TAKKT AG
BUSINESS EQUIPMENT SOLUTIONS

//quality2011

Annual Report of TAKKT Group

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

	2007	2008	2009	2010	2011
Turnover	**986.2**	**932.1**	**731.5**	**801.6**	**852.2**
Change in %	2.9	–5.5	–21.5	9.6	6.3
EBITDA	**142.3**	**133.1**	**68.7**	**100.6**	**121.0**
in % of turnover	14.4	14.3	9.4	12.6	14.2
EBITA	**125.0**	**117.3**	**49.4**	**80.8**	**104.1**
in % of turnover	12.7	12.6	6.8	10.1	12.2
EBIT	**125.0**	**117.3**	**49.4**	**68.0**	**104.1**
in % of turnover	12.7	12.6	6.8	8.5	12.2
Profit before tax	**116.1**	**111.0**	**42.4**	**59.0**	**95.6**
in % of turnover	11.8	11.9	5.8	7.4	11.2
Profit	**79.3**	**75.1**	**27.8**	**34.6**	**66.0**
in % of turnover	8.0	8.1	3.8	4.3	7.7
TAKKT cash flow	101.2	97.1	56.1	70.3	87.8
Capital expenditure (incl. acquisitions and finance leasing)	47.4	27.9	60.1	6.7	11.5
Depreciation and impairment	17.3	15.8	19.2	32.7	16.8
TAKKT cash flow per share in EUR	1.39	1.33	0.84	1.07	1.34
Earnings per share in EUR	1.07	1.01	0.41	0.52	1.01
Dividend per share in EUR	0.80*	0.80*	0.32	0.32	0.85**
Non-current assets	**333.4**	**353.9**	**386.8**	**377.8**	**376.9**
in % of total assets	60.7	66.7	72.1	69.8	68.5
Total equity	**324.9**	**327.7**	**242.1**	**251.7**	**301.0**
in % of total assets	59.2	61.7	45.1	46.5	54.7
Net borrowings	**81.6**	**79.9**	**180.8**	**139.2**	**93.7**
Employees (full-time equivalent) at 31.12.	**1,971**	**1,960**	**1,768**	**1,807**	**1,869**

* *thereof special dividend of EUR 0.48*
** *thereof special dividend of EUR 0.53*

OUR MISSION STATEMENT

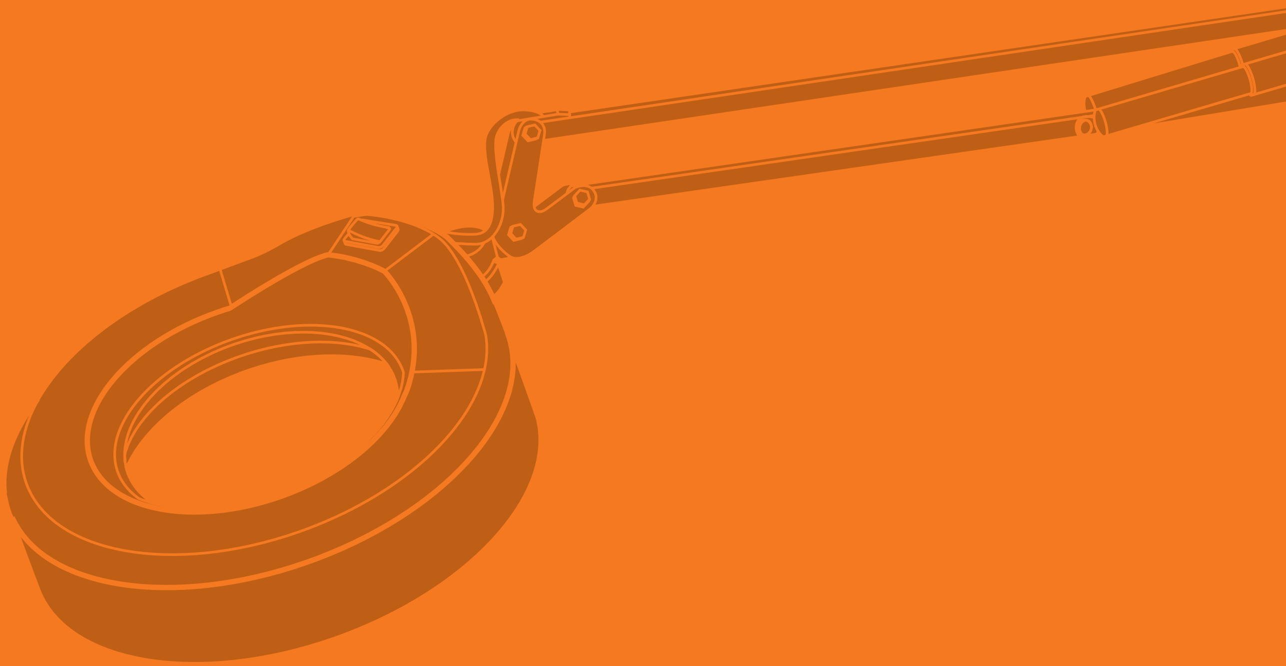
TAKKT Group is the market-leading B2B direct marketing specialist for business equipment in Europe and North America. TAKKT has about three million customers in over 25 countries around the world. We enter new markets wherever we see positive prospects for success, by either founding new companies or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

TAKKT acts as a one-stop shop, supplying its customers with everything they need for their business. Our Group companies use hundreds of suppliers to compile a comprehensive range of more than 175,000 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.

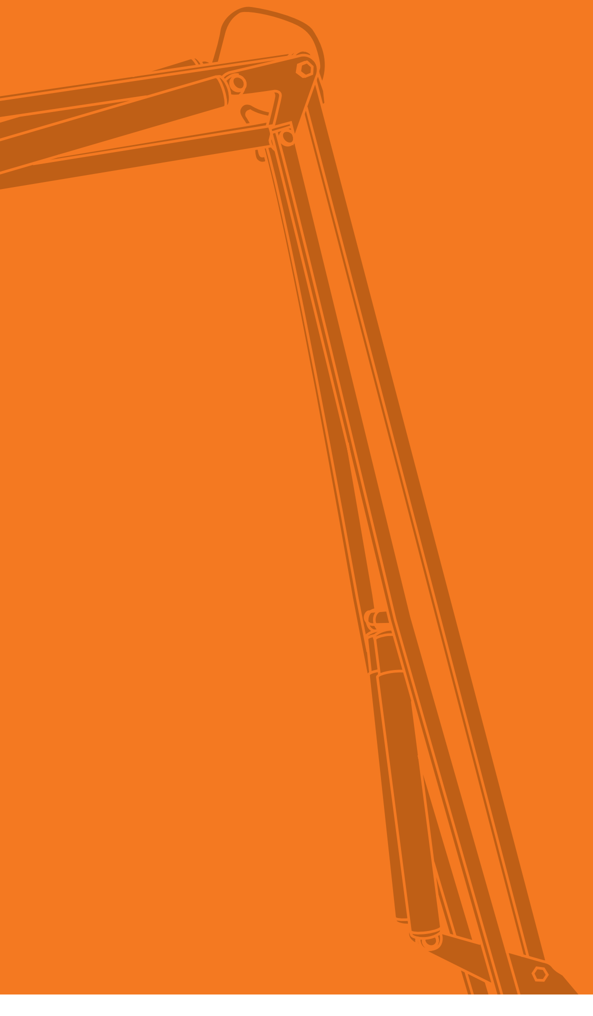
> Our objective: We want to be the world's leading B2B direct marketing specialist for business equipment. Furthermore, we aim to become a worldwide role model in terms of sustainability in our industry by 2016.

OUR OBJECTIVE: WE WANT TO BE THE WORLD'S LEADING B2B DIRECT MARKETING SPECIALIST FOR BUSINESS EQUIPMENT. FURTHERMORE, WE AIM TO BECOME A WORLDWIDE ROLE MODEL IN TERMS OF SUSTAINABILITY IN OUR INDUSTRY BY 2016.



Management Board

Management report



Divisions

TAKKT share

Corporate management

Consolidated financial statements

THE 2011 FINANCIAL YEAR SHOWED TWO PHASES FOR TAKKT: THE PARTICULARLY STRONG FIRST SIX MONTHS STOOD IN CONTRAST TO A SECOND HALF CHARACTERISED BY THE EXPECTED SLOWDOWN IN BUSINESS. THE PROFITABILITY INCREASE WAS VERY PLEASING.

Dr Felix A. Zimmermann
CEO

Ladies and gentlemen

2011 started much more dynamically than could have been expected after the 2010 growth year. However, this did not mean we were able to sit back and relax. Although the good start enabled us to revise our forecasts for the full year upwards early on, the course of our business was affected by significant fluctuations, especially in the second half. The day-to-day business thus permanently required Management's full attention.

Once again, we managed to further expand our good market position with an organic increase in turnover that far exceeded economic growth. At the same time, we launched a range of new strategic initiatives to make our company even stronger and more efficient in the future. For, one thing is sure in times of great economic uncertainty: Whoever fails to adapt early to changes in the market will soon be pushed aside.

Profitable growth

In the 2011 financial year, our turnover grew by 6.3 percent to EUR 852.2 million; adjusted for currency effects, the increase was at 7.3 percent. Earnings before interest, taxes, depreciation and amortisation (EBITDA) showed a disproportionately large rise and amounted to EUR 121.0 million. At 14.2 percent, the EBITDA margin reached the upper third of our long-term target corridor of 12 to 15 percent. We therefore came close to our 2007 record. This performance is not just good news for our shareholders. Successful business means increasing employment and, as a result, we increased our staff numbers in the year under review.

What distinguishes TAKKT from other companies? In our view, it is the clear focus on B2B direct marketing and on the quality factor. With our clear business model, we provide the answer to the growing demand for efficient procurement processes. Reliability, service and quality – in addition to price – play important roles for most customers. It is the overall package that counts.

Our customers obviously appreciate this – and not just in our core business but also with our web-only brands. We continued on our expansion course here by launching Furnandi and cateringplanet.com. But there is also further potential for expansion in our catalogue business: For example, gaerner started its business in Belgium in 2011 and our catalogue brands will be rolled out further in the coming years.

Additionally, private labels played an important role in the year under review. These products accounted for around ten percent of turnover in 2011 and the goal is to double this figure to twenty percent by 2016. Not only do our private labels represent a unique selling proposition (USP) among our competitors and thus improve customer loyalty, they also achieve higher gross margins, thereby making an important contribution to profitable growth.

The repositioning of Topdeq as more of a premium supplier offering a wide range of services started to bear fruit, with average order volumes increasing considerably. The acquisition of new customers has developed equally pleasingly.

E-commerce provides opportunities

The shift of more and more business to the online world has changed business models radically in many industries. What represents an opportunity for one company can be a threat to the survival of the next. Traditional business models and long-established companies can lose significant ground in a very short period of time.

For TAKKT, e-commerce first and foremost provides many opportunities to offer even better services to regular customers and make procurement processes even more efficient. The online sales channel is therefore systematically integrated into the traditional relationship with catalogue customers. Customers decide, depending on their preferences, whether to place their order via telephone, fax or online.

At the same time, the internet provides opportunities to reach new customer groups that previously could not be served profitably using catalogues because the ratio of order volumes and advertising costs was not favourable. The positive experiences with our web-only brands like IndustrialSupplies.com, Certeo and Furnandi are successful proof of this.

In order to exploit this potential even more effectively in the future, TAKKT created Quip24 in Europe. The KAISER+KRAFT EUROPA subsidiary aims to open up new sectors and market segments for B2B online sales in which our company is not yet active. Quip24 has the freedom to experiment more intensively here and take slightly greater, but still calculable risks. In late 2011, TAKKT entered the market with a pure online offer aimed explicitly at a specific new customer group as full equipment provider: *edu*Quip24.de addresses facilities in the adult education sector and is the first of a whole range of activities to be launched under the umbrella of Quip24.

Responsibility for sustainable behaviour

For TAKKT, sustainability covers various aspects. The SCORE project anchored the topic of Corporate Responsibility (CR) firmly within the corporate strategy in 2011. Whether they are employees, shareholders, journalists, customers or business partners – today, they all expect a company to take its responsibility for its staff, the society and environment seriously. And since TAKKT does exactly this, CR should be more than just a matter of reputation. Exemplary CR is to become a USP for TAKKT compared with our competitors. This is because we consider responsible behaviour and long-term economic success to go hand in hand.

Changes on the Management and Supervisory Boards

The prerequisite for this path is that this attitude is not only preached, but that everybody involved also lives up to it. On behalf of the Management Board, I would therefore like to thank our business partners for their cooperation and our customers and shareholders for their continuing trust in us. I would also like to extend my gratitude to the two Supervisory Board members who resigned in 2011 – Dr Dr Peter Bettermann and Stefan Meister – for their good cooperation.

My special thanks go to Dr Florian Funck, who left TAKKT AG in summer 2011 in order to take on new challenges as a Member of the Management Board of our majority shareholder, Franz Haniel & Cie. GmbH. Florian Funck did an outstanding job as CFO over the past seven years. Dr Claude Tomaszewski took over as CFO of TAKKT AG on 01 November 2011. Before working as Finance Director at Celesio's UK subsidiary AAH Pharmaceuticals, Dr Tomaszewski was Director of the Corporate Controlling and Accounting department in the Haniel Group's strategic management holding company and is therefore already very familiar with TAKKT's business.

The dedication of TAKKT Group's employees day-to-day is the most important contribution to ensuring that our ambitious goals are implemented and, therefore, I conclude by thanking them. We want to offer them not only a secure and satisfying job, but this also in a company that they can identify with.

Looking forward

For 2012, we are looking ahead with cautious optimism. Despite all the uncertainty concerning the future economic developments, we consider TAKKT to be in a good position. With the help of the growth and optimisation initiatives launched, we will again be able to grow our turnover and increase our profitability, even in a weaker economic environment.

Stuttgart, March 2012

Dr Felix A. Zimmermann
CEO of TAKKT AG

Franz Vogel, *COO TAKKT EUROPE division*
Dr Felix A. Zimmermann, *CEO, COO TAKKT AMERICA division*
Dr Claude Tomaszewski, *CFO*
(left to right)

TAKKT SATISFIES THE DIFFERENT NEEDS OF CUSTOMER GROUPS THROUGH ITS MULTIPLE-CHANNEL APPROACH. HERE, THE COMPANY'S ONLINE BUSINESS BECAME ONE OF THE GROUP'S MOST IMPORTANT GROWTH DRIVERS.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Management report for TAKKT AG and the Group

The world economy showed a more dynamic performance in many areas in 2011 than had been expected at the end of 2010. Despite the increasing uncertainty in the real economy due to the international debt crisis and the ensuing turbulences on the financial markets, the global economy once again experienced strong growth particularly in the first half-year. Germany was again among the fastest-growing markets and thus once more a driving force behind the Group's positive economic performance. As well as benefiting from this good environment, TAKKT Group reaped the fruits of its growth and optimisation initiatives, resulting in a disproportionately large increase in profit.

Business model and corporate strategy

TAKKT has a well-focused business model in the B2B direct marketing sector with a wide range of growth options. The Group operates in three regions with this business model – in Europe, North America and Asia.

The business model: concentrating on B2B direct marketing

TAKKT focuses on selling durable and price-insensitive equipment to corporate customers via catalogues or online. The market which the Group operates in can be defined using three criteria. Firstly, customers are classified as consumers (B2C) or businesses (B2B). Secondly, a distinction can be made between store-based retail, sales straight from the manufacturer and direct marketing. Thirdly, there is a difference in terms of product range between department store-like generalists on the one hand and specialists on the other. Within this framework, TAKKT positions itself as a B2B direct marketing specialist for business equipment.

In addition to this, suppliers can be split into two further categories: Horizontally aligned retailers, who focus on particular product groups like office furniture or plant equipment irrespective of the industry of their customers, and retailers with a vertical approach, who adjust their product ranges to the needs of a particular industry or specific customer group. TAKKT Group's brands, with the exception of Hubert, have traditionally been part of the horizontal type. In late 2011, TAKKT launched its first vertical web-only offering in Europe: *edu*Quip24.de is a full equipment provider for the adult education sector.

It is not easy to exactly delineate the market that TAKKT Group operates in or make a comparison with its competitors as only a few of them have a similar focus. Many market players have business models that combine sales channels, customer categories and product ranges differently than TAKKT does and are privately owned in most cases. This makes it difficult to obtain comparable market data.

Two pillars: TAKKT EUROPE and TAKKT AMERICA

The Group's organisational structure rests on two pillars: TAKKT EUROPE and TAKKT AMERICA. This structure is essentially based on which region the individual catalogue and internet brands belong to. At the second level, the divisions are categorised by product group. TAKKT EUROPE is split up into the Business Equipment Group (BEG) with customers from the industrial, retail, trade and service sectors, and the Office Equipment Group (OEG), whose customers are small and medium-sized enterprises (SME) from the service sector. TAKKT AMERICA consists of three groups: The Plant Equipment Group (PEG) caters for a customer base from the industrial, retail, trade and administrative sectors. The Specialties Group (SPG) focuses on the food service industry and retail, while the Office Equipment Group (OEG) primarily supplies service companies, public bodies, government agencies, schools and churches. TAKKT's brands are incorporated into the five groups and each of the groups has a service holding company in charge of central functions such as purchasing, warehousing, logistics, IT and marketing.

Focusing on the procurement process

TAKKT has set itself the goal of offering its customers a more efficient procurement process. Therefore, the offerings of several hundreds of suppliers are bundled. In each of the ranges, the products are often categorised according to particular characteristics (e.g. size, volume, load capacity, etc.) rather than being categorised according to the manufacturer. This makes the selection process easier for customers, who associate the seller's name with a pledge for the right choice and high quality for products with low emotional attachment.

Direct marketing allows customers to find products quickly and order them easily. Together with an advanced service concept and attractive procurement conditions, direct marketing companies offer customers added value. This represents a clear competitive advantage over direct sales and store-based retail in a procurement environment with a keen awareness of process costs. The depth and breadth of the product ranges also offer ecological advantages compared with alternative sales channels. Amongst other things, customers' journeys to a store and to transport the goods can be omitted.

At the same time, TAKKT creates significant added value for its suppliers by bundling its purchasing, settling invoices reliably and promptly, selling their products to tailored target groups in many countries, warehousing their goods and ultimately providing professional logistical processing of small sales volumes.

Two sales approaches: multi-channel and web-only

TAKKT Group operates in the market using two different sales approaches: The multi-channel brands present their product ranges in printed and electronic catalogues as well as in web shops. Some parts of the selling process include support from sales employees, who maintain direct contact with key account customers. The web-only brands offer their product ranges exclusively on the internet. However, orders can be placed both online and by telephone or fax.

Many of the more than 175,000 items on offer are constantly available from stock. An efficient logistics system is an important part of the business model. This means that appropriate infrastructure must be available in the relevant target countries. The well-established relationships with suppliers, most of which go back many years, and the perfected logistical infrastructure are important market entry barriers that protect TAKKT relatively well from the entry of new competitors. TAKKT is also an expert in professionally managing and protecting customer addresses, which are of essential importance in the direct marketing business.

Efficient marketing as success factor

TAKKT's core competences also include addressing its target groups efficiently. Based on the knowledge about customers' needs, TAKKT is able to market its products directly and selectively. In addition to the catalogues, which are usually published several times a year, the company regularly contacts its around 2.9 million customers as well as potential new customers. Various different advertising media and formats are used to encourage customers to place orders. Every year, the Group sends out around 45 million advertising media. Optimally managing address selection and the frequency of promotional mailings is an important success factor. The frequency of mailings is based on a precise analysis of the ordering behaviour during the economic cycle. TAKKT benefits from its extensive direct marketing experience in this respect.

The Group ensures its market proximity with its currently more than fifty marketing companies in over 25 countries and their product ranges, which are tailored to the needs of their various target groups. Within TAKKT's common concept, the various groups and their service holding companies pursue their own marketing and sales strategies which are aligned to their specific product ranges and target customer groups. The companies make intensive use of knowledge transfer: The regional markets that the TAKKT Group companies operate in are partly at different stages of the maturity cycle. By sharing experiences across national borders, the companies can benefit from the expertise available within the Group and anticipate regional market developments at an early stage.

Attractive market environment

TAKKT operates in a highly attractive market niche. This is largely due to three factors: Firstly, the highly fragmented pool of suppliers means that individual suppliers have a calculable bargaining position. At the same time, TAKKT's dependence on individual large-scale orders or key accounts on the customer side is small thanks to its diversified customer base. Secondly, the necessary process knowledge and essential investments in advertising, IT and logistics all act as significant market entry barriers. This means that several years of foreseeable start-up losses limit the emergence of new competitors, although it is subsequently possible to generate higher margins than in many other trading sectors. This applies to both traditional multi-channel and web-only concepts. And thirdly, the focus on quality and service inherent to distance selling means that the price is viewed for an overall package consisting of product, quality and service. At the same time, the products' character as long-lasting durables rather than consumables reduces the price sensitivity of customers.

Market trends support business model

TAKKT has identified four key structural trends which support the company's focus on business customers, its use of direct marketing as a sales channel, and its concentration on specialist product ranges. Management believes that these trends will open up sustainable opportunities for the company:

1. Companies are increasingly trying to consolidate business relationships to a small number of expert partners. Concentrating on a limited number of suppliers can lead to greater efficiency when managing orders and reduce the number of contact partners.

   TAKKT's competence: Compiling product ranges whose breadth and depth cover the relevant customer target group's requirements for durables.

2. Companies are increasingly focusing on process costs. For many companies, it is not economically justifiable to put great effort into finding the lowest price for products worth a few hundred euros. Instead, sourcing organisations are increasingly looking for ways of ordering these goods as efficiently and easily as possible.

   TAKKT's competence: Offering added value by efficiently bundling the offerings of hundreds of suppliers. This assortment is clearly presented and combined with an advanced service concept, attractive conditions and fast delivery via sophisticated logistics systems.

3. For companies, e-commerce solutions are becoming more and more important for procurement and purchasing. More and more companies are starting to submit their orders by email, via the internet or e-procurement systems rather than just by phone or fax.

   TAKKT's competence: Offering e-commerce solutions for specific customer groups, ranging from a classic web shop to electronically incorporating the product range into the customers' enterprise resource planning (ERP) systems.

4. As a result of globalisation, companies have a greater need for supplies to be delivered worldwide. When companies move their production sites abroad or establish new branches in other countries and regions, they like to fall back on known suppliers, products and services.

   TAKKT's competence: Accompanying companies to the places where equipment expertise is required and expanding internationally with its proven business models by duplicating its system business.

Growth strategy in three dimensions

For TAKKT, profitable and, above all, sustainable growth is the number one priority. To safeguard this in the long term, the Group is pursuing three interrelated strategies:

1. The acquisition of direct marketing platforms to extend the product portfolio, tap into new customer groups or expand regionally.

2. The organic expansion of multi-channel activities: Using existing platforms, subsidiaries are set up in new countries and regions or established as second brands in existing countries and regions following multi-brand strategies. In addition to this, the product range and services are to be extended, the share of private labels within the Group increased, key account management enhanced and e-commerce further integrated.

3. The strengthening of the web-only operations: In order to expand and tap into new customer groups, new independent brand platforms are created, the existing web-only offerings extended to more countries and the interaction of marketing methods such as search engine advertising and search engine optimisation improved.

In the past 15 years, the Group has added at least one start-up or acquisition every year. TAKKT intends to maintain this rate of expansion in the future. Potential growth areas outside the existing product portfolio are industries and sectors which reflect structural megatrends. These include areas such as healthcare and environmental protection as well as the associated industries and services.

The Group's long-term goal is to achieve average turnover growth of ten percent per year. Organic and acquisition-induced growth should each account for around half of this figure. At the same time, by spreading the business model into different regions, sectors, product groups and customers, risks are diversified.

Multiple-channel and brand strategy
TAKKT Group pursues a multiple-channel strategy that rests on two pillars, the multi-channel business and the web-only business.

The multi-channel approach combines the classic catalogue business – which traditionally aims at medium-sized and larger companies – with a parallel online offering. Both ordering channels are complemented by key account management carried out by customer relationship managers (CRM). The catalogue and the web shop have exactly the same product range in this approach. The web shop offers additional features that make it easier for customers to search for and obtain further information about products. Regardless of whether customers order online, by phone or by fax – the price is the same. As soon as the order enters the ERP system, it is handled using standardised processes.

Furthermore, for key accounts, the catalogue information can be prepared in such a way that it is incorporated directly into their intranet. These individualised e-procurement solutions help to even further reduce transaction costs on the customers' side. Customers can compile their own range of frequently ordered products and see their exact ordering history, giving them a detailed overview of their supplier relationship.

The web-only approach is used to target groups of customers who could not previously be served efficiently by TAKKT's traditional catalogue business and the associated web shops. These are primarily smaller-scale companies. Ideally, a web-only customer relationship is profitable from the first order on. Relationships with multi-channel customers, by contrast, depend on a continually reordering customer and are usually only profitable after a certain number of orders. Compared with the catalogue and multi-channel business, the advantages of the web-only model include greater flexibility, i. e. the product range and prices can be adapted more quickly to changes in supply and demand.

Since 2011, each of the five groups has a web-only brand: Certeo and Furnandi in TAKKT EUROPE's BEG and OEG respectively, while TAKKT AMERICA's brands are IndustrialSupplies.com in the PEG, cateringplanet.com in the SPG and officefurniture.com in the OEG. Further web-only activities are being prepared for market launch.

E-commerce grows above average
Within direct marketing, e-commerce simplifies business relations and makes procurement processes more efficient for customers and suppliers alike. This is also reflected in the most recent business developments: The economic recovery period that began in late 2009 has seen the online business grow much faster than the average turnover within the Group. Therefore, TAKKT continues to expand in these areas. At the same time, the catalogues are becoming more closely linked to electronic types of offering in the multi-channel business.

Focusing on the growth of the new companies
The focus in 2011 was on the growth of the Group's newly established companies. The multi-channel brand gaerner was successfully introduced on the Belgian market. Two new TAKKT Group brands, Furnandi and cateringplanet.com, were set up in the web-only area. Furthermore, Certeo was launched in France at the start of 2012 and is therefore now present in four countries, together with Germany, Austria and Switzerland.

Private labels continue to grow in importance
Another important element of the growth strategy is expanding the private label offering. They are playing an increasingly important role in all companies within the Group. Turnover from these products reached around ten percent in 2011. This share is to be doubled to twenty percent by 2016. With brands such as EURO*KRAFT*, *office akktiv*, Quipo, Relius, Hubert Brand, Central exclusive, NBF signature series and siqnatop, TAKKT offers high-quality products at attractive prices that meet the highest quality standards and come with special guarantees and services. Not only do private labels represent a USP among competitors and thus improve customer loyalty, they also achieve higher gross margins, thereby making an important contribution to profitable growth.

Value-based management

TAKKT management uses a standardised system of key performance indicators to steer the individual Group companies. At the heart of this system is the Group-wide business model, which is comparable across product ranges and regions. A management system of this kind gives the individual companies a framework within which they can operate flexibly and independently in line with their market's individual needs.

It is important for TAKKT's central Management that the available key figures are always up to date and accurate. Therefore, the Management Board receives information on order intake, turnover development and service levels on a daily basis. In addition, the gross profit margin and advertising efficiency of the individual companies are also constantly monitored.

The EBITDA margin serves as the most important indicator for the short-term operational profitability of each Group company. The effects of differing country-specific tax rates and financing structures do not affect this figure. As it also does not include depreciation, 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 EBITDA margin.

The Economic Value Added® (EVA®) indicator is used for longer-term strategic controlling. It shows whether and to what extent the Group is growing profitably and whether capital expenditure and acquisitions are enhancing value. Profitability, based on capital employed, is compared to the weighted total cost of capital. The EVA® thus shows if the interest demands of both equity and debt investors are adequately met. In 2011, TAKKT Group posted a positive EVA® which again was above the previous year's figure.

Divisions shape development of TAKKT AG

The Group's parent company TAKKT AG operates purely as a management holding company, essentially taking on a strategic management role. Operating business is handled within the divisions. Their results therefore largely influence the net assets, financial position and results of operations as well as the opportunities and risks for the future development of TAKKT AG.

Disclosures per the German Act Implementing the Takeover Directive

According to sec. 289, para. 4 and sec. 315, para. 4, no. 1–9 of the German Commercial Code (HGB) respectively, the following information has to be provided, as far as relevant for TAKKT AG and TAKKT Group:

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

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

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

In accordance with the resolution passed at the Annual General Meeting (AGM) on 06 May 2009, the Management Board is authorised to increase the 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 until 29 October 2014, taking shareholders' subscription rights into account.

In addition, the Management Board is authorised, according to the resolution of the AGM on 04 May 2010, subject to sec. 71, para. 1, no. 8 AktG to acquire own shares up to an amount of ten percent of the share capital. A reverse subscription right or a right to tender in the case of purchasing and the subscription right of shareholders in the case of selling are excluded. The company can exercise this authorisation in total or in smaller amounts, once or several times, in the pursuit of one or more objectives until 03 May 2015.

Members of the Management Board have the right to terminate their contracts of employment if one or more shareholders acting together acquire the majority of voting rights in TAKKT AG from Franz Haniel & Cie. GmbH within the meaning of sec. 29 and 30 of the German Securities Acquisition and Takeover Act (WpÜG). In exercising this right of termination, the Board Member has the right of compensation for loss of office amounting to a maximum of two years' annual salaries. Other sources of income are not taken into account. The right to compensation for loss of office will not apply in the event of extraordinary termination of the contract of employment by the company for good cause. There are no other material agreements of TAKKT AG which are subject of a change of control.

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

Dependence report issued

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

"In summary, we can state that TAKKT AG has received adequate consideration for every transaction and was not put at a disadvantage by the measures taken, according to the circumstances known to us at the time when the transactions were carried out and the measures were taken."

Events after the balance sheet date

There were no significant events after the reporting period.

Economic conditions

In contrast to the weakening economy trend expected by many economic experts for 2011, TAKKT Group's most important sales regions had a very good start to the year under review. Germany in particular recorded strong growth rates. However, there was a noticeable slow-down in the middle of the second half-year – partly because of the baseline effect resulting from the previous year's positive performance, but not least due to the uncertainty among all market participants caused by the international debt crisis. This uncertainty affected the capital markets in summer and spread to the real economy in the fourth quarter.

Global economy again on track for growth

The economic upturn of 2010 continued in early 2011 in Asia and Europe much more strongly than had widely been predicted. Germany's economy in particular proved to be very robust, supported by both strong domestic demand and the continuing high level of exports. However, the US economy, which had recovered more quickly from the 2008/09 crisis, started to slow down earlier, before stabilising at the end of the year under review. The international debt crisis left a clear mark on the global economy in the second half of the year. Having hit the financial markets in summer, the sovereign debt crises began to take hold also of the real economy in the fourth quarter. The resulting increase in uncertainty reduced companies' optimism and willingness to invest and started a downward spiral, the scope of which is still difficult to assess.

The changes in gross domestic product (GDP) in TAKKT Group's three most important sales regions in 2011 were all positive, up 3.0 percent in Germany, up 1.5 percent in Europe and up 1.7 percent in the USA. Some smaller sales markets in the eurozone as well as Japan had to bear with a decline in economic performance. The outlook for 2012 has darkened considerably overall. The danger of a renewed slide into a recession grew in the second half of 2011, especially in Europe, and important early indicators suggested that this negative trend will intensify. Furthermore, the heavily indebted industrialised countries only have limited fiscal scope to prevent a downturn using economic stimulus packages. Forced to consolidate their budgets, governments are restricted in their options to reduce the tax burden on consumers as well as initiate investment programmes. This means that there is nobody left to provide the stimulus needed to counteract a possible recession.

Inflation rates, by contrast, were sending out different signals – in both the eurozone and the USA – due in part to the low interest rate policies of central banks and the rise in raw material prices. Although economic researchers continuously reduced their forecasts during the year, the majority of them believe that the global economy will record at least some growth in 2012.

A key factor for the future economic development in the industrialised countries will be the ability of governments to overcome the debt crisis through efficient restructuring measures and thus to create certainty and confidence on the markets. Additionally, there are high hopes that China will become a new leader in the global economy.

Early indicators point to slower growth

As well as examining changes in GDP growth rates, TAKKT uses a number of purchasing managers' indices (PMI) as important economic early indicators in order to better forecast how business will develop in the various regions. Based on this data, TAKKT is able to assess how business will develop over the next three to six months. Values below fifty points generally indicate that the volumes in the market concerned will decline and sales potential will deteriorate. Similarly, values above fifty points usually mean that market volume will increase – with a resulting positive effect on business prospects.

In 2011, the PMI in the USA – the most important early indicator for economic activity there – moved quite steadily from its January figure of 59.9 points towards the critical fifty-point mark, but without crossing it. By the end of the year under review, the index had increased again to 53.1 points. A different picture emerged in Europe. The German PMI was at 49.1 points in October 2011, pointing to a shrinking economy for the first time in two years. In the eurozone, the index downswing even accelerated in the the middle of the year to reach a low of 46.4 points. There were signs of only a modest improvement in Germany and Europe by the end of the year.

Accordingly, the management at TAKKT has begun the new financial year with cautious expectations, even though the company's own performance at the end of the year under review was largely stable.

Economic environment

	GDP growth in percent		PMI values average for year	
	2011	2010	2011	2010
Europe	1.5	1.7	52.2	55.4
Germany	3.0	3.6	54.8	58.2
USA	1.7	2.9	55.2	57.3

Turnover and earnings situation

TAKKT Group continued on its growth course in the 2011 financial year and achieved an organic increase in turnover of 7.3 percent. Almost all of the Group companies recorded a positive performance. Thanks to a greater capacity utilisation and an improved efficiency, there was a disproportionately large rise in profitability. At 14.2 percent, the EBITDA margin reached the upper third of the Group's long-term target corridor of 12 to 15 percent.

Again strong turnover growth

Overall, TAKKT Group recorded a very respectable increase in turnover in the financial year. The increasingly uncertain economic outlook in the middle of the year prompted a declining turnover trend at TAKKT as well. In addition to this, the second half-year was affected by the strong baseline effect that resulted from the very positive performance in the same period of the previous year. In the end, however, the total result for 2011 was better than had been expected at the start of the year and the turnover target was adjusted upwards twice during the year.

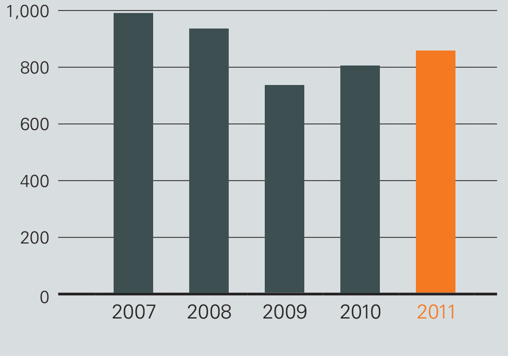
Both divisions, TAKKT EUROPE and TAKKT AMERICA, achieved similarly high organic growth rates overall. Business in Germany in particular excelled, helping it to maintain its role as the driving force behind the Group's turnover and earnings. In total, TAKKT Group generated turnover of EUR 852.2 million (2010: 801.6 million). Compared with the previous year, this represents an increase of 6.3 percent; adjusted for currency effects, organic growth was 7.3 percent. On average, order values were higher than in the previous year while the number of orders increased only slightly – a pattern that is typical for a turning point in the economic cycle.

Although the BEG and OEG developed disparately, the TAKKT EUROPE division was the Group's mainstay. Overall, TAKKT EUROPE generated turnover of EUR 507.3 (467.1) million, equalling 59.5 (58.3) percent of consolidated turnover. The growth rate of 8.6 percent (adjusted for currency effects plus 6.8 percent) was attributable to very good developments in the BEG's KAISER+KRAFT, gaerner, Gerdmans, KWESTO and Certeo brands, which together posted a low double-digit increase in turnover. Nevertheless, there was a noticeable slowdown in growth across all regions over the course of the year.

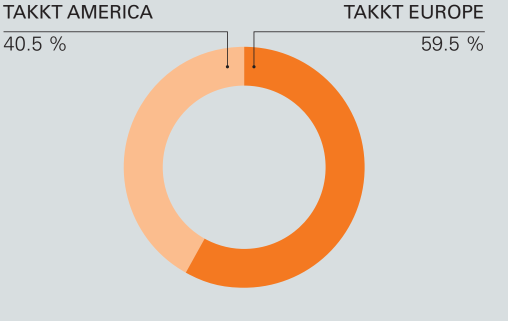
Meanwhile, the OEG's repositioning started to bear fruit; the average order value and the acquisition of new customers developed very pleasingly. However, the number of orders once again clearly lagged behind the previous year's figure, as expected. In total, the turnover generated by the OEG with its Topdeq and Furnandi brands dropped, as anticipated, by a low double-digit percentage.

Due to the growing business volume conducted in currencies other than the US dollar, TAKKT AMERICA's turnover figures are reported solely in euros – and no longer in US dollars – since the beginning of the 2011 financial year. In addition, the growth rates are also reported in currency-adjusted figures. The TAKKT AMERICA division increased its turnover to EUR 345.2 (334.7) million. This corresponds to a year-on-year increase of 3.1 percent. The average US dollar exchange rate for the year was weaker than in 2010, which caused the currency-adjusted turnover to rise even stronger by 8.0 percent. TAKKT AMERICA generated 40.5 (41.7) percent of consolidated turnover.

Turnover *in EUR million*



Turnover *by divisions*



This was due mainly to the higher average order value in US dollars, but order numbers were also slightly up on the previous year. TAKKT AMERICA continues to benefit from the broad diversification of its customer and product portfolio. While turnover increased in all three groups, there were differences here. Adjusted for currency effects, the PEG achieved medium single-digit growth in the year under review, although growth rates started to fall from the second quarter on. The more late-cyclical OEG recorded a currency-adjusted increase in turnover in the high single digits. As in the previous year, the SPG registered the strongest growth, with a low double-digit organic growth rate.

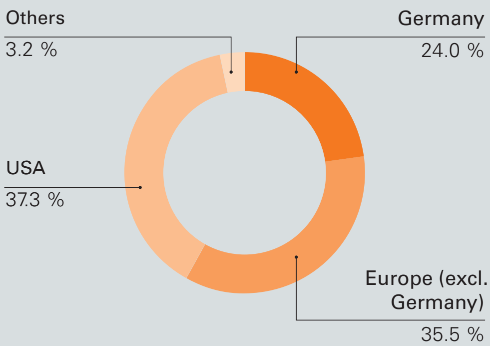
Broken down by region, turnover remained largely unchanged compared to the previous year. The proportion of business in Germany – Europe's economic driver in 2011 – showed the strongest increase, coming in at EUR 204.1 (182.5) million or 24.0 (22.8) percent of consolidated turnover. In the rest of Europe, turnover increased to EUR 303.0 (283.3) million, the share of Group revenue increased slightly to 35.5 (35.3) percent. At EUR 317.5 (310.1) million, the USA's share went down slightly to 37.3 (38.7) percent. The other regions, comprising Canada and the markets still new to the Group – China, Japan and Mexico – generated a total of EUR 27.6 (25.7) million, thus contributing 3.2 (3.2) percent to Group revenue.

E-commerce grows above average

E-commerce is becoming even more important for TAKKT Group. The volume of online business rose by 15.9 percent from EUR 156.5 million to EUR 181.4 million, currency-adjusted even by 18.0 percent, and thereby once again significantly faster than the comparable catalogue business. This means there was a disproportionately large increase in the percentage of business conducted via the internet in 2011, from 19.4 percent in the previous year to the current level of 21.3 percent. The figures include orders which were placed with TAKKT companies over the phone but triggered by the internet.

There are both internal and external reasons for this development. The increasing importance of the internet as a sales channel is a general market trend across all sectors. TAKKT responds to this development with a number of online initiatives – by both expanding the online offerings of its multichannel brands and launching new web-only brands. In order to further expand this promising business, TAKKT strives to enter new markets. Therefore, Management has established the Quip24 unit, which aims to open up new industries and market segments for the B2B web-only business. E-procurement – the integration of electronic catalogues into the intranet systems of key accounts – continued to develop very strong in the online area also in 2011. Solutions of this kind are especially suited to the requirements of companies that frequently place orders. The success of this service demonstrates how larger companies are paying more and more attention to process costs in their procurement activities. By focusing specifically on the needs of the individual customers, TAKKT is successfully strengthening its relationships and raising its volume of business with them.

Turnover *by region*



Value and growth drivers continue to trend upwards

The largely positive economic development in the year under review resulted in growing order numbers and, in particular, increased order values across both divisions. The number of orders climbed slightly to around 1.8 (1.7) million and the average order value to EUR 479 (462). The combination of an increase in order values and more or less stable order numbers is typical of a turning point in an economic boom. In contrast to the general upward trend, the European OEG, as expected, recorded a drop in order numbers in the year under review. Nevertheless, the repositioning introduced during 2010 and implemented in 2011 began to bear fruit. There was a disproportionately large rise in the average order value, and the acquisition of new customers was making clear headway. Management sees this as a sign that customers accept additional services, such as a free assembly on location and free delivery for orders above a certain value, and that the high-quality repositioning of the OEG is a step in the right direction.

Within the Group, the efficiency of the advertising material used and sales activities continued to improve. The total number of customers rose slightly to around 2.9 (2.8) million. With regard to TAKKT Group's regular customers, whom it serves with catalogues and web shops that offer exactly the same range of products, the number of repeatedly ordering customers increased in 2011. At the same time, TAKKT managed to attract a high number of walk-in customers with the new web-only offerings. These customer groups are smaller companies that cannot be served economically with catalogues.

Gross profit margin improved again

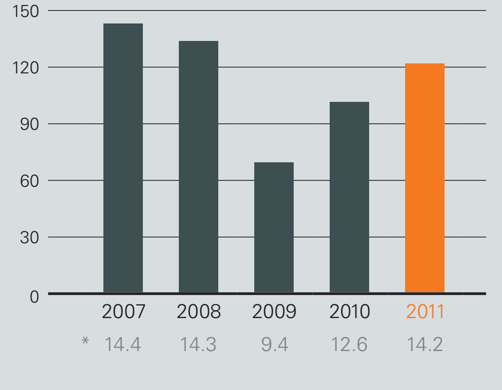
The gross profit margin increased to 43.3 (42.9) percent in 2011. As such, it developed against the usual pattern. A higher number of large orders in connection with new investment during an economic upturn usually raises the customers' expectations for discounts. In addition, increased commodity prices due to higher demand push up sourcing prices. Together, these two factors tend to result in falling gross profit margins. As in the previous year, this development was successfully counteracted in 2011. There were three main reasons for this. Firstly, supplier structures and supply conditions were continually optimised, e.g. by increasing inventory levels and the resulting purchasing advantages achievable. Secondly, the business share of private label products, which come with above-average gross profit margins, grew. Thirdly, the higher share of TAKKT EUROPE in consolidated turnover led to a structural increase since its gross profit margin is above Group average.

Disproportionately large increase in profitability

The positive business developments also led to a clear improvement in TAKKT Group's profitability in 2011. The increase was disproportionately high compared to the turnover development. This was due both to an increased advertising efficiency and better utilisation of infrastructure in line with higher turnover.

Personnel expenses, a significant item in the operating expenses for TAKKT Group, grew to EUR 113.5 (109.2) million in absolute terms. However, this is equivalent to a rise of 3.9 percent, which is less than the increase in turnover. Thanks to the good business situation, there was no short-time working in 2011 and the number of employees went up again for capacity reasons.

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



Advertising costs were down on the previous year in absolute terms. Essentially, three special effects have to be taken into consideration here. Firstly, the adjustment of the marketing strategy in the European OEG led to an anticipated decrease in advertising costs. Furthermore, the on average weaker US dollar compared to the euro reduced the advertising costs in the reporting currency euro. Advanced catalogue costs had the opposite effect. The first two catalogues for 2012 were produced together for efficiency reasons. Moving forward the production of the second catalogue partly resulted in increased advertising costs in the reporting period. Without these special effects, advertising costs were above the previous year's figure.

The Group generated profit of EUR 1.3 million from property sales in the year under review.

EBITDA climbed by 20.2 percent to EUR 121.0 (100.6) million. The EBITDA margin – one of the Group's key figures for managing the operational profitability – was 14.2 percent and therefore in the upper third of TAKKT's own target corridor of 12 to 15 percent. Excluding the effects of moving forward the advertising costs regarding the catalogue production, the EBITDA margin reached the 14.4 percent mark. The figure was 12.6 percent in the previous year.

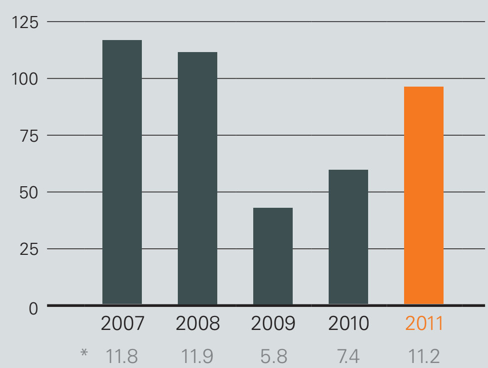
Depreciation and amortisation declined in the year under review. The main reason for this was that the amortisation of intangible assets in connection with the 2006 acquisition of National Business Furniture (NBF) ended. In addition, the US dollar exchange rate was weaker on average compared with the previous year and this led to a decrease in depreciation and amortisation recognised in the reporting currency euro. EBITA (earnings before interest, taxes and amortisation of goodwill) increased to EUR 104.1 (80.8) million and the EBITA margin rose from 10.1 to 12.2 percent. There were no extraordinary expenses in 2011, such as the previous year's impairment of the recognised goodwill of the Topdeq activities amounting to EUR 12.9 million. Accordingly, earnings before interest and taxes (EBIT) were up significantly on the previous year at EUR 104.1 (68.0) million. The EBIT margin rose to 12.2 (8.5) percent. Adjusted for the goodwill impairment mentioned above, the EBIT margin was at 10.1 percent in 2010.

Thanks to TAKKT Group's strong internal financing capability, net borrowings of EUR 49.4 million were repaid in the reporting period. Although average debt fell significantly, the overall decrease in finance expenses was less pronounced and these came in at EUR 8.7 million. The reason for this was the costs incurred for cancelling long-term interest rate hedges as a result of the quicker debt repayment. Profit before taxes rose to EUR 95.6 (59.0) million.

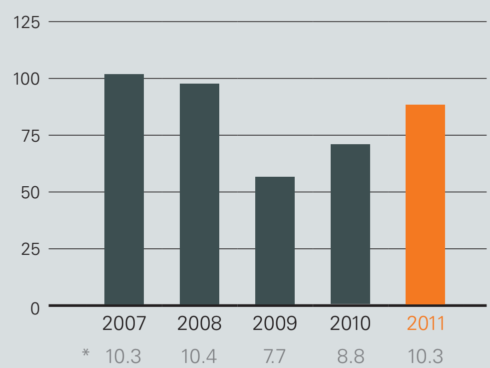
The tax ratio fell to 31.0 percent in 2011 compared to the previous year's ratio of 34.0 percent, which was adjusted for the Topdeq goodwill impairment. The main reasons for this were structural effects due to the increased share of TAKKT EUROPE in the Group's profit before taxes and lower allowances on deferred tax assets.

The profit for the period rose to EUR 66.0 (34.6) million. Earnings per share increased from EUR 0.52 to EUR 1.01, based on the weighted average number of shares of 65,610,331, which remained the same as in 2010. Earnings per share therefore were on the same level as in 2008.

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



TAKKT cash flow *in EUR million (*margin in %)*



Financial situation

Thanks to its solid equity base and sound financing structures, TAKKT Group traditionally has a good balance sheet. This ensures that the Group has the necessary scope to seize opportunities for expansion at any time.

High cash flow – the strength of the business model

The internal financing capability once again proved to be a particular strength of the TAKKT business model in 2011. The TAKKT cash flow – defined as profit for the period plus depreciation, goodwill impairment and deferred tax affecting profit – rose by 25.0 percent to EUR 87.8 (70.3) million following the improvement in profit. The cash flow margin improved to 10.3 (8.8) percent of turnover.

Net current assets rose primarily as a result of the increased trade receivables due to TAKKT's good performance in the period under review. The payment behaviour of TAKKT's customers also was stable as usual in 2011. At 35 (34) days, the average collection period was at a low level. TAKKT's write-offs on receivables remained low as usual at well under 0.3 percent of consolidated turnover. Additionally, trade payables decreased due to cutoff dates. Cash flow from operating activities therefore fell by 10.2 percent from EUR 88.4 to EUR 79.4 million.

Regular capital expenditure within long-term average

EUR 9.3 (6.7) million was invested in the expansion, rationalisation and modernisation of the business operations in the year under review. A large part of this was used for the installation of a photovoltaic system on the roof of Hubert's warehouse in Harrison, Ohio. The investment volume totalling EUR 3.5 million is spread across two years. By the end of 2011, EUR 1.6 million had been capitalised. Despite the increased investment level, the capital expenditure rate was 1.1 (0.8) percent, remaining at the lower end of the long-term average between one and two percent of turnover. The free cash flow, defined as cash flow from operating activities less regular capital expenditure, amounted to EUR 70.1 (81.6) million. This free cash flow is available for acquisitions, dividend payouts to shareholders and loan repayments. An overview of the total capital expenditure of TAKKT Group including acquisitions can be found in the table on page 25.

Effective 01 October 2011, KAISER+KRAFT EUROPA GmbH fully acquired its long-standing strategic IT partner UBEN Unternehmensberatung Enzinger GmbH for around EUR two million. Through this takeover, KAISER+KRAFT EUROPA has secured important long-term IT expertise. In addition, around EUR 21 million was used for dividend payouts for the 2010 financial year. TAKKT Group repaid net borrowings by EUR 49.4 million in 2011. The stronger US dollar on the reporting date compared to the euro had initially increased the net borrowings by EUR 3.7 million. At 31 December 2011, they amounted to EUR 93.7 million, compared with EUR 139.2 million at the end of 2010.

Further information on cash flow generation and usage is available in the cash flow statement of TAKKT Group in the consolidated financial statements from page 76 onwards.

Cash flow calculation *in EUR million*

	2007	2008	2009	2010	2011
Profit	79.3	75.1	27.8	34.6	66.0
Depreciation and impairment	17.3	15.8	19.2	32.7	16.8
Deferred tax affecting profit	4.6	6.2	9.1	3.0	5.0
TAKKT cash flow	**101.2**	**97.1**	**56.1**	**70.3**	**87.8**
Cash flow from operating activities	**95.0**	**96.9**	**71.0**	**88.4**	**79.4**
Cash flow from investing activities	**–9.6**	**–27.3**	**–62.4**	**–6.3**	**–8.9**
Cash flow from financing activities	**–83.6**	**–71.3**	**–8.9**	**–81.9**	**–71.9**

Solid balance sheet structure

Apart from the acquisition of UBEN Unternehmensberatung Enzinger GmbH, TAKKT Group did not make any further acquisitions and did not pay out a special dividend in the 2011 reporting year. Therefore, TAKKT Group's generated profit for the period, the repayment of borrowings and the development of the US dollar exchange rate had the biggest effects on total assets and the balance sheet structure.

At the balance sheet date, 31 December 2011, TAKKT Group's total assets were at EUR 549.8 (541.4) million. The non-current assets amounted to EUR 376.9 (377.8) million. The largest item in this position was goodwill at EUR 244.4 (237.5) million. The application of IFRS 3 stipulates that goodwill is not amortised on a regular basis, but that an impairment test is undertaken every year. No need for impairment was identified in 2011. The increase in goodwill was mainly due to currency effects. The balance sheet value of property, plant and equipment fell to EUR 93.3 (96.5) million.

Current assets rose year-on-year to EUR 172.9 (163.6) million thanks to the positive business developments. Trade receivables – the largest individual item in this category – climbed in line with the business volume and reached EUR 91.1 (87.5) million. The growing inventory level was also connected with the increasing business activity. At EUR 58.8 (56.2) million, inventory assets were significantly above the previous year's figure at the balance sheet date.

Equity ratio reaches upper end of target corridor

The positive earnings developments led to a rise in shareholders' equity in the Group to EUR 301.0 (251.7) million. This incremented the equity ratio up to 54.7 (46.5) percent, bringing it close to the upper end of TAKKT's own target corridor of thirty to sixty percent. This target corridor is designed to achieve a balance between sufficient financial scope for further external and internal growth on the one hand and an appropriate return on equity or optimised total cost of capital on the other. In order to restore this balance after a year without any large acquisitions, capital expenditure or dividend payouts, the Management Board proposed to the Supervisory Board the payout of a special dividend of EUR 0.53 per share, in addition to an ordinary dividend of EUR 0.32 per share.

The Group's net borrowings decreased to EUR 93.7 (139.2) million. Deferred tax liabilities increased again, as expected, due to tax-relevant amortisation on goodwill, rising to EUR 35.9 (29.2) million. Goodwill in the individual balance sheets of Group companies is amortised in accordance with local tax regulations, but not in accordance with the regulations of the International Financial Reporting Standards (IFRS), which is the basis for the consolidated Group financial statements. These differences give rise to deferred taxes.

Provisions for pension liabilities went up slightly in 2011. However, they remain of secondary significance for the Group at around 3.8 (3.5) percent of total assets.

Covenants

	2007	2008	2009	2010	2011
Total equity ratio in percent	59.2	61.7	45.1	46.5	54.7
Debt repayment in years	1.2	0.8	3.0	2.4	1.2
Interest cover	14.1	21.0	6.9	9.0	12.2
Gearing	0.3	0.2	0.8	0.6	0.3

TAKKT Group's efficient payments management further enables to systematically take advantage of supplier discounts. As a result, trade payables decreased at the balance sheet date.

The other key financial indicators – also known as covenants – which TAKKT uses for the long-term management of its financial structure improved once again. This was due to the positive business performance in line with the above-mentioned developments in cash flow, shareholders' equity and debt as compared with the previous year's figures. The gearing fell from 0.6 to 0.3, the debt repayment period was reduced from 2.4 to 1.2 years and the interest cover increased from 9.0 to 12.2. A calculation and definition of these key indicators can be found in the notes on page 104 as well as in the glossary starting on page 132. All of the key financial indicators underline TAKKT Group's very solid financing and show that there is sufficient scope for further internal and external growth.

Corporate development and quality assurance

Enhancing competences and safeguarding quality within all processes are core objectives for TAKKT Group's further development. Management at TAKKT AG promotes the internal transfer of knowledge between the individual companies. The regular exchange of ideas with external experts provides additional impulses for further developing our business model.

Continuously looking for optimisation potential

Unlike manufacturing companies geared towards technology, TAKKT Group does not conduct classic research and development activities as it focuses solely on direct marketing. Nevertheless, the environment in which the company operates is in a constant state of flux – in terms of both the needs of customers and the relationship between the various business entities interacting with each other along the value chain. For this reason, all of the divisions continuously work to optimally adjust their product ranges and services to the current and future needs of the market. In this way, TAKKT strives to constantly improve its offerings, workflows and processes.

In order to achieve this goal, the Group regularly draws on the support of external experts and specialists for analysis and strategic development. This involves, for example, conducting international market research over long periods of time to understand the needs and behaviour of customers. In addition, Group Management aims to ensure that the knowledge at hand in any individual Group company is made available to all of the other companies. Special emphasis is therefore placed on sharing knowledge and experience between staff at the individual Group companies. Last but not least, Management also initiates a regular dialogue between the Group's own specialists and external experts.

Capital expenditure TAKKT Group *in EUR million*

	2007	2008	2009	2010	2011
Tangible assets	45.8	24.7	3.1	4.5	7.3
Intangible assets	1.3	3.0	56.9	2.2	4.1
Other financial assets	0.3	0.2	0.1	0.0	0.1
Total	**47.4**	**27.9**	**60.1**	**6.7**	**11.5**
Impairment of goodwill	0.0	0.0	0.0	12.9	0.0
Depreciation	17.3	15.8	19.2	19.8	16.8

Monitoring success closely is key to increasing efficiency

In order to develop the company further and increase efficiency across all divisions, it is necessary to regularly monitor the success of all processes and activities. One example within the multi-channel sales is the steering of CRMs who serve key accounts. This involves using customer potential analyses and measuring differences in turnover compared with the previous year or contractual agreements. Every key account managed by the CRMs is evaluated using individual direct costing method. The ratio between cost and turnover is analysed using various different evaluations. Set targets are checked monthly and discussed with the CRMs so that steps can be taken to change the situation if necessary.

Institutionalisation of Group projects

Following the positive experiences with the FOCUS and GROWTH projects, TAKKT has turned its attention to institutionalising the optimisation of existing processes in the Group in the form of independent projects. Several new projects were launched in the 2011 financial year: CONNECT, FOX, SCORE and the positioning of private labels.

CONNECT links catalogue and internet

The purpose of CONNECT is to link the marketing instruments of the traditional catalogue business with the online presence of the individual brand as well as with the various forms of electronic order processing. At the multi-channel brands, customers are served through various sales channels in addition to catalogues. These are the web shop, individual e-procurement solutions and personal assistance from the CRMs. The different sales channels do not compete with each other but rather serve to complement one another.

However, the function and importance of the individual channels in the multi-channel approach will change in the future as customer needs shift. For example, while the catalogue still plays the central role in many customer relationships, the trend is continuously moving towards e-commerce. While the internet accounted for less than one percent of the Group's turnover in 2000, it reached more than twenty percent for the first time in 2011. Nevertheless, the catalogue will remain an important part of the sales strategy also in the long term. For, in TAKKT's most important target group – medium-sized companies – the catalogues represent the quality of TAKKT's various brands. Overall, the function of the catalogue in customer relationships and the ordering process will be redefined. The catalogue will increasingly develop from an advertising and ordering medium into an interactive shopping guide. The CONNECT project group's task is to drive this transformation by expanding the services provided while also making advertising media more efficient.

FOX explores ideas for saving

FOX is devoted to seeking possible savings potential and focuses exclusively on the purchase of non-trade articles such as IT hardware and software, office supplies, etc. – and not on TAKKT product range purchases. The project was deliberately set up decentrally in order to take advantage of the experience within all units. The objective is to identify creative ways in which purchasing costs within the individual groups can be reduced, be it by consolidating orders, making changes to order content and volume or coming up with other innovative ideas.

SCORE – a fixed element in TAKKT's strategy

The fundamental idea of sustainability is to guarantee a balance between economic, ecological and social concerns. TAKKT's Management therefore regards a company's business performance as one of the three main components of the principle of sustainability and not as opposite to it.

The purpose of the SCORE project is to bundle TAKKT's sustainability activities and incorporate them even better into the business model. SCORE stands for Sustainable Corporate Responsibility and represents the company's goal of promoting CR from a reputational to an operational issue. Exemplary CR is to become a USP for TAKKT compared with its competitors. CO_2 responsibility is to be integrated into the business model. The keywords here are Go Green delivery, solar power generation and usage of eco-power.

Aside from reputational aspects and the increased importance that employees, shareholders, journalists, customers and business partners place on CR, sustainable behaviour carries tangible economic benefits and therefore helps to increase the overall value of the company. An immediate benefit is the cost advantage created by consuming fewer resources, while, indirectly, sustainable business practices strengthen employee satisfaction and identification with the company, promote the perception of the company as an attractive employer, build confidence and make capital procurement easier. This enables TAKKT to generate further positive returns – i. e. returns linked to the positive perceptions of customers.

The importance of CR for the Group also becomes apparent by the choice of topic for the second TAKKT forum held in December 2011: "Sustainability – from Add-on to Build-in".

In order to measure the advantages that single-tier direct marketing has over two-tier retail, TAKKT had mandated Prof. Dr Dirk Lohre, an expert in transport logistics and logistical services at Heilbronn University, to conduct a study, the results of which were presented for the first time at the TAKKT forum.

Private labels remain on growth course

At the first TAKKT forum in spring 2011, the topic of "Private Label and Global Sourcing Strategies" was discussed. The exchange of ideas revolved around private labels and procurement management. Among other things, the positioning of private labels was reviewed, the issue of their value added studied and best-practice models in the area of B2B were analysed. Furthermore, alternative international sourcing approaches were examined.

Expanding its activities with its private labels is an area that TAKKT is particularly focused on. These accounted for 10.5 (9.8) percent of turnover in the 2011 financial year and experienced above-average growth rates over the last five years. The goal is to double this figure to twenty percent by 2016. With private labels, TAKKT pursues a quality strategy, i.e. high-quality or premium products with special guarantee services are offered at or, if justified, above the industry standard product's price. TAKKT's private labels also fill market niches. The range here covers special edition products that are otherwise not available on the market or only at a high premium. In this way, TAKKT clearly derives from common private-label models where cheap imported goods are branded and sold as trade brand products at entry price level.

TAKKT agreed on corresponding private-label concepts with all of its groups in 2011. With its private labels, TAKKT aims to capture the attention and win the trust of customers and demonstrate its particular expertise in each product range at the same time. In return, private labels lead to a higher reputation, increased customer loyalty and above-average margins.

Forward with e-commerce

TAKKT Group's e-commerce activities again developed positively and above average in 2011, with online order intake increasing by 15.9 percent and accounting for around 21.3 (19.4) percent of the Group's overall order intake. The relatively new web-only brands achieved a share of 3.0 (2.5) percent, while e-procurement generated 6.0 (5.2) percent. In order to further broaden this seminal business, TAKKT aims at exploring new markets. Therefore, TAKKT's Management created the Quip24 unit in the year under review. Its purpose is to develop new business over the coming years, which will involve taking some higher, but at all times calculable risks. The goal is to discover new sectors and market segments for the B2B web-only business in which the Group is not yet active.

*edu*Quip24.de was launched as TAKKT Group's first vertical brand in late 2011. *edu*Quip24.de is a full equipment provider for facilities in the adult education sector and is the first of a whole range of activities to be launched under the umbrella of Quip24. Another possible area that shows signs of growth in the future is the healthcare and nursing sector. In light of demographic changes, the forecasts show that the number of nursing homes in Germany alone will more than double in the next twenty years. Whether it is the adult education or the nursing sector, all of these facilities require equipment, so this opens up a promising market in which TAKKT can prove its core competence as a consolidator and effective manager of the value chain.

In organisational terms, Quip24 is part of TAKKT EUROPE's BEG and has access to the infrastructure and support of the KAISER+KRAFT EUROPA service company. In order to develop new e-commerce business models, Quip24 can collaborate or set up joint ventures with suitable external partners, wherever it appears necessary and reasonable to do so.

Expansion of web-only brands

TAKKT is also expanding horizontally with web-only brands such as officefurniture.com, IndustrialSupplies.com and Certeo. Here, customers can be reached who cannot be served efficiently with the traditional catalogue business and multi-channel marketing. As is the case with walk-in customers in store-based retail, customer relationships within the web-only brands should ideally be profitable from the first order. The advantage of web-only brands over multi-channel brands is that their product range and pricing can be adapted to changes in market conditions more flexibly. Once they have been successfully established, they can achieve operational margins similar to the multi-channel brands', despite having a lower average order value.

TAKKT had set itself the goal for 2011 of having at least one web-only brand in each of the five groups. By launching Furnandi in the OEG in February and cateringplanet.com in the SPG in August, this target was reached early.

E-procurement, search engine advertising (SEA) and search engine optimisation (SEO)

So-called e-procurement solutions go one step further than web shops. They were among the high-growth areas in the TAKKT Group in 2011. E-procurement is a sales channel within the multi-channel approach that is used by large companies with a high number of orders. It involves integrating customised electronic catalogues into the customer's intranet or ERP system. Solutions such as these simplify the ordering process within the company, thereby reducing transaction costs and leading to a high degree of customer loyalty, not least for reasons of cost-effectiveness and customer satisfaction.

SEA, which involves advertising a wide range of keywords with various search engine providers, and SEO are the main tools used to acquire new customers. The aim is to appear near the top of the list of advertised and organic search results when an internet user types a term into a search engine. All of the main Group companies' web shops are being constantly revised in this respect. For web-only brands such as Certeo and officefurniture.com, this area is the major topic. The European companies are benefiting from the experience gained by the US brands, which have been using SEA and SEO for many years. As part of the knowledge management system, the e-commerce experts pass on their specialised knowledge in all aspects of online business to the other companies.

TAKKT continually conducts a variety of market research activities. In order to guarantee the results' comparability at an international level, these activities are conducted with the same partner throughout the Group. Their findings consistently underline that the various online ordering options are gaining in importance for all of TAKKT's customers. A range of tracking studies was mandated in 2011. The results of each of these simplified online surveys are used to produce a catalogue of measures, the implementation of which is monitored by Management.

Service is also a top priority on the internet

An important finding from the surveys is that TAKKT's customers value good service on the internet as well. For this reason, the shift of sales activities and ordering processes from the offline to the online world is to be accompanied by an improvement in service quality across all areas. Therefore, the information and services provided on the internet is continuously enhanced.

For example, KAISER+KRAFT has been offering a magazine for decision-makers called EXECUTIVE since 2011, which provides detailed information about current issues in the world of business several times a year. EXECUTIVE gives an overview of solutions and services offered by KAISER+KRAFT and introduces product innovations in more detail. The web publication, which can be leafed through like a printed magazine, also provides helpful tips and information about work-related, environmental and management areas and thus underpins the company's competence as a partner in the procurement process.

The TAKKT companies have already been exchanging documents electronically with each other and all of their business partners for a number of years. Standardised interfaces were created for this purpose. Being connected to TAKKT's ERP system makes sense, especially for customers with high order volumes, but also for TAKKT's suppliers. The focus here is on electronically reproducing entire business processes and making them transparent. Several of our customers have already connected their e-procurement systems successfully. One example is the use of WebEDI, the web-based Electronic Data Interchange. With EDI, documents are exchanged via data networks in a standardised format that allows recipients to automatically process data as soon as it arrives in their IT system. The advantage of this web-based solution is that business partners do not have to invest in a costly ERP system in order to reproduce delivery processes in a completely electronic form. Especially for small and medium-sized companies, this is an important cost factor. The only equipment needed is a computer with internet access. From there, the order can be processed right up the point of invoicing – with or without a delivery receipt, depending on requirements.

Quality with ISO certification

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

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

Employees and Corporate Responsibility

TAKKT should be a role model when it comes to sustainability in the B2B special direct marketing sector. This is Management's ambitious goal. CR is no longer a niche subject, but has to run through the whole company like a thread, impacting its organisation and communication. It must also become part of the everyday working lives – from individual staff members to the Management Board. CR and sustainable business practices have therefore become a fixed element within TAKKT's corporate strategy.

Staff number grows

TAKKT did not just increase its turnover and earnings in 2011; the number of employees also rose again. The employees' flexibility during the crisis year of 2009 made a major contribution to maintaining the stability of the Group. This is now paying off as staff numbers were increased again across all regions.

At 31 December 2011, TAKKT Group employed 1,869 (1,807) full-time equivalent members of staff, while the actual headcount was 2,021 (1,963). After two years of decreases in the average number of employees, the headcount for 2011 was up on the previous year, both at the balance sheet date and on average during the year. There was no more short-time working in the Group during the year under review, thereby finally overcoming the effects of the last economic crisis.

The number of full-time equivalent members of staff employed in the TAKKT EUROPE division was 1,013 (968) at the balance sheet date, while for TAKKT AMERICA it was 825 (807). The holding company had 31 (32) employees. The average age of all Group employees remained at around forty years. Women made up 49.2 (49.7) percent of the workforce.

TAKKT has always believed that doing business responsibly also means training younger generations. This forms part of its CR and is another example of how CR is a factor for economic success in the long term. Hence TAKKT ensures its employees' identification with their company and its access to qualified staff. In 2011, a total of 26 (33) young people were in vocational training. Of these, 9 (9) employees completed an in-service university course at the Baden-Wuerttemberg Cooperative State University (DHBW). TAKKT Group offers vocational training for young men and women hoping to become wholesale and export operators, marketing communications operators, office communications operators, IT clerks, technical draughtspersons, industrial mechanics, production mechanics, warehouse clerks, warehouse logistics clerks and warehouse logistics specialists. In the year under review, five university graduates were hired as trainees across the Group. Training programmes last 18 months and involve postings in various company divisions. This lays the foundations for newcomers to pursue a subsequent career as an executive in direct marketing.

Training and further education increase staff retention
Qualified and motivated staff are a key success factor for the company. For this reason, TAKKT attaches great importance to comprehensive training and continuing professional development (CPD). The aim is to strengthen staff loyalty by investing in further education in order to retain employees in the company for the long-term. This reduces the costs associated with staff turnover, while also increasing the performance of employees.

Staff make great use of the company's CPD programme, which consists of the core elements of internal and external training, and seminars held by external experts and courses at the Haniel Academy. TAKKT regularly offers internal seminars in which specially trained or particularly experienced employees pass on their knowledge to colleagues. In addition, employees have the possibility to attend external courses in order to acquire specialised knowledge. The Group also regularly invites external experts to speak on a variety of subjects. The Haniel Academy is a management centre which helps executives and skilled staff to strengthen their job-related and personal skills and exploit their full potential. The academy works with first-rate management experts from colleges and leading international business schools to offer seminars and workshops.

In 2011, the training activities focused on young talents at the company. Apprentices, trainees and DHBW students received additional training opportunities in the areas of IT, e-commerce and finance.

As well as passing on specialised knowledge, learning general management skills is an important aspect of staff development at TAKKT. Topics addressed over the last year included the development of skills in the areas of project and interdivisional work and the enhancement of strategic skills.

Employees participate in success at several levels
TAKKT's employees make a decisive contribution to the company's success, which the Group rewards with appropriate performance-related bonus models. If a company achieves or exceeds its set turnover targets, the employees share in its success in the form of a cash bonus per year of up to one month's salary. However, if the relevant turnover targets are not met, no bonus is paid. Following an excellent level of staff bonuses in 2010, turnover targets were also reached in almost all companies in the year under review.

As TAKKT executives accept an especially high degree of responsibility within the Group, special remuneration models are used for them. Middle managers' remuneration depends on the operational results of their company and whether they have fulfilled their individual targets. The Management Board incentives are based on the cash flow from operating activities, the EVA® and the stock yield (based on the so-called total shareholder return (TSR)). Detailed information on this is included in the remuneration report from page 63 onwards.

In Germany, employees are also eligible to participate in the success of the company by buying employee shares. In 2011, 52.2 percent of all entitled employees took this opportunity and bought 18,345 shares. An employee share programme was again offered for 2012.

In addition to work-related benefits, TAKKT has been offering its staff a range of development programmes for years. For example, TAKKT offers its employees abroad various additional benefits in line with local specifics. These benefits are predominantly available for employees in foreign countries where the standard of care is below that established in Germany. They include company health insurance and pension schemes for countries where the statutory provisions are insufficient. But also in Germany, additional services, such as preventive health care and family guidance, are offered.

Acting responsibly
In 2011, TAKKT started the process of integrating its sustainability activities into its corporate strategy as part of the SCORE project. The intention is to anchor responsible behaviour even more firmly within the Group and to generate new impulses at the same time.

In line with the generally higher level of attention to CR, the demand for professional CR management in companies is also rising. Whether they are employees, shareholders, journalists, customers or business partners – today they all expect a company to take its responsibility for society and environment seriously. The target set by TAKKT's Management Board is ambitious: Exemplary CR is to become a USP for TAKKT compared with its competitors. For this reason, the SCORE project has been established at the Group's top management level. For TAKKT, CR is not just a reputational issue but rather part of the corporate culture and a means of increasing the company's value.

Commitment to social responsibility

For many years, TAKKT has been involved in numerous social and ecological projects. In addition to the above-mentioned staff development and training initiatives, TAKKT is supporting education projects for children in Germany, India and the USA. A long-term partnership with the charity Prem Dan – Gift of Love in English – in the Indian city of Mumbai enables thirty children to receive ten years of schooling as well as healthcare and food. The children participating in the current project have completed their fourth year at school. The project, however, entails more than just financial support. By writing letters on a regular basis, staff members and teams from various TAKKT companies maintain personal contact with the children in India's most populous city, where more than half of the more than twelve million inhabitants live in slums.

However, there are also children and schools in Germany that rely on financial support. Since 2008, Topdeq has been funding lunchtime meals for the children at Schillerschule, a special needs school in Pfungstadt, as some pupils could not otherwise afford to buy a hot meal. Already for the fourth time, KAISER+KRAFT EUROPA donated a minibus to a school for children and young people with learning disabilities near Stuttgart. In 2010, Topdeq followed this example and again donated a minibus to a local school in the year under review.

TAKKT's US companies are traditionally involved in various smaller-scale charity projects. The activities range from renovating a retirement home or participating in a charity race to donating clothes and putting together Christmas hampers for needy families. At the restaurant supplies company Hubert alone, the various charity projects are coordinated by a team of eight colleagues.

Whatever the project, TAKKT does not merely donate money. Instead, the Group encourages its employees to become involved, thus enhancing their social skills.

Environmental protection on many levels

The greatest contribution towards sustainable business management is made by those companies who have saving resources at the very core of their business model. This is precisely what TAKKT does. In comparison to two-tier retail, the single-tier direct marketing sector is the more environmentally friendly option as it generates fewer CO_2 emissions: This is firstly because the goods are transported straight from the manufacturer to the end-user with no intermediaries. And secondly because customers do not travel to the retailer – or to several retailers – to buy what they need. The growing proportion of web-only business also helps to protect the environment. All this means that TAKKT Group every day makes an active contribution towards climate protection along the entire value chain with its core line of business.

The advantages of single-tier direct marketing over two-tier retail were demonstrated and quantified in a study commissioned by TAKKT in 2011. Prof. Dr Dirk Lohre, an expert in transport logistics and logistical services at Heilbronn University, presented the results at the TAKKT forum in December 2011. Further information about this can be found in the CR report, which will be published at the time of the AGM on the TAKKT web site www.takkt.com in the Holding/Corporate Responsibility section.

In addition, TAKKT endeavours to make an active contribution towards protecting the environment across all divisions in the Group. Examples of this include: Using recycled paperboard containers as filling instead of Styrofoam, selling a wide range of FSC-certified goods, using innovative technologies such as power-heat-coupling and paper bleached without the use of chlorine to print catalogues as well as transporting products in modern and eco-friendly fleets of vehicles. When sourcing goods for its own use, the Group also makes every effort to conserve resources and protect the environment. All of the company's locations in Germany converted to eco-power supply in 2011. Additionally, TAKKT itself is investing in renewable energy production: The installation of a photovoltaic system on Hubert's warehouses in Harrison, Ohio commenced in the year under review. The system should already be up and running in the first half-year of 2012.

Commitment to forest conservation

TAKKT is committed to environmental protection that goes beyond the Group's operations. Since early 2010, TAKKT, in cooperation with the environmental protection organisation Naturefund, has been involved in the so-called Waldfonds project. The initiative aims to preserve the climate and the biodiversity of species by protecting existing forests and implementing reforestation projects worldwide. The issue of forests was deliberately chosen because TAKKT uses a large amount of wood as a raw material and therefore wants to make an active contribution towards conserving forests.

With the Waldfonds project, Naturefund provides long-term financing and support to establish small, local and therefore very effective protection and reforestation schemes. These schemes encompass projects all around the world, from low-mountain forests in Germany to tropical rainforests.

The initiative is supported by the Naturefund Forest Network, a growing group of companies, non-governmental organisations (NGOs), sponsors and scientific institutions, who have made it their business to develop and rethink environmental and climate protection topics.

Carbon Disclosure Project

To heighten general public awareness of the need for climate protection and demonstrate businesses' responsibilities, TAKKT regularly participates in the Carbon Disclosure Project. This internationally operating initiative asks more than three thousand companies worldwide from around sixty countries about their CO_2 emissions and water consumption as well as their strategies to counteract the greenhouse effect. A key objective here is to promote awareness and encourage sustainable behaviour among investors, corporate managers and politicians. The reason for this is clear: In order to manage something, it must first be measured. In Germany, supporters of this project include the Bundesverband Investment und Asset Management e. V. (BVI) and the World Wide Fund for Nature (WWF).

Further information on social responsibility and sustainable business practices can be found in the CR report, which will be published at the time of the AGM on the TAKKT web site www.takkt.com in the Holding/Corporate Responsibility section. For the first time, TAKKT's CR report will conform to the standards of the Global Reporting Initiative (GRI), which has established itself as a benchmark for transparent sustainability reporting.

Risk report

Companies operate in a complex world where the future behaviour of all market participants is uncertain. Every business decision is based on expectations which are connected to differing probabilities of occurence. All companies are exposed to risks at all times. An important factor in a company's success is therefore early recognising and managing these risks. For this reason, TAKKT Group has developed effective systems and successfully implements them.

Active risk management

TAKKT Group continuously analyses the market and competitive environment of its divisions and companies. Its own potentials are regularly monitored to see whether adapting to possible changes could improve its market position. This systematic observation enables it to identify and assess opportunities and risks at an early stage. As a result of this analysis, TAKKT defines measures that can be applied in order to limit, manage or avert risks.

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

Internal and external auditors are an inherent part of the company's risk management system. Their task is to monitor processes in all Group companies to assess their operational performance, efficiency and compliance with internal directives. New start-ups and acquisitions are immediately integrated into the controlling and risk management system. They have to meet exactly the same stringent requirements as the established companies in the Group.

Internal control and risk management system for the accounting process

TAKKT has extensive structures, systems and measures in place which safeguard the effectiveness and security of the accounting process, including the preparation of individual and consolidated financial statements. The internal control and risk management system for accounting is based on the close cooperation between the companies' Boards of Directors and the Management Board as well as the central Group accounting, corporate controlling, finance, legal and internal auditing departments. The principle of double-checking is practised Group-wide. Further key elements of the systems are a uniform code of procedure, cross-company controlling and processes to anticipate risks which can impair strategic and operational measures and thereby jeopardise the realisation of the Group's value and growth potential.

The internal control and risk management system is derived from the internationally recognised Internal Control – Integrated Framework issued by COSO (The Committee of Sponsoring Organizations of the Treadway Commission).

Accounting-related risks and controls are systematically documented, recorded and updated on a regular basis. The Management Board is responsible for establishing and overseeing the internal control and risk management system. The control and reporting structures start with planning at subsidiary level and finish with the Management Board. It is regularly informed about all developments and must approve material decisions and measures. Internal control mechanisms have been set up at all levels and every stage of the process.

TAKKT uses various instruments to ensure that the latest IFRS standards are applied consistently throughout the Group. These include continually updated accounting guidelines, a standardised chart of accounts, a Group-wide schedule for the preparation of financial statements, various handbooks and a number of other mandatory standards. External experts are called in when necessary, for example when evaluating pension liabilities or producing reports on purchase price allocation in conjunction with company acquisitions. The application of other legally relevant requirements and internal directives is regulated in a similar way.

In addition to this, certified data processing systems are used for order processing, bookkeeping, reporting and treasury. Together with central training sessions for the relevant users, they help to ensure quality in accounting. Standardised centrally administered IT systems are used to prepare the consolidated financial statements. The standard software solution SAP SEM BCS is used for consolidation at every level of TAKKT Group. A form-based data collection and collation instrument is utilised throughout the Group to prepare the notes to the consolidated financial statements. This is also based on an SAP solution. A multitude of automated checks within the IT systems support the financial reporting process. The IT systems used for accounting are protected against unauthorised access. The functions have also been separated, which serves to prevent or reduce risks that result from errors and irregularities and to identify problems and ensure that corrective measures are taken. This guarantees that no individual employee has control over all phases of a business transaction. IT change management systems ensure that no company data is lost when changes are made to the IT infrastructure.

Local directors and auditors regularly verify that the Group uses and complies with control systems and accounting regulations. Checks are also carried out by the central accounting department, the internal audit department and the Group auditors. All corporate ties between the companies are coordinated thoroughly.

No risks threatening the Group's existence

TAKKT is continually developing further its entire risk management system and adjusts it to new developments, if necessary. The auditors have confirmed the suitability and effectiveness of the system. In the year under review, the risk environment described in the following paragraphs remained largely unchanged from the previous year. The company was not aware of any risks threatening its existence or material risks exceeding normal business risks. In TAKKT's view, risks also represent certain opportunities. This means that taking a strategic approach to risks can generate competitive advantages.

The economic environment: a major risk to TAKKT's business

The individual B2B direct marketing operations carried out within TAKKT Group are fundamentally dependent on the economic developments in the various regions and sectors. As a consequence, TAKKT's business model is exposed to a general global economic risk. However, due to a diversified brand portfolio, the Group has usually been able to cushion the impact of economic fluctuations in individual countries, industries and areas in the past. This diversification has various different dimensions. With its multi-channel and web-only sales approaches, the company addresses customers of differing sizes and industries. TAKKT offers a very broad range of goods, comprising more than 175,000 products. With a presence in more than 25 countries, focusing on North America, Europe and Asia, the Group's international positioning reduces economic risks in individual markets. Positive diversification effects also arise from the fact that the marketing companies are in varying phases of the growth cycle. The portfolio ranges from start-ups and young companies, which generally grow dynamically regardless of the economic situation, to long-established marketing companies, which tend to reflect the current business cycle in their own development. In turn, the various target groups of the individual direct marketing brands exhibit different investment behaviour within the economic cycle. Only in severe global economic crises, such as the last one in 2008/09, TAKKT has not been able to benefit from its diversification because no customer group, no sector and no region could escape the downturn. In 2009, for example, turnover organically fell by slightly more than 25 percent and EBITDA by almost fifty percent compared to the previous year, as reported.

Independent from individual suppliers or customers

The B2B direct marketing industry for business equipment is exposed to comparatively little risk. Market entry barriers for new competitors are particularly high as building a customer base and especially the necessary logistical infrastructure is very expensive and time-consuming. Established suppliers have an advantage over newcomers due to economies of scale. Even for web-only businesses, these market entry barriers are considerable.

TAKKT does not depend on any individual manufacturer or supplier. The company can switch to alternative suppliers for almost every product it sells at short notice. This situation will not change in the long term. Even the last economic crisis did not prompt a consolidation within the supplier market for TAKKT's product ranges.

Dependence is also low on the sales side because TAKKT's customer structure is very diversified. Out of around 2.9 million customers worldwide, only two customers generate sales of slightly above one percent each of TAKKT Group's overall turnover. The loss of individual customers is therefore of little consequence. Additionally, the customer base includes companies from many different segments of the service sector, public authorities and the manufacturing industry. For some time now, the focus has been shifting: While almost all customers came from the manufacturing industry 25 years ago, this sector now accounts for less than fifty percent. TAKKT also caters for customers of many different sizes – from the self-employed person to hotel chains and public bodies, from simple workshops to large-scale manufacturing facilities. The increasing importance of e-commerce turnover will lead to a further broadening of the customer base since smaller customers can be reached more easily and served economically more efficiently via the online channel. At the same time, ties between TAKKT companies and larger customers can be strengthened as a result of e-procurement as it makes the procurement process simpler and more efficient. E-procurement also tends to result in more orders and higher average order values per customer.

Online trading opens up new opportunities

The internet is developing at an incredible pace. The number of users who grew up with the internet is constantly increasing. Search functions are steadily improving, which makes it ever easier to specifically select non-branded products. TAKKT responds to these trends with a multi-brand strategy in its online business: In the traditional business, TAKKT serves with its established brands via web shops and e-procurement larger customers who need additional services and advice and who think more in terms of process costs. The web-only brands serve smaller, more price-conscious walk-in customers who require less services and advice.

The proportion of total order intake from online orders has been steadily increasing for years. TAKKT thus sees the internet as presenting more opportunities than risks. The risk of TAKKT's business model being replaced by web-only sales platforms or marketplaces is considered as being low because most B2B customers are looking for professional providers offering a preselected product range of high-quality equipment in a one-stop shop solution, with fast and reliable delivery guaranteed. Electronic marketplaces are unable to fully meet these requirements, as they mainly focus on the technical processing of transactions. TAKKT, in contrast, can use the internet to further strengthen existing customer relations, for example by providing e-procurement solutions for key accounts. Online solutions tailored to clients' individual needs can make procurement processes even more efficient for customers.

E-commerce tends to be exposed to a greater level of risk than the traditional catalogue business. The internet is responsible for increasing competition in all retail sectors, partly as a result of market transparency. The rapid technological advances on the internet can also lead to significant changes in business models that are sudden and hardly foreseeable. TAKKT is preparing for these developments by systematically enhancing the online offerings across the Group.

In recent months, there has been a large amount of patent disputes relating to web site programming, especially in the USA. Further information on these cases, initiated by so-called patent trolls, can be found in the Legal risks section on page 38 of this Management report.

TAKKT Group can use the existing infrastructure in its web-only business to focus on new target groups with new brands and innovative sales approaches through its already-established platforms. This provides TAKKT with a clear competitive advantage over new entrants to the market. Management is willing to take greater, but still calculable risks here in order to break new ground. An example of this is the launch of the customer-specific online brand *edu*Quip24.de as a full equipment provider for the adult education sector.

Reacting flexibly to price changes

The TAKKT companies usually revise their catalogues up to three times a year. This enables them to react flexibly to changing offers and procurement prices. The online brands can adjust their prices even faster and more frequently. If costs for raw materials such as steel or wood increase, for example, it is possible to adjust prices for the product affected at short notice or offer an alternative product. TAKKT trades in durable goods that are neither perishable nor subject to risks from significant technical or fashion changes. In addition, demand is less sensitive to increasing or decreasing prices. Instead, orders are determined by what is actually needed. For this reason, TAKKT's warehouse capacities allow it to utilise weak economic phases to opportunistically build up its stocks at better purchasing conditions. This has a positive effect on both gross profit margin and profitability.

Broad protection for advertising media and addresses

Printed catalogues and mailings are TAKKT Group's key marketing media. The Group therefore takes particular care to ensure that its advertising material remains undamaged during production and distribution. To minimise the risk of loss, TAKKT has its catalogues produced by 7 printers in different locations. Any loss or destruction of advertising media is covered by insurance.

The Group's printing partners produce around 45 million items of advertising every year. Accordingly, paper and printing prices are an important cost factor. To ensure that short-term price fluctuations cannot impact on earnings, the Group has mostly signed longer-term printing contracts. Here, TAKKT works exclusively with stable and reliable partners. The companies in the TAKKT-Group were not significantly affected by the financial difficulties of individual printers.

A sound, high-quality and secure address database forms the foundation of TAKKT Group's business. The Group therefore carefully protects data relating to existing and potential customers. Additional security systems ensure that only authorised personnel can access and process the addresses. The TAKKT Management Board does not expect any possible tightening of data protection regulations to have a significant effect on the Group's business.

Low warehousing risk

The risks for TAKKT associated with inventory assets are deemed immaterial. This applies to risks of product deterioration as well as of technical and price developments alike. Tables, chairs and cabinets are standard articles that are always needed. They are not subject to seasonal price fluctuations or short-term fads. Since the TAKKT Group continually optimises and updates its product range, an item may be dropped from the catalogue in the medium term yet still remains stocked in the warehouse. In such cases, the product is sold off at a special price or the company falls back on contractual return clauses arranged regularly with suppliers for remnant stock.

Efficient logistics system

The majority of TAKKT Group's goods are made available in large mail order centres. This means that, overall, less inventory has to be built up and goods have to be reordered less frequently than would be the case with several small warehouses. A further benefit of the large mail order centres is the price advantage for TAKKT that arises from bundled purchasing in the service companies. Customers also benefit from this system through the resulting lower sales prices.

The advantages mentioned far outweigh the risks resulting from centralised warehousing, such as fire. However, if it is necessary to operate smaller regional warehouses to provide an optimal delivery service, the divisions establish such facilities, e.g. in Scandinavia, the Czech Republic and Canada. All warehouses are covered by the necessary insurance against fire, theft or business disruptions, etc.

Every TAKKT division regularly reviews its warehouse concepts. This ensures steady high standards of security, delivery quality, speed and efficiency. Should a temporary disruption at a warehouse result in bottlenecks, the divisions can also deliver the majority of their goods by drop shipment. If necessary, the warehouses are adapted to new requirements. At the beginning of 2011, for example, KAISER+KRAFT EUROPA started using a new central warehouse in the free port of China's trading hub Shanghai. The plan for this central warehouse is to act as a central point for supplying the local Asian warehouses in Shanghai and Tokyo with goods from Europe.

TAKKT contracts external logistics companies to deliver its goods and, when choosing its logistics partners, pays particular attention not just to how attractive their costs are but also to their wide-ranging know-how in delivering products to the very different regions. Fluctuating fuel prices, tax for motor vehicles and tolls have hardly any impact on TAKKT's earnings. Total shipping costs account for less than ten percent of consolidated turnover.

Low write-offs on receivables and guarantee claims

TAKKT's write-offs on receivables remain very low at well under 0.3 percent of its turnover. This extraordinarily good figure can primarily be attributed to the Group carefully checking customers' creditworthiness and actively managing receivables. In addition to this, the relatively low average order value and highly diverse customer structure limit the risk of write-offs to a large extent. As a result, the write-offs on receivables are very stable throughout the economic cycle.

The same applies to the collection period, i.e. the average time between invoicing and payment being received. It was 35 (34) days in the year under review.

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

Reliable and powerful IT and communication systems

TAKKT depends on very reliable and powerful IT systems to run its business, for example servers, order processing software and product management systems. A key priority of TAKKT's risk management is therefore to ensure data security and the smooth operation of IT.

To protect data and operations, the companies in the TAKKT EUROPE division use central high-availability systems. A server processes day-to-day business, while special software simultaneously copies all files to a backup system. If the server fails, the second system takes over. At TAKKT AMERICA, ongoing data backups and external hardware capacities reduce the risks associated with IT system breakdowns.

As well as the TAKKT Group companies' internal IT departments, external specialists constantly check the performance and security of the IT systems. They test whether the systems are running reliably, whether they are protected against unauthorised access and whether data can be restored easily. Based on an extensive IT security analysis carried out in 2010, long-term measurement systems and an IT security management plan were developed. An important objective of these measures is to provide technical and administrative protection for sensitive data and to safeguard the high availability of the IT systems for ERP and product management systems as well as for web shops.

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

As well as having smoothly functioning IT systems, it is crucial for the TAKKT companies' business that the marketing companies can be reached by phone at all times. For this reason, the Group uses special backup systems and uninterruptible power supplies. This provides protection from line or power failures and faulty telephone systems. Calls can also be rerouted to other sites. The company continuously monitors how easy it is for customers to contact the companies' sales offices. These checks allow TAKKT to flexibly align its telesales capacities with business volumes.

Actively managing financial risks

The main financial risks affecting TAKKT's business result from changes in exchange rates and varying interest rate levels. Wherever possible and reasonable, TAKKT uses financial instruments to hedge against these risks. However, financial instruments of this kind may only be used to hedge against risks and not, for example, as a means of investing liquid funds or engaging in speculation.

Hedging against exchange rate risks

When it comes to volatility in exchange rates, a distinction should be made between transaction risks and translation risks. Transaction risks result primarily from buying and selling goods in different currencies. The Group protects itself from the effects of these risks by generally buying and selling products in the same currency. Transaction risks from fluctuating exchange rates remain for less than ten percent of consolidated turnover – mainly from intercompany transactions. The currency risks which remain after offsetting are generally assumed and hedged by the respective delivering entity. Based on the individual companies' turnover forecasts, the open currency positions are identified and hedged using derivative financial instruments to an amount of around seventy percent, preferably with forward foreign exchange contracts. In general, forecast turnovers and cash flows are considered for one catalogue cycle.

When the individual financial statements of foreign subsidiaries are translated into the reporting currency euro, translation risks resulting from fluctuations in exchange rates arise for TAKKT Group's balance sheet and its consolidated income statement. Especially fluctuations in the US dollar affect the absolute value of the key figures reported in euros. As a rule, TAKKT does not hedge against these risks as there are no economic grounds to justify putting proper hedging mechanisms in place. Furthermore, translation risks only have a minor impact on the structure of TAKKT's consolidated balance sheet and income statement.

Hedging against interest rate risks

TAKKT is also exposed to risks and their negative impacts arising from changes in interest rates. The Group protects itself from this risk with interest rate swaps and interest rate caps. These hedges usually have the same duration as the loan contracts, so that interest rates for long-term loans are also hedged for the long term. The target hedge level is between sixty and seventy percent of the finance volume. This limits the negative impact of interest rate increases, but still offers the Group the potential to profit from interest rate reductions or persistently low short-term interest rates. The development of the hedged amount is mainly driven by the future free cash flows, which are used to repay borrowings. Due to TAKKT Group's positive cash flow development, debt repayment was strong in the year under review. This made it possible to early cancel a number of long-term interest rate hedges.

A detailed description of the hedge instruments held at the balance sheet date as well as quantitative details of currency and interest rate risks is included from page 111 onwards of the Notes. By using the above-mentioned currency and interest rate hedges, TAKKT does not face any material risks from changes in prices.

Financing secured long-term

TAKKT monitors and manages the solidity of its financial structure through long-term financial planning and specific key ratios (covenants). These covenants include, among others, the equity ratio. TAKKT has determined an internal critical threshold for each of these figures. The Group aims at an equity ratio between thirty and sixty percent. At 31 December 2011, the ratio was 54.7 percent and therefore at the upper end of this corridor. The target for the debt repayment period is less than five years. In 2011, the figure was 1.2 years. The interest cover is another measure of a company's financial stability. TAKKT aims for a figure above four and the value at the balance sheet date was 12.2. In terms of gearing – i.e. the debt-equity ratio – the Group strives to record a figure below 1.5, though a value above two is temporarily tolerated. In 2011, the figure was at 0.3. An explanation of these covenants is included in the glossary starting on page 132.

The Group's financing is largely based on long-term loans. In addition, TAKKT always has sufficient free credit lines available of which the yearly average clearly exceeds a hundred million euros. This means, for example, that the present debt can be entirely covered by committed five-year credit facilities. As a result, TAKKT Group's external growth can be realised at any time by drawing on previously established conditions in the long term, regardless of the situation on the financing market. For TAKKT, the potential unavailability of debt capital therefore does not pose a significant risk. TAKKT closes transactions exclusively with banks with a good rating which the finance department regularly monitors. Furthermore, the bank pool is widely spread. The company can therefore virtually rule out any liquidity risk arising from financing.

Hardly any personnel risks

TAKKT Group's long-term success largely depends on the employees' know-how and dedication, which has both direct and indirect effects on the course of business. To continue generating profitable growth in the future, TAKKT continuously strives to gain new highly qualified employees and retain them in the long term. Risks resulting from staff turnover are minimal, as TAKKT has established deputy arrangements to deal with cases of staff illness or resignation. However, if staff illness or resignation occurs in key positions within the company which require special and more unusual qualifications, this could lead to longer vacancies and disturbances accordingly.

Efficient steering and control systems

TAKKT Group's Management relies on a range of efficient steering and control systems to manage each individual operating company. As part of the operational planning meetings that take place every year, the Management Board has in-depth discussions about the coming year's business figures with all of the subsidiaries. It is provided with information on current order intake levels on a daily basis during the year. The gross profit is managed using data from the monthly financial statements as well as catalogue price calculations during the year. In addition, efficient cost management is based on special reporting formats, focusing on crucial cost categories such as personnel and advertising expenses. The strategic management rests on detailed planning for several years ahead, which is done each year for all five groups and the Group as a whole.

Legal risks with no material impact on the business

TAKKT Group companies are involved in litigation in day-to-day business both as plaintiff and defendant. However, these cases do not have any impact on the economic situation of the Group, neither individually nor jointly. There has been an increasing number of patent disputes related to the use of functionalities during web site programming, especially in the USA. Like many direct marketing groups and numerous other companies, TAKKT has also been affected by several lawsuits from so-called patent trolls. These are companies that have no operational business but instead systematically buy patents in order to subsequently collect royalties for them. Companies using those often trivial web technologies covered by the patents can get caught up in legal disputes. Consequently, in such cases, a company must decide whether it makes more sense to enter into costly legal proceedings or to pay the royalties. Furthermore, higher levels of public debt in several countries prompt an increased number of tax audits. TAKKT, however, does not regard this as posing any significant risks.

Conclusion: risks limited and calculable

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

Forecast report

TAKKT Group repeatedly proved that its business model, combined with a solid financing and balance sheet structure and its ability to react quickly to changing market conditions, is well equipped to deal with any economic scenario. The company maintained its cash flow strength and profitability during both the last economic crisis and the recent upturn and succeeded in further strengthening its own market position.

Economy going separate ways again

While the economies of TAKKT's two most important markets – Europe and North America – developed in the same direction over the last three years, albeit with a small time lag, there are signs that economic performance on both sides of the Atlantic will diverge in 2012. In 2011, both regions reported a clearly slowing economic trend during the year. But, while the economic indicators for North America at the end of the year pointed to a stable economic performance for 2012, Europe may be in danger of sliding into another recession. The main reason for this is the sovereign debt crisis which spread from economies such as Greece and Portugal to the eurozone's core countries in autumn 2011. According to the most recent forecasts, Europe's GDP will be slightly down at – 0.4 percent in 2012. The German economy is predicted to increase just slightly with 0.5 percent. Economic performance is not expected to increase tangibly again until 2013, with 1.3 percent in Germany and 0.8 percent in Europe.

Experts are predicting that growth rates will pick up in 2012 in the USA, the most important economy in North America. Despite the recent forecast reductions, GDP in 2012 is now expected to grow stronger than in 2011 at 2.0 percent (1.7 percent). For 2013, growth of around 2.5 percent is expected.

The development of key PMIs in the second half-year of 2011 supports these forecasts. While the PMI in the USA stabilised at more than fifty points – a level that indicates growth – and even rose towards the end of the year, the comparable indices in Europe slipped below the mark of fifty, which points to shrinking economic performance, and rose again at the beginning of 2012. In general, the PMIs are very reliable indicators for the TAKKT companies' order developments for the three to six months after they were measured.

Asia – the third region in which TAKKT operates – will once again grow significantly faster than the global economy in 2012 and 2013. GDP growth in the two markets relevant for the Group, Japan and China, is expected to be 2.3 and 1.8 percent and 7.5 and 7.5 percent respectively. However, these relatively new markets for TAKKT still only play a secondary role in the Group's overall figures.

Expansion strategy will lead to growth

TAKKT cannot count on any significant economic tailwind in 2012. Nevertheless, the Management Board is cautiously optimistic about the near future. The Group has launched a number of growth initiatives to ensure that the company's performance is above average also in the future. Existing brands expand their business models into new regional markets, new sales channels and approaches open up new customer groups and new products and services create growth opportunities among existing customers. Additionally, TAKKT is permanently looking out for potential acquisition targets. The Group will continue to consistently pursue these internal and external growth strategies.

The interaction between TAKKT's strategic positioning – as described from page 12 onwards – and the long-term market trends supporting the business model give rise to numerous opportunities for the Group's medium- and long-term development. These opportunities are offset against the risks laid out in the risk report from page 32 onwards – in particular the economic risk.

Resuming the long-term growth path

Over the last 25 years, TAKKT has achieved average turnover growth of almost ten percent per year. Acquisition-induced and organic growth contributed in roughly equal measure to this increase. The Group regards this split as a guideline for the future development. The average figure for organic growth comprises some years with above-average growth (such as in 2006/07), years of average growth (as in 2004/05 and 2010/11), and years with below-average or even negative organic growth (as in the period 2001 to 2003 and 2009).

Based on the economic expectations and growth initiatives outlined above, the Management Board sees three different scenarios for the Group's development in 2012:

- If global economic growth, as measured by GDP growth rates, is at the same level as in 2011 and the PMIs remain between 50 and 55 points, an organic increase in turnover of three to five percent is realistic for TAKKT. In this case, the EBITDA margin would be in the upper third of TAKKT's own target corridor.

- If GDP growth falls slightly on 2011 and the PMI values stay around the mark of fifty, the Group should be able to achieve turnover growth of around two percent and maintain a medium EBITDA margin.

- If GDP growth rates are negative, pushing the economy into a recession, and the PMIs stay below fifty points for a longer period of time, a decline in consolidated turnover and the EBITDA margin cannot be excluded.

The economic indicators suggest that the middle scenario is currently the most likely of the three, though the US economy seems to be more robust at the moment than the European one.

From today's perspective, organic growth rates in the mid-single digits can be expected for 2013 if the financial markets stabilise and the economy improves.

Management is convinced that in the medium and long term TAKKT Group will remain on its above-mentioned historic growth path averaging around ten percent per year. If the company makes a well-sized acquisition in 2012 and/or 2013, it could potentially achieve growth rates far above the long-term average in those years.

US dollar affects key figures

TAKKT generates about forty percent of its turnover in the USA. Fluctuations in the exchange rate of the US dollar therefore have a significant impact on the Group's key figures in euros. When translated into the reporting currency euro, a strong US dollar leads to higher turnover. If the US dollar is weak compared with the euro, consolidated turnover is diminished. The concrete impact can be illustrated using two scenarios. If, on the one hand, the EUR/USD exchange rate increases by five percent against the previous year (i.e. the US dollar becomes weaker), the increase in turnover reported in euros will be about two percentage points below the currency-adjusted growth. If, on the other hand, the US dollar strengthens by five percent (i.e. the EUR/USD exchange rate falls), the increase in turnover reported in euros will be about two percentage points higher than the currency-adjusted growth.

To illustrate currency effects clearly and depict business development 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. This applies to its quarterly financial reports and its annual reports alike. TAKKT's turnover forecast refers to figures which have been adjusted for currency and acquisition effects.

Gross profit margin remains high

For 2012 and 2013, TAKKT generally expects the gross profit margins will remain stable for the divisions. However, a slight decline in the gross profit margin cannot be excluded for the Group if the contribution made by the higher-margin TAKKT EUROPE division drops slightly as a result of economic developments. Nevertheless, the Management Board has set itself the target of keeping gross profit margins above the forty percent mark for the long term and further optimising them.

Furthermore, it is the goal for both 2012 and 2013 to stabilise profitability on a high level or improve it across the Group. The aim is to continuously optimise the individual cost items and thus anchor the EBITDA margin – a key figure for the Group's operational profitability – in the upper half of the target corridor of 12 to 15 percent.

Capital expenditure at normal level

In 2012 and 2013, capital expenditure will be at the normal level of between one and two percent of turnover, which is the long-term average. Expanding and remodelling the European IT infrastructure will be a key focal point for capital expenditure over the years to come. The objective of the IMPROVE project is to adjust the workflows of the various companies and brands in a way that they can react quickly and flexibly to changes in the general and market environment. This especially applies to the business processes in e-commerce. The conversion will take place over a lengthy period of time.

Expansion course moves ahead

TAKKT will resolutely continue to expand in the coming years, regardless of the economic situation. In addition to the Quip24 activities already described in detail, the successful TAKKT AMERICA brand Hubert, following its expansion break, will roll out its operations to another European country. The US company specialised on the food service industry has already launched its business in Germany, France and Switzerland. There are also plans to continue with the regional expansion of the web-only brand Certeo, which is part of the BEG within TAKKT EUROPE. The PEG is also planning an array of smaller growth initiatives for the coming years under the title of People Empowered Growth.

Constant dividend policy

With a sustainable dividend policy, TAKKT AG wants to ensure that shareholders participate directly in the company's economic success whilst maintaining financial scope for external growth. In general, approx. thirty percent of profits attributable to shareholders should be paid out as an ordinary dividend, but not less than in the previous year. If the total equity ratio reaches the upper end of the Group's own target corridor of thirty to sixty percent or exceeds it, TAKKT may also distribute a special dividend thanks to the strong cash flow generated by its business.

Development of the divisions

The currency-adjusted performance of TAKKT EUROPE and TAKKT AMERICA converged in the year under review to the extent that the organic growth rates of the two divisions were almost equal at year-end. For 2012, the economic indicators suggest that the organic development of the two divisions will again move in slightly different directions.

The improved economic prospects for the North American market give rise to expect that TAKKT AMERICA can grow organically at a slightly faster pace than TAKKT EUROPE in 2012. The impact of the economic stagnation predicted for Europe will have an impact on the turnover of TAKKT EUROPE's companies, which will only be compensated in part by the various growth initiatives and the expected progress from the repositioning of the European OEG.

For TAKKT AMERICA, the increasing utilisation of the direct marketing business infrastructure should have a positive effect on profitability, leading the EBITDA margin to gradually approaching double digits. If TAKKT EUROPE's business remains at least stable, it will continue to be well above the Group's own target corridor of 12 to 15 percent.

Guarantee

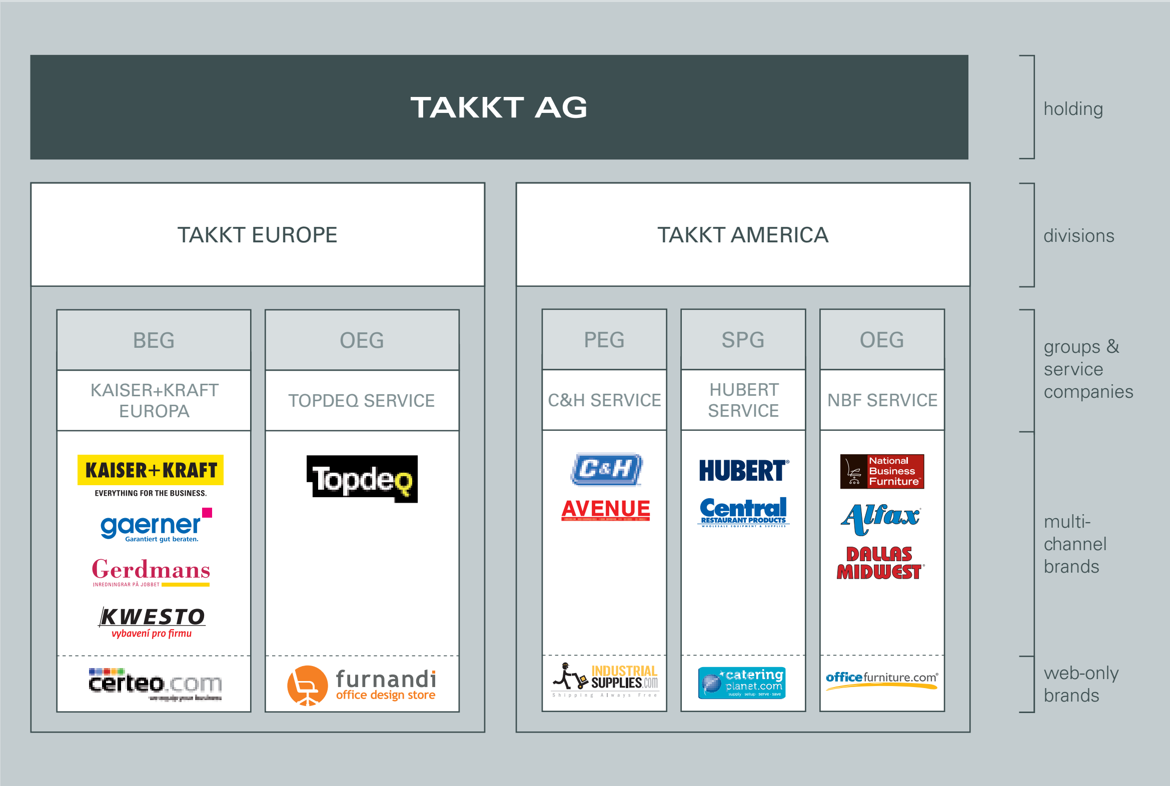
This annual report and the forecast report in particular include forward-looking statements and information.

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

IN 2011, TAKKT EUROPE AND TAKKT AMERICA WERE AGAIN ON A SOLID GROWTH COURSE. TAKKT EUROPE ONCE MORE PROVED TO BE A STRONG EARNINGS PILLAR FOR THE GROUP.

TAKKT at a glance

Group structure at 31 December 2011



Since 2010, the Group's organisational structure consists of two divisions: TAKKT EUROPE and TAKKT AMERICA. At a secondary level, the divisions are split into five groups.

TAKKT EUROPE is broken down into the BEG – catering for the industrial, retail, trade and service sectors – and the OEG, whose customers are mainly SMEs from the service industry.

TAKKT AMERICA is divided into three groups. The PEG caters for a customer base consisting of industrial, retail, trade and administrative organisations. The SPG focuses on the food service industry and retail, while the OEG primarily supplies service companies, public bodies, government agencies, schools and churches.

Each of the five groups has a service company which supports the individual brands by providing central services such as managing IT and logistics or developing advertising measures. This centralisation ensures that the structures and systems needed for B2B direct marketing are provided efficiently.

The decentralised sales companies of each brand ensure market and customer proximity. TAKKT AG as the holding is responsible for the strategic management of the Group and thus steers the cross-divisional transfer of knowledge.

TAKKT EUROPE

Economic tailwind

Although business continued to develop disparately at the BEG and OEG, once again the TAKKT EUROPE division was by far the strong earnings pillar of TAKKT Group in 2011.

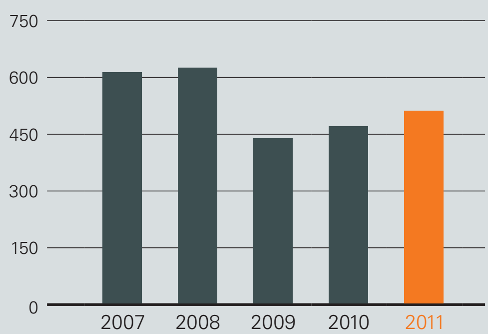
Strong business in Germany spurred on turnover and earnings

In the year under review, TAKKT EUROPE recorded turnover of EUR 507.3 (467.1) million. The strong economic situation, especially in the first half of the year, and numerous growth initiatives led to a pleasing development of business which amounted to a 8.6 percent overall increase in turnover. Adjusted for currency effects, organic turnover grew by 6.8 percent. Especially the on average clearly stronger Swiss franc contributed to this development. TAKKT EUROPE accounted for 59.5 (58.3) percent of consolidated turnover. Both the rise in order numbers and the higher average order value were responsible for the increase. The driving force behind the division's and the entire Group's performance was the particularly strong level of business recorded in Germany, as in the previous year. Nevertheless, there was also a noticeable decline in the growth trend here in the second half of the year.

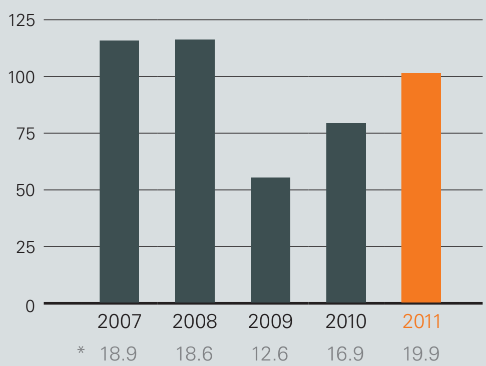
BEG achieves highest growth rates

Once again, there was significant variation in the performances of TAKKT EUROPE's two groups in 2011. Driven by the good economic environment, the BEG recorded double-digit turnover growth overall with its KAISER+KRAFT, gaerner, Gerdmans, KWESTO and Certeo brands. Developments were particularly pleasing in Germany, parts of Eastern Europe, Austria, Italy and Belgium. Only Japan – in part due to the negative economic impact of the natural and nuclear disaster in spring 2011 – was unable to match the BEG's positive course of business. In addition, the business model in this market had to be restructured and the sales channels re-established: Instead of serving large companies with printed catalogues, TAKKT will be concentrating on small and medium-sized companies here in the future and primarily selling its products online. In China, the business model is also being adapted to local requirements. Deploying sales representatives with catalogues, who are in direct contact with companies, has proven to be an efficient approach for acquiring new customers, which is gradually being extended.

Turnover *in EUR million*



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



Repositioning of OEG delivers first results

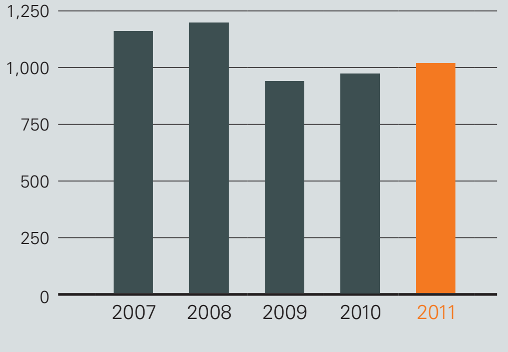
The repositioning of the OEG, which commenced in March 2011, began to show first results during the course of the year. The group's average order value has developed very pleasingly. The newly introduced incentive system offering additional services for orders above a certain value had a positive impact here. The key figures for acquiring new customers also developed pleasingly. However, the number of orders clearly lagged behind the previous year's figure, as expected. Turnover fell by a low double-digit percentage. The positive response of customers to Topdeq's more high-end positioning in the premium segment – with additional services such as planning and assembly – and the positive development of new customer figures give grounds for further optimism.

By increasing the OEG's focus on online business, Management expects to broaden the customer base. By utilising the existing logistical infrastructure to a greater degree, the profitability is to be improved step by step. The sales approach used in Austria was completely reorganised in January 2012, with the result that this market will in future only be served online. In conjunction with this, the Topdeq site in Schwechat (Vienna) was closed at the end of 2011.

TAKKT EUROPE frontrunner in earnings

Compared to the previous year, TAKKT EUROPE's operational result (EBITDA) again climbed at a faster rate than turnover in the year under review, increasing by 27.7 percent to EUR 101.0 (79.1) million. Gross profit margin, capacity utilisation and advertising efficiency all increased once more. At 19.9 (16.9) percent, the EBITDA margin was well above the Group's own target corridor of 12 to 15 percent. The BEG exceeded the target corridor for the EBITDA margin by an even greater amount, making it the most profitable group.

Employees *Full-time equivalents – 31.12.*



Business Equipment Group

From Stuttgart to the world

The BEG's success story began in Stuttgart back in 1945. Walter Kaiser and Helmut Kraft founded a company that advanced to become Europe's leading B2B direct marketing company in the following decades. Today, 968 employees in more than twenty European countries as well as China and Japan work for the KAISER+KRAFT, gaerner, Gerdmans, KWESTO, Certeo and Quip24 brands. As the operational service holding company based in Stuttgart, KAISER+KRAFT EUROPA GmbH is in charge of central functions such as catalogue production and purchasing. The BEG is TAKKT Group's largest and most profitable group with around 1.1 million customers. Its product range comprises approx. 55,000 products – from waste bins and shelving systems to mobile cranes. The company's private labels EURO*KRAFT*, *office akktiv* and Quipo stand for top-quality office, plant and warehouse equipment. On request, the company develops customised products, mini-series and products in the customer's corporate design.

Foundation laid for further growth

In order to actively shape TAKKT EUROPE's sustainable growth path, it is necessary for TAKKT Group to develop larger logistics areas in the medium and long term. By agreeing on a contract at the end of January 2011 to extend facilities in the immediate vicinity of the European mail order centre in Kamp-Lintfort at the end of January 2011, TAKKT has secured the possibility of increasing its warehouse space in the future. This extension opportunity runs until 2015. When and to what extent TAKKT will utilise this possibility will depend largely on how growth develops as well as on decisions regarding the extension of rental contracts at other sites in Europe.

TAKKT EUROPE consistently pursued its expansion strategy during the year under review. The gaerner Group started selling in Belgium in May 2011. Certeo, TAKKT's first web-only brand in Europe, expanded its operations into France in early 2012. The OEG also launched its web-only brand Furnandi in February 2011. Furnandi's customers are SMEs and self-employed persons who are looking to furnish their home offices, reception areas, conference rooms and trade fair booths with sophisticated high-quality equipment.

The first vertical online offering started in late 2011: *edu*Quip24.de offers a wide range of primary goods and equipment for facilities in the adult education sector. Further internet operations catering to specific customer needs are being prepared.

IMPROVE project optimises IT systems

The individual companies of TAKKT EUROPE are currently using the ERP system TOP and the VHE purchasing system. Due to the useful life of the systems and different requirements in the various companies and countries, these systems have diverged very much from one another in recent years. This has led to a high degree of complexity in the system as a whole, despite the fact that the tasks and requirements in the B2B direct marketing business are largely the same everywhere. In view of the Group's growth objectives, this complexity needs to be reduced by implementing modernised and standardised IT structures from which advantages can be gained. Amongst other aspects, the IMPROVE project will define the requirements that a new business application software must fulfil. This process includes a number of stages that involve checking not just the IT system in use but also the individual workflows – from purchasing right through to invoicing. The project will be implemented step-by-step over the coming years.

Office Equipment Group (Europa)

**High-quality design:
ordered today – delivered tomorrow**

The OEG in Europe consists of the Topdeq and Furnandi brands, which specialise in high-quality, design-oriented office furniture and accessories. 157 employees serve some 400,000 customers, largely from the service sector. The product range includes around 3,000 products. Topdeq offers its product portfolio via catalogues and the internet. Topdeq has been part of TAKKT Group since 1994. Special services offered by the office supplier are a quality guarantee lasting up to ten years, a 24-hour delivery service and a wide range of additional services, from office planning and furnishing right up to assembly of the products delivered. Today, Topdeq operates its multi-channel approach not just in Germany but also in the Netherlands, Switzerland, France and Belgium. The Austrian market is served exclusively via the web shop as of 2012.

In addition to the premium brand Topdeq, the European OEG introduced its own web-only brand for high-quality office furniture in 2011: Furnandi. Here, top-quality functional design at fair prices is combined with straightforward service. Customers benefit from quick and free delivery within three days, transport insurance at no extra charge and a three-year guarantee.

TAKKT AMERICA

Well positioned

Once again, TAKKT AMERICA achieved growth across all of its groups in 2011. The division benefits from its highly diversified client and product portfolio. The performance of the SPG, with its focus on customers from the service sector, was especially pleasing.

Growth in all three groups

TAKKT AMERICA, consisting of the PEG, SPG and OEG, increased its turnover to EUR 345.2 (334.7) million in the year under review. This represents an increase of 3.1 percent. The division thereby contributed 40.5 (41.7) percent to consolidated turnover. Due to the growing amount of business conducted in currencies other than the US dollar, TAKKT AMERICA's turnover figures are reported solely in euros – and no longer in US dollars – since the start of 2011. In addition, the growth rates are also stated in currency-adjusted terms.

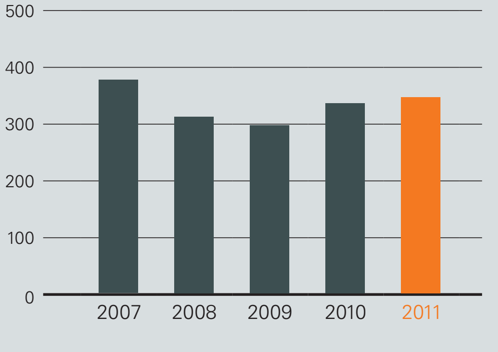
Adjusted for the currency effects of the on average weaker US dollar compared with the euro during the year, turnover grew by 8.0 percent in the period under review. This was due mainly to the higher average order value in US dollars, but order numbers were also up on the previous year. The broadly diversified customer and product portfolio proved once more to be a particular strength of the division. Following its positive result in the previous year, the PEG again achieved a medium single-digit increase in turnover, although growth tailed off a little already starting in the second quarter. As expected, the more late-cyclical companies of the OEG overtook the PEG in terms of their growth rates in 2011 and recorded a high single-digit increase. The SPG, whose customers are primarily in the retail and service sector, posted the biggest improvement with a low double-digit rate of organic growth.

Plant Equipment Group

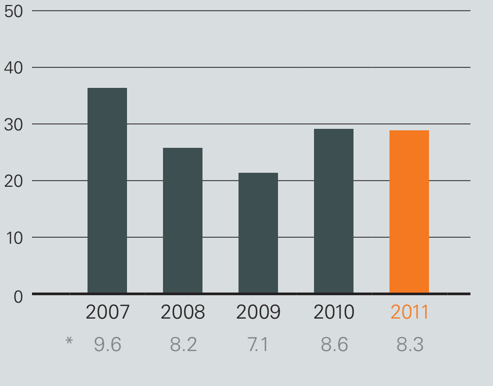
The industrial equipment specialists

The PEG comprises the direct marketing activities of C&H in the USA and Mexico, Avenue in Canada, and the web-only brand IndustrialSupplies.com. C&H and Avenue now rank among the leading specialist B2B direct marketing companies in North America. With 226 employees, the companies consider themselves as full-service suppliers, marketing around 50,000 products from the transport, storage and plant equipment sectors to around 550,000 customers. The PEG expanded its scope in 2010 by launching the web-only brand IndustrialSupplies.com aimed at smaller companies. With two warehouses in the USA and another two in Canada, the PEG is capable of offering a fast delivery service. Naturally, all products can also be ordered online.

Turnover *in EUR million*



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



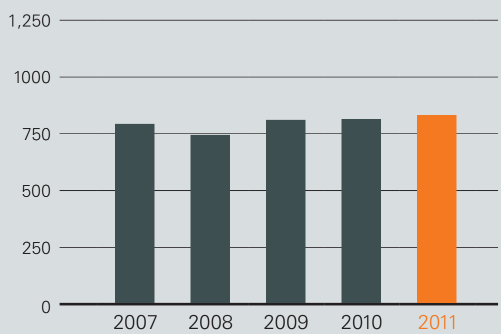
Specialties Group

The restaurant equipment specialists

TAKKT AMERICA's SPG employs 473 people and comprises the Hubert brand in the USA, Canada, Germany, France and Switzerland as well as Central Restaurant Products and cateringplanet.com in the USA. The customer groups are from the food service and retail sectors and can choose from a product range of more than 54,000 products. Established in 1946, Hubert is the leading direct marketing company dedicated to equipment and supplies for the retail, food service and hotel sectors in the US. As a full-service company, Hubert provides its customers with comprehensive solutions including up-to-date merchandising products and creative promotional ideas. Central offers its products for the restaurant industry via a web shop and a catalogue with some three hundred pages. This is supported by an efficient tele sales team. Its product range, which is broader but also shallower than Hubert's, is aimed primarily at smaller companies. The web-only brand cateringplanet.com is the newest addition to this successful group. Overall, the SPG serves approx. 250,000 customers.

TAKKT AMERICA generated EBITDA of EUR 28.6 (28.9) million in the year under review, corresponding to an EBITDA margin of 8.3 (8.6) percent. Here, it should be noted that EBITDA was negatively affected by bringing forward advertising costs. Printing the first two catalogues for the year 2012 for the PEG together led to advanced advertising costs amounting to EUR 1.3 million in 2011. Adjusted for this effect, the EBITDA margin was at 8.7 percent. In terms of profitability, the SPG was able to deliver the highest contribution, followed by OEG and PEG. However, scheduled start-up losses at the European Hubert companies, IndustrialSupplies.com, cateringplanet.com and NBF Canada had a negative impact on earnings.

Employees *Full-time equivalents – 31.12.*



SPG strengthens web-only business

In line with the goal of establishing a web-only brand in each of the five TAKKT groups by the end of 2011, another web-only brand called cateringplanet.com was launched in the USA in August. cateringplanet.com offers a range of around 8,000 products and is primarily aimed at smaller companies in the food service sector. Despite this being a more price-sensitive target group, the brand is built on TAKKT Group's usual high quality and service standards.

TAKKT AMERICA's web-only activities will be expanded further in 2012. In addition to this, Hubert will continue with its European expansion in the coming years.

People Empowered Growth project to provide additional growth

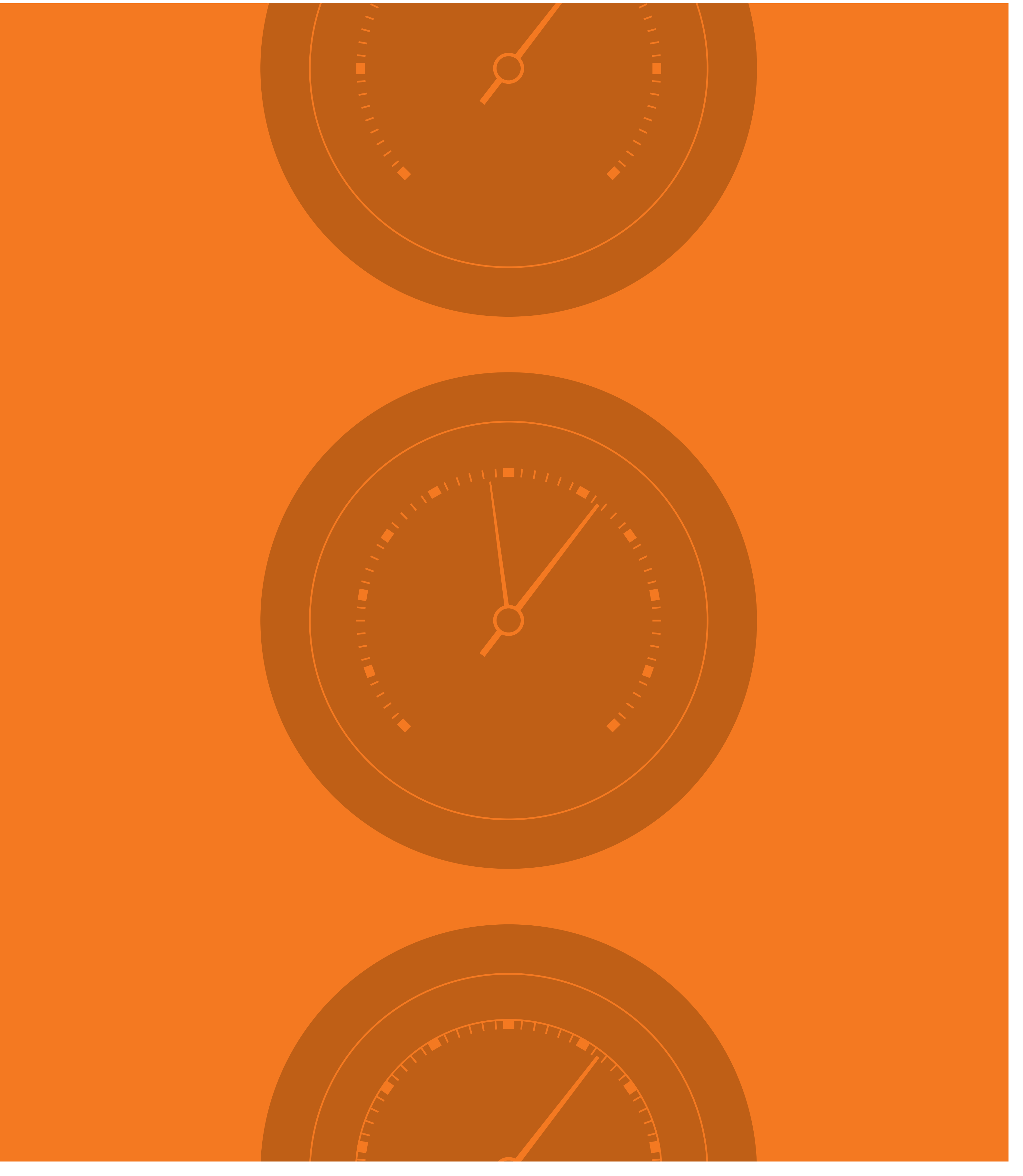
People Empowered Growth aims to seek new paths and speed up the pace of growth in the PEG until 2014. Some important marketing initiatives have already been identified and are currently being implemented. The project's focus is on acquiring and retaining new customers in the long term.

Office Equipment Group (America)

The office equipment specialists

TAKKT AMERICA operates its B2B direct marketing business for office equipment via the OEG with 138 members of staff. The group's customer base consists mainly of service companies along with public bodies, government agencies, schools and churches. All in all, its product range comprises more than 15,000 items. The OEG supplies its products to around 550,000 business customers and organisations, including almost all Fortune 500 companies. The group operates two warehouses in the USA and is gradually increasing its proportion of stock shipment business. The NBF brand sells classic American office furniture and has also been operating in Canada since late 2010. Like NBF, the Alfax and Dallas Midwest brands have been part of TAKKT Group since 2006. Their ranges of office furniture and equipment are aimed predominantly at non-profit organisations such as schools, universities, churches and government agencies. The OEG also operates the web-only brand officefurniture.com – the first TAKKT Group company that has been marketing products solely on the internet. It was also taken over in 2006 as part of the NBF acquisition.

THE QUALITY OF INVESTOR RELATIONS BECOMES APPARENT IF THE CAPITAL MARKET IS PROVIDED QUICKLY, TRANSPARENTLY AND COMPREHENSIVELY WITH ALL RELEVANT INFORMATION. TAKKT FEELS PARTICULARLY OBLIGED TO THIS.



TAKKT share

Good financial communications are the hallmark of TAKKT AG

For TAKKT, quality also plays a key role in communicating with capital market participants. When publishing information relevant for the capital markets, transparency, speed and consistency were always of high value for TAKKT Group.

Trust first

Trust is the foundation of every transaction on the capital market. In 2011, this was once again shown quite plainly to all market participants. Investment decisions made at the stock exchanges depend more than ever on investors being able to obtain reliable information about a company's state quickly and easily.

Since its IPO in 1999, TAKKT Group has felt a special duty to providing capital market participants with fast, transparent and comprehensive information about the company's strategy and business development. In the TAKKT Management Board's view, trust is created first and foremost by being uncompromisingly open when publishing relevant data about the company. Treating all shareholder groups equally at all times is of particular importance here. Institutional investors, private shareholders, financial analysts, banks and potential investors all receive the necessary information with the same high priority. TAKKT's information policy also centres on consistently communicating quickly and transparently – regardless of the company's financial situation and the general economic environment. This makes it possible to build up and maintain the esteem and trust of capital market participants over the long term.

Comprehensive information on the web site

TAKKT's web site www.takkt.com forms the central element of its financial communications. It provides information geared towards the interests of broad shareholder groups. In particular, the web site provides information tailored to the needs of private investors. Shareholders and anyone interested in the company can find annual and quarterly reports, ad-hoc announcements, press releases and presentations from roadshows and analysts' conferences. The web site also contains general information about various topics, from TAKKT's growth strategy to corporate governance. This online offering is supplemented by the possibility of discussing detailed questions through personally contacting the company. For instance, conference calls are conducted every time quarterly figures are published or important events occur, such as larger takeovers. These conferences are freely accessible to all interested parties and every participant has the opportunity to directly address the Management Board with questions. Outside of quarterly reporting, all capital market participants can also contact the investor relations team by phone or e-mail at the company's headquarters in Stuttgart. This possibility is very popular with institutional and private investors, analysts and financial journalists alike.

TAKKT aims to compete with Germany's large companies when it comes to providing information quickly. By publishing its quarterly results within one month after the quarter ended, TAKKT is on a par with most large-cap companies.

Key figures for TAKKT Group *under IFRS*

	2007	2008	2009	2010	2011
Earnings per share (EPS) in EUR	1.07	1.01	0.41	0.52	1.01
TAKKT cash flow per share (CPS) in EUR	1.39	1.33	0.84	1.07	1.34
Dividend per share in EUR	0.80*	0.80*	0.32	0.32	0.85**
Payout ratio in percent	74.7	71.1	77.5	61.2	84.5
Number of shares in million (31.12.)	72.9	72.9	65.6	65.6	65.6
Total equity ratio in percent	59.2	61.7	45.1	46.5	54.7
Share price in EUR (31.12.)	11.90	8.00	7.15	10.80	8.52
Highest price in EUR	15.49	12.50	9.15	11.10	12.44
Lowest price in EUR	11.78	6.59	5.00	7.20	8.21
Market capitalisation in EUR million (31.12.)	867.5	583.2	469.1	708.6	559.0

** thereof EUR 0.32 ordinary dividend and EUR 0.48 special dividend*
*** thereof EUR 0.32 ordinary dividend and EUR 0.53 special dividend*

Continuity and transparency

Continuity of reporting is a critical success factor for professional investor relations work. TAKKT is consistent not only in speed and frequency but also in quality of the information it publishes. To make it easier to analyse data, details are always presented in the same spot and in the same way in each financial report. If the reporting format differs in any way from that used in previous years, this is noted alongside the relevant item. Furthermore, the effects that acquisitions, divestments and exchange rates have on results are shown transparently.

Direct contact with investors and analysts

Consistent, sustainable investor relations work is crucial in dealing with institutional investors, private shareholders, financial analysts and potential investors. Every spring, TAKKT presents its annual results at its financial statements press conference in Stuttgart and the analyst conference in Frankfurt. In addition to this, the Management Board regularly participates in capital market conferences. These include investors' events hosted by banks in Germany and abroad as well as the German Equity Forum traditionally organised by Deutsche Börse AG in November. The Management Board also spoke to numerous investors during roadshows in the financial centres of Frankfurt, London, Paris and Zurich. The Management Board participated in many one-on-one talks and group presentations at the company's headquarters in Stuttgart to explain the current business developments, corporate strategy and growth prospects of TAKKT Group.

Performance of the TAKKT share *52-week comparison 2011*

TAKKT Capital Market Day

In May 2011, TAKKT held its first Capital Market Day which was attended by a large number of investors and analysts. The event was held in Düsseldorf as well as at the company's European mail order centre in Kamp-Lintfort and gave participants not only the opportunity to ask Management questions, but also an interesting insight into the operational workflows of a complex logistics system.

Capital market communications an executive issue at TAKKT

The members of the Management Board are actively involved in all key aspects of investor relations. The investor relations department also directly reports to the Management to ensure that the company achieves its goal of implementing a transparent and prompt information policy which offers added value. This is the only way to ensure that the relevant staff are kept informed about the latest developments at all times and only publish up-to-date information.

Investor relations work

The central objective of TAKKT's investor relations work is to familiarise investors with the company's business model and to increase the share's attractiveness by communicating transparently, as targeted capital market communications help to broaden the shareholder base and thereby increase the share's liquidity. With its investor relations activities, TAKKT tries to steer market expectations so as to minimise volatility in the share price performance as much as possible. TAKKT will continue to further enhance the quality of its investor relations work.

TAKKT share performance in line with the market

The TAKKT share price – as measured against the SDAX segment index – largely reflected the development of the overall market in 2011. The general downward trend of the stock markets also reduced the value of TAKKT shares during the year. At the end of the year, the share was trading 21.1 percent below the previous year's value and the SDAX was down 14.5 percent. At 31 December 2011, TAKKT AG's market capitalisation amounted to EUR 559.0 million, based on 65,610,331 shares. The share's free float remains unchanged at 29.6 percent.

Special dividend proposed for 2011

Approx. four hundred shareholders and guests attended the 12th ordinary AGM of TAKKT AG in Ludwigsburg on 04 May 2011. The shareholders approved the distribution of an ordinary dividend of EUR 0.32 per share for the 2010 financial year – the same as in the previous year – by a large majority. This means that TAKKT Group adhered to its sustainable dividend policy of paying out around thirty percent of the profit for the period attributable to shareholders – but not less than in the previous year – as an ordinary dividend. With dividends totalling around EUR 21 million for the 2010 financial year, the payout ratio corresponded to 61.2 percent of the profit for the period of EUR 34.6 million.

Despite this payout ratio, the Group maintained financial flexibility for further internal and external growth. However, TAKKT did not have to fund any large acquisitions or other larger capital expenditure in 2011, so that the equity ratio of 54.7 percent at 31 December 2011 reached the upper end of Management's own target corridor of thirty to sixty percent. For the 2011 financial year, the Management Board has therefore proposed a special dividend of EUR 0.53 per share to the Supervisory Board, in addition to an unchanged ordinary dividend of EUR 0.32 per share. This means that TAKKT will pay out a total of 84.5 percent of the profit for the period to its shareholders. The ordinary dividend represents 31.8 percent of the profit for the period. TAKKT AG's balance sheet and business model will continue to offer shareholders an attractive participation in the Group's profits and cash flow in the future.

TAKKT DEVELOPED ITS OWN CORPORATE VALUES REFLECTING THE SPECIAL IMPORTANCE OF ITS EMPLOYEES AND FORMING THE BASIS OF THE INTERNAL AS WELL AS EXTERNAL COOPERATION.

Corporate governance report*

Responsibility to customers, employees and shareholders

Good corporate governance helps to increase the value of the company in the long term. TAKKT regards open dialogue between the various stakeholders and responsible corporate management as the basis for the company's success.

Transparent and open for dialogue
For TAKKT AG, responsible corporate management is an essential fundamental principle. This is demonstrated in practice by, for example, the fact that the Management Board informs the Supervisory Board and shareholders quickly and comprehensively about all the latest developments. Management structures are characterised by a clear organisation and direct reporting lines. Furthermore, the company relies on a value-based remuneration and incentive system. To secure lasting business success, TAKKT has established an active risk management system which is optimised regularly.

Commitment to the Corporate Governance Code
TAKKT AG underlines its commitment to responsible corporate management by expressly supporting the aims and requirements of the German Corporate Governance Code. In December 2011, the Management and Supervisory Boards therefore renewed their declaration of general conformity with the latest version of the recommendations made by the Government Commission German Corporate Governance Code according to sec. 161 AktG. The declaration of conformity is reproduced verbatim on page 65 and is also available on the TAKKT web site www.takkt.com in the Share/Corporate Governance section.

There are only a few exceptions from the declaration where TAKKT does not follow the Code's recommendations. These include the disclosure of the remuneration paid to individual Management and Supervisory Board members. The total of all relevant payments as well as the way in which Management Board remuneration is divided into fixed and variable parts can be found on pages 63 and 123 onwards of this annual report. TAKKT is convinced that providing more individualised details would not be any more meaningful and, moreover, would infringe on the privacy of the individual Supervisory and Management Board members. TAKKT's shareholders agree with this view and resolved at the AGM in 2011 that the compensation of Management Board members will not be published on an individualised basis up to and including 2016.

The Supervisory Board considers it unnecessary to establish an audit committee or a nomination committee. The Supervisory Board is lean and efficient with only six members, as per the articles of association. Moreover, the Supervisory Board does not consider it necessary for the whole Supervisory Board to discuss the quarterly and half-year financial reports before they are published. This is because the Chairman of the Supervisory Board is constantly informed of business developments and the other members receive written monthly updates from the Management Board.

The Supervisory Board members Dr Dr Peter Bettermann and Stefan Meister resigned from their positions, effective as of the end of the 2011 AGM and the end of 31 August 2011 respectively. Dr Florian Funck was appointed as a member of the Supervisory Board by court order dated 12 December 2011 after being nominated by the majority shareholder Franz Haniel & Cie. GmbH. This step is in line with both the AktG and the German Corporate Governance Code.

TAKKT's values as a basis for internal and external cooperation
TAKKT developed its own code of values reflecting the unique character of its specific business model and the special importance of its employees. TAKKT's corporate values provide a touchstone and form the basis for both internal and external cooperation with its business partners.

**The Corporate governance report forms part of the Management report.*

TAKKT corporate values

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.

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.

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.

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.

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.

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.

In concrete terms, these values have the following meaning

- For the company: systematic and quantifiable actions; consistency; continuous improvement; willingness to innovate and change; perfect customer and supplier relationships;
- For staff members: supporting the values; acting in a way that is based on partnership and trust; willingness to take and share responsibility.

Participation at the AGM
The AGM of TAKKT AG offers shareholders the opportunity to exercise their statutory rights. They can either vote personally or by proxy on the relevant items on the agenda. Since 2011, it has also been possible to participate by postal vote. The procedure for registration and proof of eligibility used at the AGM of TAKKT AG is in accordance with the stipulations of German stock corporation law and with international standards. All shareholders wishing to attend an AGM of TAKKT AG and exercise their right to vote must register and prove that they are eligible to participate and vote at the meeting. Details on the conditions for registration and participation are announced in the invitation to every AGM.

Close cooperation among Management
Management structures within TAKKT Group are characterised by a clear organisation and direct reporting lines. The company also reckons on a value-based remuneration and incentive system. Together, we can achieve more: That is why the Management and Supervisory Boards at TAKKT AG work together so closely and trustingly. The Management Board steers the company, develops and implements strategies, takes responsibility for the operating business and ensures effective risk management. Important decisions are taken by the Management Board

in coordination with the Supervisory Board, which it also informs regularly and comprehensively about developments in the company, its environment, its strategy and its business.

It is the duty of the Supervisory Board to oversee and advise the Management Board in 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. A further responsibility of the Supervisory Board is to appoint the auditors in accordance with the resolution passed at the AGM.

In accordance with the articles of association, the Supervisory Board of TAKKT AG consists of six members. There is also a personnel committee, comprising three members. Its responsibilities include preparing matters related to the Management Board members' terms of employment and approving any additional service contracts that Supervisory Board members have with the company. At the time this annual report went to press, the Supervisory Board of TAKKT AG had five members.

The Supervisory Board of TAKKT AG appointed Dr Claude Tomaszewski as the company's new CFO in September 2011. The 42-year-old graduate of business administration took on his new post on 01 November 2011. Tomaszewski thereby replaced Dr Florian Funck, who resigned from his position as CFO after seven years as of 31 August 2011 to join the Management Board of Franz Haniel & Cie., TAKKT AG's majority shareholder.

TAKKT has procured Directors & Officers (D&O) insurance policies for the Management and Supervisory Board members with the legally stipulated excess.

TAKKT AG's shareholders decide on the Supervisory Board members' remuneration. The Supervisory Board remuneration is regulated in the company's articles of association which can be found on the TAKKT web site www.takkt.com in the Share/Corporate Governance section.

Risk management

Taking a responsible approach to business-related risks is a fundamental principle of good corporate governance. The Management Board of TAKKT AG and management within TAKKT Group have extensive Group-wide and company-specific reporting and control systems available that make it possible to record, assess and manage these risks. The systems are continuously enhanced, adapted to changes in underlying conditions and checked by auditors. The Management Board regularly informs the Supervisory Board about existing risks and their development. Details on the risk management and the internal control and risk management system for accounting within TAKKT Group are described in depth in the risk report from page 32 onwards.

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 formation 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. The goal is for women to have a long-term involvement on the Supervisory Board by holding one seat. Given the current set-up of the Supervisory Board, its members' experience, internationality and qualifications, the environment in which TAKKT AG operates and the existing code of procedure for the Supervisory Board, TAKKT believes that it fulfils the requirements of the German Corporate Governance Code. The Supervisory Board endeavours to also consider the above-mentioned goal and the principles associated with it in the future.

Remuneration of Management Board *in EUR '000*

	2011
Salaries and other payments	3,465
thereof variable	2,522
Provision for payments after end of employment	272
Other long-term benefits	40
	3,777

Management Board remuneration system

The Management Board of TAKKT AG is primarily responsible for the sustained success of the company. Management Board members therefore receive remuneration that is appropriate to their level of responsibility as well as to the economic situation of the Group. The total remuneration paid to Management Board members consists of non-performance-related and performance-related components. When deciding on the remuneration paid to Management Board members at TAKKT AG, consideration is given to the company's size, its economic and financial position and the amount and structure of the remuneration paid to Management Board members at comparable companies. The Supervisory Board regularly reviews the structure of the remuneration system and examines whether the amounts paid to the Management Board are appropriate.

Non-performance-related remuneration components

The non-performance-related components consist of a fixed basic salary, fringe benefits and a contribution towards a pension scheme. TAKKT pays its Management Board members a fixed basic monthly salary. The fringe benefits received by the Management Board comprise the use of company cars, accident insurance, foreign travel health insurance, luggage insurance and D&O insurance. Every Management Board member pays taxes on their use of a company car as this constitutes a remuneration component. TAKKT has made a pension commitment to its Management Board members. Every year, a contribution equivalent to ten percent of the basic salary and the target bonus is made, though contributions are only made for as long as the individual is appointed to the Management Board. The target bonus relates to an achievement of the appropriate targets of one hundred percent. A guaranteed minimum rate of interest applies to the pension contributions. Management Board members are entitled to pension payments when they leave the company but no earlier than the member's sixtieth birthday. In the case of disability or death, an enhanced pension plan is paid out. This is supplemented by the missing contributions which would have been made up to the age of 63.

Performance-related remuneration components

The performance-related components consist of an annual target bonus paid if the relevant targets are met and a rolling remuneration component that acts as a long-term incentive. This currently takes the form of a performance cash plan.

TAKKT Group's cash flow from operating activities is used as the basis for valuating the bonus. How much of a bonus is paid is determined by a percentage share of the three-year average for the basis of valuation. The bonus amount paid out is capped. The Supervisory Board also has the right to increase or reduce the bonus by twenty percent in case of an extraordinary contribution by a Management Board member or any unusual circumstances, according to its best judgement. Based on a system of age bands, Management Board members can convert certain portions of their bonus into additional pension components.

New performance cash plans are set up each year. They are paid out in cash after a period of four years if the relevant targets are met. The cash payout due from the plans depends on the achievement of two objectives: Firstly, the development of the TSR throughout the term of the relevant plan. The TSR is equivalent to the TAKKT share's total return, taking dividend payouts into account. The second factor is the cumulative EVA® generated throughout the plan's term. The component which is linked to share performance is classified as a cash-settled share-based payment transaction as per IFRS 2. It is valued using a binomial probability method of share valuation. The EVA® indicator is used for value-based management. It shows whether the interest demands of equity and debt investors are adequately met. Remuneration is therefore based on sustainably increasing the company's value. The amount paid out under the performance cash plans is also capped.

The expenditure for the benefits received or liability to settle these benefits is recorded after the claim is vested. The liability is reassessed on each balance sheet date and on the due date. Changes in fair value are recorded through profit and loss. In accordance with the current employment contracts, individuals are entitled to full payouts under the performance cash plan if they were employed for at least twelve months at the start of the relevant performance period. Previously, this entitlement was generated over the entire term of the plan. If an individual reaches retirement age, commences or terminates the Management Board membership within a calendar year, a pro rata calculation is made for the recently established plan.

Share options are not part of the Management Board remuneration at TAKKT AG. There are no plans to change this in the future. For further information about the Management Board remuneration system, please see the Notes on page 123 onwards.

Share ownership and directors' dealings

In total, the members of the Management and Supervisory Boards held 8,676 (8,683) shares in TAKKT AG at 31 December 2011. This is clearly less than one percent of the TAKKT shares issued.

According to sec. 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. Further information on this can be found in the Notes on page 123 and on the TAKKT web site www.takkt.com in the Share/Corporate Governance section.

Corporate compliance

TAKKT AG attaches the highest priority to its compliance with all statutory and contractual obligations associated with responsible corporate governance. The Management Board also takes care to ensure that internal corporate guidelines are adhered to. TAKKT has a compliance system of the customary scope, which is checked by the specialist departments and the Group's compliance officer. These steps ensure that organisational preventive measures are in place so that potential cases of non-compliance are identified as quickly as possible. Compliance with external and internal regulations is also regularly monitored by external auditors and the internal audit department on behalf of the Management Board.

Declaration pursuant to § 161 German Stock Corporation Act (AktG) on 31 December 2011:

The Management and Supervisory Boards of TAKKT AG declare that the recommendations of the Government Commission German Corporate Governance Code, published by the Federal Ministry of Justice (Bundesministerium der Justiz) in the official part (amtlicher Teil) of the Electronic Federal Gazette (Elektronischer Bundesanzeiger), as amended on 26 May 2010, will be met. Management and Supervisory Boards further declare that since the last declaration the recommendations of the Government Commission German Corporate Governance Code, as amended from time to time, have been met. There are the following exceptions:

1. Under clause 4.2.4, the German Corporate Governance Code recommends that the total compensation of each member of the Management Board is to be disclosed by name, divided into non-performance-related and performance-related components. The same applies to obligations arising from benefits which were granted to a Board Member on the premature or scheduled termination of their role on the Board or which were altered in the course of the financial year. There is no need to disclose these details if the Annual General Meeting passes a resolution to this effect by three-quarters majority. At TAKKT AG, this information is not issued individually as the General Meeting made such a resolution on 04 May 2011 for the duration of five years.

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

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

4. Under 5.4.6 paragraph 3, the German Corporate Governance Code recommends the individual disclosure of compensation paid to the Supervisory Board, and compensation or benefits paid to the members of the Supervisory Board for personal services, especially consulting and agency services. At TAKKT AG, this information is not issued individually. As the compensation of the Management Board is not issued individually, TAKKT AG would like to deal accordingly with the compensation of the Supervisory Board. The terms of the compensation of the Supervisory Board are set forth in the bylaws of TAKKT AG, which is public domain.

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

Stuttgart, 31 December 2011

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

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

Ladies and Gentlemen

Just two years after the most severe economic crisis since the Second World War, which also led to a sharp decline in TAKKT's turnover and earnings, the Group has returned to its former strength, although the economy did not always enjoy fair weather in 2011. The year under review provided the global economy, and therefore TAKKT as well, with a number of challenges. The company, however, did not drift off its course. The Management Board and staff members succeeded in further strengthening TAKKT's position in the B2B direct marketing sector thanks to their high level of personal commitment and their flexibility in responding to the ever-changing market demands. As a result of the numerous growth initiatives, the expansion of its product and service offerings and the e-commerce offensive, TAKKT managed to significantly increase its turnover. At the same time, profitability grew by a disproportionately large amount – the result of continuous efforts to optimise all processes within the Group. The Supervisory Board accompanied the company and Management Board throughout each and every phase and provided support as best it could.

Business development and personnel changes

In the 2011 financial year, the Supervisory Board met four times. The meetings focused primarily on the current course of business, acquisition opportunities, planning, risk management, the internal control system, audit planning, the development of new start-ups and young companies, the implementation of the recently launched projects and the associated measures as well as the further development of the various growth initiatives. In addition, the auditing system, the Management Board remuneration and compliance were on the agenda.

In the 2011 financial year, the personnel committee met twice. In particular, these meetings dealt with the new appointment for the CFO position, the Management Board remuneration system and the report on Management Board remuneration.

The personnel committee proposed Dr Claude Tomaszewski as new CFO of TAKKT AG to the Supervisory Board. The Supervisory Board followed the proposal. Dr Tomaszewski took on his position on 01 November 2011 and replaced Dr Florian Funck, who moved to the Management Board of Franz Haniel & Cie. GmbH, TAKKT AG's majority shareholder, on 01 September 2011 after seven years of occupation at TAKKT Group. The Supervisory Board approved the early termination of Dr Funck's Management Board contract by written procedure. We would like to offer our sincerest gratitude to Dr Funck for his work at TAKKT Group and we wish both gentlemen every success in their new roles.

As mentioned previously in this annual report, there were three changes to TAKKT AG's Supervisory Board in the course of the year 2011. At the start of May 2011, Dr Dr Peter Bettermann resigned from his post for personal reasons. Stefan Meister stepped down from the supervisory body of TAKKT AG on 31 August 2011 when he also left Franz Haniel & Cie. GmbH. The Supervisory Board would like to thank Dr Dr Peter Bettermann and Stefan Meister for their trusting cooperation. One of the two vacant positions has already been filled. Dr Florian Funck was appointed as a member of the Supervisory Board by court order dated 12 December 2011 after the petition of the majority shareholder Franz Haniel & Cie. GmbH.

Constructive cooperation in a spirit of partnership

As usual, the cooperation between the Supervisory Board and Management was marked by transparency and openness in 2011. The Management Board regularly informed us verbally and in writing about all points relevant to the Group. The information we were given was not limited to the legally required minimum. Requests for further information were also responded to immediately by the Management Board. In addition to regular Supervisory Board meetings, we also received a monthly summary report on the latest developments. Management informed me separately about any significant events between scheduled meetings, if necessary. I shared this information with the other members of the Supervisory Board at the next meeting. The Management and Supervisory Board members discussed all relevant topics openly and constructively. If points needed to be decided by the Supervisory Board, we passed the required resolutions in a timely manner.

Prof. Dr Klaus Trützschler
Chairman of the Supervisory Board

Oriented towards the Corporate Governance Code

The Supervisory Board attaches importance to conducting its control tasks continuously and intensely. This commitment will also mark our work in the future, since it contributes considerably to responsible management at TAKKT. In this regard, the Management and Supervisory Boards have again signed the declaration of conformity to the recommendations made by the Government Commission German Corporate Governance Code effective 31 December 2011. Further information on this and on the remuneration system for the TAKKT Management Board can be found from page 60 onwards. Furthermore, the Supervisory Board has again conducted regular efficiency checks in the year under review.

Payment of a special dividend

At the next AGM in May 2012, the Management and Supervisory Boards will jointly propose the payout of an unchanged ordinary dividend of EUR 0.32 per share as in the previous year. Since there were no major acquisitions in the year under review and the equity ratio at the balance sheet date was at 54.7 percent, thereby almost reaching the upper end of the target corridor of thirty to sixty percent, we additionally propose the payment of a special dividend of EUR 0.53 per share. This means that the total payout ratio will come to 84.5 percent of the profit for the period. This way, the shareholders participate directly in the company's good operational earnings and high cash flow.

Consolidated financial statements and financial statements of TAKKT AG approved

The AGM has followed our proposal and appointed Ebner Stolz Mönning Bachem GmbH & Co. KG, Stuttgart, as the auditors for the 2011 financial year. The auditors issued a declaration of independence to the Supervisory Board. The Supervisory Board reviewed the independence of the auditors as per sec. 107, para.3, sentence 3 AktG and clause 7.2.1 of the German Corporate Governance Code. The focus of the audits in the period under review as determined by the Supervisory Board was on the recognition and measurement of provisions, the disclosures on Management Board remuneration and auditors' fees in the Notes and the measurement of financial assets under HGB. For the Group, the audit concentrated on the reporting of the foreign auditors, the impairment tests, the consolidation measures, the cash flow statement as well as the Notes to the consolidated financial statements and the Group Management report of TAKKT AG and the Group. The auditors verified the TAKKT AG financial statements, the consolidated financial statements and the combined Management report and issued an unqualified audit certificate. TAKKT AG's management system of early detecting risks was also audited and its suitability confirmed. The auditors in charge participated in the Supervisory Board's annual accounts meeting. They informed the members about the key findings of the audit and answered more detailed questions.

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

Supervisory Board approves dependence report

Franz Haniel & Cie. GmbH, Duisburg, continued to hold the majority of TAKKT's shares in 2011. The Management Board therefore prepared a report on relations with affiliated companies for the past financial year as required under sec. 312 AktG. Ebner Stolz Mönning Bachem GmbH & Co. KG, Stuttgart, prepared an auditor's report as required under sec. 313 AktG. No reservations were expressed as a result of the audit. The auditor issued the following unqualified opinion: "Having conducted a proper audit and appraisal, we confirm that, firstly, the facts set out in the report are correct, secondly, the payments made by the company for transactions covered in the report were not unduly high and, thirdly, that there are no reasons for evaluating the measures covered in the report differently to the Management Board."

The Supervisory Board reviewed and approved the dependence report and the corresponding audit report according to sec. 314 AktG. The Board had no objections to the report and the closing statement made by the Management Board therein, which can be found on page 17 of the Management report.

Thanks to shareholders, staff members and Management Board

We would like to thank the TAKKT AG shareholders for the trust they have once again placed in us. Our thanks also go to all members of staff for their commitment and outstanding performance in 2011 and to the Management Board for their trusting cooperation founded on partnership.

Stuttgart, March 2012

Klaus Trützschler

Prof. Dr Klaus Trützschler

Members of the Supervisory Board

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

Prof. Dr Jürgen Kluge
Deputy Chairman
Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg

Dr Dr Peter Bettermann
Member of the Supervisory Board until 04 May 2011
Managing Partner and Speaker of the Management Board of Freudenberg & Co. KG, Weinheim

Dr Florian Funck
Member of the Supervisory Board since 12 December 2011
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg

Thomas Kniehl
Logistics employee at KAISER+KRAFT GmbH, Stuttgart

Stefan Meister
Member of the Supervisory Board until 31 August 2011
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg

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

THANKS TO ITS SOLID EQUITY BASE AND SOUND FINANCING STRUCTURE, TAKKT GROUP HAS ALWAYS HAD A STABLE BALANCE SHEET AND THEREFORE ENSURES THE FLEXIBILITY TO SEIZE OPPORTUNITIES FOR EXPANSION AT ANY TIME.

Consolidated income statement of TAKKT Group, Stuttgart, 01 January to 31 December 2011 under IFRS *in EUR '000*

	Notes	2011	2010
Turnover	(1)	852,247	801,560
Changes in inventories of finished goods and work in progress		99	–96
Own work capitalised		20	21
Gross performance		**852,366**	**801,485**
Cost of sales		483,656	457,687
Gross profit		**368,710**	**343,798**
Other income	(2)	8,438	7,180
Personnel expenses	(3)	113,451	109,157
Other operating expenses	(4)	142,744	141,220
EBITDA		**120,953**	**100,601**
Depreciation of property, plant and equipment and other intangible assets	(5)	16,834	19,780
EBITA		**104,119**	**80,821**
Impairment of goodwill	(6)	0	12,860
EBIT		**104,119**	**67,961**
Income from associated companies		0	0
Finance expenses	(7)	–8,733	–9,050
Other finance result	(8)	189	87
Financial result		**–8,544**	**–8,963**
Profit before tax		**95,575**	**58,998**
Income tax expense	(9)	29,603	24,410
Profit		**65,972**	**34,588**
attributable to owners of TAKKT AG		65,972	34,313
attributable to non-controlling interests		0	275
Weighted average number of issued shares in million		65.6	65.6
Earnings per share (in EUR)	(10)	1.01	0.52

Consolidated statement of comprehensive income of TAKKT Group, Stuttgart, 01 January to 31 December 2011 under IFRS *in EUR '000*

	2011	2010
Profit	**65,972**	**34,588**
Other comprehensive income		
Income and expenses from the subsequent measurement of cash flow hedges recognised in equity	–1,346	–5,989
Income recognised in the income statement	4,849	3,826
Subsequent measurement of cash flow hedges	**3,503**	**–2,163**
Income and expenses from the adjustment of foreign currency reserves recognised in equity	2,106	8,063
Income recognised in the income statement	0	0
Adjustment of foreign currency reserves	**2,106**	**8,063**
Deferred tax on the subsequent measurement of cash flow hedges	–1,334	814
Deferred tax on the adjustment of foreign currency reserves	0	0
Deferred tax on other comprehensive income	**–1,334**	**814**
Changes to other components of equity (other comprehensive income)	**4,275**	**6,714**
attributable to owners of TAKKT AG	4,275	6,714
attributable to non-controlling interests	0	0
Total comprehensive income	**70,247**	**41,302**
attributable to owners of TAKKT AG	70,247	41,027
attributable to non-controlling interests	0	275

Further details on Other comprehensive income can be found on page 103 and 111 onwards.

Consolidated balance sheet of TAKKT Group, Stuttgart, at 31 December 2011 under IFRS *in EUR '000*

Assets	Notes	2011	2010
Non-current assets			
Property, plant and equipment	(11)	93,305	96,488
Goodwill	(12)	244,369	237,534
Other intangible assets	(13)	33,171	37,265
Investment in associated companies		20	20
Other assets	(14)	897	783
Deferred tax	(15)	5,113	5,675
		376,875	**377,765**
Current assets			
Inventories	(16)	58,787	56,240
Trade receivables	(17)	91,146	87,478
Other receivables and assets	(18)	19,544	14,920
Income tax receivables		1,239	1,338
Cash and cash equivalents	(19)	2,214	3,624
		172,930	**163,600**
Total assets		**549,805**	**541,365**

Equity and liabilities	Notes	2011	2010
Shareholders' equity	**(20)**		
Share capital		65,610	65,610
Retained earnings		252,971	207,994
Other components of equity		–17,595	–21,870
		300,986	**251,734**
Non-controlling interests	**(21)**	**0**	**0**
Total equity		**300,986**	**251,734**
Non-current liabilities			
Borrowings	(22)	65,335	109,983
Deferred tax	(15)	35,890	29,231
Other liabilities		353	0
Provisions	(23)	25,861	21,739
		127,439	**160,953**
Current liabilities			
Borrowings	(22)	30,537	32,802
Trade payables	(24)	22,093	25,710
Other liabilities	(25)	40,522	41,182
Provisions	(26)	17,053	17,303
Income tax payables		11,175	11,681
		121,380	**128,678**
Total equity and liabilities		**549,805**	**541,365**

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

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

	Share capital	Retained earnings	Other components of equity	Share-holders' equity	Non-controlling interests	Total equity
Balance at 01.01.2010	**65,610**	**201,812**	**–28,584**	**238,838**	**3,259**	**242,097**
Transactions with owners	0	–28,131	0	–28,131	–3,534	–31,665
thereof acquisition of non-controlling interests	0	–7,136	0	–7,136	–3,534	–10,670
thereof dividends paid	0	–20,995	0	–20,995	0	–20,995
Total comprehensive income	0	34,313	6,714	41,027	275	41,302
Balance at 31.12.2010	**65,610**	**207,994**	**–21,870**	**251,734**	**0**	**251,734**

For further information on shareholders' equity, refer to page 102 onwards.

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

	Notes	2011	2010
Profit		65,972	34,588
Depreciation and impairment of non-current assets	(5)/(6)	16,834	32,640
Deferred tax affecting profit	(9)	5,003	3,040
TAKKT cash flow		**87,809**	**70,268**
Other non-cash expenses and income		1,235	483
Profit and loss on disposal of non-current assets and consolidated companies		–1,187	–41
Change in inventories		–1,087	–1,509
Change in trade receivables		–4,467	–13,161
Change in other assets not included in investing and financing activities		–2,628	6,090
Change in short- and long-term provisions		3,621	6,058
Change in trade payables		–4,047	8,407
Change in other liabilities not included in investing and financing activities		104	11,771
Cash flow from operating activities		**79,353**	**88,366**
Proceeds from disposal of non-current assets		2,171	470
Capital expenditure on non-current assets		–9,267	–6,725
Cash outflows for the acquisition of consolidated companies (less acquired cash and cash equivalents)		–1,817	0
Cash flow from investing activities		**–8,913**	**–6,255**
Proceeds from borrowings		75,779	101,376
Repayments of borrowings		–126,702	–151,647
Dividends to owners of TAKKT AG and non-controlling interests		–20,995	–20,995
Payments for the acquisition of non-controlling interests		0	–10,670
Cash flow from financing activities		**–71,918**	**–81,936**
Net change in cash and cash equivalents		–1,478	175
Effect of exchange rate changes		68	248
Cash and cash equivalents at 01.01.		3,624	3,201
Cash and cash equivalents at 31.12.	(19)	**2,214**	**3,624**

The cash flow statement has been derived from the consolidated financial statements and has been prepared according to IAS 7. 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 balance sheet.

The TAKKT cash flow figure is used in all financial communications. Since the application of IFRS 3 in 2005, TAKKT defines this as profit for the period plus depreciation, goodwill impairment 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 223,000 (EUR 53,000) and interest payments of EUR 7,803,000 (EUR 7,712,000). In 2011, income taxes of EUR 25,163,000 (EUR 8,077,000) were paid.

Capital expenditure relates to rationalisation and expansion measures. The cash outflows for the acquisition of consolidated companies refer to the acquisition of UBEN Unternehmensberatung Enzinger GmbH. Further information can be found on page 120 onwards.

Payments for changes in the interest in an affiliate not resulting in a loss of control are disclosed under cash flow from financing activities.

Borrowings include all interest-bearing liabilities; please see page 105 onwards for further details. EUR 20,995,000 (EUR 20,995,000) in dividends were paid out to TAKKT AG shareholders in the year under review. This constitutes an ordinary dividend of EUR 0.32 (EUR 0.32) per share. As in the previous year, no special dividend was paid out.

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

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

01.01.2011 – 31.12.2011	TAKKT EUROPE	TAKKT AMERICA	Segments total	Others	Consolidation	Group total
Turnover to third parties	507,086	345,161	852,247	0	0	852,247
Inter-segment turnover	251	5	256	0	–256	0
Segment turnover	507,337	345,166	852,503	0	–256	852,247
Other non-cash expenses (+) and income (–)	–267	262	–5	1,240	0	1,235
EBITDA	100,998	28,632	129,630	–8,677	0	120,953
Depreciation of segment assets	8,633	7,629	16,262	116	0	16,378
Impairment of segment assets	39	417	456	0	0	456
EBITA	92,326	20,586	112,912	–8,793	0	104,119
EBIT	92,326	20,586	112,912	–8,793	0	104,119
Income from associated companies	0	0	0	0	0	0
Finance expenses	–5,469	–6,604	–12,073	–2,520	5,860	–8,733
Interest and similar income	550	12	562	5,521	–5,860	223
Profit before tax	87,577	13,809	101,386	–5,811	0	95,575
Income tax expense	23,448	6,693	30,141	–538	0	29,603
Profit	64,129	7,116	71,245	–5,273	0	65,972
Segment assets	315,070	268,204	583,274	570,987	–604,456	549,805
thereof investment in non-current assets	7,570	3,832	11,402	80	0	11,482
thereof book value of associated companies	20	0	20	0	0	20
thereof deferred tax and income tax receivables	4,185	1,225	5,410	1,078	–136	6,352
Segment liabilities	204,587	165,909	370,496	54,024	–175,701	248,819
thereof deferred tax and income tax payables	20,780	22,835	43,615	2,420	1,030	47,065
thereof borrowings (short- and long-term)	130,922	102,156	233,078	39,649	–176,855	95,872
Average no. of employees (full-time equivalent)	1,001	827	1,828	31	0	1,859
Employees (full-time equivalent) at the closing date	1,013	825	1,838	31	0	1,869

Segment reporting by division 2010 of TAKKT Group, Stuttgart *in EUR '000*

01.01.2010 – 31.12.2010	TAKKT EUROPE	TAKKT AMERICA	Segments total	Others	Consolidation	Group total
Turnover to third parties	466,862	334,698	801,560	0	0	801,560
Inter-segment turnover	191	5	196	0	– 196	0
Segment turnover	467,053	334,703	801,756	0	– 196	801,560
Other non-cash expenses (+) and income (–)	7	– 459	– 452	935	0	483
EBITDA	79,114	28,903	108,017	– 7,416	0	100,601
Depreciation of segment assets	8,471	10,800	19,271	111	0	19,382
Impairment of segment assets	12,880	378	13,258	0	0	13,258
EBITA	70,623	17,725	88,348	– 7,527	0	80,821
EBIT	57,763	17,725	75,488	– 7,527	0	67,961
Income from associated companies	0	0	0	0	0	0
Finance expenses	– 4,073	– 5,830	– 9,903	– 1,750	2,603	– 9,050
Interest and similar income	99	11	110	2,546	– 2,603	53
Profit before tax	53,822	11,906	65,728	– 6,730	0	58,998
Income tax expense	21,592	5,079	26,671	– 2,261	0	24,410
Profit	32,230	6,827	39,057	– 4,469	0	34,588
Segment assets	307,677	262,081	569,758	491,642	– 520,035	541,365
thereof investment in non-current assets	3,762	2,847	6,609	10,126	– 10,010	6,725
thereof book value of associated companies	20	0	20	0	0	20
thereof deferred tax and income tax receivables	4,180	2,032	6,212	1,142	– 232	7,122
Segment liabilities	216,725	173,507	390,232	50,338	– 150,939	289,631
thereof deferred tax and income tax payables	17,961	17,846	35,807	4,155	950	40,912
thereof borrowings (short- and long-term)	139,294	118,733	258,027	36,733	– 151,975	142,785
Average no. of employees (full-time equivalent)	942	805	1,747	28	0	1,775
Employees (full-time equivalent) at the closing date	968	807	1,775	32	0	1,807

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

01.01.2011 – 31.12.2011	Germany	Rest of Europe	USA	Other	Group total
Turnover to third parties	204,138	303,014	317,467	27,628	852,247
Non-current assets*	159,868	13,921	196,514	637	370,940

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

Segment reporting by geographical region 2010 of TAKKT Group, Stuttgart *in EUR '000*

01.01.2010 – 31.12.2010	Germany	Rest of Europe	USA	Other	Group total
Turnover to third parties	182,483	283,332	310,061	25,684	801,560
Non-current assets*	161,696	14,054	194,871	776	371,397

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

Segment information

In the scope of segment reporting under IFRS 8, the activities of TAKKT Group are broken down into divisions. The breakdown follows the management approach and takes account of internal controlling and reporting. The fundamental segment result for management purposes is EBITDA.

Segment reporting uses the same accounting standards as the consolidated financial statements. Intra-group transfers are valued at internal prices calculated on the basis of the cost-plus method and checked for plausibility using an arm's-length comparison wherever possible. This method complies with OECD principles. The same system was used in the previous year.

Divisions of TAKKT Group at 31 December 2011

TAKKT EUROPE division

TAKKT EUROPE is made up of the two groups Business Equipment Group (BEG) and Office Equipment Group (OEG).

Within the BEG, the sales companies of the KAISER+KRAFT, gaerner, Gerdmans, KWESTO, Certeo and Quip24 brands operate in more than twenty European countries. KAISER+KRAFT group also established companies in Japan and China in 2002 and 2005 to enter the Asian market. The companies of the BEG offer approx. 55,000 products via catalogue and the internet. The BEG operates the European mail order centre in Kamp-Lintfort, one regional warehouse each for the Gerdmans group in Sweden and the KWESTO group in the Czech Republic as well as smaller warehouses in Turkey, China and Japan. Furthermore, a production facility for durable transport equipment (platform trucks, sack trucks, trolley jacks, etc.) is operated in Haan near Düsseldorf. In addition, the BEG uses the mail order centre operated by the OEG in Pfungstadt. The self-produced products are marketed under the EURO*KRAFT* and Quipo brands. In addition to the standard range, the company also manufactures tailor-made products and carries out small-batch production orders in accordance with customer specifications. The BEG group focuses on the following product groups: transport, storage, environment, workshop and office equipment.

The OEG group sells design-oriented office furniture and accessories under the Topdeq brand via catalogue and the internet in Germany, Switzerland, the Netherlands, France, Belgium, Austria and Spain. The division’s customers are predominantly small to medium-sized companies from the service sector. Topdeq offers a special fast delivery service and at least a five-year warranty. The OEG operates one warehouse in Germany. The group’s product portfolio comprises some 3,000 products. Since early in 2011, the group has also been marketing its product line via a web-only brand under the brand name Furnandi.

TAKKT AMERICA division

The TAKKT AMERICA division is divided into three groups: The Plant Equipment Group (PEG), comprising the multi-channel brands C&H Distributors in the USA, C&H Productos Industriales in Mexico and Avenue Industrial Supply in Canada as well as IndustrialSupplies.com, the web-only brand started in 2010, sells over 50,000 products predominantly from the transport, storage and business equipment sectors via catalogue and the internet. The Specialties Group (SPG), comprising the Hubert companies in the USA, Canada, Germany, France and Switzerland, Central Products LLC, which was acquired in 2009, and the web-only brand cateringplanet.com, newly founded in 2011, sells some 54,000 commodities and equipment items for the retail trade and the food service and hotel sector. The Office Equipment Group (OEG) offers some 15,000 products from the field of office equipment throughout the USA via the companies National Business Furniture (NBF), Dallas Midwest, Alfax and officefurniture.com. The OEG group has also been active in Canada since late 2010 via a web shop branded as NBF.

TAKKT AMERICA operates a total of eight warehouses in the USA and Canada as well as one warehouse in Germany.

Geographical information

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

Notes to the consolidated financial statements for the year ended 31 December 2011

1. General information

a) Accounting principles

The consolidated financial statements of TAKKT AG, Stuttgart, have been drawn up in accordance with the regulations issued by the International Accounting Standards Board (IASB) and sec. 315a of the German Commercial Code (HGB); the interpretations (IFRIC and SIC) by the International Financial Reporting Standards Interpretations Committee (IFRSIC) 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 24 February 2012.

New accounting standards

The following accounting standards and interpretations have been passed or amended by IASB and IFRSIC and endorsed by the EU. Their application is compulsory from the 2011 financial year:

Standard		Status	Applicable from
IAS 24	Related party disclosures	amended	01.01.2011
IAS 32	Classification of rights issues	amended	01.02.2010
IFRS 1	Limited exemption from comparative IFRS 7 disclosures for first-time adoption	amended	01.07.2010
IFRIC 14	Prepayments of a minimum funding requirement	amended	01.01.2011
IFRIC 19	Extinguishing financial liabilities with equity instruments	new	01.07.2010
AIP 2008–2010	Annual improvements project IASB 2008–2010	amended	01.07.2010/ 01.01.2011

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

The IASB has passed new and revised standards which must be applied from 01 January 2012 or a later date. Some of these standards have yet to be approved by the EU prior to their application. Below is a list of the specific IFRS/IAS in question:

Standard		Status	Applicable from
IFRS 9	Financial instruments	new	01.01.2015
IFRS 10	Consolidated financial statements	new	01.01.2013
IFRS 11	Joint arrangements	new	01.01.2013
IFRS 12	Disclosure of interests in other entities	new	01.01.2013
IFRS 13	Fair value measurement	new	01.01.2013
IFRIC 20	Stripping costs in the production phase of a surface mine	new	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	01.01.2012
Amendments to IFRS 1	Severe hyperinflation and removal of fixed dates for first-time adopters	amended	01.07.2011
Amendments to IFRS 7	Transfer of financial assets: disclosures	amended	01.07.2011
IAS 19 rev.	Employee benefits	amended	01.01.2013
IAS 27 rev.	Consolidated and separate financial statements	amended	01.01.2013
IAS 28 rev.	Investments in associates and joint ventures	amended	01.01.2013

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

IAS 19 Employee benefits

By revising IAS 19, the so-called corridor method has been abolished. This means that actuarial gains and losses (now called remeasurements) have to be reported in the position Changes to other components of equity (Other comprehensive income) immediately in their year of origin. The actuarial gains and losses once reported in Other comprehensive income will not be recognised in the income statement. Also, unrecognised past service costs from changes of plan have to be recognised in their year of origin. If the revised IAS 19 had been adopted early in 2011, the profit for the period would have improved by around EUR 0.2 million and shareholders' equity would have been reduced by around EUR 2.3 million.

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

In order to improve clarity, certain items are aggregated in the balance sheet and income statement. A breakdown of the individual amounts is provided in the notes. The balance sheet has been divided into short- and long-term items in accordance with IAS 1. The income statement was prepared in accordance with the nature of expense method.

b) Scope of consolidation

TAKKT AG, Stuttgart, which is registered under HRB 19962 with the German Commercial Register of the Stuttgart local court, is the Group's holding company. The consolidated financial statements at 31 December 2011 in accordance with IFRS, the Group Management report and the TAKKT AG individual financial statements according to HGB will be submitted to the Electronic Federal Gazette (elektronischer Bundesanzeiger).

TAKKT is a B2B direct marketing specialist for business equipment and has a presence in more than 25 countries. Besides TAKKT AG, 11 (8) domestic and 61 (58) foreign companies are included in the consolidated financial statements. The consolidated financial statements include all companies in which TAKKT AG directly or indirectly holds a majority of voting rights or has control of such entities as defined in IAS 27 as a result of other rights.

Since 31 December 2010, the consolidated group has changed as follows: Four newly founded companies have been added to the TAKKT EUROPE segment and two newly founded companies have been added to the TAKKT AMERICA segment. In addition, the TAKKT EUROPE segment has acquired one company and Topdeq Bürodesign Gesellschaft m.b.H., Schwechat/Austria, has been merged with KAISER+KRAFT Gesellschaft m.b.H., Salzburg/Austria, as per 01 October 2011.

There is one domestic associated company. A valuation per IAS 28 was not deemed necessary due to reasons of materiality.

At 31 December 2011, TAKKT AG was a 70.4 (70.4) percent subsidiary of Franz Haniel & Cie. GmbH, Duisburg. TAKKT Group will therefore be included in the latter's consolidated financial statements.

c) Principles of consolidation

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

The consolidated financial statements and all individual financial statements included in the consolidated financial statements have the same balance sheet date, 31 December 2011. According to IAS 27, the financial statements of the domestic and foreign subsidiaries included in the consolidated financial statements were prepared using uniform accounting and valuation principles.

Capital consolidation was prepared using the acquisition method based on a purchase price allocation at the time of control being obtained (IFRS 3). The part of the purchase price which was transferred in a business combination in the expectation of future positive inflows of funds from the business combination and which cannot be allocated to the fair values of the identifiable assets is to be recorded as goodwill in intangible assets.

Since the 2010 financial year, acquisitions of shares in subsidiaries which are already fully consolidated are accounted for as equity transactions (IAS 27.30). The portion of the purchase price exceeding the attributable equity on the date when the non-controlling interests are acquired is taken directly to equity and offset in full against the equity of the parent company's shareholders. Incidental costs incurring during a company merger are recorded as expense.

Intercompany profits and losses, turnover, expenses and income as well as all receivables and liabilities between the Group subsidiaries were eliminated.

Unrealised intercompany profits in current and non-current assets were eliminated, provided they were not immaterial.

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

Receivables and liabilities to third parties were offset, provided a right and an intention to settle on a net basis existed.

Minority interests in a subsidiary's equity and profits are disclosed under Non-controlling interests within Total equity.

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

d) Currency translation

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

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

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

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

Currency translation rates of importance for TAKKT Group

		Closing rates		Average rates	
Currency	Country	2011	2010	2011	2010
USD	USA	1.2939	1.3362	1.3904	1.3230
CHF	Switzerland	1.2156	1.2504	1.2300	1.3774
GBP	UK	0.8353	0.8608	0.8676	0.8571
SEK	Sweden	8.9120	8.9655	9.0278	9.5272

e) Accounting and valuation principles

Turnover includes sales from products and services less cash discounts and rebates. Turnover from sales is realised with the transfer of ownership and risk to the customer. They are recorded at fair value of the consideration received. Provisions are made to allow for customers' rights of return.

Other income is realised 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 media and/or has received the service associated with the advertising activities.

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

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

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

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

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

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

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

The requirements of finance leases pursuant to IAS 17 are satisfied if TAKKT Group bears all substantial opportunities and risks in leasing transactions as lessee and can therefore be considered economic owner. In these cases, property, plant and equipment are capitalised at fair value or at the lower present value of the minimum lease payments and subject to straight-line depreciation during their useful lives or the shorter duration of the leasing contract, which is between 18 and 22 years. The present value of obligations for future lease instalments is disclosed under short- and long-term borrowings.

For buildings under a finance lease contract, a purchase option at market price at the end of the general lease term exists. The option price usually corresponds to the residual book value. In order to determine the fair value, the interest rate of the underlying lease contract was applied.

As well as finance leases, TAKKT Group also concluded rental contracts in which the economic ownership of rental goods remains with the lessor (operating leasing). Leasing payments are distributed evenly throughout the lease duration and recognised as expense. Depending on the subject of the lease, typical lease and lease extension rights apply.

The book value of goodwill and intangible assets with an indefinite useful life is reviewed once a year or during the year, if necessary, pursuant to IAS 36 using so-called cash generating units. In the year under review, TAKKT Group had a total of 5 (5) cash-generating units. The impairment test is based on a detailed plan of the future operating cash flow before interest and taxes less capital expenditure on maintenance and replacements less changes in the net current assets for a period of five years and perpetuity following the detailed planning period. This detailed planning is based on financial plans approved by Management, which are also used for internal purposes. Key planning assumptions are the underlying turnover growth and the operational margin. When detailed plans are produced, past developments and expectations regarding future market trends are taken into account. In calculating perpetuity, future company growth is considered and based on the average market growth. The cash flows calculated are discounted with the weighted average cost of capital (WACC) before tax determined for every cash generating unit in order to calculate the value in use of the cash generating unit. The WACC rate is calculated using an iterative procedure to ensure that the value in use before tax corresponds to the value in use after tax. TAKKT Group applies pre-tax WACC rates of between 11.2 and 14.1 percent (between 10.0 and 11.4 percent in the previous year). As in the previous year, a growth factor of two percent was used to calculate perpetuity. The growth in perpetuity is below the average organic growth and below the average expected future market growth. The recoverable amount – i.e. the higher of value in use or fair value less costs to sell, which may be calculated subsequently – is then compared to the respective book value. If this amount is below the book value of the cash generating unit, an impairment charge is made on the goodwill and other assets, if required. Brands are entered with an indeterminate useful life because the right of use for the brands can be utilised indefinitely and the level of awareness is permanently maintained by means of advertising.

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

Useful lives for intangible assets

	Years
Goodwill	indefinite
Brands	indefinite
Customer lists	5 or 11
Domain names/web sites	3
Catalogue designs	5 – 10
Software	2 – 5

There are no significant internally generated intangible assets.

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

Inventories are recognised at the lower of acquisition or manufacturing costs or net realisable value. In general, a value based on the FIFO method (first in, first out) is applied. The manufacturing costs include not only the directly attributable materials used for production and wages but also appropriate portions of the indirect material and production overheads. There are no relevant borrowing costs due to the nature of the company's business. Obsolescence reserves were made, taking into account the expected selldown period of the inventories. If the reasons for the write-downs no longer apply, the original reserves are released.

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

Financial assets and liabilities are classed on initial disclosure and reviewed for reporting at each balance sheet date.

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

Financial assets in the category held-to-maturity as well as loans and receivables are recorded at their amortised cost (nominal value) or at their lower fair value. Risks are taken into consideration by allowances. Apart from the required individual value adjustments, trade receivables are subject to an allowance based on general credit risks, the age of the receivables and past experience (e.g. collection costs and cash discounts granted for rapid payment). This general allowance is necessary because of the large number of trade debtors in the direct marketing business.

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

Financial liabilities which are not in the category fair value through profit and loss are measured at amortised cost.

Fair values for every financial instrument category according to IFRS 7 generally reflect book values. This applies especially to assets in the categories available-for-sale and fair value through profit and loss, which are reported at the balance sheet at market values. In the case of loans and receivables as well as financial liabilities, the book value is usually a sufficient approximation of the fair value. If this is not the case, additional details are provided. The other receivables and payables are either short-term or subject to a variable market interest rate.

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

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

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

The Group documents under IAS 39 all relations between hedging instruments and the underlying transactions. As part of this approach, a relationship is established between all derivatives used as hedging instruments and specific assets, liabilities, firm commitments or forecast transactions. At TAKKT, both prospective and retrospective effectiveness monitoring for cash flow hedges are proved via a high statistical correlation. For a statistical series, a ratio is created between changes in the value of the underlying transaction and the hedging instruments. If the ratio is within the bandwidth of 80 to 125 percent as defined by IAS 39, the hedge is regarded as effective.

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

A treasury system from SAP AG is used to compute the market value of forward foreign exchange contracts, interest rate swaps and interest rate caps. The market value of a forward foreign exchange contract corresponds to the difference in the present values of the nominal amount at the fixed forward rate and the nominal amount at the forward rate at the balance sheet date. The market value of an interest rate swap is equal to the present value of the future cash flows resulting from this derivative instrument. The cash flows are discounted using maturity-matched interest rates in line with the interest rate curves of the respective currency. The market values of interest rate caps are determined using the Black-Scholes method.

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

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

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

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

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

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

With the exception of other personnel-related provisions calculated in accordance with IAS 19, other provisions are made on the basis of IAS 37 at the best estimation of the amount to be paid if a current legal or factual external obligation exists which is based on transactions or incidents in the past. The outflow of resources must be probable and calculable.

Other provisions with a maturity of over one year are discounted using maturity-matched interest rates.

Provisions are reviewed on a regular basis and adjusted to the best estimate currently available if new insights are obtained or circumstances have changed. If it is not probable any more that fulfilling the obligation is connected to the outflow of resources with an economic value, a provision is released.

Liabilities are initially valued at the amount to be paid and, with the exception of derivatives, subsequently at amortised costs. Liabilities from finance lease contracts are disclosed at the present value of future lease instalments. The current fair value of the fixed-interest-bearing liabilities from finance leases is determined by discounting the lease instalments using current maturity-matched interest rates.

The short-term portions of long-term assets and liabilities with a remaining term of less than one year are disclosed under short-term balance sheet positions, except for the short-term portions of long-term provisions since they are not material.

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

2. Notes to the income statement

(1) Turnover *in EUR '000*

	2011	2010
Turnover with third parties	851,738	800,941
Turnover with affiliated companies	509	619
	852,247	**801,560**

Turnover with affiliated companies relates to the majority shareholder Franz Haniel & Cie. GmbH, Duisburg, as well as companies of the majority shareholder which are not included in the consolidated financial statements of TAKKT AG. A schedule can be found under related-party transactions on page 123. A breakdown of turnover by segment and geographical region is shown in the segment reports on page 78 onwards.

(2) Other income *in EUR '000*

	2011	2010
Rental income	210	162
Income from the release of allowances	308	602
Income from the disposal of non-current assets	1,411	122
Operating income	3,349	3,061
Other	3,160	3,233
	8,438	**7,180**

(3) Personnel expenses *in EUR '000*

	2011	2010
Wages and salaries	94,364	90,961
Social security costs	16,744	15,969
Retirement costs	2,588	2,163
Income from the release of personnel-related provisions	–1,060	–581
Other	815	645
	113,451	**109,157**

In the previous year, Social security costs included refunds from the German Federal Employment Office resulting from short-term working amounting to EUR 241. The segment reports on page 78 onwards refer to the number of employees of the Group.

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

	2011	2010
Losses from disposal of non-current assets	224	82
Valuation allowances on current assets	2,091	1,825
Income from the release of provisions	–682	–317
Operating leasing and rents	10,089	9,722
Foreign exchange differences	921	15
Operating taxes	2,067	1,485
Operating expenses	105,161	108,430
Administrative expenses	22,873	19,978
	142,744	**141,220**

Valuation allowances mainly relate to trade receivables and full write-offs of receivables where they cannot be recovered. Write-offs amounted to EUR 1,557,000 (EUR 1,316,000).

Operating taxes include real estate tax, car tax, tax on capital and assets and the French Taxe Professionnelle. A major part of Operating expenses is advertising costs.

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

	2011	2010
Property, plant and equipment	10,206	10,496
Other intangible assets	6,628	9,284
	16,834	**19,780**

An impairment amounting to EUR 39,000 (EUR 20,000) was recorded on property, plant and equipment under IAS 36. With regard to Other intangible assets, impairment amounting to EUR 417,000 (EUR 378,000) was necessary as per IAS 36. This related to the valuation of OEG brands in North America. The reason for the impairment is a decrease of the turnover on which the purchase price allocation was initially based and which are considered to be generated by certain brands.

(6) Impairment of goodwill

No need of impairment was derived from the impairment tests in the 2011 financial year.

Following the impairment tests in 2010, the goodwill recorded for the cash-generating unit OEG (Europe) amounting to EUR 12,860,000 was completely impaired. This goodwill impairment was conducted because the course of business at the European OEG remained negative even after the economic crisis had been overcome in 2010.

Please refer to the details on page 87 for information about the general procedure as regards impairment testing.

(7) Finance expenses *in EUR '000*

	2011	2010
Interest portion of finance leases	–430	–778
Interest portion of pension provisions	–1,117	–1,097
Interest on borrowings	–7,186	–7,175
	–8,733	**–9,050**

Interest on borrowings include one-off payments for early cancelling long-term interest hedging transactions. Further information can be found in the interest rate hedging section on page 118 onwards.

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

	2011	2010
Valuation of intercompany loans and financial instruments	–34	34
Interest and similar income	223	53
	189	**87**

More details on the use of derivative financial instruments are disclosed in the risk report on page 37 onwards as well as in the notes on page 111 onwards.

(9) Income tax expense

Income tax expense includes income tax paid and due as well as deferred taxes in the individual countries. The income tax rates applied range between 10.0 (0.0) percent and 40.9 (40.9) percent.

Breakdown of income tax expense *in EUR '000*

	2011	2010
Income tax	24,600	21,370
Deferred tax	5,003	3,040
	29,603	**24,410**

Income tax includes income of EUR 215,000 (EUR 271,000) relating to prior periods. Deferred tax expenses amounting to EUR 1,376,000 (EUR 2,975,000) result from additional allowance on deferred tax assets. Deferred tax gains amounting to EUR 1,000 (expenses EUR 79,000) result from tax rate changes. The difference between the actual tax expense and the tax expense calculated at a rate of 30.7 (30.7) percent for TAKKT AG is made up as follows:

Tax rate reconciliation *in EUR '000*

	2011	2010
Profit before tax	95,575	58,998
Expected average tax expense	29,342	18,112
Changes in tax rates	–1	79
Differences between local and Group tax rates	–2,142	–1,377
Non-deductible expenses	1,591	4,720
Non-taxable income	–848	–252
Allowance for deferred tax on loss carry-forwards and other	1,376	2,975
Taxes relating to prior years	–215	–271
Other differences	500	424
Income tax expense	**29,603**	**24,410**

The calculated tax rate of 30.7 percent is based on the tax rates applicable in Germany in 2011. Corporation tax of 15.0 percent, solidarity surcharge of 5.5 percent and the average municipal tax rate for the German Group companies were taken into account.

The decrease in non-deductible expenses relates mainly to the European OEG goodwill impairment conducted in the previous year.

In the year under review, write-downs in the amount of EUR 258,000 (EUR 92,000) on deferred taxes were reversed as business was expected to develop more positively.

(10) Earnings per share

	2011	2010
Number of shares issued (in '000)	65,610	65,610
Weighted number of shares issued (in '000)	65,610	65,610
Profit attributable to the owners of TAKKT AG (in EUR '000)	65,972	34,313
Earnings per share (in EUR)	1.01	0.52
TAKKT cash flow (in EUR '000)	87,809	70,268
TAKKT cash flow per share (in EUR)	1.34	1.07

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

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

3. Notes to the balance sheet

(11) Property, plant and equipment *in EUR '000*

	Land, buildings and similar assets	Plant, machinery and office equipment	Payments on account	Total
Acquisition costs				
Balance at 01.01.2011	97,216	74,243	623	172,082
Currency translation	790	580	19	1,389
Changes in scope of consolidation	0	28	0	28
Additions	944	4,349	1,955	7,248
Transfers	6,564	–5,615	–949	0
Disposals	–2,846	–4,367	0	–7,213
Balance at 31.12.2011	**102,668**	**69,218**	**1,648**	**173,534**
Cumulative depreciation				
Balance at 01.01.2011	29,720	45,874	0	75,594
Currency translation	334	560	0	894
Changes in scope of consolidation	0	23	0	23
Additions	4,295	5,911	0	10,206
Transfers	4,038	–4,038	0	0
Disposals	–2,311	–4,177	0	–6,488
Balance at 31.12.2011	**36,076**	**44,153**	**0**	**80,229**
Net book values				
Balance at 31.12.2011	**66,592**	**25,065**	**1,648**	**93,305**

The additions to depreciation included in the tangible assets development were translated at average exchange rates as in the income statement. The difference to the closing rate is included in currency translation. Changes to the applied parameters (depreciation methods, useful lives and net book values) were not required. Please refer to page 92 for details on impairment in accordance with IAS 36.

At the balance sheet date, property, plant and equipment with a book value of EUR 8,486,000 (EUR 11,047,000) acquired under a finance lease were reported. Leased assets of EUR 8,486,000 (EUR 9,432,000) are shown under Land, buildings and similar assets. The asset shown under office equipment in the previous year with a net book value of EUR 1,615,000 was transferred fully to TAKKT Group's legal ownership.

Since the transfer of the assets capitalised as finance leases at the end of the leasing period continues to be uncertain, the finance lease properties continue to be depreciated over the lease period. Overall, there was no need to change the parameters used. As in the previous year, tangible assets legally and economically owned by the Group, with the exception of the capitalised finance lease assets, are not subject to any restraints on disposal rights.

	Land, buildings and similar assets	Plant, machinery and office equipment	Payments on account	Total
Acquisition costs				
Balance at 01.01.2010	93,864	70,792	14	164,670
Currency translation	3,107	1,651	2	4,760
Changes in scope of consolidation	0	0	0	0
Additions	254	3,615	613	4,482
Transfers	0	2	–2	0
Disposals	–9	–1,817	–4	–1,830
Balance at 31.12.2010	**97,216**	**74,243**	**623**	**172,082**
Cumulative depreciation				
Balance at 01.01.2010	25,201	39,652	0	64,853
Currency translation	756	1,129	0	1,885
Changes in scope of consolidation	0	0	0	0
Additions	3,770	6,726	0	10,496
Transfers	0	0	0	0
Disposals	–7	–1,633	0	–1,640
Balance at 31.12.2010	**29,720**	**45,874**	**0**	**75,594**
Net book values				
Balance at 31.12.2010	**67,496**	**28,369**	**623**	**96,488**

(12) Goodwill *in EUR '000*

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

	Goodwill	Goodwill on consolidation	Total
Acquisition costs			
Balance at 01.01.2010	211,742	28,310	240,052
Currency translation	10,342	0	10,342
Changes in scope of consolidation	0	0	0
Additions	0	0	0
Disposals	0	0	0
Balance at 31.12.2010	**222,084**	**28,310**	**250,394**
Cumulative impairment			
Balance at 01.01.2010	0	0	0
Additions	0	12,860	12,860
Balance at 31.12.2010	**0**	**12,860**	**12,860**
Net book values			
Balance at 31.12.2010	**222,084**	**15,450**	**237,534**

The increase in goodwill is due to the acquisition of UBEN Unternehmensberatung Enzinger GmbH. For further information, please refer to page 120 onwards.

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

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

Net book value of goodwill *in EUR '000*

Cash generating units	2011	2010
Business Equipment Group	79,379	79,379
Office Equipment Group (Europe)	0	0
Plant Equipment Group	2,188	2,119
Specialties Group	109,146	105,690
Office Equipment Group (America)	36,036	34,896
	226,749	**222,084**

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

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

Cash generating units	2011	2010
Business Equipment Group	17,620	15,450
Office Equipment Group (Europe)	0	0
	17,620	**15,450**

Subsequent consolidation

In accordance with IFRS 3, from 01 January 2005 goodwill is no longer amortised on a straight-line basis but subject to an impairment test once a year or more often, if necessary. An impairment charge on goodwill on consolidation totalling EUR 12,860,000 was necessary in the 2010 financial year. Please see note (6) for details. For tax purposes, goodwill is still depreciated over a period of 15 years. At the balance sheet date, the resulting deferred tax liability amounted to EUR 47,254,000 (EUR 39,967,000). No deferred taxes result from goodwill on consolidation.

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

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

	Brands	Customer lists	Other (purchase price allocation)	Licences and similar rights	Payments on account	Total
Acquisition costs						
Balance at 01.01.2010	15,292	38,896	9,561	27,205	240	91,194
Currency translation	1,195	3,039	746	1,124	19	6,123
Changes in scope of consolidation	0	0	0	0	0	0
Additions	0	0	0	2,063	122	2,185
Transfers	0	0	0	259	–259	0
Disposals	0	0	0	–314	0	–314
Balance at 31.12.2010	**16,487**	**41,935**	**10,307**	**30,337**	**122**	**99,188**
Cumulative depreciation						
Balance at 01.01.2010	347	23,067	5,783	20,733	0	49,930
Currency translation	23	1,758	443	799	0	3,023
Changes in scope of consolidation	0	0	0	0	0	0
Additions	378	4,468	843	3,595	0	9,284
Transfers	0	0	0	0	0	0
Disposals	0	0	0	–314	0	–314
Balance at 31.12.2010	**748**	**29,293**	**7,069**	**24,813**	**0**	**61,923**
Net book values						
Balance at 31.12.2010	**15,739**	**12,642**	**3,238**	**5,524**	**122**	**37,265**

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

For information on impairment per IAS 36, please refer to page 92. Changes to the applied parameters (depreciation methods, useful lives and net book values) were not required.

As in the previous year, intangible assets were not subject to any restraints on disposal. Acquired brands were reported at their book value of EUR 15,805,000 (EUR 15,739,000) as intangible assets with an indefinite life. These relate to the cash generating unit OEG (America) in the amount of EUR 6,067,000 (EUR 6,309,000) and the cash generating unit SPG in the amount of EUR 9,738,000 (EUR 9,430,000). The important customer lists have a remaining period of depreciation of 2 and 8 years respectively.

(14) Other assets

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

(15) Deferred taxes

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

	2011	2010
Deferred tax on loss carry-forwards – gross	15,950	14,390
Allowance	– 14,236	– 12,677
Deferred tax on loss carry-forwards – net	**1,714**	**1,713**

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

	up to 1 year	1 to 5 years	over 5 years	Total
2011	2,856	18,383	13,676	**34,915**
2010	3,382	16,799	11,024	**31,205**

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

Deferred tax assets and liabilities *in EUR '000*

	Assets		Liabilities	
	2011	2010	2011	2010
Property, plant and equipment and other intangible assets	4,749	4,234	3,742	4,415
Goodwill	641	0	47,254	39,967
Inventories	2,456	2,475	3	4
Trade receivables and other assets	2,589	2,685	454	547
Non-current provisions	2,889	2,242	332	367
Current provisions	1,382	1,323	148	138
Market value of derivative financial instruments	940	1,979	325	82
Loss carry-forwards	1,714	1,713	0	0
Borrowings	3,967	4,978	0	0
Other	154	335	0	0
Subtotal	**21,481**	**21,964**	**52,258**	**45,520**
Netting	– 16,368	– 16,289	– 16,368	– 16,289
Consolidated balance sheet	**5,113**	**5,675**	**35,890**	**29,231**

Only deferred taxes on the market value of the derivative financial instruments classified as cash flow hedges amounting to EUR 615,000 (EUR 1,897,000) did not affect profit.

Of EUR 5,113,000 (EUR 5,675,000) deferred tax assets, EUR 1,744,000 (EUR 2,215,000) relate to companies which generated losses in the year under review. Calculating the respective deferred tax assets is based on the positive results of the rolling five-year planning.

In accordance with IAS 12, no deferred tax liabilities are reported for the retained earnings of subsidiaries. In the event of future dividend payouts, there would be a tax liability of EUR 2,583,000 (EUR 2,589,000). Any foreign withholding tax and income tax effects at foreign intermediate holding companies were not taken into consideration for reasons of materiality.

As in the previous year, deferred taxes for temporary differences in associated companies between the IFRS approach and the tax accounting approach are not reported for reasons of materiality.

(16) Inventories *in EUR '000*

	2011	2010
Raw materials and supplies	854	898
Work in progress	828	845
Finished goods and purchased merchandise	57,004	54,230
Payments on account	101	267
	58,787	**56,240**

An obsolescence reserve of EUR 9,184,000 (EUR 9,675,000) has been made on finished goods and work in progress, taking into consideration the expected sell-down period of the inventories. Intercompany profits of EUR 264,000 (EUR 299,000) have been eliminated.

(17) Trade receivables

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

	2011	2010
Balance at 01.01.	3,759	3,767
Additions	561	337
Release	–179	–437
Currency translation and other changes	55	92
Balance at 31.12.	**4,196**	**3,759**

For reconciliation from gross to net figures, see also section 4. Risk management and financial instruments/Information according to IFRS 7 (page 111 onwards).

All goods delivered were subject to customary ownership retention rights. TAKKT has not capitalised any overdue receivables without impairment.

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

	2011	2010
Receivables from affiliated companies	82	43
Market value of derivative financial instruments	1,504	325
Other tax receivables	3,668	3,698
Bonus claims against suppliers	6,808	5,898
Deferred expenses	5,467	3,268
Other	2,015	1,688
	19,544	**14,920**

A schedule of receivables from affiliated companies can be found under related-party transactions on page 123. These balances are the result of the current settlement transactions.

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

	2011	2010
Cheques, cash balances	122	180
Bank balances	2,092	3,444
	2,214	**3,624**

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

(20) Shareholders' equity

For the consolidated statement of changes in total equity, refer to page 75. The fully paid-in issued capital of TAKKT AG amounts to EUR 65,610,331 (EUR 65,610,331). It is divided into 65,610,331 (65,610,331) no-par-value bearer shares. The Annual General Meeting (AGM) authorised the Management and Supervisory Boards on 04 May 2010 to purchase own shares. No use was made of this right in 2011. In accordance with the resolution of the AGM on 06 May 2009, the Management Board is authorised until 29 October 2014 to increase the issued capital by an amount of up to EUR 32,805,165.50 once or several times by issuing new no-par-value bearer shares. 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 16 onwards in the management report.

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

Other components of equity *in EUR '000*

	Derivative financial instruments	Deferred tax	Foreign currency reserves	Total	Attributable to non-controlling interests	Attributable to owners of TAKKT AG
Balance at 01.01.2010	**–2,693**	**1,014**	**–26,905**	**–28,584**	**0**	**–28,584**
Changes in the scope of consolidation	0	0	0	0	0	0
Other comprehensive income	–2,373	883	8,204	6,714	0	6,714
thereof currency translation effects	–210	69	8,204	8,063	0	8,063
Balance at 31.12.2010/ 01.01.2011	**–5,066**	**1,897**	**–18,701**	**–21,870**	**0**	**–21,870**
Changes in the scope of consolidation	0	0	0	0	0	0
Other comprehensive income	3,660	–1,282	1,897	4,275	0	4,275
thereof currency translation effects	157	52	1,897	2,106	0	2,106
Balance at 31.12.2011	**–1,406**	**615**	**–16,804**	**–17,595**	**0**	**–17,595**

The shareholders have a claim to the unappropriated profits available for distribution by TAKKT AG, provided that the latter is not excluded from distribution to the shareholders by law or the statutes of the company, by way of a shareholders' resolution or as additional charge due to the profit appropriation proposal.

The Management Board proposes to pay a dividend of EUR 55,769,000 (EUR 20,995,000) for the 2011 financial year. The 65.6 million shares will therefore attract a total dividend of EUR 0.85 (EUR 0.32) per share, divided in an ordinary dividend of EUR 0.32 (EUR 0.32) per share and a special dividend of EUR 0.53 (EUR 0.00) per share.

Capital management

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

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

	2011	2010
Total equity	300,986	251,734
/ Total assets	549,805	541,365
Equity ratio (in percent)	**54.7**	**46.5**
Borrowings	95,872	142,785
./. Cash and cash equivalents	2,214	3,624
Net borrowings	**93,658**	**139,161**
/ Total equity	300,986	251,734
Gearing	**0.3**	**0.6**
Average net borrowings	106,767	166,575
/ TAKKT cash flow	87,809	70,268
Debt repayment period (in years)	**1.2**	**2.4**
EBITA	104,119	80,821
/ Net interest expense (Finance expenses less Interest and similar income)	8,510	8,997
Interest cover	**12.2**	**9.0**

Steering the results of the individual Group companies at TAKKT Group is conducted through a system of key figures. Here, the EBITDA margin with a long-term target corridor between 12 and 15 percent serves as benchmark for the short-term operational profitability, whereas the EVA®, for which a positive value is envisaged, serves as benchmark for the long-term strategic controlling. For further details on the value-based corporate management, please refer to page 16 of the Management report.

(21) Non-controlling interests

In April 2010, the non-controlling interests in KAISER+KRAFT N.V., Diegem/Belgium and Vink Lisse B.V., Lisse/Netherlands were acquired in full for EUR 10,670,000. The portion of the purchase price which exceeded the non-controlling interests in total equity at the acquisition date (EUR 3,259,000 portion of total equity at 31 December 2009 plus EUR 275,000 portion of total comprehensive income 2010) was taken directly to equity and offset in full (EUR 7,136,000) against the equity of the parent company's shareholders. All Group companies are therefore wholly owned since acquiring the non-controlling interests.

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

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

	Remaining term			
	up to 1 year	1 to 5 years	over 5 years	31.12.2010
Liabilities to banks	18,934	44,904	50,180	114,018
Finance leases	1,315	5,781	9,118	16,214
Finance liabilities to affiliated companies	9,848	0	0	9,848
Other	2,705	0	0	2,705
	32,802	**50,685**	**59,298**	**142,785**
thereof long-term (maturity > 1 year)				109,983

The remaining term of the liabilities to banks is equivalent to the terms of the respective utilised financing commitments. Additionally, TAKKT AG has unused credit lines of more than a three-digit million figure. Liabilities under finance lease contracts refer to one property comprising buildings and in the previous year additionally equipment. The fair value of finance leases amounts to EUR 13,393,000 (EUR 16,291,000).

A schedule of liabilities to affiliated companies can be found in related-party transactions on page 123.

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

	01.01.2011	Other changes	Additions	Repay-ments	31.12.2011
Liabilities to banks	114,018	3,703	75,779	–115,927	77,573
Finance leases	16,214	0	0	–3,294	12,920
Finance liabilities to affiliated companies	9,848	27	0	–6,911	2,964
Other	2,705	280	0	–570	2,415
	142,785	**4,010**	**75,779**	**–126,702**	**95,872**

Other changes include currency translation in the amount of EUR 3,730,000 (EUR 8,621,000). Average net borrowings for the financial year amounted to EUR 106,767,000 (EUR 166,575,000). Debt was weighted by month and converted using the average exchange rate method as used in the income statement. Additions to Liabilities to banks relate to new credit lines and a different usage of existing lines at the beginning and the end of the year. Other includes the EVA® certificates issued to TAKKT Group executives.

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

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

	31.12.2010	Portion of total liabilities *(in percent)*	Weighted remaining term *(in years)*	Average interest rate *(in percent)*
USD liabilities	**113,152**	**79.2**		
– Borrowings	113,152	79.2	3.1	4.7
– Other	0	0.0	n/a	n/a
EUR liabilities	**29,356**	**20.6**		
– Borrowings	589	0.4	0.5	1.4
– Finance leases (fixed interest rate)	16,214	11.4	5.5	4.6
– Other	12,553	8.8	n/a	n/a
Liabilities other currencies	**277**	**0.2**	**n/a**	**n/a**
	142,785	**100.0**	**n/a**	**n/a**
thereof hedged	115,376	80.8		

Further information on interest rate hedges can be found on page 118 onwards.

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

	2011	2010
Pension provisions	20,664	18,691
Personnel provisions	3,743	1,740
Other provisions	1,454	1,308
	25,861	**21,739**

Personnel provisions mainly comprise obligations for early retirement part-time working arrangements amounting to EUR 1,400,000 (EUR 1,376,000) as well as provisions for the long-term performance cash plans of the Management Board of EUR 1,872,000 (EUR 0). In accordance with the current employment contracts, the provisions for long-term performance cash plans as part of Management Board remuneration were recognised in full as liabilities in 2011. In the previous year, they had been spread proportionally across the plan's four-year duration and were shown under current provisions with an amount of EUR 531,000. The increase resulting from the change in valuation totalled EUR 901,000. The change in personnel and other provisions is the result of the utilisation of EUR 609,000 (EUR 457,000), a release of EUR 118,000 (EUR 88,000), an addition of EUR 2,345,000 (EUR 1,111,000) as well as a transfer from current provisions of EUR 531,000.

Pension provisions

Development of pension provisions *in EUR '000*

	2011	2010
Present value of funded obligations	1,848	2,118
Present value of unfunded obligations	22,846	22,399
Total present value of obligations	**24,694**	**24,517**
Fair value of plan assets	–1,835	–2,008
Unrecognised actuarial losses	–2,195	–3,818
Pension provisions at 31.12.	**20,664**	**18,691**

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

Defined benefit pension plans *in EUR '000*

	2011	2010
Present value of obligations 01.01.	24,517	22,156
Current service cost	1,064	1,032
Interest expense	1,188	1,147
Plan participants' contributions	22	22
Actuarial gains (–)/losses (+)	–1,686	643
Currency translation	0	0
Benefits paid	–610	–613
Plan curtailments	–168	0
Past service costs	90	49
Transfer of obligations	277	81
Present value of obligations 31.12.	**24,694**	**24,517**

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

Parameters *in percent*

	2011	2010
Actuarial interest rate	5.20	4.80
Salary trend	2.75	2.75
Pension trend	1.90	1.90

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

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

Obligations from the defined benefit pension plans are calculated annually by independent actuarial experts using the projected unit credit method. At one foreign subsidiary, obligations are funded by contributions to an insurance company. Plan assets created in this process solely involve qualifying insurance policies. With effect of 01 January 2011, the underlying plan was discontinued. Claims arising afterwards are covered by a defined contribution plan.

Present value of plan assets *in EUR '000*

	2011	2010
Fair value 01.01.	2,008	1,721
Expected return on plan assets	71	50
Actuarial gains (+)/losses (–)	–270	98
Benefits paid	0	0
Employer contributions	4	117
Plan participants' contributions	22	22
Fair value 31.12.	**1,835**	**2,008**

The expected return on these plan assets for 2011 was 5.5 (5.1) percent. Expected return on plan assets is included in the calculation of the fair value of plan assets at the balance sheet date. Expected return is based on historic returns and expected average income in the respective investment categories which are also compared with the expectations of external sources. The actual income generated can deviate from the expected return on plan assets if the conditions on capital markets fail to develop as expected. In the next financial year, employer contributions to the plan assets will total EUR 0 (115,000).

Presentation in income statement *in EUR '000*

	2011	2010
Personnel expenses		
Current service costs	1,064	1,032
Past service costs	90	49
Amortisation of actuarial gains (–)/losses (+)	116	103
Gains (–)/Losses (+) from plan curtailments and settlements	–168	0
Interest expense		
Interest	1,188	1,147
Expected return on plan assets	–71	–50

General overview *in EUR '000*

	2011	2010	2009	2008	2007
Present value of obligations	24,694	24,517	22,156	17,847	15,818
Fair value of plan assets	1,835	2,008	1,721	1,325	1,305
Difference	**22,859**	**22,509**	**20,435**	**16,522**	**14,513**
Experience adjustments on plan assets	111	15	33	–3	–23
Experience adjustments on obligations	97	–645	–284	1,151	–404

Defined contribution plans

Statutory pension insurance is an important component of retirement pension planning for most employees, especially in Germany. The employer contributions made to such insurance and recorded under personnel expenses amounted to EUR 6,144,000 (EUR 5,974,000) during the period under review. The future level of such expenses largely depends on how the underlying pension insurance systems develop.

Some foreign companies, especially in North America, have voluntary defined contribution plans for the payment of benefits after termination of employment. Affected US companies pay a pension contribution for their staff to an external fund after a certain time of service. The amounts paid by the employer are up to 2.5 percent of the employee's salary. The companies cannot derive any claims from their contribution payments; accordingly, no such assets have to be capitalised by these companies. Expenses for defined contribution plans amounted to EUR 1,486,000 (EUR 979,000) in the year under review.

(24) Trade payables

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

(25) Other liabilities *in EUR '000*

	2011	2010
Customer payments on account	3,133	2,978
Market value of derivative financial instruments	3,473	5,548
Uninvoiced goods and services	11,180	10,779
Other tax payables	6,990	6,856
Personnel liabilities	3,726	3,538
Accrued interest	3	200
Social security contributions	1,003	891
Bonus liabilities to customers	2,167	1,946
Audit fees	963	972
Deferred income	333	538
Other	7,551	6,936
	40,522	**41,182**

A schedule of liabilities to affiliated companies can be found under related-party transactions on page 123.

(26) Current provisions

Development of current provisions *in EUR '000*

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

	01.01.2010	Currency translation	Usage	Transfers	Release	Additions	31.12.2010
Staff bonuses	5,116	173	–4,713	0	–426	10,616	10,766
Other personnel obligations	2,308	10	–2,009	0	–137	1,730	1,902
Customer credit notes	1,501	71	–1,033	0	–21	1,134	1,652
Other	4,250	28	–2,030	0	–226	961	2,983
	13,175	**282**	**–9,785**	**0**	**–810**	**14,441**	**17,303**

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

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

In the risk report contained in the Management report on page 32 onwards, TAKKT details the required qualitative information according to IFRS 7 on possible risks threatening the success of TAKKT Group as well as the strategy to manage these risks.

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

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

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

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

				Reconciliation to balance sheet	**Balance sheet item total**
Financial instrument category	I.	II.	III.		
Valuation type	Fair value	Amortised cost			
Assets					
Non-current assets					
Other assets	0	660	0	237	897
Current assets					
Trade receivables	0	91,146	0	0	91,146
Other receivables and assets	156	8,905	0	10,483	19,544
Cash and cash equivalents	0	2,214	0	0	2,214
	156	**102,925**	**0**		
Liabilities					
Non-current liabilities					
Borrowings	0	0	53,327	12,008	65,335
Current liabilities					
Borrowings	0	0	29,625	912	30,537
Trade payables	0	0	22,093	0	22,093
Other liabilities	527	0	2,772	37,223	40,522
	527	**0**	**107,817**		

Financial instrument categories at 31 December 2010 *in EUR '000*

				Reconciliation to balance sheet	Balance sheet item total
Financial instrument category	I.	II.	III.		
Valuation type	Fair value	Amortised cost			
Assets					
Non-current assets					
Other assets	0	622	0	161	783
Current assets					
Trade receivables	0	87,478	0	0	87,478
Other receivables and assets	137	7,629	0	7,154	14,920
Cash and cash equivalents	0	3,624	0	0	3,624
	137	**99,353**	**0**		
Liabilities					
Non-current liabilities					
Borrowings	0	0	95,083	14,900	109,983
Current liabilities					
Borrowings	0	0	31,488	1,314	32,802
Trade payables	0	0	25,710	0	25,710
Other liabilities	295	0	2,710	38,177	41,182
	295	**0**	**154,991**		

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

The calculation method used for all the other receivables and assets and the other liabilities measured at fair value relates to level 2. A definition of the levels can be found on page 89.

Net result of the categories *in EUR '000*

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

	From interest	At fair value	Currency translation	Valuation allowance	2010
Financial assets or liabilities at fair value through profit and loss	0	–441	0	0	–441
Loans and receivables	53	0	570	–1,223	–600
Financial liabilities measured at amortised cost	–3,930	0	475	0	–3,455
	–3,877	**–441**	**1,045**	**–1,223**	**–4,496**

Credit risk

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

Trade receivables *in EUR '000*

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

	01.01.2010	Currency translation	Other changes	31.12.2010
Nominal value of receivables	75,901	3,497	11,839	91,237
Valuation allowances	–3,767	–92	100	–3,759
Book value of receivables	**72,134**	**3,405**	**11,939**	**87,478**

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

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

Risk concentrations in the finance area are avoided by broadly spreading transactions and deals among a number of banks with good ratings. The banks' creditworthiness is checked continuously.

Liquidity risk

Liquidity risk is understood as the risk of not being able to meet payment obligations at any time. The following table lists the contractually agreed interest payments and repayments from original financial liabilities as well as incoming and outgoing payments on derivative financial liabilities and assets at 31 December 2011. There were no financial guarantees. Foreign currency amounts were translated into the reporting currency euro at the respective closing rate at the balance sheet date.

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

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

Maturity analysis at 31 December 2010 *in EUR '000*

	Cash flow 2011	Cash flow 2012	Cash flow 2013–2015	Cash flow 2016–2020	Cash flow 2021…
Original financial liabilities					
Liabilities to banks	–21,079	–46,561	–2,313	–50,281	0
Finance leases	–1,806	–1,806	–5,409	–9,889	0
Finance liabilities to affiliated companies	–9,848	0	0	0	0
Trade payables	–25,710	0	0	0	0
Other liabilities	–4,414	0	0	0	0
Derivative financial receivables					
Outgoing payments	–31,385	0	0	0	0
Connected incoming payments	31,690	0	0	0	0
Derivative financial liabilities					
Outgoing payments	–51,957	–2,044	–3,041	0	0
Connected incoming payments	48,143	0	0	0	0

TAKKT has considerable unused short- and long-term credit lines with a number of German and international banks. The entire current debt can be covered by committed credit lines with maturities of five years. Additionally, a three-digit million amount of unused credit lines is available. 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 analysis of market price risks show which effects on profits and shareholders' equity there would have been if financial instruments recorded at the closing date had been affected by hypothetical changes in different relevant risk variables. The assumption is that the volume of financial instruments at the closing date was representative for the full year and that the assumed changes in risk variables at the closing date were reasonable.

Currency risk

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

Currency hedging *in EUR '000*

	Nominal value		Market value	
	2011	2010	**2011**	2010
Assets				
Currency derivatives designated as cash flow hedges	39,208	6,497	1,348	188
Currency derivatives without hedge accounting	28,473	25,020	156	137
Liabilities				
Currency derivatives designated as cash flow hedges	8,164	28,430	–296	–1,328
Currency derivatives without hedge accounting	44,257	19,884	–527	–295
	120,102	**79,831**	**681**	**–1,298**

Currency derivatives designated as cash flow hedges

TAKKT is exposed to currency risks as a limited amount of purchases and sales of products and services – below ten percent of consolidated turnover – is in different currencies. Sixty to seventy percent of the net foreign currency cash flows expected in TAKKT Group are hedged with currency instruments which can be designated as effective cash flow hedges and did not show any material ineffectiveness at the closing date. Exchange rate differences of the underlying currencies impact Other components of equity through changes in the fair value of the hedge instruments. They are therefore considered in shareholders' equity-related sensitivity calculations.

In the 2011 financial year, gains after deferred taxes totalling EUR 709,000 (losses EUR 773,000) resulting from changes in the fair values of forward foreign exchange contracts were recorded in shareholders' equity without affecting profit. These changes in valuation represent the effective part of the hedge relationship. Additionally, losses of EUR 763,000 (EUR 393,000) recorded in shareholders' equity were transferred to the income statement (under the item Other operating expenses). TAKKT expects that, with payments within the next twelve months, losses recorded in shareholders' equity amounting to EUR 692,000 after deferred taxes will be reclassified to the income statement.

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

Underlying currency derivative transactions 2011 *in EUR '000*

	Cash flow 2012	Cash flow 2013	Cash flow 2014–2016	Cash flow 2017–2021	Cash flow 2022...
CAD	5,216	0	0	0	0
CHF	19,380	9,096	0	0	0
CZK	1,284	0	0	0	0
DKK	564	0	0	0	0
GBP	2,176	0	0	0	0
HUF	1,693	0	0	0	0
JPY	102	0	0	0	0
MXN	710	0	0	0	0
NOK	2,184	0	0	0	0
PLN	247	0	0	0	0
RON	907	0	0	0	0
RUB	303	0	0	0	0
SEK	2,865	0	0	0	0
TRY	342	0	0	0	0
USD	303	0	0	0	0

Underlying currency derivative transactions 2010 *in EUR '000*

	Cash flow 2011	Cash flow 2012	Cash flow 2013–2015	Cash flow 2016–2020	Cash flow 2021...
CAD	7,390	0	0	0	0
CHF	14,636	0	0	0	0
CZK	1,130	0	0	0	0
DKK	832	0	0	0	0
GBP	2,477	0	0	0	0
HUF	1,123	0	0	0	0
JPY	36	0	0	0	0
MXN	706	0	0	0	0
NOK	2,094	0	0	0	0
PLN	812	0	0	0	0
RON	542	0	0	0	0
RUB	314	0	0	0	0
SEK	2,078	0	0	0	0
TRY	414	0	0	0	0
USD	343	0	0	0	0

Currency derivatives without hedge accounting

Intercompany loans involving more than one currency are hedged with forward foreign exchange contracts. This locks in prices for intercompany financing transactions. Accordingly, the Group is not exposed to any risk from exchange rate movements. While the individual company can establish a relationship between the derivative instrument and the underlying transaction, the underlying transaction is eliminated in the context of the Group's debt consolidation. From the Group's perspective, the derivative is therefore no longer used for hedging purposes. Fluctuations in exchange rates in the underlying currencies trigger changes in market values with regard to the derivatives and the related intercompany loans causing counteracting changes in Other finance result and are therefore included in the profit-based sensitivity calculation.

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

No fair value hedge accounting is applied.

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

Sensitivity analysis for currency fluctuations *in EUR '000*

31.12.2011	Increase/ decrease	Effect on profit before tax	Effect on share-holders' equity without impact on profits
EUR/USD	+10%	–2	+33
EUR/USD	–10%	+2	–33

31.12.2010	Increase/ decrease	Effect on profit before tax	Effect on share-holders' equity without impact on profits
EUR/USD	+10%	–71	+34
EUR/USD	–10%	+86	–34

Interest rate risk

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

Interest rate hedges *in EUR '000*

	Nominal value		Market value	
	2011	2010	**2011**	2010
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	61,829	99,162	–2,650	–3,925
Interest rate derivatives without hedge accounting	0	0	0	0
	61,829	**99,162**	**–2,650**	**–3,925**

Interest rate derivatives designated as cash flow hedges

To hedge future interest payments for the US dollar debt, TAKKT classified interest rate swaps with a nominal value of USD 60,000,000 with a maturity until 30 June 2014 as cash flow hedges. In the previous year, the nominal value was USD 100,000,000 with a maturity until 30 June 2014 and USD 32,500,000 with a maturity until 31 January 2011. Due to the quick debt repayment in the year under review, US dollar interest rate swaps with a nominal value of USD 40,000,000 were sold. After contracting a counteracting interest rate swap with a nominal value of USD 20,000,000 (USD 0) and a maturity until 30 June 2012, this results in a remaining hedge amount of USD 40,000,000 at the balance sheet date. TAKKT's objective with the US dollar interest rate swaps is to transform floating rate into fixed rate financing.

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

In 2011, losses of EUR 1,463,000 (EUR 2,958,000) after deferred taxes resulting from the change of fair values were recorded in shareholders' equity without an effect on profits. Losses after deferred taxes recorded in shareholders' equity amounting to EUR 2,159,000 (EUR 1,990,000) were transferred to the income statement (Finance expenses). These amounts represent the change in valuation of the effective part of the hedge relationship. As in the previous year, there have been no material ineffectivenesses.

Underlying interest rate derivative transactions

Long-term bilateral credit lines form TAKKT Group's main source of financing. These are generally utilised on a revolving basis with short-term interest rates. TAKKT uses derivative financial instruments to hedge against rising market interest rates and therefore increasing future interest payments.

The table below shows in which reporting periods the cash flows hedged at 31 December 2011 are expected to become payable. The anticipated hedged interest outpayments are the result of floating-rate liabilities with a nominal volume of USD 40,000,000 and USD 60,000,000 respectively (USD 132,500,000).

Underlying interest rate derivative transactions 2011 *in '000*

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

Underlying interest rate derivative transactions 2010 *in '000*

	Cash flow 2011	Cash flow 2012	Cash flow 2013–2015	Cash flow 2016–2020	Cash flow 2021...
USD	346	340	505	0	0

Other financial instruments

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

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

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

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

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

31.12.2010	Increase/ decrease in basis points	Effect on profit before tax	Effect on shareholders' equity without impact on profits
EUR	+100/–100	+24/–24	–75/+76
USD	+100/–100	–70/+70	+2,304/–2,418

5. Other notes

Contingent liabilities *in EUR '000*

	2011	2010
Right of recourse from lease agreements	65	125

Capital commitments *in EUR '000*

	2011	2010
Due in the following year	329	568

The disclosure relates mainly to tangible assets.

Contingent liabilities and receivables

Based on the contract considering the opportunity to expand the mail order centre in Kamp-Lintfort, a payment of compensation between EUR 1,808,000 and EUR 2,760,000 could become due if the expansion was abandoned. The exact amount depends on the date of the declaration of non-execution. At 31 December 2011, there were contingent receivables in connection with early retirement part-time working arrangements. The amounts were negligible.

Acquisition of subsidiaries

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

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

UBEN has mainly been working as IT service provider for KAISER+KRAFT EUROPA GmbH. In the 2010 financial year, the company generated turnover of EUR 1,354,000 and reached an EBITDA margin of 34.1 percent. Since the acquisition date, UBEN accounted for internal turnover amounting to EUR 261,000. If UBEN had already been consolidated at 01 January 2011, TAKKT Group´s EBITDA would have increased by EUR 140,000.

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

Purchase price allocation *in EUR '000*

	Book value	Fair value adjustments	Fair value
Non-current assets	5	0	5
Current assets	124	0	124
Current liabilities	3	0	3
	126	**0**	**126**
Goodwill			**2,170**
Purchase price			**2,296**

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

Incidental costs of acquisition like lawyer or notary fees amounting to EUR 7,000 were recorded as expenses in full.

Events after the reporting period

There have been no significant events since the end of the reporting period.

Leasing and other financial obligations 2011 *in EUR '000*

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

Leasing and other financial obligations 2010 *in EUR '000*

	up to 1 year	1 to 5 years	over 5 years	Total
Finance leases				
Minimum lease payments	1,806	6,670	5,005	13,481
Remaining obligation	0	545	4,884	5,429
Discounting	–491	–1,434	–771	–2,696
Present value	**1,315**	**5,781**	**9,118**	**16,214**
thereof minimum lease payments to affiliated companies	0	0	0	0
thereof remaining obligation to affiliated companies	0	0	0	0
Operating leases				
Minimum lease payments	8,803	20,810	10,214	39,827

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

Staff participation model

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

The owners of the certificate are financially involved in the increase or decrease in value of the company for which they work. As well as the chance of generating a return, the owners may lose their entire investment depending on development. The certificates have a maturity of ten years each. The certificate owners are entitled to cash in the certificates after five years at the earliest. The EVA® certificates issued by TAKKT Group amounting to EUR 2,415,000 (EUR 2,705,000) are disclosed as Other under Borrowings. An expense of EUR 280,000 (EUR 467,000) was posted in the year under review.

Additionally, German employees again had the opportunity to purchase employee shares in the year under review. Shares acquired at the stock exchange for this purpose were sold to employees in early 2011. A total of 18,345 (15,090) shares was acquired by 401 (354) employees, which means that 52.2 (41.3) percent of all eligible employees made use of this option. The shares were bought at an average market price of EUR 9.95 (EUR 10.60) and sold to the employees at an average market price of EUR 6.91 (EUR 5.30). In total, EUR 61,000 (EUR 78,000) were expensed.

German Corporate Governance Code

The declaration on the recommendations made by the Government Commission German Corporate Governance Code required under sec. 161 AktG was issued at 31 December 2011 and made available to the shareholders on the web site of TAKKT AG (see page 65 in this annual report).

Information on Directors' Dealings

According to sec. 15a (Directors' Dealings) of the German Securities Trading Act (WpHG), persons who perform management functions at a company that is an issuer of shares as well as natural and legal persons closely related to that person must notify both the issuer and the Federal Financial Supervisory Authority (BaFin) of their own dealings involving the issuer's shares or related financial instruments, especially derivatives, if they exceed the amount of EUR 5,000 within a calendar year.

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

Related-party transactions

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

Related-party transactions *in EUR '000*

	Holding Franz Haniel & Cie. GmbH/service companies		Divisions of Haniel Group		Associated companies of Haniel Group/ Others		Total	
	2011	2010	2011	2010	2011	2010	**2011**	2010
Turnover	28	19	481	600	422	248	931	867
Other expenses	490	559	31	123	0	0	521	682
Interest income	0	6	0	0	0	0	0	6
Interest expense	306	264	0	0	0	0	306	264
Receivables	146	135	82	42	0	0	228	177
Payables	3,490	10,320	1	14	0	0	3,491	10,334
Other financial obligations	921	903	0	0	0	0	921	903

The Management Board consists of 3 (3) members. Further details are given on page 130.

Management Board remuneration system

The total remuneration paid to Board members is made up of non-performance-related and performance-related components. A more detailed explanation of the remuneration system can be found in the Corporate governance report within the Management report on page 60 onwards. The AGM resolution passed on 04 May 2011 relieved the Management Board from disclosing its members' individual remuneration. As a consequence, TAKKT stipulates the total amount paid to its Management Board divided into the different remuneration components.

Remuneration of Management Board *in EUR '000*

	2011	2010
Salaries and other payments	3,465	2,463
thereof variable	2,522	1,515
Provision for benefits after end of employment	272	261
Other long-term benefits	40	40
	3,777	**2,764**

Variable remuneration amounting to EUR 2,522,000 (EUR 1,515,000) includes a provision release of EUR 271,000 (EUR 300,000). In 2011, performance-related remuneration without the release of provision was made up of EUR 1,452,000 (EUR 1,600,000) in bonuses and EUR 1,341,000 (EUR 215,000) for the long-term performance cash plans. In accordance with the current employment contracts, the provisions for long-term performance cash plans as part of Management Board remuneration were recognised in full as liabilities in 2011. In the previous year, they had been spread proportionally across the plan's four-year duration. The increase resulting from the change in valuation totalled EUR 901,000. On the balance sheet date, the fair value of the performance cash plans and the corresponding provision amounted to EUR 1,872,000 (EUR 531,000). This valuation is based on the expected development of the relevant contributing factors. At the balance sheet date, the defined benefit obligation for the Management Board members amounted to EUR 2,333,000 (EUR 2,318,000).

At 31 December 2011, TAKKT AG Management Board members held 5,536 (5,676) shares. With the exception of EVA® certificates of EUR 793,000 (EUR 1,115,000) as well as the usual amounts due in accordance with the employment contracts, no further claims or obligations to the Management Board members exist.

Payments to retired Management Board members amounted to EUR 250,000 (EUR 241,000). The pension provision for the former members amounts to EUR 4,676,000 (EUR 3,718,000).

Remuneration of Supervisory Board

Remuneration paid to the TAKKT AG Supervisory Board amounted to EUR 400,000 (TEUR 337,000), of which EUR 9,000 (EUR 8,000) formed reimbursement of expenses. An accrual of EUR 335,000 (EUR 273,000) was made to cover remuneration payments. This comprises fixed elements of EUR 172,000 (EUR 183,000) and performance-based elements of EUR 163,000 (EUR 90,000). There are no further claims or obligations to members of the Supervisory Board. At 31 December 2011, the Supervisory Board members held 3,140 (3,007) shares of TAKKT AG.

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

	2011	2010
Audit (individual companies and Group)	386	378
Other certification or appraisal services	0	0
Tax advisory services	0	0
Other services	134	162
	520	**540**

Declaration of shareholders' holdings

Outside the requirements of WpHG, Franz Haniel & Cie. GmbH, Duisburg, notified us voluntarily in February 2012 that it owned 70.4 (70.4) percent of the shares at 31 December 2011.

According to sec. 21, para. 1 WpHG, the following notifications have been received:

At 23 January 2012, we were informed according to sec. 21, para. 1 WpHG by Jupiter Asset Management Limited, London, United Kingdom that their share of voting rights in TAKKT AG, Presselstraße 12, 70191 Stuttgart, Germany, went below the threshold of three percent of the total voting rights of the company at 18 January 2012. The percentage of voting rights of Jupiter Asset Management Limited in TAKKT AG at 18 January 2012 amounted to 2.956 percent (1,939,607 shares). 2.956 percent of the voting rights (1,939,607 shares) are attributable to Jupiter Asset Management Limited pursuant to sec. 22, para. 1, sentence 1, No. 6 WpHG. 2.034 percent (1,334,645 shares) are attributable to Jupiter Asset Management Limited also pursuant to sec. 22, para. 1, sentence 1, No. 1 WpHG.

FINANCIÈRE DE L'ÉCHIQUIER S.A., Paris, France, informed us at 02 August 2011 that at 28 July 2011 its share of voting rights in TAKKT AG, Stuttgart, fell below the threshold of three percent of total voting rights in the company and amounted to 2.68 percent (this corresponds to 1,877,043 voting rights) on that day. 0.07 percent of the voting rights (this corresponds to 43,363 voting rights) is to be attributed to the company from third parties according to sec. 22, para. 1, sentence 1, No. 6 WpHG.

At 18 January 2010, Capital Research and Management Company, Los Angeles (CA), USA, informed us that at 13 January 2010 its share of voting rights in TAKKT AG, Stuttgart, exceeded the threshold of three percent of total voting rights in the company. The Capital Research and Management Company held 3.90 percent (2,558,641 of 65,610,331 shares) of the total voting rights in TAKKT AG on that day.

Exemption from disclosure obligations

Pursuant to sec. 264, para. 3 HGB, the following companies included in the consolidated financial statements are exempt from the obligation to disclose their financial statements:

KAISER+KRAFT EUROPA GmbH, Stuttgart
KAISER+KRAFT GmbH, Stuttgart
Gaerner GmbH, Duisburg
Certeo Business Equipment GmbH, Stuttgart
Quip24 GmbH, Stuttgart
Topdeq Service GmbH, Pfungstadt
Topdeq GmbH, Pfungstadt
Furnandi GmbH, Pfungstadt
Hubert Europa Service GmbH, Pfungstadt
Hubert GmbH, Pfungstadt
UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen

Subsidiaries of TAKKT AG, Stuttgart, at 31 December 2011

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	50.00
		13	50.00
6	KAISER+KRAFT AG, Zug/Switzerland	2	100.00
7	KAISER+KRAFT s.r.o., Prague/Czech Republic	2	99.80
		33	0.20
8	KAISER+KRAFT S.A., Barcelona/Spain	2	100.00
9	FRANKEL S.A.S., Morangis/France	2	100.00
10	KAISER+KRAFT Ltd., Hemel Hempstead/Great Britain	2	100.00
11	KAISER+KRAFT Kft., Budaörs/Hungary	2	100.00
12	KAISER+KRAFT S.p.A., Lomazzo/Italy	2	100.00
13	Vink Lisse B.V., Lisse/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	99.00
		3	1.00
17	KAISER+KRAFT s.r.o., Nitra/Slovakia	2	99.90
		3	0.10
18	KAISER+KRAFT Ltd. STI., Istanbul/Turkey	2	99.00
		3	1.00
19	Gaerner GmbH, Duisburg/Germany	2	100.00
20	Gaerner Gesellschaft m.b.H., Elixhausen/Austria	2	100.00
21	Gaerner AG, Zug/Switzerland	2	100.00
22	Gaerner Business Equipment S.A.U., Castelldefels/Spain	2	100.00
23	Gaerner S.A.S., Réau/France	2	100.00
24	Powell Mail Order Ltd., Llanelli/Great Britain	2	100.00
25	Gaerner S.R.L., Cadorago/Italy	12	100.00
26	Gaerner B.V.B.A, Diegem/Belgium	2	99.00
		19	1.00
27	Hoffmann Bedrijfsuitrusting B.V., Zeist/The Netherlands	2	100.00
28	Gerdmans Inredningar AB, Markaryd/Sweden	2	100.00
29	Gerdmans Kontor-og Lag. A/S, Nivaa/Denmark	28	100.00
30	Gerdmans Innredninger A/S, Sandvika/Norway	28	100.00
31	Gerdmans OY, Espoo/Finland	28	100.00
32	KWESTO Service s.r.o., Prague/Czech Republic	2	99.93
		7	0.07
33	KWESTO s.r.o., Prague/Czech Republic	32	100.00
34	KWESTO Kft., Györ/Hungary	32	100.00

No.	Group companies	held by no.	interest %
35	KWESTO Sp. z o.o., Wroclaw/Poland	32	100.00
36	KWESTO Service S.R.L., Valcea/Romania	32	100.00
37	KWESTO s.r.o., Nitra/Slovakia	32	100.00
38	KAISER+KRAFT (China) Commercial Co. Ltd., Shanghai/People's Rebublic of China	2	100.00
39	KAISER+KRAFT K.K., Chiba/Japan	2	100.00
40	UBEN Unternehmensberatung Enzinger GmbH, Waldkirchen/Germany	2	100.00
41	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/Deutschland	43	100.00
45	Topdeq N.V., Diegem/Belgium	43	99.80
		44	0.20
46	Topdeq AG, Zug/Switzerland	43	100.00
47	Topdeq S.A.S., Tremblay en France/France	43	100.00
48	Topdeq B.V., Mijdrecht/The Netherlands	43	100.00
49	Topdeq Nederland B.V., Mijdrecht/The Netherlands	13	100.00
50	Furnandi Office Equipment GmbH, Pfungstadt/Germany	43	100.00
51	TAKKT America Holding Inc., Milwaukee/USA	1	100.00
52	K+K America Corporation, Milwaukee/USA	51	100.00
53	C&H Service LLC, Milwaukee/USA	52	100.00
54	C&H Distributors LLC, Milwaukee/USA	52	100.00
55	Avenue Industrial Supply Co. Ltd., Richmond Hill/Canada	52	100.00
56	C&H Productos Industriales SRLCV, Mexico City/Mexico	52	99.97
		54	0.03
57	IndustrialSupplies.com LLC, Milwaukee/USA	52	100.00
58	Hubert Service North America LLC, Harrison/USA	52	100.00
59	Hubert Company LLC, Harrison/USA	52	100.00
60	SPG U.S. Retail Resource LLC, Harrison/USA	52	100.00
61	Hubert Distributing Company Ltd., Markham/Canada	52	100.00
62	Foodserviceplanet.com LLC, Harrison/USA	52	100.00
63	Central Products LLC, Indianapolis/USA	52	100.00
64	Hubert Europa Service GmbH, Pfungstadt/Germany	2	100.00
65	Hubert GmbH, Pfungstadt/Germany	64	100.00
66	Hubert AG, Zug/Switzerland	64	100.00
67	Hubert S.A.S., Morangis/France	64	100.00
68	NBF Service LLC, Milwaukee/USA	52	100.00
69	National Business Furniture LLC, Milwaukee/USA	52	100.00

No.	Group companies	held by no.	interest %
70	Alfax Furniture LLC, Dallas/USA	52	100.00
71	Dallas Midwest LLC, Dallas/USA	52	100.00
72	Officefurniture.com LLC, Milwaukee/USA	52	100.00
73	National Business Furniture Ltd., Richmond Hill/Canada	52	100.00

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

Representative Bodies

Supervisory Board

Prof. Dr Klaus Trützschler, Essen, born 11 December 1948
Chairman
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Chairman of the Supervisory Board of Wuppermann AG, Leverkusen
Chairman of the Supervisory Board of Zwiesel Kristallglas AG, Zwiesel
Member of the Supervisory Board of Bilfinger Berger SE, Mannheim
Member of the Supervisory Board of Celesio AG, Stuttgart
Member of the Supervisory Board of Sartorius AG, Göttingen
Member of the Advisory Board of Wilh. Werhahn KG, Neuss

Prof. Dr Jürgen Kluge, Düsseldorf, born 02 September 1953
Deputy Chairman
Chairman of the Management Board of Franz Haniel & Cie. GmbH, Duisburg
Chairman of the Supervisory Board of Celesio AG, Stuttgart
Chairman of the Supervisory Board of METRO AG, Düsseldorf, until 17 November 2011
Member of the Supervisory Board of SMS GmbH, Düsseldorf

Dr Dr Peter Bettermann, Weinheim, born 29 May 1947, until 04 May 2011
Managing Partner and Speaker of the Management Board of Freudenberg & Co. KG, Weinheim
Chairman of the Supervisory Board of BATIG Gesellschaft für Beteiligungen mbH, Hamburg
Chairman of the Supervisory Board of British American Tobacco (Germany) GmbH, Hamburg
Member of the Supervisory Board of Evonik Industries AG, Essen
Deputy Chairman of the Advisory Board of Wilh. Werhahn KG, Neuss

Dr Florian Funck, Essen, born 23 March 1971, since 12 December 2011
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg, since 01 September 2011
Member of the Supervisory Board of SmartLoyalty AG, Wiesbaden

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

Stefan Meister, Stuttgart, born 28 October 1965, until 31 August 2011
Member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg, until 31 August 2011
Member of the Supervisory Board of Straumann Holding AG, Basel/Switzerland
Member of the Board of the BPN Foundation, Bern/Switzerland

Prof. Dr Dres h.c. Arnold Picot, Gauting, born 28 December 1944
University professor at the Ludwig-Maximilians-Universität München
Chairman of the Supervisory Board of Sartorius AG, Göttingen
Chairman of the Supervisory Board of Sartorius Stedim Biotech GmbH, Göttingen
Chairman of the Supervisory Board of Sartorius Weighing Technology GmbH, Göttingen

Member of the Supervisory Board of WIK GmbH, Bad Honnef
Member of the Supervisory Board of WIK-Consult GmbH, Bad Honnef
Member of the Advisory Board of Sartorius Stedim Biotech S.A., Aubagne/France

Management Board

Dr Felix A. Zimmermann, Stuttgart, born 27 June 1966
CEO, COO TAKKT AMERICA division

Dr Florian Funck, Stuttgart, born 23 March 1971, until 31 August 2011
CFO
Member of the Supervisory Board of SmartLoyalty AG, Wiesbaden

Dr Claude Tomaszewski, Stuttgart, born 25 April 1969, since 01 November 2011
CFO

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

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, 24 February 2012
TAKKT AG
Management Board

Dr Felix A. Zimmermann   Dr Claude Tomaszewski   Franz Vogel

Independent auditors' report

We have audited the consolidated financial statements prepared by TAKKT AG, Stuttgart, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement, segment reporting and the notes to the consolidated financial statements, together with the Group Management report, which is combined with the Management report of TAKKT AG, for the financial year from 01 January to 31 December 2011. The preparation of the consolidated financial statements and the combined Management report in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to sec. 315a, para. 1 HGB and supplementary articles of association are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and the combined Management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with sec. 317 HGB and the generally accepted German standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW) and also in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit in a way that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements and in the combined Management report in accordance with the applicable financial reporting framework are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the combined Management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by Management as well as evaluating the overall presentation of the consolidated financial statements and the combined Management report. We believe that our audit provides a reasonable basis for our opinion. Our audit has not led to any reservations.

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

Stuttgart, 24 February 2012
Ebner Stolz Mönning Bachem GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Bernhard Steffan	Uwe Harr
German Public Auditor	German Public Auditor

Glossary

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

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

BEG
Business Equipment Group. The BEG is part of the TAKKT EUROPE division and comprises the KAISER+KRAFT, gaerner, Gerdmans and KWESTO brands as well as the online-sales brands Certeo and *edu*Quip24.de.

Cash flow
The financial cash surplus of a period. 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 working capital.

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

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

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

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

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

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

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

EBIT
Earnings before interest and taxes.

EBITA
Earnings before interest, taxes and amortisation/goodwill impairment.

EBITDA
Earnings before interest, taxes, amortisation/goodwill impairment and depreciation of non-current assets.

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

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

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

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

Free cash flow
TAKKT defines the free cash flow as cash flow from operating activities less regular capital expenditure. This free cash flow can be used for acquisitions, payments to shareholders and repayment of borrowings.

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

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

Interest cover
This figure shows the relation between the EBITA and net finance expense.

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

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

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

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

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

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

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

Off-site activities
Within e-commerce, off-site activities are marketing measures outside the own web shops, e.g. search engine marketing.

On-site activities
All measures within TAKKT's own web shops designed to increase user-friendliness and relevance for search engines.

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

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

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

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

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

Financial calendar of TAKKT AG 2012

18 January
Cheuvreux German Corporate Conference, Frankfurt

16 February
Publication of preliminary figures for 2011

22 March
Financial Statements Press Conference, Stuttgart
Analyst Conference, Frankfurt

March
Spring Roadshow

26 April
Interim financial report for the first three months 2012

08 May
Annual General Meeting in Ludwigsburg

June
Summer Roadshow

31 July
Interim financial report for the first six months 2012

September
German Corporate Conference, Munich

30 October
Interim financial report for the first nine months 2012

November
Autumn Roadshow
German Equity Forum, Frankfurt

For investor information, please contact:
Frank Schwitalla
Head of Investor Relations
Tel: +49 711 3465-8222
Fax: +49 711 3465-8104
investor@takkt.de

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TAKKT AG
Postfach 10 48 62
70042 Stuttgart

Presselstrasse 12
70191 Stuttgart
Germany

T +49 711 3465-80
F +49 711 3465-8100

service@takkt.de
www.takkt.com