is skilled at using all marketing media so effectively that its customers can hardly get around coming to Ratioform when they are looking for the right packaging material. At the same time, the ordering channels are networked with one another, which means that customers receive customized marketing prompts tailored to their needs. Right from the first contact, Ratioform evaluates the potential of each customer and sends them advertising material that best suits their purchasing behavior based on this analysis.

ratioform


field sales
customer service
telesales
telemarketing
flyers
catalogs
INTEGRATED
DIRECT
MARKETING
thanks to professional
information management
flo-pak

THE STORAGE AND MATERIAL HANDLING SPECIALIST

Tailored solutions through skilled customer management



As a full-service supplier for transport products, warehousing equipment and plant equipment, C&H Distributors is one of the leading B2B direct marketing specialists for the manufacturing industry in the USA. C&H was founded in Milwaukee in 1937 and has been part of the TAKKT portfolio since 1988. This Group company's strength lies in the renowned product expertise of its team. The employees know the products as well as their application in practice and functionalities because they complete in-depth training before they begin working in customer service. During telephone advising, employees focus on asking the right questions to find exactly the right solution together with the customer – in line with the motto "Make life easier for each customer".

THE SPECIALIST FOR FOOD EQUIPMENT AND SUPPLIES

Market leader thanks to strong focus on service and customers

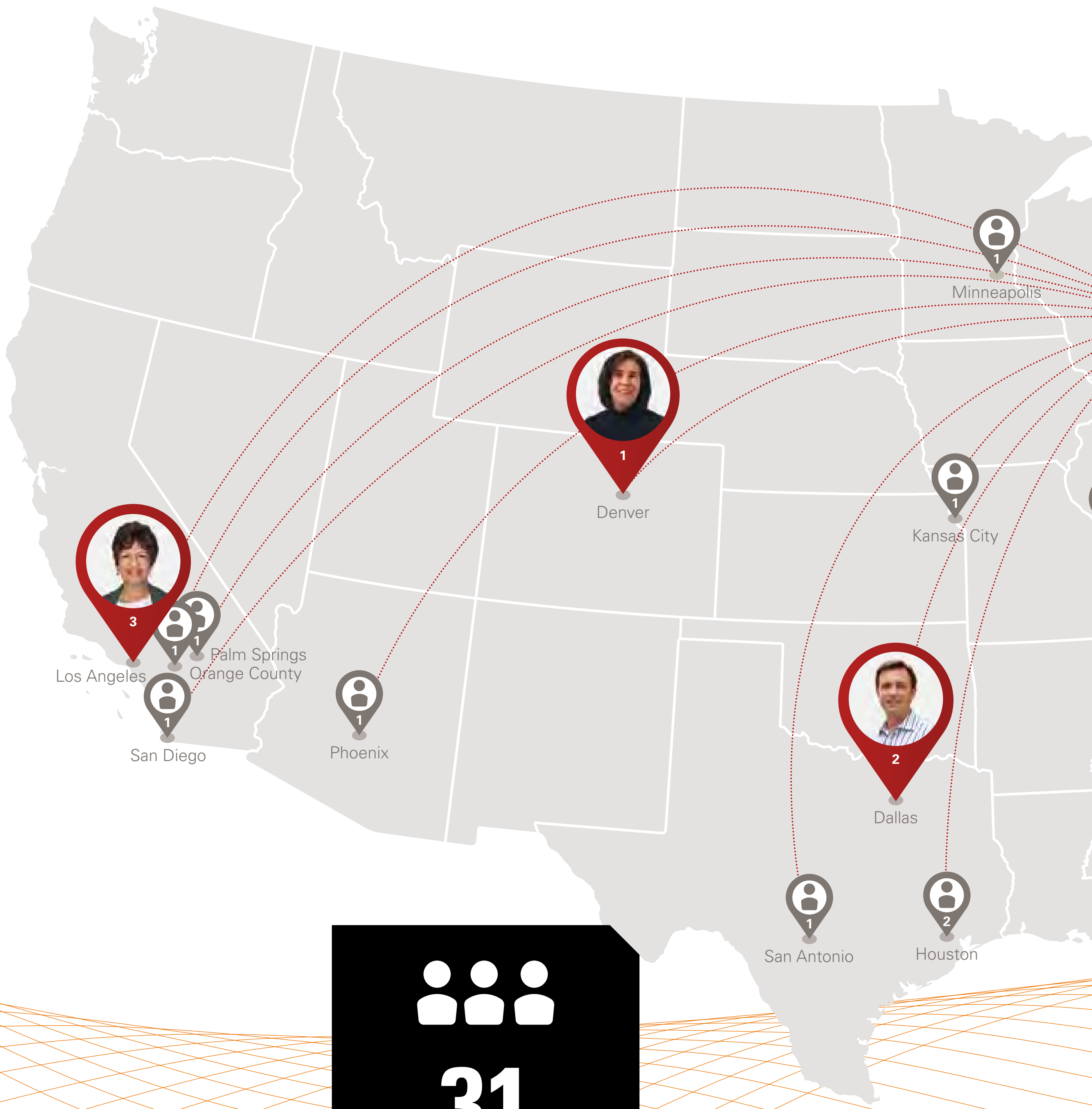
The American Group company Hubert, founded in 1946 in Ohio and part of the TAKKT portfolio since 2000, is positioned as a classic industry specialist. Hubert supplies large cafeterias, restaurant and hotel chains and food retailers with all the products they need for food service. The company can be considered the market leader in that field in North America. The idea behind the business model is that of a "one-stop shop" – anyone opening a food service business or a new branch can get all the durables they need from Hubert. Hubert now also supplies Germany, France, Switzerland and the Netherlands.

95%

of our products
can be delivered within
24 hours

THE SPECIALIST FOR OFFICE EQUIPMENT

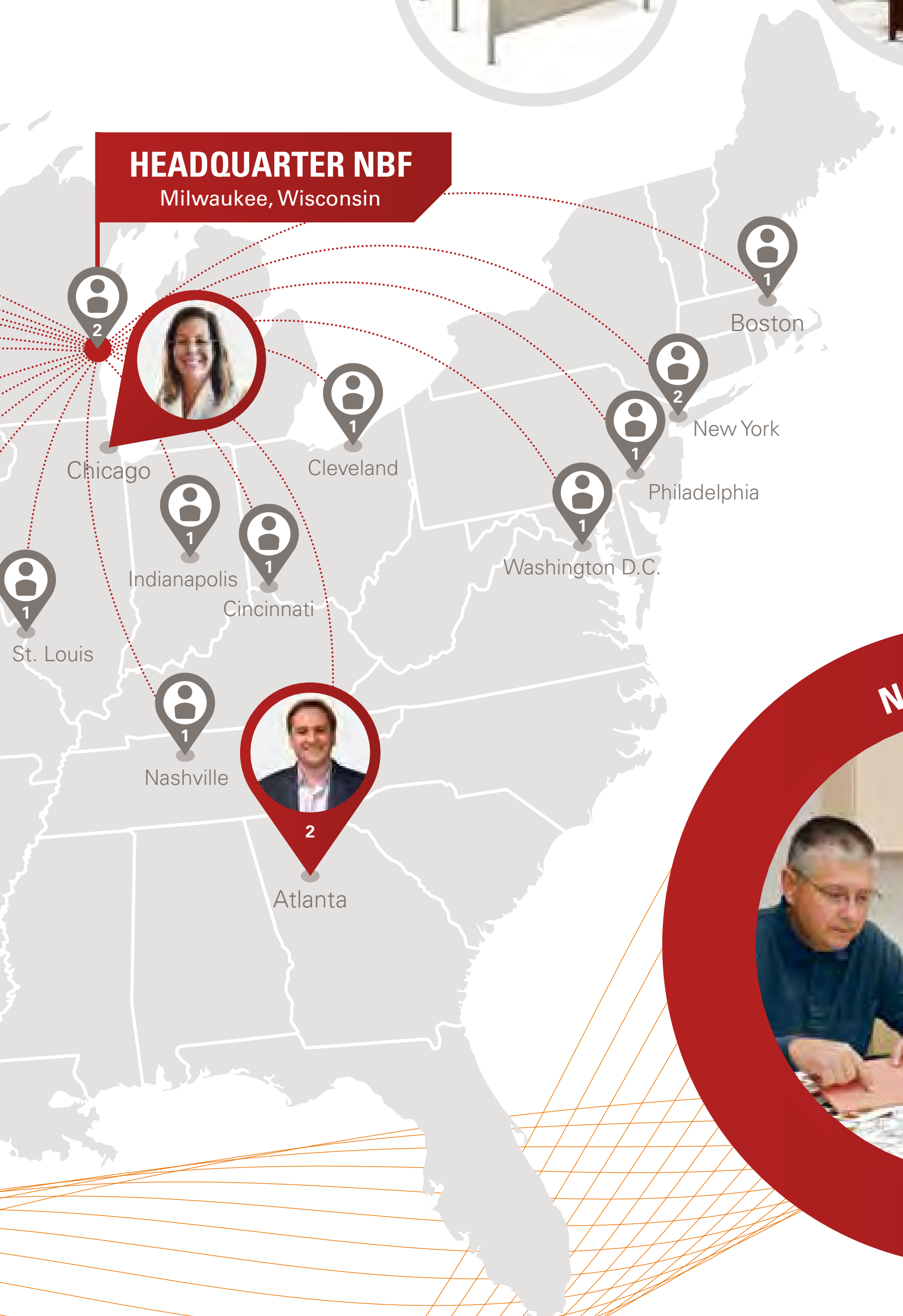
Strong in the acquisition of projects



31

sales reps in 23 cities

National Business Furniture



As a product specialist from Milwaukee in the USA, National Business Furniture (NBF) has been selling classic American office furniture to businesses, schools, government agencies and the health sector since 1975. It has been a part of the TAKKT Group since 2006. The company has a well-networked team of field sales employees that is strong in acquisitions in the major US cities. As furniture experts, the sales representatives are also specialized in supervising projects, supplying multi-location accounts with furnishings for all of their branches, for example. If needed, the sales representatives also assist the customers with planning their spaces – in line with the motto "Furniture that works. People who care."

OUR GROUPS

The products we sell

5 GROUPS AND MORE THAN 200,000 PRODUCTS

TAKKT Group is divided into five groups. TAKKT EUROPE comprises the Business Equipment Group (customers from the industrial, commerce, trade and service sectors) and the Packaging Solutions Group (supplying customers from various sectors). TAKKT AMERICA comprises the Plant Equipment Group (customers from the industrial, commerce, trade and administrative sectors), the Specialties Group (specialized in food service and retail) and the 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 organized locally with their various brands in order to be close to the market and close to the customer. TAKKT AG serves as the holding company and is responsible for the management of all Group companies according to the same value and growth drivers as well as the further development of the Group strategy. TAKKT AG also promotes and organizes the transfer of knowledge between the groups.

BEG – BUSINESS EQUIPMENT GROUP

GROUP

THE SPECIALIST FOR PLANT, WAREHOUSE AND OFFICE

BRANDS

Multi-channel brands

KAISER+KRAFT
gaerner
Gerdmans
KWESTO
Topdeq

Web-focused brand

certeo.com

FACTS

1,106 EMPLOYEES

61,000 PRODUCTS

1.5 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, more than 1,000 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 Topdeq, which sell their range of products through catalogs, over the internet, through field marketers and telesales. The companies in this group develop customized products, mini-series and products in their customer's corporate design on request. As the operational service holding company based in Stuttgart, KAISER+KRAFT EUROPA GmbH is in charge of the central functions such as catalog production and purchasing. The BEG is the TAKKT Group's largest group with above-average profitability.

PSG – PACKAGING SOLUTIONS GROUP

GROUP

THE MULTI-CHANNEL SPECIALIST FOR PACKAGING SOLUTIONS

BRANDS

Multi-channel brand	Web-focused brand
ratioform	Davpack

FACTS

324 EMPLOYEES

6,000 PRODUCTS

150,000 CUSTOMERS

SALES REGIONS

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

PRODUCT EXAMPLES

The PSG is the second 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 Verpackungen GmbH, 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

THE STORAGE AND MATERIAL HANDLING SPECIALIST

BRANDS

Multi-channel brands

C&H

AVENUE INDUSTRIAL SUPPLY CO, LTD.

Web-focused brand

INDUSTRIAL SUPPLIES.com

FACTS

218 EMPLOYEES

54,000 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 web-focused brand IndustrialSupplies.com, aimed at smaller companies. With warehouses in the USA, Canada and Mexico, the PEG is capable of offering a fast delivery service. All of the company's products can also be ordered online.

SPG – SPECIALTIES GROUP

GROUP

THE SPECIALIST FOR FOOD EQUIPMENT AND SUPPLIES

BRANDS

Multi-channel brands

HUBERT

Central Restaurant Products

Web-focused brand

DISPLAYS2GO

FACTS

699 EMPLOYEES

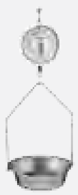
90,000 PRODUCTS

550,000 CUSTOMERS

SALES REGIONS

USA, CANADA, GERMANY, SWITZERLAND, FRANCE, NETHERLANDS

PRODUCT EXAMPLES



As part of the TAKKT AMERICA division, the SPG comprises the Hubert brand in the USA, in Canada, Germany, France, Switzerland and the Netherlands 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 these two sectors 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 catalog as well as a web shop and is supported by an effective telesales 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 and the leading B2B direct marketing specialist for displays in the USA.

OEG – OFFICE EQUIPMENT GROUP

GROUP

THE SPECIALIST FOR OFFICE EQUIPMENT

BRANDS

Multi-channel brands

National Business Furniture

Dallas Midwest

Web-focused brand

officefurniture.com

FACTS

150 EMPLOYEES

17,000 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 group's customer base consists mainly of service companies, schools, churches, government agencies and other public institutions. The National Business Furniture (NBF) brand sells classic American office furniture, and has also been operating in Canada since late 2010. 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 organizations 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

LETTER FROM THE MANAGEMENT BOARD

Dr Felix A. Zimmermann
CEO

Ladies and gentlemen,

The 2013 financial year was affected by difficult economic developments. In Europe, the economy recovered more hesitantly than expected and the otherwise strong business in the USA was affected in individual TAKKT companies by budget cuts at the federal institutions.

An important aspect of our business model has paid off in this environment: TAKKT has a balanced portfolio of B2B direct marketing companies. These companies feature different product ranges, sales regions and distribution channels, and therefore cater to different customer groups from different industries. This diversification minimizes the Group’s dependency on individual sectors or regions and enables a certain stability and continuity even in difficult economic times.

Not least for this reason, we have again performed relatively well in the 2013 financial year and can report satisfactory key figures, even though the more cautious of our three scenarios from our spring 2013 forecast has materialized due to the difficult business environment. Our turnover increased by 1.3 percent to EUR 952.5 million. Adjusted for currency effects and acquisitions, it declined by 2.6 percent. Our most important earnings indicator, earnings before interest, taxes, depreciation and amortization (EBITDA) came to EUR 122.8 million. At 12.9 percent, the EBITDA margin was in the bottom half of our long-term target corridor of 12 to 15 percent.

The values of the TAKKT Group include acting systematically and examining the development of our own portfolio continuously and critically. We therefore came to the conclusion in October, after careful consideration of all options, that operations of our European Group company Topdeq will need to be gradually discontinued by June 2014. Topdeq has recorded operating losses since the economic slump in 2009 and has lagged behind our growth and value requirements even after two repositioning attempts. After a realistic analysis of all possible courses of action, there was no responsible alternative to termination of the business. This decision was not an easy one, though it was necessary. Consequently, responsible corporate management also means that unprofitable business activities must be abandoned.

However, there is also good news to report regarding the strategic development of our Group: The TAKKT companies have made good progress on the way from classical direct marketing to integrated multi-channel direct marketing companies, thereby taking the next logical step in the development of the business model. In the year under review, we have brought the Group-wide initiative DYNAMIC to life through numerous projects and established it firmly at all levels of the Group. The key to success is "Learning from the best" As already indicated, each of our Group companies has its individual strengths from which the other groups and the Group as a whole can profit. Knowledge sharing within the Group has already produced promising results, which we will gradually implement. We are on track with our goal of bringing all the Group companies up to date in the area of multi-channel marketing. This year we also expect quantifiable results and have set clear-cut goals for 2016 by which we can be measured.

We have also come significantly closer to our goal of being a leading example of sustainability in our sector by 2016. Sustainability as the long-term balance between economic, ecological and social concerns has long been an integral part of our corporate strategy. In the year under review, we have made additional progress in integrating the focus on sustainable processes and solutions into our entire value chain and firmly establishing it in the organization. For example, we have successfully brought carbon neutral products to the market for the first time with the performance brand EUROKRAFT Active Green and have switched to certified sustainable sources for most of our paper advertising. In addition, we have been shipping our parcels carbon offset to 15 countries throughout Europe since January 2013.

With these measures, we are not only contributing to environmental protection but also positioning ourselves in the competitive environment early on. In the future, companies will pay more conscious attention to meeting their individual responsibility as well as capturing and reducing the use of natural resources along the entire value chain. We therefore strongly believe that we will be able to compete better in the long term and grow more profitably by focusing on sustainability. In 2013, we summarized our progress with respect to sustainability in an interim report.

Another highlight of the 2013 financial year was the successful placement of around 20 percent of TAKKT shares through our majority shareholder, Franz Haniel & Cie. GmbH. Increasing the free float has noticeably improved the liquidity and attractiveness of the TAKKT share. The simultaneous announcement by Haniel to remain the majority shareholder provides TAKKT with an excellent basis for continuing its portfolio and growth strategy and becoming a leading multi-channel direct marketing company.

On behalf of the entire Management Board, I want to thank our business partners for the good working relationship as well as our customers and shareholders for their ongoing trust. I also want to extend a special word of thanks to our colleague on the Management Board, Franz Vogel. After more than 28 years of outstanding work, first for KAISER+KRAFT and later for the TAKKT Group, he began his well-earned retirement at the end of February 2014. Franz Vogel provided important impetus at TAKKT for almost three decades and made an exceptional contribution. I wish him the very best for the future. At this point, I would like to extend a warm welcome to his successor, Mr Dirk Lessing. The Supervisory Board of TAKKT AG appointed Dirk Lessing to the Management Board of TAKKT AG effective as of January 01, 2014. In addition, the Supervisory Board extended the contract of our Management Board colleague and CFO, Dr Claude Tomaszewski, by five years until the end of October 2019. These personnel decisions will ensure stability and continuity in the work of the Management Board at TAKKT.

The greatest contribution to the success of the TAKKT Group is made by the people who do excellent work here every day. Only with their support are we able to realize 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.

We are looking to the 2014 financial year with optimism. Considering the economic outlook in Europe and North America, we should be able to continue to grow our turnover and achieve good profitability. TAKKT has once more set a clear agenda for itself and will achieve more milestones on the way from a traditional direct marketing group to an integrated multi-channel direct marketing company.

Stuttgart, March 2014

Dr Felix A. Zimmermann
(CEO of TAKKT AG)

MEMBERS OF THE MANAGEMENT BOARD

Dr Claude Tomaszewski
Management Board, CFO

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

Dirk Lessing
Management Board

TAKKT SHARE AND INVESTOR RELATIONS

In the 2013 trading year, the TAKKT share developed positively in a strong environment with an increase of 28.5 percent. Majority shareholder Franz Haniel & Cie. GmbH successfully placed a block of around 20 percent of TAKKT shares and reduced its stake to 50.3 percent of the shares. Subsequently, the free float, trade volume and liquidity of the TAKKT share improved significantly.

THE TAKKT SHARE DEVELOPED BETTER THAN THE MARKET

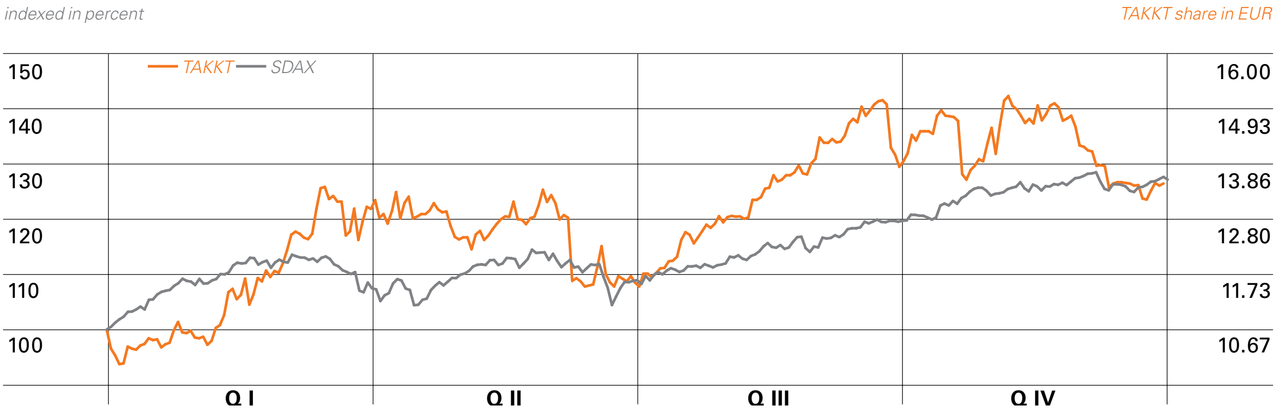
The German stock markets developed positively in the year under review. Fueled by an expansive fiscal policy and good economic outlook from the middle of the year, the DAX and SDAX closed at 25.5 and 29.3 percent higher than in the previous year at the end of December. In 2013, both indices reached the highest level in their history.

The TAKKT share also performed well. It not only significantly exceeded the level of 2012 as a whole but also achieved an annual return of 31.5 percent including dividends paid and thus a higher increase in value than the relevant SDAX benchmark, in which it is included as of year-end 2013 with a share of 2.46 percent. After a good start to the 2013 financial year, the share experienced a setback after the announcement of the placement of approximately 20 percent of the shares by Franz Haniel & Cie. GmbH. After the placement, however, the share was able to gain value once again and rose to its yearly high of EUR 15.52. At the end of the year, the share had lost part of these gains and closed at EUR 13.49. The market capitalization of TAKKT AG came to EUR 885.1 (688.9) million as of this date.

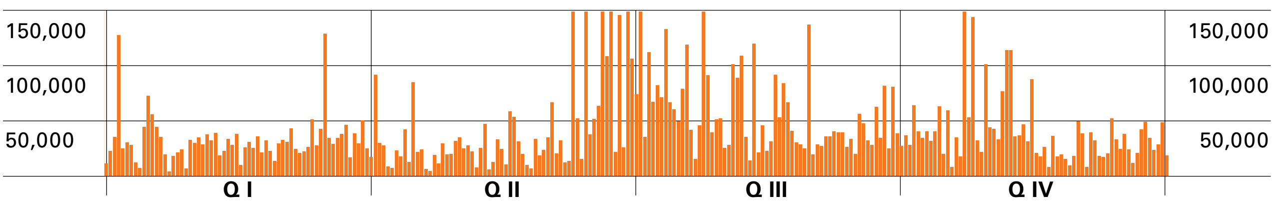
SIGNIFICANT INCREASE IN THE FREE FLOAT DUE TO HANIEL PLACEMENT

In addition, the attractiveness of the TAKKT share increased considerably due to the placement of TAKKT shares by Franz Haniel & Cie. GmbH. Haniel was able to successfully place 13.2 million shares on the market as part of a multi-day book building process between June 24 and 27, 2013. These shares were bought by foreign and domestic institutional investors. Franz Haniel & Cie. GmbH's share ownership in TAKKT AG was thus reduced from 70.4 percent to 50.3 percent. At the same time, the free float of the TAKKT share increased significantly to 49.7 (29.6) percent or EUR 440.1 (203.9) million as of December 31, 2013. The majority of these shares are in the possession of institutional investors from the United Kingdom, Germany and the United States. According to the voting rights announcement published in October 2013, Franklin Templeton Investment Management Limited holds 6.6 percent of the shares.

Performance of the TAKKT share *(52-week comparison, SDAX as benchmark)*



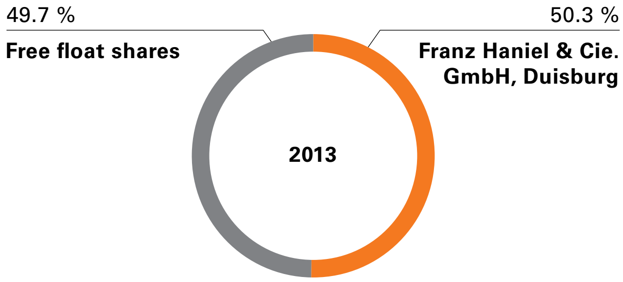
Trading volume of the TAKKT share *(daily volume on Xetra in number of shares in 2013*)*

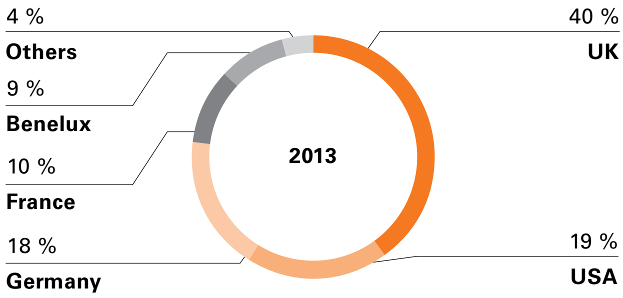


** On individual days, more than 150 thousand TAKKT shares were traded on Xetra.*

Subsequent to the placement, TAKKT recorded a noticeable increase in investor interest. The increase in the free float was accompanied by higher trading turnover on the market and greater share liquidity. On the most important trading platform, Xetra, an average of 49,800 (32,600) TAKKT shares were traded on each trading day. A strong increase in trading of the shares was noted in particular in the weeks after the placement. In a Deutsche Börse ranking list that encompasses all 100 companies listed on the MDAX and SDAX, this represents an improvement in market capitalization on the basis of the free float from place 73 to 67, and an improvement in trading volume from place 77 to 74 at year end. The block trades entered in trading systems in 2013 indicate that the TAKKT share was being traded over the counter (OTC) in similar volumes as on Xetra. Haniel has stated that it will remain the majority shareholder and continue to accompany TAKKT on its path to becoming a leading specialist in B2B multi-channel direct marketing.

Shareholder structure and regional distribution of the free float held by institutional investors at December 31, 2013*





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

Key share figures *(five year perspective)*

Key figures relating to TAKKT share	Unit	2009	2010	2011	2012	2013
Trading data						
Year end closing price*	EUR	7.15	10.80	8.52	10.50	13.49
Highest price*	EUR	9.15	11.10	12.44	11.88	15.52
Lowest price*	EUR	5.00	7.20	8.21	8.50	9.71
Market value at year end	EUR million	469.1	708.6	559.0	688.9	885.1
Average dayly turnover*	thousand shares	20.7	19.7	23.8	32.6	49.8
Issued shares at year end	million shares	65.6	65.6	65.6	65.6	65.6
Dividend						
Dividend per share in EUR**	EUR	0.32	0.32	0.85	0.32	0.32
thereof ordinary dividend in EUR	EUR	0.32	0.32	0.32	0.32	0.32
thereof special dividend in EUR	EUR	-	-	0.53	-	-
Payout ratio	percent	77.5	61.2	84.5	31.3	40.0
Dividend yield***	percent	4.0	4.5	7.9	3.8	3.0
Valuation ratios						
Earnings per share (EPS)	EUR	0.41	0.52	1.01	1.02	0.80
TAKKT cash flow per share	EUR	0.84	1.07	1.34	1.41	1.27

** Xetra trading.*

*** Dividend proposal for the fiscal year 2013.*

**** At prior years's closing price.*

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	September 15, 1999
Market segment	Prime Standard
Index	SDAX
Designated sponsors	Close Brothers Seydler Bank AG Kepler Capital Markets

INVESTOR RELATIONS

EQUAL INFORMATION FOR THE FINANCIAL COMMUNITY

TAKKT's investor relations focuses on providing shareholders, analysts and potential investors with information quickly, transparently and reliably. The company places great importance on informing all participants in the capital market with the same thoroughness and openness.

COMPREHENSIVE INFORMATION

The range of information provided on the TAKKT website is designed to meet the information needs of all capital market participants and financing partners. Besides financial reports, ad-hoc announcements, press releases and investor information, those interested in the company can also find roadshow and analyst presentations as well as explanations of TAKKT's growth strategy and Corporate Governance. Telephone conferences, which are accessible to all interested parties, are also held when quarterly results are published or for important corporate events such as acquisitions. These enable every participant to put their questions directly to the Management Board.

SPEED AND TRANSPARENCY OF FINANCIAL REPORTING

TAKKT places great importance on timely and informative reporting and therefore presents interim results within one 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 analyze data, details are always presented in financial reports in the same way and, whenever possible, in the same section. If material variations in comparison with previous years occur, these are explained. Special effects on key figures resulting from acquisitions, divestments or currency changes are presented in a transparent manner.

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:

- In March of each year, TAKKT presents its consolidated financial statements at a press briefing on annual results in Stuttgart and an analyst 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 every year in November. At the beginning of the year under review, the Management Board and Investor Relations team also participated in the capital market conference of Kepler Cheuvreux in Frankfurt for the ninth time. In late September, TAKKT was present at the Berenberg Bank and Goldman Sachs German Corporate Conference in Munich.

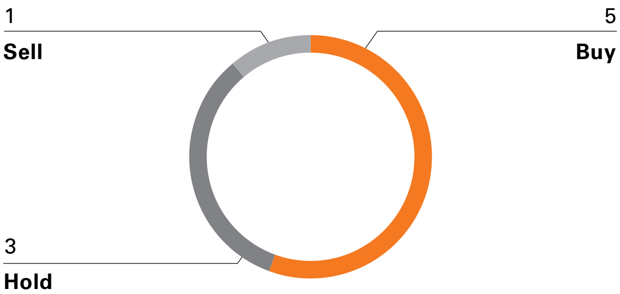
- In addition, the company once again held numerous talks with investors during the roadshows in London, New York, Edinburgh, Paris, Zurich, Frankfurt and other places.

- Investors gathered information in one-to-one talks and group presentations at the company's headquarters in Stuttgart with regard to the current business development, the corporate strategy and growth prospects of the TAKKT Group.

- All the information published during these and similar events can be found on the TAKKT website.

The perception of the company on the capital market is reflected in the number of financial analysts who regularly observe the TAKKT share. From a total of nine analysts, five recommend buying the share as of February 28, 2014.

Institution	Analyst
Berenberg Bank	Anna Patrice
Commerzbank	Daniel Gleim
Deutsche Bank	Mario Becherer
DZ Bank	Thomas Maul
Hauck & Aufhäuser	Thomas Wissler
Kepler Cheuvreux	Craig Abbott
Landesbank Baden-Württemberg	Barbara Ambrus
M.M. Warburg & CO	Thilo Kleibauer
Montega	Tim Kruse



SUSTAINABLE DIVIDEND POLICY CONTINUED

Approximately 350 shareholders and guests attended the fourteenth ordinary Shareholders' Meeting of TAKKT AG in Ludwigsburg on May 07, 2013. The shareholders voted by a large majority in favor of paying out a dividend of EUR 0.32 per share. The total distribution volume came to around EUR 21.0 million, corresponding to a payout ratio of 31.3 percent of the profit for the period.

The TAKKT Group is thus following its sustainable dividend policy, with which it pursues two goals. First, the shareholders are to benefit directly from the operational success of the company through distributions. Second, TAKKT wants to maintain the financial scope for external growth. Therefore, approximately 30 percent of the profits are generally to be paid out as an ordinary dividend. The amount paid out should, however, 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 (30 to 60 percent) or exceeds it, TAKKT may also distribute a special dividend in light of the strong cash flow generated by its business model.

STEPHAN GEMKOW ELECTED CHAIRMAN OF THE SUPERVISORY BOARD

The shareholders confirmed the appointment of Stephan Gemkow, Chairman of the Management Board of Franz Haniel & Cie. GmbH, to the Supervisory Board of TAKKT AG at the Shareholders' Meeting. Mr Gemkow was appointed as a member of the Supervisory Board by the decision of the Stuttgart local court on January 14, 2013, and elected as its Chairman on February 01, 2013. He succeeded Prof. Dr Klaus Trützschler, who holds the position of Deputy Chairman of the Supervisory Board since February 01, 2013.

The Shareholders' Meeting also ratified the other items of the agenda by a large majority. The detailed voting results can be found at www.takkt.com.

2014 FINANCIAL CALENDAR

The financial calendar for the 2014 stock market year is shown on page 168 of this annual report and can also be accessed on the TAKKT website, where it is regularly updated.

INVESTOR RELATIONS CONTACT

The Investor Relations team is available to answer any questions related to the TAKKT share and can be reached at:

Corporate Finance / Investor Relations department
Dr Christian Warns / Benjamin Bühler
Presselstrasse 12, 70191 Stuttgart
Telephone: +49 711 3465-8222
Fax: +49 711 3465-8104
Email: investor@takkt.de
Internet: http://www.takkt.com

REPORT OF THE SUPERVISORY BOARD

Stephan Gemkow
Chairman of the Supervisory Board

Ladies and Gentlemen,

2013 was not an easy year for TAKKT given the economic development. However, the Group did not allow itself to be thrown off course and also achieved good results in difficult times. TAKKT's attractive business model allows it to maintain solid profitability and high cash flows. In addition, the company could further increase its turnover in 2013 due to the successful acquisitions of the previous year. The Group-wide initiative DYNAMIC was also brought to life. Through its implementation, TAKKT aims to gradually develop into an integrated multi-channel company and expand its strong position in B2B direct marketing in the years to come. The Supervisory Board has closely followed and supported the company and Management Board at all stages of this process.

BUSINESS DEVELOPMENT AND PERSONNEL CHANGES

In the 2013 financial year, the Supervisory Board met five times. The meetings mainly focused on the current business performance, reviewing the strategic options for the future of Topdeq, possible further acquisitions and the development of the TAKKT Group to becoming a multi-channel company. In addition, the Supervisory Board addressed strategy and business performance planning, the risk situation, risk management, the internal control system and audit planning. The agenda also included Corporate Governance and compliance matters as well as a related regulation regarding compensation of the Management Board and Supervisory Board.

The personnel committee met three times in the year under review. Among the topics discussed were adjustments to the compensation of the Management Board under the existing compensation system and personnel matters relating to the Management Board. In December 2013, the personnel committee made a recommendation to the Supervisory Board to appoint Mr Dirk Lessing as a new member of the

Management Board. The Supervisory Board accepted this proposal. As of January 01, 2014, Mr Dirk Lessing took up his duties, thereby replacing Mr Franz Vogel, who, after more than 28 years of service first for KAISER+KRAFT and then for the TAKKT Group, began his well-deserved retirement at the end of February 2014. We would like to express our heartfelt thanks for the successful work he has done for the TAKKT Group and wish him all the best for the future. In addition, based on the recommendation of the Personnel Committee, the Supervisory Board extended the contract for Dr Claude Tomaszewski by five years until the end of October 2019. With the appointment of Mr Lessing and the contract extension of Dr Tomaszewski, continuity in the work of the Management Board is ensured.

At the beginning of the 2013 financial year, there were also personnel changes in the Supervisory Board. Mr Stephan Gemkow, CEO of Franz Haniel & Cie. GmbH since August 2012, was appointed member of the Supervisory Board of TAKKT AG by court order on January 14, 2013 and elected as Chairman and successor of Prof. Dr Klaus Trützschler as of February 01, 2013. The shareholders confirmed the appointment of Mr Stephan Gemkow to the Supervisory Board at the 14th ordinary Shareholders' Meeting on May 7, 2013.

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. The meetings of the Management Board and Supervisory Board were always carried out in a constructive and open manner. When necessary, the Chairman of the Supervisory Board and the CEO discussed matters in more detail. If issues needed to be decided by the Supervisory Board, it always passed 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 Government Commission on the German Corporate Governance Code effective December 31, 2013. Additional information in relation to this can be found in the Corporate Governance report of this annual report and on the TAKKT website.

UNCHANGED DIVIDEND

The Management Board and Supervisory Board will propose to the Shareholders' Meeting in May 2014 the payment of an unchanged dividend of EUR 0.32 per share. This corresponds to a payout ratio of 40.0 percent of profits for the period. The shareholders thus continue to benefit directly from the good earnings and high TAKKT cash flow.

CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS OF TAKKT AG APPROVED

The Shareholders' Meeting has followed the proposal of the Supervisory Board and appointed Ebner Stolz GmbH & Co. KG, Stuttgart, as the auditors for the 2013 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 Supervisory Board's audit for the period under review focused on pension provisions, related party disclosures as well as the cash flow statement. On a Group level, the auditors mainly focused on the effects of the planned dissolution of the Topdeq business, the reporting of foreign auditors, the impairment tests, the consolidation measures as well as the notes to the consolidated financial statements, the combined management report and Group management report. The auditors verified the TAKKT AG financial statements and the consolidated financial statements as well as 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, and the financial statements of TAKKT AG are thus adopted and the consolidated financial statements approved. The Supervisory Board agrees with the profit appropriation proposal made by the Management Board. The Supervisory Board also approves the combined management report and the assessment of the Group's future development.

SUPERVISORY BOARD APPROVES DEPENDENCE REPORT

The majority shareholder of the TAKKT Group, Franz Haniel & Cie. GmbH, Duisburg, reduced its stake in TAKKT to 50.3 percent in June 2013 through the successful placement of a block of shares with a broad investor base. Subsequently, the free float, trading volume and liquidity of the TAKKT share have shown further significant improvement. Even after placement of these shares on the capital market, Franz Haniel & Cie. GmbH is still the majority stakeholder in TAKKT. 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 GmbH & Co. KG, Stuttgart, prepared an auditor's report on this in accordance with section 313 of the German Stock Corporation Act (AktG). No reservations were expressed as a result of the audit. The auditor issued the following audit opinion: "Having conducted a proper audit and appraisal, we confirm that, first, the actual disclosures set out in the report are correct, second, payments made by the company for transactions covered in the report were not unduly high and, third, no circumstances covered in the report indicate a substantially different assessment than that given by the Management Board." The Supervisory Board reviewed the report on the relations of the company to affiliated companies and the corresponding audit report and approved them according to section 314 of the German Stock Corporation Act (AktG). The Board had no objections to the dependence report and the closing statement made by the Management Board therein, which can be found in the Corporate Governance report of this annual report.

We would like to thank the TAKKT AG shareholders for the trust they once again placed in us in 2013. We would like to thank all the employees of the TAKKT Group for their commitment and excellent performance in 2013. Thanks also go to the Management Board for their trusting cooperation founded on partnership.

Stuttgart, March 2014

Stephan Gemkow

MEMBERS OF THE SUPERVISORY BOARD

Stephan Gemkow Chairman since February 01, 2013 Member since January 14, 2013	Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Prof. Dr Klaus Trützschler Deputy Chairman since February 01, 2013 Chairman until January 31, 2013	Former member 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	Chairman of the Management Board (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

MANAGEMENT REPORT

BUSINESS MODEL

FINANCIAL YEAR

OUTLOOK

CORPORATE GOVERNANCE

MANAGEMENT REPORT FOR TAKKT AG AND THE GROUP

BUSINESS MODEL

BUSINESS AREAS AND ORGANIZATION

In a consistently attractive market environment, TAKKT has positioned itself as a portfolio of B2B direct marketing specialists for business equipment with a multi-brand strategy. Sustainable opportunities arise from the structural market trends that the group of companies takes advantage of with its competitive strengths.

B2B DIRECT MARKETING FOR BUSINESS EQUIPMENT

The focus of the business model of the TAKKT Group consists in the sale of long-lasting, price insensitive equipment to corporate clients. The product range predominantly includes durables that companies use in the course of their business activities for optimal processing of their day-to-day operations. Products that TAKKT supplies include pallet lifting trucks to German automotive suppliers, computer cabinets to Swiss mechanical engineers and food service supplies to American commercial caterers. Sales are carried out as part of an integrated multi-channel approach through the sales and marketing channels print (catalogs and brochures), online (web shops and e-procurement solutions), tele (outbound calls) as well as field (personal assistance through field sales employees).

The sector environment can be defined according to the following criteria:

- The **customers** can be categorized as consumers (B2C) and businesses (B2B).
- Brick and mortar businesses, direct sales from manufacturers and direct marketing make up the different **sales models.** There are also hybrid forms.
- In terms of **product range,** a differentiation is made between department store-like generalists and specialist distributors.
- In terms of **sector segmentation**, there are horizontally aligned distributors who – regardless of their costumer groups – concentrate on certain product ranges such as warehouse and plant equipment, packaging or office furniture (product specialist). There are also vertically aligned distributors, who base their product range on the needs of a certain sector or customer group, such as the food service industry (industry or customer specialist).
- With regard to **services,** we differentiate between pure distributors and providers who also offer services beyond just the distribution of goods to provide additional benefits for the customer.

TAKKT companies position themselves in this market environment as **B2B direct marketing specialists** for business equipment that have a comprehensive **range of services** and a predominantly **horizontal alignment.** The companies operate mainly in Europe and North America as well as in Asia to a smaller extent.

CLEAR ORGANIZATIONAL STRUCTURE

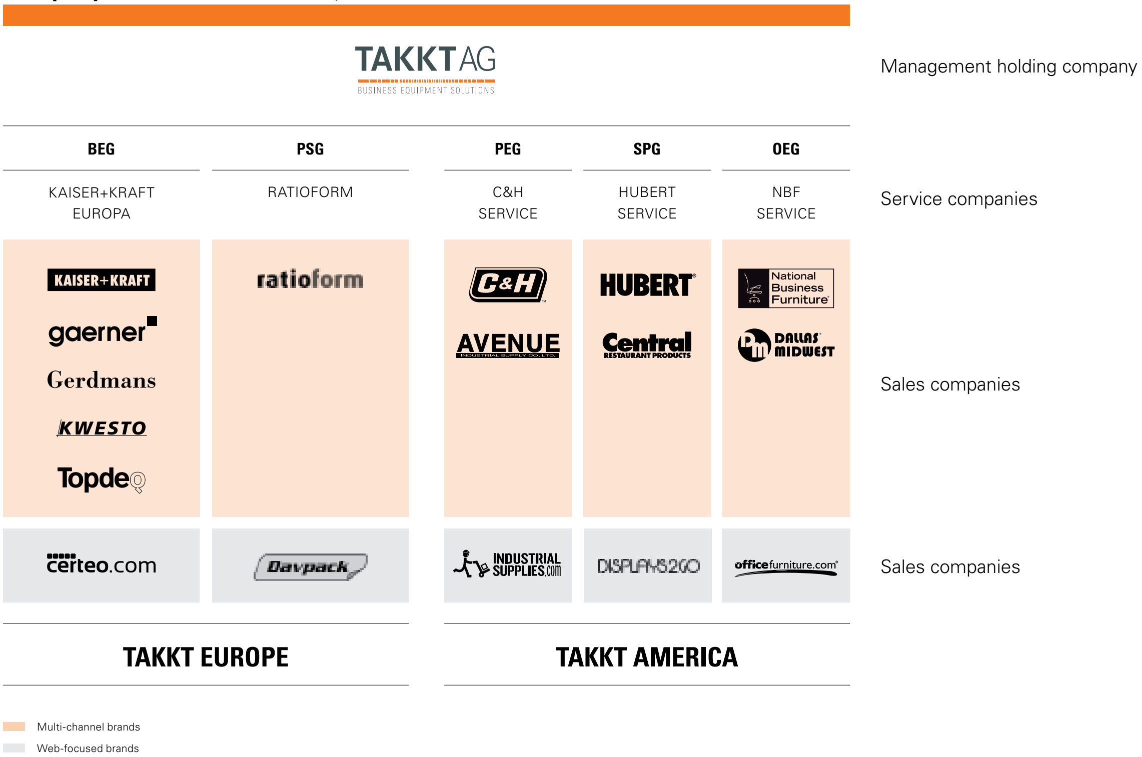
The organizational structure of the TAKKT Group is as follows:

- **TAKKT AG** as a **management holding** company is responsible for the management of all the companies according to the same value and growth drivers. Its responsibilities lie in classical holding functions and the further development of the Group strategy. In addition, the holding company promotes and organizes the transfer of knowledge between the groups. For the purposes of reporting, the Business Equipment Group and Packaging Solutions Group are combined in the TAKKT EUROPE division. The Plant Equipment Group, Specialties Group and Office Equipment Group are combined in the TAKKT AMERICA division.
- At the second level, the Group is divided into five **groups** with differently aligned business models, which are shown in the diagram on the following page. In each group, the **service companies** provide central services for each of the **sales companies** and handle procurement, marketing, logistics and IT. The sales companies are either **multi-channel or web-focused brands**.

The **TAKKT EUROPE** division has 59 locations. The Business Equipment Group (BEG) pursues a centralized warehouse strategy and relies on two central warehouses in Germany, which are supplemented by a few regional warehouses for the delivery of products that are more oriented to local requirements. The warehouse strategy of the Packaging Solutions Group (PSG) places even stronger emphasis on commitment to service. Customers expect very quick availability of the required packaging materials, regardless of where they are located. For this reason, the group follows a more decentralized warehouse strategy. In the TAKKT EUROPE division, there are currently a total of three central warehouses and 19 regional warehouses.

- The **Business Equipment Group (BEG)** offers approximately 61,000 products for transportation, plant, warehouse and office equipment in 23 European countries as well as in Japan

Company structure *as from January 01, 2014*



and China. BEG's customers include industrial enterprises such as automotive suppliers as well as companies from the areas of service, trade and public institutions. Some examples of products are pallet lifting trucks, universal cabinets and swivel chairs.

- The Packaging Solutions Group (PSG) offers approximately 6,000 different transport packaging solutions for companies and different industries in six European countries. Some examples of products are collapsible boxes, package padding, shipping pallets and stretch film.

The TAKKT AMERICA division has 20 locations and, due to the physical size of the market, on the group level, follows a less centralized warehouse location strategy than the BEG within TAKKT EUROPE. In order to ensure prompt delivery to the different regions, TAKKT AMERICA needs eight central warehouses and four regional warehouses.

- As an industry supplier, the Plant Equipment Group (PEG) sells roughly 54,000 products for transportation, storage and operations to companies in the United States, Canada and Mexico. Some examples of products are container systems, shelf trolleys and heavy load racking.

- As a specialist for food service equipment and sales promotion, the Specialties Group (SPG) sells around 90,000 merchandising items and fixtures and fittings for hotels, restaurants and retailers in the United States and Canada as well as in four European countries. Some examples of products are buffet and kitchen equipment as well as sales displays.

- The Office Equipment Group (OEG) offers around 17,000 office furniture products in the United States and Canada. In addition to businesses, OEG's customers include schools, churches, government agencies and the healthcare sector. Some examples of products are office chairs and desks, conference tables and furniture for reception areas.

The detailed list of subsidiaries within the TAKKT Group can be found in the notes to the consolidated financial statements under "Other notes" in section 5. In addition, all locations of the Group are listed on the location maps at the end of this annual report.

MULTI-BRAND STRATEGY AND EFFICIENT CUSTOMER APPROACH AS SUCCESS FACTORS

In selling its products, TAKKT pursues a multi-brand strategy which includes multi-channel and web-focused brands and is geared to the needs of specific customer groups:

- Multi-channel brands combine the traditional catalog business, which is more attractive to medium-sized and larger companies, with an online offer and – where appropriate – employees for telephone service and field sales to form an integrated approach. The catalog and web shop have almost the same product range in this multi-channel approach. Regardless of whether the product is offered online, by telephone or through the catalog, the price is always the same. As soon as the order is entered in the enterprise resource planning (ERP) system, it is handled using standardized processes. For key accounts, product information can also be entered directly into their own in-house IT systems. With individualized e-procurement solutions like these, the transaction costs for the customers will be reduced. Customers can compile their own range of frequently ordered products and also see their ordering history, giving them a detailed overview of their business relationship with TAKKT.

- With the web-focused brands, TAKKT targets customers who have not been able to be reached efficiently by the traditional catalog business and the corresponding online offers. These are mainly smaller businesses with comparatively low demand. Ideally, the customer relationship in a purely online business 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 of products with web-focused brands can be adapted more flexibly to the rapidly changing needs of this customer group. Important success factors for sales are effective search engine optimization and internet marketing in order to position its online shop prominently and thus gain the attention of potential customers.

ADDED VALUE FOR THE CUSTOMER – BEYOND PURE DIRECT MARKETING

TAKKT operates in an attractive niche market. In B2B direct marketing, the customer considers the price in relation to a package that includes product, quality and service. For the customer, good direct marketing means finding products quickly and being able to

Added value for the customer	
Careful pre-selection of high-quality products and a clearly organized presentation	TAKKT creates added value for the customer by subjecting a carefully selected range of hundreds of suppliers to rigorous quality control standards, bundling them efficiently and presenting them in an organized manner. The Group companies categorize their product ranges mainly by criteria relating to their use such as size, volume or load-bearing capacity instead of by manufacturer. Customers can find the right product for them more easily this way, saving them time and money.
Easy ordering and fast delivery	Customers can simply order through the channel that is best for them. To make this possible, TAKKT is connecting the ordering channels more and more closely to one another. The Group companies also offer their customers fast delivery via sophisticated logistics systems that are specifically tailored to the destination countries. TAKKT has the majority of its products available in stock. This is an important competitive advantage compared to direct sales and physical retail outlets – particularly in light of the fact that companies are increasingly focused on process costs in procurement.
Individual offers and assisting with the selection process	The employees in the sales companies advise customers by phone in the selection of suitable products. They prepare individual quotes on request in a professional manner and send them to the customer quickly. In order to make it easy for the customer to select the right product, the sales teams send for example some material samples. Through targeted questions and the comprehensive product knowledge of the TAKKT employees, the customers get tailored solutions that match their individual needs.
Customized solutions	If the TAKKT product range does not offer a direct solution to fit the customer's needs, the requirements are first precisely defined in a dialogue process before a tailor-made solution is sourced from a suitable supplier. Custom-made products are also possible due to the long-standing established relationships with suppliers.
Management of projects	Customer inquiries for projects are handled on an individual basis by the telesales and field sales employees in order to take special service requirements such as punctual delivery into consideration. The American Group company NBF, for example, supplies multi-location accounts with furnishings for all of their branches. In line with the motto "Furniture that works. People who care," its sales representatives also assist the customers with planning their spaces when needed.
Long warranty periods	Generally, products sold by the TAKKT companies have warranty periods that are several years longer than the legal requirements. In particular, with furniture and shelving systems, TAKKT also offers customers the option of buying the same exact item for several years after and obtaining replacements that fit precisely. The customer thus receives a high level of security especially with products that must be available to their company for a long period of time.

order them easily. Furthermore, they expect a high level of service with respect to the actual product. It is exactly in this area that the strength of the Group companies lies. The services that the TAKKT companies offer their customers in order to retain them for the long-term are included in the table on page 40.

In addition to added value for the customer, TAKKT also creates considerable benefits on the supplier side. Inclusion in the product range of a TAKKT company brings considerable benefits for these suppliers in comparison to their own sales and marketing. They obtain direct access to a very large number of customers in different regions and thus circumvent the natural market entry barriers that result from the different currencies, languages and legal frameworks.

The market niche of B2B specialist direct marketing is also interesting from TAKKT's point of view in the following ways:

- TAKKT uses an extremely fragmented supplier pool and maintains supplier relationships that are well-established and last many years. TAKKT is also extremely diversified in terms of its customer base and is therefore not dependent on single large orders or major customers.
- The market environment of many TAKKT companies is protected by considerable market entry barriers. A potential new competitor first has to make significant investments in marketing, IT and logistics and incur several years of start-up losses before it can achieve the margins that are standard in the sector. These investments only pay off when a company manages to develop a loyal customer base that regularly provides repeat business.

MARKET TRENDS SUPPORT PROVEN BUSINESS MODEL

The Management believes that six structural market trends provide sustainable opportunities, which TAKKT benefits from by utilizing its competitive strengths (see table below). These trends also underpin the company's business model with its focus on corporate customers, direct marketing as a sales channel, specialization of the product ranges and an extensive range of services for the customer.

Market trend	Competitive edge
Large companies are increasingly **consolidating their business relationships** to a small number of competent partners. Concentrating on a limited number of suppliers reduces the number of contact partners and the orders can be managed more efficiently.	TAKKT compiles product ranges that cover the demand of its customers for long-lasting durables. With its business model, TAKKT positions itself as a **B2B direct marketing specialist for business equipment** that provides its customers with a one-stop solution for a comprehensive range of products.
Businesses are increasingly focusing on **process costs.** It is uneconomical to put great effort into finding the lowest price for products worth a few hundred euros. In terms of procurement, it is becoming increasingly important to be able to find goods quickly, order them easily and obtain good service.	TAKKT creates added value for the customer by **efficiently bundling the ranges of hundreds of suppliers** and presenting them in an organized manner. This shortens processes and reduces transaction costs. TAKKT also offers a selection of high-quality products, well-developed service, attractive conditions and fast delivery through sophisticated logistics systems that are specifically tailored to the destination countries.
Companies are increasingly turning to **electronic ordering channels** for purchasing. They submit their orders via e-mail, the internet or an in-house e-procurement system.	TAKKT offers **e-commerce solutions aimed at different customer needs** ranging from a classic web shop to the electronic incorporation of the product range in the customer's ERP system (e-procurement).
Companies make use of catalogs and the internet when searching for the products they need, and may also wish to receive **advice** face-to-face and over the telephone. They increasingly will touch different contact points before deciding where to buy. To stay successful, a company must understand this move towards a **customer-managed relationship** and always be present wherever the purchase is to be made.	TAKKT combines and integrates all sales channels in its **multi-channel marketing** that may induce the recipient to make a purchase decision. In this way, the companies are present with their product ranges wherever the customer is looking for products. Each order is processed uniformly using efficient IT systems – regardless of the how the order was initiated or placed.
Due to **globalization,** companies have a greater need for worldwide delivery. 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 **organizational structure** allows it to be **close to the market and the customer.** Under the umbrella of a unified concept, the individual business groups and their service companies pursue their own marketing and sales strategies, which are tailored to their specific regional market conditions, products and target groups.
Companies are increasingly opting for **sustainably operating business partners,** whose value chain is managed according to ecological and social concerns.	TAKKT considers the requirements of its customers with respect to sustainability at all levels of value creation, including in purchasing, marketing and logistics. A Group-wide program incorporates the issue of **sustainability in the day-to-day business** and bundles the individual measures together.

CORPORATE GOALS AND STRATEGY

It is the declared goal of the TAKKT Group to be the world's leading B2B direct marketing specialist for business equipment. To do this, the Group companies use the marketing and sales channels of print, online, tele and field as part of an integrated multi-channel approach. By 2016 TAKKT also wants to be the leading role model in sustainability in its industry. The strategic objectives of the TAKKT Group are presented in the following overview. They have not changed compared to the previous year.

Strategic objectives	
Grow profitably	• Long-term turnover growth by an average of ten percent per year – roughly half organically and half through acquisitions • An EBITDA margin between 12 and 15 percent
Diversify risk	• Significant contributions to sales on at least two continents • Diversified share of sales with the manufacturing, trade and service industries as well as government institutions • Balanced product range
Act sustainably	• Industry role model for sustainability by 2016 • Sustainability as "built-in" rather than an "add-on" in day-to-day corporate management

GROW PROFITABLY

In the past 15 years, a new start-up or acquisition was carried out at least once a year. TAKKT plans to keep up this pace of expansion in average over the long term. TAKKT aims to continue its profitable growth and increase its turnover by an average of ten percent each year, with an EBITDA margin of 12 to 15 percent. Considered over a long period of time, roughly half of this growth is expected to be organic, with the other half developing through acquisitions.

Organic growth is being driven by the following initiatives:

- Expansion of e-commerce: Since e-commerce simplifies business relationships and streamlines procurement processes, this form of business will become increasingly significant in B2B direct marketing. Therefore, TAKKT is consistently developing its e-commerce activities further and intensifying the establishment of customized e-procurement systems, the content management in the web shop and the search engine optimization. By 2016, TAKKT wants to increase the percentage of order entry through e-commerce from the current 28 percent to between 35 and 45 percent.

- Expansion of additional multi-channel activities: An appropriate mix of print, online, telemarketing and field activities – integrated multi-channel direct marketing – is becoming increasingly important for a successful sales operation in B2B direct marketing. The reason for the integrated multi-channel approach is the observation that the behavior of business customers worldwide is changing. Just a few years ago, the catalog was the predominant sales medium. Today, businesses can make use of considerably more sources of information in searching for products. TAKKT is developing the strategy of integrated multi-channel direct marketing step by step – with the objective of using all marketing media in an integrated manner, which can trigger a purchase decision with the customer. The companies are thus present with their range wherever the customer gathers information about the products: from a catalog, online, on the telephone or through field sales reps.

- Building and developing web-focused brands: With sales brands that are predominantly online, products and prices can be more flexibly adjusted to changing customer needs than by using other marketing media. Smaller businesses in particular can be served more efficiently in this fashion. The TAKKT Group is constantly expanding this sales channel by developing existing web-focused brands further and creating new ones. In addition, TAKKT is increasingly using instruments such as SEO (search engine optimization) and SEA (search engine advertising) in order to position itself prominently with its online presences and via advertisements within the search engines.

- Expansion of the product range: The expansion of the product range is carried out along two lines. The first is the intensified expansion of existing product ranges. Second, the expansion into new product categories is driven forward in order to add to existing product ranges or to tap into new buyer groups.

- Expansion of performance brands: For TAKKT, performance brands are product-related private label brands that only include products that at least meet the industry standard or satisfy higher quality demands. These brands improve customer loyalty and generate above-average margins. The company aims to increase the share of turnover with performance brands from 13.9 percent today to 20 percent by 2016.

- International roll-out of successful business models: Up to now, some Group companies have followed their successful business model only in certain countries or regions. TAKKT is building on the existing platforms and establishing additional companies in new promising regions.

In addition, the Group is expected to grow inorganically through **acquisitions.** Potential takeover candidates are mainly medium-sized companies that are often family owned. In light of this, long-term contacts to possible target companies are cultivated and the capacity to act at all times is ensured. Thus, sufficient credit lines for the acquisition of medium-sized companies are always available. The following factors also play a role in the decision to make an acquisition:

- For the target company, a positive development of the business-specific **value and growth drivers** is expected, which TAKKT uses to manage its subsidiaries. The EBITDA margin should at least be within TAKKT's target corridor or have the potential to develop in that direction in the medium term.

- The target company is an **established, market-leading company** which fits in with the positioning of the TAKKT Group explained above. It should be a company with a scalable business model in B2B direct marketing that acts as product or customer specialist, focuses on durables or specialized goods and which has a fragmented customer base and supplier pool. It is desirable that the Management continues in its function.

- The acquisition provides TAKKT with the opportunity to **diversify,** develop its product portfolio, tap into new customer groups or to expand regionally. TAKKT also makes sure that, if possible, new expertise is gained through the acquisition such as field sales (NBF in 2006) telesales (Central in 2009), online marketing (GPA in 2012) or integrated multi-channel marketing (Ratioform in 2012).

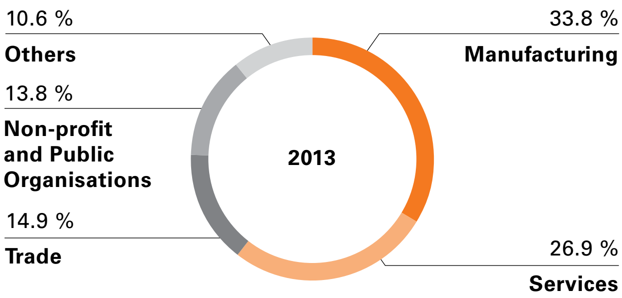
In order to realize an **increase in value after inclusion in the Group,** TAKKT supports the newly acquired companies in the continuation and intensification of their course for growth, helps in the expansion of the business model in new markets and promotes the exchange of organizational, logistics, IT, marketing and sales expertise across the different companies.

DIVERSIFY RISK

TAKKT strives to further diversify its risks and become more independent of economic influences. The following levels are taken into consideration here.

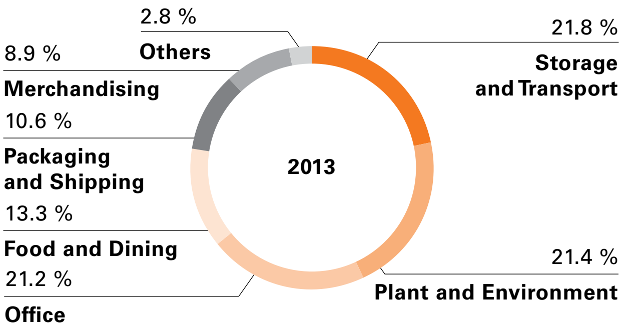
At the **customer level,** TAKKT serves manufacturing businesses, retailers, service providers, non-profit organizations and governmental institutions to compensate for the cyclical fluctuations experienced by the individual target groups. Orders from manufacturing businesses – the original core business of the TAKKT Group – are still behind about one third of the sales volume, whereas the share of the other customer groups has increased continuously in the past 15 years. In the medium term, the Group's objective is to generate diversified share of turnover with the manufacturing industry, the trade and service sectors as well as non-profit and government institutions. This increasing diversification according to customer group stabilizes the TAKKT business through decreased dependence on the cyclical business with the manufacturing industry. In addition, the Group benefits from the anti-cyclical ordering of government institutions, which strengthens the development of turnover during downturns.

Diversification of customer groups



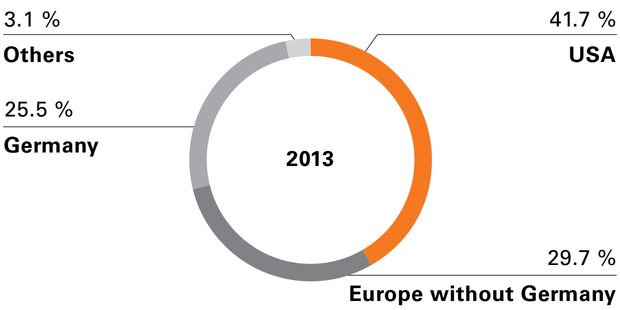
At the **product level,** TAKKT differentiates between products for operations & environment, warehouse & transportation, offices, packaging & shipping, food service and sales promotion. TAKKT diversifies heavily here to actively compensate for fluctuations in demand. Through the acquisition of Hubert (2000), NBF (2006), Central (2009), GPA (2012) and Ratioform (2012), the company has specifically expanded its business model to product groups for food service, sales promotion, American office furniture and packaging. This allows TAKKT to participate in the growth trends of these industries.

Diversification of product ranges



At the **regional level,** TAKKT differentiates between Germany, Europe without Germany, the United States and as other countries such as Canada, Mexico, China and Japan. In particular, the share of US business has increased significantly since 2000. Regional diversification has proven to be a pillar of TAKKT's business model in the past, as this allows economic fluctuations in specific target markets to be partly offset by opposite trends in other regions. The Group will continue this path and aims to generate significant long-term contributions to sales on at least two continents.

Diversification of regions



ACT SUSTAINABLY

Sustainability is not a new concept for TAKKT. It has long been an entrepreneurial tradition in the Group to handle resources carefully. TAKKT has incorporated the goal of sustainability – the long-term balance between economic, ecological and social concerns – as an explicit part of its corporate strategy since 2011 ("built-in" rather than "add-on") – and wants to be the global role model in its industry by 2016.

With this move, TAKKT has positioned itself early in the competitive environment. Companies are paying increasing attention to making their individual contribution to the conservation of resources and expect their business partners to also manage their value chain according to sustainability considerations. TAKKT therefore takes the requirements of its customers into account with regard to sustainability, especially in purchasing, marketing and logistics. A Group-wide program incorporates the issue of sustainability in the day-to-day business and bundles the individual measures.

The goals, key figures and important measures of the TAKKT Group with respect to sustainability are summarized in the "Sustainability and employees" section on pages 48 et seqq. of this annual report.

MANAGEMENT SYSTEM

STANDARDIZED KEY FIGURES FOR MANAGEMENT OF THE GROUPS AND THE INDIVIDUAL COMPANIES

The business models of the TAKKT companies are comparable across regions, product ranges, customer groups and sales approaches. Therefore, the Management manages the Group and the individual groups as well as all the subsidiaries according to the same value and growth drivers. If the key figures of one Group company do not develop satisfactorily, the TAKKT Management reacts promptly with suitable initiatives and countermeasures. To this end, all the internal key management figures mentioned below are reported to the Management Board on a regular basis.

The management system of the TAKKT Group remained unchanged in 2013 in comparison to the previous year. As before, the following parameters relate to the important **internal key management figures:**

- The **organic development of turnove**r of the TAKKT Group serves as a measure for the growth potential of the company without the addition of corporate acquisitions or the effects of fluctuating exchange rates. The short-term development of turnover is strongly influenced by the economic cycles. In the long term, TAKKT wants to achieve an average organic increase in turnover of four to five percent with the help of the growth initiatives described on pages 42 et seq.

- The organic turnover trend results from the development of the value and growth drivers **number of orders** and **average order value.** Both parameters are subject to cyclical fluctuations in the economic cycle and are also influenced by acquisitions or divestments on a structural level. In the long term and adjusted for these effects, TAKKT plans to **increase** the annual number of orders by **two to four percent.** The average order value is expected **to grow at least at the rate of inflation.**

Key figure	Statement	Target value
Organic development of turnover	Benchmark for company growth without acquisitions	Between 4 and 5 percent on average long-term
Number of orders and average order value	Important drivers of organic development of turnover	Long-term average growth of between 2 and 4 percent; Increasing slightly between EUR 400 and 500 (at least at the rate of inflation)
Gross profit margin	Measure for customer added value	Over 40 percent
EBITDA margin	Measure for operating profitability	Between 12 and 15 percent
Capital expenditure ratio	Capital required for maintenance, expansion and modernization of operations	Between 1 and 2 percent of turnover on average long-term
ROCE (Return on Capital Employed)	Measure for profitability of total capital before tax	Significantly more than 12 percent
TAKKT value added	Measure for the added value earned after deduction of total cost of capital	Significantly greater than zero

- The gross profit is calculated by deducting the cost of sales from turnover and adding additional components of the gross performance whose sum is not significant. The TAKKT Group has achieved a **gross profit margin** – a gross profit in relation to turnover – of **over 40 percent** and its objective is to maintain this stability in the future as well. The reason for this is the company's focus on benefit to the customer and the provision of versatile additional services as opposed to the mere distribution of goods.

- The **EBITDA margin** serves as an important benchmark for the operating short-term earning profitability of the individual Group companies because the effects of the country-specific differences in tax rates and financing structures are not included in this key figure. As the figure does not include depreciation and amortization of non-current assets, it permits a direct comparison between existing and newly acquired companies. TAKKT has defined a long-term **target corridor of 12 to 15 percent** for the Group's EBITDA margin.

- The capital requirements for maintenance, expansion and modernization of the business operations is comparatively small at the established companies of the TAKKT Group. The result is a **long-term investment ratio average of between one and two percent** of turnover. In financial years in which the warehouse capacities of the groups are expanded, this ratio is significantly higher, whereas in periods without larger investment projects it is at the lower end of the specified range.

- The return on capital employed (ROCE) measures the profitability before tax of the capital employed. This key figure shows the EBIT in relation to the average capital employed, which is defined as total assets reduced by the non-interest-bearing current liabilities. The **ROCE** therefore expresses the operating earning profitability of the capital employed. A ROCE of **significantly more than twelve percent** has been determined as a target value for TAKKT's activities.

- **TAKKT value added** serves as an important key figure for a longer term, value-based controlling. It is defined as the difference between the generated profit after tax and the cost of capital on the average capital employed. The profit generated after tax is determined on the basis of the EBIT, which is reduced by the income tax expense and increased by the other financial result. The cost of capital is determined by multiplying the average capital employed with the weighted average of cost of capital, which factors in the cost of equity as well as of debt. The average capital is calculated as the mean value of the capital employed at the beginning and end of the respective financial year. The capital as of the respective reporting date consists of the total assets that are reduced by the non-interest bearing current liabilities and the deferred tax liabilities. On the whole, the TAKKT value added allows a statement to be made about the value added of the Group after consideration of the costs of debt and equity, e. g. after meeting the requirements on return on investment of the debt and equity investors. TAKKT aims for a continual **significant positive value added.**

INTERNAL COVENANTS FOR MANAGEMENT OF THE FINANCIAL STRUCTURE

For monitoring and managing its financial structure, the TAKKT Group sees to the compliance of four internal key figures (covenants) that it has set for itself. These are shown in the following overview:

Key figure	Definition	Target value
Equity ratio	Total equity to total assets	30 to 60 percent
Debt repayment period	Average net borrowings to TAKKT cash flow	< 5 years
Interest cover	EBITA to net financing expense	> 4
Debt-equity ratio (gearing)	Net borrowings to equity	< 1.5

The internal covenants are not stipulated in the credit agreements but rather serve only the internal management in order to safeguard the financial solidity of the Group. The financial scope for acquisitions can also be derived from the key figures. In addition, the equity ratio provides an orientation in the decision regarding the distribution of a special dividend within the scope of the dividend policy (see page 31).

INNOVATION AND DEVELOPMENT

As a direct marketing company, TAKKT does not carry out traditional research and development the way a technology-based manufacturer does. The business environment, however, is continuously in flux. The needs of the customer continue to evolve, the relationship between supplier and buyer is changing, and new procurement, storage and sales processes are becoming established. The Group is therefore continuously working on developing product ranges, services and market cultivation and anticipating the future requirements of the market even before they have become a general standard. In addition, the Group consistently continues to improve and develop its IT applications.

INNOVATION FORMATS

Within the scope of corporate development, the TAKKT Group companies are pursuing the goal of gradually evolving from a traditional direct marketing group to an integrated multi-channel company. To do this, TAKKT mainly utilizes four innovation formats:

1. **Internal transfer of knowledge:** The Management encourages the transfer of expertise within the Group. It motivates employees to share their knowledge with colleagues – especially those in other groups – according to the motto of "learning from the best." It is important and fruitful precisely for this reason, because the companies of the TAKKT Group in part have different focuses with regard to sales approaches, product ranges or customer groups. At the annual FUTURE@TAKKT Group conference, the executives of the Group companies, therefore discuss best practices solutions such as, for example, expansion of the product range, the development of new product categories or the intensification of internet activities.

2. **Discussions with outside experts:** The Management initiates regular exchanges between external experts and employees within the TAKKT Group (the 'outside-in' approach). Once or twice a year, the TAKKT Forum is held in collaboration with the Advisory Board of TAKKT AG. Together with the high-level external presenters, the top executives of the company and the TAKKT Advisory Board express core questions of market development there. In 2013, active telephone sales was the core topic of the forum.

3. **Market analyses and surveys:** TAKKT regularly involves outside specialists in market and customer analyses. In this way, the method competence is continuously developed. For example, TAKKT analyzes the behavior of customers of individual companies and compares these over longer periods of time and across the different companies.

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. In the course of this, measures were derived which are documented in the sustainability report of the TAKKT Group.

ON THE WAY TO AN INTEGRATED MULTI-CHANNEL COMPANY

TAKKT uses the innovation formats described in order to continuously pursue its strategic growth initiatives.

The Group is increasingly expanding its multi-channel activities. The reason for this approach is the observation that the behavior of the customer is changing worldwide. Just a few years ago, the catalog was the main sales medium in the actual business model. Today, businesses can make use of considerably more sources of information in searching for products. In order to continuously implement its alignment to being an integrated multi-channel marketing company, TAKKT began an initiative called DYNAMIC. This Group-wide initiative is made up of around 50 projects in all groups that were brought to the fore in the year under review and which are to be carried out for many years. In this regard, the issues on organic growth introduced in the "Corporate goals and strategies" section are being worked on.

As part of the initiative, the web shop and IT systems in some groups are being fully modernized, which will result in an increase in annual investments by around one percentage point until 2016 in relation to the Group turnover. The groups determine their integrated multi-channel direct marketing according to the respective requirements of their customer segments as well as the specific regional needs. Project management standards are used in all groups in order to work on the outstanding issues in a structured and transparent manner for all involved. The measures initiated affect the groups to varying extents and are accompanied by a professional change management process. If required, measures regarding communication and mobilization, participation and qualifications are formulated. Expertise in the area of change management and project management was developed for this internally. External consultants also provide support if required.

DEVELOPMENT OF NEW IT SYSTEMS

Traditional development work is performed by the TAKKT companies to improve and develop the IT applications. TAKKT distinguishes itself by continuously adapting processes and systems to the needs of the market and customers. This is done by the company's own employees as well as by external service providers. The development teams of the TAKKT Group have a total of 51 (52) employees. Investments for improving and developing the IT systems came to EUR 6.2 (4.3) million in the year under review, corresponding to 0.7 (0.5) percent of turnover.

CONTINUOUS QUALITY ASSURANCE

The Group's quality management focuses on the requirements and expectations of the customers. TAKKT records all customer queries and complaints electronically. Specially trained staff process, analyze and categorize 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.

SUSTAINABILITY AND EMPLOYEES

TAKKT has permanently established sustainability as part of its corporate strategy. The corporate management defines sustainability as the long-term balance between economic, ecological and social concerns and is aware that only this balance enables long-term corporate success. This is why sustainability is an integral part of TAKKT's corporate strategy. TAKKT has committed to becoming the worldwide role model in its field for sustainability by 2016.

SUSTAINABILITY IS A MATTER OF COMMON SENSE

Sustainability is not a new concept for TAKKT. It has long been an entrepreneurial tradition in the Group of companies to handle resources carefully. Sustainability and profitable growth are not mutually exclusive – they go hand in hand. This is why TAKKT began to incorporate 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 principles of the United Nations Global Compact serve as a guide for sustainable behavior. TAKKT is committed to complying with these ten universal principles, which address matters relating to human rights, working standards, environmental protection and anti-corruption, and to ensure their propagation. In the context of being compliant with the Global Compact principles, TAKKT summarized the progress in this area for the first time in a sustainability update in 2013.

MAKING SUSTAINABILITY MEASURABLE

The TAKKT Group regularly informs its stakeholders about how it lives up to its corporate responsibility. 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.

TAKKT has identified the expectations of its stakeholders and the challenges of its business models and categorized them into six activity fields: sourcing, marketing, logistics, resources and climate, employees and society. Specific measures and goals were established in each field of activity, which are integrated ("built-in") into the Group's management system. This reveals how the Group integrates the concept of sustainability into the nature and structure of the organization and develops solutions for improving its sustainability performance.

In particular, TAKKT has defined the following measures and goals for 2014:

- The evaluation program is to be expanded to include sustainability aspects for suppliers. TAKKT wants to have evaluated the sustainability performance of 20 percent of its suppliers in risk countries with comparably low environmental and social standards.
- The share of turnover with sustainable products is to be at least five percent.
- Paper consumption per one million EUR in turnover is to be reduced by five percent compared to 2011.
- With regard to advertising material, 85 percent is to originate from certified sustainable paper sources.
- Per kilogram of paper used for advertising, five percent less CO_2 is to be consumed than in 2011.
- TAKKT wants to offer customers shipping options that offset the CO_2 emissions related to the delivery of goods.
- For the major companies of all the groups, emissions footprints are to be prepared.
- TAKKT wants to have introduced a certified environmental management system in at least three Group companies.
- At all German and US-American locations that already existed in 2011, TAKKT wants to consume five percent less energy.
- TAKKT wants to have gained, advanced and developed additional talents.
- The support of volunteer local social dedication of the employees is to be expanded significantly.

The progress with regard to reaching these goals is presented in the "Corporate performance" section on pages 67 et seqq. of this annual report.

SUSTAINABILITY REPORTING AT TAKKT

In 2012, TAKKT published a sustainability report prepared according to the international standards of the Global Reporting Initiative (GRI) for the first time. In 2013, the Group put together a compact version of the report with information on the current status of the most important milestones and interim goals. The next sustainability report will follow the updated GRI-G4 guideline for sustainability reporting.

In addition, TAKKT has further improved within the scope of the annual rankings through the Carbon Disclosure Project (CDP) international initiative. Every year, the CDP asks more than 3,000 companies worldwide in around 60 countries about their CO_2 emissions 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. In the year under review, TAKKT's ranking in the Disclosure Score, which rates the transparency of environmental reporting, improved to 81 (72) out of 100, thus making it the leader on the SDAX for the first time. In the Performance Score, which assesses the efforts being made in climate protection, the Group's ranking of "B" is a significant improvement and makes it one of the top 5 on the SDAX. In the previous year, the Group still had a ranking of "D."

NUMBER OF EMPLOYEES CONTINUES TO RISE

The number of employees in the year under review increased again. While positions were added especially in the American subsidiaries, the number of employees in the European companies decreased not least because of the still weak economy. Altogether, a little over half of the employees work in the European subsidiaries. At the same time, more than two thirds of TAKKT's employees work in Germany and the USA. 9.4 (9.4) percent of the staff are executive personnel or top executives.

Number of employees

	31.12.2013	31.12.2012
in full-time equivalent	**2,389**	**2,351**
thereof TAKKT EUROPE	1,292	1,322
thereof TAKKT AMERICA	1,061	1,000
thereof TAKKT AG	36	29
in headcount	2,565	2,562

Employee structure *(based on headcounts)*

	31.12.2013	31.12.2012
Employees	**2,565**	**2,562**
thereof Executives	214	220
thereof Top executives*	26	22

** Group managing directors, heads of central departments at TAKKT AG.*

The average age of all Group employees remained unchanged in the year under review at around 42 years, the average years of service was 13.8 (13.7) years. The age structure shows that the number of employees aged 51+ has risen slightly in comparison to the previous year while the number of employees aged between 31 and 50 years fell somewhat. This development is the result, among other reasons, of shifting demographics.

Age structure of employees

	31.12.2013	31.12.2012
up to 30 years	467	455
from 31 to 50 years	1,397	1,436
from 51 years	701	671

ADVANCEMENT OF WOMEN AND DIVERSITY

TAKKT Group's identity as a globally operating company includes diversity and an appreciative, intercultural way of relating to each other. Fair, equal and respectful interaction with each other is fostered across all levels at TAKKT. Anti-discrimination guidelines are an integral part of the compliance handbook. Based on the principle of "think global, act local," the Group seeks to recruit local employees and executive personnel who bring an understanding of the language and culture to the table as well as proximity to the market and customer. At the same time, TAKKT relies on a balanced mix of long-term, experienced employees and young talent. The local teams also receive regular incentives through the exchange of experiences throughout the Group within the scope of the executive and trainee program. In addition, TAKKT aims to continuously increase the share of women in executive positions in the years to come. In the year under review, the total share of women in the Group was 47.2 (47.5) percent, and the share of women in executive and top executive positions was 26.7 (25.6) percent.

Share of women *in %*

	31.12.2013	31.12.2012
Employees (without executives)	49.3	49.8
Executives	29.4	27.7
Top executives*	3.8	4.5

* *Management Board, Group managing directors, heads of central departments at TAKKT AG.*

TRAINING AND CONTINUING EDUCATION INCREASE STAFF RETENTION

The TAKKT Group places special emphasis on training and continuing education. Qualified and motivated employees who identify with their company are essential for corporate success.

On the one hand, TAKKT ensures access to qualified personnel through **vocational training.** In 2013, a total of 48 (41) young people were in training Group-wide. Of these, 11 (10) students completed an in-service course of study at the Baden-Wuerttemberg Cooperative State University (DHBW). In the year under review, 3 (3) university graduates began a Group-wide trainee program in which they experience different areas of the company in Germany and abroad. In American companies, newly hired employees go through an established onboarding process in which the specific function and business model in different departments is explained to them. A similar program is also planned for the European companies.

On the other hand, the TAKKT Group encourages the long-term loyalty of its employees to the company by investing in **training and personnel development.** Expenses for training in the 2013 financial year amounted to EUR 674.5 (810.6) thousand. On-the-job training was used extensively. It consists of the following elements:

- **External training,** in which the employees can acquire additional expertise in specialized topics or foreign languages as well as train their soft skills.

- **Internal training** on **IT systems, business processes** and sales strategies in telephone marketing. In addition, comprehensive **product training courses** for employees in telesales are carried out where they acquire product knowledge in order to provide competent telephone assistance.

- In **seminars and workshops** at the Haniel Academy, executives and skilled workers are helped to strengthen their technical, methodical and personal skills in order to perform to their full potential. 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 at all, 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 operating result in the form of the EBIT, the Economic Value Added (EVA®) and the earnings per share (in the form of the Total Shareholder Return or TSR). Detailed information on this is included in the remuneration report of this annual report.

In Germany, employees may also buy employee shares. In 2013, 41.2 (52.1) percent of all entitled employees took advantage of this opportunity and bought a total of 19,575 (19,605) shares. The program will be continued in 2014.

ADDITIONAL BENEFITS

In addition to the work-related benefits for the employees, the Group has established a range of benefit programs. Employees in foreign countries where the standard of healthcare and welfare is below that in Germany may utilize 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.

FINANCIAL YEAR

GENERAL CONDITIONS

In 2013, the global economy was characterized by different growth dynamics in Europe and the USA. While Germany at least experienced slight growth, Europe as a whole recovered slowly from its recession. North America developed more favorably, though the fiscal disputes at the federal level ensured a loss of momentum. Important industry indicators showed a positive trend in the course of the year and were indicative of improving sales conditions.

OVERALL ECONOMIC CONDITIONS

In the annual report of 2012, TAKKT had predicted different growth paths for Europe and North America. The actual data of the year under review confirms these forecasts in general. On the whole, however, the growth rates of the gross domestic product (GDP) were at a lower level than expected.

In Europe, the economic recovery got off to a slow start. In 2013, the economic performance continued to decrease with –0.4 (previous year: –0.7) percent growth compared to the value of the previous year. However, Europe slowly worked itself out of the crisis. Over the course of the year, a continuous improvement of economic performance could be observed compared to the respective previous year quarters.

In the year under review, Germany developed better than Europe as a whole, though weaker than in 2012. Compared to the previous year, GDP growth in 2013 was 0.4 (0.7) percent. Both Europe and Germany were well below their forecasts.

In the US, GDP growth was 1.9 (2.8) percent over the course of the year, slightly below the level of 2.0 percent predicted by TAKKT in the previous year. The momentum in the American economy had slackened somewhat. Beginning in the spring, the budget wrangling in Congress and the cuts that resulted in the public sector put a strain on growth. However, a positive development in the employment market could be seen especially at the end of the year, which can mainly be attributed to the service industry.

GDP growth for Europe, Germany and USA

	GDP growth in percent		
	Actual 2013	Forecast 2013	Actual 2012
Europe	–0.4	0.3	–0.7
Germany	0.4	1.0	0.7
USA	1.9	2.0	2.8

Source: Institute for the World Economy, Kiel (IfW), Federal Bureau of Statistics, US Department of Commerce

INDUSTRY-SPECIFIC CONDITIONS

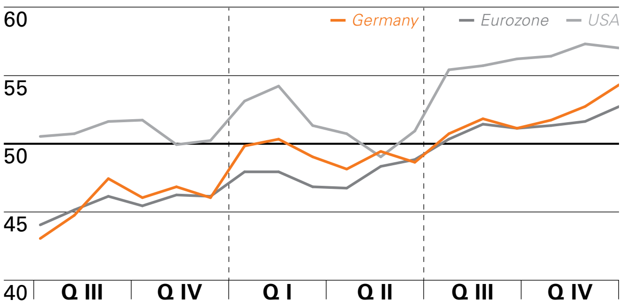
TAKKT uses different Purchasing Manager Indexes (PMI) in order to better assess the future development in the sales regions. This refers to data from the manufacturing industry, which is compiled by various institutes together with the national associations and aggregated in an index. For TAKKT, purchase manager indexes with a lead time of three to six months, are reliable indicators for order entry from the manufacturing industry. At TAKKT, the PMI values are especially relevant for the equipment business of the BEG European group as well as the PEG of the US group. The business development of the newly acquired PSG in 2012 also aligns itself according to these indexes. It does so, however, with a shorter time delay and less closely than in the case of the BEG and PEG due to the less cyclical nature.

- Values below the reference level of 50 points indicate that market volumes are in decline and that sales potential is deteriorating.

- In contrast, values over 50 suggest increased market volume and a better business outlook.

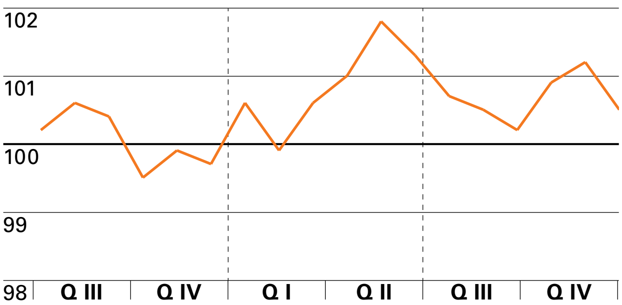
The PMI for the eurozone was consistently below 49 in the time frame from July 2012 to June 2013, and even below 48 until April. Only in the second half of 2013 did it increase again over the reference value, which indicates an improved environment at the end of 2013 as well as the beginning of 2014. The result in Germany was similar – the values here, however, were almost always slightly higher. At the end of the year, a peak of 54.3 was reached – a 30-month high. The American PMI in the period from July 2012 to December 2013 was subject to greater fluctuations. After a slight dampening in November 2012, it began well in 2013 and was usually above 50 – only in May did it fall to 49.0 points. In the second half of the year, it experienced an upswing with a peak of 57.3 in November.

Purchasing Manager Indices July 2012 to December 2013



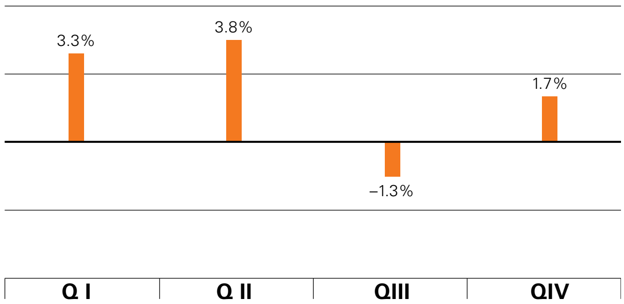
In the Specialties Group in the USA, the Restaurant Performance Index (RPI) is a relevant early indicator. The RPI is based on a survey of restaurant operators in the United States and takes into consideration assessments on the future as well as the current situation. A value greater than 100 indicates market growth, whereas a value lower than 100 represents a downward trend. There was positive development in the first half of 2013, though this slowed in the third quarter. The RPI grew somewhat over the course of the year and was almost always over 100 points, indicating an advantageous industry climate. The December figure of 100.5 meant the tenth consecutive month with values over the growth threshold.

Restaurant Performance Index July 2012 to December 2013



With a view to the environment of the OEG in the US, the BIFMA evaluation for the order intake is regarded as an industry indicator. The BIFMA ("Business and Institutional Furniture Manufacturers Association") gathers the approximate order intake of the respective past month or quarter by means of a survey of 27 companies in its industry. This order intake, which covers a good portion of the industry according to the BIFMA, is compared with the figure of the previous year. A forecast function like the PMI, and to a lesser extent also the RPI, is not part of the BIFMA evaluation. In 2013, the order intake in three of the four quarters was over the corresponding prior year figures. This is indicative of generally increased sales volume for office furniture. In the third quarter, however, which was especially important for the OEG, there was a significant decline compared to the previous year, which can be attributed to the decreased demand by federal institutions. Their fiscal period ends in September, which is why numerous orders are usually placed in the weeks prior.

BIFMA order intake 2013 compared to the year-ago quarter



In total, the general economic conditions in the year under review were worse than originally expected. The restrained development of the real economic growth rates and long phases with lower PMI values correspond to the more cautious of the three scenarios that TAKKT outlined in the annual report of the previous year for 2013. While the recovery started later and slower than expected in Europe, the budget wrangling in the USA and corresponding spending cuts in the public sector added to the adverse influences.

BUSINESS DEVELOPMENT

In the year under review, the business of the TAKKT Group was still under the influence of the economic recession in the eurozone. The North American business continued to develop satisfactorily, though cuts in government spending in the USA affected the business of individual TAKKT companies as well. At the same time, the business environment of the Group in the course of the year improved. The organic decline in turnover of the first quarters could be considerably decreased during the year.

DELAYED RECOVERY IN EUROPE AND DISCONTINUATION OF THE TOPDEQ BUSINESS

In Europe, the **Business Equipment Group (BEG)** continued to struggle with the buying reluctance of the European companies. As a supplier for business and industry, the companies of the BEG are shaped by a particularly cyclical business. The business development improved noticeably from quarter to quarter in light of the economic recovery. In addition, at the end of the third quarter, the operational business of the Group brand gaerner in Italy was discontinued because the activities there did not prove to be promising for the medium to long term. With this step, gaerner is focusing its sales on its core markets in the German-speaking regions and Western Europe.

With a view to the previous European **Office Equipment Group (OEG),** in October 2013 the TAKKT Management Board decided due to the ongoing loss situation to gradually discontinue the operational business of the Topdeq Group by mid-2014. Topdeq was not able to meet the expectations with regard to the development of the value and growth drivers even after being repositioned twice in the past years. The warehouse in Pfungstadt, which belongs to the Topdeq service company, will be used entirely by BEG in the future.

In contrast, the **Packaging Solutions Group (PSG),** which consists of the Group company Ratioform, which was acquired in July 2012, developed favorably as expected as a specialist for individualized packaging solutions. The packaging solutions business is relatively resistant to cyclical trends.

POSITIVE BUSINESS IN NORTH AMERICA DESPITE BUDGET DISPUTE IN THE USA

As a whole, the TAKKT companies in North America showed a more positive, if uneven, picture. The **Specialties Group (SPG)** showed a particularly favorable development. In particular, the business development of the Group company GPA exceeded expectations, which recorded strong growth with its web-focused brand Displays2Go. Central Restaurant Products also exceeded expectations. Hubert, the US direct marketing market leader for the food service industry and hotels, succeeded in expanding to another sales market of the EU with its roll-out in the Netherlands.

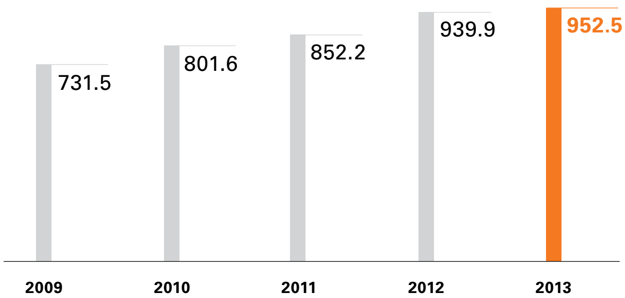
The **Plant Equipment Group (PEG),** which, as a provider for transportation, logistics and plant equipment, mainly supplies the manufacturing industry, was considerably below expectations. The group implemented a new web shop in the year under review and intensified its tele-outbound activities. Regarding the warehouse infrastructure, C&H also took an important operating step. In August 2013, a new regional warehouse for C&H in Mexico City was put into operation.

A split development could be observed in the US-based **Office Equipment Group (OEG).** The office equipment business for federal facilities declined significantly in light of the US budget dispute and spending cuts in the public sector. In contrast, the business with other customers such as companies, local government and educational institutions as well as in the health care sector continued to develop favorably. In the year under review, the OEG opened a third warehouse in Cleveland, Ohio, and was thus able to significantly reduce delivery times to many regions of the USA.

TURNOVER AND EARNINGS REVIEW

In the 2013 financial year, the TAKKT Group benefited from the positive effects of the acquisitions of the previous year. The top line shows a slight increase in turnover of 1.3 percent. Nevertheless, due to the continued weak economic environment in Europe and the waning momentum in North America, the Group recorded an organic decline in turnover. The e-commerce business again performed above average. The Group's EBITDA margin of 12.9 percent continues to be within the target corridor of 12 to 15 percent.

Turnover *in EUR million*



INCREASE IN TURNOVER THROUGH ACQUISITION EFFECTS, DECREASE IN ORGANIC TURNOVER

The turnover of the TAKKT Group increased in the year under review to EUR 952.5 (previous year: 939.9) million, and was thus 1.3 percent higher than in the previous year. The additional contribution of the GPA and Ratioform companies acquired the previous year, which were consolidated for the first time in 2013 over the entire year, could more than compensate the decrease in turnover in the core business. An opposing effect resulted from currency translations. The weaker US dollar compared to the prior year thus especially reduced Group turnover in the euro reporting currency. Adjusted for currency and acquisition effects, organic turnover in the Group fell by 2.6 percent.

The development of turnover is in line with the cautious scenario of the TAKKT Group from the forecast report of the previous year, in which a decrease in organic turnover was expected. Accordingly, development in the TAKKT EUROPE division was weaker than in the TAKKT AMERICA division. In the case of TAKKT EUROPE, the decrease in organic turnover is attributable to the difficult market environment. TAKKT AMERICA showed a slight organic increase in turnover, however, it also could not fully escape the waning economic momentum, which was hampered by the long ongoing budget dispute as well as other factors.

ORDER INTAKE THROUGH E-COMMERCE GAINS IN IMPORTANCE

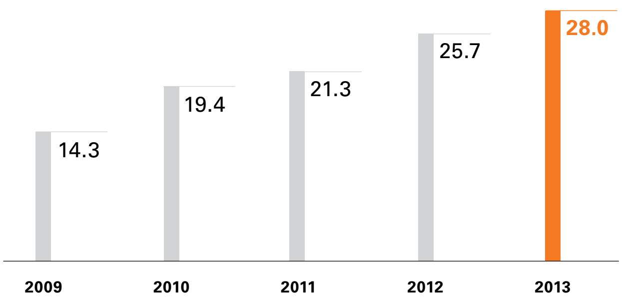
Within the multi-channel strategy, a differentiation is made between marketing and sales impulses on the one hand and, on the other hand, the entry type of the order intake. In the allocation of order entries to the individual sales channels, only the entry type can be determined directly. Indirect conclusions about marketing or sales impulses can, however, be a valuable source of information with respect to the various links in multi-channel models. The order intake breakdown shows that e-commerce business also performed above average in 2013. The order intake via e-commerce in the year under review came to EUR 267.9 (240.7) million. Thus, the share of order intake generated online also increased further to 28.0 (25.7) percent. This also includes order intakes that were placed with TAKKT by telephone but initiated via the internet. This development reflects the sales measures of the web-focused companies as well as the intensified e-commerce activities of the multi-channel companies.

Turnover and earnings figures

	2009	2010	2011	2012*	**2013**
Turnover (in EUR million)	**731.5**	**801.6**	**852.2**	**939.9**	**952.5**
TAKKT EUROPE	436.0	467.1	507.3	515.1	525.4
TAKKT AMERICA	295.6	334.7	345.2	425.2	427.5
EBITDA (in EUR million)	**68.7**	**100.6**	**121.0**	**133.7**	**122.8**
TAKKT EUROPE	55.1	79.1	101.0	101.9	89.3
TAKKT AMERICA	21.1	28.9	28.6	41.3	42.2
EBITDA margin (in percent)	**9.4**	**12.6**	**14.2**	**14.2**	**12.9**
TAKKT EUROPE	12.6	16.9	19.9	19.8	17.0
TAKKT AMERICA	7.1	8.6	8.3	9.7	9.9

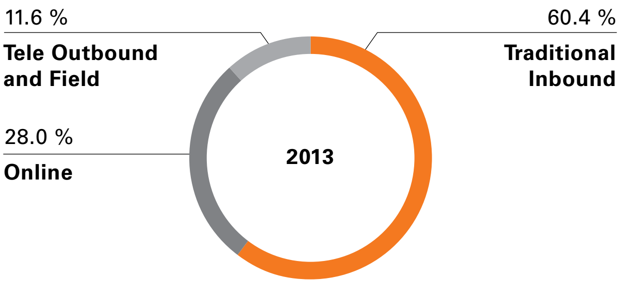
* *Figures for the fiscal year 2012 were adjusted due to changes in the accounting of pension provisions.*

E-commerce shares of total order intake 2009-2013 *in %*



The order intake from field and tele orders also continued to develop positively with 11.6 percent of total order intake. This can mainly be attributed to the Ratioform, Central and NBF companies. Field activities include traditional sales measures by field staff, such as sales reps and customer relationship managers. Included in the orders that TAKKT allocates to tele-outbound are those that result from active telephone sales. The traditional order acceptance via the usual intake channels like telephone, fax or letters (inbound) was still behind the bulk of the order volume with a share of 60.4 percent in 2013.

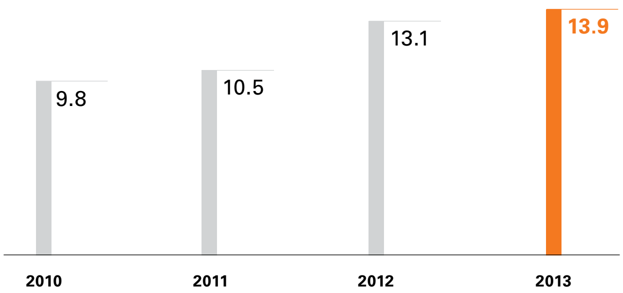
Order intake by entry type



HIGHER SHARE OF PRODUCT PERFORMANCE BRANDS IN OVERALL ORDER INTAKE

In 2011, TAKKT initiated a program to raise the profile of all of the Group's product performance brands further, with the aim of increasing their turnover share to 20 percent by 2016. As of December 31, 2013, TAKKT has 21 such brands, of which two were newly established in the year under review. The turnover share of the performance brands could also be increased in 2013 to 13.9 (13.1) percent. It was measured for the Group for the first time in 2010.

Turnover share of performance brands 2010–2013 *in %*



INCREASE IN ORDER INTAKE THROUGH ACQUISITIONS

As a result of acquisitions, the number of orders in the year under review rose to 2.2 (2.0) million. In contrast, the average order value in the Group also decreased due to acquisitions, which is mainly due to the product range of the companies that were taken over. On average, the volume of one individual customer came to EUR 440 (465) in the year under review. If one takes the organic development of turnover into account, the number of orders recorded a decrease in the low single-digit percentage range, whereas the average order value remained nearly constant.

TAKKT EUROPE: GOOD DEVELOPMENT AT RATIOFORM, DISCONTINUATION OF TOPDEQ BUSINESS

In the TAKKT EUROPE division, turnover increased by 2.0 percent to EUR 525.4 (515.1) million in 2013. The share of consolidated turnover increased to 55.1 (54.8) percent. This growth in turnover is attributable to the acquisition of Ratioform. In 2012, Ratioform was allocated to the TAKKT Group only for a period of six months (acquisition with effect as of July 01, 2012) and consolidated in the entire year under review for the first time in 2013. In addition, TAKKT EUROPE turnover was negatively affected in the euro reporting currency due to currency effects. In particular, the Swiss franc (CHF) and the British pound (GBP) were weaker. After adjusting for currency and acquisition effects, this corresponds to a cyclical decline in turnover of 5.3 percent. Lower order numbers

Key figures for order intake

	2009	2010	2011	2012	2013
Number of orders in thousands	1,639	1,746	1,780	2,016	2,171
Average order value in EUR	444	462	479	465	440

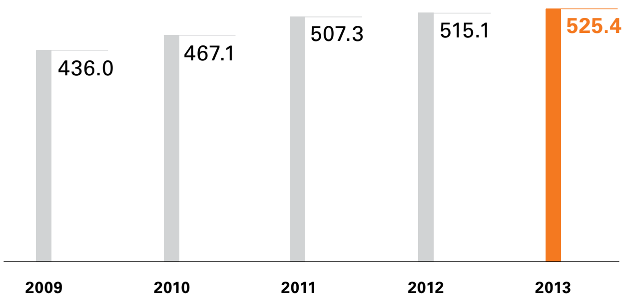
as well as a decline in the average order value contributed to this development.

In the year under review, all groups of the TAKKT EUROPE division were affected by the difficult economic general conditions in Europe, however, to different degrees. The **BEG,** which specializes in plant, warehouse and business equipment, showed a decrease in turnover in the mid-single-digit percentage range, which is attributable to the investment reluctance of the manufacturing industry in Europe. The decrease in turnover was somewhat greater in Western and Northern Europe than in other parts of Europe. In Asia as well, which is part of the sales region of the BEG in the TAKKT EUROPE division, turnover was lower due to the disadvantageous development of the local currencies. In the respective country currency, companies were able to exceed their turnover compared to the previous year. The web-focused brands showed solid growth rates once again.

The former **OEG** in the TAKKT EUROPE division, consisting of the Topdeq sales brand, showed a disappointing development once again. It had to deal with a decrease in turnover in just below the double-digit percentage range. Even after repositioning twice, the key figures of the company did not develop as hoped. In October, the TAKKT Management Board decided to gradually discontinue the operational business of the group by mid-2014 due to the ongoing loss situation.

The new **PSG,** which consists of the Ratioform group, was not able to fully escape the negative economic environment. Among the groups of the division, however, it developed the most favorably and achieved a slight growth in turnover compared to the pro forma turnover of 2012. Besides the turnover of the second half of the year, this reference value also includes the first half of 2012, in which Ratioform was not yet part of the TAKKT Group. The PSG benefits especially from the fact that its business with specialized packaging solutions is less cyclical than the product range of the BEG. The intensification of the sales activities also contributed to the increase in turnover.

TAKKT EUROPE turnover *in EUR million*



TAKKT AMERICA – ORGANIC TURNOVER GROWTH DESPITE BUDGET DISPUTE

In the TAKKT AMERICA division, turnover in the 2013 financial year increased by 0.5 percent to EUR 427.5 (425.2) million. Share of consolidated turnover dropped to 44.9 (45.2) percent. TAKKT AMERICA also benefited from the effects of acquisitions. The consolidation of GPA in the entire year under review (acquisition with effect as of April 01, 2012, allocated to the TAKKT Group for nine months in 2012) increased the turnover of the division.

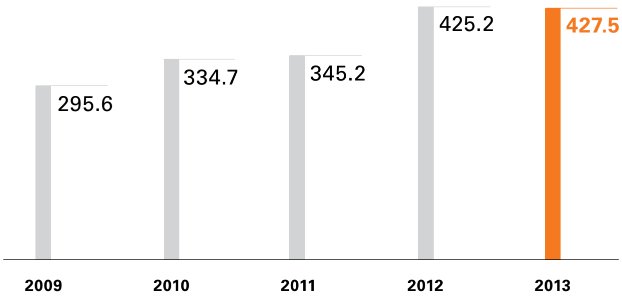
An opposing effect on turnover arose from the weaker US dollar as compared to the previous year, which took a toll on the turnover in euros of TAKKT AMERICA. A slightly positive organic turnover development of 0.7 percent could be observed. While the average order value in US dollars could be increased once again, the number of orders decreased slightly. Even though the economic situation in North America turned out to be better than in Europe, the fiscal dispute took a toll on parts of the US business. TAKKT AMERICA was able to mitigate these effects through the broad diversification of its groups according to customer groups and product ranges.

Within TAKKT AMERICA, the groups developed organically with varying degrees of success in the year under review. The **PEG,** which mainly supplies the manufacturing industry as a full-service provider for transportation, logistics and plant equipment, had to accept a decrease in turnover in the high single-digit percentage range. This is predominantly attributable to a demanding competitive environment.

In contrast, the **SPG** achieved turnover growth in the country currency in the high-single-digit percentage range even without the effect from the acquisition of GPA. The group benefits from a positive industry development in North America and the young, fast-growing activities in Europe. Along with the restaurant, food service and food retail areas, GPA in particular showed a pleasing development.

With respect to the **OEG** in the TAKKT AMERICA division, turnover in US dollars decreased in the high single-digit percentage range. After a strong previous year, in 2013 the group suffered due to the unresolved public budget situation and buying reluctance of the American federal agencies as a result of budget cuts. Compared to the other groups of TAKKT AMERICA, government customers account for the largest share of OEG customers.

TAKKT AMERICA turnover *in EUR million*



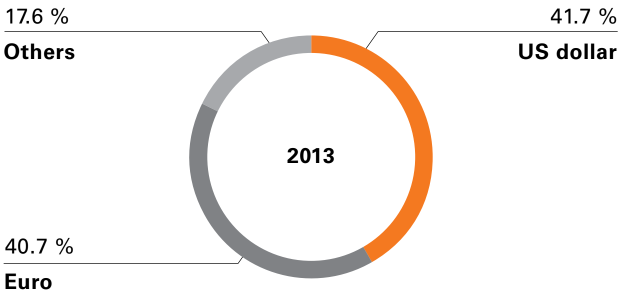
TURNOVER BY REGION: SLIGHT SHARE INCREASE IN GERMANY

Due to currency and acquisition effects as well as the different general economic conditions in North America and Europe, the regional turnover spread developed as follows:

- Due to the acquisitions turnover of the business in Germany increased to EUR 243.3 (225.2) million. The share of consolidated turnover increased to 25.5 (24.0) percent.
- Despite the positive acquisition effects, the turnover of the other European business remained nearly constant due to economic conditions and came to EUR 282.4 (289.4) million. The share of consolidated turnover of 29.6 (30.8) percent was slightly below the previous-year level.
- In the USA, turnover increased slightly to EUR 397.3 (392.6) million. The share of consolidated turnover remained unchanged at 41.7 (41.7) percent.
- The share of turnover for the other regions – China, Japan, Mexico and Canada – decreased slightly to 3.1 (3.5) percent, corresponding to EUR 29.6 (32.8) million.

40.7 (39.8) percent of consolidated turnover are realized in the reporting currency euro. The US dollar accounts for 41.7 (41.7) percent. Other currencies, such as the Swiss franc, the British pound or the Swedish krona, have a share of 17.6 (18.5) percent.

Turnover by currencies



INCREASE IN GROSS PROFIT MARGIN DUE TO ACQUISITIONS

The Group's gross profit margin increased to 43.6 (43.3) percent in 2013 due to the acquisitions. This is mainly due to the fact that Ratioform and GPA achieved gross profit margins above the Group average. Without Ratioform and GPA, the gross profit margin would have decreased slightly from 42.4 percent to 42.3 percent. Along with an unfavorable market environment, this decline is also related to a slight shift in the shares of the regions and products. TAKKT AMERICA performed better than TAKKT EUROPE, but generated a lower gross profit margin in structural terms. This has to do with the different product ranges and markets of both divisions.

The increase of the reported gross profit margin resulted from an improvement in both divisions and corresponds to the predictions in the annual report 2012. In it, TAKKT presumed stable and increasing margins in the divisions. While TAKKT AMERICA was able to grow its gross profit margin also adjusted for acquisition effects, this was not the case for TAKKT EUROPE due to the disadvantageous market environment. In total, the gross profit margin was still significantly above the long-term target value of more than 40 percent listed in the forecast report.

COSTS FOR PERSONNEL AND MARKETING: STRUCTURAL SHIFT DUE TO MULTI-CHANNEL STRATEGY

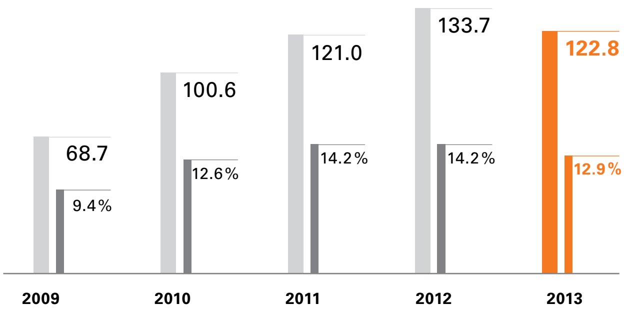
Personnel expenses rose by 6.6 percent in 2013 to EUR 140.9 (132.2) million, and thus disproportionately to turnover. First, this is attributable to the acquisitions of the previous year, which follow a more personnel intensive sales strategy. Second, a structural shift of advertising and personnel costs is also occurring at the other Group companies due to the intensified expansion of the multi-channel activities tele and field within the scope of DYNAMIC. In the early phase of the initiative, these personnel intensive sales activities were not yet offset by turnover resulting directly from them. The personnel expense ratio (expressed as percent of turnover) has therefore increased to 14.8 (14.1) percent.

Through the structural shift of advertising and personnel expenses, advertising expenses for print and online marketing once again developed disproportionately to turnover. In addition, the following special and reporting date effects should be taken into consideration: First, the yearlong consolidation of the acquisitions resulted in an absolute increase in advertising expenses. Second, the advertising expenses of the BEG in 2012 were reduced because the first catalog for 2013 was sent in January 2013 rather than December 2012.

EBITDA MARGIN OF THE GROUP WITHIN TARGET CORRIDOR

The important key performance indicator for the TAKKT Group for operational profitability is the EBITDA (earnings before interest, taxes, depreciation and amortization). In the year under review, the EBITDA dropped despite the slightly positive development of turnover and gross profit by 8.2 percent to EUR 122.8 (133.7) million.

EBITDA TAKKT Group *in EUR million*/**margin** *in %*



When the EBITDA is considered in relation to consolidated turnover (EBITDA margin), a decrease to 12.9 (14.2) percent is shown compared to the previous year. Despite the difficult general conditions, the margin was still within the target corridor of 12 to 15 percent.

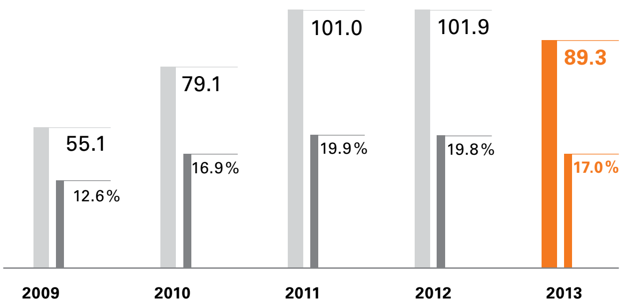
The positive effect of the high-margin acquisitions GPA and Ratioform were offset by one-off expenses in the year under review. First, the incremental phase-out of the operating business of Topdeq resulted in a negative effect on earnings of EUR 6.2 million. Second, the outstanding variable purchase price components for the acquisition of GPA that had been contractually agreed upon were set to a constant value by means of a contract modification together with the former owners. This, together with the adjustments of the purchase liability to the improved business development in 2013 made during the course of the year, resulted in a total expense of EUR 3.6 million. No other effect to the EBITDA is expected resulting from adjustment of the purchase price liability for 2014 due to the agreed stipulation. In the reporting year 2012 the EBITDA was impacted by incidental acquisition costs and an adjustment of the purchase price liability amounting to EUR 3.1 million. Third, at the end of 2013 it was decided not to take advantage of the expansion option of the warehouse in Kamp-Lintfort, which resulted in the compensation payment of EUR 2.0 million to the contractual partner. The previous year was additionally positively affected in the amount of EUR 1.6 million by shifting the postage charges in connection with the January catalog. Without the mentioned one-off costs, the EBITDA margin would have decreased by around 0.3 percentage points to 14.1 (14.4) percent. This decrease can be attributed to the fact that

- utilization of the central direct marketing infrastructure in Europe decreased due to the difficult general conditions,
- the personnel expenses within the context of the expansion of the multi-channel activities described above increased disproportionately. As expected, the positive effects of these measures on turnover were not yet fully apparent,
- the portion of earnings from TAKKT AMERICA grew, though the margin in this division is below the Group average.

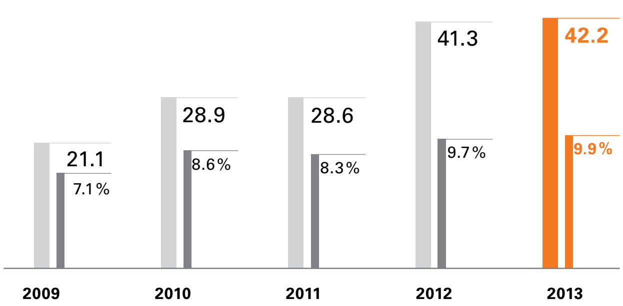
TAKKT EUROPE: EBITDA MARGIN ABOVE TARGET CORRIDOR

The weak economy in Europe, the discontinuation of the operational business of Topdeq as well as the compensation payment for passing on the expansion option in Kamp-Lintfort have had a negative impact on the development of earnings of TAKKT EUROPE in the year under review. In the previous year, the EBITDA was also positively affected by the shifting of postage charges mentioned above. Despite above average profitability for the Ratioform Group and its consolidation throughout 2013, EBITDA for TAKKT EUROPE of EUR 89.3 (101.9) million was 12.3 percent below the previous year level. This corresponds to an EBITDA margin of 17.0 (19.8) percent.

EBITDA TAKKT EUROPE *in EUR million*/**margin** *in %*



EBITDA TAKKT AMERICA *in EUR million*/**margin** *in %*



Adjusted for the shifted postage charges in 2012, the expenses for the phase-out of the Topdeq business and the effects of opting not to expand the warehouse in 2013 lowered the EBITDA margin of TAKKT EUROPE by 0.9 percentage points to 18.6 (19.5) percent. This decrease can be attributed to the following main reasons:

- the capacities in the year under review were still not fully utilized due to economic conditions.

- additional expenses were incurred by the BEG in connection with the DYNAMIC initiative, which is briefly explained in the "Innovation and development" section of this annual report.

As in the previous year, the EBITDA margin remained considerably above the upper end of the target corridor for the Group. With regard to profitability, the PSG is still the front-runner of the division. The margin for the BEG also remains significantly above the target corridor. In contrast, the OEG only realized a balanced operating result without one-off effects. Its margin in the year under review was also significantly affected by the phase-out of the Topdeq business and was negative.

TAKKT AMERICA: SLIGHT INCREASE OF EBITDA MARGIN THROUGH GPA

The EBITDA in the TAKKT AMERICA division rose by 2.3 percent to EUR 42.2 (41.3) million. In addition, the first-time yearlong consolidation of GPA also contributed to the increase. In the previous year, one-time expenses of EUR 3.1 million resulted from this acquisition, primarily from the variable purchase price liability. In the year under review, the company once again developed better than expected, which is why the liability for future variable purchase price components was increased again. Another negative effect on earnings resulted from the stipulation of the outstanding variable purchase price liability described above through a negotiated contract modification with the former owners. Both of the effects mentioned come to a total of EUR 3.6 million in 2013.

The EBITDA margin of the TAKKT AMERICA division increased slightly to a total of 9.9 (9.7) percent. Adjusted for expenses from the adjustment of the purchase price liability and the incidental acquisition costs for GPA in the year before, the EBITDA margin of 10.7 (10.4) percent once again reached a value above the ten-percent mark and thus 0.3 percentage points higher than in the previous year. The PEG remained significantly below the average with a low single-digit EBITDA margin. In the rest of the groups, profitability was almost to the level of the previous year, whereby the SPG with an EBITDA margin within the target corridor still performed the most profitably and the OEG realized a profitability of just below the double-digit margin range.

COMPARISON WITH PREVIOUS-YEAR FORECAST

In the medium forecast scenario, the report for the 2012 financial year stated higher EBITDA margins in the divisions for 2013 on account of improving capacity utilization, among other reasons. As the general conditions developed according to the cautious scenario and due to the strains outlined above, only TAKKT AMERICA was able to realize a higher profitability than in the previous year. For the TAKKT Group, the EBITDA margin 2013 when adjusted for one-off effects was 14.1 percent higher than was forecast in the cautious scenario. In a scenario as seen in 2013, a decrease into the lower half of the target corridor could not be ruled out.

ACQUISITION-RELATED INCREASE IN DEPRECIATION AND INTEREST

Depreciation and amortization increased considerably to EUR 26.9 (22.2) million in the year under review. This is predominantly related to the first-time amortization over the year of the individual identifiable and appraisable intangible assets from the acquisition of GPA and Ratioform. This amortization came to EUR 9.2 (5.3) million in the year under review. The total amortization of such assets came to EUR 12.1 (8.6) million. There were opposing effects in the euro reporting currency as a result of the weakened US dollar.

Extraordinary expenses such as the impairment of recognized goodwill were not incurred in 2013, nor were they in the previous year. EBIT (earnings before interest and taxes) of EUR 95.8 (111.6) million was 14.1 percent below the previous year's value and the EBIT margin declined to 10.1 (11.9) percent.

Due to the acquisitions, financial debt during 2012 increased considerably, which resulted in higher interest payments in the reporting period. In addition, the purchase price liability for GPA described above was accrued in the balance sheet. This accrual amount increased financing expenses in the year under review. Overall, the financial result came to EUR 14.6 (11.5) million. This resulted in profit before tax of EUR 81.2 (100.0) million.

DECREASE IN PROFIT AND EARNINGS PER SHARE

The tax ratio increased year on year from 33.0 percent to 35.3 percent. This was mainly due to the restructuring costs resulting from the phase-out of the foreign activities of the Topdeq Group, which were not deductible. There were also structural effects caused by TAKKT AMERICA's larger share of the Group's profit before tax and the higher tax ratio there. As a whole, the profit for the period decreased by 21.6 percent to EUR 52.5 (67.0) million. Earnings per share dropped accordingly to EUR 0.80 (1.02) based on the unchanged weighted average number of 65,610,331 shares.

FINANCIAL POSITION

TAKKT has centralized financial management, which ensures the creditworthiness and financing capability of the Group for the long term. This allows the Group playing room to take advantage of expansion opportunities at any time on short notice. The financing structure of TAKKT AG and all subsidiaries is balanced and optimized. In the year under review, the TAKKT cash flow remained strong as usual despite the difficult economic environment.

CENTRALIZED FINANCIAL MANAGEMENT LIMITS FINANCIAL RISKS

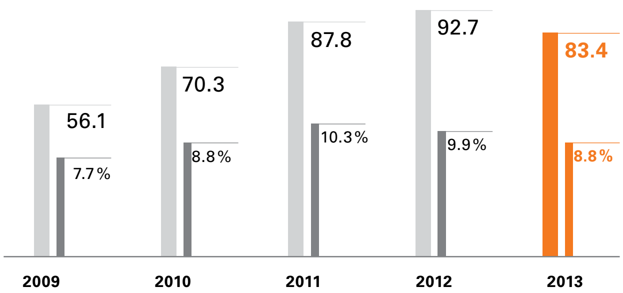
The financial management of the TAKKT Group includes the management and allocation of all financial resources with the primary goal of securing liquidity at any time. Other objectives include the following:

- Safeguarding the independence and flexibility of the Group and all the Group companies through a diversified financing structure with sufficient available credit lines at all times.
- Limiting financial risks through hedging of interest and currency risks as well as limiting counterparty default risks.
- Optimization of financing conditions through an appropriate mix of short and long-term financing instruments.
- Efficient use of intercompany cash through the use of cash pooling agreements, whereby liquidity surpluses of the individual companies are used for financing the liquidity requirements of other Group companies.

BUSINESS MODEL WITH STRONG CASH FLOW PROVES ITSELF IN DIFFICULT ENVIRONMENT

One of the key strengths of the TAKKT business model consists in its high internal financing power. Despite the difficult economic environment, the Group also realized a high surplus of cash and cash equivalents in the year under review. **TAKKT's cash flow** – defined as the result for the period plus depreciation and amortization, impairment of non-current assets and deferred taxes recognized in profit and loss – came to EUR 83.4 (92.7) million. The **TAKKT cash flow per share** was EUR 1.27 (1.41).

TAKKT cash flow *in EUR million* **and cash flow margin** *in %*



The **TAKKT cash flow margin** decreased slightly to 8.8 (9.9) percent. In the period between 2010 and 2013, it moved between 8.8 and 10.3 percent. This also reflects the sustainable cash flow strength of the business model.

Cash flow from operating activities in the year under review was EUR 77.7 (103.3) million and decreased by 24.8 percent compared to the previous year. The decreased TAKKT cash flow of EUR 83.4 (92.7) million had a negative impact. In addition, in the reporting year EUR 5.7 million were bound in terms of liquidity through the development of the net current assets and other adjustments while EUR 10.6 million has been released in the previous year. These develoments resulted primarily from changes to the net operating assets, mainly a reporting date effect with trade payables and a strong decline in trade receivables in the previous year.

The business model of the TAKKT Group is not very capital intensive, which is why the **investment activities** in non-current assets are generally rather low. TAKKT invested a total of EUR 9.6 (8.5) million in the period under review. EUR 5.5 (3.7) million were invested in the TAKKT EUROPE division and EUR 4.0 (4.6) million

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

	2009	2010	2011	2012*	2013
TAKKT cash flow	**56.1**	**70.3**	**87.8**	**92.7**	**83.4**
Change in net working capital as well as other adjustments	14.9	18.1	–8.4	10.6	–5.7
Cash flow from operating activities	**71.0**	**88.4**	**79.4**	**103.3**	**77.7**
Capital expenditure in long-term assets	–4.6	–6.7	–9.3	–8.5	–9.6
Free TAKKT cash flow	**66.4**	**81.7**	**70.1**	**94.8**	**68.1**

* *Figures for the fiscal year 2012 were adjusted due to changes in the accounting of pension provisions.*

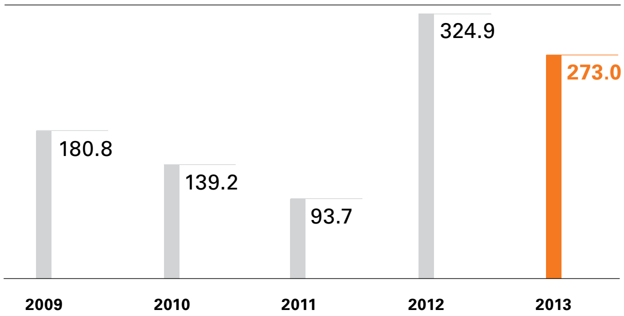
in the TAKKT AMERICA division. Thus the capital expenditure ratio of 1.0 (0.9) percent was in the long-term target area of one to two percent of turnover. The most important investment of the year under review consisted of EUR 1.3 million for the first payments for licenses within the scope of modernizing the enterprise ressource planning (ERP) system of the BEG in Europe. In addition, Group-wide EUR 4.9 million were invested in the further development of web shops, software and hardware.

After deduction of the investments in the non-current assets, the remaining **free TAKKT cash flow** in the 2013 financial year was EUR 68.1 (94.8) million. This available cash flow was offset by the payment of a dividend totaling EUR 21.0 million or 31.3 percent of the result for the period in the 2012 financial year. In principle, TAKKT distributes around 30 percent of the result for the period as a dividend. The remaining amount was used for repayment of financial debt.

Taking all the financing activities of the Group into consideration, the result is an unchanged level of **cash and cash equivalents** after an increase of EUR 3.7 million had been reported in 2012. The balance sheet at the end of the reporting year shows EUR 5.9 (5.9) million in cash and cash equivalents. Detailed descriptions of the generation and usage of cash flow are shown in the statement of cash flows of this annual report.

The net borrowings, i. e., the financial debt less cash and cash equivalents, were decreased by EUR 51.9 million to EUR 273.0 million thanks to the high free TAKKT cash flow after deducting the dividend. The reduction resulted primarily from a repayment of current liabilities of EUR 47.3 million and currency translation and other effects amounting to EUR 4.6 million. The increase of the net borrowings in the previous year by EUR 231.2 million to EUR 324.9 million was attributable to the financing of both acquisitions GPA and Ratioform. TAKKT's business model with strong cash flow allows it to decrease net borrowing significantly in years without acquisitions. This is built up in years with acquisition activity.

Development of net borrowings *in EUR million*



DIVERSIFIED FINANCING, BALANCED MATURITY PROFILE

TAKKT places great importance on the conservative, long-term oriented and diversified financing of its business. The financing activities of the Group are centrally managed and mainly in the EUR and USD currency areas. TAKKT primarily uses the following financing instruments:

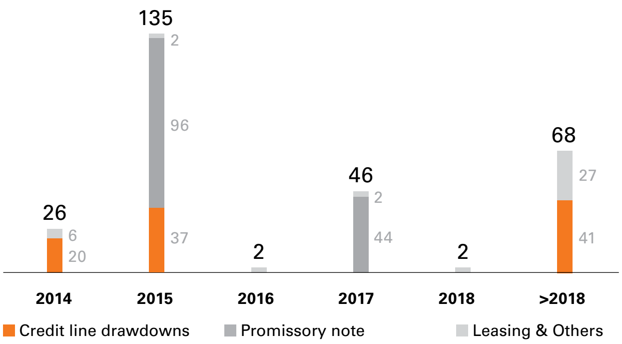
- Committed bilateral **credit lines** with 13 financial institutions are the focus of the financing portfolio. In particular, short-term (terms of less than 18 months) and long-term (terms of more than 18 months) credit lines are concluded, which are renewed for an additional year on an annual basis. With long-term commitments, the agreements are almost exclusively for five years. The credit agreements are unsecured and do not include any financial covenants. As of the reporting date, liabilities to financial institutions came to EUR 97.6 (141.8) million. In addition, there were also unused credit lines amounting to EUR 153.7 (109.4) million. TAKKT therefore has sufficient financial flexibility to seize acquisition opportunities at short notice, regardless of the current situation in the capital market.

- In October 2012, TAKKT further diversified its financing through the issue of a **promissory note** (Schuldschein). The promissory note transaction with a volume of EUR 140 million is made up of four tranches with terms of three to five years with fixed and variable interest rates.

- In addition, some leased buildings and business equipment are used at TAKKT through the construct of a **finance lease.** The liabilities from finance leases as of the reporting date came to EUR 37.4 (39.2) million.

The average remaining term and interest rates of the borrowings in the TAKKT Group are shown in the notes to the consolidated financial statements in section 21. The maturity structure of the borrowings as of the reporting date is as follows:

Maturity profile borrowings of the TAKKT Group
in EUR million



In addition to the credit line drawdowns, the Group also has free credit lines of EUR 153.7 million available to it, of which EUR 67.4 million are short-term credit lines and EUR 86.3 million are long-term credit lines with a maturity of more than five years.

Diversification of the financing portfolio with regard to financing sources and terms ensure that the independence and entrepreneurial scope of action of the TAKKT Group is maintained. The relationship of trust that TAKKT has built with its creditors over many years also contributes to this. Within the context of creditor relations, regular face-to-face conversations and an annual Bankers' Day take place, in which detailed information on the current development of the company is provided.

USE OF DERIVATIVE FINANCIAL INSTRUMENTS ONLY FOR HEDGING PURPOSES

As a global player, TAKKT is exposed to risks arising from fluctuations in exchange rates and market interest rates. The goal of financial risk management is to regularly monitor these financial risks and to limit them where it is economically feasible. In dealing with derivative financial instruments, harmonized regulations ensure that no financial transactions outside of an established framework are carried out without the prior approval of the Management Board. Derivative financial instruments are only concluded for hedging purposes in relation to the hedged item. In addition, financial transactions are carried out exclusively with business partners who have been approved for this purpose and meet a certain credit rating. In line with the hedging policy, the goal is a hedge ratio of 60 to 80 percent of the financing volume for interest rate risks. Currency risks are hedged to around 70 percent of the net position. Details on the use and evaluation of these financial instruments can be found in the risk report as well as the notes to the consolidated financial statements.

INTERNAL COVENANTS ON CAPITAL MANAGEMENT IN THE TARGET AREA

All covenants, which TAKKT uses internally for the long-term management of its financial structure, are within the internally set target ranges as of the reporting date. They thus underscore the solid financing of the Group and provide the framework for future growth. TAKKT strives to achieve a balance between security and profitability. The objective is to ensure sufficient financial scope for growth and difficult times on the one hand as well as an appropriate interest return on total capital employed on the other.

As of the reporting date, the **equity ratio** of 39.0 (34.7) percent was 4.3 percentage points over the value of the previous year and thus still within the target corridor of 30 to 60 percent. This improvement was primarily due to the increase in equity due to the result for the year after the distribution af a dividend at similar total assets. **Gearing** could also be improved with 0.8 (1.1) through the increased equity as well as the reduced net borrowings. The **debt repayment period** increased to 3.6 (2.2) years. This was

Internal covenants 2009–2013

Covenant	Self-imposed target	2009	2010	2011	2012*	2013
Total equity ratio	30 to 60 percent	45.1	46.5	54.7	34.7	39.0
Debt repayment period	< 5 years	3.0	2.4	1.2	2.2	3.6
Interest cover	> 4	6.9	9.0	12.2	9.5	6.4
Debt equity ratio (gearing)	< 1.5	0.8	0.6	0.3	1.1	0.8

* *Figures for the fiscal year 2012 were adjusted due to changes in the accounting of pension provisions.*

attributable on the one hand to the increase in average net borrowings during 2013 compared to 2012, as net borrowings had increased significantly in 2012 only in the second half of the year due to the acquisition of Ratioform. On the other hand, the TAKKT cash flow has reduced. Net financing expenses in 2013 also increased compared to 2012 due to the increase of borrowings for acquisitions while the EBITA decreased, which resulted in a reduction of the interest coverage to 6.4 (9.5). The method of calculation and definition of the key figures are presented in the notes to the consolidated financial statements and the glossary.

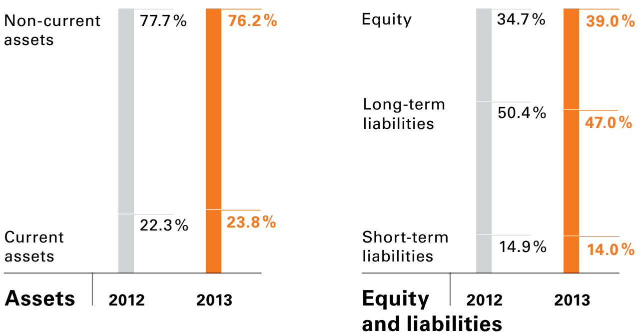
ASSETS POSITION

The balance sheet ratios of the TAKKT Group in the year under review remained largely unchanged with a slight reduction in total assets. The non-current assets are completely covered through equity and non-current borrowed capital, through which TAKKT has a long-term, solid financing structure.

SLIGHT ADJUSTMENT OF PREVIOUS YEAR'S FIGURES THROUGH NEW IFRS STANDARDS

The International Accounting Standards Board (IASB) and the International Financial Interpretations Committee (IFRIC) have amended or newly adopted some standards and interpretations, which were required to be applied for the first time in the year under review or are to be applied retrospectively. For the purposes of comparison, TAKKT has therefore adjusted the previous year's figures in accordance with the revision of IAS 19 – "Employee benefits". This change did not, however, have a material effect on total assets, the equity ratio or other balance sheet ratios.

Balance sheet structure of the TAKKT Group



VIRTUALLY NO CHANGES ON ASSETS SIDE

Due especially to currency effects of EUR 16.5 million, total assets in the reporting year decreased by 2.6 percent to EUR 851.8 (874.5) million.

On the assets side of the balance sheet, **non-current assets** of EUR 649.0 (679.9) million account for 76.2 (77.7) percent of total assets. The decrease compared to the previous year reporting date can be explained through the scheduled amortization of intangible assets and depreciation of property, plant and equipment amounting to EUR 26.6 million as well as currency effects on goodwill of EUR 9.1 million. No impairment of goodwill was necessary on the basis of the impairment tests performed. The goodwill with 52.8 (52.5) percent accounts for a significant part of the total balance sheet assets. No company acquisitions were made in the year under review.

Leased assets are reported as assets in the balance sheet if they are classified as finance leases in economic terms. In the TAKKT Group, this especially pertains to the central warehouse of the BEG in Kamp-Lintfort as well as the central warehouse of the PSG in Munich. They are shown under non-current assets with EUR 36.1 (38.5) million.

Customer and supplier relationships, brand values or internal expertise can, regardless of their significance for the TAKKT Group, only be recognized as intangible assets if they are in accordance with the conditions of IAS 38. At TAKKT, assets that were created within the Group are therefore not recognized. With the acquisition of entire companies, some of these values are recognized in the consolidated financial statements within the scope of first-time consolidation according to IFRS 3 if they are identifiable and individually measurable. The corresponding balance sheet approaches represent a good indicator for the value potential of these assets. For example, a total of EUR 85.3 million was recognized for customer relationships for the acquisitions of NBF (2006) and Central (2009) as well as GPA and Ratioform (both in 2012). The reduced amortized value of these **customer relationships** as of the reporting date comes to EUR 38.7 (47.5) million. The value of the **brands** in the TAKKT Group recognized as of December 31, 2013 came to EUR 25.2 (25.7) million.

Current assets came to EUR 202.8 (194.6) million or 23.8 (22.3) percent of total assets as of December 31, 2013. In particular, inventories increased slightly from EUR 78.0 million to EUR 83.4 million due to expansion of the warehouse in the SPG. Trade receivables remained nearly unchanged at EUR 86.3 (87.1) million. The payment behavior of the customers was reliable as usual and the loss of receivables was again low, thus there was no effect on the development of trade receivables. The accounts receivable term of 32 (33) days was approximately around the level of the previous year. The ratio of loss of receivables was 0.2 (0.2) percent.

In the TAKKT Group, there are no off-balance-sheet financial instruments such as the sale of accounts receivable or asset-backed securities. However, the Group concluded **operating leasing agreements** with future payment obligations totaling EUR 46.5 (46.7) million, e. g., for property, buildings, plant and office equipment and vehicles. These leasing agreements were not capitalized under IAS 17 and are therefore not reported under non-current assets.

INCREASE IN EQUITY, REDUCTION OF LIABILITIES

Particularly in light of the positive result for the period of EUR 52.5 (67.0) million and after distribution of dividends in the amount of EUR 21.0 (55.8) million, **total equity** as of December 31, 2013 increased to EUR 332.5 (303.7) million. Accordingly, the total equity ratio increased to 39.0 (34.7) percent.

Accounting for 47.0 (50.4) percent of the liabilities side were **non-current liabilities** in the amount of EUR 400.0 (440.7) million. The most significant item is represented by non-current borrowings, which TAKKT, however, reduced to EUR 253.1 (301.6) million in the year under review. Deferred tax liabilities also increased slightly from EUR 50.1 million to EUR 51.8 million, which is mainly attributable to the increase in the taxable market value of goodwill in the American Group companies due to amortization. Despite the regular planned increase, pension provisions accounting for 4.2 (3.9) percent of total equity and liabilities continue to be of minor importance. The purchase price liabilities in the amount of EUR 52.3 (48.2) million mainly pertain to outstanding payments to the former owners of GPA.

Current liabilities decreased to EUR 119.3 (130.1) million, corresponding to a share of around 14.0 (14.9) percent of total equity and liabilities. The reduction resulted primarily from a repayment of current liabilities, a reduction in trade payables and other current liabilities. Current provisions increased slightly from EUR 16.5 million to EUR 18.9 million. Less significant were the income tax payables, which decreased slightly.

Key figures for assets position *(in EUR million)*

	2009	2010	2011	2012*	2013
Non-current assets	**386.8**	**377.8**	**376.9**	**679.9**	**649.0**
in % of total assets	72.1	69.8	68.6	77.7	76.2
Current assets	**149.6**	**163.6**	**172.9**	**194.6**	**202.8**
in % of total assets	27.9	30.2	31.4	22.3	23.8
Total assets	**536.4**	**541.4**	**549.8**	**874.5**	**851.8**
Total Equity	**242.1**	**251.7**	**301.0**	**303.7**	**332.5**
in % of total equity and liabilities	45.2	46.5	54.7	34.7	39.0
Long-term liabilities	**200.2**	**161.0**	**127.4**	**440.7**	**400.0**
in % of total equity and liabilities	37.3	29.7	23.2	50.4	47.0
Short-term liabilities	**94.1**	**128.7**	**121.4**	**130.1**	**119.3**
in % of total equity and liabilities	17.5	23.8	22.1	14.9	14.0
Total equity and liabilities	**536.4**	**541.4**	**549.8**	**874.5**	**851.8**

** Figures for the fiscal year 2012 were adjusted due to changes in the accounting of pension provisions.*

COMPANY PERFORMANCE

With exception of the organic turnover development and the value drivers underlying order intake, the financial key management figures of the TAKKT Group were within the target values in the year under review. TAKKT continues to operate very profitably. With a view to its sustainability targets, the Group is also on course.

SOLID FINANCIAL KEY MANAGEMENT FIGURES

The financial key figures that TAKKT uses for internal management of the Group were defined in the "Management system" section of this annual report. The development of these key indicators is shown in the table below.

The development of the key figures **organic turnover development, gross profit margin and EBITDA margin,** as well as the key figures for **order development** were explained in detail in the "Turnover and earnings review" section of this annual report.

The **TAKKT value added** decreased by EUR 22.7 million to EUR 9.7 (32.4) million. The corresponding generated profit after tax for the TAKKT value added fell by a total of EUR 11.2 million. This development is a result of the difficult market environment as well as one-off costs (see section "Turnover and earnings review", page 58). These had a negative effect in comparison to the previous year of EUR 10.2 million. In addition, planned amortization of intangible assets related to the company acquisitions were EUR 3.5 million higher and are also absorbed in the TAKKT value added.

Another effect is of note for explaining the development of the TAKKT value added. The acquisitions of GPA and Ratioform in 2012 led to an increase of the average capital employed in 2013 because this figure reflects the effects of the acquisition of the two companies on the average capital on which interest is to be paid for the full year for the first time. This led to an increase in total costs of capital of EUR 11.5 million. The weighted average cost of capital after tax, on which the calculation of the cost of capital is based, amounted to 8.1 percent in both years. Not deducting the scheduled amortization of intangible assets out of acquisitions amounting to EUR 12.1 (8.6) million, the value added of the TAKKT Group totaled EUR 21.8 (41.0) million.

The **Return on Capital Employed (ROCE)** was 12.5 (18.1) percent and also below the previous year's level in the year under review. The reasons for this regressive development are, similar to the development of the TAKKT value added, the difficult market environment, the one-off costs, the rise in amortization of intangible assets as well as the increase of the average capital employed due to company acquisitions.

SUSTAINABILITY INDICATORS: TAKKT ON TRACK

Besides the key financial figures, TAKKT uses indicators to document the progress in the area of sustainability. TAKKT has come quite a bit closer to its goal of being the leading example in its sector worldwide in terms of sustainability by 2016. The management and employees are systematically adapting the sustainability goals that were derived from the six focus areas in 2011 in all groups. In each focus area, significant progress was made. Some goals were even met before the target date. The development of the key figures and initiatives that are relevant for these focus areas are outlined in the table on page 68.

- **Sourcing:** An important part of the value chain for the products sold by the TAKKT companies is the manufacturing and procurement of those goods. For this reason, TAKKT places a strong emphasis on sustainability in its supply chain. In 2013, the pilot phase for adding sustainability aspects to the supplier evaluation program was launched with 20 suppliers participating. The Group also approved a Suppliers' Code of Conduct. The percentage of sustainable product ranges such as environmentally friendly packaging solutions, carbon neutral products and office furniture made from recycled materials has been more than doubled since 2011.

Financial key management figures

	2009	2010	2011	2012*	2013
Organic turnover development in percent	–26.2	4.8	7.3	–2.8	–2.6
Number of orders in thousands	1,639	1,746	1,780	2,016	2,171
Average order value in EUR	444	462	479	465	440
Gross profit margin in percent	42.0	42.9	43.3	43.3	43.6
EBITDA margin in percent	9.4	12.6	14.2	14.2	12.9
ROCE in percent (Return on Capital Employed)	10.8	14.8	23.0	18.1	12.5
TAKKT value added in EUR million	–0.4	8.7	40.7	32.4	9.7

* *Figures for the fiscal year 2012 were adjusted due to changes in the accounting of pension provisions.*

MANAGEMENT REPORT

- **Marketing:** Advertising efforts are always connected with the use of non-renewable resources. TAKKT is working to reduce their consumption. By using advertising material more efficiently, the Group was able to reduce the amount of paper advertising material used to generate EUR one million of turnover to 24.9 tons in 2013. The paper for catalogs and other print media is increasingly from certified sustainable sources. Through this and the use of low-emission printing processes and shipping, the carbon emissions from one kilogram of paper advertising material, taking all parts of the creation process into account, were reduced significantly.

- **Logistics:** Direct marketing of goods is proven to cause significantly less emissions than sales through local merchants. Nevertheless, TAKKT is increasing efforts to make delivery of the products as low on emissions as possible and is now handling its parcel delivery carbon neutrally through its logistics partners in 15 European countries.

- **Resources and climate:** Conserving resources and reducing emissions is ideally achieved based on reliable data. After the first creation of an emissions footprint for a large German Group company for 2011, TAKKT created emissions footprints for six additional large European companies for 2013, documenting the carbon footprint of the companies in question based on certified criteria. In addition to this, certified environmental management systems will be introduced progressively. In 2013, certification of that type was completed for one larger Group company. Thanks in part to various measures to conserve energy, the Group was able, at the sites established in 2011 in Germany and the USA, to reduce its energy consumption over the course of the last two years.

- **Employees:** In 2013, TAKKT started a new human resources development program aimed at systematically gaining, developing and advancing employees.

- **Society:** In addition to their dedication to their work, the dedication of its employees to society is also important to the Group. 8.5 percent of employees had the opportunity to be given paid leave to engage in volunteer work in 2013.

Sustainability indicators

Focus area	Key figure	2011	2012	2013
Sourcing	Share of suppliers evaluated from a sustainability viewpoint with production plants in countries with low environmental and social standards			pilot project completed
	Percentage of turnover from sustainable product ranges	1.7 %	3.1 %	4.4 %
Marketing	Paper use per EUR million turnover	34.9 t	29.2 t	24.9 t
	Percentage of paper advertising materials from certified sustainable sources	57.0 %	77.2 %	88.5 %
	CO_2 emissions per kg of paper advertising materials	2.35 kg	2.17 kg	1.56 kg
Logistics	Number of EU countries in which carbon neutral shipping routes are offered	0	15	15
Resources and climate	Major companies with carbon footprints	1	1	7
	Major companies with certified environmental management systems	1	1	1
	Energy consumption in thousand gigajoules*	114.9	103.4	106.5
Employees	Expansion of talent promotion			new program launched
Society	Number of Group employees that are given the opportunity to leave for volunteer work	5.9 %	4.5 %	8.5 %

*At the sites established in 2011 in Germany and the USA.

GENERAL STATEMENT ON THE ECONOMIC SITUATION OF THE GROUP

Despite the difficult economic situation, the TAKKT Group in general developed satisfactorily in the 2013 financial year. TAKKT did, however, have to adjust its forecast for the year in October 2013 to the cautious scenario from the annual report of 2012. Turnover in the amount of EUR 952.5 million was 1.3 percent above the previous year's level. The positive effects from the acquisitions of the previous year also played a part. Adjusted for currency and acquisition effects, turnover decreased by 2.6 percent. The most important earnings indicator of the Group, the EBITDA margin, at 12.9 percent, was in the lower half of the long-term target corridor of 12 to 15 percent.

In view of the difficult economic conditions, solid cash flow was generated, which underscores the high internal financing power of the Group. Another positive aspect is the equity ratio, which increased to 39.0 percent, clearly within the long-term TAKKT target corridor of 30 to 60 percent. At the same time, net borrowings decreased significantly to EUR 273.0 million.

The portfolio concept of the TAKKT business model proved in 2013 to be a guarantee for stability under the difficult circumstances. With the closing of Topdeq, it meant discontinuing an unprofitable business, though the broad positioning across different product ranges, sales regions and sales channels will allow a stable development and high profitability of the TAKKT Group in the future as well. In addition, the strategic development to become an integrated multi-channel direct marketing company lays the foundation for positive turnover and earnings expectations in the coming years.

SUBSEQUENT EVENTS

There were no significant events which had any meaningful impact on the assets, financial position and results of operations after the reporting date.

OUTLOOK

RISK REPORT

In the course of its business activities, TAKKT is exposed to opportunities and risks. The opportunities and risk management of the Group serve to detect and assess them early and to adopt appropriate management measures. The Management Board and Supervisory Board are regularly informed of the current risk situation of the Group and all the Group companies. The entire risk situation of the TAKKT Group is manageable in the foreseeable future, and there are no risks to the Group as a going concern.

SYSTEMATIC MANAGEMENT OF RISKS AND OPPORTUNITIES

TAKKT has an opportunity and risk management system that systematically identifies, quantifies, manages and monitors all material risks and opportunities. In accordance with the German Accounting Standard 20, a risk is defined as the danger of a negative deviation from the goals of the company, while an opportunity is defined as the possibility of exceeding these goals. TAKKT strives to achieve a balance of risks and opportunities in all of its activities for the purpose of sustainably increasing the value of the company in the interest of all stakeholders.

Organizationally, the opportunities and risk management is structured as follows:

- The **Management Board** is responsible for establishing and overseeing the opportunities and risk management system.

- It is supported by the **managing directors of the Group companies** as well as by the **central departments of the Group holding** – group accounting, business administration, finance/IR, legal, human resources, internal auditing and business development.

- Important components of the opportunities and risk management system are a **uniform risk management directive**, a **process** integrated into planning for the standardized recording, evaluation and reporting of risks and opportunities; the thorough **controlling** of all companies, a uniform **code of business procedures** with an established ad-hoc risk reporting process; and the principle of cross-checking through a second person applied throughout the Group.

- The **Supervisory Board** deals with the effectiveness of the opportunities and risk management system within the scope of its monitoring function.

- As an independent entity, the **external auditor** reviews the setup and suitability of the early risk detection system according to section 317(4) HGB.

- The **internal audit** department continuously supervises the major processes of all Group companies to ensure that they perform well, are cost-effective and satisfy internal directives.

EFFICIENT MANAGEMENT AND CONTROL SYSTEMS

The TAKKT Group's management relies on a range of effective management and control systems to manage the operating companies. Each year the Management Board holds discussions with 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 statements between the Management Board and the central Corporate Controlling department help to actively manage risks and opportunities as well as other factors with respect to gross profit. Special report formats that provide information on significant cost blocks such as HR and advertising costs also provide a basis for the effective management of cost risks. The strategic management rests on detailed planning for several years ahead, which is done each year for all groups and the company as a whole.

In principle, all control and reporting structures begin at the level of the subsidiaries and lead up to the Management Board and Supervisory Board. Its approval is required with regard to important decisions. 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 FINANCIAL REPORTING PROCESS ACCORDING TO SECTIONS 289(5) AND 315(2), NO. 5 (HGB).

The internal control system related to financial reporting extends to the financial reporting of the entire TAKKT Group and is to ensure the correctness and reliability of the internal and external accounting, including the necessary consolidation processes for the consolidated financial statements. It is part of the entire internal control system of the TAKKT Group and aligns itself with the internationally recognized "Internal Control – Integrated Framework" issued by COSO (the Committee of Sponsoring Organizations of the Treadway Commission). In addition, TAKKT has a uniform Group-wide risk management system for opportunities and risks.

The effectiveness of accounting processes is documented by way of a recurrent process comprising risk analysis, control analysis and an assessment of the effectiveness of these checks. In the process, the collection, updating and review of the key risk areas is first carried out according to qualitative and quantitative criteria that have previously been defined clearly. Building on that, existing checks are identified and new control measures which are designed to limit the risks are implemented. The effectiveness of the controls is reviewed and documented at regular intervals through a self-assessment of the control officers. In addition, the results are verified by the auditor and presented to the Supervisory Board on a regular basis.

TAKKT ensures the Group-wide application of the principles of orderly book-keeping and the current International Financial Reporting Standards (IFRS) by means of mandatory requirements, including accounting guidelines that are updated on an ongoing basis, a standardized chart of accounts for reporting purposes, a Group-wide schedule for the preparation of financial statements, and various handbooks. If necessary, external experts or qualified consultants are called in, for example for the evaluation of pension obligations or to obtain an expert opinion on the purchase price allocation for company acquisitions. All employees who are responsible for accounting and financial reporting receive regular training.

The financial statements of the individual companies are prepared with the help of standardized IT systems. The consolidation of the individual financial statements for the consolidated financial statements is carried out by means of a modern and highly efficient standard software solution. For preparation of the notes to the consolidated financial statements, a centrally managed form-based recording and consolidation instrument is used.

Comprehensive testing procedures in the IT systems are designed to ensure the completeness and reliability of the information contained in the consolidated financial statements. The IT systems in accounting are protected against unauthorized access. In addition, the separation of functions is implemented 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 acquires sole 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. With all accounting-related processes, the two-man principle is the main foundation of the internal control system.

The Group's compliance with its control systems and accounting regulations is checked on a regular basis, including by the local managers and auditors, Corporate Accounting department, internal audit and the Group auditors. Monitoring includes the identification of weaknesses, the introduction of improvement measures as well as checking whether the weaknesses can be eliminated.

Within the scope of the audit of the consolidated financial statements, external auditors report on the significant audit results and weaknesses in the control system for the units included in the consolidated financial statements.

CONTINUOUS ANALYSIS AND MONITORING OF OPPORTUNITIES AND RISKS

The opportunities and risk management system of the TAKKT Group categorizes opportunities and risks as shown in the table on page 72. The risks of the TAKKT Group are explained further in the risk report. The individual opportunities are covered in the forecast report. The process for the evaluation of all opportunities and risks is as follows:

- The TAKKT Group **analyzes** the market and competitive environment of its divisions and companies continuously and regularly reviews its own potential to determine whether adjustments to its business model could lead to a better market position. This systematic observation enables it to identify opportunities and risks at an early stage.

- The goal of the **evaluation** is to reveal the anticipated negative or positive effect. The evaluation of the opportunities and risks is carried out based on the criteria of probability of occurrence and the extent of the loss or opportunity. The evaluation is carried out net, i. e., company measures for the management of opportunity or risk that have already been introduced are taken into account in the evaluation. With respect to the extent of opportunity or loss, materiality thresholds are used depending on the level of analysis in order to ensure the relevance of the opportunities and risks under discussion.

- As a result of this analysis, TAKKT defines **measures** that can be applied in order to limit, manage or avert risks and allow the opportunities to be used.

	Economy and competition	Corporate strategy and positioning	Operating processes	Finance and legal
Assessment of the risks	Economic downturn as a significant risk in the business model Risk resulting from new competitors is calculable	Calculable acquisition and integration risks No dependence on individual suppliers or customers E-commerce with higher risk than traditional catalog business Flexible reaction to increasing purchasing prices	Targeted protection of the production and distribution of advertising material Low inventory risk Calculable logistics risks Low write-offs on receivables and guarantee claims Few personnel-related risks Reliable address database Reliable and powerful IT and communication systems	Exchange rate risks: Transaction risks primarily hedged, translation risks primarily from fluctuating US dollar Limiting interest rate risks through interest rate hedging Marginal liquidity risk – long-term financing secured Legal and tax risks without material impact on the economic situation of the Group
Possible opportunities	Demographic change: new possibilities with e-commerce and e-procurement Economic upswing as a significant opportunity in the business model	Integrated multi-channel concept: Group-wide initiative DYNAMIC Increasing diversification of the business model Potential additional acquisitions and start-ups Sustainability initiatives	Further development of IT applications	Good access to capital

ECONOMIC AND COMPETITION RISKS

Economic downturn as a significant risk in the business model

The B2B direct marketing business for office equipment is generally dependent on the economic situation. 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 multi-channel and web-focused sales brands, TAKKT addresses customers of all sizes from various industries.

- TAKKT has a very broad range, which includes more than 200,000 products.

- Through its presence in more than 25 countries and the focus on North America, Europe and Asia, TAKKT reduces its dependence on individual markets.

- In addition, the sales companies are in different phases of growth. Start-ups and young companies experience vigorous growth and are generally less affected by economic fluctuations. Established sales companies, however, reflect the general economic cycle in their development.

- The investment behavior of the customer groups of each of the groups varies depending on the economic cycle. In the year under review, the TAKKT AMERICA division was able to somewhat offset the effects of the budget cuts in the business with American federal agencies due to the above-average growth in the SPG with its customers from the food service industry, food retail sector and the hotel and restaurant industry. Only in particularly severe global crises, such as the last one in 2009, 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, in 2009 turnover fell organically by a little more than 25 percent. With a margin of around ten percent, EBITDA decreased by around 50 percent compared to the previous year. The economic risk in the year under review remained virtually unchanged compared to the situation in the previous year.

Risk resulting from new competitors is calculable

The Group is also potentially subject to the risk of losing market share as a result of new competitors entering the market **(competition risk).** In the B2B direct marketing for business equipment, TAKKT still sees this as a calculable risk. The market entry barriers are high even for purely online providers because setting up the supplier structures, logistics and customer base is costly and time intensive. New competitors must expect many years of initial start-up losses. Compared to start-up companies, established providers like TAKKT have economies of scale in purchasing and distribution.

The risk that the integrated multi-channel business models of the TAKKT Group will be replaced by open, web-based marketplaces is also still considered to be calculable. While the success of such marketplaces in the B2C sector is primarily attributable to pricing and the convenience of ordering, other customer needs in the B2B sector have priority. Corporate customers are generally interested in a high-quality product range, professional advice and comprehensive after-sales service. In the latter, this includes fulfilling guarantees, re-orders and replacements. The TAKKT products are intended to make commercial activities more productive and ensure a smooth process so that the customer can focus on their core business. Furthermore, corporate customers are interested in flexible, tailored pricing, depending on their needs, the product and the volume of their order. Electronic marketplaces can only provide such flexibility, differentiation and additional product-related services to a limited extent. Despite the strengths of marketplaces such as price setting and the bundling of many different product ranges, they are at a disadvantage compared to product specialists because they cannot fully meet the requirements of providing an attractive comprehensive package of product, service and price. In order to maintain this competitive advantage, TAKKT focuses on continuously improving its services around the actual product.

RISK ARISING FROM CORPORATE STRATEGY AND POSITIONING

Calculable acquisition and integration risks

As part of its growth strategy, the TAKKT Group makes strategic acquisitions that are a suitable complement to its portfolio. On the one hand, this is associated with a host of opportunities, which are covered in the forecast report. On the other hand, **acquisition and integration risks** could result from the following:

- 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 development of growth and earnings that was assumed would take place with the acquisition does not occur.

- Goodwill or the remaining intangible assets may need to be written down due to worse than expected business performance.

TAKKT has decades of 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. In view of this, the Group imposes stringent return requirements and conducts thorough due diligence before the purchase.

Furthermore, companies are integrated into the Group according to clearly defined processes that are based on past experience. If a company does not develop satisfactorily, TAKKT reacts quickly and introduces initiatives and countermeasures if necessary. In principle, all operational and strategic options are open, from continuing investments or changing the marketing strategy to repositioning, selling or phasing out the brand. The annual impairment tests performed on **goodwill** in the year under review once again underlined the value of these assets. No impairments had to be carried out in the past year. There are no apparent corresponding significant **impairment risks.**

No dependence on individual suppliers or customers

In addition, TAKKT is still not subject to any substantial risk with respect to dependency on individual suppliers **(supplier risk).** The company relies on an extremely fragmented pool of more than 3,000 suppliers, can fall back on 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 the TAKKT Group's product range. Dependency is also low on the sales side because the customer structure of the business model in the TAKKT Group is strongly diversified **(customer risk).** Only with two customers does the Group generate turnover accounting for more than one percent of Group turnover each. The impact of the loss of individual customers would therefore be minor. TAKKT also diversifies in terms of its customer base, which includes companies from many different industries such as the service sector, public authorities and the manufacturing industry. The focus has been shifting. While the majority of the Group's customers came from manufacturing just 25 years ago, this share has since decreased to 33.8 percent. TAKKT pursues the goal of achieving diversified turnover share with the manufacturing industry, the trade and service sector as well as non-profit and government institutions.

TAKKT also caters to customers of many different sizes – from self-employed individuals to hotel chains and public authorities as well as single repair shops to large-scale manufacturing facilities. Thanks to e-commerce, the customer base will broaden even further in the future. Smaller buyers can be reached better thanks to online channels and be catered to more efficiently. In turn, key customers are more closely tied to TAKKT by means of e-procurement as purchasing is made easier and more efficient for them via this channel.

E-commerce with higher risk than traditional catalog business

E-commerce tends to be exposed to a higher risk at first than traditional catalog business because it is much easier to compare ranges and prices. In addition, technological progress on the internet forces business models to undergo constant change (technical innovations risk). Consequently, the content and structure of the web shop have to constantly be adapted to the changing algorithms of the search engines so that its own offering does not fall behind in the ranking and the shops lose potential customers. TAKKT addresses this risk through the continuous management of online marketing measures and optimizing them with regard to the constantly changing conditions. By constantly developing its online marketing – currently through the Group-wide initiative DYNAMIC – the TAKKT Group closely observes technological trends and new developments and can implement them in its own solutions.

Flexible reaction to increasing purchasing prices

TAKKT is subject to the risk of not being able to pass on rising purchasing costs to its customers (price adjustment risks). The Group's multi-channel brands address this risk by revising their catalogs and web shops 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. Furthermore, the company intentionally trades in durable goods that are neither perishable nor subject to risks from significant changes in technology or trends. The risk presented by rising purchasing prices is therefore still limited on the whole.

OPERATING RISKS

Systematic protection of the production and distribution of advertising material

The printed catalog is an important sales medium for the TAKKT Group. There is a risk that this advertising material could be damaged or lost before reaching the customer (advertising material risks). 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 minimize the risk of failure, the Group has its catalogs produced by several 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. Since the company has around 44 million advertising documents printed 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 potential financial difficulties of individual printers in the year under review.

Low inventory risk

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

Calculable logistics risks

TAKKT generally stores products in large warehouses and therefore there is less need to build up inventory or reorder products than would be necessary with several smaller warehouses. The groups only develop smaller regional warehouses to provide optimum delivery services wherever it is necessary, such as in Scandinavia, Eastern Europe, Canada and China. 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 that exist with a central warehouse, e. g., the event of a fire (logistics risks). These risks are also sufficiently covered by insurances including fire, theft and business disruption.

Each TAKKT group regularly reviews its warehouse concepts, thereby ensuring consistent high standards of security, delivery quality, speed and efficiency. Should a temporary disruption at a warehouse result in bottlenecks, the companies can also deliver the majority of their goods by drop shipment. If necessary, the warehouses are adapted to new requirements.

TAKKT mainly 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 expertise in delivering products to the very different regions. Fluctuations in fuel prices, road tax and tolls have hardly any impact on the Group's earnings. Shipping costs account for much less than ten percent of consolidated turnover.

Low write-offs on receivables and guarantee claims

The risk of write-offs on receivables remains extraordinarily low at TAKKT with a write-off rate of 0.2 (0.2) percent of turnover. First, the company checks the creditworthiness of its customers carefully and actively manages its receivables. Second, 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. It measures the average period between the invoice issue date and payment receipt date. This came to 32 (33) days in the year under review (loss of receivables risks).

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

Few personnel-related risks

The long-term success of TAKKT is largely dependent on qualified and motivated employees. Their expertise and dedication have a direct effect on business. In order to grow profitably in the future, TAKKT also relies on always being able to acquire highly qualified employees and retain them for the long term. The Group therefore places great emphasis on a target-oriented personnel policy that includes training and continuing education. Personnel risks due to employee turnover are by and large minimal because TAKKT has provisions for substitution and succession in the event that an employee becomes 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 address database

The loss of customer data also presents potential risks for TAKKT. A high-quality and secure address database forms the foundation of the TAKKT companies and their business. The Group thus takes great care in protecting data relating to existing and potential customers. Security systems also ensure that only authorized personnel, as permitted by law, can access and process the addresses. The TAKKT Management Board expects that possible tightening of data protection regulations driven by consumer protection will also take into consideration the special requirements of the B2B area in the future and not cause significant damage to the TAKKT business model.

Reliable and powerful IT and communication systems

TAKKT depends on powerful and reliable IT systems to run its business, for example servers, enterprise ressource planning (ERP) software and product management systems. Data security and the smooth operation of systems therefore play an important role in the risk management of the Group (IT risks).

TAKKT's internal IT departments and outside specialists check the systems on an ongoing basis to ensure that they are working properly, are secured against unauthorized access and that the data can be restored without any problems. The Group has developed measurement systems and an IT security management plan based on a security analysis. For example, guidelines regulate all use of e-mail, internet and IT systems. All staff members are required to agree in writing to comply with these rules.

Risks can also result from the introduction of new IT systems. TAKKT's strategy in addressing these risks includes using project organization and back-up solutions. At TAKKT EUROPE, the companies predominantly 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 reduced with continual backups and external hardware capacity.

For business performance, it is also crucial that the sales companies be reachable by telephone 24/7. 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 AND LEGAL 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 goal of financial management is to monitor these risks continuously and limit them by means of operational and financial activities. Derivative financial instruments are only used for hedging. Derivatives are in addition carried out only with approved financial counterparties from the bank portfolio of the Group. These counterparties have to meet a specific creditworthiness rating. Counterparty default risk is continuously monitored.

Exchange rate risks: Transaction risks primarily hedged, translation risks primarily from fluctuating US dollar

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 resulting currency risks are generally assumed by the respective service provider and hedged through derivative financial instruments to an amount of around 70 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 catalog cycle.

- Translation risks arise for the TAKKT Group's balance sheet and statement of income when the individual financial statements of foreign subsidiaries are translated into euros, the reporting currency. Especially fluctuations in the US dollar impact on the absolute value of the financial key figures reported in euros (see exemplification on page 80). TAKKT does not hedge against these risks as there are no economic grounds to justify putting proper hedging mechanisms in place.

Limiting interest rate risks through interest rate hedging

An interest rate risk results 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 borrowings are hedged in the long term, the maturity periods of the hedges are based on the terms of the borrowings. The target hedge level is generally between 60 and 80 percent of the finance volume. This is how the negative effects of an increasing interest rate is contained. However, there is also the potential to profit from falling interest rates or persistently low short-term interest rates. The development of the hedging volume is mainly determined by the planned debt level.

The hedging instruments held as of the reporting date are described in the notes to the consolidated financial statements on pages 137 et seqq. Quantitative information on exchange rate and interest rate risks is also provided there, including sensitivity analyses on 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.

Marginal liquidity risk – long-term financing secured

Financing may also present TAKKT with potential risks **(financing risks).** The Group monitors and manages its financial structure by means of long-term financial planning and self-imposed key figures (covenants), which are explained in the "Management system" and "Financial position" sections.

In order to secure liquidity, the company relies on a diversified financing structure with different maturity dates. In addition to contractually committed credit lines from a broad pool of banks, TAKKT issued a promissory note in 2012 and also uses finance leases. The long-term, committed free lines of credit had a volume of EUR 153.7 million at the end of 2013. The company can therefore virtually rule out a liquidity risk arising from financing issues.

Legal and tax risks without material impact on the economic situation of the Group

TAKKT Group companies are involved in litigation in day-to-day business both as plaintiff and defendant. These proceedings do not have a material impact on the economic situation of the Group, either individually or as a whole **(legal risks).**

There were more frequent patent disputes regarding the use of functionalities in relation to website programming, especially in the USA. Like many other companies, in certain cases TAKKT has been targeted by patent trolls – non-operating companies who systematically buy up patents and then collect licensing fees. 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 2012, TAKKT also joined a defensive patent aggregator in order to be in a position to counter further attacks to a certain extent. In the year under review, the Group estimates the risk related to patent disputes as minimal.

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

OVERALL ASSESSMENT OF THE MANAGEMENT BOARD: NO RISKS THAT WOULD JEOPARDIZE THE GROUP AS A GOING CONCERN

In the 2013 financial year, the risk landscape of the TAKKT Group remained largely unchanged compared to 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 forecast period that may put the Group at jeopardy as a going concern or significant risks that go beyond the ordinary business risks. The 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 Group as a going concern.

The most significant risk for the TAKKT Group, which is also a noteworthy opportunity, continues to be the development of the economy. It is generally regarded as equally likely that the economy will have an upswing or downswing. In the event of a recession of the same scale as in 2009 with an organic decrease in turnover of slightly more than 25 percent, the EBITDA decreased by about 50 percent.

A second important risk for the turnover and earnings indicators reported in euros is the pure translation risk from exchange rate changes – especially the relationship of the US dollar to the euro. The risk of an increase or decrease in value of the US dollar in comparison to the euro is regarded as equally likely. A decrease in value of the US dollar in comparison to the euro of five percent would lead to a reduction in sales of approximately two percentage points.

Risks from the failure of the IT or direct marketing infrastructure are also important for the company since a functioning IT infrastructure and logistics are decisive for carrying out the operational business. The likeliness of these risks occurring is considered to be very low, with a possible effect on results of up to a low two-digit million euro figure.

Other significant risks are the introduction of a new competitor as well as an error of judgment in the acquisition of a company. The likeliness of these risks occurring is estimated to be low and could have a possible effect on results of up to a low two-digit million euro figure.

As a whole, TAKKT places the highest priority on the monitoring and limitation of controllable risks and has therefore taken precautionary measures to detect and limit these early. Risks from fluctuations of the economy and exchange rates, which result from external factors, can only be controlled by TAKKT to a limited extent.

OPPORTUNITIES AND FORECAST REPORT

For the TAKKT Group, numerous opportunities will emerge for a positive development of its business for the years ahead. For 2014 TAKKT expects a recovery of the European economy and increased growth in the USA. Given these underlying conditions, TAKKT assumes that it will be able to increase its turnover organically and improve earnings in the coming year under review.

OPPORTUNITIES OF THE TAKKT GROUP

Within the scope of its integrated opportunities and risk management system, the TAKKT Group has identified a series of opportunities for the development of the company for the years to come. Attractive growth opportunities for TAKKT ensue from this.

Integrated multi-channel concept: Group-wide DYNAMIC initiative

TAKKT expects significant growth opportunities by developing from a traditional direct marketing company to an integrated multi-channel company. Through the skillful combination of the sales and marketing media of print, online, tele and field, the company can distinguish itself as a competent, reliable partner to the customer. The Group already has long-standing experience in this area and develops this marketing strategy further, especially by strengthening tele and field activities and combining the different marketing media even better. Among other things, TAKKT launched the Group-wide DYNAMIC initiative for this purpose. DYNAMIC consists of around 50 projects in all groups, which were started in the year under review and are to be carried out over several years.

Demographic change: new possibilities with e-commerce and e-procurement

Through the expansion of its e-commerce and e-procurement activities, TAKKT expects opportunities for increasing order intake and turnover. The number of users who have grown up with the internet ("digital natives") continues to rise. The targeted product selection will become increasingly easier with improved search functionality. TAKKT is responding to these trends with a sophisticated online strategy. Customers who have greater service and consulting needs and for whom process costs are a predominant concern are catered to by TAKKT's traditional business through the usual multi-channel brands with the aid of web shops and e-procurement. In the 2013 financial year, the Group followed this approach especially through the roll-out of new web shops in the BEG in Europe and the PEG in the US. Walk-in customers with lower service and consulting requirements are served via the web-focused brands and their web shops. TAKKT has a competitive advantage here compared to new purely online competitors because the Group is able to use the back-end infrastructure at its disposal to tap into additional target groups by means of new sales brands and alternative sales channels.

Increasing diversification of the business model

TAKKT sees a special opportunity in the broad diversification of its business model at the product, customer and regional level because it reduces the dependence of the Group on individual industries and regions and also ensures stability and continuity in difficult economic times as well.

- Through the regional diversification, economic fluctuations and loss of sales in individual target markets can be partially offset by turnover growth in other regions. In the year under review, for example, TAKKT was able to partially offset the effects of the European recession through the successful business of the SPG in North America.

- In addition, TAKKT has expanded its business model through the acquisitions of Hubert (2000), National Business Furniture (2006), Central (2009), GPA (2012) and Ratioform (2012) to other product groups for the food service industry, American office furniture, sales promotion and packaging. This allows the Group to participate in the growth trends of these industries and record above-average growth. For example, in the year under review, the TAKKT AMERICA division was able to offset the effects of the budget cuts in the business with American federal agencies through the above-average growth in the Specialties Group.

The Group aims to diversify even further by acquiring market-leading B2B direct marketing companies in other sectors as well as by expanding existing business models to other regions and adding more product groups.

Potential additional acquisitions and start-ups

Other opportunities for consolidated turnover and profitability will be created through potential additional acquisitions in the years to come. TAKKT has long-standing experience with the integration of new companies and business models into the Group. High demands are put on the growth prospects, profitability and business model of the target company. In 2012 and 2013, TAKKT benefited greatly from the additional contributions to sales and earnings through the acquisition of GPA and Ratioform. In addition, the company gained special expertise with respect to search engine optimization in its web shop and the multi-channel concept through the acquisitions, which can now be used Group wide. TAKKT will continue its acquisition strategy as well as expand existing business models through roll-outs to new markets.

Sustainability initiatives
TAKKT's goal is to be the role model for sustainability in its industry by 2016 and has permanently established sustainability as part of its corporate strategy. This undertaking is not an end in itself. B2B customers are increasingly deciding in favor of sustainably operating business partners who actively manage their entire value added chain according to economic, ecological and social concerns. TAKKT sees the great opportunity of being able to use its role as a trail blazer in sustainability early as a unique selling point in the competition. Providers who focus on sustainability will survive the competition better in the long run.

Further development of IT applications
In numerous Group companies, TAKKT has already begun to optimize the complex IT processes for enterprise resource planning and purchasing and to build media-neutral product databases that deliver uniform product data regardless of the sales and marketing channel. This is an important requirement for the smooth implementation of an integrated multi-channel marketing and the realization of the related growth opportunities.

Good access to capital
Due to its diversified and long-term oriented financing structure, TAKKT has good access to capital. For short-term acquisition opportunities, there are sufficient free credit lines available with a volume of over EUR 150 million. As a stock-listed company, TAKKT can also use the equity market for the raise of capital in the event that the opportunity arises for the Group to make an acquisition, which cannot be solely financed with debt capital. Please refer to the information in the "Financial position" on pages 61 et seqq.

DIFFERENT BUSINESS EXPECTATIONS IN EUROPE AND NORTH AMERICA FOR 2014

The economic improvement of its sales market is a significant factor with respect to the extent that the TAKKT Group will be able to use the opportunities presented above. According to the company, Europe and North America, the most important regions for TAKKT, will also develop differently in 2014:

- For **Europe,** TAKKT expects a continuation of the economic recovery in 2014, which already began in the third and fourth quarters of the past year. However, given the challenges in relation to the sovereign debt crisis, this recovery could lead to no more than a slight growth. The growth rates of the southern European crisis countries as well as of other countries such as France will likely remain behind or barely achieve the average development of the EU. According to the economic forecasts of the Kiel Institute for the World Economy, GDP growth in Europe could be around 0.9 percent after the decrease in 2013. In Germany, the growth rate could be above average with 1.7 percent.

- In **North America,** the favorable economic situation could continue to improve in 2014. TAKKT expects that the USA with 2.3 percent will again be able to continue the high GDP growth rate of 2012. At the end of the year, there were positive indications from the employment market, which were mainly attributable to the service sector. After the recent compromises agreed upon in the US-American budget discussions, TAKKT anticipates fewer resulting effects on the American economy than in 2013.

SHORT-TERM EARLY INDICATORS POINT TO RECOVERY IN 2014

The statements regarding the business forecasts are supported by the performance of significant purchasing manager indices. These indices are generally fairly reliable indicators of the order trend of a large part of TAKKT's business 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. According to the research institute Markit Economics, the values in January 2014 for Germany (56.5) and Europe (54.0) are again clearly over the 50-point mark. TAKKT therefore expects increasing economic recovery. The values for the USA have been significantly over the 50-point threshold for some months, meaning that the outlook of the American group PEG should improve.

The other indicators also point to positive development in the individual divisions. The RPI, an indicator for the SPG, was once again above the expansion mark of 100 in January, thus signalizing market growth for American restaurants. For order entry in the trade association BIFMA, an association of American companies in the office furniture industry, analysts predict growth in 2014 of around four percent over the previous year.

LONG-TERM ORGANIC GROWTH PATH EXPECTED TO CONTINUE

In the past 27 years, the Group has grown almost ten percent on average each year – including the strong decline in 2009. Organic growth and acquisition-related growth each contributed half of this. The long-term average derived from organic growth is a result of periods of average growth (such as 2004, 2005, 2010 and 2011), phases with below-average or negative performance (such as 2001 through to 2003, 2009, 2012 and 2013) 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 years to come are strongly dependent on the performance of the economy in the USA and especially in Europe due to the cyclical nature of the business.

A negative effect on the growth in turnover amounting to three percentage points is expected based on the current expectations of the sales that the Topdeq group can achieve in Europe until the planned discontinuation of its operational business.

When analyzing the development of organic turnover, the figures will be adjusted for the turnover share of the Topdeq companies. The Management Board currently considers the following scenario for 2014 to be probable. TAKKT expects the GDP growth rate to improve significantly compared to 2013. In addition, PMI values clearly above 50 points are expected. Under these circumstances, the Group should be able to achieve an increase in organic turnover of three to five percent. For the number of orders as well as for the average order value, an increase can be expected compared to the year under review. North American economic forecasts continue to look somewhat more favorable than those in Europe.

Should the business environment not develop as expected and the GDP growth rate remain at or even fall below the level of 2013 and the purchase manager indices hover around 50 points or below, TAKKT will only be able to achieve a stable or slight decrease in organic turnover in 2014. In the event of positive economic data with an unexpected strong improvement of the GDP growth rate as well as of the purchase manager indices, TAKKT should benefit from this economic upturn and be able to increase organic turnover by over five percent.

US DOLLAR AFFECTS KEY FIGURES

TAKKT generates about 40 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 reported in euros (translation risk). 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 a good 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 a good 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. The turnover forecast in this case – unless stated otherwise – always refers to organic data, i. e., adjusted for currency and acquisition effects. The forecast for 2014 is also adjusted for the effects explained in detail above that result from the discontinuation of the Topdeq business.

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

The Management Board has set itself the target of keeping the gross profit margin of the Group above the 40 percent mark for the long term. TAKKT expects stable gross profit margins in the divisions for 2014. If the business share of North America continues to increase as a result of market conditions, a slight decrease in gross profit margin at the Group level cannot be ruled out. TAKKT AMERICA generates structurally lower margins than TAKKT EUROPE. In addition, the closing of the Topdeq business will have a slight negative impact on the gross profit margin of the Group because Topdeq generated a higher gross profit margin than the Group average.

Under the expected business environment, the EBITDA margin of the Group should fall within the mid-range of the target corridor of 12 to 15 percent and thus increase compared to the year under review (12.9 percent). The EBITDA is also impacted in 2014 by the one-time costs connected with the discontinuation of the operational business of the OEG in Europe. The expected overall effect on the EBITDA for 2013 and 2014 is currently estimated to be between EUR eight and ten million. Of that, expenses of around EUR 6.2 million were already recorded in 2013.

For the two divisions of TAKKT EUROPE and TAKKT AMERICA, the EBITDA margin should improve slightly in comparison to the profitability reported in 2013 (17.0 percent and 9.9 percent respectively). Adjusted for the additional one-time expenses, a slight decline of the EBITDA margin on the division level cannot be ruled out. This cautious estimate is based on the expectation that the activities as part of DYNAMIC will lead to expenses that will not be entirely offset by income in 2014. This effect could decrease the Group EBITDA margin by about 0.5 percentage points. Through the anticipated increased utilization of capacity, an adjusted EBITDA margin in the double-digit range is expected once again for TAKKT AMERICA while the EBIDTA margin of TAKKT EUROPE will still be significantly over the Group's target corridor.

If the business environment is worse than expected, a continuation of the EBITDA margin of the Group in the lower half of the target corridor cannot be ruled out. In the event of a business performance that exceeds expectations, the EBITDA margin could reach the upper end of the target corridor. Similarly, the EBITDA margin of TAKKT EUROPE and TAKKT AMERICA are positively or negatively affected by a corresponding deviation from the expected general conditions.

INVESTMENTS AFFECTED BY DYNAMIC INITIATIVE

In the 2014 financial year and subsequent years, investments in the expansion, modernization and rationalization of the existing business are expected to be at the upper end of the long-term targeted benchmark of between one and two percent of turnover or slightly above. One focus for the years to come involves the expansion and restructuring of the European IT infrastructure as well as other measures from the DYNAMIC initiative, which are summarized in the "Development and innovation" section. The orientation of the companies to the market, their internal processes and positioning of the sales brands will be adapted via this long-term initiative such that it will be able to react quickly and flexibly to changed circumstances. This especially applies to the business processes in the e-commerce area, the proactive customer approach through tele and field activities as well as adapting the product ranges to different market trends. An investment ratio that is one percentage point higher is therefore expected for the coming years.

IMPROVEMENT IN ROCE AND TAKKT VALUE ADDED

The development of the key figures ROCE and TAKKT value added should follow the forecast earnings development in 2014. No additional significant influences on the two key figures are expected besides the earnings development, provided there are no company acquisitions in 2014. With the anticipated economic conditions, a ROCE above the 2013 value as well as a significant increase of the TAKKT value added are therefore expected. This corresponds to the target value formulated in the "Management system" section which provides for a ROCE of significantly over twelve percent and a TAKKT value added well above zero.

QUICK DEBT REPAYMENT AND IMPROVEMENT OF INTERNAL COVENANTS

In the 2014 financial year, the traditionally high free cash flows are expected to once again benefit from the fact that no large extraordinary capital expenditures, apart for the investments in connection with the DYNAMIC initiative, are planned for the expansion, modernization or rationalization of the infrastructure. Without additional company acquisitions, which are always possible if favorable opportunities arise, this should also lead to quick debt repayment and continued improvement of the self-imposed covenants in 2014 as well. If TAKKT does make an acquisition in 2014, changes in equity ratio, gearing and the debt equity and interest cover ratios will occur depending on the amount and financing of the purchase price. In case of a company takeover, TAKKT still expects that all the internal covenants will fall within the self-imposed target corridors. The definition and target corridors of the covenants are described in greater detail in the "Management system" and "Financial position" sections of this annual report.

DIVIDEND POLICY CHARACTERIZED BY CONTINUITY

TAKKT pursues a sustainable dividend policy, which is described in the "TAKKT share and investor relations" section. Since the equity ratio will most likely not reach the upper end of the 30 to 60 percent target corridor in 2014, it is to be expected that a dividend of around 30 percent of the result for the period or at least EUR 0.32 per share will be distributed for the 2014 financial year. The Management Board and Supervisory Board will propose to the Shareholders' Meeting in May 2014 the payment of an unchanged dividend of EUR 0.32 per share for the 2013 financial year.

GENERAL STATEMENT ON ANTICIPATED DEVELOPMENT OF THE GROUP

Given the numerous opportunities for the TAKKT Group, the Management Board anticipates a continued positive development of business performance in the years to come. An important condition for this, however, is that the economic situation in the significant European and North American target markets continues to improve as predicted. Depending on the economic development, the Management Board currently projects a better GDP growth rate and PMI values clearly above 50. Based on this, the Group expects organic turnover growth for 2014 of between three and five percent, an EBITDA margin in the mid-range of the self-imposed target corridor of 12 to 15 percent, an investment ratio increased by one percentage point and a significantly improved TAKKT value added and ROCE.

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 realized or other opportunities or risks arise, the actual results can differ from those expected. TAKKT Management cannot therefore accept any liability for these statements.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

Good Corporate Governance increases the company's value in the long run. Values like responsibility, reliability and trust are therefore a priority at TAKKT. The Group views transparent dialogues with its interest groups as the foundation of corporate 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 2013, 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 at the end of this Corporate Governance report and its latest version can also be found at www.takkt.com.

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 remuneration and breakdown into individual, mainly fixed and variable, components are described in the remuneration report 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 Shareholders' Meeting in 2011 that the compensation of Management Board members will not be published on an individualized basis up to and including 2015. In addition, the Shareholders' Meeting on May 07, 2013 decided to change the compensation of the Supervisory Board to solely a fixed amount.

- The Supervisory Board considers it unnecessary to also establish an audit committee and 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 because the Chairman and Deputy Chairman of the Supervisory Board are constantly informed of business developments and all members receive detailed written monthly updates from the Management Board.

PARTICIPATION AT THE SHAREHOLDERS' MEETING

Shareholders have the opportunity to exercise their statutory rights at the annual Shareholders' Meeting of TAKKT AG. They can either vote personally or by proxy on the relevant items on the agenda. They may also cast votes by mail. The procedure for registration and proof of eligibility used at the Shareholders' Meeting of TAKKT AG is in accordance with the stipulations of German stock corporation law and with international standards. All shareholders wishing to attend a Shareholders' Meeting 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 Shareholders' Meeting.

CLOSE COLLABORATION BETWEEN MANAGEMENT BOARD AND SUPERVISORY BOARD

TAKKT's internal management structures are characterized by clear organization and direct reporting lines. The company also operates a value-based remuneration and incentive system. Detailed information on the remuneration of the Management Board at TAKKT can be found in the remuneration report of this annual report.

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 made by the Management Board in coordination with the Supervisory Board, which it also informs regularly about important changes in the company, its environment, its strategy and its business development.

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 Shareholders' Meeting.

In accordance with the articles of association, the Supervisory Board of TAKKT AG consists of six members. The personnel committee consists of three members and one of its tasks is to prepare issues in connection with the employee contract of the Board Members. If members of the Supervisory Board have additional contracts of service, approval from the company is also required. There are currently no such contracts of service. The personnel committee consists of Stephan Gemkow, Chairman, Prof. Dr Klaus Trützschler, Deputy Chairman, and Prof. Dr Dres h.c. Arnold Picot.

A D&O (directors and officers) insurance policy with the legally stipulated deductible has been taken out for the Management Board and Supervisory Board members. TAKKT AG shareholders decide on the Supervisory Board members' remuneration. The remuneration principles are set out in the company's articles of association, which can be found on the TAKKT website www.takkt.com.

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 and qualifications, the environment in which TAKKT AG operates, and the existing code of procedure for the Supervisory Board, TAKKT believes that it fulfills 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 compliance with 5.4.2 of the DCGK, the Supervisory Board also resolved that it should have at least two independent members.

Additional information about corporate management in accordance with section 289a of the German Commercial Code (Declaration on Corporate Governance) can be found online at www.takkt.com.

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 ordinary scope, which is checked by the specialist departments and the Group's compliance officer. As a rule, these measures allow possible breaches of compliance to be identified quickly. In addition to the existing standard compliance rules (e. g., relating to anti-corruption, anti-discrimination, etc.), TAKKT has also set up a whistle-blower hotline with an external service provider where employees can anonymously report compliance violations. In the future each employee will also be expected to acquaint himself with all compliance-related issues by means of an electronic platform and receive a certificate after successful completion of a test.

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 the Group auditor. The Management Board regularly informs the Supervisory Board about risks and their development. Details on risk management and the accounting- and performance-related internal control system are described in depth in the risk report.

INTERNAL CONTROL SYSTEM

The internal control system at TAKKT includes aspects related to accounting as well as economic performance. The TAKKT Management Board and Supervisory Board are committed to the establishment, control and monitoring of the internal control system. At TAKKT, the internal control system is documented in a systematic and understandable structure and checked for effectiveness on a regular basis. The results of these checks are documented and measures for eliminating control weaknesses are implemented in a reproducible manner.

INTERNAL AUDIT

The internal audit department acts on behalf of and reports to the Management Board of TAKKT AG. As an independent and objective auditing and advisory body, it is to support the Management Board in its management and control functions. The task of internal audit is to review the correctness, effectiveness and economic feasibility of the compliance, risk management and internal control systems of all significant business processes. By performing these audit activities, internal auditing creates transparency, identifies risks and where there is room for improvement, develops solution recommendations and contributes to the success of the TAKKT Group. The Management Board of TAKKT reports to the Supervisory Board of TAKKT once a year on the audit system, the audit plan and the auditing activities and has the audit plan approved for the following year.

DIRECTORS' DEALINGS AND SHARE OWNERSHIP

On December 31, 2013, the members of the Management and Supervisory Boards held a total of 8,676 (8,676) shares in TAKKT AG. This corresponds to significantly 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 at the end of the notes to the consolidated financial statements.

DIVISIONS SHAPE DEVELOPMENT OF TAKKT AG

The Group's parent company TAKKT AG operates purely as a management holding company and is responsible for the management of all the companies according to the same value and growth drivers. 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.

INFORMATION REQUIRED UNDER TAKEOVER LAW

According to section 289 (4) and section 315 (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 totaling 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.

As of December 31, 2013, TAKKT AG is a 50.3 percent subsidiary of Franz Haniel & Cie. GmbH, Duisburg, Germany. 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 Shareholders' Meeting of May 06, 2009, the Management Board is authorized to increase the share 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 by October 29, 2014, taking shareholders' subscription rights into account.

In addition, the Management Board is authorized, according to the resolution of the Shareholders' Meeting on May 04, 2010, subject to section 71 (1) no. 8 of the German Stock Corporation Act (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 authorization in total or in smaller amounts, once or several times, in the pursuit of one or more objectives until May 03, 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 29pp. of the German Securities Acquisition and Takeover Act (WpÜG). Details can be found in the remuneration report on pages 88 et seq.

On the reporting date, there were financial liabilities in the amount of EUR 225.2 million to promissory notes investors and various financial institutions which were 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 disclosures are provided according to the second half-sentence of the relevant regulation.

The disclosures as required by section 315(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 CONFORMITY IN ACCORDANCE WITH SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG) WITH EFFECT AS OF DECEMBER 31, 2013:

The Management and Supervisory Boards of TAKKT AG declare that the recommendations of the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice in the official section of the Electronic Federal Gazette dated May 13, 2013 have been met. Management and Supervisory Boards further declare that the recommendations of the Government Commission German Corporate Governance Code that have been valid since their last declaration have been met. The following exceptions apply:

1. Under clause 4.2.4, the German Corporate Governance Code provides that the total remuneration of each Board Member should generally be disclosed by name and divided into fixed and variable remuneration components. The same applies to commitments for benefits that a Board Member is entitled to in the event of the premature or scheduled termination of their position on the Board or that were altered in the course of the financial year. There is no need to disclose these details if the Shareholders' Meeting passes a resolution to this effect with a three-quarters majority. Such individual information is not provided at TAKKT AG as the Shareholders' Meeting passed such a resolution dated May 04, 2011 for a duration of five years. Therefore, the recommendations of the German Corporate Governance Code under clause 4.2.5 (3), with respect to which information on the remuneration of the individual members of the Management Board is to be included in the remuneration report in the future and how this information is to be shown in the model tables recommended by the Government Commission, are not relevant for TAKKT.

2. Under clause 5.3.2, the German Corporate Governance Code recommends the establishment of an audit committee by the Supervisory Board. No such audit committee has been formed at TAKKT AG. With six members, the Supervisory Board of TAKKT AG is comparatively small, and the Supervisory Board and the Management Board therefore see no need to establish an audit committee for the Board.

3. Under clause 5.3.3, the German Corporate Governance Code recommends the establishment of an nomination committee by the Supervisory Board. No such nomination committee has been formed at TAKKT AG. With six members, the Supervisory Board of TAKKT AG is comparatively small, and the Supervisory Board and the Management Board therefore again see no need to establish a specific nomination committee for the Board.

4. Under clause 5.4.6, paragraph 3, the German Corporate Governance Code recommends that the remuneration of the Supervisory Board Members as well as compensation paid to the Supervisory Board Members and any benefits provided for services provided personally, especially consulting and brokerage services, be disclosed on an individual basis in the Notes or in the management report. This information is not provided on an individual basis at TAKKT AG. As the remuneration of the Management Board is not disclosed on an individual basis, TAKKT will apply the same for the compensation of the Supervisory Board. The principles of the remuneration of the Supervisory Board are regulated in the articles of association of TAKKT AG, which are generally accessible.

5. Under clause 7.1.2, the German Corporate Governance Code recommends that half-year and any quarterly financial reports be discussed between the Management Board and the Supervisory Board or its audit committee prior to publication. At TAKKT AG, the Chairman and Deputy Chairman are informed by the Management Board on an ongoing basis about current events in business. All members of the Supervisory Board also receive a monthly written report. For this reason, the Supervisory Board does not consider a separate and additional discussion of the quarterly reports within the Group Supervisory Board or within an audit committee to be necessary.

Stuttgart, Germany, December 31, 2013

On behalf of the Supervisory Board of TAKKT AG
Stephan Gemkow, Chairman of the Supervisory Board

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

REMUNERATION REPORT

The remuneration report details the principles that are used to determine the remuneration of the Management Board of TAKKT AG. It also outlines the structure, composition and amount of the remuneration components. In addition, it describes the principles and amount of the remuneration of the Supervisory Board.

PRINCIPLES OF THE SYSTEM OR REMUNERATION OF THE MANAGEMENT BOARD

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 based on the recommendation of the Personnel Committee.

NON-PERFORMANCE-RELATED REMUNERATION COMPONENTS

The non-performance-related remuneration of the Management Board consists of three parts: a fixed basic salary, fringe benefits and a pension scheme.

The Management Board members are paid a fixed basic monthly salary.

The fringe benefits comprise the use of company cars, accident insurance, foreign travel health insurance, luggage insurance and D&O insurance. The excess of the D&O liability insurance for the individual members of the Management Board, in accordance with section 93(2) sentence 3 of the German Stock Corporation Act (AktG), corresponds to ten percent of the damage in question though no more than one and a half times the fixed annual basic salary. 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 performance-related bonus corresponds to a target achievement of one hundred percent. Interest rates of six percent p. a. are guaranteed for contributions until pension payments begin. 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 a bonus paid annually and a rolling remuneration component that acts as a long-term incentive. This currently takes the form of a performance cash plan.

The operating result of the financial year in question in form of the EBIT (earnings before interest and taxes) serves as the basis of valuation for the annual bonus. The annual bonus is based on a sharing model, which means that a sharing rate is set based on the basis of valuation, the EBIT. The sharing rate is specific to each person and is calibrated based on a long-term target EBIT. The figures from the strategic planning laid out each year which arise from a set time period of four years as well as the current figures from the past completed financial years form the basis for this. This consideration in the long-term development serves the orientation of a sustainable corporate development. It is aimed to prevent that incentivization of the Management Board is influenced too much by the annual budget or short-term measures to increase earnings or added value.

The amount paid out in the annual bonus is capped at 200 percent of the target EBIT. The Supervisory Board also has the right to

Remuneration of the Management Board *in EUR thousand*

	2013	2012
Fixed salaries and benefits	1,123	1,140
Expenses for annual bonus	953	1,384
Expenses for the performance cash plans	1,331	1,177
Provisions for benefits after end of employment	414	247
	3,821	**3,948**

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.

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. A performance cash plan has been granted for 2014 that is valid until 2017. The Supervisory Board decides in accordance with its duties about the conditions and scope of the performance cash plan to be paid for the year in question. This has not changed since the previous year. The amount of the individual cash performance plans to be paid out depends on two predefined success goals:

- The performance of Total Shareholder Return (TSR) over the term of the four-year plan. The TSR corresponds to the total return of the TAKKT share, taking paid dividends into account.

- The amount of the cumulative Economic Value Added (EVA®) over the term of the four-year plan. The EVA® indicator is used for value-based corporate management. It shows whether the interest demands of equity and debt investors are met.

The performance cash plans represent a clear orientation of the remuneration of the Management Board along a sustainable increase of the external and internal value of the company. The amount paid out under the performance cash plans is also capped. For the performance cash plans, the cap is at 200 percent for 2010 and 2011 and at 300 of the target value beginning in 2012.

The expenses for the benefits received or liability to settle these benefits is recorded after the claim is vested. The 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. The liability from the performance cash plan is reassessed on each reporting date and on the due date. Changes in fair value are recognized in the statement of income of the corresponding calendar year. Independent of this, outgoing payments from each performance cash plan are made only after the term of four years in accordance with the final assessment that is then available.

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.

Stock options are not considered part of the remuneration of the Management Board at TAKKT AG and there are no plans for this in the future.

REMUNERATION EXPENSES IN THE YEAR UNDER REVIEW

The remuneration of the fixed salaries in the year under review corresponded to that of the previous year.

The reported expenses for the annual bonus EUR 953 thousand (EUR 1,384 thousand) include a provision release of EUR 335 thousand (EUR 306 thousand). Without this provision release, the expenses for the annual bonus were EUR 1,288 thousand (EUR 1,690 thousand).

The expenses for the long-term performance cash plans amounted to EUR 1,331 thousand (EUR 1,177 thousand) in the year under review. The increase in the provisions expenses results from the development of the share in the 2013 reporting year and the future expectations resulting from that, among other reasons. In the year under review, the performance cash plan approved for 2009 amounting to EUR 784 thousand was paid out to two current and one former member of the Management Board. The fair value of the current performance cash plans from 2010 to 2013 (2009 to 2012) as well as the corresponding provisions amounted to EUR 3,315 thousand (EUR 2,531 thousand) on the reporting date. The evaluation is based on the expected development of the relevant success factors.

The reported provisions for benefits after the end of employment include a voluntary addition to provisions from the members of the Management Board resulting from salary conversions totaling EUR 70 thousand (EUR 15 thousand).

OTHER DISCLOSURES

As of the reporting date, the defined benefit obligation for the Management Board members amounted to EUR 4,214 thousand (EUR 3,357 thousand).

In the current contracts of the Management Board Members, the limit of possible severance payments corresponds to the recommendations of the German Corporate Governance Code. According to the Code, the payments that could be paid in the event of a premature termination of the membership of the Management Board without cause may at most remunerate the remaining term and also not exceed the amount of two annual salaries.

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 et seqq. 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 December 31, 2013, TAKKT AG Management Board members held 5,536 (5,536) shares. With the exception of EVA® certificates of EUR 247 thousand (EUR 552 thousand) 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 302 thousand (EUR 329 thousand). The pension provision for the former members amounts to EUR 4,806 thousand (EUR 4,656 thousand).

REMUNERATION OF THE SUPERVISORY BOARD

The Supervisory Board had recommended at the 2013 Shareholders' Meeting of TAKKT AG to shift the compensation of the Supervisory Board to purely a fixed salary. The amount of the suggested fixed salary is based on an average of the total salary of the last years. The Shareholders' Meeting approved the suggestion of the Supervisory Board.

In accordance with this decision made at the Shareholders' Meeting, which required an amendment to the articles of association, each member of the Supervisory Board of TAKKT AG will receive a fixed annual salary of 50,000 euros and an additional fixed salary of 2,500 euros for membership in a Supervisory Board committee beginning on January 01, 2013. The Chairman of the Supervisory Board or of a committee receives double that amount; the Deputy Chairman of the Supervisory Board receives one and a half times that amount. In addition, for each meeting of the Supervisory Board or a committee that they attend, each member receives an attendance fee of 500 euros per day in attendance. The company has also arranged D&O liability insurance to the benefit of the members of the Supervisory Board to cover any statutory liability related to their activity on the Supervisory Board. In total, the salaries of the Supervisory Board amounted to EUR 444 thousand in the year under review, of which EUR 371 thousand was for the activity on the Supervisory Board, EUR 11 thousand for activity on committees and EUR 14 thousand for attendance fees and reimbursement of expenses.

Until the end of the 2012 financial year, each member of the Supervisory Board of TAKKT AG received a fixed annual salary of 25,000 euros as well as a performance-based variable salary based on the reported Group results per share of that financial year. For every 10 euro cents, 2,500 euros were remunerated. In total, the remuneration of the Supervisory Board was capped at a maximum of 75,000 euros. In addition, the member of the Supervisory Board received an additional fixed remuneration of 2,000 euros for their participation in a committee. The Chairman of the Supervisory Board or of a committee received double that amount; the Deputy Chairman of the Supervisory Board received one and a half times that amount. Remuneration of the Supervisory Board for the previous financial year amounted to EUR 417 thousand, of which EUR 14 thousand were for attendance fees and reimbursement of expenses. This included an addition to provisions of EUR 350 thousand. These comprise fixed components of EUR 179 thousand and performance-based components of EUR 171 thousand.

There are no further claims or obligations to members of the Supervisory Board. As of December 31, 2013, the Supervisory Board members held 3,140 (3,140) shares of TAKKT AG.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of income of the TAKKT Group *in EUR thousand*

	Notes	2013	2012*
Turnover	(1)	952,542	939,939
Changes in inventories of finished goods and work in progress		188	– 180
Own work capitalised		48	44
Gross performance		**952,778**	**939,803**
Cost of sales		537,118	533,257
Gross profit		**415,660**	**406,546**
Other income	(2)	9,412	8,248
Personnel expenses	(3)	140,939	132,179
Other operating expenses	(4)	161,375	148,873
EBITDA		**122,758**	**133,742**
Depreciation, amortization and impairment of property, plant and equipment and other intangible assets	(5)	26,924	22,180
Impairment of goodwill	(6)	0	0
EBIT		**95,834**	**111,562**
Income from associated companies		99	0
Finance expenses	(7)	– 15,093	– 11,838
Other finance result	(8)	347	295
Financial result		**– 14,647**	**– 11,543**
Profit before tax		**81,187**	**100,019**
Income tax expense	(9)	28,695	33,039
Profit		**52,492**	**66,980**
attributable to owners of TAKKT AG		52,492	66,980
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)	0.80	1.02

* *Figures for the fiscal year 2012 were adjusted due to changes in the accounting of pension provisions.*

Consolidated statement of comprehensive income of the TAKKT Group *in EUR thousand*

	2013	2012*
Profit	**52,492**	**66,980**
Actuarial gains and losses resulting from pension obligations recognized in equity	75	–7,975
Deferred tax on actuarial gains and losses resulting from pension obligations	–13	2,395
Other comprehensive income after tax for items that will not be reclassified to profit and loss in future	**62**	**–5,580**
Income and expenses from the subsequent measurement of cash flow hedges recognised in equity	–51	–952
Income recognized in the income statement	1,852	177
Deferred tax on subsequent measurement of cash flow hedges	–666	223
Other comprehensive income after tax resulting from the subsequent measurement of cash flow hedges	**1,135**	**–552**
Income and expenses from the adjustment of foreign currency reserves recognised in equity	–3,915	313
Income recognized in the income statement	0	0
Other comprehensive income after tax resulting from the adjustment of foreign currency reserves	**–3,915**	**313**
Other comprehensive income after tax for items that are reclassified to profit and loss	**–2,780**	**–239**
Other comprehensive income (changes to other components of equity)	**–2,718**	**–5,819**
attributable to owners of TAKKT AG	–2,718	–5,819
attributable to non-controlling interests	0	0
Total comprehensive income	**49,774**	**61,161**
attributable to owners of TAKKT AG	49,774	61,161
attributable to non-controlling interests	0	0

* *Figures for the fiscal year 2012 were adjusted due to changes in the accounting of pension provisions.*

Detailed information on other comprehensive income can be found on pages 127 et seq.

Consolidated statement of financial position of the TAKKT Group *in EUR thousand*

	Notes	31.12.2013	31.12.2012*	01.01.2012*
Property, plant and equipment	(11)	114,928	123,587	93,305
Goodwill	(12)	449,845	458,903	244,369
Other intangible assets	(13)	80,375	91,661	33,171
Investment in associated companies		20	20	20
Other assets	(14)	639	665	756
Deferred tax	(15)	3,147	5,053	5,363
Non-current assets		**648,954**	**679,889**	**376,984**
Inventories	(16)	83,429	77,966	58,787
Trade receivables	(17)	86,349	87,082	91,146
Other receivables and assets	(18)	23,317	21,561	19,544
Income tax receivables		3,861	2,048	1,239
Cash and cash equivalents	(19)	5,857	5,945	2,214
Current assets		**202,813**	**194,602**	**172,930**
Total assets		**851,767**	**874,491**	**549,914**

	Notes	31.12.2013	31.12.2012*	01.01.2012*
Share capital		65,610	65,610	65,610
Retained earnings		296,063	264,566	253,355
Other components of equity		–29,192	–26,474	–20,655
Total equity	(20)	**332,481**	**303,702**	**298,310**
Borrowings	(21)	253,071	301,633	65,335
Deferred tax	(15)	51,811	50,149	35,215
Other liabilities	(22)	52,338	48,246	353
Provisions	(23)	42,775	40,660	29,321
Non-current liabilities		**399,995**	**440,688**	**130,224**
Borrowings	(21)	25,771	29,233	30,537
Trade payables	(24)	26,631	31,020	22,093
Other liabilities	(25)	41,917	45,756	40,522
Provisions	(26)	18,850	16,523	17,053
Income tax payables		6,122	7,569	11,175
Current liabilities		**119,291**	**130,101**	**121,380**
Total equity and liabilities		**851,767**	**874,491**	**549,914**

* *Figures for the fiscal year 2012 were adjusted due to changes in the accounting of pension provisions.*

Consolidated statement of changes in total equity of the TAKKT Group *in EUR thousand*

	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 01.01.2013	**65,610**	**264,566**	**–26,474**	**303,702**
Transactions with owners	0	–20,995	0	–20,995
thereof dividends paid	0	–20,995	0	–20,995
Total comprehensive income	0	52,492	–2,718	49,774
thereof Profit	0	52,492	0	52,492
thereof Other comprehensive income (Changes to other components of equity)	0	0	–2,718	–2,718
Balance at 31.12.2013	**65,610**	**296,063**	**–29,192**	**332,481**

	Share capital	Retained earnings	Other components of equity	Total equity
Balance at 01.01.2012	**65,610**	**252,971**	**–17,595**	**300,986**
Effect from the change in accounting of defined benefit pension provisions	0	384	–3,060	–2,676
Balance at 01.01.2012*	**65,610**	**253,355**	**–20,655**	**298,310**
Transactions with owners	0	–55,769	0	–55,769
thereof dividends paid	0	–55,769	0	–55,769
Total comprehensive income	0	66,980	–5,819	61,161
thereof Profit	0	66,980	0	66,980
thereof Other comprehensive income (Changes to other components of equity)	0	0	–5,819	–5,819
Balance at 31.12.2012*	**65,610**	**264,566**	**–26,474**	**303,702**

* *Figures for the fiscal year 2012 were adjusted due to changes in the accounting of pension provisions.*

For further information on Total equity, refer to pages 127 et seq.

Consolidated statement of cash flows of the TAKKT Group *in EUR thousand*

	Notes	2013	2012*
Profit		52,492	66,980
Depreciation, amortization and impairment of non-current assets	(5)/(6)	26,924	22,180
Deferred tax expense	(9)	3,984	3,510
TAKKT cash flow		**83,400**	**92,670**
Other non-cash expenses and income		4,846	4,628
Profit and loss on disposal of non-current assets and consolidated companies		–4	–37
Change in inventories		–6,982	–6,271
Change in trade receivables		–1,451	10,559
Change in other assets not included in investing and financing activities		–965	–314
Change in short- and long-term provisions		4,761	–69
Change in trade payables		–3,711	5,183
Change in other liabilities not included in investing and financing activities		–2,220	–3,059
Cash flow from operating activities		**77,674**	**103,290**
Proceeds from disposal of non-current assets		360	477
Capital expenditure on non-current assets		–9,599	–8,469
Cash outflows for the acquisition of consolidated companies (less acquired cash and cash equivalents)		–69	–204,560
Cash flow from investing activities		**–9,308**	**–212,552**
Proceeds from borrowings		77,672	478,865
Repayments of borrowings		–125,002	–310,100
Dividends to owners of TAKKT AG		–20,995	–55,769
Cash flow from financing activities		**–68,325**	**112,996**
Net change in cash and cash equivalents		41	3,734
Effect of exchange rate changes		–129	–3
Cash and cash equivalents at 01.01.		5,945	2,214
Cash and cash equivalents at 31.12.	(19)	**5,857**	**5,945**

* *Figures for the fiscal year 2012 were adjusted due to changes in the accounting of pension provisions.*

The statement of cash flows has been derived from the consolidated financial statements of the TAKKT Group and 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, amortization 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 47 thousand (EUR 126 thousand), interest payments of EUR 10,799 thousand (EUR 7,493 thousand) as well as payments from associated companies in the amount of EUR 99 thousand (EUR 0 thousand). In 2013, income taxes of EUR 27,815 thousand (EUR 34,631 thousand) were paid.

Capital expenditure relates to maintenance, expansion and modernization of the business. In the 2013 financial year, capital expenditures for non-current assets were reduced by government grants amounting to EUR 0 thousand (EUR 676 thousand). In the current financial year, cash outflows for the acquisition of consolidated companies relate to a partial payment of the contingent consideration in connection with the acquisition of UBEN Unternehmensberatung Enzinger GmbH in the 2011 financial year. In the previous year, payments for the acquisition of consolidated companies resulted from the acquisition of George Patton Associates, Inc. (GPA) and Ratioform Holding GmbH as well as from a partial payment of the contingent consideration in connection with the acquisition of UBEN Unternehmensberatung Enzinger GmbH in the 2011 financial year. Additional information can be found on pages 149 et seqq.

Financial liabilities include interest-bearing liabilities; please see pages 128 et seqq. for additional details. In the year under review, dividends in the amount of EUR 20,995 thousand (EUR 55,769 thousand) were paid out to TAKKT AG shareholders. This constitutes a total dividend of EUR 0.32 (EUR 0.85) per share.

Cash and cash equivalents disclosed as of the reporting date include checks, cash on hand and bank balances with an original term of up to three months and corresponds to the balance sheet item cash and cash equivalents. These were not netted off with short-term borrowings. The cash and cash equivalents are not subject to any restrictions on disposal.

Segment reporting by division 2013 of the TAKKT Group *in EUR thousand*

	TAKKT EUROPE	TAKKT AMERICA	Segments total	Others	Consolidation	Group total
Turnover to third parties	525,067	427,475	952,542	0	0	952,542
Inter-segment turnover	315	1	316	0	–316	0
Segment turnover	525,382	427,476	952,858	0	–316	952,542
Other non-cash expenses (+) and income (–)	–34	4,794	4,760	86	0	4,846
EBITDA	89,344	42,249	131,593	–8,835	0	122,758
Depreciation and amortization of segment assets	17,562	8,916	26,478	146	0	26,624
Impairment of segment assets	300	0	300	0	0	300
EBIT	71,481	33,333	104,814	–8,980	0	95,834
Income from associated companies	99	0	99	0	0	99
Finance expenses	–6,078	–6,925	–13,003	–6,345	4,255	–15,093
Interest and similar income	143	1	144	4,158	–4,255	47
Profit before tax	65,979	26,375	92,354	–11,167	0	81,187
Income tax expense	20,469	11,164	31,633	–2,938	0	28,695
Profit	45,510	15,212	60,722	–8,230	0	52,492
TAKKT cash flow	65,280	26,451	91,731	–8,331	0	83,400
Segment assets	596,035	341,659	937,694	173,582	–259,509	851,767
thereof investment in non-current assets	5,481	4,012	9,493	108	0	9,601
thereof investments in associated companies	20	0	20	0	0	20
thereof deferred tax and income tax receivables	3,769	924	4,693	4,675	–2,360	7,008
Segment liabilities	273,962	211,999	485,961	292,834	–259,509	519,286
thereof deferred tax and income tax payables	33,383	25,670	59,053	1,240	–2,360	57,933
thereof borrowings (long- and short-term)	169,746	94,822	264,568	271,354	–257,080	278,842
Average no. of employees (full-time equivalent)	1,305	1,039	2,344	33	0	2,377
Employees at the closing date (full-time equivalent)	1,292	1,061	2,353	36	0	2,389

Segment reporting by division 2012 of the TAKKT Group* *in EUR thousand*

	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	101,890	41,317	143,207	–9,465	0	133,742
Depreciation and amortization of segment assets	12,984	8,966	21,950	133	0	22,083
Impairment of segment assets	97	0	97	0	0	97
EBIT	88,809	32,351	121,160	–9,598	0	111,562
Income from associated companies	0	0	0	0	0	0
Finance expenses	–5,525	–6,429	–11,954	–4,484	4,600	–11,838
Interest and similar income	163	65	228	4,498	–4,600	126
Profit before tax	83,397	26,187	109,584	–9,565	0	100,019
Income tax expense	23,362	12,217	35,579	–2,540	0	33,039
Profit	60,035	13,970	74,005	–7,025	0	66,980
TAKKT cash flow	74,028	25,792	99,820	–7,150	0	92,670
Segment assets	578,610	351,149	929,759	178,875	–234,143	874,491
thereof investment in non-current assets	247,636	80,250	327,886	20,185	–20,000	328,071
thereof investments in associated companies	20	0	20	0	0	20
thereof deferred tax and income tax receivables	5,229	1,271	6,500	1,107	–506	7,101
Segment liabilities	292,199	233,262	525,461	279,471	–234,143	570,789
thereof deferred tax and income tax payables	33,783	24,452	58,235	–11	–506	57,718
thereof borrowings (long- and short-term)	189,656	115,678	305,334	259,151	–233,619	330,866
Average no. of employees (full-time equivalent)	1,169	968	2,137	31	0	2,168
Employees at the closing date (full-time equivalent)	1,322	1,000	2,322	29	0	2,351

* *Figures for the fiscal year 2012 were adjusted due to changes in the accounting of pension provisions.*

Segment reporting by geographical region 2013 of the TAKKT Group *in EUR thousand*

	Germany	Europe without Germany	USA	Other	Group total
Turnover to third parties	243,289	282,426	397,252	29,575	952,542
Non-current assets*	383,349	12,297	249,393	191	645,230

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

Segment reporting by geographical region 2012 of the TAKKT Group *in EUR thousand*

	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 INFORMATION

Within the scope of segment reporting under IFRS 8, the activities of the TAKKT Group are broken down according to the different divisions in line with the organizational structure. The breakdown is carried out according to the management approach and takes the internal management and reporting to the Management Board of TAKKT AG as the chief operating decision maker into consideration. The fundamental segment result for controlling purposes is the 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 **TAKKT EUROPE** division is divided into three groups:

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

The Office Equipment Group (OEG), consisting of the Topdeq brand, sells products from the fields of high-quality, design-oriented office furniture and accessories. Plans were made to gradually phase out the operations OEG by the mid of 2014.

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

TAKKT EUROPE operates 3 central warehouses and 19 regional warehouses.

The **TAKKT AMERICA** division 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 products in the area of transport, storage and plant equipment.

The Specialties Group (SPG), consisting of the brands Hubert in the USA, Canada, Germany, France, The Netherlands and Switzerland as well as Central Restaurant Products and Displays2Go in the USA, sells equipment and supply items for the food service, hotel and retail sectors.

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

TAKKT AMERICA operates 8 central warehouses and 4 regional warehouses.

The segment reporting´s column **Others** mainly discloses TAKKT AG, in which the key functions of the Group are concentrated and which does not satisfy the definition of a reportable segment according to IFRS 8.

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 owning unit is located.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING DECEMBER 31, 2013

1. GENERAL INFORMATION

ACCOUNTING PRINCIPLES

The consolidated financial statements of TAKKT AG, Stuttgart, have been drawn up in accordance with the regulations issued by the International Accounting Standards Board (IASB) and section 315a 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 February 21, 2014.

New reporting standards

The following reporting standards and interpretations have been passed or amended by IASB and IFRS IC and endorsed by the EU. Their application is compulsory from the 2013 financial year:

Standard		Status	Applicable from
IFRS 13	Fair value measurement	new	01.01.2013
IAS 19 rev.	Employee benefits	amended	01.01.2013
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 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
AIP 2009–2011	Annual improvements project IASB 2009–2011	amended	01.01.2013

The first-time adoption of these standards had the following effects on the net assets, financial position and results of operations of the TAKKT Group during the reporting period.

Amendments to IAS 1 Presentation of items of other comprehensive income

The presentation of other comprehensive income in the statement of comprehensive income was adjusted in the course of the first-time implementation of the change to IAS 1 published in June 2011 by the IASB. The improvement is mandatory for financial years beginning on or after July 01, 2012. Amounts that will not be reclassified to profit and loss in future are now shown separately in other comprehensive income.

IAS 19 rev. Employee benefits

In June 2011, the IASB approved the revised version of IAS 19 (IAS 19 rev.), which was adopted by the EU in June 2012. The revised standard must be applied to financial years starting on January 01, 2013 at the latest.

As part of the changes, the 'corridor approach' was eliminated. The full extent of the pension obligations – after deduction of plan assets – is now shown in the balance sheet as of the respective reporting date. Actuarial gains and losses resulting from changes in actuarial assumptions and/or from deviations between previous actuarial assumptions and actual developments are now recognized immediately in equity respectively other comprehensive income when they occur, taking deferred taxes into account. The actuarial gains and losses included in other comprehensive income and associated deferred taxes are not reclassified to the statement of income in subsequent periods. The actuarial gains and losses recorded in a given reporting period and the applicable deferred taxes are listed separately in the statement of comprehensive income.

The new regulations were to be applied retrospectively. As a consequence, the balance brought forward as of January 01, 2012, the figures reported for the previous year and the balance brought forward as of January 01, 2013 were restated in line with IAS 8 and made comparable. In the course of this, immaterial obligations from fully funded Swiss pension plans were recognized in the consolidated financial statements in the same way.

Due to the retrospective adjustments made, the opening balance sheet amounts as of January 01, 2012 changed as follows: pension provisions increased by EUR 3,460 thousand and deferred tax assets by EUR 250 thousand while deferred tax liabilities decreased by EUR 675 thousand and other non-current assets by EUR 141 thousand. This resulted in an overall decrease in total equity of EUR 2,676 thousand as of January 01, 2012. As of December 31, 2012, pension provisions increased by EUR 11,491 thousand and deferred tax assets by EUR 344 thousand, while deferred tax liabilities decreased by EUR 2,975 thousand, other non-current assets by EUR 141 thousand and total equity by EUR 8,313 thousand, respectively.

Adjustments to the previous year's statement of income resulted in a EUR 21 thousand increase in personnel expenses and a EUR 35 thousand increase in finance expenses for the period from January 01 to December 31, 2012. Taking deferred taxes into account, this led to a decrease of EUR 57 thousand in the profit for the period and of 0 Cent in earnings per share.

Other components of equity dropped by EUR 3,060 thousand as of January 01, 2012 and EUR 8,640 thousand as of December 31, 2012 as a result of the actuarial gains and losses recorded.

Without taking IAS 19 rev. into account, pension provisions on December 31, 2013 would be EUR 9,443 thousand lower, other non-current assets would be EUR 138 thousand higher, total equity would be EUR 5,810 thousand higher and deferred tax assets and liabilities would be EUR 3,495 thousand higher. The profit for the period in the reporting period would be EUR 154 thousand lower.

IFRS 13 Fair value measurement

In May 2011, the IASB published IFRS 13, which is to be applied prospectively for financial years beginning on or after January 01, 2013. The standard summarizes the rules for measuring fair value that were previously contained in individual standards and provides a standardized definition and principles for measuring fair value. The first-time adoption of IFRS 13 did not have a significant impact on the measurement of assets and liabilities. The notes were affected because additional disclosures need to be provided.

None of the other new or amended IFRSs requiring first-time application in the current financial year had a significant impact on the net assets, financial position and results of operations of the Group or the presentation of the consolidated financial statements.

The IASB has passed new and revised standards which must be applied starting January 01, 2014 or later. Some of these standards have yet to be approved by the EU prior to their application. Specifically, these include the following IFRS:

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
IAS 27 rev.	Separate financial statements	amended	01.01.2014
IAS 28 rev.	Investments in associates and joint ventures	amended	01.01.2014
Amendments to 36	Recoverable amount disclosures for non-financial assets	amended	01.01.2014
Amendments to 39 and IFRS 9	Novation of derivatives and continuation of hedge accounting	amended	01.01.2014
IFRIC 21	Levies	new	01.01.2014
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 32	Offsetting financial assets and financial liabilities	amended	01.01.2014
Amendments to IAS 19	Employee Contributions	amended	01.07.2014
AIP 2010–2012	Annual improvements project IASB 2010–2012	amended	01.07.2014
AIP 2011–2013	Annual improvements project IASB 2011–2013	amended	01.07.2014
Amendments to IFRS 9 and IFRS 7	Mandatory effective date of IFRS 9 and transition disclosures	amended	01.01.2015

The option of applying standards already approved by the IASB early was not utilized. Based on current assessments, an earlier adoption of the new or revised standards, especially IFRS 9, IRFS 10, IFRS 12 and IAS 27 rev., will not have a significant impact on net assets, financial position or results of operations. Earlier adoption would have entailed extended disclosures in the notes.

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 have been prepared in euros.

In order to improve clarity, various items are grouped in the balance sheet and statement of income. A breakdown of the individual amounts is provided in the notes. The balance sheet has been divided into current and non-current items in accordance with IAS 1. Assets and liabilities are classified as current if they are due within 12 months. The statement of income was prepared in accordance with the nature of expense method.

SCOPE OF CONSOLIDATION

TAKKT AG, Stuttgart, Germany, registered under HRB 19962 with the German Commercial Register of the Stuttgart local court, is the Group's parent company. The consolidated financial statements as of December 31, 2013, prepared in accordance with IFRS, the Group management report, the separate financial statement of TAKKT AG prepared in accordance with the HGB and all other required documentation according to section 325 of HGB will be submitted to the Electronic Federal Gazette (elektronischer Bundesanzeiger).

TAKKT is a B2B direct marketing specialist for business equipment and is active in more than 25 countries. Besides TAKKT AG, 13 (13) domestic and 64 (66) foreign companies are included in the consolidated financial statements. The consolidated financial statements include all companies in which TAKKT AG directly or indirectly holds the majority of voting rights, or in which, due to other rights, a controlling relationship exists as defined in IAS 27.

In comparison to the scope of consolidation on December 31, 2012, in the TAKKT EUROPE division, gaerner Business Equipment S.A.U., Castelldefels, Spain was merged with KAISER+KRAFT S.A., Barcelona, Spain. In the TAKKT AMERICA division, Hubert B.V., Lisse, The Netherlands, was founded. In addition, in the fourth quarter Alfax Furniture LLC, Dallas, USA, was merged into Dallas Midwest LLC, Dallas, USA, and TAKKT America Holding Inc., Milwaukee, USA, was merged into K+K America Corporation, Milwaukee, USA.

There is one domestic associated company.

On December 31, 2013, TAKKT AG was a 50.3 (70.4) percent subsidiary of Franz Haniel & Cie. GmbH, Duisburg, Germany. The TAKKT Group will therefore be included in the latter's consolidated financial statements.

PRINCIPLES OF CONSOLIDATION

Subsidiaries are fully consolidated as of the acquisition date, i. e., as of the date the Group has obtained control either directly or indirectly in accordance with IAS 27. A subsidiary is deconsolidated at the date the parent company has lost control of the subsidiary.

The consolidated financial statements and all separate financial statements have the same balance sheet date, 31 December 2013. According to IAS 27, the separate financial statements of the domestic and foreign subsidiaries included in the financial statements were prepared using uniform accounting and valuation principles.

The capital consolidation is carried out in accordance with IFRS 3 using the acquisition method on the basis of the fair values at the date on which control is obtained. 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 value of identified or identifiable assets within the scope of the complete new valuation method is reported as goodwill in non-current assets.

In accordance with IAS 36, the respective goodwill is not amortized but subjected to an impairment test once a year or during the year if indicated by the occurrence of triggering events. Additional details on this can be found on page 108.

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.

Intercompany profits contained in current and non-current assets resulting from intercompany deliveries and services were eliminated, provided they were material.

Differences arising from the intercompany debt consolidation are recorded in the statement of income, if material.

Deferred taxes were recognized for consolidation transactions in accordance with IAS 12, provided that the tax differences are expected to reverse in future financial years.

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

CURRENCY TRANSLATION

TAKKT AG's reporting currency is the euro. In accordance with IAS 21, currency is translated using the functional currency method. 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 on the reporting date, whereas income and expenses are translated using the average exchange rate for the year. Currency differences from the translation of foreign financial statements into the Group currency are recorded in total equity respectively other comprehensive income without any effect on profit. 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 equity respectively other comprehensive income without any effect on profit, are recorded in the statement of income as part of the capital gain or loss realized on the sale.

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

In the separate 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 reporting date. Exchange differences are primarily recognized under other operating expenses in the statement of income of the separate financial statements.

Main exchange rates for TAKKT Group

		Closing rates		Average rates	
Currency	Country	**2013**	2012	**2013**	2012
USD	USA	1.3791	1.3194	1.3276	1.2839
CHF	Switzerland	1.2276	1.2072	1.2310	1.2053
GBP	UK	0.8337	0.8161	0.8491	0.8105
SEK	Sweden	8.8591	8.5820	8.6481	8.6989
CAD	Canada	1.4671	1.3137	1.3670	1.2836

ACCOUNTING AND VALUATION PRINCIPLES

Turnover includes sales of products and services less cash discounts, rebates and accruals from customer loyalty programs. Turnover from sales is realized when the risks and rewards of ownership have been transferred to the customer, the amount of the turnover can be reliably determined and collectability can be reasonably expected. It is recorded at the 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 program are accounted for with the fair value as deferred income in Other liabilities and result in a decrease in turnover.

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

Advertising costs are expensed as soon as the company has the right to access the advertising material 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 (amortized cost). The recoverable amount is defined as the higher value of its fair value less cost to sell and the present value of future cash flows from the usage of the asset (value in use).

Borrowing costs are capitalized when assets are acquired, constructed or produced which have a lengthy acquisition or manufacturing process (qualifying asset).

Income tax expense includes income tax as well as deferred taxes. The income tax for the year is determined based on the taxable income according to the tax regulations of the specific countries and taking the respective applicable tax rate into account.

Government grants are recorded at fair value according to IAS 20 if there is reasonable assurance of compliance of the conditions attached to them and that the respective grants will also be received. Grants to cover expenses are recognized as income and offset in the periods during which the designated expenses are incurred. Grants to cover capital expenditure are deducted from the acquisition cost of the funded assets.

Property, plant and equipment is capitalized 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 amortized cost. The costs of self-constructed property, plant and equipment include direct costs as well as those portions of overhead costs directly attributable to the construction.

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:

	2013 Useful life in years	2012 Useful life in years
Buildings (incl. leasehold improvements)	5 – 50	3 – 50
Plant, machinery and office equipment	2 – 16	2 – 16

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

The requirements of finance leases pursuant to IAS 17 are satisfied if the TAKKT Group bears all the significant opportunities and risks in **leasing transactions** as lessee and can therefore be considered the economic owner. In these cases, the respective assets in property, plant and equipment are capitalized at fair value or at the lower present value of the minimum lease payments and depreciated using the straight-line method over 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 installments is disclosed under current and non-current 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 present value, the interest rate underlying the lease contracts was applied to the extent possible. If this rate was not available, the incremental borrowing rate was applied.

In addition to finance leases, the 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 recognized as expense. Depending on the subject of the lease, typical lease and lease extension rights apply.

For **goodwill** and **intangible assets with an indefinite useful life**, as these do not generate any independent cash flows, recoverability of the capitalized book value is reviewed once a year or, if indicated by triggering events also during the year, at the level of cash generating units in accordance with IAS 36. In the year under review, the TAKKT Group had a total of 6 (6) 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. The main assumptions for planning relate to the underlying turnover growth and operational margin in the detailed planning period as well as the growth in perpetuity for the years following it. When detailed plans are produced, past developments and expectations regarding future market trends are taken into account. In determining growth in perpetuity, future company growth is taken into consideration based on the respective average market growth. The determined cash flows are discounted individually with the weighted average cost of capital (WACC) before tax calculated for every cash-generating unit in order to determine the value in use of the cash generating unit. Based on a WACC rate derived from the Capital Asset Pricing model, the WACC rate after tax is calculated using an iterative procedure for which the value in use before tax equals the value in use after tax. Cost of equity was determined using a risk-free interest rate as well as a risk markup per cash generating unit resulting from a market risk premium and an average relevered beta factor of the peer group. Cost of debt consist of a risk-free interest rate plus a risk markup (credit spread). The growth in perpetuity is determined that it lies 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 with the respective book value. If this amount is below the book value of the cash-generating unit, an impairment is recognized on goodwill and, if required, on the other assets of the cash-generating units concerned. Brands are entered with an indeterminate useful life because the right of use for the brands can be utilized indefinitely and the level of awareness is permanently maintained by means of advertising.

Purchased **intangible assets with a determinable useful life** are valued at acquisition cost plus incidental acquisition costs less amortization using the straight-line or declining balance method in line with usage and any impairment. The net book values and useful lives are reviewed at every reporting date and adjusted if necessary. Amortization was based on the following useful lives:

	2013 **Useful life in years**	2012 Useful life in years
Goodwill	indefinite	indefinite
Brands	indefinite	indefinite
Customer relationships	3 – 11	3 – 11
Supplier relationships	5	5
Domain names	10	10
Catalog-/web design	5 or 10	5 or 10
Software, licenses and similar rights	2 – 5	2 – 5

If not subject to capitalization according to IAS 38, **research and development costs** are recognized in the statement of income when incurred. Development costs are capitalized when the recognition criteria of IAS 38 are met. These internally generated intangible assets are recognized at acquisition and manufacturing costs less scheduled amortization and impairment. Capitalized development costs include all directly attributable costs and proportionate overhead costs and are amortizatized 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 recognized in the balance sheet at acquisition costs.

Inventories are recognized at the lower of acquisition or manufacturing costs or net realizable 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 overhead costs. 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 categorized as follows:

• Available-for-sale financial assets

• Held-to-maturity investments

• Loans and receivables

• Assets recognized at fair value through profit and loss

• Liabilities recognized at fair value through profit and loss

• Financial liabilities measured at amortized costs

Financial assets and liabilities are classed on initial disclosure and reviewed for reporting at each reporting date. All purchases and sales of financial assets are recognized 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 reporting date. The resulting unrealized gains and losses are recorded in other comprehensive income under consideration of deferred taxes without any effect on profit. 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 with an effect on profits provided that the conditions of IAS 39 are fulfilled. With respect to the disposal of assets, expenses and income previously recognized with no effect on profits in other comprehensive income are recognized through profit or loss.

Financial assets in the held-to-maturity category as well as loans and receivables are initially recorded at their fair value plus transaction costs and subsequently at the amortized cost (nominal value, using the effective interest method, where appropriate) or at their lower fair value (using the original effective interest rate where appropriate). Risks are taken into consideration by allowances. In addition to the required individual value adjustments, trade receivables are subject to a general allowance for identifiable general credit risks, the age of the receivables and past experience (e. g. collection costs and cash discounts received). This general allowance is necessary because of the large number of trade debtors in the direct marketing business.

Financial assets and liabilities in the fair value through profit and loss category are initially recorded at their fair value and subsequently at their respective fair value at the reporting date. Attributable transaction costs are recognized through profit and loss. Fluctuations in fair values are recorded in the statement of income. 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 fair value through profit and loss category are measured at amortized cost, using the effective interest method where appropriate.

Financial assets and liabilities are reported net in the balance sheet if there is currently a legal enforcable right to offset. In addition, there must be an intention to settle on a net basis or to settle the associated liability and realize the financial asset simultaneously. Otherwise, the financial asset and liability are shown without offsetting in the balance sheet. Accordingly, related expenses and income are reported net to a limited extent.

Fair values for every financial instrument category according to IFRS 7 generally correspond book values. This applies directly to assets in the available-for-sale categories, financial instruments in the fair value through profit and loss category, derivatives in a hedging relationship as well as contingent considerations from company acquisitions that are shown in the balance sheet at fair value. 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 current or subject to a variable market interest rate.

The input factors used for the valuation techniques to measure fair value are divided into the following levels:

Level 1: Quoted prices in active markets accessible to the company for the identical asset or liability.

Level 2: Input factors other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Input factors for the asset or liability that are unobservable.

Sometimes, the input factors used to measure the fair value of an asset or liability might be categorized within different levels of the valuation hierarchy. In such cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

All financial instruments at TAKKT recognized at fair value as of the reporting date are included in other receivables and assets as well as in other liabilities and are subject to a recurring fair value measurement.

Should it prove necessary to reclassify assets and liabilities carried at fair value on a recurring basis into a different level – for example because an asset is no longer traded on an active market or is being traded for the first time – they are reclassified at the end of the reporting period.

The fair value of financial instruments traded on an active market is based on the prices quoted on the reporting date. When level 2 and 3 assets and liabilities are measured at fair value on a recurring basis, the discounted cash flow method is used. This means that the future cash flows which the financial instruments are expected to generate are discounted using maturity-matched market interest rates. TAKKT takes the relevant debtor's creditworthiness into account by means of credit value adjustments (CVA) or debt value adjustments (DVA). The CVA and DVA are determined based on the observable prices for credit derivatives available on the market.

The fair value of contingent consideration is calculated by discounting the expected value derived from probability-weighted scenarios for the amount to be paid. An average turnover growth is used for this calculation along with a risk-adjusted discounting interest rate.

Derivative financial instruments such as forward foreign exchange contracts and interest rate swaps are generally 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 used to either 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 forcast transaction (cash flow hedge). They are not undertaken for trading purposes or for reasons of speculation.

In accordance with IAS 39, the Group documents all relationships between hedging instruments and the associated 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. In accordance with IAS 39, all derivatives have to be reported at their fair value, regardless of the purpose or intention for which they were concluded.

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 reporting 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 that are deemed effective are initially reported in Other comprehensive income under consideration of deferred taxes as part of the accumulated changes to other components of equity with no effect on profit until the future hedged cash flow occurs. A transfer to the statement of income is made when the hedged transaction is recognized in profit or loss. The portion of the changes in fair value not covered by the underlying hedged transaction (hedge ineffective portion) is recognized in profit or loss.

Changes in the fair value of an effective fair value hedge are recorded in the statement of income with an effect on profits as are changes in the fair value of the underlying transaction. These normally contrary changes almost offset each other in the statement of income.

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

Other assets are capitalized at their nominal value. Staff loans and deposits are valued at amortized cost. Pension plan reinsurance was derived from a coverage capital calculation.

Income tax receivables and payables are measured using the amount expected to be received from or paid to the tax authorities. Calculation of the amount is based on the tax rates and laws applicable as of the closing date in the countries in which the taxable income is generated.

Deferred taxes are recognized for 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 realization 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 were calculated using the respective local tax rates. Tax rate changes determined at the reporting date have been taken into account for the calculation of deferred taxes. The netting of deferred taxes is carried out according to the rules of IAS 12 if they relate to the same tax authority and the right to offset current tax refund claims and liabilities is legally enforceable. Provided that items were entered in other comprehensive income with no effect on profits and loss and imply a change in deferred taxes, these deferred taxes were also recognized in other comprehensive income with no effect on profit and loss. All other changes in deferred taxes are recognized in the statement of income.

In accordance with IAS 19, pension provisions and similar obligations are calculated using the actuarial projected unit credit method. Determination of the defined benefit obligations is carried out by independent actuaries on an annual basis. In calculating these contractual obligations, 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. The actuarial interest rate is based on high-quality fixed-rate corporate bonds with an AA rating from at least one rating agency. The probability of employee fluctuation was considered, depending on the job tenure in the company and the age of the beneficiaries. Direct pension commitments in Germany are derived using Prof. Dr Klaus Heubeck's biometric calculation tables 2005 G.

Actuarial gains and losses resulting from changes in actuarial assumptions and / or from deviations between previous actuarial assumptions and actual developments are recognized immediately in other comprehensive income as soon as they are incurred with no effect on profits and taking deferred taxes into account. The actuarial gains and losses recorded in other comprehensive income and associated deferred taxes are not reclassified to profit and loss in subsequent periods. The actuarial gains and losses recorded in a given reporting period and the applicable deferred taxes are presented separately in the statement of comprehensive income.

Net interest expense is determined by applying the actuarial interest rate determined at the beginning of the financial year to the pension provisions calculated at this point. The same interest rate is used for pension obligations and plan assets. Net interest expense is reported in finance expenses. Current and past service costs are reported in personnel expenses. Past service costs arising from plan amendments and curtailments are recognized in profit and loss in the period in which they occur.

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. Restructuring provisions are created if a detailed, formal restructuring plan has been approved and those affected have valid expectation that it will be implemented. The restructuring provisions only include costs that are directly related to the measures.

In accordance with IFRS 2, the share-based component of the annually new established long-term performance cash plans of the Management Board are classified as **cash-settled share-based payment** which is dependent on the development of total shareholder return (TSR). The development of the share price and the dividend payment is taken into account in the calculation of the TSR. The measurement of the share-based component is carried out by using a binomial method. The expense for the benefits received or liability to settle these benefits is recorded after the claims are earned. The liability is reassessed on each reporting date and on the settlement date. Changes in fair value are recorded in the respective year under review through profit and loss.

Liabilities are initially recognized at the amount to be paid and, with the exception of derivative financial instruments and contingent considerations, subsequently measured at amortized costs (using the effective interest method where appropriate). Liabilities from finance lease contracts are disclosed at the present value of future lease installments. The fair value of the fixed-rate liabilities from finance leases is determined by discounting the future lease installments using current maturity-matched interest rates and taking interim repayment into account.

The short-term portions of non-current assets and liabilities whose remaining terms are less than one year are generally disclosed under the current balance sheet items. Exceptions to this are the short-term portions of non-current provisions because these are not material.

If IFRS 3 is not applicable, **contingent liabilities and assets** are generally not recognized 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 amount and presentation of assets and liabilities, income and expenses and the contingent liabilities and assets. The assumptions and estimates are based on the current information available to management. With regard to the expected business development, the assumed realistic future development of the economic environment of the Group at the time of preparation of the consolidated financial statements is considered. The assumptions and estimates relate primarily to the useful lives used for property, plant and equipment and intangible assets as well as for the purchase price allocation, the performance of annual impairment tests and the valuation of inventories, receivables, provisions, contingent purchase price liabilities, other deferred income and deferred taxes and are based on the situation on the reporting date. In particular, estimates are made for the interest rates, probabilities and turnover or cash flow forecasts underlying the calculations. Even though the estimates and assumptions are made to the best of the management's knowledge, the actual future values may differ. In the case of deviations, the book values of the affected assets and liabilities are adjusted accordingly (through profit and loss) if necessary.

2. NOTES TO THE INCOME STATEMENT

(1) Turnover *in EUR thousand*

	2013	2012
Turnover with third parties	952,156	939,535
Turnover with affiliated companies	386	404
	952,542	**939,939**

The turnover with affiliated companies related to majority shareholder Franz Haniel & Cie. GmbH, Duisburg, as well as to subsidiaries of the majority shareholder that are not included in the consolidated financial statements of TAKKT AG. A listing of turnover with affiliated companies can be found under related-party transactions on page 154. A breakdown of turnover by segment and geographical region is shown in the segment reporting on page 98 et seqq.

(2) Other income *in EUR thousand*

	2013	2012
Rental income	210	185
Income from the release of allowances	1,523	809
Income from the disposal of non-current assets	96	143
Income from the reversal of impairments	226	0
Operating income	3,307	3,519
Other	4,050	3,592
	9,412	**8,248**

(3) Personnel expenses *in EUR thousand*

	2013	2012
Wages and salaries	116,510	109,439
Social security costs	21,522	19,447
Retirement costs	3,326	3,173
Income from the release of personnel-related provisions	–1,294	–839
Other	875	959
	140,939	**132,179**

The segment reports on pages 98 et seq. refer to the number of employees in the Group.

(4) Other operating expenses *in EUR thousand*

	2013	2012
Valuation allowances on current assets	1,931	1,869
Release of provisions	–1,056	–687
Operating leasing and rents	13,421	11,649
Foreign exchange differences	873	–1,784
Adjustments to contingent considerations	3,626	2,806
Restructuring cost	6,245	0
Operating taxes	1,378	1,710
Operating expenses	112,501	113,847
Administrative expenses	22,456	19,463
	161,375	**148,873**

Further information concerning the purchase price liability respectively the restructuring cost can be found on page 152 respectively page 136.

Valuation allowances mainly relate to trade receivables and full write-offs of receivables where they cannot be recovered. Write-offs amounted to EUR 1,703 thousand (EUR 1,672 thousand).

A major part of operating expenses is advertising costs.

Non-capitalizable expenses that incur in the course of the development of the new enterprise resource planing system at BEG, such as expenses for the preliminary study or training, are recognized in other operating expenses under operating costs. In the 2013 financial year, these expenses came to EUR 147 thousand.

The position administrative expenses includes expenses amounting to EUR 2,034 thousand that result from the declaration of non-execution the opportunity to expand the central warehouse in Kamp-Lintfort.

Operating taxes include real estate tax, car tax, taxes on capital and assets and the French taxe professionnelle.

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

	2013	2012
Property, plant and equipment	12,111	11,007
Other intangible assets	14,813	11,173
	26,924	**22,180**

Depreciation and amortization comprises scheduled amortization amounting to EUR 12,085 thousand (EUR 8,607 thousand) relating to intangible assets recorded in conjunction with purchase price allocations.

In the reporting year, impairments in the amount of EUR 300 thousand were made on property, plant and equipment in accordance with IAS 36 in the course of discontinuing operations of the Topdeq group (Segment TAKKT EUROPE). These related to leasehold improvements in premises that will be abandoned prematurely. In the previous year, no impairments to property, plant and equipment were necessary. In the TAKKT EUROPE division, impairment losses on intangible assets of EUR 97 thousand recorded in 2012 related to a web shop.

(6) Impairment of goodwill

No need for impairment was derived from the impairment tests in both the 2012 and 2013 financial years. Please refer to the details on page 108 for information about the general procedure with regard to impairment testing.

The following table shows the book values of goodwill as well as the key assumptions used for the purpose of impairment testing:

	Net book values of goodwill *(in EUR thousand)*		WACC before tax *(in %)*		Growth of perpetuity rate *(in %)*	
	2013	2012	**2013**	2012	**2013**	2012
Business Equipment Group	96,999	96,999	9.4	8.7	2.0	2.0
Packaging Solutions Group	152,656	152,656	9.1	8.5	2.0	2.0
Plant Equipment Group	2,053	2,146	10.9	10.2	2.0	2.0
Specialties Group	164,327	171,762	10.6	9.5	2.0	2.0
Office Equipment Group (America)	33,810	35,340	11.1	9.8	2.0	2.0

The compound annual growth rate in external turnover in the detailed planning period is between 3.4 (4.4) and 6.0 (7.9) percent for the cash-generating units. The gross profit margins were assumed to be virtually unchanged.

Performing the impairment tests sensitivity analyses were carried out. Increasing the weighted average cost of capital (WACC) before tax by one percentage point or decreasing perpetuity rate by one percentage point would not have resulted in an impairment of goodwill.

Additional details on goodwill can be found in the corresponding notes on pages 121 et seq.

(7) Finance expenses *in EUR thousand*

	2013	2012
Interest portion of finance leases	–1,857	–1,161
Interest portion of pension provisions	–1,268	–1,244
Interest portion purchase price liabilities	–2,907	–2,141
Interest on borrowings	–9,061	–7,292
	–15,093	**–11,838**

The interest portion of purchase price liabilities results from interest expenses relating to the purchase price liability recorded in connection with the acquisition of GPA on April 01, 2012, which becomes payable in 2015.

The interest on borrowings also includes interest resulting from promissory notes. Further information can be found in the table for net result of the financial instruments categories on page 140 and interest rate hedges on page 145.

(8) Other finance result *in EUR thousand*

	2013	2012
Valuation of intercompany loans and financial instruments	300	169
Interest and similar income	47	126
	347	**295**

More details on the use of derivative financial instruments are disclosed in the risk report on page 76 as well as in the notes on pages 137 et seqq.

(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 for the individual countries range between 10.0 (10.0) percent and 39.0 (39.0) percent.

Breakdown of income tax expense *in EUR thousand*

	2013	2012
Income tax	24,711	29,529
Deferred tax	3,984	3,510
	28,695	**33,039**

Income tax expense includes expenses of EUR 327 thousand (EUR 910 thousand) relating to prior periods. The deferred tax expense of EUR 2,717 thousand (EUR 1,122 thousand) results from the changes of allowances on deferred tax assets. Deferred tax income of EUR 3 thousand (loss: EUR 9 thousand) results from tax rate changes. In the financial year, write-downs on deferred tax assets in the amount of EUR 169 (EUR 1,075) were reversed.

The difference between the actual income tax expense and the income 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 thousand*

	2013	2012
Profit before tax	81,187	100,019
Expected average tax expense	24,924	30,706
Changes in tax rates	–3	9
Differences between local and Group tax rates	–463	–746
Non-deductible expenses	1,165	1,203
Non-taxable income	–641	–473
Allowance for deferred tax assets	2,717	1,122
Taxes relating to prior years	327	910
Other differences	669	308
Income tax expense per the consolidated statement of income	**28,695**	**33,039**

The calculated tax rate of 30.7 percent is based on the tax rates applicable in Germany in 2013. A corporation tax of 15.0 percent solidarity surcharge of 5.5 percent and the average municipal trade tax rate for the German Group companies were taken into account.

The Group tax rate increased to 35.3 (33.0) percent in the reporting period. This was mainly due to non-tax-deductible restructuring cost in the course of the phase out of the foreign Topdeq subsidiaries.

(10) Earnings per share

	2013	2012
Number of shares issued (in thousand)	65,610	65,610
Weighted average number of shares issued (in thousand)	65,610	65,610
Profit (in EUR thousand)	52,492	66,980
Earnings per share (in EUR)	0.80	1.02
TAKKT cash flow (in EUR thousand)	83,400	92,670
TAKKT cash flow per share (in EUR)	1.27	1.41

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

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 thousand*

	Land, buildings and similar assets	Plant, machinery and office equipment	Payments on account	Total
Acquisition costs				
Balance at 01.01.2013	134,651	75,061	324	210,036
Currency translation	– 1,392	– 1,041	– 11	– 2,444
Changes in scope of consolidation	0	0	0	0
Additions	317	3,888	616	4,821
Transfers	221	530	– 751	0
Disposals	– 143	– 2,926	0	– 3,069
Balance at 31.12.2013	**133,654**	**75,512**	**178**	**209,344**
Cumulative depreciation and impairment				
Balance at 01.01.2013	40,858	45,591	0	86,449
Currency translation	– 470	– 863	0	– 1,333
Additions	5,825	6,286	0	12,111
Transfers	0	0	0	0
Disposals	– 78	– 2,733	0	– 2,811
Balance at 31.12.2013	**46,135**	**48,281**	**0**	**94,416**
Net book values				
Balance at 31.12.2013	**87,519**	**27,231**	**178**	**114,928**

The additions to depreciation and impairment included in the property, plant and equipment development were translated at average exchange rates as in the statement of income. 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 115 for details on impairment in accordance with IAS 36.

In the previous year, government grants of EUR 676 thousand in connection with the installation of a photovoltaic system on the roof of the Hubert warehouse in Harrison/Ohio were received and deducted from the acquisition costs.

The book value of property, plant and equipment acquired under a finance lease came to EUR 36,091 thousand (EUR 38,514 thousand) as of the closing date. Leased assets are shown under land and buildings with EUR 33,796 thousand (EUR 35,941 thousand) and under office equipment with EUR 2,295 thousand (EUR 2,573 thousand). The acquisition of the Ratioform group in the 2012 financial year included the addition of leased land and buildings in the amount of EUR 29,000 thousand and leased business equipment in the amount of EUR 2,712 thousand classified as finance leasing.

Since the transfer of the assets capitalized as finance leases at the end of the lease term is uncertain, the finance lease properties continue to be depreciated over the lease term. 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 capitalized finance lease assets, were not subject to any restraints on disposal rights.

Purchase commitments for property, plant and equipment amount to EUR 440 thousand (EUR 202 thousand).

	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**

(12) Goodwill *in EUR thousand*

	Goodwill	Goodwill on consolidation	Total
Acquisition costs			
Balance at 01.01.2013	288,627	183,136	471,763
Currency translation	−9,058	0	−9,058
Additions	0	0	0
Disposals	0	0	0
Balance at 31.12.2013	**279,569**	**183,136**	**462,705**
Cumulative impairment			
Balance at 01.01.2013 / 31.12.2013	**0**	**12,860**	**12,860**
Net book values			
Balance at 31.12.2013	**279,569**	**170,276**	**449,845**

	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**

There was an increase in goodwill in the previous year due to the acquisition of GPA. In the previous year, the increase in goodwill on consolidation resulted from the acquisition of Ratioform Holding GmbH. For more information concerning the acquisitions, please refer to pages 149 et seqq.

The accumulated scheduled amortization of goodwill until 2004 in the amount of EUR 99,879 thousand was offset against acquisition costs due to the impairment-only approach that is applied since 2005 at TAKKT.

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 capitalized as goodwill in the individual balance sheet of the respective acquirer.

Net book value of goodwill *in EUR thousand*

Cash generating units	2013	2012
Business Equipment Group	79,379	79,379
Plant Equipment Group	2,053	2,146
Specialties Group	164,327	171,762
Office Equipment Group (America)	33,810	35,340
	279,569	**288,627**

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 capitalized as goodwill on consolidation.

Net book value of goodwill on consolidation *in EUR thousand*

Cash generating units	2013	2012
Business Equipment Group	17,620	17,620
Office Equipment Group (Europe)	0	0
Packaging Solutions Group	152,656	152,656
	170,276	**170,276**

Subsequent consolidation

In accordance with the introduction of the impairment-only approach in spring of 2004, goodwill is no longer amortized since January 01, 2005 at TAKKT, but subject to an impairment test once a year or during the course of the year if necessary. No impairment charge on goodwill was necessary in the 2013 or 2012 financial years. Taxable goodwill is still amortized over a period of 15 years. At the reporting date, the resulting deferred tax liability amounted to EUR 59,190 thousand (EUR 54,034 thousand). No deferred taxes result from goodwill on consolidation.

(13) Other intangible assets *in EUR thousand*

	Brands	Customer lists	Other (purchase price allocation)	Software, licences and similar rights	Payments on account	Total
Acquisition costs						
Balance at 01.01.2013	26,897	85,327	23,634	30,898	1,669	168,425
Currency translation	−723	−1,871	−910	−828	−56	−4,388
Changes in scope of consolidation	0	0	0	0	0	0
Additions	0	0	0	1,673	3,015	4,688
Transfers	0	0	0	2,251	−2,251	0
Disposals	−783	−495	−1,360	−419	0	−3,057
Balance at 31.12.2013	**25,391**	**82,961**	**21,364**	**33,575**	**2,377**	**165,668**
Cumulative amortization and impairment						
Balance at 01.01.2013	1,198	37,796	10,945	26,825	0	76,764
Currency translation	−44	−1,589	−568	−806	0	−3,007
Additions	0	8,520	3,565	2,728	0	14,813
Reversal of impairment	−226	0	0	0	0	−226
Transfers	0	0	0		0	0
Disposals	−783	−495	−1,360	−413	0	−3,051
Balance at 31.12.2013	**145**	**44,232**	**12,582**	**28,334**	**0**	**85,293**
Net book values						
Balance at 31.12.2013	**25,246**	**38,729**	**8,782**	**5,241**	**2,377**	**80,375**

	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 amortization 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
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**

The additions to amortization and impairment included in the development of intangible assets were translated at average exchange rates as in the statement of income. The difference to the closing rate is included in Currency translation.

For details on the brands, customer lists and other intangible assets acquired in the previous year as a result of the acquisitions of GPA and Ratioform Holding GmbH, please refer to page 149 et seqq.

For information on impairment per IAS 36, please refer to page 108. Changes to the applied parameters (amortization methods, useful lives and net book values) were not required.

In the 2013 financial year, an addition of EUR 1,427 thousand was recognized in payments on account for a new BEG enterprise resource planning system that will be implemented in subsequent years.

As in the previous year, intangible assets were not subject to any restraints on disposal. The acquired brands are reported at their book value of EUR 25,246 thousand (EUR 25,699 thousand) as intangible assets with an indefinite life. These relate to the cash generating unit PSG in the amount of EUR 10,200 thousand (EUR 10,200 thousand), to the cash generating unit SPG in the amount of EUR 9,136 thousand (EUR 9,550 thousand) and to the cash generating unit OEG (America) in the amount of EUR 5,910 thousand (EUR 5,949 thousand). The important customer lists have a remaining useful life between 1 and 9 years.

Purchase commitments for intangible assets amount to EUR 82 thousand (EUR 518 thousand).

(14) Other assets

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

(15) Deferred taxes

Deferred tax on loss carry-forwards *in EUR thousand*

	2013	2012
Deferred tax on loss carry-forwards – gross	10,987	13,562
Allowance	–9,817	–11,939
Deferred tax on loss carry-forwards – net –	**1,170**	**1,623**

Expiration of impaired loss carry-forwards *in EUR thousand*

	up to 1 year	1 to 5 years	over 5 years	unlimited	Total
2013	4,645	13,739	12,515	8,897	39,796
2012	3,819	14,973	13,493	8,848	41,133

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

Deferred tax assets and liabilities *in EUR thousand*

	Assets		Liabilities	
	2013	2012	2013	2012
Property, plant and equipment and other intangible assets	5,243	5,071	24,404	26,434
Goodwill	0	712	59,190	54,034
Inventories	2,972	2,757	17	30
Trade receivables and other assets	2,406	3,592	880	670
Non-current provisions	6,541	6,517	0	440
Current provisions	1,149	1,549	129	60
Borrowings	11,468	12,036	103	145
Other liabilities	4,983	2,154	0	110
Market value of derivative financial instruments	168	889	41	73
Loss carry-forwards	1,170	1,623	0	0
Subtotal	**36,100**	**36,900**	**84,764**	**81,996**
Netting	–32,953	–31,847	–32,953	–31,847
Consolidated balance sheet	**3,147**	**5,053**	**51,811**	**50,149**

Deferred taxes of EUR 125 thousand (EUR 822 thousand) on the market value of derivative financial instruments classified as cash flow hedges as well as deferred taxes of EUR 3,481 thousand (EUR 3,495 thousand) on actuarial gains and losses for the evaluation of pension obligations were recorded with no effect on profit and loss.

Of the deferred tax assets in the amount of EUR 3,147 thousand (EUR 5,053 thousand), EUR 723 thousand (EUR 627 thousand) relate to companies which generated losses in the year under review or the previous year. The recognition of deferred tax assets is based on the positive results of the rolling five-year budget of the respective company and taking into account the future expectations as well as the specific development of business in the past.

In accordance with IAS 12, no deferred tax liabilities are reported for the retained earnings of subsidiaries. In the event of future dividend payouts, there would be a tax liability of EUR 2,944 thousand (EUR 3,105 thousand). 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 thousand*

	2013	2012
Raw materials and supplies	1,391	1,479
Work in progress	1,128	1,084
Finished goods and purchased merchandise	80,132	75,101
Payments on account	778	302
	83,429	**77,966**

An obsolescence reserve of EUR 9,183 thousand (EUR 9,997 thousand) has been made on finished goods and purchased merchandise, taking into consideration the expected sell-down period of the inventories. Intercompany profits of EUR 307 thousand (EUR 390 thousand) were eliminated in the inventories.

(17) Trade receivables

Development of allowances on trade receivables *in EUR thousand*

	2013	2012
Balance at 01.01.	4,202	4,196
Additions	212	579
Release	–1,361	–569
Currency translation and other changes	–38	–4
Balance at 31.12.	**3,015**	**4,202**

Additional information concerning the reconciliation from gross to net figures can also be found in section 4. Risk management and financial instruments (pages 137 et seqq.).

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

(18) Other receivables and assets *in EUR thousand*

	2013	2012
Market value of derivative financial instruments	514	844
Other tax receivables	3,301	3,546
Bonus claims against suppliers	10,436	8,268
Deferred expenses	6,042	5,493
Other	3,024	3,410
	23,317	**21,561**

A claim for reimbursement against the vendors in the amount of EUR 739 thousand (EUR 766 thousand) that was acquired as part of the purchase of the Ratioform group is included under Other. The corresponding liability is shown under current provisions in the same amount.

(19) Cash and cash equivalents *in EUR thousand*

	2013	2012
Cheques, cash balances	120	290
Bank balances	5,737	5,655
	5,857	**5,945**

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

(20) Total equity

The consolidated statement of changes in total equity can be found on page 95. The fully paid-in share capital of TAKKT AG amounts to EUR 65,610,331 (EUR 65,610,331) and is divided into 65,610,331 (65,610,331) no-par-value bearer shares with a nominal value of EUR 1.00. The Shareholders´ Meeting authorized the Management and Supervisory Boards on May 04, 2010 to purchase own shares. No use was made of this right in 2013. In accordance with the resolution of the Shareholders´ Meeting amending the statutes on May 6, 2009, the Management Board is authorized until October 29, 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 85 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 thousand*

	Pension provisions	Derivative financial instruments	Deferred tax	Foreign currency reserves	Total
Balance at 01.01.2012	**0**	**–1,406**	**615**	**–16,804**	**–17,595**
Changes in accounting and valuation principles	–4,160	0	1,100	0	–3,060
Balance at 01.01.2012 after adjustments	**–4,160**	**–1,406**	**1,715**	**–16,804**	**–20,655**
Changes in the scope of consolidation	0	0	0	0	0
Other comprehensive income	–7,975	–759	2,602	313	–5,819
thereof currency translation effects	0	16	–16	313	313
Balance at 31.12.2012 / 01.01.2013	**–12,135**	**–2,165**	**4,317**	**–16,491**	**–26,474**
Changes in the scope of consolidation	0	0	0	0	0
Other comprehensive income	75	1,816	–711	–3,898	–2,718
thereof currency translation effects	0	15	–32	–3,898	–3,915
Balance at 31.12.2013	**–12,060**	**–349**	**3,606**	**–20,389**	**–29,192**

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 together with the Supervisory Board proposes to pay a dividend of EUR 20,995 thousand (EUR 20,995 thousand) for the 2013 financial year. The 65.6 million no-par-value bearer shares will therefore correspond to a total dividend per share of EUR 0.32 (EUR 0.32).

(21) Non-current and current borrowings *in EUR thousand*

	Remaining term			
	up to 1 year	1 to 5 years	over 5 years	**31.12.2013**
Liabilities to banks	19,648	36,981	40,993	97,622
Promissory notes	0	139,664	0	139,664
Finance leases	1,922	8,492	26,941	37,355
Finance liabilities to affiliated companies	3,171	0	0	3,171
Other	1,030	0	0	1,030
	25,771	**185,137**	**67,934**	**278,842**
thereof long-term (maturity > 1 year)				253,071

	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
Promissory notes	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

The remaining terms of the liabilities to banks are equivalent to the terms of the respective utilized financing commitments. Additionally, TAKKT has unused credit lines amounting to EUR 153.7 million (EUR 109.4 million). The liabilities to banks are unsecured. Liabilities under finance lease contracts refer to the central warehouse in Kamp-Lintfort and the three rental properties of Ratioform Verpackungen GmbH in Pliening as well as a racking system.

A schedule of liabilities to affiliated companies can be found in related-party transactions on page 154.

Development of non-current and current borrowings *in EUR thousand*

	01.01.2013	Currency translation	Changes in scope of consolidation	Other changes	Additions	Repayments	**31.12.2013**
Liabilities to banks	141,840	–4,730	0	0	77,672	–117,160	97,622
Promissory notes	139,526	0	0	138	0	0	139,664
Finance leases	39,204	0	0	0	0	–1,849	37,355
Finance liabilities to affiliated companies	8,716	–17	0	0	0	–5,528	3,171
Other	1,580	0	0	–85	0	–465	1,030
	330,866	**–4,747**	**0**	**53**	**77,672**	**–125,002**	**278,842**

	01.01.2012	Currency translation	Changes in scope of con-solidation	Other changes	Additions	Repayments	31.12.2012
Liabilities to banks	77,573	−1,480	33,553	0	333,594	−301,400	141,840
Promissory notes	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**

Average net borrowings for the financial year amounted to EUR 302,418 thousand (EUR 205,886 thousand). Debt was weighted by months and converted using the average exchange rates as used in the statement of income.

Promissory notes of EUR 140,000 thousand were issued in the fourth quarter of 2012. The notes were divided into four tranches. The tranches had 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 served to refinance a short-term acquisition credit line in connection with the acquisition of the Ratioform group.

At the reporting date, Other includes the EVA® certificates issued to TAKKT Group executives.

Due to netting agreements within the clearing agreements for intercompany clearing accounts with Haniel Finance Deutschland GmbH, Duisburg, and Haniel Finance B.V. Venlo/The Netherlands, receivables from affiliated companies of EUR 5,744 thousand (EUR 0 thousand) were offset against financial liabilities to affiliated companies of EUR 8,915 thousand (EUR 8,716 thousand) in accordance with IAS 32.

Borrowings by currency and interest rate hedges *in EUR thousand*

	31.12.2013	Portion of total liabilities *(in percent)*	Weighted remaining term *(in years)*	Average interest rate *(in percent)*
USD liabilities	**88,929**	**31.9**		
– Borrowings	88,929	31.9	3.0	3.3
– Other	0	0.0	n/a	n/a
EUR liabilities	**189,577**	**68.0**		
– Borrowings	8,456	3.0	3.0	1.9
– Promissory notes	139,664	50.1	2.4	3.0
– Finance leases (fixed interest rate)	37,355	13.4	8.8	4.9
– Other	4,102	1.5	n/a	n/a
Liabilities other currencies	**336**	**0.1**	**n/a**	**n/a**
	278,842	**100.0**	**n/a**	**n/a**
thereof hedged	220,526	79.1		

	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	2.8	3.5
– Other	19	0.0	n/a	n/a
EUR liabilities	**221,727**	**67.0**		
– Borrowings	32,720	9.9	2.8	2.2
– Promissory notes	139,526	42.2	3.4	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		

The calculation of the weighted average remaining term of borrowings is based on the used and unused credit lines as of the balance sheet date.

Additional information on interest rate hedges can be found on pages 145 et seq.

(22) Other non-current liabilities

Other non-current liabilities consist exclusively of purchase price liabilities amounting to EUR 52,338 thousand (EUR 48,246 thousand). These include contingent considerations of EUR 116 thousand (EUR 13,965 thousand). Additional information can be found on page 152.

(23) Non-current provisions *in EUR thousand*

	2013	2012
Pension provisions	36,176	34,323
Personnel provisions	5,274	5,062
Other provisions	1,325	1,275
	42,775	**40,660**

Personnel provisions mainly comprise obligations for early retirement part-time working arrangements amounting to EUR 974 thousand (EUR 1,340 thousand) as well as obligations for the long-term performance cash plans of the Management Board of EUR 3,315 thousand (EUR 2,531 thousand). The change in personnel and other provisions consists of a utilization of EUR 1,458 thousand (EUR 603 thousand), a release of EUR 62 thousand (EUR 437 thousand), an addition of EUR 1,782 thousand (EUR 2,019 thousand) as well as additions from changes in the scope of consolidation amounting to EUR 161 thousand in prior year. Pension provisions acquired within the company acquisitions in the 2012 financial year amount to EUR 402 thousand. Furthermore in 2012, assumed obligations from working-time accounts amounting to EUR 593 thousand were offset with the corresponding pension plan reinsurance in the same amount.

Provisions for pensions and similar obligations

For many employees of the TAKKT Group, different pension committments are in place depending on the legal, economic and tax situation of the particular country, which usually take the length of service as well as salary or final salary of the employee into consideration. These include defined benefit as well as defined contribution pension plans that cover retirement, disability and surviving dependents. The pension obligations include obligations from current pensions as well as the present value of obligations for pensions payable in the future.

The key defined benefit pension plans that apply to the TAKKT Group relate to German companies and are in place for the Management Board, executives and other employees. The resulting obligation is financed exclusively through provisions.

The Management Board Members are provided with a pension committment with annual contributions amounting to 10 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 performance-related bonus corresponds to a target achievement of 100 percent. An interest rate of 6 percent per year is guaranteed for contributions until pension payments begin. 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.

For certain executives, pension commitments are in place that cover retirement pension upon reaching the age of 65, disability and widow's/widower's pension. The annual contribution to the pension plan is 8 percent of the annual fixed income of the respective executive. The German Accounting Law Reform Act (BilMoG) reference interest rate of the German Federal Bank is used for the annual interest yield of the defined benefit component. Payments may be made annuitized or paid out as a lump sum as agreed upon. Pension payments are still being made to former executives based on a plan that has been discontinued.

For many of the other employees of the German Group companies, there is a pension plan in place that regulates retirement pension upon reaching the age of 65, disability as well as widow's/widower's and orphan's pension. Depending on the completed years of service and the average remuneration of the last three work years subject to pension contributions and in accordance with the current valid works agreement, monthly fixed amounts in euros for each year of service will become due at the time of pension payout. In addition, specific employees have the option of converting salary into pension contributions. These amounts, which are referred to as deferred compensation, are converted into benefit components and paid out as pension benefits.

In addition, there are five other individual commitments, in particular, to former owners of acquired affiliates. Pension payments related to the majority of these other individual commitments are already being made.

In Switzerland, pension comittments exist for employees and executives, that are financed by contributions from employees and the employer. Contributions vary depending on salary and age. Obligations from fully funded plans were recognised for the first time as present value of the obligation and plan asset with a shortfall due to actuarial gains and losses and were developed for the consolidated financial statements 2013 with an amount of EUR 1,265 thousand since January 01, 2012.

In one Dutch company, there is a pension plan in place for 11 (14) employees that covers retirement pension after the age of 65 as well as disability and widow's/widower's pension. The amount of the pension is based on the employee's remuneration less the state pension plan. These pension commitments are financed through contributions paid to an insurance company. Plan assets created in this process solely involve qualifying insurance policies. With effect on January 01, 2011, the underlying plan was discontinued. Claims arising afterwards are covered by a defined contribution plan.

The value of the pension provisions reported in the balance sheet is derived as follows:

Development of pension provisions *in EUR thousand*

	2013	2012
Present value of funded obligations	9,621	10,188
Present value of unfunded obligations	34,168	32,511
Total present value of obligations	**43,789**	**42,699**
Fair value of plan assets	–7,613	–8,376
Pension provision at 31.12.	**36,176**	**34,323**

For German companies, the following parameters are applied for the calculation of the present value of obligations:

Parameters *in percent*

	2013	2012
Actuarial interest rate	3.70	3.70
Salary trend	2.75	2.75
Pension trend	1.90	1.90

The actuarial interest rate is based on high-quality fixed-rate corporate bonds with an agency rating of at least AA. In 2012, 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 weighted duration of the pension provisions as of December 31, 2013 is 19.0 (18.8) years.

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

The change in pension provisions in the reporting period was as follows:

Development of pension provisions in the 2013 financial year *in EUR thousand*

	Present value of obligation	Fair value of plan assets	Pension provisions
Balance at 01.01.2013	**42,699**	**8,376**	**34,323**
Current service cost	1,954	0	1,954
Net interest expense	1,464	196	1,268
Past service costs and gains and losses on settlements	–362	0	–362
Return on plan asstes	0	0	0
Actuarial gains (-)/losses (+) arising from changes in demographic assumptions	10	0	10
Actuarial gains (-)/losses (+) arising from changes in financial assumptions	409	0	409
Experience gains/losses	–377	117	–494
Remeasurements of the pension provisions	**42**	**117**	**–75**
Effect of changes in foreign exchange rates	0		
Transfer of obligation	–500	–555	55
Changes in scope of consolidation	0	0	0
Contributions of plan participants	224	224	0
Contributions of employer	0	308	–308
Benefit payments	–1,732	–1,053	–679
Balance at 31.12.2013	**43,789**	**7,613**	**36,176**

Development of pension provisions in the 2012 financial year *in EUR thousand*

	Present value of obligation	Fair value of plan assets	Pension provisions
Balance at 01.01.2012	**32,009**	**7,885**	**24,124**
Current service cost	1,451	0	1,451
Net interest expense	1,454	210	1,244
Past service costs and gains and losses on settlements	0	0	0
Return on plan asstes	0	0	0
Actuarial gains (-)/losses (+) arising from changes in demographic assumptions	33	0	33
Actuarial gains (-)/losses (+) arising from changes in financial assumptions	8,124	0	8,124
Experience gains/losses	257	439	–182
Remeasurements of the pension provisions	**8,414**	**439**	**7,975**
Effect of changes in foreign exchange rates	–109	–107	–2
Transfer of obligation	15	0	15
Changes in scope of consolidation	402	0	402
Contributions of plan participants	175	175	0
Contributions of employer	0	261	–261
Benefit payments	–1,112	–487	–625
Balance at 31.12.2012	**42,699**	**8,376**	**34,323**

The plan assets do not include any of the Group's financial instruments or assets used by the Group, but rather consist entirely of qualified insurance policies. Employer contributions to plan assets are expected to come to EUR 301 thousand in 2014.

The following amounts were recognized in the statement of income in the reporting period:

Presentation in the statement of income *in EUR thousand*

	2013	2012
Personnel expenses		
Current service costs	1,954	1,451
Past service costs	28	0
Gains (-)/Losses (+) from plan curtailments and settlements	–390	0
Finance expense		
Net interest	1,268	1,244

The following table shows the effect of the change of a significant actuarial assumption on the present value of the defined benefit obligations. All other assumptions regarding the original calculation remain unchanged, i. e., possible interactions between the individual assumptions are not taken into account. The calculations were carried out by experts according to actuarial principles.

Sensitivity analysis of present value of obligation *in EUR thousand*

	2013
Actuarial interest rate	
Increase of 0.5 %	40,177
Decrease of 0.5 %	47,931
Salary trend	
Increase of 0.5 %	45,212
Decrease of 0.5 %	42,485
Pension trend	
Increase of 0.5 %	44,547
Decrease of 0.5 %	43,089
Mortality / Life expectancy	
Increase of 1 year	44,698
Decrease of 1 year	42,866

The following table shows the expected future pension benefit payments:

Expected payment dates of pension benefits *in EUR thousand*

	2014	2015–2018	2019–2023
Expected Payments	936	4,445	7,055

The risks associated with the defined benefit obligations relate to actuarial risks such as longevity as well as financial risks such as market price risks which influence the actuarial interest rate or inflation risks which could have an effect on the development of salary and pension trend. There is no intention to hedge these risks.

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 7,865 thousand (EUR 7,142 thousand) during the reporting period. 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. Employer contributions are limited to 5.0 (2.5) percent of the employee's salary. The companies cannot derive any claims from their contribution payments; accordingly there are no plan assets to be capitalized by these companies. Expenses for defined contribution plans amounted to EUR 1,734 thousand (EUR 1,728 thousand) 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 thousand*

	2013	2012
Customer payments on account	4,239	3,837
Market value of derivative financial instruments	719	2,521
Uninvoiced goods and services	10,484	11,185
Other tax payables	7,412	7,300
Personnel liabilities	4,257	4,626
Accrued interest	750	802
Social security contributions	1,065	1,028
Bonus liabilities to customers	1,921	1,947
Audit fees	1,020	1,023
Deferred income	910	965
Other	9,140	10,522
	41,917	**45,756**

In December 2013 management board abandoned the contract including the option to expand the central warehouse in Kamp-Lintfort. As a result a payment of compensation amounting to EUR 2,034 thousand was due in January 2014. The relating liability is recognized in the position Other.

(26) Current provisions

Development of current provisions *in EUR thousand*

	01.01.2013	Currency translation	Changes in scope of consolidation	Usage	Transfers	Release	Additions	31.12.2013
Staff bonuses	8,410	–274	0	–7,424	0	–1,019	6,830	6,523
Other Personnel obligations	1,106	–5	0	–743	0	–213	127	272
Customer credit notes	1,537	–58	0	–1,479	0	0	1,333	1,333
Restructuring cost	0	0	0	0	0	0	6,246	6,246
Other	5,470	–15	0	–295	0	–1,056	372	4,476
	16,523	**–352**	**0**	**–9,941**	**0**	**–2,288**	**14,908**	**18,850**

	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
Other 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**

The release and additions to provisions are converted at average exchange rates as in the statement of income. The difference to the closing rate is included in currency translation. Other provisions include provisions for lawsuits amounting to EUR 739 thousand (EUR 766 thousand). 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.

In the course of closing down operations of the Topdeq group, provisions for restructuring amounting to EUR 6,246 thousand were recognized. These comprise severance payments amounting to EUR 3,496 thousand, expenses from rental obligations amounting to EUR 2,100 thousand as well as termination obligations amounting to EUR 494 thousand and other expenses amounting to EUR 156 thousand.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

In the risk report contained in the Group management report on pages 70 et seqq., TAKKT details the possible financial risks that pose a threat to the success of the TAKKT Group as well as its 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. With this strategy, the risk management system supports the Group's financial performance.

Financial instruments held by TAKKT are classified according to the following IAS 39 categories:

I. Financial assets or liabilities at fair value through profit and loss

II. Loans and receivables (at amortized cost)

III. Financial liabilities measured at amortized cost

Financial instrument categories as of December 31, 2013 *in EUR thousand*

	Financial instrument category			No IAS 39 category	Reconciliation to balance sheet	Balance sheet item total
	I.	II.	III.			
Non-current assets						
Other assets	0	557	0	0	82	639
Current assets						
Trade receivables	0	86,349	0	0	0	86,349
Other receivables and assets	332	13,460	0	182	9,343	23,317
Cash and cash equivalents	0	5,857	0	0	0	5,857
Assets	**332**	**106,223**	**0**			
Non-current liabilities						
Borrowings	0	0	217,638	35,433	0	253,071
Other liabilities	0	0	52,222	116	0	52,338
Current liabilities						
Borrowings	0	0	23,849	1,922	0	25,771
Trade payables	0	0	26,631	0	0	26,631
Other liabilities	136	0	5,597	701	35,483	41,917
Liabilities	**136**	**0**	**325,937**			

Financial instrument categories as of December 31, 2012 *in EUR thousand*

	Financial instrument category			No IAS 39 category	Reconciliation to balance sheet	Balance sheet item total
	I.	II.	III.			
Non-current assets						
Other assets	0	560	0	0	105	665
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
Assets	**547**	**105,266**	**0**			
Non-current liabilities						
Borrowings	0	0	264,278	37,355	0	301,633
Other liabilities	0	0	34,281	13,965	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
Liabilities	**22**	**0**	**361,599**			

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

The column ‘No IAS 39 category’ includes derivatives with a positive fair value of EUR 182 thousand (EUR 297 thousand) and a negative fair value of EUR 583 thousand (EUR 2,499 thousand), finance lease liabilities with a book value of EUR 37,355 thousand (EUR 39,204 thousand) and contingent considerations at a fair value of EUR 234 thousand (EUR 14,084 thousand).

In the year under review, no reclassifications were made between the individual levels.

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 consideration that relates to level 3 can be found on page 152. A definition of the levels can be found on page 110.

The book values of all financial instruments not carried at fair value in the balance sheet represent appropriate approximate values for fair value as of the closing date of the reporting period. Significant deviations between book values and fair values could arise with regard to the liabilities under finance lease contracts and the fixed-interest tranches of promissory notes. The disclosures for these financial liabilities as of the closing date are as follows:

Borrowings by book values and fair value *in EUR thousand*

	Book Value 31.12.2013	Fair Value 31.12.2013	Book Value 31.12.2012	Fair Value 31.12.2012
Finance leases	37,355	36,643	39,204	39,576
Promissory notes and relating accrued interests	140,421	140,420	140,303	140,646
	177,776	**177,063**	**179,507**	**180,222**

In these cases, fair value is determined using the same method as for assets and liabilities that are measured at fair value on a recurring basis.

The net result of the financial instrument categories recognized in the income statement is broken down as follows:

Net result of the financial instruments categories *in EUR thousand*

	From interest	At fair value	Currency translation	Valuation allowance	2013
Financial assets or liabilities at fair value through profit and loss	0	–329	0	0	–329
Loans and receivables	47	0	–1,081	–408	–1,442
Financial liabilities measured at amortised cost	–8,095	0	629	0	–7,466
	–8,048	**–329**	**–452**	**–408**	**–9,237**

	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	–6,850	0	–917	0	–7,767
	–6,728	**896**	**–187**	**–1,060**	**–7,079**

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 described in the risk report on pages 73 et seq., there is no exceptional concentration of risk in the operating business. Due to consistent creditworthiness assessments prior to transactions as well as stringent collection systems, write-offs on trade receivables of less than 0.2 (0.2) percent of turnover are very low in the financial year. Risks of write-offs are accounted for by creating allowances.

Trade receivables *in EUR thousand*

	01.01.2013	Currency translation	Changes in scope of consolidation	Other changes	31.12.2013
Nominal value of receivables	91,284	–1,822	0	–98	89,364
Valuation allowances	–4,202	38	0	1,149	–3,015
Book value of receivables	**87,082**	**–1,784**	**0**	**1,051**	**86,349**

	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**

The credit risk from derivative financial instruments consists in the risk of default of a contractual partner and therefore in the maximum amount of the recognized positive fair values less the negative fair 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 from derivative financial liabilities and assets at December 31, 2013. There were no financial guarantees. Foreign currency amounts were translated into the reporting currency euro at the respective closing rate at the reporting date.

Maturity analysis as of December 31, 2013 *in EUR thousand*

	Cash flow 2014	Cash flow 2015	Cash flow 2016 – 2018	Cash flow 2019 – 2023	Cash flow 2024 et seqq.
Original financial liabilities					
Liabilities to banks	–28,534	–37,438	–1,303	–41,032	0
Promissory notes	–3,831	–100,331	–46,281	0	0
Finance leases	–3,706	–3,706	–11,120	–22,696	–14,553
Finance liabilities to affiliated companies	–3,171	0	0	0	0
Trade payables	–26,631	0	0	0	0
Other liabilities	–5,997	–54,094	0	0	0
Derivative financial receivables					
Outgoing payments	–33,697	0	0	0	0
Connected incoming payments	34,170	0	0	0	0
Derivative financial liabilities					
Outgoing payments	–46,081	–511	–204	0	0
Connected incoming payments	45,269	114	0	0	0

Maturity analysis as of December 31, 2012 *in EUR thousand*

	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
Promissory notes	–3,872	–3,837	–146,613	0	0
Finance leases	–3,706	–3,706	–11,120	–19,858	–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

TAKKT has considerable unused short- and long-term credit lines with a number of German and international banks amounting to EUR 153.7 million (EUR 109.4 million). 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 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 of up to two (three) years. No netting of currency derivatives was undertaken.

Currency hedging *in EUR thousand*

	Nominal value		Market value	
	2013	2012	**2013**	2012
Assets				
Currency derivatives designated as cash flow hedges	11,044	28,438	182	297
Currency derivatives without hedge accounting	22,110	30,014	332	547
Liabilities				
Currency derivatives designated as cash flow hedges	22,831	7,348	–72	–89
Currency derivatives without hedge accounting	22,732	22,323	–136	–22
	78,717	**88,123**	**306**	**733**

CURRENCY DERIVATIVES DESIGNATED AS CASH FLOW HEDGES

TAKKT is exposed to currency risks because a limited volume of purchases and sales of products and services (less than ten percent of consolidated turnover) is in different currencies. Around 70 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 equity-related sensitivity calculations.

In the 2013 financial year, gains after deferred taxes totaling EUR 70 thousand (EUR 145 thousand) resulting from changes in the fair values of foreign exchange derivatives were recorded in other comprehensive income without affecting profit. These changes in valuation represent the effective part of the hedge relationship. In addition, gains of EUR 145 thousand (EUR 713 thousand) recorded in equity were transferred to the statement of income (under Other operating expenses). With payments that take place within the next twelve months, TAKKT expects that gains recorded in equity amounting to EUR 70 after deferred taxes will be transferred to the statement of income.

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

Underlying currency derivative transactions *in EUR thousand*

	2013		2012	
	Cash flow 2014	Cash flow 2015 et seqq.	Cash flow 2013	Cash flow 2014 et seqq.
CAD	9,080	0	6,642	0
CHF	14,816	0	16,938	0
CZK	160	0	468	0
DKK	0	0	538	0
GBP	2,094	0	2,444	0
HUF	1,539	0	1,524	0
JPY	0	0	101	0
MXN	168	0	532	0
NOK	1,720	0	2,161	0
PLN	424	0	314	0
RON	446	0	386	0
RUB	0	0	509	0
SEK	2,934	0	2,978	0
TRY	494	0	250	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 profit through changes in market value of 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 on equity at the reporting date. Other exchange rate fluctuations have no material effect on profit or equity. Influences on the balance sheet and statement of income resulting from the translation of separate financial statements into the reporting currency euro (known as translation risks) are not included.

Sensitivity analysis for currency fluctuations *in EUR thousand*

31.12.2013	Increase/decrease	Effect on profit before tax	Effect on equity without impact on profits
EUR/CHF	+10 %	0	+1,482
EUR/CHF	−10 %	0	−1,482

31.12.2012	Increase/decrease	Effect on profit before tax	Effect on equity without impact on profits
EUR/CHF	+10 %	0	+ 1.673
EUR/CHF	−10 %	0	−1,673

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 thousand*

	Nominal value		Market value	
	2013	2012	**2013**	2012
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	121,007	153,292	−511	−2,410
Interest rate derivatives without hedge accounting	0	0	0	0
	121,007	**153,292**	**−511**	**−2,410**

To hedge future interest payments for the US dollar debt subject to a floating interest rate, TAKKT classified interest rate swaps with a nominal volume of USD 20,000 thousand with a maturity date of June 30, 2014 and a nominal volume of USD 40,000 thousand with a maturity date of June 30, 2016 as cash flow hedges. In the previous year, the nominal volume was USD 60,000 thousand with a maturity date of June 30, 2014 and USD 40,000 thousand with a maturity date of June 30, 2016. Due to the quick debt repayment in the year under review, US dollar interest rate swaps with a nominal value of USD 40,000 thousand were sold.

The EUR debt subject to floating interest rates is also interest hedged by TAKKT. The two tranches of promissory notes issued in October 2012 with variable interest rates were hedged with interest rate swap contracts with a nominal volume of EUR 67,500 thousand with a maturity date of October 19, 2015 and EUR 10,000 thousand with a maturity date of October 19, 2017. Both interest rate swaps existed unchanged to previous year.

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 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 equity and profit-related sensitivity calculations.

In 2013, losses of EUR 94 thousand (EUR 748 thousand) after deferred taxes resulting from the change of fair values were recorded in equity without an effect on profits. Losses after deferred taxes recorded in equity amounting to EUR 1,304 thousand (EUR 764 thousand) were transferred to the statement of income (Finance expenses). These amounts represent the change in valuation of the effective part of the hedge relationship. As in the previous year, there has been no material ineffectiveness.

UNDERLYING INTEREST RATE DERIVATIVE TRANSACTIONS

The TAKKT Group is financed by means of long-term bilateral credit lines, which are usually made use of on a revolving basis with a short-term fixed-rate period and include promissory notes 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 60 and 80 percent of the financing volume.

The table below shows the reporting periods in which the cash flows hedged as of December 31, 2013 are expected to occur. The anticipated hedged interest outpayments are the result of floating-rate US dollar liabilities with a nominal volume USD 60,000 thousand (USD 100,000 thousand) and of floating-rate EUR liabilities with a nominal volume of EUR 77,500 thousand (EUR 77,500 thousand).

Underlying interest rate derivative transactions 2013 *in thousand USD/thousand EUR*

	Cash flow 2014	Cash flow 2015	Cash flow 2016–2018	Cash flow 2019–2023	Cash flow 2024...
USD	134	98	49	0	0
EUR	285	304	79	0	0

Underlying interest rate derivative transactions 2012 *in thousand USD/thousand EUR*

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

Other financial instruments

Floating rate financial instruments are included in the profit-related sensitivity calculation because interest rate changes affect the financial result.

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

The following table lists the sensitivity of the profit before tax and 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 thousand*

31.12.2013	Increase/ decrease in basis points	Effect on profit before tax	Effect on equity without impact on profits
EUR	+100/–100	-68/+67	+1.273/–1.323
USD	+100/–100	-405/+405	+623/–648

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

5. OTHER NOTES

CONTINGENT LIABILITIES AND RECEIVABLES

Material contingent liabilities and receivables do not exist any more. In prior year, contingent liabilities for a payment of compensation between EUR 2,034 thousand and EUR 2,484 thousand existed. The payment was dependent on the the date of a possible declaration of non-execution relating to the contract on the option to expand the central warehouse in Kamp-Lintfort.

CAPITAL MANAGEMENT

The overriding goal of the TAKKT Group's capital management is to optimize and maintain a solid capital structure in order to secure the necessary flexibility and scope for value-adding investments. Total equity and net borrowings constitute the basic values for the capital management. In principle, the instruments available for capital management include dividend payments and measures relating to equity and debt financing. TAKKT is not subject to any external minimum capital requirements.

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's total equity ratio target is 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 ratio, another index for the company's financial stability, the aim is a figure above four. The Management Board is regularly informed of the development of these key figures.

Internal covenants *in EUR thousand*

	2013	2012
Total equity	332,481	303,702
/ Total assets	851,767	874,491
Total equity ratio	**39.0**	**34.7**
Borrowings	278,842	330,866
./. Cash and cash equivalents	5,857	5,945
Net borrowings	272,985	324,921
/ Total equity	332,481	303,702
Debt equity ratio (gearing)	**0.8**	**1.1**
Average net borrowings	302,418	205,886
/ TAKKT cash flow	83,400	92,670
Debt repayment period	**3.6**	**2.2**
EBITA	95,834	111,562
/ Net interest expense (= Finance expenses less Interest and similar income)	15,046	11,712
Interest cover ratio	**6.4**	**9.5**

Steering the results of the individual Group companies at TAKKT Group is conducted through a system of financial key management figures. In this context, the EBITDA margin with a long-term target corridor of 12 and 15 percent serves as benchmark for the short-term operating profitability; and the TAKKT value added, for which a positive value is sought, serves as benchmark for the long-term value-based controlling. For more details on value-based corporate management, please refer to sections management system and company performance on pages 44 et seqq. and pages 67 et seq. of the annual report.

ACQUISITION OF SUBSIDIARIES IN THE PREVIOUS YEAR

George Patton Associates, Inc. (GPA)

With effect from April 01, 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 USD 52 million with websites for different industries as well as an EBITDA margin of around 20 percent. This makes GPA the leading B2B mail order business specialist in the USA for displays. About 80 percent of its turnover is generated via the internet.

A purchase price to be paid in two installments was agreed for 100 percent of the shares and voting rights in GPA. The purchase price paid at the beginning of the second quarter of 2012 amounted to USD 50.8 million. A further purchase price payment has been agreed for early 2015. The minimum amount of this payment was USD 47.7 million. An additional potential variable purchase price component depended on whether the turnover goals 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 expected were recognized at the time of first-time consolidation under Other non-current liabilities with its discounted value of USD 57.0 million. Prior years part of the purchase price payment that was shown as contingent consideration amounting to EUR 13.7 million has to be classified as uncontingent consideration as of December 2013 due to an adjustment of contract. The change of the purchase price liability is shown on page 152.

This transaction was structured as an asset deal. The following fair values of the identifiable assets and liabilities were recognized 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 in 2012 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
Domain names	6.7	10
Catalog/Online content	1.7	5
Customer and supplier relationships	1.5	3–5
Others	1.3	3–5
	11.2	

No contingent liability was recognized. Goodwill in the amount of EUR 63.9 million, representing the excess of the considerations transferred in the amount of EUR 80.7 million (USD 107.8 million) over the fair values of the acquired individually identifiable and measurable assets, was capitalized and reflects different factors. The most important of these are the assembled workforce, employee knowledge and the strengthening of TAKKT Group's strategic position in North America. The goodwill and the individually identifiable intangible assets are fully tax deductible in principle. The component of goodwill resulting from the second purchase price payment in early 2015 will only have a tax effect from that date on.

The fair value of the receivables acquired in the 2012 financial year was EUR 1.5 million. This included trade receivables with a gross and net value of EUR 0.7 million.

Following the transfer of control in the second quarter of 2012, GPA contributed turnover of EUR 36.4 million and a negative profit of EUR 0.5 million to the Group's statement of income in the 2012 financial year. If the transaction had already been completed by January 01, 2012, GPA would have contributed turnover of EUR 48.9 million in 2012 as well as a negative profit for the period of EUR 0.1 million.

Incidental acquisition costs of EUR 0.3 million incurred as a result of the transaction were recognized under Other operating expenses in the 2012 financial year and reduced profit.

Ratioform Holding GmbH

With effect from July 01, 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. Ratioform generates around 75 percent of its turnover in this area. Ratioform also operates in five other European countries. One of the important growth drivers for the rising demand for transport packaging is the increasing significance of e-commerce. This acquisition will also be a long-term supplement to TAKKT Group's portfolio.

In addition to 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 6,000 (5,500) products in the areas of warehousing and shipping, 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 following fair values of the identifiable assets and liabilities were recognized 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
Catalog / Online content	1.3	5
Others	1.3	3 – 5
	54.9	

No contingent liability was recognized. 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 recognized 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 in the 2012 financial year was EUR 9.5 million. These basically consisted 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 statement of income in the 2012 financial year. If the transaction had already been completed by January 01, 2012, Ratioform would have contributed turnover of EUR 85.0 million in 2012 as well as a profit of EUR 3.0 million.

Incidental acquisition costs of EUR 0.5 million incurred as a result of the transaction were recognized under other operating expenses in 2012 and resulted in a lower profit.

CHANGES IN CONTINGENT CONSIDERATIONS *in EUR thousand*

	2013	2012
Balance at 01.01.	**14.1**	**0.5**
Additions	0.0	10.3
Disposals	18.2	0.1
Currency translation	–0.8	0.0
Accrued interest	1.5	0.6
Revaluation	3.6	2.8
Balance at 31.12.	**0.2**	**14.1**

The purchase price due in spring of 2015 for GPA, acquired on April 01, 2012, included an uncontingent and a contingent part until the end of the year under review. The contingent part depended on the achievement of turnover targets for 2014. Since the company's development significantly exceeded expectations, an increased payment compared to the date of first-time consolidation was assumed. For that reason, expenses of EUR EUR 3,626 thousand (EUR 2,806 thousand) from the adjustment of the purchase price liability affecting net income were recognized in accordance with IFRS 3. Due to a contract adjustment with the previous owners of GPA at the end of the year 2013, the contingent consideration had to be shown as disposal. Now, the purchase price liability for GPA amounting to EUR 52,222 thousand completely includes that obligation.

An amount of EUR 118 thousand (EUR 120 thousand) relating to contingent considerations is payable within one year.

ASSETS HELD FOR SALE

In the previous year, an office and warehouse building was acquired in the TAKKT AMERICA division upon expiration of its lease, was sold to an investor subsequently and leased back again. In the context of the sale in 2012, a profit of EUR 9 thousand was recognized in the statement of income.

SUBSEQUENT EVENTS

There were no significant events which had any meaningful impact on the net assets, financial position and results of operations after the reporting date.

LEASING AND OTHER FINANCIAL OBLIGATIONS 2013 *in EUR thousand*

	up to 1 year	1 to 5 years	over 5 years	Total
Finance leases				
Minimum lease payments	3,706	14,826	37,249	55,781
Discounting	–1,784	–6,334	–10,308	–18,426
Present value	**1,922**	**8,492**	**26,941**	**37,355**
Operating leases				
Minimum lease payments	10,317	27,511	8,622	46,450

LEASING AND OTHER FINANCIAL OBLIGATIONS 2012 *in EUR thousand*

	up to 1 year	1 to 5 years	over 5 years	Total
Finance leases				
Minimum lease payments	3,706	14,826	40,957	59,489
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

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, the executives of the TAKKT Group had the option of subscribing 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. In addition to 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 the TAKKT Group amounting to EUR 1,030 thousand (EUR 1,580 thousand) are disclosed as Other under Borrowings. A gain of EUR 85 thousand (loss: EUR 35 thousand) 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 2013. In total, 19,575 (19,605) shares were acquired by 445 (410) employees. This corresponds to a participation of 41.2 (52.1) percent of all eligible persons. The shares were bought at an average market price of EUR 10.33 (EUR 8.90) and sold to the employees at an average market price of EUR 7.28 (EUR 6.08). This resulted in a total expense of EUR 60 thousand (EUR 63 thousand).

GERMAN CORPORATE GOVERNANCE CODE

The declaration on the recommendations made by the Government Commission of the German Corporate Governance Code required under section 161 AktG was issued as of December 31, 2013 and made available to the shareholders on the web site of TAKKT AG (see page 86 in this annual report).

INFORMATION ON DIRECTORS' DEALINGS

According to section 15a (Directors' Dealings) of the German Securities Trading Act (WpHG), persons who perform management functions at a company that is an issuer of shares as well as natural and legal persons closely related to that person must notify both the issuer and the Federal Financial Supervisory Authority (BaFin) of their own dealings involving the issuer's shares or related financial instruments, especially derivatives, if they exceed the amount of EUR 5 thousand within a calendar year.

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

RELATED PARTY DISCLOSURES

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, associated companies, Management and Supervisory Board members). Related-party transactions mainly relate to the cash management system, ongoing delivery and settlement transactions and service contracts. By participating in Haniel Group's cash management system, TAKKT Group benefits from potential economies of scale. All transactions with related parties are contractually agreed and performed on terms that are customary for transactions with third parties.

Related-party transactions *in EUR thousand*

	Franz Haniel & Cie. GmbH/service companies		Divisions of Haniel Group		Associated companies of Haniel Group/Others		Total	
	2013	2012	2013	2012	2013	2012	**2013**	2012
Turnover/Other income	11	23	375	381	324	321	710	725
Other expenses	600	572	47	39	0	0	647	611
Finance expenses	205	212	0	0	0	0	205	212
Receivables	0	524	40	30	2	3	42	557
Payables	3,171	8,735	3	6	0	0	3,174	8,741
Other financial obligations	693	849	0	0	0	0	693	849

Disclosures concerning remuneration of the Management Board and Supervisory Board are made on pages 87 et seqq.

TAKKT has relationships in the normal course of the business with numerous entities that are also customers and/or suppliers. Those customers and/or suppliers include companies that have a connection with members of the Management Board or of the Supervisory Board of TAKKT.

MANAGEMENT BOARD REMUNERATION SYSTEM

The total remuneration paid to Board members is made up of non-performance-related and performance-related components. The non-performance-related remuneration of the Management Board consists of three parts: a fixed base salary, fringe benefits and a pension scheme. The performance-related components comprise a bonus paid annually and a rolling remuneration component that acts as a long-term incentive. This currently takes the form of a performance cash plan. The performance cash plans comprise a share price-based component, that is classified as a cash-settled share-based payment transaction under IFRS 2. The amount paid out under the performance cash plans is capped and dependent on the achievement of objectives. These objectives are mainly based on the performance of share price and value-based covenants (EVA®). A more detailed explanation of the remuneration system can be found in the Corporate Governance section of the Management Report on page 87 et seqq.

Remuneration of the Management Board *in EUR thousand*

	2013	2012
Fixed salaries and benefits	1,123	1,140
Expenses for annual bonus	953	1,384
Expenses for the performance cash plans	1,331	1,177
Provisions for benefits after end of employment	414	247
	3,821	**3,948**

The remuneration of fixed salaries in the year under review corresonded to that of previous year.

The reported expenses for the annual bonus of EUR 953 thousand (EUR 1,384 thousand) include a provision release of EUR 335 (EUR 306 thousand). Without this provision release, the expenses for the annual bonus were EUR 1,288 thousand (EUR 1,690 thousand).

The expense for the long-term performance cash plans amounted to EUR 1,331 thousand (EUR 1,177 thousand) in the year under review. In the year under review, the performance cash plan approved for 2009 amounting to EUR 784 thousand was paid out to two current and one former member of the Management Board. The fair value of the current performance cash plans from 2010 to 2013 (2009 to 2012) as well as the corresponding provisions amounted to EUR 3,315 thousand (EUR 2,531 thousand) on the reporting date. The evaluation is based on the expected development of the relevant success factors. The increase in the provision expense stems from the development of the share in the 2013 reporting year and the future expectations resulting from that, among other reasons.

The reported provisions for benefits after the end of employment include a voluntary addition to provisions from the members of the Management Board resulting from salary conversions totaling EUR 70 thousand (EUR 15 thousand).

As of the reporting date, the defined benefit obligation for the Management Board members amounted to EUR 4,214 thousand (EUR 3,357 thousand).

As of December 31, 2013, the TAKKT Management Board members held 5,536 (5,536) shares. With the exception of liabilities from EVA® certificates of EUR 247 thousand (EUR 552 thousand) as well as the usual amounts due in accordance with employment contracts, no further claims or obligation to the Management Board members exist.

Payments to retired Management Board members amounted to EUR 302 thousand (EUR 329 thousand). The pension provision for former members amounts to EUR 4,806 thousand (EUR 4,656 thousand).

REMUNERATION OF SUPERVISORY BOARD

Remuneration paid to the TAKKT AG Supervisory Board amounted to EUR 444 thousand (EUR 417 thousand), of which EUR 14 thousand (EUR 14 thousand) were for attendance fees and reimbursement of expenses. This includes an addition to provisions of EUR 382 thousand (EUR 350 thousand). This comprises fixed components of EUR 382 thousand (EUR 179 thousand) and performance-based components of EUR 0 thousand (EUR 171 thousand). The Shareholders´ Meeting 2013 of TAKKT AG agreed to shift the compensation of the Supervisory Board to a purely fixed salary. There are no further claims or obligations to members of the Supervisory Board. As of December 31, 2013, the Supervisory Board members held 3,140 (3,140) shares in TAKKT AG.

FEES FOR GROUP AUDITOR *in EUR thousand*

	2013	2012
Audit (individual companies and Group)	445	434
Other certification or appraisal services	0	0
Tax advisory services	0	0
Other services	118	196
	563	**630**

Other services primarily include audit-related services.

DECLARATION OF SHAREHOLDERS' HOLDINGS

Outside the reporting requirements of WpHG, Franz Haniel & Cie. GmbH, Duisburg, voluntarily notified us in January 2014 that it owned over 50.3 (70.4) percent of the no-par-value bearer shares with voting rights in the share capital of TAKKT AG as of December 31, 2013.

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

On September 26, 2013, Franklin Templeton Investment Management Limited (FTIML), London, England has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on TAKKT AG, Stuttgart, Deutschland, have exceeded the 3 percent threshold of the Voting Rights on September 20, 2013 and on that day amounted to 3.26 % (this corresponds to 2,137,397 Voting Rights). 3.26 percent of the Voting Rights (this corresponds to 2,137,397 Voting Rights) is to be attributed to the company according to Article 22, Section 1, Sentence 1, No. 6 of the WpHG. Voting Rights are attributed from the following shareholder who directly holds more than 3 percent of the Voting Rights: Franklin Templeton Investment Funds

On October 16, 2013, Franklin Templeton Investment Management Limited (FTIML), London, England has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on TAKKT AG, Stuttgart, Deutschland, have exceeded the 5 percent threshold of the Voting Rights on October 15, 2013 and on that day amounted to 6.61 percent (this corresponds to 4,336,038 Voting Rights). 6.61 percent of the Voting Rights (this corresponds to 4,336,038 Voting Rights) is to be attributed to the company according to Article 22, Section 1, Sentence 1, No. 6 of the WpHG. Voting Rights are attributed from the following shareholder who directly holds more than 3 percent of the Voting Rights: Franklin Templeton Investment Funds managed by FTIML holds more than 5 percent.

On September 26, 2013, Franklin Templeton Investment Funds, Luxembourg, Grand-Duchy Luxembourg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on TAKKT AG, Stuttgart, Deutschland, have exceeded the 3 percent threshold of the Voting Rights on September 20, 2013 and on that day amounted to 3.23 percent (this corresponds to 2,119,578 Voting Rights).

On October 16, 2013, Franklin Templeton Investment Funds, Luxembourg, Grand-Duchy of Luxembourg has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on TAKKT AG, Stuttgart, Deutschland, have exceeded the 5 percent threshold of the Voting Rights on October 15, 2013 and on that day amounted to 6.55 percent (this corresponds to 4,294,587 Voting Rights).

On October 21, 2013, The Capital Group Companies, Inc., Los Angeles, USA has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on TAKKT AG, Stuttgart, Deutschland, have fallen below the 3 percent threshold of the Voting Rights on October 15, 2013 and on that day amounted to 2.22 percent (this corresponds to 1,456,778 Voting Rights). 2.22 percent of the Voting Rights (this corresponds to 1,456,778 Voting Rights) is to be attributed to the company according to Article 22, Section 1, No. 6 of the WpHG in conjunction with Article 22, Section 1, Sentence 2 and Sentence 3 of the WpHG. No individual fund holds more than 3 percent of the Voting Rights on TAKKT AG.

On October 21, 2013, Capital Research and Management Company, Los Angeles, USA has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on TAKKT AG, Stuttgart, Deutschland, have fallen below the 3 percent threshold of the Voting Rights on October 15, 2013 and on that day amounted to 2.22 % (this corresponds to 1,456,778 Voting Rights). 2.22 percent of the Voting Rights (this corresponds to 1,456,778 Voting Rights) is to be attributed to the company according to Article 22, Section 1, No. 6 of the WpHG. No individual fund holds more than 3 percent of the Voting Rights on TAKKT AG.

For more details, please refer to our website.

EXEMPTION FROM DISCLOSURE OBLIGATIONS

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

KAISER+KRAFT EUROPA GmbH, Stuttgart
KAISER+KRAFT GmbH, Stuttgart
Gaerner GmbH, Duisburg
Certeo Business Equipment GmbH, Stuttgart
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
BEG GmbH, Stuttgart

SUBSIDIARIES WITHIN TAKKT AG, STUTTGART, AS OF DECEMBER 31, 2013

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	2/32	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.r.l., Lomazzo/Italy	2	100.00
13	Vink Lisse B.V., Lisse/The 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 S.A.S., Réau/France	2	100.00
23	Powell Mail Order Ltd., Llanelli/Great Britain	2	100.00
24	gaerner S.r.l., Cadorago/Italien	2	100.00
25	gaerner B.V.B.A, Diegem/Belgium	2/19	99.00/1.00
26	Hoffmann Bedrijfsuitrusting B.V., Zeist/The Netherlands	2	100.00
27	Gerdmans Inredningar AB, Markaryd/Sweden	2	100.00
28	Gerdmans Kontor-og Lag. A/S, Nivaa/Denmark	27	100.00
29	Gerdmans Innredninger A/S, Sandvika/Norway	27	100.00
30	Gerdmans OY, Espoo/Finland	27	100.00
31	KWESTO Service s.r.o., Prague/Czech Republic	2/7	99.93/0.07
32	KWESTO s.r.o., Prague/Czech Republic	31	100.00
33	KWESTO Kft., Györ/Hungary	31	100.00
34	KWESTO Sp. z o.o., Wroclaw/Poland	31	100.00
35	KWESTO Service S.r.l., Ramnicu Valcea/Romania	31	100.00
36	KWESTO s.r.o., Nitra/Slovakia	31	100.00
37	KAISER+KRAFT (China) Commercial Co. Ltd., Shanghai/People's Republic of China	2	100.00
38	KAISER+KRAFT K.K., Chiba/Japan	2	100.00
39	UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen/Germany	2	100.00
40	BEG GmbH i. G., Stuttgart/Germany	2	100.00
41	Certeo Business Equipment GmbH, Stuttgart/Germany	2	100.00
42	Quip24 GmbH, Stuttgart/Germany	2	100.00
43	Topdeq Service GmbH, Pfungstadt/Germany	1	100.00
44	Topdeq GmbH, Pfungstadt/Germany	43	100.00
45	Topdeq N.V., Diegem/Belgium	43/44	99.80/0.20
46	Topdeq AG, Zug/Switzerland	43	100.00
47	Topdeq S.A.S., Tremblay en France/France	43	100.00

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

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

REPRESENTATIVE BODIES AS OF DECEMBER 31, 2013

SUPERVISORY BOARD

Stephan Gemkow, Overath, born 23 January, 1960, since January 14, 2013
Chairman, since February 01, 2013
Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Chairman of the Supervisory Board of Celesio AG, Stuttgart
Member of the Supervisory Board of EVONIK Industries AG, Essen
Member of the Supervisory Board of the Amadeus IT Group S. A., Madrid/Spain, until June 30, 2013
Member of the Supervisory Board of JetBlue Airways Corp., New York/USA

Prof. Dr Klaus Trützschler, Essen, born December 11, 1948
Deputy Chairman, since February 01, 2013
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, until June 30, 2013
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 am Main

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

Dr Johannes Haupt, Karlsruhe, born June 29, 1961
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 DEFENDI Italy S.r.l., Ancona/Italy, since December 05, 2013
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 Professional GmbH & Co. KG, Oberderdingen
Member of the Advisory Board of ARPA S.A.S., Niedermodern/France

Thomas Kniehl, Stuttgart, born June 11, 1965
Employee for claims/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 December 28, 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, until July 08, 2013
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 June 27, 1966
Chairman of the Management Board, CEO
Member of the Advisory Board of Müller Ltd. & Co. KG, Ulm

Dirk Lessing, Bad Homburg, born March 16, 1963, since January 01, 2014
Member of the Management Board

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

Franz Vogel, Stuttgart, born October 22, 1948, until February 28, 2014
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, February 21, 2014
TAKKT AG
The Management Board

Dr Felix A. Zimmermann | Dirk Lessing | Dr Claude Tomaszewski | Franz Vogel

Independent auditors' report

We have audited the consolidated financial statements prepared by TAKKT AG, Stuttgart, comprising the balance sheet, statement of income, statement of comprehensive income, statement of changes in equity, statement of cash flows, 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 January 01 to December 31, 2013. The preparation of the consolidated financial statements, combined management report and Group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) HGB and supplementary provisions of the articles of association is the responsibility of the 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 section 317 HGB and the generally accepted German standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). 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 (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, February 21, 2014
Ebner Stolz 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. If the average order value for the entire TAKKT Group is calculated, the exchange rate changes are also an influencing factor.

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 Topdeq 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.

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.

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.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

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

EQUITY RATIO
The equity ratio is determined by dividing total equity by the total assets.

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.

E-PROCUREMENT
The electronic catalog 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 on transaction costs.

FIELD SALES
The term field sales integrates several classical external sales activities. TAKKT differentiates between 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, rationalization and modernization 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 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 recognized at the value that can be realized in or be derived from a market – e.g. the stock exchange – at the closing date.

MULTI-CHANNEL BRAND
Multi-channel brands combine traditional catalog 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 catalog and web shop have basically the same product range in this multi-channel approach.

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

OEG
Office Equipment Group. The OEG consists of the the brands National Business Furniture (NBF), Dallas Midwest and officefurniture.com.

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 known as product performance brands which stand out due to their high quality and provide and added value for 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. In general, industry associations or market research institutes, for example, interview purchasing managers in various industries on a regular basis with regard to the future business development. The results are translated into numbers – known as a purchasing manager index. If the index rises, this indicates increased economic activity. Worldwide, there are different indices which are systematically similar.

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.

ROCE
The return on capital employed (ROCE) measures the profitability before tax of the capital employed. This key figure shows the EBIT in relation to capital employed, which is defined as total assets reduced by the non-interest-bearing current liabilities. The ROCE therefore expresses the operating earning power of the capital employed.

SEA
Search Engine Advertising. Part of online marketing. The term SEA describes running paid advertisements in online search engines. The advertisements are purchased for certain key search terms. The advertisement generally appears on the first page of the search results.

SEO
Search Engine Optimization. Part of online marketing. SEO is the optimization of the content of the web shops for search engines. This is done to gain a higher ranking in their organic results.

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. The products are kept in stock by the TAKKT companies.

TAKKT CASH FLOW
The TAKKT cash flow is defined as profit for the period plus depreciation, goodwill impairment 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.

TAKKT VALUE ADDED
TAKKT value added serves as an important key figure for a longer term, value-oriented controlling. It is defined as the difference between the profit generated and the cost of capital on the average capital employed.

TELEMARKETING / TELESALES
Telemarketing and telesales are sales activities made by calling customers by phone (outbound). TAKKT distinguishes between telesales, which are sales made over the telephone, and telemarketing, which is the preparatory telephonic analysis of potential of customers and arrangement of meetings with them. This is in contrast to the typical inbound activities of direct marketing companies for accepting orders by telephone.

TOTAL SHAREHOLDER RETURN (TSR)
This is also referred to as yield on shares. TSR corresponds to 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 address smaller businesses with lower demand. These cannot be addressed efficiently with the traditional catalog business and its associated online services. Here the range and prices of products can 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 | Halle | Hannover | Kamp-Lintfort | Köln | Leinfelden-Echterdingen | Marl | München | Nürnberg | Pfungstadt | Pliening/Landsham | Reinbek | Remda-Teichel | Schönaich | Schöneiche | Stuttgart | Waldkirchen | Weil der Stadt **FINLAND** Espoo **FRANCE** Mitri-Mory | Morangis | Réau **GREAT BRITAIN** Derby | Hemel Hempstead | Llanelli **ITALY** 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 | Sant Esteve Sesrovires **CZECH REPUBLIC** Jihlava | Praha **TURKEY** Mecidiyeköy – Sisli/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 | Bristol, RI | Cleveland, OH | Dallas, TX | Farmers Branch, TX | Harrison, OH | Indianapolis, IN | Los Angeles, CA | Milwaukee, WI | New York, NY | Pleasant Prairie, WI | Reno, NV **GERMANY** Pfungstadt **FRANCE** Morangis **NETHERLANDS** Lisse **SWITZERLAND** Steinhausen/Zug

FINANCIAL CALENDAR 2014

22 JANUARY	UNICREDIT KEPLER CHEUVREUX CONFERENCE, FRANKFURT
20 FEBRUARY	PUBLICATION OF PRELIMINARY FIGURES FOR 2013
20 MARCH	FINANCIAL STATEMENTS PRESS CONFERENCE, STUTTGART ANALYST CONFERENCE, FRANKFURT
21 MARCH	BANKERS' DAY, STUTTGART
24–28 MARCH	SPRING ROADSHOW
29 APRIL	INTERIM FINANCIAL REPORT 3M 2014
06 MAY	SHAREHOLDERS' MEETING, LUDWIGSBURG
31 JULY	INTERIM FINANCIAL REPORT 6M 2014
22–24 SEPTEMBER	BERENBERG BANK AND GOLDMAN SACHS CONFERENCE, MUNICH
30 OCTOBER	INTERIM FINANCIAL REPORT 9M 2014
10–14 NOVEMBER	FALL ROADSHOW
24–26 NOVEMBER	GERMAN EQUITY FORUM, FRANKFURT

IMPRINT

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

TAKKT AG is member of

DIRK
Deutscher Investor Relations Verband e.V.

TAKKT AG is listed in

DEUTSCHE BÖRSE
PRIME STANDARD

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