Half-year report 2003

DEAR SHAREHOLDERS,

TAKKT AG held its ground in the first half of 2003 in a continuingly difficult economic climate. While turnover declined by 0.7 percent without taking currency effects into account, the profit margins improved. Compared to the same period of the previous year, TAKKT Group earnings before tax increased by 1.6 percent.

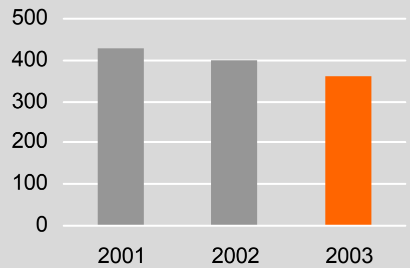
HIGHLIGHTS DURING THE FIRST HALF OF 2003

- Successful launch of KAISER + KRAFT Japan, C&H Productos Industriales Mexico and KWESTO Hungary
- Number of orders remains constant
- Earnings margins up on the same period of the previous year
- Equity ratio improved to 29.0 percent
- Relocation of the Stuttgart headquarters successfully completed
- Annual General Meeting confirms constant dividend of 10 cent per share
- Annual General Meeting approves stock repurchase programme

TAKKT AG

BUSINESS EQUIPMENT SOLUTIONS

Turnover first half-year TAKKT Group in million euro



THE TAKKT GROUP. The first half of the year 2003 was influenced by a weak economy generally. While Europe shows no recovery trends, the economic recovery in the USA is weaker than expected. In addition, the strong parity changes, especially of the US dollar, had a negative effect on the reported figures.

» Assuming stable year-on-year exchange rates, turnover declined by 0.7 percent. However, converted into euro at the current rates, turnover fell by 9.6 percent to EUR 360.8 (399.1) million. The main reason for this is the depreciation of the US dollar against the euro. However, parity changes only have a limited impact on the profitability of the TAKKT Group because profitability is largely consistent across the different currency regions.

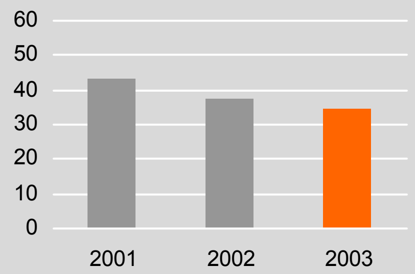
» The analysis of the value and growth drivers confirms the sales development. While the average order size declined slightly compared to the same period of the previous year, the number of orders remained almost stable, with TAKKT benefiting primarily from a continued high number of new customers.

» TAKKT does not expect a sustained turnaround in the second half of the year. The group has therefore brought capacities into line with the expected volumes. This measure will ensure that the group's profitability will be maintained.

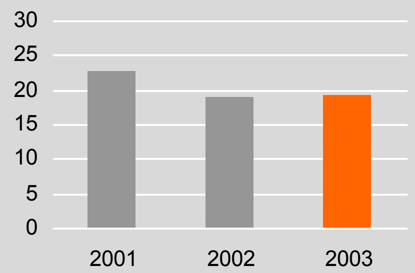
RESULTS OF THE TAKKT GROUP. The gross profit margin increased slightly to 40.5 (40.1) percent. In Europe, TAKKT benefited from an increase in warehouse business. In addition, the number of large-scale orders which usually carry discounts declined due to the weak economy. What is more, the gross profit margin of K + K America continued to increase primarily as a result of the slightly higher turnover contribution and above-average gross margin of Hubert.

» EBITDA (earnings before amortisation of goodwill, depreciation of other fixed assets, interest and income taxes) was down 7.5 percent on the same period of the previous year to EUR 39.6 (42.8) million. The decline in absolute terms was due to parity changes. Operating profit-

EBITA first half-year TAKKT Group in million euro



Profit before tax first half-year TAKKT Group in million euro



ability, however, increased, with the EBITDA margin improving to 11.0 (10.7) percent.

» EBITA (earnings before amortisation of goodwill, interest and income taxes) declined by 7.7 percent to EUR 34.6 (37.5) million. The EBITA margin increased from 9.4 to 9.6 percent. TAKKT continues to target an EBITA margin between 9 and 11 percent for the full financial year 2003.

» Scheduled amortisation of goodwill reached the same level as in the previous year. The year-on-year changes shown are only due to the weaker US dollar.

» EBIT (earnings before interest and taxes) fell by 6.7 percent to EUR 26.3 (28.2) million. The EBIT margin, however, improved from 7.1 to 7.3 percent. At EUR 19.2 (18.9) million, group earnings before tax were up on the previous year. At a slightly lower tax rate, the TAKKT Group generated a profit after tax of EUR 12.0 (11.3) million.

» At EUR 25.3 (25.9) million, the cash flow remained slightly below the previous year's level. The decline is attributable to the lower amortisation in euro terms.

» As in the first quarter of 2003, the capacity adjustments initiated in 2002 made a key contribution to the stable development of earnings. As budgeted, start-up losses remained at the same level as in the same period of the previous year.

» Interest expense fell by EUR 2.2 million compared to the first half of 2002. Here the TAKKT Group has benefited from a lower debt level and lower interest rates. The weak US dollar also had a positive effect on the reported interest result.

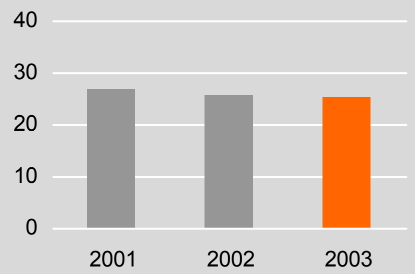
» In the first quarter of 2003, the head offices in Stuttgart were relocated from several buildings to a new facility. Given that all employees now share the same building, they can cooperate more efficiently.

BALANCE SHEET OF THE TAKKT GROUP. The high cash flow as well as the timely and active management of inventories, accounts receivables and accounts payables resulted in a further improvement of the balance sheet ratios in the first half of the year. The equity ratio rose from 27.7 percent at December 31, 2002 to 29.0 percent at the end of the first half of 2003. This already includes the payment of the dividend totalling EUR 7.3 million on May 7, 2003.

» Thanks to the high cash flow, debt was reduced by a total of EUR 12.2 million. As at the end of the first half of 2003, total net financial debt amounted to EUR 259.4 million. Currency effects – especially of the US dollar – resulted in a decline of net financial debt by EUR 12.2 million. TAKKT expects debt repayments to total EUR 30 million in the full fiscal year 2003.

» Capital expenditure for replacement and expansion totalled EUR 4.7 (4.3) million in the first half of 2003. At 1.3 percent, the ratio of replacement and expansion investment to total turnover was in line with the long-term average.

Cash flow first half-year TAKKT Group in million euro



KAISER + KRAFT EUROPA. At EUR 181.6 (183.9) million turnover has remained below the same period of the previous year. This was primarily attributable to the continued difficult economic situation in Germany. The operations in the other European countries developed differently. All in all, KAISER + KRAFT EUROPA, however, benefited from the new companies established in the past years which reported promising growth rates. KAISER + KRAFT EUROPA contributed 50.3 percent to the total turnover of the TAKKT Group.

» KAISER + KRAFT EUROPA's profitability improved. At EBITA of EUR 27.7 (26.9) million, the EBITA margin increased from 14.6 to 15.3 percent.

» Following the establishment of a new company in Hungary, KWESTO now has a presence in four Eastern European countries. The first Hungarian catalogue which was mailed in May met with a positive response. It primarily targets mid-sized companies. KWESTO's strategy and focus on Eastern Europe ideally positions the group for the planned enlargement of the European Union.

» KAISER + KRAFT Japan, which mailed its second catalogue in early May, developed as expected. The product range was well received by the company's customers. The start-up losses of the company are within budget.

TOPDEQ. Turnover of the Topdeq Group declined by 8.4 percent to EUR 35.8 (39.1) million. Assuming stable year-on-year exchange rates, the decline would have amounted to 5.1 percent. Topdeq's contribution to the group's total turnover thus remained almost unchanged at 9.9 percent. Topdeq reported a decline in turnover in Germany, Switzerland and the Netherlands. In these countries, Topdeq's business continued to suffer primarily from the crisis in the office furniture industry. All in all, the lower turnover in these countries could not be fully offset by the very promising development in France and the USA.

» In spite of the decline in turnover, Topdeq Germany remained profitable. The lower profit compared to the previous year, however, did not fully offset the start-up losses of the companies in France and the USA which remained within budget. Overall, Topdeq reported EBITA of EUR -1.5 (0.4) million.

» Topdeq USA continued to develop very favourably. The company has won numerous new customers by expanding its business to a 48-hour radius. Topdeq USA furthermore benefited from its successful internet presence because this sales channel is used by an above-average number of customers in the USA.

K + K AMERICA. The segment generated a turnover of USD 158.3 (158.0) million, up 0.2 percent on the previous year. Due to the weaker US dollar, turnover reported in euro, however, fell to EUR 143.4 (176.1) million. K + K America accounted for 39.8 percent of the group's total turnover. This development was mainly attributable to the slow recovery of the US economy, which has primarily affected C&H Distributors. In contrast to the general trend, Hubert, which serves customers mainly from the service sector, reported comparatively satisfying figures. The turnover and profit of the Canadian company, Avenue Industrial, increased as well.

» The profitability of K + K America improved slightly, with EBITA increasing to USD 13.3 (12.4) million. EBITA reported in euro came to 12.0 (13.9) million. The earnings margin rose from 7.9 to 8.4 percent as the measures initiated last year to optimise costs took effect.

» The newly established company, C&H Productos Industriales Mexico, which mailed its first Spanish catalogue in January 2003, developed favourably. The company can use almost all existing systems and processes of C&H Distributors. This limits the risks and costs of the expansion to Mexico. Total incoming orders in the first half of 2003 exceeded the company's expectations.

THE TAKKT SHARE. The fourth Annual General Meeting of TAKKT AG, to which the Managing and Supervisory Boards of the company welcomed some 400 shareholders and guests, took place in Ludwigsburg on May 6, 2003. The re-appointment of the members of the Managing Board was also announced.

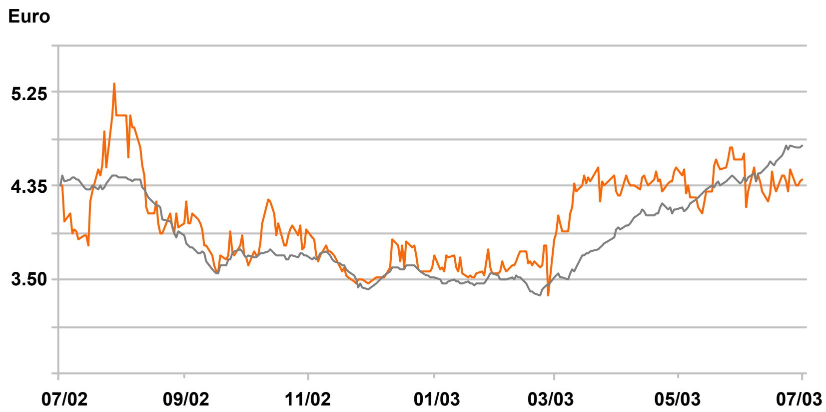
» All proposals made by the administration to the Annual General Meeting were approved by a large majority of shareholders. It was, for example, decided to pay an unchanged dividend of 10 cent per share – i.e. a total dividend of EUR 7.3 million – from TAKKT AG's net profit for the year 2002.

» At June 30, 2003, TAKKT had made no use of the approved stock repurchase programme. This programme has to be seen in connection with the convertible bond issued by the AXA Group. The conversion on November 12, 2003 will result in a scattering of the 10 percent share in TAKKT AG currently held by the AXA Group to numerous investors. TAKKT AG intends to actively accompany this conversion in order to cushion any possible short-term disruptions on the capital market. TAKKT plans a sustained increase in the free float.

» After the annual financial statements press conference, TAKKT informed over 25 institutional investors in Frankfurt, Edinburgh, London and Paris about financial year 2002 as well as about the strategy, profit and growth outlook of the group. Several investors also visited TAKKT in Stuttgart.

» The report on the third quarter of 2003 will be published on October 30, 2003.

Performance of the TAKKT share, 52 weeks comparison



TAKKT share   SDAX (indexed)   Source: XETRA

Consolidated Profit and Loss Account

(in EUR million)

	Q2		HY1	
	01.04.2003-30.06.2003	01.04.2002 30.06.2002	01.01.2003-30.06.2003	01.01.2002-30.06.2002
Turnover	169.6	193.1	360.8	399.1
Changes in inventories of finished goods and work in progress	0.0	0.2	0.0	0.0
Own fixed assets capitalised	0.0	0.0	0.0	0.0
	169.6	**193.3**	**360.8**	**399.1**
Cost of sales	101.5	116.8	214.5	239.0
Gross profit	**68.1**	**76.5**	**146.3**	**160.1**
Other income	1.8	2.0	3.6	4.2
Personnel expenses	23.5	25.7	47.8	51.6
Amortisation of goodwill	4.1	4.6	8.3	9.3
Depreciation of other intangible and tangible assets	2.5	2.6	5.0	5.3
Other operating expenses	30.3	33.7	62.5	69.9
Financial result	- 3.4	- 4.5	- 7.1	- 9.3
Profit before tax	**6.1**	**7.4**	**19.2**	**18.9**
Income taxes	2.1	3.0	7.2	7.6
Net income before minority interest	**4.0**	**4.4**	**12.0**	**11.3**
Minority interest	0.2	0.2	0.4	0.4
Net income	**3.8**	**4.2**	**11.6**	**10.9**
Earnings per share in EUR	0.05	0.06	0.16	0.15
Number of issued shares in millions	72.9	72.9	72.9	72.9
EBITDA	16.1	19.1	39.6	42.8
EBITA	13.6	16.5	34.6	37.5
EBIT	9.5	11.9	26.3	28.2
Average no. of employees (full-time equivalent)	1,898	1,949	1,903	1,955

Segment Information

(in EUR million)

01.01. – 30.06.2003	K+K EUROPA	Topdeq	K+K America	Other	Total
Turnover	181.6	35.8	143.4	0.0	360.8
EBITDA	30.1	- 0.5	13.5	- 3.5	39.6
EBITA	27.7	- 1.5	12.0	- 3.6	34.6
EBIT	24.3	- 2.2	7.8	- 3.6	26.3
Profit before tax	21.3	- 2.4	3.4	- 3.1	19.2
Profit after tax before minority interests	13.9	- 2.3	1.9	- 1.5	12.0
Average no. of employees (full-time equivalent)	871	228	778	26	1,903
Employees (full-time equivalent) at 30.06.2003	865	222	780	26	1,893

01.01. – 30.06.2002	K+K EUROPA	Topdeq	K+K America	Other	Total
Turnover	183.9	39.1	176.1	0.0	399.1
EBITDA	29.8	1.1	15.6	- 3.7	42.8
EBITA	26.9	0.4	13.9	- 3.7	37.5
EBIT	23.6	- 0.3	8.6	- 3.7	28.2
Profit before tax	20.4	- 0.8	2.3	- 3.0	18.9
Profit after tax before minority interests	13.5	- 1.3	1.1	- 2.0	11.3
Average no. of employees (full-time equivalent)	898	233	796	28	1,955
Employees (full-time equivalent) at 30.06.2002	895	233	788	27	1,943

Consolidated Statement of Changes in Shareholders' Equity

(in EUR million)

	Share capital	Capital reserves	General reserves	Other comprehensive income	Total equity
Balance at 01.01.2003	**72.9**	**0.0**	**83.9**	**- 7.2**	**149.6**
Currency translation differences	0.0	0.0	- 6.7	0.6	- 6.1
Dividend	0.0	0.0	- 7.3	0.0	- 7.3
Other changes	0.0	0.0	0.0	0.0	0.0
Net income for the period	0.0	0.0	11.6	0.0	11.6
Changes in derivative financial instruments	0.0	0.0	0.0	1.2	1.2
Balance at 30.06.2003	**72.9**	**0.0**	**81.5**	**- 5.4**	**149.0**

	Share capital	Capital reserves	General reserves	Other comprehensive income	Total equity
Balance at 01.01.2002	**72.9**	**0.0**	**80.8**	**- 5.3**	**148.4**
Currency translation differences	0.0	0.0	- 9.7	0.7	- 9.0
Dividend	0.0	0.0	- 7.3	0.0	- 7.3
Other changes	0.0	0.0	0.0	0.0	0.0
Net income for the period	0.0	0.0	10.9	0.0	10.9
Changes in derivative financial instruments	0.0	0.0	0.0	- 0.7	- 0.7
Balance at 30.06.2002	**72.9**	**0.0**	**74.7**	**- 5.3**	**142.3**

Consolidated Cash Flow Statement

(in EUR million)

	01.01.2003 - 30.06.2003	01.01.2002 - 30.06.2002
Net income (incl. minority interests)	12.0	11.3
Fixed asset depreciation	13.3	14.6
	25.3	**25.9**
Change in provisions	0.6	5.7
Other income / expenditure not affecting the movement of funds	- 0.4	- 0.8
Profit / loss on disposal of fixed assets	- 0.2	0.0
Change in stocks	1.3	- 4.5
Change in trade debtors and other assets not part of investing and financing activities	- 2.6	- 6.2
Change in trade liabilities and other liabilities not part of investing and financing activities	1.7	2.8
Net cash flow from operating activities	**25.7**	**22.9**
Proceeds from disposal of tangible and intangible assets	0.3	0.3
Investment in tangible and intangible assets	- 4.7	- 4.3
Net cash flow from investing activities	**- 4.4**	**- 4.0**
Change in gross borrowings	- 12.2	- 10.4
Dividends to group shareholders and minority interests	- 7.3	- 7.3
Other changes in shareholders' equity	0.4	- 0.1
Net cash flow in financing activities	**- 19.1**	**- 17.8**
Net change in funds	2.2	1.1
Effects of exchange rate changes	- 0.2	- 0.2
Funds at beginning of period	5.5	4.0
Funds at end of period	**7.5**	**4.9**

Consolidated Balance Sheet

(in EUR million)

ASSETS	30.06.2003	31.12.2002
Fixed assets		
Goodwill	255.9	276.6
Other intangible assets	5.5	6.5
Tangible assets	73.4	75.4
Financial assets	0.1	0.1
	334.9	**358.6**
Current assets		
Stocks	56.5	60.7
Trade and other debtors	87.2	88.2
Cash and cash equivalents	7.5	5.5
	151.2	**154.4**
Deferred taxes	**9.5**	**11.2**
Prepaid expenses	**17.8**	**16.2**
	513.4	**540.4**

EQUITY AND LIABILITIES	30.06.2003	31.12.2002
Shareholders' equity		
Issued capital	72.9	72.9
General reserves	69.9	60.1
Other comprehensive income	- 5.4	- 7.2
Retained earnings	11.6	23.8
	149.0	**149.6**
Minority interest	**4.1**	**3.7**
Provisions	**29.6**	**29.3**
Short and long-term borrowings	**266.9**	**291.3**
Trade and other liabilities	**63.8**	**66.5**
	513.4	**540.4**
Employees (full-time equivalent) at balance sheet date	1,893	1,914

Chairman of the Supervisory Board:
Günther Hülse

Management Board:
Georg Gayer (Chairman)
Alfred Michael Milanello
Franz Vogel
Dr. Felix A. Zimmermann

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