TAKKT AG

BUSINESS EQUIPMENT SOLUTIONS

Annual Report 2000

KEY FIGURES IN EUR MILLION

	1996*	1997*	1998*	1999*	2000
Turnover	394,1	469,5	539,2	627,6	762,8
Change in %	2,9	19,1	14,8	16,4	21,5
EBITDA	44,3	52,0	65,1	70,5	87,6
in % of turnover	11,2	11,1	12,1	11,2	11,5
EBIT	39,5	46,2	58,8	56,5	66,1
in % of turnover	10,0	9,8	10,9	9,0	8,7
Profit before tax	38,9	45,5	57,8	50,5	53,8
in % of turnover	9,9	9,7	10,7	8,0	7,1
Tax rate in %	46,9	44,9	48,9	36,9	37,6
Net income	20,7	25,1	29,5	31,9	33,6
in % of turnover	5,3	5,3	5,5	5,1	4,4
Cash flow	25,5	30,9	35,9	45,8	55,1
Capital expenditure	25,5	5,6	73,8	121,1**	168,9
Depreciation	4,8	5,8	6,4	13,9	21,5
Dividend per share in EUR	-	-	-	0,05***	0,10
Cash-flow per share in EUR	-	-	-	0,63	0,76
Earnings per share in EUR	-	-	-	0,44	0,46
Fixed assets	65,1	61,5	123,9	237,3	386,6
% of total assets	40,7	38,1	52,6	64,0	67,9
Current assets	92,3	97,8	109,9	130,5	178,8
% of total assets	57,8	60,6	46,6	35,2	31,4
Shareholder's equity	87,8	101,8	104,5	99,1	128,1
% of total assets	54,9	63,1	44,3	26,7	22,5
Long-term capital	8,7	7,5	21,1	190,3	320,4
% of total assets	5,4	4,6	8,9	51,3	56,3
Number of employees (full-time equivalents) 31.12.	1.112	1.152	1.465	1.546	1.931

* Pro-forma figures
** EUR 117.0 million spin-off related
*** Accounting period 1 July-31 December 1999

The TAKKT Group – Focus on Customers

Satisfied customers are a key component of our corporate policies that are geared toward increasing shareholder value. Thanks to our customers, we are exceptionally well positioned in all of our markets and can report very positive results. Satisfied customers drive the growth of our company. In the past year, we were able to increase our customer base by fifteen percent. Today, TAKKT serves approximately 2.3 million customers. And we will make every effort to bind them to us by offering excellent products and services.

KAISER + KRAFT EUROPA – European market leader

Through its brands KAISER + KRAFT, Gaerner, Gerdmans and KWESTO, KAISER + KRAFT EUROPA offers over 30,000 products for the business, office and warehouse segment in 16 European countries. The European mail order centre in Kamp-Lintfort is the logistics heart of KAISER + KRAFT EUROPA. It will offer vastly increased warehouse capacities from mid-2001. This is designed to increase our delivery capabilities for additional products and to enable us to expand our market and service leadership.

Topdeq – The leading company for designer office furniture

Topdeq markets designer office furniture and accessories by way of catalogues and the Internet in Germany, Switzerland, the Netherlands, France and the United States (since the beginning of 2001). About 310,000 customers appreciate the products of such renowned designers as Philippe Starck and Rodolfo Bonetto and the service philosophy of this specialised mail order company. Delivery within 24 hours, a 30-day return policy and a 60-month quality guarantee are standard for Topdeq.

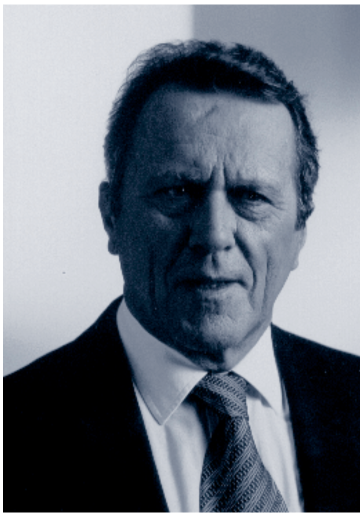
K + K America – Strong position in North America

K + K America, through its subsidiaries C&H Distributors, Avenue Industrial Supply and Conney Safety Products as well as Hubert, its most recent acquisition, is the leading B2B mail order house for business equipment in the United States and Canada. More than 68,000 articles can be delivered to about 1.2 million customers from six regional warehouses and national distribution centres in Wisconsin and Ohio.

Organisational chart of the TAKKT group

Contents

Report of the Supervisory Board



Dear Shareholders,

The financial year 2000 was marked by further expansion. Both the newly established companies and the acquisitions in Europe and the United States have given the TAKKT group an excellent foundation for continued growth in the coming years. The members of the supervisory board, whom you elected at the Annual General Meeting (AGM) on 26 May 2000, participated closely in all related decisions of major importance. I would like once again to thank you all, also on behalf of my colleagues, for the confidence that you have placed in us.

The supervisory board convened for four meetings in the year under review. In one case resolutions concerning formalities were adopted over the telephone.

At the meetings, the management board informed the supervisory board in detail about current developments, the situation of both the company and the group, as well as all individual measures undertaken by management. The management board also presented medium-term plans for the group's future, especially with regard to expansion and acquisition strategies, as well as possible concepts for strengthening and expanding activities in the field of e-commerce and the continued growth of the TAKKT group.

All significant issues were debated extensively with the management board and within the supervisory board. The management board gave comprehensive answers to all questions and provided all information required.

The management board also regularly reported significant business developments to me in my capacity as chairman of the supervisory board. All related information was provided to the supervisory board at the next meeting.

The supervisory board adopted all necessary resolutions in matters requiring its approval. The launch of Topdeq on the U.S. market and the acquisition of Hubert Company were major issues.

In the financial year 2000, the supervisory board established a personnel committee, which convened once.

In summary, I would note that the supervisory board has monitored management in an appropriate manner and has fulfilled its statutory duties and obligations.

The consolidated financial statements of TAKKT AG, together with the management report of TAKKT AG and the group, were audited and certified by the auditors Dr. Ebner, Dr. Stolz & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, who were appointed by the Annual General Meeting.

These financial statements, the management report of TAKKT AG and the group and the auditors' report were submitted to all members of the supervisory board. The auditors attended a supervisory board meeting convened to discuss the accounts, reported on the principal results of their audit and made themselves available to the supervisory board for in-depth discussions of pertinent issues. The supervisory board approved the results of the audit.

The consolidated financial statements of TAKKT AG, the management report of TAKKT AG and the group and the proposed appropriation of profits were also reviewed by the supervisory board. No objections to any of the aforesaid statements and reports were raised. The supervisory board approves the financial statements for TAKKT AG as drawn up by the management board. They are therefore final. The supervisory board also approves the management board's proposal concerning the appropriation of profits. The supervisory board endorses the management report, especially the assessment of the group's future development.

In view of the fact that Franz Haniel & Cie GmbH, Duisburg-Ruhrort, retained a majority holding during the period under review, the management board submitted to the supervisory board the report on relations with affiliated companies for the financial year 2000 as required under § 312 of the German Stock Corporation Act, together with the related auditors' report prepared by Dr Ebner, Dr Stolz & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, in their capacity as auditors of the financial statements pursuant to § 313 of the German Stock Corporation Act. The auditors raised no objections and therefore issued the following unqualified report:

"Having conducted a proper audit and appraisal, we hereby confirm:

- that the facts set out in the report are correct and,
- that payments by the company in connection with the legal transactions referred to in the report were not unduly high."

The supervisory board also reviewed the report concerning relations with affiliated companies and the corresponding auditors' report. The supervisory board has no objections to the final declaration by the management board contained therein.

Finally, the supervisory board would like to thank the management board, as well as all employees of the TAKKT group, for their successful work in the financial year 2000.

Stuttgart, March 2001
Supervisory Board

Dr. Dieter Schadt
Chairman

Supervisory Board

Dr. Dieter Schadt, Chairman
Mülheim a. d. Ruhr

Horst F. Peer, Deputy Chairman
Ditzingen

Dieter Kämmerer
Holzgerlingen

Thomas Kniehl
Stuttgart

Julian Matzke
Stuttgart

Prof. Dr. Dr. h. c. Arnold Picot
Gauting (from April 2000)

Georg Gayer
Eberdingen-Nußdorf
born 1946
Chairman

Dr. Felix A. Zimmermann
Wachtendonk
born 1966
Finance and Controlling

Franz Vogel
Leinfelden-Echterdingen
born 1948
Sales and Marketing

Alfred Michael Milanello
Ditzingen
born 1941
Information Technology and Organisation

Dear Shareholders,

TAKKT AG continued its success story in the financial year 2000. The excellent economic climate in both Europe and the United States allowed us to systematically expand our strong position in the growing market for business equipment solutions. Both the newly established companies and the acquisition continue to prosper. Compared to 1999, TAKKT's continued growth resulted in a significant increase in turnover of 21.5%. The group recorded a turnover of EUR 762.8 million (1999: EUR 627.6 million). After adjusting for foreign exchange fluctuations, especially due to the strength of the U.S. dollar, turnover rose by 14.3%. The EBITDA for last year amounted to EUR 87.6 million, up 24.3 percent on the 1999 figure. In spite of newly founded companies and investment in e-commerce, the operational EBITDA margin excluding the extraordinary charge for the IPO of TAKKT AG remained stable at 11.5 percent compared with 1999. This is an increase over the 1999 EBITDA margin of 11.2 percent (after extraordinary charge). These figures confirm that our expansion strategy is right.

The key to our success

The year under review was marked by a variety of highlights that demonstrate TAKKT's success beyond that reflected in its financial statements. All these events will provide the foundation for the group's continued growth in the coming years. They prove one thing above everything else: Our replicable, internet-enabled systems approach is the key to our successful growth and expansion strategy.

New markets and regions

In the financial year 2000, all our divisions have taken up our approach and broadened the core of the group's growth potential by starting new companies and by acquiring one company.

KAISER + KRAFT EUROPA strengthened its position in the east European market by establishing KWESTO, a Czech company. KWESTO's initial purpose is to significantly increase the presence of the TAKKT group in the Czech Republic and subsequently to penetrate the east European markets one by one.

Within the TAKKT group, Topdeq founded the most new companies. Topdeq started trading with new companies, the French subsidiary in January 2000 and the U.S. subsidiary at the beginning of 2001. Both new companies are important to Topdeq's growth strategy. The launch in France exceeded our expectations. Though rooted in attractive design-oriented products and excellent services, the company's success was also boosted by positive economic developments overall. In the United States, Topdeq began with a subsidiary in Cranbury, New Jersey. From this location, the Topdeq division can provide 24-hour customer service to approximately 2.6 million customers in the eastern part of the United States.

K + K America penetrated new product and customer groups on the North American continent. In its capacity as a market leader, Hubert Company, the most recent acquisition in the United States, distributes products and equipment for retail grocery stores and the food service industry, e.g. restaurants, hotels and cafeterias. This new line expands TAKKT's business by a further avenue in the mail-order business that will help to target new customer groups in the service sector. Hubert fits in well with TAKKT's growth strategy because the company has also adopted a replicable systems approach. Finally, our U.S. subsidiary C&H Distributors was able to enter a new growth region in mid-2000 by mailing its first catalogue in Mexico.

Model websites

The internet plays a pivotal role in our growth strategy. It represents a great opportunity for the TAKKT group. It compels retailers, wholesalers and mail-order houses to compete with each other. The winner of this contest will be the company which is capable of offering the most efficient and customer-oriented distribution medium. Combining the mail-order business on the one hand with e-commerce, e-procurement and e-payment systems on the other hand provides the strongest alternative. TAKKT is a good case in point. Given its many years of experience in the mail-order business, the group possesses a well-developed logistics programme, a competent product portfolio and customers who already value the advantages of doing business over the internet. We do not have to implement additional web-enabled structures in order to make the internet available to both old and new customers as an additional channel for ordering. Our current business model already offers that possibility. Expanding the internet for our purposes is the next logical step in the development of our business strategy.

In the year under review, we increased our capital expenditure to boost the internet as a distribution channel. In addition to existing activities on the World Wide Web, KAISER + KRAFT Germany and KAISER + KRAFT Switzerland succeeded in establishing the first e-procurement systems on the market. These experiences will help us to expand the internet capabilities of our group companies. Both KAISER + KRAFT Germany and C&H Distributors, a subsidiary of K + K America, have remodelled their websites by launching second generation interactive e-commerce sites: all commerce via mouse click has been considerably simplified and all services have been customised to a greater degree in order to satisfy customer requirements. Both websites are excellent model solutions. KAISER + KRAFT EUROPA, Topdeq and K + K America thus possess attractive and competitive websites in their main markets.

We retain focus on the customer

We plan to continue expanding our business systematically. It goes without saying that customer satisfaction will remain at the core of our endeavours. We gain customers through new products, integrated product solutions and customer-friendly services in all of our markets. Our replicable systems approach as well as our experience give us a key competitive edge and allow us to continue to offer high quality to our customers. This not only helps us to strengthen our existing long-term customer relationships but also to continually convince new customers that we offer superior products and services. These are significant advantages in the B2B field that allow our customers to stay the course.

These are significant advantages in the B2B field which should continue to convince our investors. These advantages, together with a clearly defined growth strategy and our leading market position, give us the potential to increase shareholder value in the long-term. The enormous growth potential of the TAKKT share has increased since it was admitted to the German SDAX stock index in the middle of 2000.

We thank our customers, suppliers and investors for the trust they place in us. We also thank our employees for their complete commitment to the group.

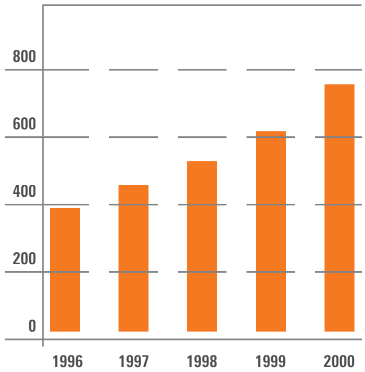
Stuttgart, March 2001
Management Board

Georg Gayer
Chairman

The Market Situation
Turnover

Management Report of TAKKT AG and the Group

TURNOVER TAKKT GROUP
in EUR million



Tangible growth

The economic climate in TAKKT's most important markets in Europe and North America was positive overall in the financial year 2000. The U.S. economy continued to grow, as it has in the past ten years. However, there have been signs of an economic downturn since the fourth quarter of 2000. The stimulating effect of the global economy, together with the strong dollar and consequently good export opportunities, have generated a positive economic environment in Europe.

The B2B mail order segment grew at a much faster rate than the economy overall. This market segment also continued to gain market share at the cost of retailers and wholesalers. TAKKT AG thus achieved high growth rates in both sales and earnings which exceeded the ambitious projections for the year under review. The group's broad product portfolio, its balanced customer base and its international orientation, all of which are embedded in a clearly defined expansion strategy, once again guaranteed its success. As in previous years, TAKKT AG also exploited the potential of its replicable systems approach. Acquisitions, newly established companies and the expansion of the group's product portfolio laid the foundation for continued growth.

TAKKT also expanded its leading position in the e-commerce field by introducing new e-procurement systems and by establishing a new generation of internet capabilities. The group succeeded in continuing to expand its leading market position during the year under review.

Significant turnover gains

Compared to the previous year, group turnover rose by 21.5% to EUR 762.8 million (1999: EUR 627.6 million). Organic growth accounted for 11.4%. All the group's divisions KAISER + KRAFT EUROPA, Topdeq and K + K America have contributed to its growth. The fourth quarter of the financial year 2000 was also marked by positive growth in spite of the slowing down of the U.S. economy toward the end of the financial year because the excellent developments in Europe more than compensated for the downturn of the U.S. economy. The expansion of our advertising strategies also had a positive effect, since it enabled us to gain market share in both established and new markets. Turnover in Germany, our domestic market, was 28.6% of turnover, while the remainder of Europe accounted for 30.9% and North America for 40.5%.

KAISER + KRAFT EUROPA contributes greatest share to group turnover

At 48.0%, the largest share of group turnover was once again achieved by the division KAISER + KRAFT EUROPA, which comprises the KAISER + KRAFT, Gaerner, Gerdmans and KWESTO companies. Turnover rose to EUR 366.4 million, from EUR 326.5 million in the previous year, an increase of 12.2%. The KAISER + KRAFT companies in Germany, Switzerland, Spain and France recorded above-average growth rates. The group's subsidiaries in

Poland and Norway were the only ones which did not fully satisfy expectations.

Above and beyond purely quantitative successes KAISER + KRAFT Germany also set new customer service standards by launching its first interactive website. All of the other companies will use the second generation internet technology to upgrade their websites too, in accordance with the requirements of the respective markets and their customers. KAISER + KRAFT Germany and KAISER + KRAFT Switzerland achieved a further milestone in the area of e-procurement. The customers of these companies were able for the first time to integrate their own systems into the merchandise management system of KAISER + KRAFT via an innovative e-procurement system. The companies, which have successfully completed first projects in this area, include Wacker-Chemie, BASF Coatings, Siemens, Swissair and Hilti. This system creates a win-win situation for all participants. The customer saves both time and money while KAISER + KRAFT becomes the customer's preferred full-service provider for office, business and warehouse equipment.

In the middle of 2000 KAISER + KRAFT EUROPA established KWESTO in the Czech Republic. The new company's initial purpose is firstly to increase the market share of TAKKT in the Czech Republic and secondly to serve as a base for this group's expansion into other east European countries.

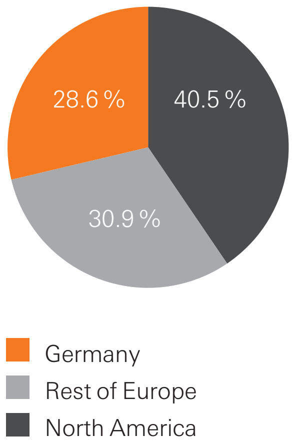
Topdeq – leading the way in turnover growth

Topdeq continued to record excellent growth rates. Turnover improved by 19.2% to EUR 87.1 million, compared to EUR 73.1 million in 1999. This makes this division, which is specialised in designer office furniture and accessories, the leading division within the TAKKT group.

The company was equally successful in all regions – Germany, the Netherlands, Switzerland and France. Topdeq France, which started trading at the beginning of 2000, was particularly successful exceeding expectations.

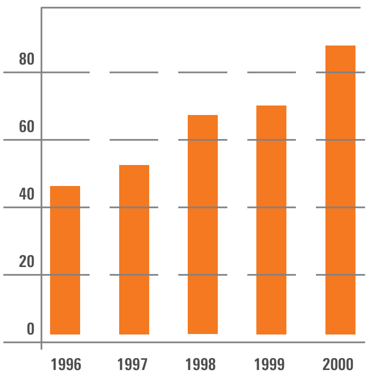
Topdeq entered the U.S. market at the beginning of 2001. The depth of the U.S. office furniture and office supplies market gives us reason to believe that Topdeq will be successful in this market too. The market for office furniture, equipment and supplies has a total volume of USD 225 billion, of which USD 22.5 billion are attributable to office furniture. Topdeq offers U.S. customers two things that set the company apart: high-quality services and modern European design. The company's new warehouse in New Jersey is already capable of providing approximately 2.6 million customers along the east coast with the usual 24-hour Topdeq service. Topdeq anticipates that it will gain about 10,000 new customers in the United States in 2001, which will represent a first step in penetrating this enormous market.

TURNOVER BY REGION



Turnover
Results

EBITDA TAKKT GROUP
in EUR million



K + K America – strength through new acquisition

K + K America also achieved excellent results. On a dollar basis, this TAKKT subsidiary posted turnover of USD 285.6 million, an increase of 17.5%. On a euro basis, C&H Distributors, Avenue Industrial Supply and Conney Safety Products as well as Hubert, the newly acquired company, achieved an even better growth rate of 35.6% due to the strength of the dollar. In the year under review K + K America thus increased turnover to EUR 309.3 million, up from EUR 228.0 million in 1999. Excluding the acquisition of Hubert, K + K America increased turnover by 26.5% to EUR 288.5 million. The newly acquired mail-order company Hubert is market leader in the U.S. segment for equipment and supplies for food service retailers and food service industry.

The acquisition was financed entirely with US dollar denominated loans. K + K America has a good and stable cash flow to cover both interest and principal repayments within a reasonable period of time.

C&H Distributors accounted for three highlights in the financial year which will strengthen this U.S. based subsidiary of the TAKKT group far beyond the financial year 2000. Firstly the company established an interactive e-commerce site on the basis of second generation internet technology. The company's entire virtual trade has now been simplified and customised. Secondly since the beginning of the year all C&H customers are given a "guaranteed delivery date." C&H pays all shipping costs if it cannot meet its own delivery deadline. Thirdly the company expanded into Mexico in the middle of 2000, allowing it to gain its first experiences south of the U.S. border.

Avenue Industrial Supply, the Canadian subsidiary of K + K America, improved its delivery services in western Canada by establishing a new warehouse in Calgary.

Excellent result

The growth in turnover produced excellent operating results, as seen in the EBITDA. The established group companies accounted for an above-average share of the result in the year under review. But the companies which were founded in the past year also satisfied our expectations in terms of good growth rates.

Year-end pre-tax profits were stable at a high level. Our strong market position allowed us to avoid considerable price increases in the wake of increases in the prices for raw materials. We were able to limit our price increases to levels that were acceptable to the market, given general price developments. The EBITDA (earnings before taxes, interest, depreciation and amortisation) rose from EUR 70.5 million to EUR 87.6 million, an increase of 24.3%. The increase in EBITDA thus was greater than the increase in turnover due to the strong growth of all group companies and the excellent results of the fourth quarter. This made it possible to offset the expenses incurred by the newly established companies (start-up and advertising costs), the cost of mailing the first catalogue in Mexico as well as the e-commerce investments of all TAKKT companies. The EBITDA margin for 2000 follows up the good one in 1999 and remains constant at 11.5%. This is after elimination in the prior year of the extraordinary charge of EUR 2.0 million. Including this expense, the margin has risen from 11.2% to 11.5%.

Spin-off affects comparison with prior year

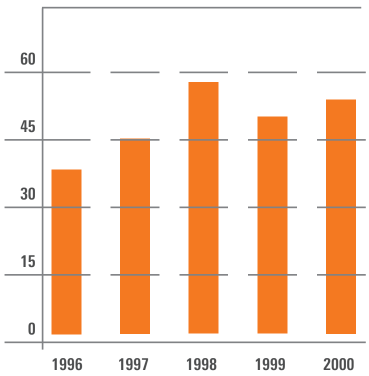
The spin-off, which took place mid-1999, had an impact on both EBIT and the profits for the year. However, the 2000 EBIT and profits before and after tax cannot be compared with the previous year because of the spin-off related charges affecting a full year in 2000 and because of the group's acquisition of Hubert.

In 2000, depreciation of goodwill and interest charges, both of which result from the spin-off, relate to a whole year. Both the EBIT and the profit after tax were also affected by the costs pertaining to the acquisition of Hubert, i.e. the costs incurred with effect from 16 October 2000.

Depreciation of the spin-off goodwill was EUR 7.3 million, compared to EUR 3.6 million in 1999. The depreciation of Hubert's goodwill was EUR 2.0 million. EBIT, that is profit before tax and interest, has increased by 17.0% to EUR 66.1 million (1999: EUR 56.5 million). The EBIT margin changed accordingly, from 9.0% to 8.7%.

In 2000 interest charges, arising for a full year after the spin-off and on the Hubert acquisition, amounted to EUR 9.2 million. Despite these spin-off related expenses and the acquisition of Hubert, pre-tax profits increased by 6.5% to EUR 53.8 million. Compared to the previous year, profits after tax rose by 5.2% to EUR 33.6 million. This means that TAKKT was able to increase earnings per share from EUR 0.44 to EUR 0.46.

PROFIT BEFORE TAX
in EUR million



Net Assets and Financial Position
Capital Expenditure

Strong earnings and cash flow

The company's earnings power remains strong, as does its cash flow. The cash flow in the year under review increased by 20.3% to EUR 55.1 million from EUR 45.8 million in 1999. The TAKKT group thus has sufficient liquidity to finance new projects itself. This confirms that the entire group continues to have a firm financial footing.

CASH FLOW
in EUR million

	1996	1997	1998	1999	2000
Profit after tax	20.7	25.1	29.5	31.9	33.6
Depreciation	4.8	5.8	6.4	13.9	21.5
Cash flow	25.5	30.9	35.9	45.8	55.1

Stable balance sheet structure

The acquisition of Hubert has had a significant impact on the structure of the consolidated balance sheet of TAKKT AG. The assets were financed exclusively with U.S. dollar loans. Given its high cash flow, TAKKT's subsidiary K + K America was able to obtain finance which allows rapid repayment of the loan without incurring additional foreign exchange risks. Approximately 70% of the additional debt is covered by interest rate hedges. The goodwill acquired will be depreciated over 15 years.

KEY FIGURES

	1999	2000
Equity ratio in %	26.7	22.5
Time needed to reduce liabilities (in years)	3.4	5.2
Interest coverage	9.4	5.4
Gearing	2.1	2.8

Capital expenditure

Capital expenditure of the TAKKT group in the year under review amounted to EUR 168.9 million. Capital spending focused primarily on three areas:

The largest amount, invested in expanding the business, relates to Hubert in October 2000.

Expansion of the mail-order logistics centre of KAISER + KRAFT EUROPA in Kamp-Lintfort was the group's second largest investment project. TAKKT is investing approximately EUR 17 million in this project, which will be leased. Construction of the facility has commenced as planned and we anticipate that the facility will be ready as planned in the middle of 2001.

The third major investment was aimed at process optimisation through further investment in e-commerce structures. There was also investment in a variety of individual projects.

All capital expenditure projects are within budget and on time.

CAPITAL EXPENDITURE TAKKT GROUP
in EUR million

	1996	1997	1998	1999	2000
Intangible assets	14.3	1.3	62.6	0.8	144.3
Tangible assets	11.2	4.3	11.2	3.3	24.6
Total	**25.5**	**5.6**	**73.8**	**4.1**	**168.9**
Spin-off related				117.0	
Depreciation	4.8	5.8	6.4	13.9	21.5

Creation of new jobs

The rising business volume of the TAKKT group has made it necessary to continue expanding the group's capacities in terms of personnel, in spite of specific measures aimed at modernising and automating work processes. In 2000, the total number of personnel employed by the TAKKT group rose by 452 to 2,069. Three hundred and two of these employees relate to the acquisition of Hubert. The group has created 150 new jobs in connection with its increased business volume. As of 31 December 2000, the TAKKT group had 1,931 full-time employees (1999: 1,546 employees).

As of the balance sheet date KAISER + KRAFT EUROPA had 860 full-time employees (1999: 804), an increase of 7% over 1999. This increase was largely due to the company's good growth rate, the establishment of KWESTO and the expansion of the e-commerce segment. Topdeq increased its personnel by 19.1% to 218 (1999: 183) full-time employees, both as a result of increased business volumes and the company's expansion into France and the United States. As of the balance sheet date TAKKT's U.S. subsidiary K + K America had 826 full-time employees, an increase of 54.4% over the previous year. In addition to the acquisition of Hubert, the positive growth and the expansion of C&H Distributors into Mexico also accounted for an increase in personnel.

TAKKT AG, the holding company, had 27 employees (full-time equivalents) at the year-end being three more than last year.

Successful employee stock ownership programme

The purpose of the employee stock ownership programme of TAKKT AG is to help the group's employees to build up capital and at the same time to increase their identification with the group.

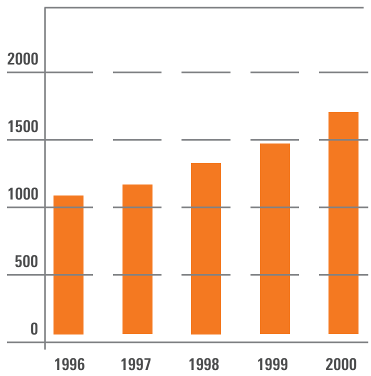
The programme was very successful in the year under review. TAKKT AG has decided to continue this scheme in 2001. The structure of the programme remains unchanged.

TAKKT invests in staff training

In 2000, most of the training was focused on sales. All sales personnel, particularly those employed by companies belonging to KAISER + KRAFT EUROPA division, participated in training organised on an international basis.

An intensive exchange of information and experience between the companies in various countries has led to the identification of "best practice methods" in many areas. Implementing the transfer of know-how shows how potential synergies are identified and put into practice within the TAKKT group.

EMPLOYEES
Full-time equivalents-average



Special Events

Highlights of 2000

Topdeq France started operations at the beginning of 2000. The company's success to date has been above expectations so that nine more employees were added to the initial eight in the course of the year under review. The French market has initially responded very well to the product portfolio and the complete service provided by Topdeq France.

The TAKKT share was admitted to the SMAX stock market segment on 15 March 2000. This gives the group much greater public visibility, especially among institutional and private investors, which in turn has boosted demand for the group's shares and having a positive impact on its price.

On 15 May 2000, C&H Distributors deployed its new website using second generation internet technology. The company's entire product portfolio is now available online. K + K America and Hubert now offer 68,000 products via the internet. In 2001 K + K America will pursue its internet activities also expanding its functionality.

The second phase of construction relating to the expansion of the group's high-tech logistics centre in Kamp-Lintfort began on 23 May 2000. Total anticipated capital expenditure for this project will be about EUR 17 million. Capacity will be more than double the current level once the project has been completed in mid 2001.

Avenue Industrial Supply, another TAKKT subsidiary, established a new shipping warehouse in Calgary in May 2000. This new facility allows the K + K America subsidiary to further improve service to its customers in western Canada.

At the Annual General Meeting on 26 May 2000, the shareholders approved the creation of further authorised share capital in the amount of EUR 36.5 million. Both the management and the supervisory boards thus have the ability to avail themselves quickly of additional capital in connection with future large-volume acquisitions. This capital measure was necessary in order to provide sufficient flexibility to management within the current consolidation phase of the B2B markets so that the group can use internal resources.

The TAKKT share has been listed on the SDAX stock index since 19 June 2000. At that time. the market capitalisation was approx. EUR 729 million, on the basis of 72.9 million shares.

In June 2000, KAISER + KRAFT EUROPA established a Czech subsidiary, KWESTO. This company now offers five product groups via catalogue and the internet to smaller and mid-size companies in eastern Europe. The company has surpassed all expectations to date. KWESTO in the Czech Republic will serve as the basis for TAKKT's expansion into other east European countries.

Special Events

In July 2000 C&H Distributors expanded into Mexico. The Mexican business is managed from C&H's headquarters in Milwaukee, Wisconsin.

TAKKT's subsidiary KAISER + KRAFT EUROPA has entered into strategic alliances with leading software providers. The goal is to establish a new generation of e-commerce and e-procurement systems. KAISER + KRAFT Germany and KAISER + KRAFT Switzerland successfully implemented their first e-procurement projects in the third and fourth quarters of the financial year 2000 with companies such as Wacker-Chemie, BASF Coatings, Siemens, Swissair and Hilti.

TAKKT's subsidiary K + K America acquired the U.S. mail-order house Hubert Company on 16 October 2000. This highly profitable company is the market leader in the segment for equipment and supplies for food service retailers and the food service industry.

Highlights after the close of the financial year

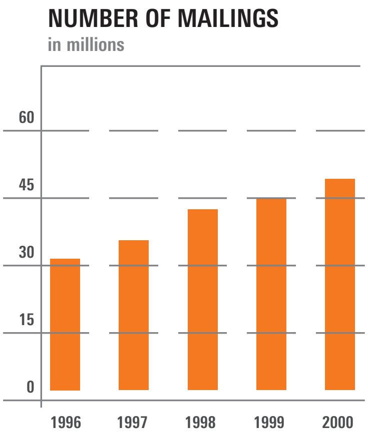
In January 2001, Topdeq commenced its operations in the United States. The newest subsidiary of Topdeq is headquartered in New Jersey. The company offers design-oriented European office furniture and accessories and the service that is the hallmark of Topdeq's European subsidiaries.

To supplement this product portfolio, in January 2001 C&H Distributors (a subsidiary of K + K America) began to offer office furniture in the classic American style to small and mid-size businesses.

Conney Safety Products has begun to offer its entire product portfolio to its customers via an interactive website at the beginning of 2001. Hence all of TAKKT's U.S. group companies now sell their products online.

Lastly, KAISER + KRAFT EUROPA acquired a 30% share in Simple System, a joint venture, in January 2001. This co-operative distribution venture was launched by four well-known German trading companies which offer attractive and complementary product portfolios to B2B customers. In the spring of 2001 Simple System will begin to operate as an integrated electronic ordering system in Germany. The company will give its customers the ability to bundle purchases of a significant variety of products at a single source.

Risk Management



Professional risk management system

The profitability, capability and continued existence of TAKKT AG is secured by an internal monitoring and control system which effectiveness is regularly reviewed. This allows the group to identify immediately new or changing risks and to take them into account within the system's parameters.

This risk management system includes a detailed budget, a sophisticated reporting system, internal audits as well as a variety of early warning signals which allow management to recognise risks which could endanger the group so that counter measures can be taken at an early stage. All companies, acquired or newly established, are immediately incorporated into this risk management system.

The effectiveness of the risk management system was evaluated and approved by the auditors in connection with the annual audit.

Economic risks

The presence of the TAKKT group in 18 different countries and its special product portfolio reduce the group's dependence on the economic climate of individual countries. The group endeavours to insulate itself from the economic fluctuations of host countries by further increasing its diversification in terms of both regions and products.

The acquisition of Hubert enabled TAKKT to broaden its product portfolio and at the same time to increase its independence from the fluctuations of individual industries. The international expansion of the group's business (Topdeq France and USA) as well as the founding of KWESTO increase the group's ability to diversify risk.

Production and distribution of catalogues

The timely preparation and distribution of accurate catalogues is vital in the mail order sector. Delayed or inaccurate catalogues can have a long-term negative impact on business. The TAKKT group reduces this risk by assigning the printing of its various catalogues to six different printers, each with numerous locations. Furthermore, up to nine catalogue editions are printed each year. The companies belonging to the KAISER + KRAFT EUROPA, Topdeq and K + K America divisions are insured against all possible losses in connection with damage to or destruction of catalogues which might occur on the companies' premises or at the printers' facilities.

Central warehousing

The TAKKT group limits the risks of central warehousing – possible loss of deliveries or turnover due to the destruction, damage or failure of IT systems etc. – by maintaining separate warehouses. Each one of the group's three divisions implements its own storage concept.

The expansion of the logistics centre in Kamp-Lintfort does not undermine this concept; on the contrary Kamp-Lintfort is designed to improve the group's delivery capabilities. The storage concepts of all TAKKT companies are reviewed regularly, taking into account both the desired level of delivery readiness and the quality of deliveries. Our delivery concepts can be adapted as needed to changing circumstances or market requirements.

The delivery capabilities of the TAKKT group companies are also backed up by the fact that many of the warehouse products can be delivered direct to the customer from the supplier (drop shipments).

To protect against force majeure risks, both the domestic and foreign group companies of the KAISER + KRAFT EUROPA, Topdeq and K + K America divisions are appropriately insured against operational failures.

Systems approach and the internet create growth

The ongoing expansion of the TAKKT group as a whole as well as the ongoing expansion of the group's internet activities strengthen the international position of TAKKT. The group will continue to deploy its replicable systems approach and its broad experience to penetrate new regions, markets and product lines. The group projects that both turnover and cash flow will continue to grow significantly in the coming year, not least because of the current year's significant capital expenditure in starting and acquiring new companies: TAKKT will continue to grow.

Dependence report

Franz Haniel & Cie GmbH, Duisburg-Ruhrort, is the majority shareholder of TAKKT AG. The report concerning relations with affiliated companies was therefore prepared in accordance with § 312 German Stock Corporation Act. The report concludes with the following statement:

"We declare in summary that according to our knowledge of the pertinent events at the time, TAKKT AG received due consideration for all legal transactions."

The TAKKT Group

Shareholder value determines customer relations

Customer relations are a central theme in our corporate policies which are geared toward increasing shareholder value. We believe that growth, profitability, risk diversification and customer satisfaction are very closely related.

The TAKKT group continues to achieve excellent results year after year. We are exceptionally well positioned in all of our markets. This success is largely due to our customers. Their satisfaction guarantees our success in the B2B mail order segment. Our customers thus are the engine of our growth. We always endeavour to meet the needs of existing customers and to win new customers.

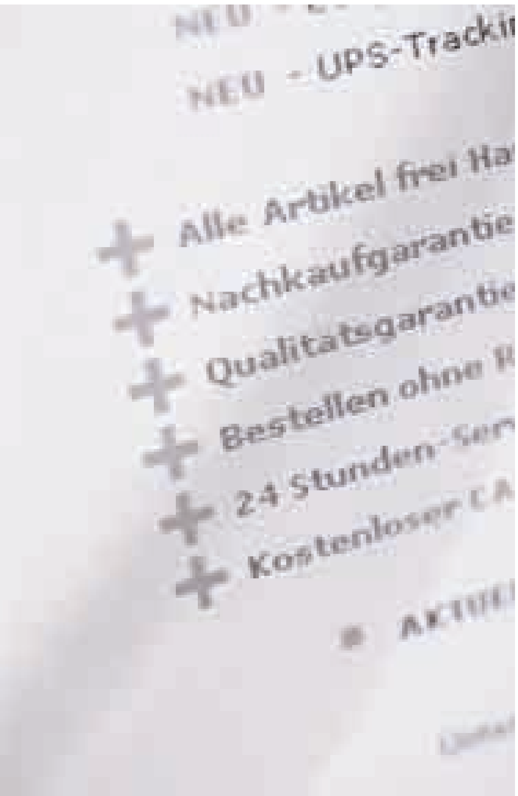
The largest part of our advertising budget goes toward the acquisition of new customers, an area that also is a major focus of our capital spending measures. Since 1995, this approach has enabled us to increase our customer base by approximately ten percent every year. Two newly established subsidiaries – Topdeq France and KWESTO – and the expansion into Mexico brought us new customers in 2000, as did the intensive targeting of new customers in existing markets. The acquisition of Hubert also expanded our customer base by 175,000 new customers. The entire customer base of the TAKKT group now comprises roughly 2.3 million customers – an increase of about 15% over the previous year.

But that is not all. We want today's new customer to be tomorrow's satisfied customer because repeat business depends on satisfied customers. Our activities therefore are aimed at maintaining close customer relations. We want to convince our customers that the mail order business has several advantages. We wish to convince them with an excellent service and to expand this with new products. The TAKKT group has continued to benefit from the implementation of this corporate goal.

Customer portfolio reflects dynamism and quality

The origins of TAKKT AG are rooted in KAISER + KRAFT GmbH, a company that launched the group's success story in 1949 by establishing a mail order business for transport equipment.

Focus on the Customer



Manufacturers were the main customers at the time. Over the years KAISER + KRAFT GmbH and later TAKKT AG have expanded this customer base nationally and internationally, not least by acquiring companies such as C&H Distributors, Topdeq, Gerdmans, Conney Safety Products and Hubert. Today's TAKKT customer might be from almost any industry and region in Europe or North America.

We have thereby succeeded not only in systematically expanding our customer base but also in creating a broad customer portfolio that helps us to diversify risk. Service companies are as much a part of our customer base as are traditional manufacturers, internet start-ups or biotech companies as well as major customers that belong to the so-called old economy. We have been able to significantly reduce risks that stem from economic fluctuations thanks to this healthy, international customer base. As in the past, no single customer contributes more than one percent to total turnover. We have also succeeded in keeping our losses from bad debts to less than one percent, as a result of focusing on the B2B segment.

Knowing what customers want

In keeping with our customer-oriented corporate strategy, the TAKKT group consistently aims at optimising its product and process solutions. This is accomplished by using many years of experience to fine tune our offer in response to actual needs of customers in each segment and industry. The variety of customer requirements is the reason why the TAKKT group is organised into three divisions. The resulting organisational structure is focused on meeting customers' needs.

We make sure that we know what our customers want, whether they buy from KAISER + KRAFT EUROPA, Topdeq or K + K America, by keeping in touch with our customers and by carrying out periodic surveys. In concrete terms, this means that all customers can order whatever they want anytime, anywhere and in whatever manner they please. Our three divisions consistently deliver high-quality products that are embedded in a wealth of services which is extraordinary for this type of mail order business. It is the level of service that gives our subsidiaries the leading edge because such complex services can only be achieved with major expenditure. At a minimum, our level of service requires efficient logistics, attractive and capable advertising media, high-quality products, reliable mailing lists as well as experienced and customer-oriented personnel.

Four major advantages

The TAKKT group offers its customers four major advantages: product diversity, professional expertise and experience, quality and extraordinary service:

Customers may select the products they desire from a print catalogue, a CD-ROM or the internet. They may subsequently place their order via telephone, fax, e-mail or directly over the internet. The TAKKT group companies offer their customers a broad product portfolio of over 100,000 products worldwide – a convincing selection. Each TAKKT group company is a specialist. Hence each group company offers product selections that surpass the capabilities of brick-and-mortar retailers. This product diversity is supported by an integrated approach to resolving customer problems. We also execute complete projects on behalf of our customers, whether they require a mobile office for a manufacturing facility or a new shelving system in a warehouse.

We do not neglect our customers at any time: before, during or after they have placed an order. We use all our experience and professional expertise to provide advice to our customers via service hot lines, e-mail or in person on site. Our qualified personnel help customers with regard to ordering, installation and maintenance, even in connection with maintenance contracts, replacement parts and the project planning stage. We also offer CAD planning services free of charge. This too allows our customers to benefit from our experience.

Customers may return their purchases within 14 days if they were bought from KAISER + KRAFT companies – or within 30 days if bought from Topdeq or within 45 days if bought from C&H – free of charge. It goes without saying that we reimburse the full purchase price. TAKKT group companies also offer product warranties that greatly exceed statutory require-

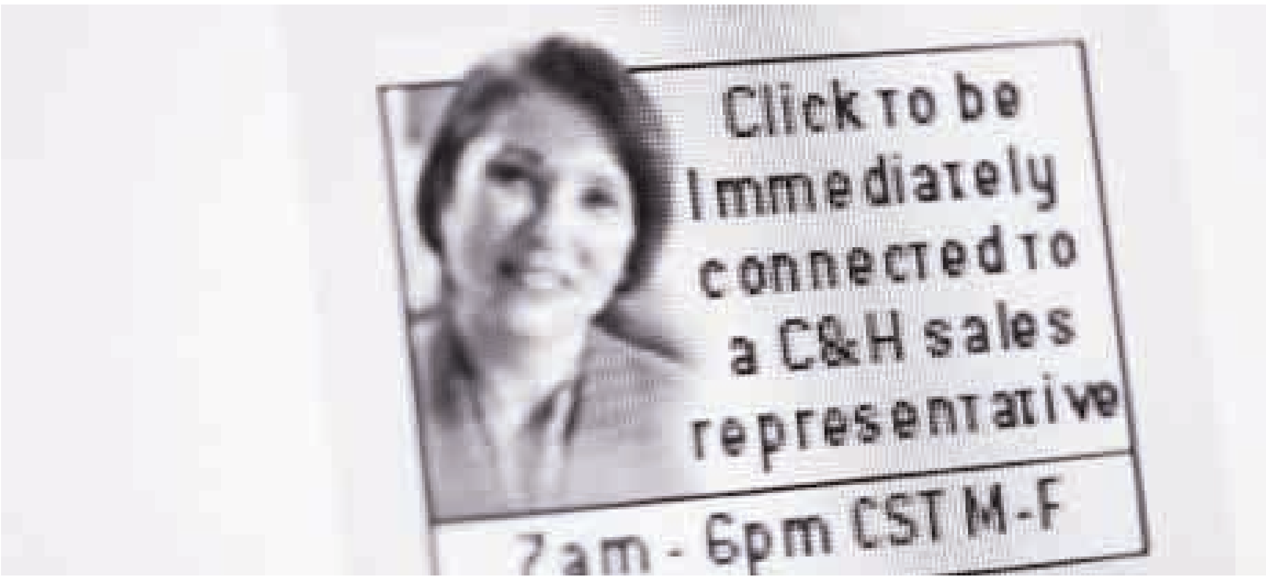
Focus on the Customer

ments. KAISER + KRAFT EUROPA grants a warranty of at least two years on all articles and Topdeq a five-year warranty. All our products must meet the highest quality requirements. This also means that the customers may purchase the same products years later, whether for the purpose of expanding shelving systems or for furnishing office suites.

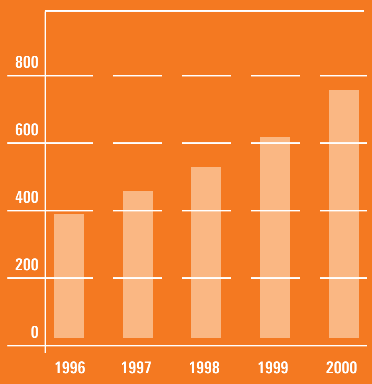
The companies belonging to the TAKKT divisions KAISER + KRAFT EUROPA and K + K America ship a large number of items on the same day the order is received. Topdeq even offers a 24-hour delivery service for all its products. KAISER + KRAFT EUROPA delivers all products free of handling and shipping charges, packaging and insurance, all of which are part and parcel of the company's services. We only charge customers for the assembly of office furniture if required. K + K America even offers a guaranteed delivery date: If the merchandise does not arrive at the customer within the promised delivery period, K + K America pays all shipping costs. Our services are always directed to the customers requirements. After all: the customers decide how, when and where to order and receive our products.

E-commerce pioneer

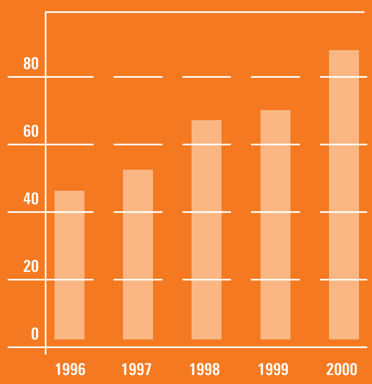
Many experts believe that customer behaviour is changing worldwide – the virtual market is growing by leaps and bounds. It is expected that the B2B segment will attain a volume of EUR 150 billion by 2002. Commerce over the internet grows by approximately 150% each year. E-commerce, e-procurement and e-payment thus represent a great opportunity for all mail order businesses. The TAKKT group has availed itself at an early stage of these possibilities, which represent logical steps in the development of its business. We believe that customer relations also means offering our customers optimised solutions that take advantage of new media.



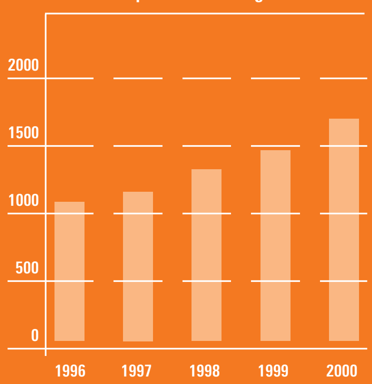
TURNOVER
in EUR million



EBITDA
in EUR million



EMPLOYEES
Full-time equivalents - average



We have been using the internet as an alternative distribution medium since 1998 with growing success. This success has several reasons. Firstly, we already have customers which are familiar with distance ordering processes. Secondly, we have many years of experience in the mail order business and thus well-developed operational processes. Thirdly, we supplement our broad product portfolio with high-quality services. And we utilise the experience we have gained in connection with the traditional mail order distribution channel to optimise our internet strategy.

Today the customers of the TAKKT divisions KAISER + KRAFT EUROPA, Topdeq and K + K America can order from the group's total selection of over 100,000 products via the internet or a CD-ROM. The success of our internet activities stems primarily from the fact that we have linked our catalogues and the capabilities of the internet. Our customers know our catalogues. Our catalogues invite our customers to browse thereby awaken their curiosity and interest. Any purchase they wish to make can then be made over the internet, quickly and easily. The combination of the catalogue and the internet is the key to our success.

Customer service – deliberate policy

Our customers are at the core of all our business processes. Our modern services are always aimed at satisfying customer requirements. We deploy all of our organisational, technical and country specific capabilities expressly for this purpose. This level of customer service is a tradition within the TAKKT group. It is deeply rooted in the consciousness of our personnel. Our employees act according to this concept day in and day out.


KAISER + KRAFT EUROPA

Continued success

With its sub-divisions KAISER + KRAFT, Gaerner, Gerdmans and KWESTO, the KAISER + KRAFT EUROPA division offers over 30,000 products for the business, office and warehouse segment in 16 European countries. KAISER + KRAFT EUROPA continues to rank first in the European B2B mail order industry alongside Topdeq. In the financial year 2000, this TAKKT division achieved a number of successes which were due largely to the positive economic climate overall, new advertising media and a new line of products. Turnover increased by 12.2 percent to EUR 366.4 million, making KAISER + KRAFT EUROPA the division that contributes the most sales to the TAKKT group. The EBITDA improved from EUR 43.6 million to EUR 52.3 million.

Warehouse extension going according to plan

The European mail order centre in Kamp-Lintfort is the logistics heart of KAISER + KRAFT EUROPA. The second phase of the construction work aimed at expanding the centre began in the financial year 2000 as planned. Once it is completed in the middle of 2001, this high-tech logistics centre will be storage for a further 16,000 Euro pallets. KAISER + KRAFT EUROPA will also initially hire an additional 20 employees to support this extension. The expansion of capacities at the mail order centre will help KAISER + KRAFT EUROPA to significantly reduce delivery times for its wider product range so that the company, which ranks first in terms of both the market and the services offered, will gain additional market share.

New subsidiary in Prague

In the financial year 2000, KAISER + KRAFT EUROPA founded KWESTO, a Czech subsidiary, in the course of its expansion strategy. The company has its headquarters in Prague, the Czech capital. KWESTO offers office products and factory equipment, most of which is procured in eastern Europe. The company's product range will be expanded in terms of both breadth and depth as needed.

KWESTO is aimed initially at increasing TAKKT's presence in the Czech Republic. The company provides an on-site presence that is nec-

KAISER + KRAFT EUROPA

essary for creating and maintaining proximity to potential customers. The customers benefit from the synergies and economies of scale of our mail order business which we have perfected. It also offers the level of service which is the hallmark of the TAKKT group. The Czech Republic is an important stepping stone for us, since it will allow us to penetrate the other growing markets in eastern Europe.

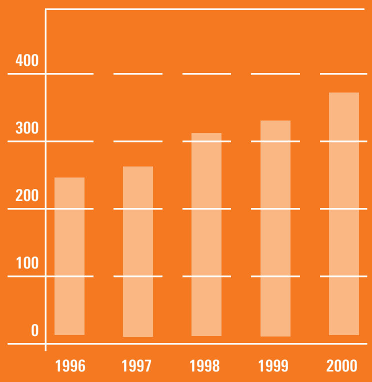
European programme established in Scandinavia

The integration of Gerdmans, the Scandinavian mail order group, continued in the year under review. Now that Gerdmans has been successfully incorporated into the merchandise management system of KAISER + KRAFT EUROPA in 2000, our attention can be turned towards expanding Gerdmans' product range. The company began to offer portions of the European programme of KAISER + KRAFT in Scandinavia. The market has responded very well to Gerdmans' broadened range of products and services.

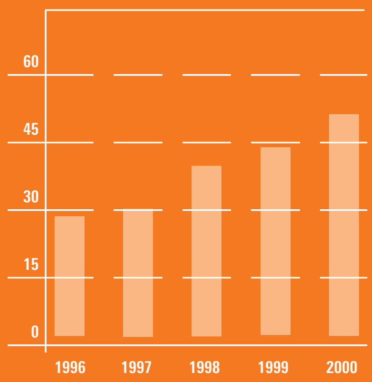
Purchasing via mouse click

KAISER + KRAFT EUROPA has improved the quality of the services it offers its customers via mouse click. The new interactive website of KAISER + KRAFT EUROPA in Germany utilises second generation internet technology. Directly integrating customers into the merchandise management system of KAISER + KRAFT EUROPA is at the heart of the company's new e-commerce strategy. The new interactive website makes selecting and ordering products over the internet via functions such as photo search, express purchase, recommendations, A-Z and the "call back button" easier than before and more specific to each customer's individual requirements. Each customised product catalogue offers customers exactly what they need. Customers not only know whether the desired products are available; they can also obtain expert advice by clicking the "call back button". In addition, customers can request information and submit their comments. A trained

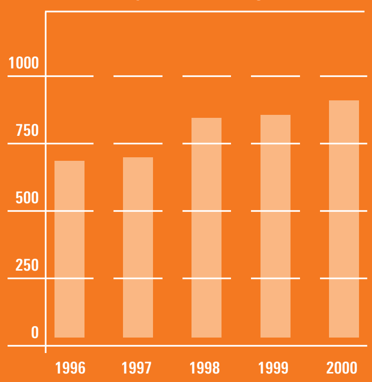
TURNOVER
in EUR million



EBITDA
in EUR million



EMPLOYEES
Full-time equivalents - average



customer service representative will contact the customer immediately via e-mail or telephone.

This new interactive service is currently available to our customers in Germany and Austria. These services will be rolled out in other European countries in response to market requirements.

Model e-procurement: Wacker-Chemie

KAISER + KRAFT EUROPA has also implemented major e-procurement systems in the year under review. One of these projects was developed for Wacker-Chemie, a German chemicals company. Since 30 June 2000, up to 1,000 employees of Wacker-Chemie can place orders with KAISER + KRAFT Germany via mouse click using the company's product catalogue. All they need to do is to click the desired product on the intranet web shop. The respective ordering data is immediately transmitted to the headquarters of KAISER + KRAFT Germany in Stuttgart and into the company's merchandise management system.

This reduces the entire ordering process to a single day, resulting in significant reductions of the processing costs incurred by Wacker-Chemie. The company thus saves both time and money. KAISER + KRAFT Germany on the other hand becomes the customer's preferred provider in this segment – a scenario that benefits both parties. E-procurement systems were also put in place for the following companies: BASF Coatings, Siemens, Swissair, Hilti and others.

Topdeq

Number one for designer office furniture

Topdeq markets designer office furniture and accessories by way of catalogues and the internet in Germany, Switzerland, the Netherlands, France and since the beginning of 2001 the U.S. The majority of Topdeq's roughly 310,000 customers are small to mid-sized service sector companies that place high demands on design. The product range (which is uniform in all countries) comprises approximately 2,000 products by such renowned designers as Philippe Starck and Rodolfo Bonetto as well as by up-and-coming talent. Top-design, Top-consultation, Top-quality and Top-speed have made Topdeq the number one brand for designer office furniture and accessories. The division is the leading specialist mail order business in this segment.

Topdeq invests in new markets

The Topdeq group continued to pursue its growth strategy in 2000. Turnover rose by 19.2% to EUR 87.1 million. All Topdeq companies have contributed equally to this result. However, the results of the division have been considerably affected by the first years trading of the French subsidiary and the founding of Topdeq USA. New customers can only be gained through extensive and expensive advertising measures. This means that newly founded companies incur considerable advertising expenses that have a direct impact on the companies' profit and loss account. For us, this is an investment in the future of the Topdeq group, in which the subsidiaries are operating in expanding growth markets.

Topdeq France

The operational launch of Topdeq in January 2000 represented the continuation of the division's European growth strategy. Our market analyses show that this company has good potential. Topdeq France has surpassed our expectations to date. This shows that our neighbours are taking up Topdeq's product offers. The company's performance was supported by the growth of the French economy as a whole, which was among the best within the European Union.

The launch of Topdeq France was supported by a broad media campaign in all professional publications and the most important newspapers. A show-

Topdeq

room was established at Topdeq's offices in the vicinity of Paris in order to showcase the diversity of the company's product range, which conforms to that of other Topdeq subsidiaries.

Topdeq USA

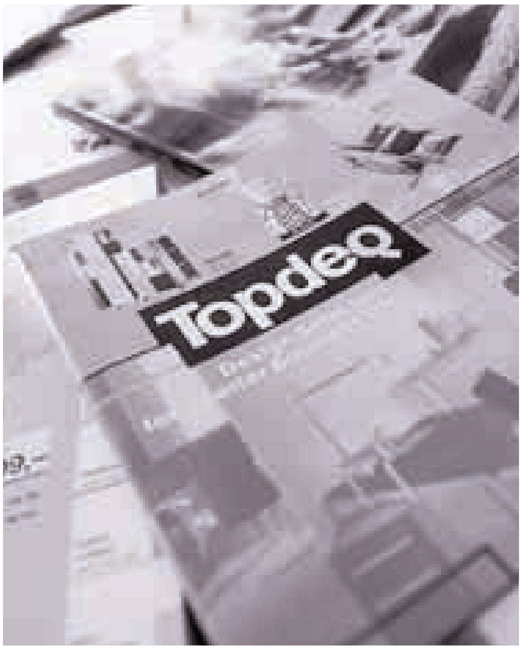
Topdeq USA was launched early in 2001. The division's first company on the North American continent began with 11 employees. The company will apply its proven European recipe for success to the United States. It will offer quality products, exclusive consulting services and a top-service. U.S. customers will be offered the same quality and service guarantee that Topdeq's European customers have come to take for granted: Delivery within 24 hours, a 30-day return policy and a 60-month quality guarantee.

Topdeq France and Topdeq USA prove once again that TAKKT is capable of applying its replicable systems approach to new products, market segments or regions, taking advantage of synergies and a fully functional infrastructure. All companies that were founded in the recent past prove that the business plan of Topdeq – i.e. the creation of a European brand for designer office furniture and accessories offers good growth potential which we intend to exploit accordingly.

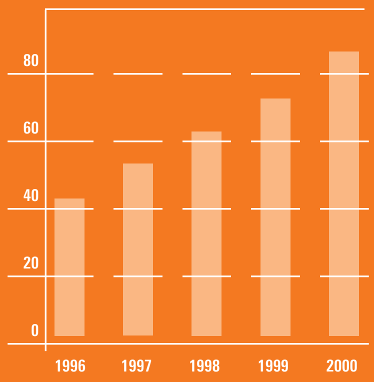
Service with no ifs or buts

In addition to the exceptional quality of its designer products, Topdeq also proves its mettle by offering top-notch services. Our 24-hour delivery services keep what the company promises: "Ordered today, delivered tomorrow." Upon request, orders placed before 12:30 p.m. can be delivered on the same day, subject to a surcharge.

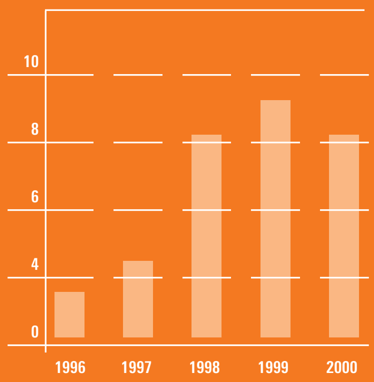
Competent representatives are available to provide information and to prepare offers. They also draw up office decoration plans according to customers' specifications using CAD systems, in three dimensions if requested. Topdeq offers individual pieces of furniture as well as total space and office solutions, from wall clocks to wastepaper baskets. Products which do not meet the customer's expectations



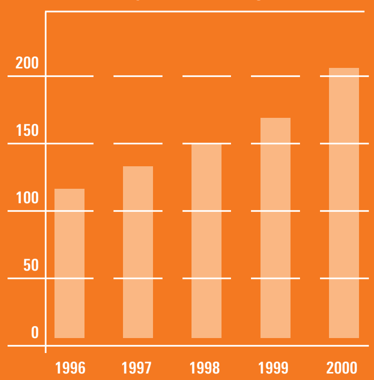
TURNOVER
in EUR million



EBITDA
in EUR million



EMPLOYEES
Full-time equivalents - average



may be returned within 30 days no questions asked, no formalities, no added costs. Topdeq's products are so good that the division offers a 60-month quality guarantee. This five-year warranty clearly distinguishes the company's policies from common industry practice.

Market proximity and a high degree of recognition are critical to Topdeq's success. All products are reviewed at regular short intervals to ensure that they meet these requirements; the product portfolio is brought up to date as necessary.

Expansion and service remain our trump cards

Topdeq plans to use its unique portfolio of products and services to continue its regional expansion. The short-term objective is to intensify the company's market penetration in Europe. E-commerce will play a central role in this growth strategy, as it does within the entire TAKKT group. Following the example of KAISER + KRAFT EUROPA and K + K America, Topdeq will soon replace its current web presence in all countries by second generation e-commerce technology. All customers will then be able to order all of its products on the company's interactive website. This will allow Topdeq to set itself apart from its competitors, not only on the basis of its sophisticated catalogue, but also on the basis of its innovative internet presence.

K + K America

Leading B2B mail order house in North America

K + K America, represented by its subsidiaries C&H Distributors, Avenue Industrial Supply, Conney Safety Products as well as Hubert, its most recent acquisition, is the leading B2B mail order house for business equipment in the United States and Canada. Roughly 900,000 customers can choose from over 68,000 articles in the areas of transport, storage, business, office, safety and packaging products as well as equipment for retail grocery stores and the food service industry. Four regional warehouses in the U.S., two in Canada as well as two national distribution centres in Wisconsin and one in Ohio create an optimised logistics and distribution infrastructure, representing one of the pillars of the company's success.

The positive development of the U.S. economy in the first nine months of 2000 supported the positive results of K + K America in the same period. The division gained new customers and did brisk business with existing customers, thanks also to its new range of services. Turnover rose by 35.6% to EUR 309.3 million, a trend that is also reflected in the company's above-average EBITDA. This key indicator was EUR 33.9 million in the year under review, an increase of 46.1%. These figures already contain the figures relating to Hubert, the recent acquisition. Excluding Hubert, turnover totalled EUR 288.5 million.

In US dollar terms, the turnover of the K + K America division amounted to USD 285.6 million.

Hubert successfully complements the portfolio

The acquisition of Hubert by K + K America is a decisive step forward for the entire TAKKT group. Hubert is the market leader in the mail order segment comprising equipment and supplies for the food service retailers and restaurants. With this systems business, K + K America occupies a new product field which fits in perfectly with the group's strategy. The resulting synergies offer cost cutting possibilities which will affect e.g. purchasing products, buying paper for catalogues and shipping costs.

Hubert has 175,000 customers and posted a turnover of approximately USD 90 million in the year under review. In the past five years, the company has grown by an average of seven

K + K America

percent annually. Hubert has grown faster than the industry average, which comprises 2,700 providers which attained average growth rates of roughly five percent annually. Total market volume is approximately USD 7.5 billion.

The company's product range comprises 23,000 articles. Ninety-five percent of these items can be shipped to the customer from the central warehouse in Ohio within 24 hours. The articles are sold on the basis of an 840-page catalogue that is supported by monthly mailings. The entire product range may also be ordered over the internet. Hubert currently has 302 employees.

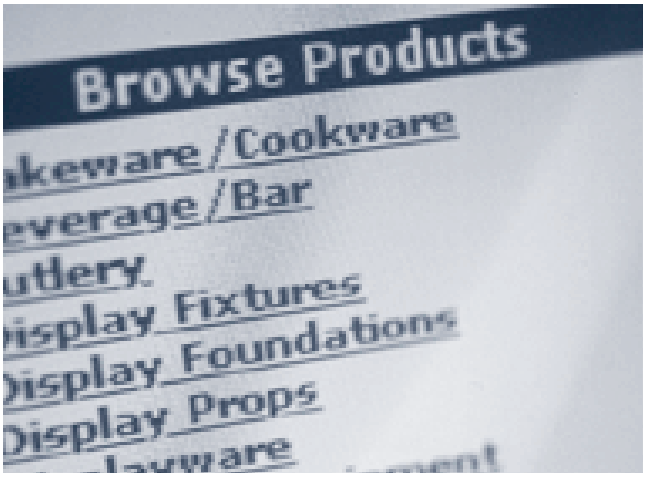
"A guaranteed delivery date"

The customers of C&H Distributors, the K + K America subsidiary, have been enjoying a service since January 2000 that is unique in the North American mail order market: "A guaranteed delivery date". C&H pays all shipping costs if it cannot meet its own delivery deadline. This measure benefits customers and helps this TAKKT subsidiary to gain an edge over its competitors. C&H Distributors is currently the only company to offer this service but plans are to expand this service to all companies of the K + K America group upon completion of a trial period.

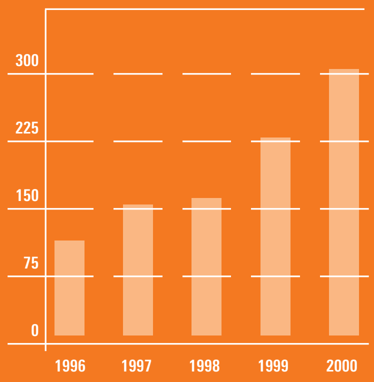
New e-commerce presence

On 15 May 2000, C&H Distributors deployed its new website using second generation internet technology. This technology makes ordering via mouse click easier since all services offered are tailored to customers' needs. Over 45,000 products can now be ordered from C&H Distributors over the internet 24 hours a day, seven days a week.

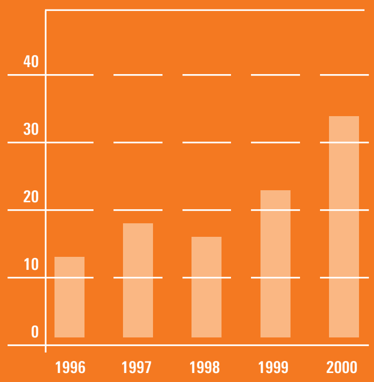
The new internet services of C&H Distributors and Conney Safety Products as well as the unique service of the former will play a decisive role in



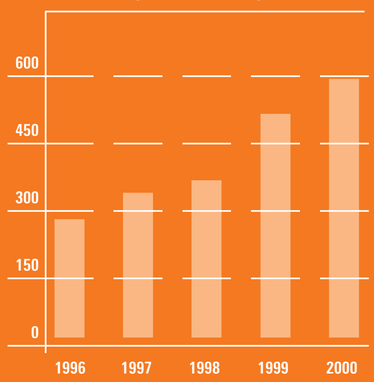
TURNOVER
in EUR million



EBITDA
in EUR million



EMPLOYEES
Full-time equivalents - average



improving the leading market position of the K + K America division in the United States. After all, expanded virtual services are attractive to existing and potential new customers alike.

Mexico – a growth market

In the year under review, C&H Distributors expanded its business across the U.S. border into Mexico. C&H Distributors thus is the first group company to gain experience south of the U.S. border. The catalogue currently targets U.S. companies that operate manufacturing facilities in Mexico. A Spanish language catalogue for Mexican companies is planned.

TAKKT – a profitable growth share

Its unequivocal growth strategy, high and stable profits, leading position in critical markets, relatively low business risks and a low level of dependence on economic fluctuations make TAKKT AG an excellent investment. The TAKKT group successfully combines the old and the new economy. We consistently exploit the possibilities of the replicable systems approach to expand our business. And we have increased our market penetration, in both qualitative and quantitative terms. We have integrated additional service areas into our group and expanded our existing divisions into new regions. Our growth potential and stable profitability guarantee a sustainable increase in our group's value.

The TAKKT share succeeded in maintaining its price against the general trend in a relatively weak investment climate. We interpret this signal to mean that our investors have placed their trust in us for the long term. We have also succeeded in directing the interest of several new institutional and private investors toward our share, which is listed on the SDAX stock index in Germany.

Investors have placed their trust in the TAKKT share for good reason. Our carefully designed strategy has yielded good results in every quarter of the year under review. We have surpassed all expectations and we will continue to maintain transparent and open corporate policies in order to convince current and future investors alike of our success.

SDAX heavyweight

Having been included in the SMAX market segment, the TAKKT share has also been listed on the SDAX stock index since 19 June 2000. TAKKT is the market leader in the B2B mail order segment for business equipment solutions in both Europe and North America and thus represents an unique share within the SDAX. A market capitalisation of EUR 670 million at 31 December 2000 make TAKKT a heavyweight within this index. The listing on the SDAX has had a positive effect on the treatment of TAKKT AG in the media. We have taken advantage of this opportunity to present our solid potential to a broad audience. The increased attention on the part of both private and institutional investors has had a decisive impact on demand for TAKKT's share.

Shareholder structure and dividend

As of 31 December 2000, Franz Haniel & Cie GmbH, Duisburg, was the majority shareholder of TAKKT AG with about 68.6% of the shares. Ten percent of the TAKKT shares were held by an affiliate of AXA Colonia Konzern AG, Cologne. Institutional and private investors owned 21.4% of TAKKT's shares.

Based on the positive results and the necessity of strengthening our equity by increasing reserves, we plan to pay a dividend of EUR 0.10 to our shareholders for the financial year 2000. Shareholders, who are fully subject to German taxes, receive a tax credit of EUR 0.04 on this dividend, resulting in a gross dividend of EUR 0.14.

Intensive investor relations

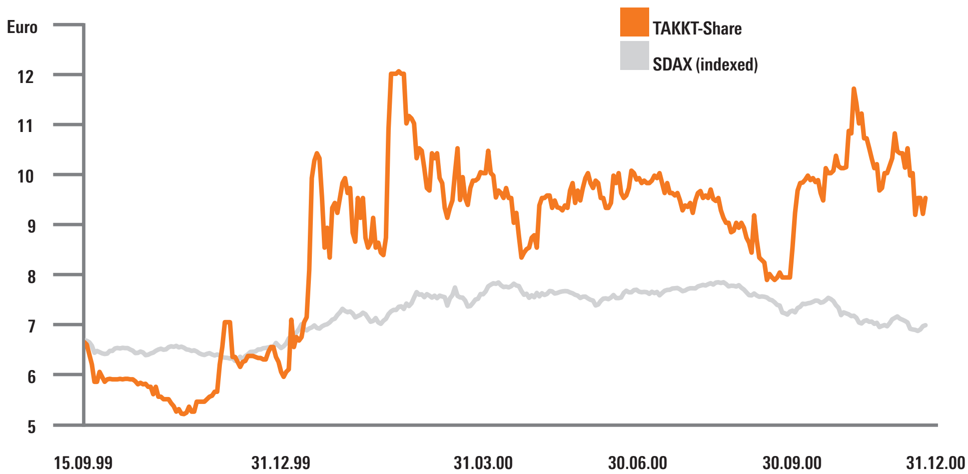
In the year under review, we continued to emphasise a transparent and open corporate information policy regarding the group. The main contact with private investors occur at the Annual General Meeting and through our shareholder letters. But our website also gives investors the ability to call up valuable information regarding our activities, quickly and easily. We place a high value on the timeliness and accessibility of this information. Small investors seem to be particularly active in accessing this source of information.

We also provide information concerning the TAKKT share to those experts who act as multipliers for a large number of private investors. In the year under review, we introduced our company to investment consultants of private and public banks, among others.

We conducted roadshows in London, Edinburgh, Frankfurt, Paris and Amsterdam to present the group to institutional investors. We also conducted numerous intensive meetings with individual analysts. This aspect of our systematic and proactive investor relations work was supplemented by our participation in the German Midcap Conference in Frankfurt and at an event in Stuttgart sponsored by Deutsche Boerse. TAKKT AG also participated actively in a conference in Paris at which leading European B2B groups presented their companies to analysts and investors.

We plan to intensify our investor relations work in the future. These activities increase the recognition of the TAKKT group. But they are also the expression of the group's transparent and open corporate policies.

PERFORMANCE OF THE TAKKT SHARE
since quotation



Source: XETRA

The TAKKT Share

KEY FIGURES FOR THE TAKKT AG SHARE

	pro-forma 1.1.–31.12.1999	1.1.–31.12.2000
Earnings per share (EPS) in EUR	0.44	0.46
Cash flow per share (CPS) in EUR	0.63	0.76
EBITDA in EUR '000	70,476	87,584
Shareholders' equity in EUR '000	99,062	128,062
Dividend per share in EUR	0.05	0.10
Dividend per share with tax credit in EUR	0.07	0.14
Dividend rate in % (without tax credit)*	19.2	21.3
Number of issued shares in millions	72.9	72.9
Share price in EUR	6.50	9.18
Highest price in EUR	7.00	12.05
Lowest price in EUR	5.15	5.90
Market capitalisation in EUR million (31.12.)	473.85	669.22

*Dividend quota 1999 based on accounting period 1 July-31 December 1999.

Consolidated Financial Statements

Consolidated Balance Sheet of TAKKT AG, Stuttgart

ASSETS

	Notes	31.12.00 EUR '000	31.12.1999 EUR '000
A. Fixed assets	(1)		
I. Intangible assets	(2)	331,737	202,493
II. Tangible assets	(3)	54,837	34,741
III. Financial assets	(4)	72	69
		386,646	237,303
B. Current assets			
I. Stocks	(5)	66,591	46,847
II. Trade and other debtors	(6)	109,547	79,501
III. Cash and bank balances	(7)	2,703	4,108
		178,841	130,456
C. Prepayments	(8)	3,809	3,183
		569,296	370,942

EQUITY AND LIABILITIES

	Notes	31.12.00 EUR '000	31.12.1999 EUR '000
A. Shareholders' equity			
I. Issued capital	(9)	72,900	72,900
II. General reserves	(10)	43,561	17,908
III. Retained earnings		7,290	3,645
IV. Miniority interests	(11)	4,311	4,609
		128,062	99,062
B. Provisions	(12)	32,742	29,653
C. Liabilities	(13)	408,490	242,226
D. Deferred income		2	1
		569,296	370,942

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF TAKKT AG, STUTTGART

	Notes	2000 EUR '000	1999 Pro-forma EUR '000	1999* EUR '000
1. Turnover	(14)	762,797	627,562	316,268
2. Decrease in stocks of finished goods and work-in-progress		-78	-59	-15
-. Own work capitalised		0	28	0
		762,719	627,531	316,253
3. Cost of sales	(15)	469,367	385,761	195,628
4. Gross profit		293,352	241,770	120,625
5. Other income	(16)	8,123	6,630	3,814
6. Personnel expenses	(17)	85,381	68,350	35,045
7.a Amortisation of goodwill		13,355	7,190	5,420
7.b Depreciation of other intangible and tangible assets	(18)	8,156	6,754	3,904
8. Operating taxes		1,050	663	287
9. Other operating expenses	(19)	127,460	106,923	46,649
		66,073	58,520	33,134
10. Net financial result	(20)	-12,279	-6,000	-4,013
-. Extraordinary item		0	-1,989	-1,989
11. Profit before tax		53,794	50,531	27,132
12. Taxes on income		20,234	18,635	8,094
13. Net income		33,560	31,896	19,038
-. Profits of companies not spun-off from GEHE AG		0	-3,455	0
14. Transfer to general reserves		-25,501	-24,106	-14,988
15. Minority interest in profits		-769	-690	-405
16. Retained earnings		7,290	3,645	3,645

*Accounting period 1 July to 31 December 1999

Consolidated Fixed Assets of TAKKT AG, Stuttgart

FINANCIAL YEAR 2000

COST

	1.1.2000 EUR '000	Currency translation EUR '000	Additions EUR '000	Reclassifi-cations EUR '000	Disposals EUR '000	31.12.2000 EUR '000
I. Intangible assets						
Concessions, industrial and similar rights	36.013	2,532	2,190	462	121	41,076
Goodwill	168,254	4,644	140,983	0	0	313,881
Payments on account	122	0	1,106	-463	0	765
Goodwill on consolidation	56,490	0	0	0	0	56,490
	260,879	7,176	144,279	-1	121	412,212
II. Tangible assets						
Land, landrights and buildings including buildings on third-party land	29,412	973	17,723	0	16	48,092
Technical equipment and machinery	1,464	0	46	-30	7	1,473
Other factory and office equipment	18,977	475	5,416	31	1,076	23,823
Payments on account	2	0	1,423	0	0	1,425
	49,855	1,448	24,608	1	1,099	74,813
III. Financial assets						
Long-term investments	72	0	3	0	0	75
	310,806	8,624	168,890	0	1,220	487,100

CUMULATIVE DEPRECIATION/SET-OFF RESERVES

NET BOOK VALUE

1.1.2000 EUR '000	Currency translation EUR '000	Additions EUR '000	Reserves set-off EUR '000	Disposals EUR '000	31.12.2000 EUR '000	31.12.2000 EUR '000	31.12.1999 EUR '000
27,805	2,074	2,706	0	82	32,503	8,573	8,208
11,661	561	13,355	0	0	25,577	288,304	156,593
0	0	0	0	0	0	765	122
18,920	0	0	3,475	0	22,395	34,095	37,570
58,386	2,635	16,061	3,475	82	80,475	331,737	202,493
4,423	106	1,205	0	16	5,718	42,374	24,989
227	0	413	0	3	637	836	1,237
10,464	290	3,832	0	965	13,621	10,202	8,513
0	0	0	0	0	0	1,425	2
15,114	396	5,450	0	984	19,976	54,837	34,741
3	0	0	0	0	3	72	69
73,503	3,031	21,511	3,475	1,066	100,454	386,646	237,303

Accounting Principles
Scope of Consolidation
Pro-Forma Consolidated Profit and Loss Account

Accounting Principles

The consolidated accounts of TAKKT AG for the year ended 31 December 2000 have been prepared in accordance with the requirements of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

For the sake of clarity, certain amounts in the balance sheet and the profit and loss account are presented in summarised form. A breakdown of the individual amounts is provided in the notes.

The profit and loss account was drawn up in accordance with the type of expenditure method, with gross profit being shown separately (§ 298, para. 1 and § 265, para. 5 HGB).

Scope of Consolidation

TAKKT AG, Stuttgart, which is registered with the German Commercial Register of the local Stuttgart court, is the group's parent company. Besides TAKKT AG, Stuttgart, 6 domestic (previous year: 6) and 30 foreign companies (previous year: 28) are included in the group accounts. The schedule concerning the shareholdings of TAKKT AG is filed with the Stuttgart commercial register.

The initial consolidation of Hubert Company LLC, Harrison/USA affects the comparison of the consolidated financial statements at 31 December 2000 with those of the previous year. The acquisition was made by way of an asset deal realising goodwill for Hubert Company LLC. Equity and liabilities of Hubert Company LLC were refinanced in US-Dollars. The adjusted opening balance sheet of Hubert Company LLC, translated with the exchange rate at the balance sheet date, increases the consolidated balance sheet total by EUR 185 million to EUR 569 million. This balance sheet increase is primarily due to the increase in intangible assets (goodwill, customer lists and software), which were valued at EUR 139 million at 31 December 2000. Acquired tangible assets were valued at EUR 19.8 million at 31 December 2000. This mainly comprises real estate and buildings. Acquired current assets, comprising inventories and receivables, were valued at EUR 25.9 million. Acquired trade creditors and other liabilities were valued at EUR 9.4 million at 31 December 2000.

This acquisition also affects the profit and loss account, but only with effect from the date of acquisition being 16 October 2000, and consequently is not as significant. Hubert contributed EUR 20,8 million (3,3%) to the increase in turnover. As a result of the amortisation and interest charges, the inclusion of Hubert Company LLC has no material effect on net income.

Pro-Forma Consolidated Profit and Loss Account

On 30 June 1999, the Mail Order Division of GEHE AG, Stuttgart, was transferred to TAKKT AG in a spin-off (§ 123, para. 2, no. 1 German Transformation Act ("UmwG"). The consolidated accounts of TAKKT AG for the peri-

Pro-Forma Consolidated Profit and Loss Account, Consolidation Policies

od ended 31 December 1999 therefore included a consolidated profit and loss account for the period from 1 July to 31 December 1999.

In order to provide a better picture of the group’s assets, financial and profit situation, TAKKT AG has prepared a pro-forma consolidated profit and loss account for the period from 1 January to 31 December 1999. This was audited by Dr. Ebner, Dr. Stolz und Partner GmbH, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, in connection with the spin-off of the Mail Order Division of GEHE AG to TAKKT AG.

Any figures provided in the notes to the consolidated financial statements for the complete calendar year 1999 relate to the pro-forma consolidated profit and loss account.

The subsidiaries of the KAISER + KRAFT Mail Order Division which were transferred to TAKKT AG, Stuttgart in connection with the spin-off from GEHE AG, Stuttgart, were included in the scope of consolidation of the pro-forma statements for the first half of 1999.

Consolidation Policies

The individual financial statements were first prepared in accordance with applicable national accounting policies. To the extent that these differ from the accounting regulations set forth in the German Commercial Code (HGB), adjustments were made to bring the foreign financial statements into line with the allocation and valuation principles of the HGB. Valuation adjustments, if necessary, were set off against the equity of the companies concerned.

The balance sheet items in the financial statements of the foreign companies were converted into euros using the exchange rates prevailing on the balance sheet date or the fixed euro conversion rates. Exchange differences resulting from the translation of assets and liabilities of the foreign group companies have been set off against general reserves without affecting profits. The profit and loss accounts of the foreign companies have been translated at average rates for the year. The differences resulting from the use of different exchange rates when converting the annual results have been allocated directly to group reserves.

The individual financial statements, as adjusted to German accounting policies, have been incorporated into the consolidated annual accounts as follows:

Upon initial consolidation, the book value of the parent company's investment is set off against the subsidiary’ s equity at the time of the first consolidation (§ 301, para. 1, clause 2, no. 1 HGB).

Differences arising on consolidation have been treated as goodwill. EUR 284,096,000 were set off against general reserves in accordance with § 309, para. 1, clause 3 HGB without affecting profits. The remaining net amount of EUR 34,095,000 concerns three shareholdings. This goodwill is amortised over a residual useful life of 8 to 12 years.

Consolidation Policies

On subsequent consolidation, the group' s share in the results of the subsidiaries after initial consolidation is included in general reserves.

The results of group companies from the current year together with previous year's profits and the consolidation adjustments affecting the profit and loss account are disclosed under general reserves.

Unrealised intercompany profits of EUR 170,000 in fixed assets as well as unrealised intercompany profits of EUR 1,740,000 in stocks have been eliminated. The resulting deferred taxation amounts to EUR 764,000. This is based on a tax rate of 40% (previous year: 50%).

Intra-group debtors and liabilities have been set off against each other in connection with the consolidation of liabilities. Debtors and liabilities to third parties have been consolidated on the condition that such balances with third parties are reciprocal and can be set off against each other.

Third-party shares in subsidiary's equity and profits are shown under minority interests.

Special tax reserves totalling EUR 1,781,000, set up in the individual financial statements to comply with tax regulations, have been reallocated to general reserves (60%, previous year: 50%) and tax reserves (40%, previous year: 50%), as allowed by § 300, para. 2 HGB. The deferred tax liability of EUR 713,000 has subsequently been set off against deferred tax assets.

All intra-group turnover as well as all intra-group income and expenditure has been fully eliminated in the consolidated profit and loss account.

SOURCE AND APPLICATION OF FUNDS

	2000 EUR '000	1999 Pro-forma EUR '000	1.7.1999 - 31.12.1999 EUR '000
Net income (incl. minority interests)	33,560	31,896	19,038
Fixed assets depreciation	21,511	13,944	9,324
Decrease/increase in provisions	-2,299	4,702	1,803
Other expenditure/profits not affecting the movement of funds	-270	904	599
Profit/loss from the disposal of fixed assets	-20	-42	-39
Increase in stocks	-8,487	-3,107	-8,880
Increase/decrease in trade debtors and other assets not part of investment and financing activities	-11,904	-10,096	-4,014
Increase/decrease of trade liabilities and other liabilities not part of investment and financing activities	6,493	7,304	-160
Net cash flow from operations	38,584	45,505	17,671
Proceeds from disposal of tangible and intangible assets	174	325	163
Investment in tangible and intangible assets	-7,550	-4,117	-2,540
Payments in connection with the acquisition of Hubert Company LLC, Harrison/USA	-192,241	0	0
Net cash flow from investment activities	-199,617	-3,792	-2,377
Increase/decrease of gross financing liabilities	164,749	-35,665	-13,267
Payments to owners and minority interests (dividends)	-4,711	-91	0
Other changes in shareholders' equity	-656	-87	79
Net cash flow from financing activities	159,382	-35,843	-13,188
Changes in fixed assets from spin-off	0	-117,049	0
Change in other assets from spin-off	0	2,627	0
Change in shareholders' equity from spin-off	0	-40,541	0
Change in other liabilities from spin-off	0	-2,311	0
Change in gross financing liabilities from spin-off	0	157,274	0
Profit/depreciation in companies remaining with GEHE AG	0	-4,538	0
Net cash flow from spin-off	0	-4,538	0
Net change in funds	-1,651	1,332	2,106
Change in funds arising from exchange differences	246	103	8
Funds at the beginning of the period	4,108	2,673	1,994
Funds at the end of the period	2,703	4,108	4,108

Funds are the sum of cheques, cash and bank balances.

Segment Reporting

SEGMENT REPORTING 1.1.2000 – 31.12.2000

	K + K EUROPA-Group EUR '000	Topdeq Group EUR '000	K+K America Group EUR '000	Other EUR '000	Group total EUR '000
Turnover	366,413	87,121	309,271	-8	762,797
EBITDA	52,340	8,440	33,879	- 7,075	87,584
Depreciation	12,038	714	8,694	65	21,511
EBIT	40,302	7,726	25,185	- 7,140	66,073
Net financial result	- 5,361	- 1,303	- 5,652	37	- 12,279
Profit before tax	34,941	6,423	19,533	- 7,103	53,794
Taxes on income	12,604	4,236	7,677	- 4,283	20,234
Net income	22,337	2,187	11,856	- 2,820	33,560
Assets	221,829	39,893	312,160	- 4,586	569,296
Capital expenditure	4,014	1,838	162,860	178	168,890
Liabilities	166,678	34,581	238,468	- 31,236	408,491
Average no. of employees (full-time equivalent)	844	209	595	26	1,674
Employees (full-time equivalent) at 31 December	860	218	826	27	1,931

PRO-FORMA SEGMENT REPORTING 1.1.1999 – 31.12.1999

Turnover	326,536	73,082	228,011	- 67	627,562
EBITDA	43,600	9,327	23,185	- 5,636	70,476
Depreciation	7,639	823	5,437	45	13,944
EBIT	35,961	8,504	17,748	- 5,681	56,532
Net financial result	- 3,022	- 169	- 3,043	234	- 6,000
Profit before tax and extraordinary item	32,939	8,335	14,705	- 3,458	52,521
Extraordinary item	0	0	0	- 1,989	- 1,989
Taxes on income	12,851	3,297	5,872	- 3,384	18,636
Net income	20,088	5,038	8,833	- 2,063	31,896
Assets	217,396	35,631	120,580	- 2,665	370,942
Capital expenditure	1,801	1,260	1,027	29	4,117
Liabilities	145,154	34,736	64,388	- 2,051	242,227
Average no. of employees (full-time equivalent)	801	169	515	12	1,497
Employees (full-time equivalent) at 31 December	804	183	535	24	1,546

SEGMENT REPORTING 1.7.1999 – 31.12.1999

	K + K EUROPA-Group EUR '000	Topdeq-Group EUR '000	K + K America-Group EUR '000	Other EUR '000	Group-total EUR '000
Turnover	162,901	39,117	114,314	- 64	316,268
EBITDA	26,726	5,582	13,718	- 5,557	40,469
Depreciation	6,097	429	2,753	45	9,324
EBIT	20,629	5,153	10,965	- 5,602	31,145
Net financial result -	- 2,241	- 497	- 1,431	156	- 4,013
Profit before tax and extraordinary item	18,388	4,656	9,534	- 3,457	29,121
Extraordinary item	0	0	0	- 1,989	- 1,989
Taxes on income	6,349	1,241	3,888	- 3,384	8,094
Net income	12,039	3,415	5,646	- 2,062	19,038
Assets	217,396	35,631	120,580	- 2,665	370,942
Capital expenditure	1,156	758	611	15	2,540
Liabilities	145,154	34,736	64,388	- 2,051	242,227
Average no. of employees (full-time equivalent)	797	176	526	23	1,522
Employees (full-time equivalent) at 31 December	804	183	535	24	1,546

KAISER + KRAFT EUROPA

KAISER + KRAFT EUROPA GmbH, Stuttgart, has distribution companies in the subdivisions of Kaiser + Kraft, Gaerner, Gerdmans and, since June 2000, Kwesto, with a total of 38 branches in 16 European countries. Kwesto offers low-cost products in eastern Europe. The companies of this division offer over 30,000 products. KAISER + KRAFT EUROPA GmbH operates a national mail order centre and three additional warehouses as well as production facilities for durable transportation equipment (platform trucks, sack trucks, trolley jacks etc.) located in Haan, near Düsseldorf, its in-house manufacturing facilities. The self-produced products are marketed under the brand name EUROKRAFT. Besides the standard programme, the company also manufactures customised products and carries out small series production orders in accordance with customer specifications. This segment focuses on the following product groups: transport, storage, environment, operational facilities and office equipment.

Topdeq

The Topdeq group distributes designer office furniture and accessories via a mail order catalogue and the internet in Germany, Switzerland, the Netherlands, France and, since January 2001, the United States. Small to mid-size companies in the service sector are the main customer group of this division. Topdeq offers a special 24-hour delivery service and a five-year warranty free of charge. If requested, orders received before 12:30 p.m. can be delivered to the customer on the same day, subject to a surcharge. Topdeq operates its own warehouses in Germany, Switzerland, the Netherlands, France as well as in the United States since January 2001.

K + K America

K + K America Corporation, Wilmington, markets over 45,000 products in the areas of transport, storage, business, office, workplace safety and packaging in the United States, Canada and Mexico. The K + K America group operates four regional warehouses in the USA, two in Canada, national distribution centres in Wisconsin and Ohio. In October 2000, K + K America acquired Hubert, the U.S. market leader. Hubert, sells approx. 23,000 articles in the segment equipment and supplies for retail grocery stores and the food service industry.

Notes to the Consolidated Balance Sheet

Fixed assets (1)

The fixed asset schedule, which is disclosed separately, is an integral part of the notes to the consolidated financial statements.

Intangible assets (2)

Both acquired goodwill and other intangible assets are valued at purchase cost less pro-rata depreciation. Acquired goodwill is normally amortised over 15 years and in one instance over a period of 25 years (USA).
All other intangible assets (mainly computer software) are valued at purchase cost less pro-rata depreciation using the straight-line method, generally over a useful life of three to four years.
Included in the intangible assets at the end of 2000 is goodwill on consolidation of EUR 34,095,000. This is calculated as follows:

INTANGIBLE ASSETS (2)

	EUR '000
At 1.1.2000	37,570
Set-off against reserves	- 3,475
At 31.12.2000	34,095

SET-OFF IN SUBSEQUENT YEARS:

	Annually EUR '000	Total EUR '000
2001-2008	3,475	27,800
2009-2010	1,575	3,150
2011-2012	1,355	2,710
2013	435	435
		34,095

Tangible assets (3)

The additions to tangible assets are capitalised at purchase or production cost. Depreciation is calculated at the maximum rates allowed under tax regulations using both the straight-line method and reducing balance method. Low-value assets are shown as additions and disposals in the year of acquisition.

The depreciation periods are:

Buildings	10 - 50 years
Technical equipment and machinery	5 - 10 years
Other factory and office equipment	3 - 10 years

Financial assets (4)

Financial assets are valued at the cost of acquisition or at the lower applicable value.

STOCKS (5)

Stocks (5)

	31.12.2000 EUR '000	31.12.1999 EUR '000
Raw materials, consumables and supplies	9,134	8,460
Work-in-progress	470	579
Finished goods and purchased merchandise	56,953	37,808
Payments on account	34	0
	66,591	46,847

Raw materials, consumables and supplies as well as the finished goods are valued at the lower of cost or market value. Adequate allowances have been made to cover risks relating to long periods of storage and any absence of marketability. Work-in-progress and finished goods are valued at the cost of production relative to its percentage of completion. The production costs include materials and direct overhead costs to be capitalised under German tax regulations. Purchase merchandise is valued at average purchase cost.

Notes to the Consolidated Balance Sheet

Trade and other debtors (6)

TRADE AND OTHER DEBTORS (6)

	31.12.2000 EUR '000	31.12.1999 EUR '000
Trade debtors	93,153	68,722
Amounts owed by affiliated companies	27	25
Other assets	16,367	10,754
	109,547	79,501

In the case of trade debtors and other assets, adequate provisions have been made to cover identifiable specific risks. A general bad debts provision for trade debtors has been calculated at 3% of net debtors. All other debtors and assets are disclosed at nominal value.
Amounts owed by affiliated companies refer to subsidiaries of the majority shareholder not included in the scope of consolidation of TAKKT AG, Stuttgart.
The other assets comprise mainly tax refunds, prepaid advertising expenditure for the following financial year and supplier bonuses. Other assets include receivables of EUR 496,000 with a residual term of more than one year.

Cash and Bank balances (7)

CASH AND BANK BALANCES (7)

	31.12.2000 EUR '000	31.12.1999 EUR '000
Cash balances	408	308
Bank balances	2,295	3,800
	2,703	4,108

PREPAYMENTS (8)

Prepayments (8)

	31.12.2000 EUR '000	31.12.1999 EUR '000
Deferred taxes	2,270	1,854
Other prepaid expenses	1,539	1,329
	3,809	3,183

Deferred tax accruals from the reallocation of the special reserves of EUR 713,000 have been set off against deferred tax assets of EUR 2,983,000 arising on consolidation and from individual company financial statements.

Issued capital (9)

The share capital amounts to EUR 72,900,000,00, It is divided into 72,900,000 bearer shares of no par value,
The management board is authorised until 31 May 2005 to increase the share capital, subject to the approval of the supervisory board, once or several times, up to a total of EUR 36,450,000,00 by issuing new bearer shares of no par value.

GENERAL RESERVES (10)

General reserves (10)

	31.12.2000 TEUR	31.12.1999 TEUR
Capital reserves	208,311	208,311
General reserves	119,266	90,138
	327,577	298,449
Set-off of goodwill on consolidation	- 284,016	- 280,541
	43,561	17,908

The general reserves include the retained earnings contributed by group companies since the date of acquisition, the corresponding translation adjustments to present values arising from the currency conversion of assets and liabilities, not affecting profits, as well as the total of the consolidation and tax adjustments affecting profits.

Notes to the Consolidated Balance Sheet

(11) Minority interests

MINORITY INTERESTS (11)

	31.12.2000 EUR '000	31.12.1999 EUR '000
Share of issued capital and reserves	3,542	4,204
Share of profit for the year	769	405
	4,311	4,609

The share in the pro-forma profit for 1999 was EUR 690,000.

(12) Provisions

PROVISIONS (12)

	31.12.2000 EUR '000	31.12.1999 EUR '000
Pensions	5,529	5,298
Taxes	5,846	7,925
Other	21,367	16,430
	32,742	29,653

The provisions provide adequate coverage for all identifiable but not yet quantifiable commitments and risks; the valuation is based on sound accounting policies.
Domestic pension provisions are calculated on the basis of the unit cost method in accordance with § 6 a of the German Income Tax Act (EStG) using an interest rate of 6% and the 1998 Mortality Tables of Prof. Heubeck. The pension provisions are calculated according to actuarial methods.
Provisions for taxes include the balance of likely taxes owed in the financial year that have not yet been paid. Provisions for deferred tax liabilities are set off against deferred tax assets. The balance of deferred tax assets is included under prepayments (cf. note 8).
Other provisions comprise amounts for personnel obligations, guarantee obligations, invoices outstanding for goods and services as well as discounts and bonuses.

Liabilities are disclosed at their respective repayment amounts.
As far as trade creditors are concerned, normal ownership retention rights apply to goods delivered.
The liabilities to affiliated companies refer to subsidiaries of the majority shareholder which are not included in the scope of consolidation of TAKKT AG.

Liabilities, contingent liabilities, other financial commitments and derivative financial instruments (13)

LIABILITIES, CONTINGENT LIABILITIES, OTHER FINANCIAL COMMITMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS (13)

	31.12.2000 EUR '000	up to one year EUR '000	one to five years EUR '000	more than five years EUR '000	31.12.1999 EUR '000
Liabilities to banks	340,296	27,567	60,953	251,776	191,088
Payments on account	465	465	0	0	289
Liabilities					
- trade creditors	27,548	27,548	0	0	19,704
- on bills accepted and drawn	1,482	1,482	0	0	1,319
- to affiliated companies	21,437	21,437	0	0	18,975
Other liabilities	17,262	15,265	1,997	0	10,851
	408,490	93,764	62,950	251,776	242,226

Other liabilities include:

OTHER LIABILITIES

	31.12.2000 EUR '000	31.12.1999 EUR '000
Tax liabilities	4,757	4,435
Social security contributions	1,436	1,176
Miscellaneous	11,069	5,240
	17,262	10,851

Notes to the Consolidated Balance Sheet

CONTINGENT LIABILITIES

	31.12.2000 EUR '000	31.12.1999 EUR '000
Warranties		
Guarantee commitments	16,110	16,172

The warranties comprise a guarantee up to a maximum of GBP 10,000,000 which was granted in connection with the sale of a group company in 1995. At the balance sheet date, no claims had been made under this warranty, which runs until 30 June 2002.

OTHER FINANCIAL COMMITMENTS

	31.12.2000 EUR '000	to affiliated companies EUR '000
Rental and lease contracts		
due 2001	9,864	1,213
due 2002 – 2005	18,699	31
due 2006 and later	30,575	0
	59,138	1,244
Commitments for capital expenditure		
due 2001	381	0
	59,519	1,244

DERIVATIVE FINANCIAL INSTRUMENTS

Payments within the TAKKT group are preferably kept in the respective local currency in order to minimise currency risks. Nevertheless, the TAKKT group is subject to foreign exchange fluctuations in connection with the remaining group transactions. In general, these risks are borne by the company that provides the service. The foreign exchange amounts to be sold on specific dates are determined in accordance with cash flow budgets and are hedged using derivatives, preferably currency futures. Cash flows are normally considered over a catalogue cycle; a different period is selected in certain circumstances.

Additional interest rate derivative instruments are utilised to cover the group's debt. Anticipated payment dates are reviewed in light of the total debt; the amounts to be hedged are derived from this review.

Both the marketability of the instrument and the credit worthiness of the counter party are considered before concluding contracts for derivative financial instruments. Such contracts are also subject to strict internal controls. In addition to limiting the number of people who are authorised to make such transactions, the group also ensures that settlement and posting procedures relating to such transactions are kept strictly separate.

At the balance sheet date, the following derivatives existed :

DERIVATIVE FINANCIAL INSTRUMENTS

	Nominal value 31.12.2000 EUR '000	Nominal value 31.12.1999 EUR '000
Currency	14,374	8,140
Interest rates	252,132	108,580
Total nominal value	266,506	116,720

	Market value 31.12.2000 EUR '000	Market value 31.12.1999 EUR '000
Currency	-429	30
Interest rates	-2,582	2,561
Total market value	-3,011	2,591

Notes to the Consolidated Profit and Loss Account

Turnover (14)

TURNOVER (14)

	2000 EUR '000	1999 Pro-forma EUR '000	1.7.1999 - 31.12.1999 EUR '000
Analysis by region			
- Germany	218,178	200,490	101,685
- Rest of Europe	235,348	199,061	100,269
- North America	309,271	228,011	114,314
	762,797	627,562	316,268

Cost of goods sold (15)

COST OF GOODS SOLD (15)

	2000 EUR '000	1999 Pro-forma EUR '000	1.7.1999 - 31.12.1999 EUR '000
Raw materials, consumables and supplies	469,218	385,703	195,622
Services received	149	58	6
	469,367	385,761	195,628

Other income (16)

OTHER INCOME (16)

	2000 EUR '000	1999 Pro-forma EUR '000	1.7.1999 - 31.12.1999 EUR '000
Profit on disposal of fixed assets	47	121	89
Release of provisions	2,546	2,167	1,539
Release of bad debt reserves	412	310	191
Other	5,118	4,032	1,995
	8,123	6,630	3,814

PERSONNEL EXPENSES (17)

Personnel expenses (17)

	2000 EUR '000	1999 Pro-forma EUR '000	1.7.1999 - 31.12.1999 EUR '000
Wages and salaries	69,376	55,885	28,644
Social insurance costs	12,764	10,168	5,160
Pension costs	3,241	2,297	1,241
	85,381	68,350	35,045

See "segment reporting" for data on the number of employees in the group.

DEPRECIATION ON OTHER INTANGIBLE AND TANGIBLE ASSETS (18)

Depreciation on other intangible and tangible assets (18)

	2000 EUR '000	1999 Pro-forma EUR '000	1.7.1999 - 31.12.1999 EUR '000
Other intangible assets	2,706	1,564	792
Tangible assets	5,450	5,190	3,112
	8,156	6,754	3,904

This item includes non-scheduled depreciation to the lower applicable value pursuant to § 253, para. 2, clause 3 HGB in the amount of EUR 492,000 (Software).

OTHER OPERATING EXPENSES (19)

Other operating expenses (19)

	2000 EUR '000	1999 Pro-forma EUR '000	1.7.1999 - 31.12.1999 EUR '000
Loss on disposal of fixed assets	27	80	50
Write-offs and provisions for current assets/bad debts	2,062	1,947	1,008
Other	125,371	104,896	45,591
	127,460	106,923	46,649

Notes to the Consolidated Profit and Loss Account
Other Information

Net financial result (20)

NET FINANCIAL RESULT (20)

	2000 EUR '000	1999 Pro-forma EUR '000	1.7.1999 - 31.12.1999 EUR '000
Income from other securities and long-term loans	3	4	3
Other interest and similar income:			
- affiliated companies	1	1,107	115
- other	491	456	234
	495	1,567	352
Depreciation of financial assets	0	-3	-3
Interest and similar charges:			
- affiliated companies	-1,811	-3,257	-1,694
- other	-10,963	-4,307	-2,668
	-12,774	-7,567	-4,365
	-12,279	-6,000	-4,013

Income and expenses relating to prior years

Other operating income includes EUR 3,680,000 relating to prior years, being primarily the release of provisions. Taxes on income includes tax credits for prior years of EUR 912,000.
Operating taxes includes taxes of EUR 257,000. Other operating expenses includes an amount of EUR 435,000.

Members of the Supervisory and Management Boards

Supervisory Board:

- Dr. Dieter Schadt, Mülheim an der Ruhr (Chairman)
  Chairman of the management board of Franz Haniel & Cie. GmbH, Duisburg
  Member of the supervisory board or a comparable control committee of GEHE AG, Stuttgart (chairman), Exxon GmbH Deutschland, Hamburg, Bankgesellschaft Berlin AG, Berlin, Delton AG, Bad Homburg, Herba Chemosan Apotheker-AG, Vienna/Austria, Office Commercial Pharmaceutique (OCP S.A.), Paris/France, and RWE Umwelt AG, Essen
- Horst F. Peer, Ditzingen (Deputy Chairman)
  (Former chairman of the management board of KAISER + KRAFT GmbH, Stuttgart)

Other Information

- Dieter Kämmerer, Holzgerlingen
  (Former chairman of the management board of GEHE AG, Stuttgart)
  Member of the supervisory board or a comparable control committee of GEHE Pharma Handel GmbH, Stuttgart, Vereinte Krankenversicherungs AG, Munich, OCP S. A., Paris/France, and GEHE UK plc., Coventry/Great Britain
- Thomas Kniehl, Stuttgart
  (Logistics employee of KAISER + KRAFT EUROPA GmbH, Stuttgart)
- Julian Matzke, Stuttgart
  (Logistics employee of KAISER + KRAFT EUROPA GmbH, Stuttgart)
- Prof. Dr. Dr. h. c. Arnold Picot (University Professor), Gauting (from 10 April 2000)
  Member of the supervisory board or a comparable control committee of Sartorius AG, Göttingen (chairman), datango AG, Berlin (chairman), film.de AG, Munich (chairman), White Lion International AG, Krefeld

Management Board

- Georg Gayer (Chairman), Eberdingen-Nussdorf
  Member of supervisory board or comparable control committee of KAISER + KRAFT s.r.o., Prague/Czech Republic, KAISER + KRAFT Sp.z o.o., Warsaw/Poland, and J.P. Vink en Zonen B.V., Lisse/The Netherlands
- Alfred Michael Milanello (Information Technology and Organisation), Ditzingen
  Member of supervisory board or comparable control committee of KAISER + KRAFT s. r. o., Prague/Czech Republic and KAISER + KRAFT Sp. z o. o., Warsaw/Poland
- Franz Vogel (Sales and Marketing), Leinfelden-Echterdingen
- Dr. Felix A. Zimmermann (Controlling and Finance), Wachtendonk
  Member of supervisory board or comparable control committee of KAISER + KRAFT s.r.o., Prague/Czech Republic

Remuneration of the Supervisory and Management Board

Total remuneration of the management board of TAKKT AG amounted to EUR 1,728,000. Remuneration of the supervisory board of TAKKT AG totalled EUR 4,000. A provision of EUR 105,000 has been accrued for.

Profit Appropriation as proposed by the Management Board

In the balance sheet at 31.12.2000 the TAKKT group discloses retained earnings of EUR 7,290,000. The management board proposes that the retained earnings of 2000 be distributed. On the basis of this proposal a dividend of EUR 0.10 would be paid on each no-par value share. 94,3% of the distribution will be made out of taxed domestic income. This part of the distribution attracts a tax credit of 3/7 of the dividend. Shareholders who are fully subject to German taxes may set off this tax credit against their total income tax or corporation tax liabilities. Including the tax credit, the dividend on each no-par value share amounts to EUR 0,14.

Other Information

Audit Report

"We have audited the consolidated financial statements and the management report of TAKKT AG and the group prepared by the company for the financial year from 1 January to 31 December 2000. The preparation of the consolidated financial statements and the management report of TAKKT AG and the group in accordance with German commercial law and supplementary provisions in the articles of incorporation is the responsibility of the company' s management. Our responsibility is to express an opinion on the consolidated financial statements and the management report of TAKKT AG and the group based on our audit.
We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit in a way that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the management report of TAKKT AG and the group are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of 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 consolidated financial statements and the management report of TAKKT AG and the group are examined primarily on a test basis within the framework of the audit. The audit includes assessing the financial statements of the companies included in consolidation, the determination of the companies 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 management report of TAKKT AG and the group. We believe that our audit provides a reasonable basis for our opinion.
Our audit has not led to any reservations.
In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group in accordance with German principles of proper accounting. On the whole the management report of TAKKT AG and the group provides a suitable understanding of the position of TAKKT AG and the group and suitably presents the risks of future development."

Stuttgart, 20. Februar 2001
Dr. Ebner, Dr. Stolz und Partner GmbH
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Bernhard Steffan	Gerhard Weigl
Wirtschaftsprüfer	Wirtschaftsprüfer

Financial Calendar 2001
Imprint

23 March	**Financial statements press conference in Stuttgart**
26 March	**DVFA analyst conference in Frankfurt**
27 April	**Interim report for the first quarter**
4 May	**Annual general meeting in Ludwigsburg**
31 July	**Interim report for the first half year**
30 October	**Interim report for the third quarter**

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