Annual Report
2013

DIGITAL

TRUST

PLATFORMS

GfK GROUP 2013
IN FIGURES

		2012[1]	2013	2013[2]	Change in %[2]
Sales	in EUR m	1,514.7	1,494.8	1,494.8	−1.3
EBITDA	in EUR m	194.1	225.4	225.4	+16.1
Adjusted operating income[3]	in EUR m	187.4	190.4	190.4	+1.6
Margin[4]	in %	12.4	12.7	12.7	-
Operating income	in EUR m	129.4	26.5	141.1	+9.1
Income from ongoing business activity	in EUR m	108.2	4.2	118.8	+9.7
Consolidated total income	in EUR m	64.1	−42.1	72.5	+13.1
Tax ratio	in %	40.8	1,111.5	38.9	-
Cash flow from operating activity	in EUR m	115.0	164.0	164.0	+42.6
Earnings per share	in EUR	1.43	−1.48	1.66	+16.1
Dividend per share	in EUR	0.65	0.65	0.65	+0.0
Total dividend	in EUR m	23.7	23.7	23.7	+0.0
Number of employees at year-end	full time	12,678	12,940	12,940	+2.1

1) Adjusted due to retroactive application of IAS 19 (2011).
2) Excluding the goodwill impairment of €114.6 million.
3) Adjusted operating income is derived from operating income. The following income and expense items are excluded: write-downs of goodwill, write-ups and write-downs of additional assets identified on acquisitions, income and expenses in connection with share and asset deals, income and expenses in connection with reorganization and improvement projects, personnel expenses for share-based incentive payments, currency conversion differences and income and expenses related to one-off effects and other exceptional circumstances.
4) Adjusted operating income in relation to sales (in %).

content

TRUST & DIGITAL PLATFORMS

Today, digital platforms are a fundamental part of business in many fields, or at the very least, are the basis for many decisions. The collection and analysis conducted on these platforms can provide knowledge which enables companies to orientate their business. Digital marketing is also largely based on such results and is a current trend as well. It is therefore not without reason that "Big Data" is presently a prominent theme in both the business world and public debate.

However, "Big Data" first and foremost refers to huge data volume. And in most cases, to a lack of context. So beyond sheer size, the mountains of data initially don't show anything valuable: no quality, no relevance. It is easy to find correlations in large data volumes – but do they really reveal causes and effects? Sample sizes can be quickly increased in the digital world – but this doesn't help against methodological errors.

Both the availability and the quantity of data are rapidly increasing in market research, too: whether the data comes from classic market research data sources such as panels and questionnaires, or from various other sources which are primarily generated in other areas, such as mobile communications.

In order to combine and analyze the multitude of market research sources and data, digital platforms are an essential element of GfK's strategy as well. They form the technical basis for many of our offerings and they increasingly allow us to integrate online and offline data sources – but not just for the sake of the data itself. Rather, they establish the platforms on which valuable insights on consumer behavior and wishes can be found through leading market research expertise and substantiated industry knowledge.

Only when we generate “Smart Data” in this way, will our clients have increased trust in the quality and relevance of the findings. Only then will they be willing to develop and implement business strategies based on the results of our work. In addition, all those involved must have trust in the collection, processing, evaluation and utilization of their own personal or commercial data to ensure that our business maintains a sustainable basis. Compliance with all applicable data protection laws, as well as the strict professional codes of conduct from the global market research organizations, are therefore key elements of our work.

Flexible platforms such as Evogenius, Crossmedia Link, StarTrack and DRIVE are all working behind the scenes. Tailored to the specifics of market and media research, they establish the basis for our professionals around the world in demonstrating their expertise. These platforms allow us to efficiently implement a wide range of products and projects for our customers.

It is with this in mind that we use our Evogenius platform to operate our TV audience measurement panels. It also delivers detailed analysis and planning functionality for program scheduling and advertising to both broadcasters and marketers. Turn to page 6 to read about the history, functionality and commercial importance of TV audience research. This report also includes a brief overview of our new product GfK Crossmedia Link (page 12). It bundles data on consumers' media usage across several platforms, including TV, internet and smartphones, into one source, enabling cross-media studies on advertising effectiveness.

In an interview, John Gerow from AstraZeneca describes a trusting client relationship (page 14). It has been supporting change in the company's marketing approach, as does a platform which provides access to all of the pharmaceutical company's market research activities.

Media-Saturn-Holding (MSH), among others, entrusts the StarTrack platform with its data. The platform is used for data processing and in-depth analysis of more than eight million articles worldwide, primarily in the field of technical consumer goods. Michael Reiner from MSH reveals how they have benefitted from GfK's expertise in various ways for around 20 years (page 20).

The Starwood Hotels & Resorts Group is using GfK Echo, which is based on the DRIVE platform, in order to further develop their interaction with guests. Matt Valenti from Starwood explains how this makes it possible to respond to guests' feedback in real time (page 28).

The four cases presented in the following magazine section are examples of how digital platforms shape not only our business, but that of our clients as well. They also demonstrate our ongoing commitment to ensure we are trusted by consumers and clients alike.

GUARDIANS OF THE CURRENCY FOR THE GERMAN AND INTERNATIONAL TV MARKET

TELEVISION AUDIENCE MEASUREMENT
NUREMBERG, GER
FEBRUARY 2014

Audience measurement is the "currency" and the basis for business decisions in the TV industry. The relevant data is provided by the Evogenius digital platform.

7

Usage data and audience ratings are the hard currency in the TV market: They are the deciding factors for broadcasters and their marketers, agencies and advertisers. In this context, GfK holds the position of guardian of the currency, so to speak. In Germany, as well as in many other countries, market players can rely on GfK's renowned TV audience research, "made in Germany."

At 8.30 a.m. the clock strikes for the moment of truth across the entire German TV industry, since that is when the programmers receive the ratings for the previous day. This information forms the basis for all business in the TV market. It defines success and failure. It decides whether, for instance, a show, a magazine or a series will be continued and determines the cost of an advertising spot aired during a particular program.

GfK has been measuring TV audiences in Germany since 1985. Initially commissioned by the public stations ARD and ZDF, today, GfK is under contract to AGF, an association of the public and private broadcasters in Germany. Along with ARD and ZDF, the association also includes broadcasters ProSiebenSat.1 Media AG as well as the RTL Deutschland media group. These broadcasters have a share of the German TV market verging on 90% and together, they commission GfK. Other TV broadcasters which are not members of the AGF can access the results of the research through license agreements with AGF.

Accurate to the second, round the clock, day by day, GfK measures how many viewers belonging to which audience group are watching which TV programs and for how long. The data gathered in this way helps to answer the most varied questions relevant to programming and advertising. Since Germany is the fourth biggest advertising market after the USA, Japan and China, the relevance of this should in no way be underestimated.

Measurements are based on a representatively selected research panel – a snapshot of all German and other EU households in Germany. With some 5,000 participating households reporting daily, comprising approximately 10,500 people, the television panel GfK operates for AGF is one of the largest of its kind in Europe.

STATE-OF-THE-ART TECHNOLOGY

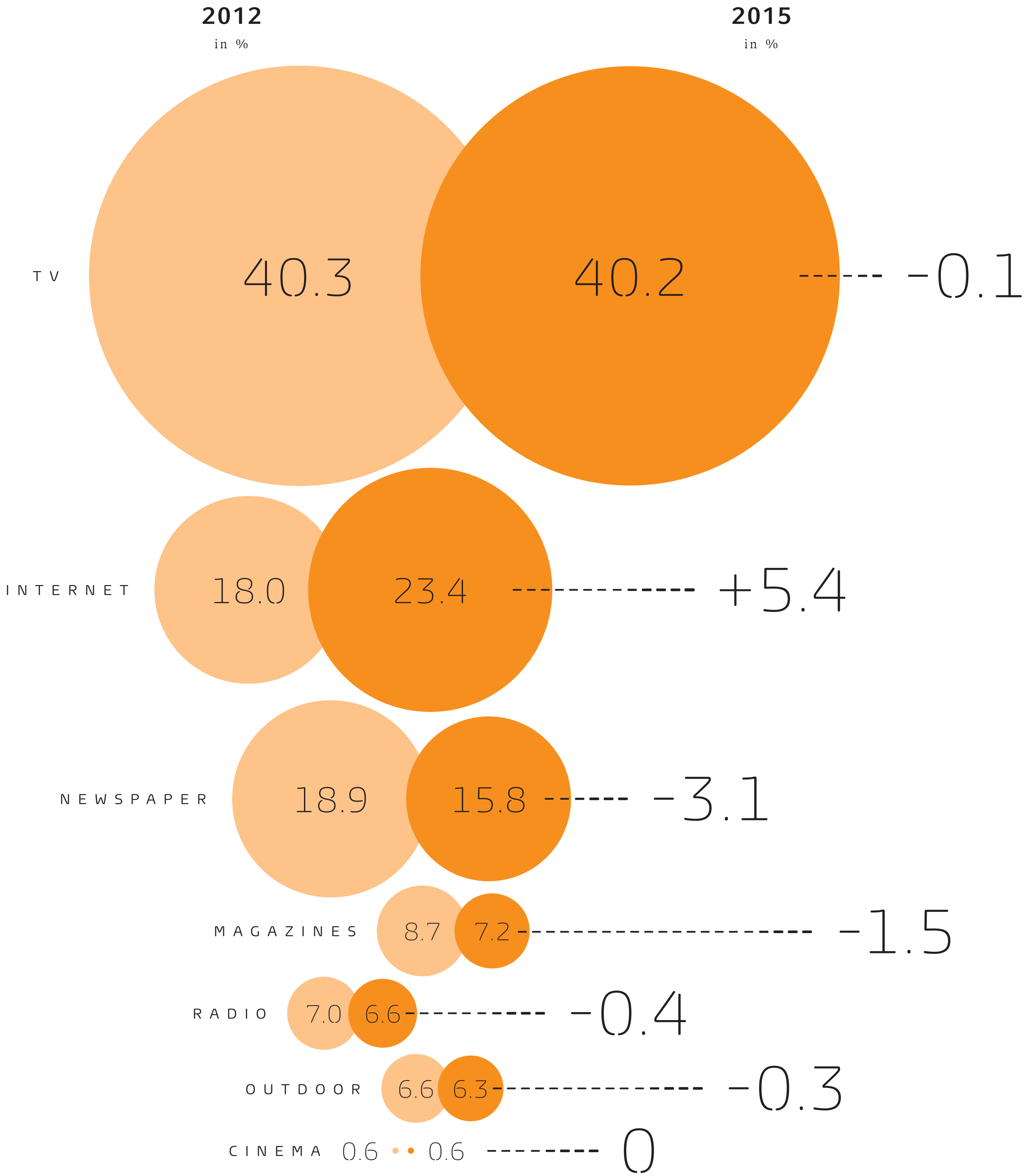
Since its inception, TV research and the technology involved have developed at a very fast pace. The launch of ZDF in 1963 signaled the beginning of audience measurement, which at that time was carried out using the "Tammeter" developed in the UK (the initials TAM stand for "television audience measurement"). While the "Tammeter" gave measurements which were accurate to the minute, there was a substantial time delay in delivering the results, plus the fact that these were only per household, and not per viewer. The recipients of the analysis were the ARD/ZDF joint venture "Infratam." In 1975, the "Tammeter" was replaced by the "Teleskomat," which could distinguish between up to six TV stations and seven family members and sent the data for the day to the "Teleskopie" headquarters overnight via telephone lines.

This basic system was retained when GfK took over audience measurement and analysis in 1985. At that time, the "GfK Meter" used by GfK consisted of a remote control, which panel family members would use to sign on and off, and an actual meter, the "Telecontrol 3." The successor to this model which had been introduced in 1985 was "Telecontrol 6," launched in 1991. This came with an optional memory card. It was followed in 1995 by the TC XL meter, which included such features as teletext page recognition. In 2003, the information collected by this meter was expanded to include digital TV channels.

Since 2009, GfK has been using the "TC Score" meter in Germany. The "TC UMX" was added in 2012. These meters have enabled GfK to adapt to the increasingly broad offering of TV program sources and equipment: Along with the classic antenna, cable and satellite broadcast systems as well as analog and digital transmissions, these days, TV programs can also be received via the internet (IPTV), for

TV will continue to play a key role in the advertising market, while online advertising continues to register growth

Advertising markets worldwide. Source: ZenithOptimedia



instance. For this, viewers mainly use specialized equipment, such as set top boxes or digital tuners and decoders integrated in their TV sets.

GfK is currently using "TC UMX" and an innovative audiomatching technology to identify the programs viewers are watching, irrespective of broadcast system or equipment. This makes the company a global leader in this area. While a viewer is watching TV, the meter will continuously measure the audio fingerprints embedded in the audio signal, and this data is then transmitted at regular intervals by mobile phone connection to the audiomatching center for further processing. The audio fingerprints delivered are then compared with the reference data to enable clear identification of the program content. This may be familiar to smartphone users as a similar system is used for online music recognition services.

Audiomatching means that the analysis systems in use are already prepared for future expansion into non-linear TV use, such as online moving image material.

SECURITY AND RELIABILITY ARE THE TOP PRIORITIES

The extensive relevance of TV audience research highlights the importance of the results as a basis for business decisions. GfK audience ratings often have an impact on millions of euros, which is why it is absolutely essential that the results are reliable and not susceptible to manipulation. With almost 40 years of experience in the field of TV audience research, GfK ensures that this is the case with a variety of precautionary measures.

ANKE WEBER, MANAGING DIRECTOR AT AGF, CONFIRMS:
»In GfK, we have a reliable and trustworthy partner. Our strong cooperation so far has recently prompted us to once again renew our contract until 2018, with the option of further extending it to 2021.«

To this end, a sophisticated quality management system verifies the flawless interaction of all the processes involved in panel operation, measuring technology and production systems. If the quality management system identifies any discrepancies, an investigation of the background to these is immediately instigated. Stringent compliance regulations apply within the company, especially for the highly sensitive area of panel household monitoring. If irregularities are discovered for a particular panel member, which might potentially stem from undue influence on that participant, GfK will immediately replace this panelist. Continuous external controls and regular validity examinations contribute to ensuring that the data basis remains accurate and reliable at all times. In addition, conformity with compliance regulations within the company can also be verified at any time by spot checks. The further processing of data is carried out at GfK's own high-security data centers.

DIGITAL PLATFORM PROVIDES THE BASIS FOR INTERNATIONAL GROWTH

Beyond this, GfK has developed a software platform called "Evogenius" (see page 10). In this, GfK has created a flexible and future-oriented software platform. With the increasing depth of measurement and data capacity, it can also monitor moving image offerings online.

From the original base in Germany, the TV researchers are now operating in many different countries, such as Austria since 1991, Belgium and the Netherlands since 2002, Portugal since 2012 and just recently, Lebanon. The company also carries out radio audience research in countries including Australia, Austria, Belgium, the Netherlands, Switzerland and the Ukraine as well as supplying the media currency for print products in the USA.

At the end of 2013, GfK entered the new market of Brazil. Commissioned by four leading Brazilian TV stations, Band TV, Record, RedeTV! and SBT, from 2015, GfK will be delivering the TV ratings for this important Latin American market. The GfK metering system for terrestrial, cable and satellite broadcasts will be installed in Brazil's 15 major towns and cities to provide data on more TV channels than the current Brazilian ratings system can deliver. Along with time-shift usage, Simulcast (simultaneous transmission of the same content) will also be measured. In addition, GfK will be offering real-time audience measurement in Brazil (see also box). A panel consisting of 6,000 households is planned. The five year contract signed in December 2013 is worth in excess of US$ 100 million and includes the possibility of selling the data on to other TV stations and advertising agencies – which opens up additional business opportunities for GfK.

Evogenius: GfK's digital platform for media consumption analysis

All data gathered by GfK for TV audience research is stored on a central software system: the Evogenius platform. The platform obtains its data from sources including the TC Score, TC UMX and TV-Logger meters, digital tools such as LEOTrace, the anonymizedfeedback channel information generated by the Genius Digital Software Agent, and the SENSIC Stream Agent integrated in video players.

The data processing and production component of the platform ensures that the data captured from all the sources is checked and if necessary, adjusted. The consolidated results obtained are then modeled and bundled for analysis.

Delivery tools subsequently ensure the further refining of the results in the categories and formats specified by clients. This element of the platform also assures the confidentiality of the valuable results.

The Evogenius platform also constitutes an important basis for the realtime-measurement and analysis which GfK will be offering in Brazil from 2015 onwards. It therefore represents a key step in the further development to ensure that clients are offered even more current and detailed information in the future than ever before.

The company is provisionally planning on engaging around 100 new employees for the project. GfK has been operating in Brazil since 2002 and currently already employs a local staff of around 300.

STEFAN RAUM, GLOBAL HEAD, AUDIENCE MEASUREMENT AT GfK, COMMENTS:

»Brazil is one of the most dynamic TV markets in the world, and the Kingdom of Saudi Arabia is a key country in the Arab world. For this reason, we are particularly delighted to have won these contracts. Our innovative technology and 40 years of experience in TV research are in demand all over the world. We are also planning on launching our systems in other countries.«

By venturing into Lebanon, GfK has taken its first step into the Middle East and with this, into another promising market. The company has established a panel with 440 households in Lebanon, with the first data delivered in January 2014. Although a competitor is operating a larger panel there, the technology in use is older. Based on its comprehensive experience in the representative selection of panel members, GfK is of the conviction that it will be able to deliver far more precise results, even with its smaller panel.

Just after the end of the fiscal year 2013, an agreement was signed with the Saudi Media Measurement Company (SMMC) for the introduction of a new TV audience measurement system in the Kingdom of Saudi Arabia. GfK will set up the first electronic measurement system for TV audience measurement in the country. Data delivery is expected to commence in 2015.

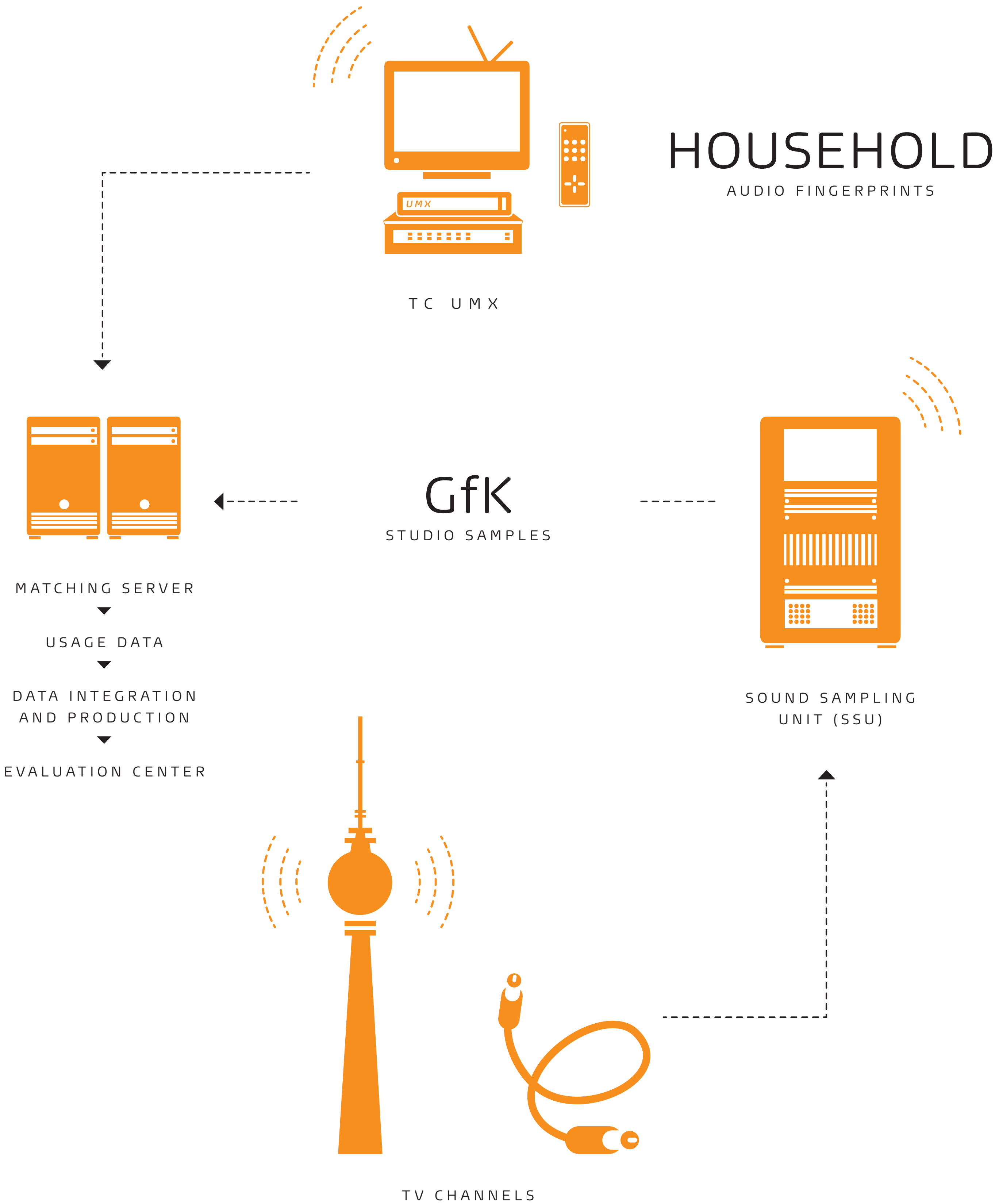
BUILT-IN FUTURE PROOFING

GfK TV audience research is not only organizationally and commercially oriented towards the future, but is also future proof technologically. In late summer 2013, GfK entered into partnership with UK-based Genius Digital. Their highly efficient data gathering and analysis process will be integrated into the Evogenius platform. A software agent developed by Genius Digital facilitates the direct transmission of anonymized data on channel selection and period of use from digital set top boxes and IPTV users via a feedback channel. The GfK platform can therefore obtain additional accurate TV usage data.

Television is not just watched at home on regular TVs or "connected TVs" (devices connected to the internet). Moving image content is increasingly also being watched on PCs and on the move, using

GfK UMX Audio-Matching

The "audio fingerprints" measured on the devices in the households are matched with those of the TV broadcast. In this way, which program is watched when on which channel can be measured.



GfK Crossmedia Link

Increasingly, advertising campaigns no longer purely comprise TV commercials, but instead involve an assorted combination of TV and digital elements. In these ever more important cross-media campaigns, it is possible to examine the impact of advertising across different media and devices. The new GfK Crossmedia Link investigates, for example, campaigns which incorporate social media in addition to TV and online advertising. To this end, separate panels that are independent of those for audience measurement have already been launched in three countries. There are plans to add a further six countries over the course of the year.

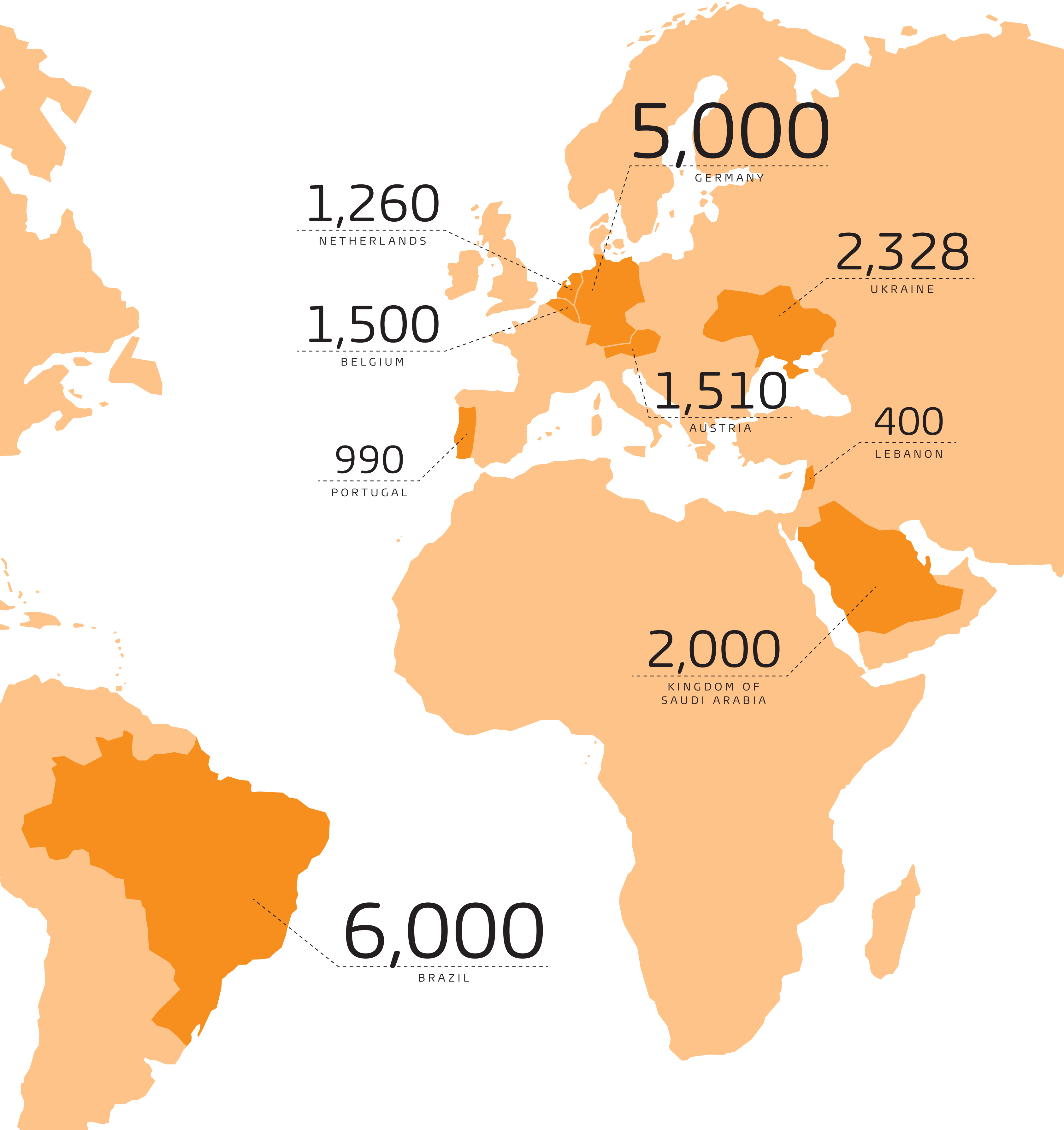
A wide range of different data on media usage can be connected with information on actual consumer behavior as measured by the panel. GfK Crossmedia Link therefore enables advertising clients to measure the success of specific campaign measures. For companies in advertising, this allows for specific campaign management and optimization in order to improve the long-term advertising impact, which can generate a greater return on what is often a rather large investment. In addition, media companies use GfK Crossmedia Link to deliver transparency on their cross-media offering and its benefits. Through this approach, GfK is emphasizing its competitive advantage of delivering clear value to clients through intelligent combination of types and sources of data. GfK offers this research and consultancy services in addition to its TV research offering.

notebooks, tablet PCs or smartphones. In line with the principle of "following the content," it is also possible to measure and deliver transparency on these diverse methods of TV usage for providers and advertising clients. GfK has developed technology specifically for assessing this online usage, including LEOTrace, among others. In addition to video streaming, it analyzes mobile internet use and online browsing behavior on both mobile and fixed-line devices.

From its beginnings to the customized solutions for any conceivable type of media and broadcast methods, GfK's TV audience research has always been at the forefront of the sector. Also in the future, the company is well equipped to take the lead in this important and fast-changing market.

GfK's Television Audience Measurement

The Television Audience Measurement business is expanding beyond Europe.
Data delivery in Lebanon commenced in January 2014.
It's scheduled to begin in Brazil and in the Kingdom of Saudi Arabia in 2015.



interview

MULTI-CHANNEL MARKETING AND THE CUSTOMER EXPERIENCE

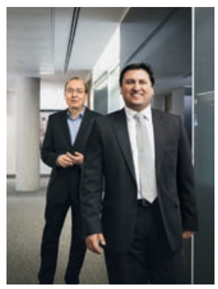
ASTRAZENECA
LONDON, UK
MONDAY, 10 JANUARY 2014, 10:30 AM

AstraZeneca is developing its multi-channel marketing strategy in close collaboration with GfK.

John Gerow (left)
and Vishal Jhanjee

John Gerow, Europe Director, Multichannel Marketing at AstraZeneca, believes the next evolution for pharmaceuticals sales and marketing will be inspired by frontrunners in other industries and how those companies understand their customers, with examples set in the consumer goods and technology industries. The pharmaceuticals sales model has traditionally relied largely on representatives interacting with physicians directly, but that model is moving toward multiple contact points and shorter interactions with the brand. In a candid conversation, Gerow said that AstraZeneca is working to understand the customer experience from different perspectives, such as the cumulative effect of brand interaction via different channels, and how that makes a customer experience memorable. "The better we serve our customers, the better they're able to serve their patients", says John Gerow. For him, actionable research plans play a major role in understanding the customer.

JOHN GEROW, ASTRAZENECA & VISHAL JHANJEE, GfK



ASTRAZENECA

AstraZeneca is a British-Swedish company focused on pharmaceuticals and biologic products. AstraZeneca is headquartered in London and has research departments located in Gaithersburg (Maryland, USA), Cambridge (UK) and Mölndal (SE). The portfolio of products covers many disease areas, but is strongly focused on oncology, respiratory/inflammation and cardiovascular diseases. AstraZeneca (founded in 1999 from the Swedish Astra AB and UK-based Zeneca) has a worldwide staff of 51,500, of which 29,600 work in sales and marketing and 9,000 people work in R&D.

What are the key drivers and challenges in the pharmaceuticals industry today?

JOHN GEROW: One of the challenges for our industry is the patent cliff, or the time when sales drop abruptly after a branded product loses market exclusivity. Other challenges include finding new medicines that make a real difference to patients and their lives, and addressing the low budgets of payers in the healthcare system. The governments and organizations that pay for pharmaceuticals today are cash-strapped and have difficulty funding new medicines that come to market. Thus, for us as an organization, it's highly important to differentiate our products by their efficacy and safety profiles. But we also differentiate through interaction with our customers.

How has your marketing strategy changed now that patients have more information about their own care?

JOHN GEROW: Today, an increasing number of patients conduct online searches for health devices or medication for themselves or their loved ones. This has fundamentally changed access to information in a way that was unthinkable for our industry five years ago.

The way that the world has shifted for consumers has also very much changed expectations of pharmaceuticals companies and our interaction with customers. This has changed the benchmark for

what makes good marketing. We need integrated marketing plans. We need to think about the customer journey in a way that we haven't done in the past. If you look at traditional marketing – in every industry, I believe – it started with a product, it went to service, and now to the customer's experience. Many pharmaceuticals companies are still focused on "telling a push message." The customer experience approach is a big step for most companies. Companies need to be looking at marketing in terms of measuring that experience and trying to figure out what makes a great customer experience for their brands.

How can market research help you identify what makes a great customer experience?
JOHN GEROW: Market research is an important part of the marketing plan. It's critical to get customer insights right. Often these insights are not shared or optimized within an organization. One of the things that GfK has done, which impresses me, is put all of our research on to a shared platform so we can actually access it for various purposes. I think that's an important step for a company like ours.

What did you learn through your work with GfK?
JOHN GEROW: The challenge was understanding our customers and learning how to do that. The premise going in was that the experience for our customers is much better if we serve them through a multi-channel approach. GfK conducted a study in one country, and we used the results to develop a multi-channel marketing strategy. The data from the study was so robust that it was hard to challenge the findings. It demonstrated that doctors believe that there is a different experience in different channels, such as the experience they have on our website, via our call center or when a sales rep does visit a physician. To a much greater degree, we were able to see the world from the customer's viewpoint. The study results about the multi-channel approach are something strong that we are taking back to the executive team and presenting as evidence.

We learned interesting things about which questions we can and should ask a physician. We also learned more about what makes a good conversation and how a doctor feels during an interaction with us. We found that the sum of all interactions across our various channels had a higher impact than that left by a single brand interaction. Doctors were far more engaged when we used a multi-channel approach.

Please describe your collaboration with GfK.
JOHN GEROW: It's not the normal buyer-vendor relationship. Usually, the vendor has a service and you try to determine if it fits your needs. In our collaboration with GfK, this wasn't the case. We were trying to create something that didn't exist before. In our case, we were trying to create a customer experience market research tool and dashboard. We needed GfK to be flexible in trying to figure out how to build something completely new.

For this, I think it takes a good partnership and people who really have the ability to listen and think outside the box to understand what we are trying to achieve. We're currently testing our new customer experience market research tool and dashboard in three markets across Europe. We expect to be able to measure our customer experience across all channels to ensure we are meeting our customers' needs. We have a good working relationship with GfK, with deep trust. We've invited GfK to our internal meetings to understand what we're trying to do, what our vision looks like. We have become true partners. The more informed GfK is about our journey, the better it is for us. And then GfK can tell us where we're spending our money wisely – and where we're not.

What changes are going on at AstraZeneca as a result of your work with GfK?
JOHN GEROW: There is a shift in mindset within the company. We're focused on insights to help us drive our multi-channel strategy. If we have a good strategy and execute it well, then we should see the results we want. If we don't see results, it potentially means that a particular channel does not work for a particular customer group.

As we move into a multi-channel world, it's a great thing for the organization to have solid evidence about what drives customer experience. If we were already thinking and talking in these terms across the entire company, we would have a different way to measure the success of our branding and marketing efforts. Our branding and marketing strategies would be more integrated and more oriented to the question: “Is this the right experience for this particular customer?” We’re getting closer to having a really good integrated view of the customer across various channels. It’s a work in progress.

What is your goal for measuring customer experience?
JOHN GEROW: Customer experience measurement outside of the pharmaceuticals industry shows that if you can drive a Net Promoter Score, you can drive market share. It may not be one to one, and the impact may not be visible immediately, but we see a correlation between customer satisfaction scores or customer experience ratings and the potential for profitability. The pharmaceuticals industry will get to this point, too, in my opinion. Have we created a model to measure that? No, but we’re on the way. We are getting a benchmark, and where we have a benchmark line, we are going to track it, in order to improve our customer experience scores.

Speaking of benchmarks... where do you see yourself in the industry?
JOHN GEROW: I believe we’re a leader in multi-channel marketing because we have a planned and structured approach. When we launch a new channel in a market, we track the success, and we share information about the failures among the multi-channel marketing team. We know what has worked and what hasn’t. Banks have long called their customers to tell them about new services. In many cases, we have found that direct calling works for us, too, if we have new information to provide, as opposed to just a sales pitch. We know what a good market research agency looks like, what a bad one looks like, and we understand the profile of our people who are successful in particular channels. So over the last three years, we’ve built expertise that has been transferred from one market to the next through our regional and global teams.

What’s your expectation of GfK in the future?
JOHN GEROW: I am passionate about multi-channel marketing, and I want my market research company to be passionate about it, too. GfK really loves its market research products and is convinced about what it can do for me. GfK really understands my journey.

Based on our current cooperation, I fully expect GfK to continue to challenge me in a focused way and bring me new ideas. I appreciate our GfK portal, where we get all our research in one spot. In the future, I can imagine that we will look even more holistically at our efforts to market across multiple channels, based on the data, information and insights GfK provides, also from other industries. The faster GfK helps me learn and spread that knowledge across AstraZeneca, the better a partner GfK will be.

John Gerow, Europe Director Multichannel Marketing at AstraZeneca
Vishal Jhanjee, GfK Global Key Account Manager

interview

GfK IS THE GLOBAL CURRENCY FOR TECHNICAL CONSUMER GOODS

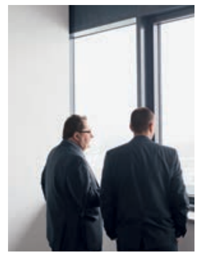
MEDIA-SATURN-HOLDING
INGOLSTADT, GER
FRIDAY, 28 JANUARY 2014, 11:30 AM

Media-Saturn-Holding has been cooperating with GfK in a trusting relationship for around 20 years and benefits from the combination of retail panel data with other findings.

Michael Reiner (right)
and Markus Tuschl

MEDIA-SATURN-HOLDING

With its Media Markt and Saturn retail brands and associated online shops, as well as internet pure players redcoon and 003.ru and their own brands, the Media-Saturn Group (MSH) is Europe's market leader in multi-channel consumer electronics retail. The cornerstone of the company's philosophy is to provide customers with the best possible products whenever and wherever they want. This means ensuring constant availability, the very best service and a fair, competitive price. Over the past two years, Media-Saturn has transformed itself into a multi-channel retailer and is now in the process of developing new concepts, channels and content.



MICHAEL REINER, MEDIA-SATURN-HOLDING & MARKUS TUSCHL, GfK

MARKUS TUSCHL

What is the strategic approach behind your cooperation with GfK on the retail panel?

MICHAEL REINER

I regard GfK as a "global currency" for the electronic and non-food markets. Any organization aiming to operate at international level will need to have its performance measured and compared to others. This applies equally to brands, manufacturers and retailers. To operate professionally in this area, you need to know your position and how the market is developing. Having this information is the major advantage of GfK, from which we can also benefit. That is why we are working together in this strategic cooperation.

MARKUS TUSCHL

Are you happy with the cooperation?

MICHAEL REINER

It is coming up to 20 years since I joined the company and we have worked together throughout that time. This long-standing mutual trust is a testament to the fact that there is a very high level of satisfaction. Together with GfK, we have made quantum leaps in the timing of the reporting in recent years. Yet the market environment is also changing at an increasingly fast pace, but we believe there is still some potential here.

MARKUS TUSCHL

How important is your cooperation with GfK in different countries, beyond Germany?

MICHAEL REINER

We are a group in which individual stores operate with a high level of entrepreneurial independence. At our headquarters in Ingolstadt, Germany, we are in charge of the corporate strategy. This is where we create our brand strategy and develop the related action plans. In addition, we need direct local cooperation between our companies and GfK in the various countries. We set the strategic framework, which is then supplemented by the more operationally-focused strategy of the respective location.

»KEY ACCOUNT MANAGEMENT IS A CORE ADDED VALUE.«

MARKUS TUSCHL

In this configuration, what does the key account manager mean for you as the direct contact?

MICHAEL REINER

The key account model is a core added value. I need a central contact who will organize all the necessary aspects in the best interests of all parties involved. I need someone on the other side, so to speak, who has the expertise, but at the same time also the authority to get things done. Someone to rely on. Having a partner at GfK who fulfills these needs is very important for us.

MARKUS TUSCHL

What is your opinion of the increasingly globalized set-up of GfK?

MICHAEL REINER

I have only ever known GfK as being a global company. GfK as a whole, the retail panel and indeed, the entire retail industry team have always had a global outlook. We speak one language, focusing on consistency. For example, if I am measuring a particular item or product group in Turkey, I must be certain that its definition is not completely different in Spain or Italy. As our international partner, GfK provides this guarantee.

MARKUS TUSCHL

What do you consider to be GfK's strengths? Is there anything you feel is still missing, or that is not working so well yet?

MICHAEL REINER

If a colleague in my company comes and asks me questions such as "How is the online business developing in Greece?", they are not asking about a particular market research tool. My response has to cover the entire spectrum involved. We also work closely with GfK on consumer panels. This offers an ideal opportunity to combine data: What is selling well in retail, and how we can monitor the flow of goods? And on the other side, we ask: Which consumer groups are involved? If our consumer panels had the same global coverage as we do with the retail panel, amazing possibilities would open up for us, not least the option of being able to link data. GfK should perhaps take this as a challenge – to use the exemplary approach to the retail panel as the model for also advancing the consumer panel in other countries.

»BEFORE MAKING A DECISION THAT INVOLVES A COMMITMENT OF 15 YEARS, I NEED A NUMBER OF SOURCES.«

MARKUS TUSCHL

So linking different GfK data from various areas is key?

MICHAEL REINER

Yes. Fundamental decisions always involve a number of tools. If we are aiming to establish a new store in Turkey, for example, I need the retail panel to assess the market environment. However, I also need information beyond what the retail panel delivers. For instance, per capita expenditure, and I need a specialist who can tell me where I can find such information. I cannot make any decision concerning the opening of a store on the basis of incomplete data which covers only some portion of the market. Wherever possible, I aim for 100 % coverage. The analyses generated by the Geomarketing department are therefore also required. Before making a decision that involves a commitment of 15 years, I need a number of sources.

MARKUS TUSCHL

Is this just about sources or also about consulting expertise?

MICHAEL REINER

A well-qualified partner is equally important. However, can you think of any other company that has opened as many consumer electronics retail stores as we have? In this regard, we are the professionals and we have our own expertise. Nonetheless, we are constantly adjusting this process and we rely on the initiatives and impulses coming from a partner such as GfK. It is a dynamic process.

MARKUS TUSCHL

Does this include reporting on individual regions and stores, for example

MICHAEL REINER

Market research must be grounded. This means, I also have to know what is happening at grassroots level in individual stores. Store managers of a particular store are not interested in the overall development of the panel. They want to know about the position of their store and region in comparison with others. In this respect, we have set up a great pilot project in Germany together with GfK. Today, I can not only tell my colleagues how certain products have performed within Media Markt, but I can also provide a breakdown according to individual regions and stores. The appeal of this is that I can put all key data into a few presentation charts and then take action accordingly.

MARKUS TUSCHL

Where do you see opportunities in combining data?

MICHAEL REINER

You have to know your goals. We use mystery shopping, customer surveys and representative image analyses. We also know a lot about the general environment of our stores. However, a major aspect is that the purchasing decision is increasingly not being made at the point of sale. Take advertising in the subway or information on smartphones – these are influencing purchasing decisions. And it is only going to grow. So the question is how to get access to data which is not generated directly by retailers and how to show the entire market. This is a very interesting subject and the greatest challenge in the field of panels and other research tools.

MARKUS TUSCHL

How do you integrate data and analyses provided by GfK in your strategic planning and tactical implementation?

MICHAEL REINER

Out of the vast amount of information, I have to generate products which will demonstrate the situation to management at a glance in just a few charts. Conversely, we also have to examine the product groups in detail. We more or less develop our own products from the information GfK provides. This makes its use so much easier for us, because everyone in our company knows exactly what they are getting.

MARKUS TUSCHL

At which level is the data used?

MICHAEL REINER

Requests come from the most varied levels of our company, and always earlier than the data is available. It does not matter how fast GfK delivers – the requests are there first. That is great. If this was not the case, it would mean the information is not important. Of course, the data is also used to inform our shareholders about developments in the market and our position in relation to this.

»WE MUST ADAPT TO AN EVER RISING SHARE OF OUR PRODUCT RANGE BEING ORDERED FROM ALL KINDS OF ONLINE APPLICATIONS.«

MARKUS TUSCHL

Can you provide specific examples of individual users of the information, for example, in a store?

MICHAEL REINER

If a store manager is repeatedly informed that their store has an over-dimensioned offering in a particular product range, they will have to check whether something needs to change or if this is a strength worth maintaining. This shows that we ask qualified questions based on the data, and the decision-makers on site will then have to handle that and act as they deem appropriate.

MARKUS TUSCHL

To what degree has mobile internet use and changing consumer behavior affected your strategy?

MICHAEL REINER

The online share of our product groups is growing, although not quite as fast as in earlier years. We must adapt to an ever rising share of our product range not just being ordered from home, but from all kinds of online applications. That is why we are working with experts from the consumer panel and are distinguishing between e-commerce share, download share and traditional store sales. In dealing with these interfaces, we are not just thinking about how to obtain the data, but also what we as a company are going to do with it. If I, in my market research function, point out that an increasing volume of business is done on a particular channel and that we are under-represented there, market research becomes an element of strategy definition and the process of fine-tuning the targets. This works very well.

»OUR ONLINE/OFFLINE BALANCE WILL DEVELOP TO MATCH THE MARKET CONDITIONS.«

MARKUS TUSCHL

What trends have you identified in the combination of your online and offline business?

MICHAEL REINER

The difference in our online and offline shares is akin to that between a mouse and an elephant. While we do not intend to be at the same level in three or four years, we are aiming for a different balance: In the medium term, we think the ratio will be 25% online to 75% offline across all product groups. However, in the entertainment sector, we believe the balance will shift strongly in favor of online. But there are other areas, such as white goods, where the online share is lower. Our overall online/offline balance will eventually develop to match the market conditions.

MARKUS TUSCHL

Thinking five years ahead: How can GfK support your company as it moves forward?

MICHAEL REINER

The share of purchases which no longer involve a store will grow. In line with this, GfK will have to adapt its various tools accordingly and combine its systems intelligently. This poses a major technological challenge. It means that the retail panel data will need to be combined with consumer-generated data, then special extrapolations made, all the while avoiding duplication and similar inaccuracies. It is a complex business. However, I think this is what the future holds.

MARKUS TUSCHL

How do these changes affect your own remit as a market researcher?

MICHAEL REINER

There are some completely new activities in my area which did not exist several years ago. The product portfolio of a professional market research department is just as subject to change as the offering in the market. Today, for example, I have to measure our performance for how we come across on the internet. Several market leaders have set the online benchmark, which we are aiming to achieve. Downloads is another area we will have to examine systematically and to this end, we are working with GfK in the entertainment sector. With all these changes, we are also experiencing the emergence of new fields of data and related information requirements. It is a dynamic environment to which we have to constantly adapt. Micro-geography is another example. That is, identifying the catchment areas of our stores and where the consumers are coming from. Illustrating market shares and zip code analysis by color-coding will no longer suffice. If you are dealing with online business, you can analyze it in far more precise detail. There are always new requirements to which we have to adapt, whilst ensuring that with all this going on, we do not lose sight of the wood for the trees. We have to be responsive, but at the same time remain calm and composed.

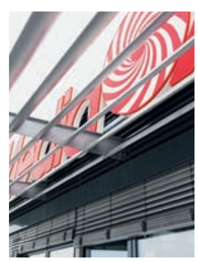
MARKUS TUSCHL

Thinking further ahead to the future, what would you wish for?

MICHAEL REINER

An integrated solution that merges all the different tools. Of course, this is a major challenge, even for GfK, irrespective of whether this involves the integration of retail and consumer panels, or other tools. From the technical perspective, a side-by-side solution would perhaps be far simpler. Yet the faster speed and consistency achievable with a more highly integrated approach would be very helpful to us. Naturally, there would be some degree of inaccuracy, but in the case of such a global currency of data, that would be the case for every player in the market. I am certain that GfK will perceive the signals from the market and rise to the challenge.

Michael Reiner, Head of Market Research/Analysis at Media-Saturn-Holding
Markus Tuschl, GfK International Key Account Manager



interview

GUEST EXPERIENCE INTELLIGENCE AT STARWOOD HOTELS

STARWOOD
FRANKFURT, GER
FRIDAY, 12 FEBRUARY 2014, 07:30 AM

GfK evaluates the experience of Starwood's guests through various data sources. All data and analyses are made available globally through a platform-based portal.

Matt Valenti (right)
and Erik Andersen

STARWOOD

Starwood Hotels & Resorts is one of the world's largest hotel and leisure companies with 1,200 hotels in 100 countries. According to Starwood, travelers want a better way to experience the world – and Starwood's branded portfolio of properties is a way for them to achieve it. Starwood selected GfK to partner with them for their Guest Experience Index (GEI) program. This program integrates guest survey results, property quality ratings, social media commentary, and other key metrics into a unified performance-monitoring portal provided by GfK. Through the GEI program, Starwood is able to drive change through the organization and improve guest experience globally.

MATT VALENTI, STARWOOD & ERIK ANDERSEN, GfK

How would you describe Starwood and what are some current challenges relating to guest experience?

MATT VALENTI: We're a branded lifestyle company that seeks to activate our brands to give memorable experiences to our guests. One of our biggest challenges is that we operate brands in one hundred different countries and with a portfolio of 1,200 different hotels. We want to make sure that we're delivering great experiences consistently around the world. With our mix of owned, managed, and franchised properties, we have to coordinate multiple stakeholders in order to deliver that experience consistently.

We want to make sure that we know our guests well, and that we deliver personalized experiences. So we must have a good understanding of guest needs, how to exceed their expectations, and ultimately how to delight them.

What kind of changes do you see with guests?

MATT VALENTI: Guests tell us "You should know me. And if you have information about me, I shouldn't have to tell you again – especially if I've been staying at your portfolio in a variety of different ways." So, having quality dialogs and interactions with our guests is very important. We want to make sure that we bring relevant data to our operators as quickly as we can and in the most relevant way so that we can really take action on it.

Which guest experience activities are supported by GfK?

MATT VALENTI: GfK is our partner in delivering our Guest Experience Index (GEI) program. That includes the fulfillment of various guest surveys as well as all the reporting that everyone relies upon to look at real-time data and take action. The program serves anyone who has an interest in understanding what the guest experience is – whether that relates to a specific property or across multiple properties, a specific area in the world, a particular brand, or anything in between.

Could you give an example of someone working with such data?

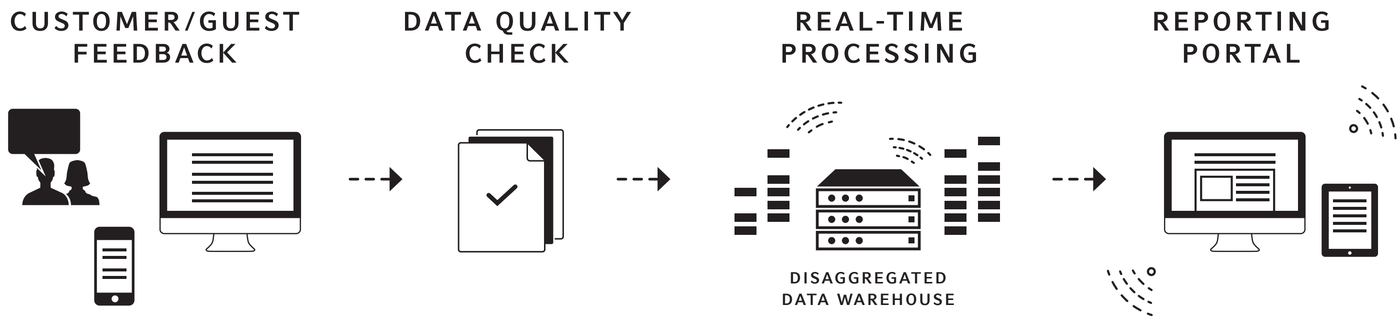
MATT VALENTI: Our associates at each hotel are very aware of their GEI score and what it means. A key feature of GEI involves "Hot Alerts." So if something goes wrong for a guest, management can follow up right at the property. Our new in-stay survey helps us do that immediately in the food and beverage outlets. And that pertains to both hotel guests and local patrons at our restaurants. These are examples of where we are catching feedback for direct use by our hotel staff.

Are guests actually giving feedback about their interaction with you because they see there may be an immediate response?

MATT VALENTI: We make sure that we are listening to our guests around how they want to dialogs

GfK ECHO

To manage its Guest Experience Intelligence program, Starwood utilizes GfK Echo, a transaction-based system operating on the dynamic DRIVE platform. GfK Echo captures and aggregates customer feedback data, bringing it to clients in realtime and thereby providing a complete picture of their customers' experiences. GfK Echo can incorporate input from multiple sources and formats, including customer profiles, enterprise financials, social media, mobile data and other passive metrics as well as feedback data from sources such as phone or online surveys and individual feedback. With GfK Echo's user-friendly data graphics, clients can instantly view customer experience data at customer, unit, and enterprise levels. They can also see their overall customer experience score, understand developments over time, identify focus areas for action or see what customers are saying online about their experience. Integrating Big Data into the entire process and turning it into smart data, GfK Echo takes acting on customer feedback to new levels of quality and speed: Clients can implement concrete actions immediately or develop suitable strategies to sustainably improve their customers' experiences.



with us. And part of the redesign of our legacy program into the current one was very much a result of asking people why they do surveys. The things we heard were "I love your company; I love your brands; I want you to do well; Show me you use it; I'll give you more feedback." Some prefer to post on social media while others prefer to do surveys. The design of our program is fundamentally to allow guests to talk to us from day one on the experiences and visits they chose and in the way they prefer. So, a lot of the infrastructure components are to provide these opportunities in a flexible way.

Have you seen the feedback increase since the introduction of the program?
MATT VALENTI: Yes. We have seen an increase in the quality and speed of the interactions with our guests. And there is even more interest in how we make it faster, or have it very much focused on collecting feedback before they leave the respective property.

You said that you are collecting data from different sources. Where do you see the strengths of the system and the approach that GfK offers?
MATT VALENTI: GfK showed the best at bringing data together in one place. The portal is designed so that users can look more holistically at the guest experience across the different data sources. And with GfK's help, we are able to track performance on key indicators so that properties know what the numbers mean in relation to the overall guest experience.

The in-stay survey is another component that is fully integrated within the portal. We use it to push out data to relevant components in our portfolio. And when teams are e-learning on guest service and guest experience, the data allows us to make the training more dynamic and personalized for individual properties.

We very much look at it holistically: bring the data together to serve the properties better. We want to make it easier for our teams to see what is important, and then also have that data at our fingertips.

Can you give an example of how this information impacts your corporate strategy?
MATT VALENTI: When we talk about personalization and our fundamental belief that people want a better way to experience the world, our goal is clear: We want to make our guests feel special and recognized every single time. So we fundamentally need to make sure that we are excellent at understanding our performance in relation to their expectations – first, delivering against expectations to avoid disappointment, and then focusing on delighting our guests.

»THIS PROGRAM TRULY TRANSFORMS STARWOOD INTO A MORE POWERFUL ORGANIZATION.«

Our CEO talks about how, when we launched GEI, we made enhancements based on listening to our properties and continuing to evolve the program. Having a holistic view of guest experiences and an ever-increasing dialog with our guests is the mentality that we need to have going forward as a company. So, our approach is indeed articulated at the highest levels at Starwood in a regular way as a success factor in our principle of "personalization and technology" and bringing these elements together to deliver a better experience to our guests.

So this is not just about an aggregated score in some management reports. And when we talk about our goals as a company, GEI is right in the middle of many of those conversations.

Is social media a part of the program?
MATT VALENTI: The portal has an automated data feed that brings in a wide range of guest reviews from our websites. Properties can look at that source of information right next to the survey results they receive from guests. So as a strategy, we invest in communicating more broadly and in an expanded infrastructure to allow greater guest dialog.

In the ideal world, what kind of additional information sources would you use and what kind of integration of data would you envision?
MATT VALENTI: We need to offer guests the opportunities to provide feedback in the way they want, when and how often they want to give it. As technology evolves, our feedback system must be flexible. Ultimately, what I envision is bringing this all together as a 3D hologram of each property. So our people can look at it and identify where things are going well – or not. Ideally, we want to be able to drill down to targeted actions that need to be taken for a specific type of guest, a particular type of room, or a certain team that is responsible for that part of the hotel.

The more we capture high quality data at different touch points, the more actionable it will be. And as we show guests that we are listening and using the information offered, they will continue to provide their input to us.

What do you expect from a partner like GfK in the future?
MATT VALENTI: One of the reasons we picked GfK was that we felt you were the best in understanding what we wanted to accomplish. So that is a core feature of the relationship. Also, we were looking for a partner, not a vendor. Large parts of our conversation are about the different kinds of GfK's capabilities that we might want to integrate into our program.

»THE PORTAL AND THE PLATFORM BEHIND IT RADICALLY CHANGE HOW WE INTERACT WITH OUR GUESTS.«

So, it is a fun spot to be because by understanding how our properties use data, or by thinking about the alignment across our entire portfolio, we can envision new services and capabilities within this program that have not been built yet. And now that we have this infrastructure built, we can expand upon it. We very much want to stay true to that partnership we have, but take it to another level.

The biggest expectation that I have is how we can be even more proactive, and use what we've learned in our partnership to create something new.

How important is trust in that partnership?
MATT VALENTI: You've got to have it, and we do have it. We envisioned a portal that can

also capture other data and push other data out. We do that now. That gives us great confidence and trust in the system. When we see other possibilities of aligning the data we measure, we know that we have the infrastructure and we know how to communicate with each other. One of the bright points of the relationship is that we had a lot of different aspirational components of what this program could be. Now, barely even three years into it, we're not far off from what we originally envisioned.

What do you like about working with GfK? What do you like about the collaboration?
MATT VALENTI: I like many things about working with GfK: I like the active listening from the team. I like the willingness to help bring to life our vision of approaching the dialog with our guests in a different way. And I like the collaboration across disciplines. This has been very important to us in our planning and visioning sessions – whether it was project management, the customer relationship side, IT, or visualization. We can really say the GfK teams involved in our program have an understanding of what we are trying to accomplish, so that we can make the best decisions. And we love the portal. It's the face of GfK to our colleagues worldwide. Our collaboration has been a success – and we look forward to making it even more successful.

Matt Valenti, Vice President, Guest Experience Intelligence at Starwood

Erik Andersen, Vice President, Consulting; Brand & Communications, GfK

GfK GROUP

DR. ARNO MAHLERT

CHAIRMAN OF THE SUPERVISORY BOARD
OF GfK SE

REPORT BY THE SUPERVISORY BOARD

Dear Shareholders,

In 2013, the GfK Group made significant progress with the implementation of its Own the Future corporate strategy. The experiences gained to date have comprehensively confirmed the success of the Group's chosen direction. After extensive reorganization in the previous year, the second year of implementation focused on the realignment of GfK's range of products and services. The aim was to replace the numerous locally developed products, for which the margin pressure is rising, with a global standardized client offering, creating the basis for economies of scale and the inclusion of digital products. Both sectors of the business recorded initial successes as part of this process. In particular, media research contracts for several years were signed in Australia, Brazil and recently also Saudi Arabia. Another focus was to optimize and adjust in-house management systems and processes in line with the matrix organization. The Management Board regularly reported to the Supervisory Board on progress regarding all major projects as part of this transformation process. The Supervisory Board also ascertained that managers, employees and external stakeholders in the various regions are generally committed to the new direction. In addition to the Management Board's progress reports, the findings of the employee survey, interviews with clients and discussion with shareholders and the Supervisory Board Chairman's participation at the Think Future management conference in February 2013, as in the previous year, all contributed to confirming commitment levels. Close observation of the ongoing work reinforced the Supervisory Board's impression that cooperation in both the Management Board team and between the Management Board and executives in the Group is constructive and friendly.

The Supervisory Board encouraged the Management Board in its efforts to drive forward the company's restructuring as rapidly as possible, with a view to completing the transformation by the end of 2014. Restructuring of the Group would therefore be limited to the period from 2012 to 2014.

In its meeting on 4 December 2013, the Supervisory Board of GfK SE unanimously resolved to extend the contract of CEO Matthias Hartmann by a further five years until 30 November 2019. With its unanimous decision, the Supervisory Board also confirmed its full support for the further implementation of the corporate strategy. Under the leadership of Matthias Hartmann, the strategic and operational development of the company will consistently be advanced.

GfK's development in 2013 was satisfactory, taking into account the challenges and charges arising from restructuring as well as preproduction costs and investment in new products and systems, which were above-average by a considerable amount. In agreement with its Supervisory Board, the company focused on sustainable improvements in operating profit. By refocusing on high-margin business in the Consumer Experiences sector, GfK accepted a minor decrease in sales, which was as a result of currency effects. However, the Supervisory Board believes that the significant expenses to achieve growth in sales and margins in the medium and long term are proportionate in terms of their amount and in relation to the expected potential business.

The achievements of 2013 were the result of a high level of commitment from all those involved. Structural changes that were introduced within the company were put in place with a great deal of determination and motivation, and a high level of dedication was shown in the expansion of client business. The Supervisory Board would like to express its thanks to the staff, employee representatives and the Management Board. Our thanks and appreciation also go to the GfK Group's clients and business associates for their continued trust in the GfK companies, products and services in 2013, as well as for their many suggestions on how we could further improve the service we offer.

GfK once again achieved first place in the WoB index (Women on Board), an annual award given by the FidAR (Frauen in die Aufsichtsräte e.V., Association of Women on Supervisory Boards) initiative. The ranking is based on the number of women on supervisory and management boards and, as in previous years, our company had the highest proportion of women on the supervisory and management boards out of all 160 companies listed on the DAX, MDAX, SDAX and TecDax in Germany. This distinction recognizes our sustained efforts to ensure that not only professional and personal suitability are taken into account when appointing members of management and supervisory committees, but also a balance in terms of diversity.

In financial year 2013, the Supervisory Board continued to discharge its obligations with due diligence according to the law, the Articles of Association, the German Corporate Governance Code and the internal regulations of the company. The Supervisory Board regularly advised the Management Board on management issues and monitored its activities. The Supervisory Board was involved in every decision of essential importance to the company. The Management Board kept the Supervisory Board regularly and comprehensively informed of any matters relevant to its remit at the appropriate times in both written and oral form. The main issues were the implementation of the new strategy, the Group's business development, its income and financial position, personnel situation, organizational development, business policy, corporate planning, investment program, compliance and risk management as well as goodwill amortized in December 2013 following an impairment test. Intended acquisitions and increased shareholdings were additional topics for review, detailed information on both of which was provided to the Supervisory Board by the Management Board, including on transactions that did not require approval. Investments made in recent years were also assessed.

Between board meetings, the CEO and his colleagues on the Management Board discussed every issue of importance to the company with the Chairman of the Supervisory Board. The Deputy Chairman of the Supervisory Board and the Chairman of the Audit and Personnel Committees were also in constant contact with the Management Board.

The irregularities uncovered at our Turkish subsidiary GfK Arastirma Hizmetleri A.S. in 2012 induced the Supervisory Board, together with the Management Board, to review the structure and business processes within GfK in terms of compliance. This review was carried out with the support of Kroll, a firm of renowned international consultants on risk management and compliance. The measures proposed are being implemented by the Management Board. For further information, please refer to Sections 10. and 19. of this Annual report.

MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES

In financial year 2013, the Supervisory Board met in person five times. At these sessions, the Management Board reports were intensively discussed, and the prospects for the Group's growth were examined in detail and voted on accordingly. The main topics included the annual financial statements for 2012, business development in 2013, the 2014 budget, investment measures taken to ensure the future global growth of the company, matters relating to personnel and the implementation of the Own the Future strategy.

The Supervisory Board's meeting in September generally takes place at a subsidiary in one of the corporate regions. In September 2013, the meeting was held in Paris, France. The aim of these meetings outside Germany is to become better acquainted with local markets, local clients and local management in a foreign country. A primary focus of the September 2013 meeting was the implementation of the new organizational structure. The many discussions conducted in Paris also convinced the Supervisory Board that the transformation process is well underway, despite some natural resistance. In the previous year, particular priority was given to growth opportunities in the BRIC countries during meetings. Meanwhile, new large-scale contracts for measuring TV and radio audiences have been awarded to GfK in Australia, Brazil and Saudi Arabia. GfK was not previously represented in any of these countries on the basis of such services. The Group will now use proven technology at global level, which is already in use in many European countries.

In the Consumer Experiences sector, a growing number of global contracts reflect the new corporate strategy. For example, GfK signed contracts with 10 clients from four different areas of industry for real-time analysis of customer satisfaction (GfK Echo). Launched in November 2013, GfK Echo is a digital product based on a new and uniform production platform which facilitates the analysis of global customer feedback.

In 2013, the Supervisory Board once again deliberated on the provisions of the German Corporate Governance Code and issued the declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) in December 2013. GfK is in compliance with the mandatory regulations, with the exception of two requirements, and complies with all the regulations where compliance is on a voluntary basis. The discrepancies are detailed and explained in the corporate governance report, which is published at ***www.gfk.com***

To ensure its own efficiency, the Supervisory Board is supported in its work by four committees: the Audit Committee, the Personnel Committee, the General Committee and the Nominations Committee. The entire Supervisory Board was kept regularly and detailed informed of the work of the committees, with the minutes of each committee meeting available to every member of the Supervisory Board.

The Audit Committee met twelve times in the period under review (five times in person, three ordinary conference calls and four extraordinary conference calls) and dealt with business development, the income and financial position as well as projected investments by the Group. Other key issues related to financial matters, the accounting system and valuation including interim reporting, the internal control system, internal audit, risk management and matters relating to corporate governance and integrity. In addition, the impairment test carried out in December and subsequent adjustments to the value of fixed assets were analyzed and approved.

The Personnel Committee met five times in person to deal intensively with the Management Board remuneration system and the definition of targets for Management Board members in light of management remuneration legislation. Further developments to the existing system were also adopted. The details are provided in the remuneration report in Section 4.7 of the Group Management Report. In addition, systems and the progress made in terms of staff development were discussed in-depth, including the assessment of potential management candidates and young talent.

The General Committee met twice, and beyond this, several discussions took place between its Chairman and individual committee members. This activity was aimed at preparatory work for the Supervisory Board meetings, primarily on the following issues: implementation of the corporate strategy and further development of the management organization, monitoring and analysis of the efficiency audit, online and IT strategy, the budget for 2014 and compliance issues. Another focus was on the agreement of topics for the training of Supervisory Board members, which will commence in 2014. The training will include external advanced training courses. However, it will mainly comprise background information about specific business developments at GfK and in the relevant market environment. This also encompasses webcasts, used to inform the Supervisory Board at an early stage of any new products.

The Nominations Committee met three times. This committee extensively discussed the future composition of the Supervisory Board. The discussion took place in view of fundamental changes in market research and new competitive conditions. The aim is to attract outstanding representatives with industry experience in digital business and social networks to join GfK's Supervisory Board.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements and management report of GfK SE for financial year 2013 prepared by the Management Board in accordance with the regulations of the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS) were audited and given unqualified approval by the auditor, KPMG Wirtschaftsprüfungsgesellschaft. Every member of the Supervisory Board received a copy of the audit report at the appropriate time. The Supervisory Board assured itself of the impartiality of the auditor and the auditor's personnel. The Supervisory Board verified the financial statements and related documents as well as the audit reports in conformity with its duties.

In its meeting on 5 March 2014, the Audit Committee deliberated on the results of its audit and reported its findings to the plenary session of the Supervisory Board at the accounts meeting held on 7 March 2014. The signatory auditors of both the annual and consolidated financial statements were present at both meetings. They reported on the audit in general and on aspects specified as key elements of the audit in the audit plan. Beyond this, they responded in detail to questions from members of the Audit Committee and the Supervisory Board. The Supervisory Board noted and approved the audit reports and, having examined the annual financial statements prepared by the Management Board, gave its approval to discharge the accounts. With this, the accounts were approved. In light of the current and anticipated financial position of the Group, the Supervisory Board deliberated on the proposal for appropriation of the profits put forward by the Management Board and, having found it to be appropriate, gave its approval.

Nuremberg, 7 March 2014

DR. ARNO MAHLERT

SUPERVISORY BOARD

DR. ARNO MAHLERT
Chairman of the Supervisory Board
Non-Executive Director

DR. BERNHARD DÜTTMANN
Deputy Chairman of the Supervisory Board
(since 17 May 2013)
Member of the Management Board,
Chief Financial Officer (CFO), Lanxess AG,
Cologne, Germany

STEFAN PFANDER
Deputy Chairman of the Supervisory Board
Management Consultant
(until 17 May 2013)

DR. CHRISTOPH ACHENBACH
Managing Partner BfUN Beratung für
Unternehmensführung und -nachfolge GmbH,
Cologne, Germany

DR. WOLFGANG C. BERNDT
Non-Executive Director

HANS VAN BYLEN
Member of the Management Board,
Henkel AG & Co. KGaA, Dusseldorf, Germany
(since 17 May 2013)

SANDRA HOFSTETTER
Independent Works' Council representative
GfK SE, Nuremberg, Germany
Deputy Chairman of the Works' Council
at GfK SE
Deputy Chairman of the European GfK SE
Works' Council

STEPHAN LINDEMAN
Research Director Intomart GfK B.V.,
Hilversum, Netherlands
Chairman of the Works' Council at Intomart
GfK B.V., Hilversum, Netherlands
Deputy Chairman of the European GfK SE
Works' Council

SHANI ORCHARD
Human Resources and Facilities Director
GfK Retail and Technology UK Ltd.,
West Byfleet, Surrey, UK
Member of the Steering Committee of the
European GfK SE Works' Council

HAUKE STARS
Member of the Management Board
Deutsche Börse AG, Eschborn, Germany

DIETER WILBOIS
Independent Works' Council representative
GfK SE, Nuremberg, Germany
Chairman of the GfK Group Works' Council
and the European GfK SE Works' Council

AUDIT COMMITTEE
- Dr. Wolfgang C. Berndt
  (Chairman)
- Dr. Christoph Achenbach
- Dr. Bernhard Düttmann
- Sandra Hofstetter
- Dr. Arno Mahlert
  (since 17 May 2013)
- Stefan Pfander
  (until 17 May 2013)

PERSONNEL COMMITTEE
- Dr. Wolfgang C. Berndt
  (Chairman)
- Dr. Arno Mahlert
- Shani Orchard
- Hauke Stars
  (until 17 May 2013)
- Hans Van Bylen
  (since 17 May 2013)

PRESIDIAL COMMITTEE
- Dr. Arno Mahlert
  (Chairman)
- Dr. Wolfgang C. Berndt
- Dr. Bernhard Düttmann
  (since 17 May 2013)
- Stefan Pfander
  (until 17 May 2013)
- Hauke Stars
- Dieter Wilbois

NOMINATIONS COMMITTEE
- Dr. Arno Mahlert
  (Chairman)
- Dr. Wolfgang C. Berndt
- Stefan Pfander
  (until 17 May 2013)
- Hauke Stars
  (since 17 May 2013)

MATTHIAS HARTMANN

CHIEF EXECUTIVE OFFICER
OF GFK SE

LETTER TO THE SHAREHOLDERS

Ladies and Gentlemen,

The year 2013 was the second full year of GfK's transformation. Progress was made with the Own the Future corporate strategy in all parts of the organization. At the same time, we achieved growth in organic terms in a market environment that remained challenging, and we also increased our profit margin.

In line with the strategy we have pursued since 2011, we continued the development of our product portfolio as well as the company's structure. Our new digital products can be used globally and exploit our unique advantage by linking into our extensive database. This makes us a trustworthy source of relevant market and consumer information for our clients, on the basis of which they are able to develop and successfully implement their own strategies. We also continued to develop our organization, which is primarily geared to our clients' requirements, and continually optimized the necessary in-house processes and systems to ensure that we take advantage of the major current industry trends of digitization and globalization. These trends are forcing rapid changes in our sector.

We have therefore intensified our efforts alongside day-to-day business to transform our activities into a global product portfolio, particularly in the Consumer Experiences sector, making our operations future-proof. In this respect, our focus was on harmonizing our range of products and services and on their scalability. The successful introduction of innovative products reflects this approach. They include, for example, GfK Echo, a tool for measuring and analyzing customer feedback, and the GfK Innovation Roadmap, which helps our clients to optimize their innovation processes. The development of our profitable and versatile household panel business progressed well. In Russia, the panel recorded promising growth. We also posted the first client orders for our newly established panel in South Africa.

In the Consumer Choices sector, all the established retail panels recorded growth. To secure and expand these profitable activities, we have included additional research topics. We now analyze the automotive market in even greater detail as well as activities in the hospital sector. In this context, our proven approach has been to expand the existing StarTrack platform that forms the basis of such activities. Furthermore, Mobile Insights and Location Insights are forward-looking products which facilitate analysis of mobile internet and app usage. They have successfully been launched in Germany and the UK. The strategy based on internationalization of viewer research business in this sector also yielded significant success in 2013. In Brazil, we were awarded the second largest contract in the company's history to date. It initially involves measuring TV ratings for four major TV channels in Brazil. The set-up also allows us to market the collected data independently, which may generate further business opportunities. We additionally made progress with regard to entry in the attractive markets of the Middle East, following the start of this process that was based on delivering initial TV research data in Lebanon. At the beginning of 2014, we signed a contract in Saudi Arabia for establishing the first digital system to measure TV ratings in the Kingdom.

In parallel with these business activities and successes, another focus was on the ongoing implementation of the Own the Future corporate strategy. As part of this, we prioritized the 15 most important of our strategic transformation projects. Alongside portfolio-oriented activities, these comprise organizational changes and process optimization. For example, the roll-out of the matrix organization in additional countries, more uniform and simplified financial reporting throughout the Group, the new purchasing organization and the optimization of our operating structure are geared to supporting our corporate success on a sustainable basis – each aspect in combination with the relevant IT systems.

Looking at the figures for the year, the overall picture is satisfactory. Sales growth in organic terms amounted to 0.8%. However, the strong euro exchange rate resulted in an overall decrease of 1.3% to €1,495 million. Adjusted operating profit rose by 1.6% to €190 million, despite currency effects. Consequently, we achieved an increase in the margin to 12.7% (compared with 12.4% in the previous year).

The high-margin Consumer Choices sector achieved sales growth (before currency effects and acquisitions) of 3.7% and an increase in its margin from 23.1% to 23.8%. This continued the previous years' positive trend.

The Consumer Experiences sector's main aim was and is to realign its business and increase profitability. In connection with this realignment and the measures described above to restructure the portfolio, the sector's sales decreased by 1.3% in organic terms. However, the sector already achieved a slight increase in its margin from 6.5% to 6.6%. In view of the reassessment of the sector's medium-term growth prospects, we reduced goodwill by € 112.8 million at year-end 2013. This decrease in value relates to the sector's business in the regions North and Latin America, Southern and Western Europe and, to a lesser extent, Central Eastern Europe (CEE) and the Middle East, Turkey and Africa (META).

In the year ended, the business trend was strong in Asia and the Pacific, Latin America and Central Eastern Europe/META. Solid organic growth was offset by negative currency effects of a similar amount in the regions Asia and the Pacific and Latin America. Significant overall growth was therefore only recorded in the Central Eastern Europe/META region. In Northern Europe, sales were down by 1.1% in organic terms. In the countries of Southern and Western Europe, which remained affected by the crisis, the situation eased somewhat towards the end of the year. A sales decrease in organic terms was mitigated to 3.6% for the full year as a result of the strong fourth quarter in 2013. The North America region also closed the year with a successful fourth quarter, which cushioned the downturn in sales for the full year to only 0.3%.

These activities and results confirm that the company's transformation "at full speed" is on the right track. This would not be possible without our 13,000 competent and committed employees. Behind the numerous changes, which undoubtedly require substantial effort, stands the GfK team. We see this in the daily cooperation throughout all parts of the company. The findings of our global employee survey also reflect that our employees understand the corporate strategy and are proactive in its implementation. My Management Board colleagues and I would like to express our thanks to all employees in the GfK Group.

Our shareholders and the Supervisory Board encourage and support us in implementing the corporate strategy. In the past year, we once again maintained a balanced approach. We aligned our business with our clients and their requirements as well as changing market conditions and developed innovative and future-oriented products. At the same time, we tackled any necessary changes to our corporate structure promptly but without haste. We have always focused on the sustainable development of the company, its clients and employees – and will continue to make this the center of our attention in the future.

I thank you all for the trust you have placed in our team, my fellow Management Board colleagues and me on this path and for your support.

Sincerely yours,

Matthias Hartmann

THE MANAGEMENT BOARD

MATTHIAS HARTMANN
DEBRA A. PRUENT
DR. GERHARD HAUSRUCKINGER
PAMELA KNAPP
(FROM LEFT TO RIGHT)

CVs OF MANAGEMENT BOARD MEMBERS

MATTHIAS HARTMANN

BORN 1966

Chief Executive Officer (CEO) responsible for the corporate functions Strategy (Innovation and Digital), IT (Strategy, Enterprise- and Business Applications, Infrastructure), Executives in the level below the Management Board (Development and Compensation), Integrity, Compliance and Intellectual Property, Internal Audit, Investor Relations and Marketing and Communications.

PROFESSIONAL CAREER

Since 2011
CEO of GfK SE, Nuremberg, appointed until 2019

2010 – 2011
Global Head of Strategy and Industries, IBM Global Business Services, New York, USA

2005 – 2009
General Manager and Managing Director IBM Deutschland GmbH and General Manager of IBM Global Business Services in Germany

2004 – 2005
Vice President, IBM Corporate Strategy, USA

2003 – 2004
Vice President IBM Strategy & Change Consulting, responsible for Europe, Middle East and Africa (EMEA)

2002
Global responsibility for Change Management and Communication during the integration of PricewaterhouseCoopers Consulting (PwCC)

2002 – 2004
Director of strategy and management consulting at IBM in Europe, Middle East and Africa (EMEA)

1993 – 2002
Various functions at IBM Unternehmensberatung GmbH (UBG), Frankfurt and Hamburg, Managing Director since 2000

1988 – 1993
Various functions at IBM in Belgium, Germany, Ireland and the USA

EDUCATION

1988
Graduated in Business Administration specializing in Information Technology, Berufsakademie (University of Cooperative Education) Stuttgart, Germany

PAMELA KNAPP

BORN 1958

Human Resources Director and Chief Financial Officer (CFO), responsible for the corporate functions Finance (Accounting, Controlling, Finance, IT), Finance Administration (Corporate Shareholder Management, Investment Controlling, Risk Management, Mergers and Acquisitions, Tax), Treasury, Legal, Human Resources, Central Services and Procurement.

PROFESSIONAL CAREER

Since 2009
Member of the Management Board of GfK SE, appointed until 2017

2004 – 2009
Member of the Group Executive Management and CFO of the Power Transmission & Distribution Group of the Siemens Corporation

2000 – 2004
Head of Corporate Development Executives Department of the Siemens Corporation

1998 – 2000
Member of the Management Board and CFO of Siemens S.A, Belgium and Luxembourg

1994 – 1997
Head of Maintenance & Services of Mass Transit Vehicles in the Transportation Systems Group of the Siemens Corporation

1992 – 1994
Head of Strategic Projects in the Transportation Systems Group of the Siemens Corporation

1991 – 1992
M & A Consultant at Fuchs Consult GmbH

1987 – 1991
M & A Consultant at Deutsche Bank Morgan Grenfell GmbH

EDUCATION

1987
Graduated in Economics from the Free University of Berlin

DR. GERHARD HAUSRUCKINGER

BORN 1961

Management Board member (COO), responsible for the Consumer Choices sector

PROFESSIONAL CAREER

Since 2010
Member of the Management Board of GfK SE, appointed until 2018

2008 – 2010
Chief Executive Officer (CEO) of Emnos GmbH, Munich

2006 – 2008
Managing Director of Retail segment and responsible for Management Consulting in the Product sector at Accenture, Kronberg

1994 – 2005
Consultant at Roland Berger Strategy Consultants in the Retail and Consumer Goods sector, Partner as of 2000, based in London and Munich

1992 – 1994
Project Manager for Corporate Development at Karstadt AG, Essen

EDUCATION

1992
Doctorate from the University of Regensburg

1988
Graduated in Business Administration from the University of Regensburg

DEBRA A. PRUENT

BORN 1961

Management Board member (COO), responsible for the Consumer Experiences sector

PROFESSIONAL CAREER

Since 2008
Member of the Management Board of GfK SE, appointed until 2015

2006 – 2007
Chief Operating Officer (COO) of GfK Custom Research North America

2005 – 2006
President of GfK NOP Products & Services, USA

1992 – 2005
Employed by US automotive industry market research company Allison-Fisher International, most recently CEO

1983 – 1992
Various analyst and manager functions at General Motors Corporation, USA

1988 – 1990
Adjunct Professor of Statistics at Oakland University, USA

EDUCATION

1986
Graduated in Applied Statistics from Oakland University, USA

1983
Graduated in Mathematics and Computer Science from Wayne State University, USA

HIGHLIGHTS 2013

01
JANUARY

.. GfK broadens its coverage in Latin America by extending the Retail Panel to Central America. The service is operating in four more countries, including Ecuador, Costa Rica, Guatemala and Honduras. In 2014, GfK intends to expand the operations to three more countries: Panama, El Salvador and the Dominican Republic.

.. GfK concludes the asset acquisition from Context Network, LLC of the Global Seed Market Database and the Global Seed Sector Outlooks for major global field and vegetable crops. This asset integration enhances GfK market insights into the global seed market, complementing its similar industry-leading presence in the global crop protection market. ▻1

▻1

02
FEBRUARY

.. GfK awarded contract for radio audience measurement by Commercial Radio Australia. The three year contract starts on 1 January 2014. Commercial Radio Australia Ltd is the national industry body representing Australia's commercial radio broadcasters. For GfK, this is the first audience measurement contract in the Asia and the Pacific region and a triumph over a long-standing competitor. ▻2

▻2

.. GfK integrates EMO Scan, its award-winning biometric measure of emotional response, into its market-validated ad testing system. Available globally, EMO Scan gains consumers' permission to track their facial movement in real time on their own webcams as they view advertising.

03
MARCH

.. GfK experts win the Advertising Research Foundation's 2013 Bronze Award in Innovation for their groundbreaking approaches to consumers' evolving experience with brands. The experts developed a new human-centric approach to understanding and managing the way experiences stimulate the growth of brand relationships and drive better business outcomes for marketers. ▻3

▻3

.. GfK launches its Market Opportunity and Innovation (MOI) team in the UK. The service is designed to help clients develop and realize their strategic visions for the future.

04
APRIL

.. GfK's contract with SKO (Stichting Kijkonderzoek) for television audience measurement in the Netherlands extended for 2014 and 2015. In 2010, a contract was outlined between SKO and GfK with the option of an extension for a period of two years. On the basis of the outstanding performance over the past few years, SKO has decided to complete the remaining two years of this contract. ▻4

▻4

05
MAY

.. GfK increases its presence in the world's largest market research countries – the USA, Germany and the UK. Increase to 100% of shares in subsidiaries GfK Etilize, which provides product information for transactions within the e-commerce segment for a wide assortment of technical consumer goods, in media control® GfK INTERNATIONAL, which is the world's leading comprehensive information provider for the entertainment industry and has since been renamed GfK Entertainment, and in GfK UK Entertainments, the leading sales data provider for the games industry in the UK as well as the music and video industries in Ireland. ▻5

▻5

06
JUNE

.. GfK launches GfK Experience Effects for mapping effectiveness and impact of every brand experience point. This solution measures every experience point that consumers encounter with a brand and then prioritizes those, showing not only how the brand is performing for each point against a direct competitor, but also how influential each point is in driving consumer purchase.

.. GfK expands social media insights globally and establishes a Social Media Intelligence Center (SMI) in Vienna, Austria, to centralize the high-quality analyses of social media at an international level. Key to this expansion is the company's acquisition of Sensemetric Web & Social Media Mining GmbH at the start of June. This company has developed a unique crowdsourcing digital platform for carrying out social media analysis in any country around the world where it is a force. ▻6

▻6

.. GfK wins prestigious award for health research paper. GfK experts receive top honors from the highly respected Emerald Literati Network Awards for Excellence 2013 for their article entitled "Which factors drive product sales in OTC markets?" which appeared in the International Journal of Pharmaceutical and Healthcare Marketing.

07
JULY

.. GfK wins "highly commended" in the Marketing Society Awards 2013 shortlist for the Global Marketing category. The commendation was for their 21-country customer segmentation work, commissioned by the Vodafone Group. The Marketing Society Awards for Excellence have established their reputation as the leading marketing awards in the UK for over 28 years.

09
SEPTEMBER


▷7


▷8

.. GfK invests in Genius Digital to enhance audience measurement offerings. The agreement gives GfK's clients access to Genius Digital's leading data capture and collection technology, which will be fed into GfK's audience measurement services and complement its existing TV, digital and mobile measurement technologies. ▷7

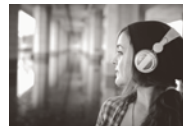
.. GfK welcomes over 200 participants from 20 countries at the CEE-META Research Summit 2013 in Vienna. Now in its third year, the event focused on Big Future solutions for industry leaders from Central and Eastern Europe, the Middle East, Turkey and Africa. The summit is establishing itself as a key meeting place for GfK experts, clients and stakeholders to interact and exchange ideas. ▷8

10
OCTOBER

.. GfK receives three awards and six nominations at the Print and Digital Research Forum in New York. The bi-annual event focuses on and celebrates the latest insights into how people use print and digital content and advertising. The Print and Digital Research Forum provides a global setting for agencies, publishers, researchers, industry bodies and others to share their expertise and experiences as well as to develop credible business models and innovative research approaches for the challenges facing the print and digital industry.

.. GfK starts retail audit for tobacco in Morocco.

.. GfK signs the new five year contract for Austrian Radiotest, one of the largest radio ratings studies in the world. GfK Austria will be the single supplier and is commissioned to conduct data collection, processing, segmentation and modeling. ▷9


▷9

11
NOVEMBER

.. GfK unveils GfK Echo, an agile end-to-end customer experience management solution that captures customer feedback in real-time, aggregates the responses and communicates this to managers and employees, allowing them to take immediate action.

.. GfK launches GfK Innovation Roadmap that guides an organization's entire innovation journey – from growth plans to launch – by exploring market dynamics, identifying market opportunities and enabling market impact.

12
DECEMBER

.. GfK signs contract with leading broadcasters to start operating its audience measurement service in Brazil. GfK is proud to bring 40 years of experience in audience measurement to the country. ▷10


▷10

.. GfK marks the 40th anniversary of its global Roper Reports® surveys with Trending the World, a series of interactive visualizations that provide new perspectives on consumers' beliefs and concerns. This project demonstrates how digital platforms can add depth to trend insights.

.. GfK and the photokina organizers host the biannual Imaging Summit in Nuremberg. Under the motto "Imaging is advanced communications," conference visitors gain scientific and commercial insights into the world of photography and more. ▷11


▷11

GfK SHARES

The year 2013 was an eventful year for GfK's shares. The shares started the year trading at € 38.50, with the share price subsequently fluctuating between € 35.90 and € 44.80 throughout the year and recording a year-end closing price of € 40.30. This corresponds to a share price increase of almost 5% in the year. A direct comparison with other market research companies and indices shows that GfK's share performance was below average. The SDAX, which includes GfK shares, climbed 27.8%. GfK's share price performance was affected by corporate developments in the first quarter of 2013 and the announcement that extraordinary provisions were set up. As a consequence, the share price fell and at mid-year reached an annual low of just under € 36. In the second half of the year, market confidence in the shares prevailed and was rewarded when GfK's nine-month figures exceeded market expectations. The shares achieved an annual high of almost € 45, which was not entirely maintained at the end of the year.

INVESTOR RELATIONS ACTIVITIES

In 2013, the Investor Relations team focused its global capital market communications on the company's transformation and its implementation. The Capital Market Day, held in January with the motto "How One GfK drives our Business", formed the basis for the year's topics (presentation available at ***www.gfk.com***). At the event, the Management Board and managers with global responsibility from various business divisions with in the Consumer Choices sector gave presentations for the 46 analysts and institutional investors from Germany and abroad attending the Capital Market Day, providing detailed insight into GfK, its new digital products – Mobile and Location Insights – as well as the expansion of the StarTrack production platform. Although GfK's corporate transformation remained a recurring topic of discussion throughout financial year 2013, interest increasingly shifted to the first verifiable business successes resulting from the new strategy. Accordingly, the shares responded positively to contracts signed in Australia (for the measurement of radio ratings) and Brazil (for TV audience measurement). These contracts reflected GfK's new direction and the more extensive globalization of its business model.

The Investor Relations team held 337 one-on-one meetings with investors and analysts in 2013 (2012: 417), some of which were also attended by Management Board members. Many discussions took place at the 11 roadshows (2012: 15) in seven countries. In addition, GfK was represented at 15 capital market conferences in England, France, Germany, Spain and the USA (2012: 13).

INCREASE IN MARKET CAPITALIZATION

At the end of financial year 2013, the market capitalization of GfK stood at around € 1.47 billion (2012: € 1.41 billion) and was based on 36,503,896 shares, an unchanged number compared with the previous year. In view of the fact that other SDAX companies achieved a stronger increase in their share prices, GfK's ranking based on market capitalization shifted from place 2 (2012) to place 4 (2013). At around 9,900 shares (2012: 12,000 shares), the average trading volume in GfK shares on German stock exchanges in 2013 was below the previous year's level. However, on strong trading days, the volume traded rose above 215,000 shares.

In 2013, market participants once again preferred alternative trading platforms to trading GfK shares on Germany's stock exchanges. This trend was particularly evident in the share of trading via Xetra, which continued to decline compared with the previous year (22%) to as low as 15% in 2013. More than 80% of trading in GfK shares is therefore over the counter (OTC) trading. According to Bloomberg and information provided by brokers, up to almost 1.8 million shares were traded off the floor on one trading day. However, the Deutsche Börse ranking only considers volumes traded via Xetra. Consequently, based on the trading volume GfK shares were in 37th place (2013) after 23rd place in the previous year (2012).

In order to reduce the volatility of its shares, GfK has two designated sponsors. At the end of 2013, volatility of 25.1% was significantly below the previous year's level of 35.5%. The margin of fluctuation therefore continued to advance towards the SDAX reference value, which was 12.5% in 2013 (2012: 19.9%).

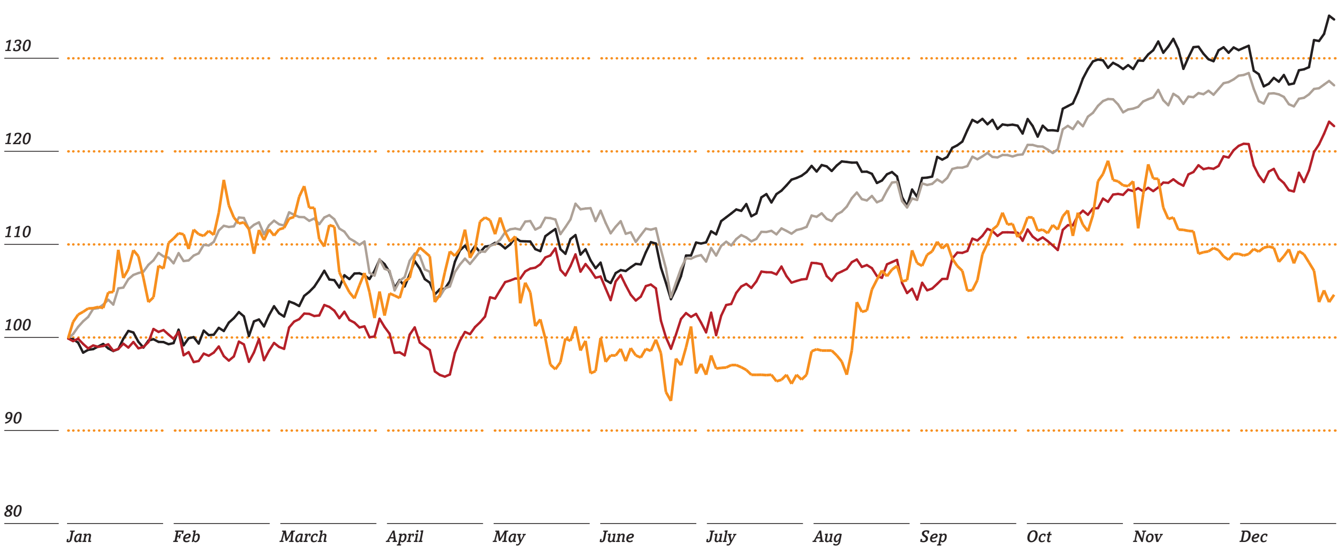
EXTENSIVE COVERAGE

The coverage of GfK shares by 13 analysts (previous year: 15) remains at a good level. On average, SDAX companies are covered by nine analysts (DIRK study). This means that GfK considerably exceeds the benchmark. In the course of financial year 2013, two analysts discontinued their coverage. We expect consolidation in share research to continue, given the high cost pressure on all organizations. Our activities are therefore aimed at supporting international and global securities analysis and a wide range of research services. At the end of 2013, six analysts gave a "buy" recommendation for GfK shares, five recommended "hold" and two gave a "neutral" opinion.

INTERNATIONAL SHAREHOLDER STRUCTURE

At year-end 2013, the proportion of GfK shares in free float was unchanged at 43.85%. A total of 0.02% of the shares was in the hands of GfK's Management and Supervisory Boards at that point in time. Overall, 38.49% of the shares were held by institutional investors and 5.34% by private investors. Major shareholder the GfK Verein had a stake of 56.15% (source: NASDAQ OMX). Compared with the previous year, the number of Anglo-Saxon institutional investors rose at the expense of investors from other countries.

GfK SHARE PRICE PERFORMANCE COMPARED WITH THE INDICES IN FULL-YEAR 2013[1)]

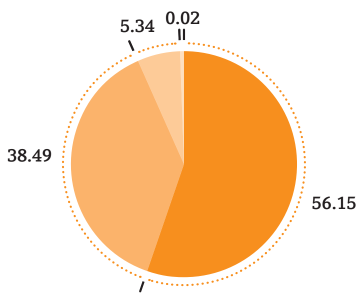


[1)] All values are indexed to the GfK share price, closing prices, in €
● GfK ● DAX 30 Performance ● SDAX Performance ● Euro Stoxx Media

SHAREHOLDER STRUCTURE OF GfK SE

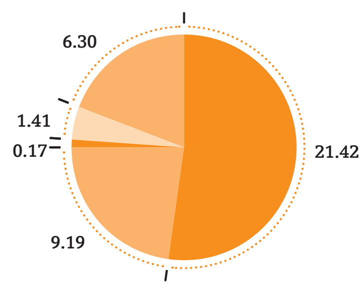
Shareholder structure (%)

56.15 GfK Verein
38.49 Institutional Investors
5.34 Private Investors
0.02 Management and Supervisory Boards



Institutional Investors (%)

21.42 UK and Ireland
9.19 North America
6.30 Europe (excl. Germany)
1.41 Germany
0.17 Rest of the World

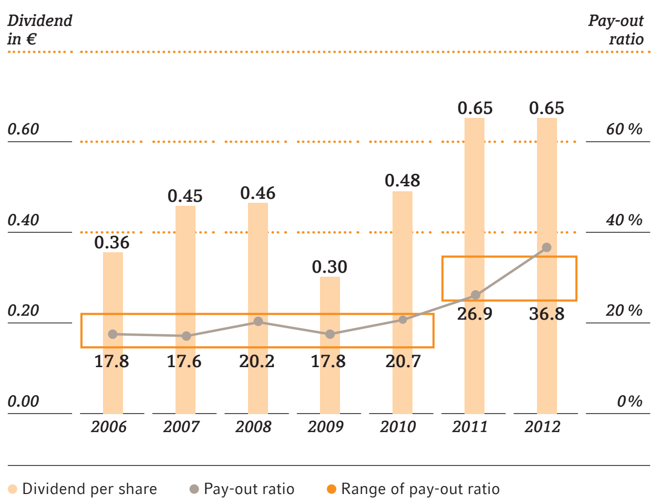


Private investors in Germany only. Total number of shares: 36,503,896
Source: NASDAQ OMX data survey as at 31 January 2014

MORE THAN 80% ATTENDANCE AT THE ANNUAL GENERAL MEETING

At the Annual General Meeting of GfK SE on 17 May 2013, the shareholders of GfK approved the resolutions proposed by the Supervisory and Management Boards by at least 99.6%. Some 250 shareholders and proxies, representing around 81.4% of all shares, participated in the Annual General Meeting in person or online. Among other items, the proposal from the Supervisory and Management Boards for a dividend pay-out of €0.65 per share was approved by a clear majority. Attendance at the Annual General Meeting was approximately 4.4 percentage points down on the previous year. Many companies observed a decrease in attendance in 2013 and in many cases the decrease was far more significant. The background to this trend was that institutional investors, in particular, were uncertain as to whether registering for the Annual General Meeting would restrict their scope of action. It is expected that this aspect will no longer play a role in 2014.

DIVIDEND



2

MANAGEMENT REPORT

1. ECONOMIC BASIS FOR THE GROUP

1.1. Overall economic development in 2013: weak growth continues

The rate at which the global economy grew weakened for the third year in a row. Global gross domestic product (GDP) rose by 3.0% in 2013 compared with 3.1% and 3.9% in the previous years.

The rate of global economic growth continued to be curbed by European figures. However, it is pleasing that the negative growth rates in the European Union (EU) and the eurozone have fallen and a stabilization of the situation is now in view. In most industrialized countries, this trend is based on a recovery in exports and private consumption, which in turn were driven by better labor market figures and lower rates of inflation. A revival in economic activity was also evident in the emerging markets, especially in the third quarter of 2013. Towards the end of the year, uncertainties in the economic policy of Japan and the USA meant that growth rates for 2013 diminished again slightly. Once these uncertainties have been removed, the German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung, DIW) expects the recovery to continue in 2014 with a rise in global GDP to 3.7%.

The overview below shows the development in the regions and countries that are important to GfK's operations:

GDP GROWTH *in %* [1]

Countries/regions	*2011*	*2012*	*2013* [2]	*2014* [3]
Germany [4]	3.1	0.9	0.5	1.6
France [4]	1.7	0.0	0.2	0.9
UK	0.9	0.1	1.3	1.7
Eurozone	1.5	−0.6	−0.4	1.0
EU [4]	1.7	−0.3	0.0	1.3
Russia	4.6	3.3	1.8	3.3
Central Eastern Europe	5.0	1.3	2.5	3.7
USA	1.8	2.8	1.8	2.6
Latin America and Caribbean [4]	4.5	3.0	2.6	3.0
China	9.2	7.8	7.6	7.6
India	8.1	3.7	2.8	3.6
Japan	−0.5	1.4	1.5	1.9
Asia and the Pacific [4]	5.8	5.1	5.2	5.3
World [4]	3.9	3.1	3.0	3.8

Sources:
[1] DIW: Winter baselines, 2013/14
[2] Estimates
[3] Forecast for economic development in 2013/1u
[4] International Monetary Fond (IMF)

- In **Germany**, GDP increased by only 0.5%. Dynamic growth was recorded in exports to China, the UK and the USA. However, deliveries to destinations in Europe were down, for example to France, Italy and the Netherlands. Despite the more optimistic overall assessment by companies in the third quarter of the year, exports stagnated in 2013, with just 0.4% growth recorded. Although investing activities by companies slowed somewhat at 2.0%, uncertainties relating to the crisis in the eurozone receded in the course of the year according to the Ifo Business Climate Index. This positive trend resulted in a rise in the number of jobs and an increase in employment income of 3.0%. This in turn impacted favorably on private consumers' willingness to spend. Over the year as a whole, the GfK Consumer Climate index climbed almost continuously and willingness to buy was at a seven-year high by the end of 2013. Private demand was therefore once again an important support factor for the economy in 2013 and prevented a recession.
- The growth trend in the **eurozone** remained slightly downward, but the region seems to have come out of recession. GDP decreased in the core countries of Spain and Italy and was stagnant in **France**, but a stabilization of the situation was evident across all countries. Negative growth slowed particularly in **Spain**, as an increase was achieved in both exports and private consumption. Conversely, **Italy** only achieved a reduction in the negative development rate based on a slightly higher export performance.
- The **UK** saw an end to its sluggish phase and achieved economic growth of 1.3%, which is a relatively sharp rise for an **EU** country. This economic trend was also supported by private consumption.

WILLINGNESS TO BUY/CONSUMER CLIMATE

	Willingness to buy			*Consumer climate*		
Country/region	*IV/12*	*IV/13*	*Change*	*IV/12*	*IV/13*	*Change*
Germany	27.1	45.4	+18.3	6.0	7.2	+1.2
France	−32.4	−32.7	−0.3	−5.1	−0.7	+4.4
UK	−46.3	−22.0	+24.3	−1.1	3.6	+4.7
EU 28	−32.1	−10.2	+21.9	−7.4	5.6	+13.0

Source: GfK SE, European Commission

Conducted by GfK on behalf of the European Commission (EC), the Consumer Climate for Europe survey reflects an optimistic picture for the continent. Although the willingness to buy indicator remained in the negative range, it improved continually over the course of the year by a total of 21.9 indicator points. The overall consumer climate, on the other hand, returned to the positive zone in 2013. However, the differences occurring between the various EU member states were substantial. This is immediately evident when comparing the willingness to buy and the consumer climate in the three major European countries. Negative indicators for France have made it difficult to overcome the phase of flat growth, whereas private consumption in Germany and the UK is likely to boost upward momentum.

- At 4.0%, Latvia is the newest member of the eurozone and also the country in **Central Eastern Europe** with the highest growth rate. Strengthened by exports and a higher consumer climate indicator, the trend in the national economies of the Baltic countries was robust. Turkey also recorded economic growth of 3.8%, since a higher volume of goods was exported and consumer spending was also up.
- Economic growth in the **USA** was restricted by financial policy uncertainties in 2013. Agreement on the federal budget for 2014 was only achieved in December 2013. In view of the agreement achieved and the ongoing expansionary monetary policy, the DIW expects a revival of the labor market and consequently growth in consumer demand from private households in 2014. Under these conditions, the US economy could grow by 2.6% in 2014.

- The growth rate in **Latin America** was slightly lower than in the previous year. Reduced government spending in Mexico and declining demand for **Mexican** goods exported to the USA were the main factors for this minor decrease. Conversely, the economy in **Brazil** accelerated by 2.5% in 2013 (previous year: 0.9%).
- As in the previous year, **Asia** was the world region which recorded the fastest growth. At 7.6% growth, **China's** economy was far from the former double-digit growth rates, but it remains the region's main growth engine. The Chinese government will continue its attempts to restructure the country's economy and ensure more sustainable growth. Based on this fact, growth rates of 10% or more are unlikely in the foreseeable future. In **India**, the high rate of inflation slowed down GDP growth considerably. The **Japanese** economy recorded modest growth of 1.5% for the second consecutive year. This growth rate primarily resulted from higher government spending on infrastructure projects, whereas the increase in private consumption was only negligible.

1.2. Market research industry: growth rate remains weak

The figures and estimates provided by industry association ESOMAR are used to assess the market research industry. Since the figures reflecting trends in 2013 will only become available in September 2014, the 2012 information is analyzed. Global industry sales were up by only 0.7% in 2012, adjusted for inflation, totaling a volume of US$ 39 billion.

These figures are taken from ESOMAR's "Global Market Research 2013" report, which was published in September 2013. For the first time, the report also included estimated sales figures for consulting services, such as those provided by Gartner and Forrester for example. As a result, the market volume for 2011 and 2012 increased by approximately US$ 5 billion, compared with earlier reports. Consequently, some of the figures previously published for 2011 were revised in the current report.

At 0.7%, growth was weak for the second year running (previous year: 0.4%). This is an average figure across 85 countries, with very disparate general economic conditions. Market research sales rose in 46 countries but declined in 39 other countries

In **North America**, which is by far the largest market research market, sales recorded by established companies were down in view of the region's weak economic growth. Only the newly integrated consulting services providers recorded growth in the USA and ensured a modest overall increase of 0.4% in 2012.

In **Europe**, the market research industry recorded a downward trend in sales on average. Sales decreased by 4.7% in the UK, the largest European market research market, and by as much as 12.8% in Greece. Other countries in southern Europe also recorded a decline in market research sales. The region had not yet overcome the economic and financial crisis in 2012. However, Ireland, a country that was heavily hit by the crisis, saw a recovery in 2012 and recorded industry sales of 10.4%, putting Ireland in third place after the Ukraine (24.8%) and Sweden (11.9%). In fourth place among the European markets with the most dynamic growth rates, Germany recorded growth of 5.8%. This rise in sales was above all attributable to increased demand for mobile research and qualitative research methods.

SALES AND GROWTH BY REGION

US$ million [1]	Sales 2011	Sales 2012	Growth 2011/2012 in % [2]
Europe	**16,286**	**15,639**	**−1.2**
EU 15	14,592	13,980	−1.4
EU-accession countries	631	569	−4.2
Rest of Europe	1,063	1,090	2.9
America	**16,023**	**16,468**	**1.0** [3]
North America	14,188	14,525	0.4
Latin America	1,835	1,943	5.6
Asia and the Pacific	**5,893**	**6,314**	**4.8**
Africa	**387**	**399**	**3.9**
Middle East	**273**	**265**	**−4.3**
TOTAL	**38,863**	**39,084**	**0.7**

[1] Local sales converted into US$ at average exchange rate for the year including consulting services
[2] Growth adjusted by inflation
[3] GfK calculations
Source: ESOMAR Industry Report, "Global Market Research 2013"

The region recording the highest growth rate was **Latin America**. With a sales increase of 5.6%, growth in the Latin American markets was even more dynamic than in Asia and the Pacific. Following the surprising sales decrease recorded in Brazil in 2011, demand for market and opinion research rose again sharply by 11.1% in the run-up to the Football World Cup and the Olympic Games. Double-digit growth rates were also achieved in Argentina (11.1%) and Honduras (16.7%). Overall, 13 of the 18 Latin American countries recorded a positive trend.

In **Asia and the Pacific**, Japan experienced a recovery following the economic impact of the natural disasters, with the country's market research industry recording 5.1% growth. In China, the second most powerful country in the region, the growth rate of 11.2% also accelerated significantly compared with the previous year (5.8%). In the region as a whole, gross sales only declined in Australia and New Zealand. The more established markets in the southern hemisphere have also reached saturation point. Bangladesh, the Philippines, South Korea and Vietnam recorded a gross increase, but the inflation-adjusted figures were in the negative range.

The **Middle East**, appearing in the current ESOMAR report as a separate region for the first time, also recorded a negative trend. Sales stagnated in Israel in 2012 and significantly fell in Egypt, which has still failed to achieve political stability so far. South Africa emerged as the largest market in **Africa**, accounting for a considerable 62% of industry sales on the continent and recording a growth rate of 4.9%. The two fastest growing markets in Africa were Nigeria (23.4%) and Kenya (13.7%).

TOP 10 NATIONAL MARKET RESEARCH MARKETS: SALES, GROWTH AND SHARE OF INDUSTRY SALES

US$ million[1]	Sales 2011	Sales 2012	Growth 2011/2012 in%[2]	Share of sales 2012 in%
USA	13,406	13,756	+0.5	35.2
UK	5,237	5,076	−4.7	13.0
Germany	3,325	3,321	+5.8	8.5
France	2,793	2,568	−2.5	6.6
Japan	2,126	2,234	+5.1	5.7
China	1,413	1,651	+11.2	4.2
Brazil	777	823	+11.1	2.1
Canada	782	769	−2.3	2.0
Italy	807	749	−2.9	1.9
Australia	737	733	−2.7	1.9
Total for top 10	**31,403**	**31,680**	**–**	**81.1**
World	**38,863**	**39,084**	**+0.7**	**–**

1) Local sales converted into US$ at average exchange rate for the year including consulting services
2) Growth adjusted by inflation
Source: ESOMAR Industry Report "Global Market Research 2013"

After integrating consulting services, the ranking of the top 10 markets was relatively constant. The USA led the way by far, followed by the UK and Germany. France, Japan and China remained in places four, five and six respectively. Only Brazil achieved a positive change in 2012, overtaking Canada and Italy to move up from ninth into seventh place. Australia was in tenth place.

The analysis of individual countries highlights the limits of growth in established markets and dynamic growth in the emerging markets, in particular. A presence and expertise in these emerging markets are essential for any company wishing to achieve further growth.

The distribution of sales by market research subject provides a different perspective on the market research industry and possible developments.

MARKET RESEARCH SUBJECTS

Share of total sales in %	2011*	2012*
1 Market surveys (panels)	18	18
2 Qualitative studies	16	14
3 Business-to-business studies	2	13
4 Media and audience research	15	8
5 Customer satisfaction research, including CRM	9	7
6 Advertising and brand tracking	7	7
7 Innovation research, product development	7	7
8 Usage and attitude	6	4
9 Opinion and election polling	3	3
10 Market modeling	4	3
11 Advertising pretesting	3	2
12 Omnibus studies, participation investigations	2	2
Other	8	7

2011: excluding consulting services, 2012 including consulting services
Source: ESOMAR Industry Report "Global Market Research 2013"

For 2012, ESOMAR integrated the estimated distribution of the market research budgets of consulting companies, whereas this was not included in the figures for 2011. As a result, business-to-business studies climbed from the last place in the ranking into third place. However, long-term projects such as panels, media and audience research remained the cornerstones of a steady development for traditional market research companies.

The market could be expanded by including digital methods and analysis. ESOMAR estimated the growth potential offered by these at 50% in its two previous reports.

Online research represents another growth market. In 2012, a total of 29% of all market research sales were generated on the basis of online methods (previous year: 26%), which equates to a market volume of US$ 11.33 billion.

TOP 10 OF THE MARKET RESEARCH SECTOR

Company	Sales 2011 US$ million[4]	Sales 2012 US$ million[5]	Growth in %[1]
1 Nielsen Holdings, USA	5,353.0	5,429.0	+4.0
2 Kantar, UK[2]	3,331.8	3,338.6	+0.8
3 Ipsos, France	2,495.0	2,301.1	−1.0
4 GfK, Germany	1,914.0	1,947.8	+3.1
5 IMS Health, USA[2]	750.0	775.0	no data
6 Information Resources, USA	764.0	763.8	+2.4
7 INTAGE, Japan[3]	459.5	500.3	+8.7
8 Westat, USA	506.5	495.9	−2.2
9 Arbitron, USA	422.3	449.9	+1.7
10 The NPD Group, USA	265.3	272.0	+2.5

1) Growth in local currency, adjusted to take account of acquisitions/disposals, Nielsen: growth based on constant currency
2) Estimated sales
3) Financial year ended in March
4) Source: ESOMAR "Global Market Research 2012", published in September 2012
5) Source: ESOMAR "Global Market Research 2012", published in September 2013

The ranking of traditional market research companies was relatively steady, with only the similarly ranked companies IMS Health and Information Resources (the former Symphony IRI) as well as INTAGE and Westat swapping places in 2012. The four major companies together generated 33% of the global market research volume. In particular, Nielsen and GfK achieved organic growth in 2012 which outstripped that of the sector as a whole. As in previous years, the larger institutes benefited from their international focus and stable business with long-term panel, media and audience research studies.

2. ECONOMIC REPORT

2.1. Introduction

GfK has a matrix organization consisting of two globally responsible sectors with product responsibility and six regions tasked with managing local business. This structure facilitates the rollout of global products and consequently improves the service offered to globally active clients. Beyond this, it also enables both sectors to exploit the potential offered by regional markets.

The GfK Group prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The financial data for the sectors and regions originate from the Management Information System.

As its key performance indicators, GfK uses sales and adjusted operating income, which is also used as an indicator of income by its competitors. GfK is confident that the explanations regarding business performance using the adjusted operating income will facilitate interpretation of the GfK Group's business development and enhance the informative value in comparison with other major companies operating in the market research industry. Consequently, where income is mentioned below, this is the adjusted operating income. The margin is the ratio of adjusted operating income to sales.

In addition, the development of the order position in relation to the expected annual sales for the current financial year is important. This statistic, referred to as the level of sales coverage, is determined on a monthly basis and is monitored by the management of GfK in a timely manner. To optimize the informative value of this indicator, since April 2013 the order position has been calculated on the basis of the revenue recognition actually still outstanding.*

In general, around half the planned annual sales are already reported as assured contracts in the first quarter. The picture varies between sectors. In the panel-based Consumer Choices sector, contracts are largely renewed during the first three months of the fiscal year. However, in some cases, contracts may provide for multi-year surveying on a continuous basis. As a result of the lower proportion of continuous data collection in the Consumer Experiences sector and the greater weighting of ad hoc studies, incoming orders for this sector tend to be more evenly spread across the whole of the year.

The adjusted operating income is calculated as follows:

RECONCILIATION OF ADJUSTED OPERATING INCOME [1]

in € million	*2012[2]*	*2013*	*Change in %*
Operating income	**129.4**	**26.5**	**−79.5**
Goodwill impairment	0.0	114.6	–
Write-ups/write-downs of additional assets identified on acquisitions			
Scheduled amortization/depreciation	13.3	10.5	−21.3
Impairments/reversals	4.8	15.7	+228.8
Income and expenses in connection with share and asset deals	2.0	0.8	−59.2
Income and expenses in connection with reorganization and improvement projects	15.1	12.7	−16.1
Personnel expenses for share-based incentive payments	5.1	0.8	−83.6
Currency conversion differences	3.2	0.3	−90.0
Income and expenses related to one-off effects and other exceptional circumstances	14.5	8.4	−42.3
Total highlighted items	**58.1**	**163.9**	**+182.3**
Adjusted operating income	**187.4**	**190.4**	**+1.6**

[1] Rounding differences may occur
[2] Adjusted due to the retroactive application of IAS (2011)

Where statements below refer to the number of employees, in principle, this represents the total number of full-time posts. For this purpose, part-time posts have been converted to equate to full-time employment.

The figures on the business development of the GfK Group and any percentage changes are based on figures in € thousand. Accordingly, rounding differences may occur.

The companies mentioned in the Management Report are referred to by their abbreviated names. The Additional Information section of the Annual Report includes a list of the full names of the companies indicated.

In financial year 2013, the amended rules on the valuation of pension provisions of IAS 19 (2011) were applied for the first time with retrospective effect. The previous year's figures were adjusted accordingly. More detailed explanations are contained in the Notes under Section 3., "Accounting Policies", and Section 25., "Provisions".

To ensure clear and reliable reporting, currency gains and losses from similar business transactions will be netted at the level of the individual companies from this financial year onwards. The previous year in the consolidated income statement was adjusted in other operating income and expenses as well as in other financial income and expenses. This had no impact on consolidated income.

* In the past, the order position was determined on the basis of invoiced client orders. The comparability with the previous year's value is therefore limited.

2.2. GfK Group second year of transformation completed

The **sales** of the GfK Group grew organically by 0.8% in 2013, while acquisitions accounted for a further increase in sales of 0.7%. This sales growth was offset by currency effects of -2.8%, so that overall, sales were down 1.3% on the previous year to € 1,494.8 million.

DEVELOPMENT OF EARNINGS [1]

in € million	2012[2]	2013	2013 excluding goodwill impairment	Change (excl. goodwill impairment) in %
Sales	1,514.7	1,494.8	1,494.8	−1.3
Costs of sales	−1,030.6	−1,008.0	−1,008.0	−2.2
Gross income from sales	**484.0**	**486.8**	**486.8**	**+0.6**
Selling and general administrative expenses	−323.6	−328.2	−328.2	+1.4
Other operating income	3.3	5.2	5.2	+57.6
Other operating expenses	−34.3	−137.3	−22.7	−33.9
EBITDA	**194.1**	**225.4**	**225.4**	**+16.1**
as a percentage of sales	12.8	15.1	15.1	–
Adjusted operating income	**187.4**	**190.4**	**190.4**	**+1.6**
as a percentage of sales	12.4	12.7	12.7	–
Highlighted items	−58.1	−163.9	−49.3	−15.1
Operating income	**129.4**	**26.5**	**141.1**	**+9.1**
as a percentage of sales	8.5	1.8	9.4	-
Income from participations	1.0	2.4	2.4	+144.4
EBIT	**130.3**	**28.9**	**143.5**	**+10.1**
as a percentage of sales	8.6	1.9	9.6	–
Financial income	12.1	17.5	17.5	+45.0
Financial expenses	−34.2	−42.3	−42.3	+23.6
Other financial income	**−22.1**	**−24.8**	**−24.8**	**−11.9**
Income from ongoing business activity	**108.2**	**4.2**	**118.8**	**+9.7**
Tax on income from ongoing business activity	−44.1	−46.2	−46.2	+4.8
Tax ratio in %	40.8	1,111.5	38.9	–
Consolidated total income	**64.1**	**−42.1**	**72.5**	**+13.1**
Attributable to equity holders of the parent	52.1	−54.0	60.5	+16.3
Attributable to minority interests	12.0	11.9	12.0	−0.5
Consolidated total income	**64.1**	**−42.1**	**72.5**	**+13.1**
Earnings per share (undiluted) in €	1.43	−1.48	1.66	+16.1

[1] Rounding differences may occur
[2] Adjusted due to retroactive application of IAS 19 (2011) and due to offsetting of currency gains and losses

The reduction in the **cost of sales** by € 22.7 million to € 1,008.0 million more than compensated for the slight sales decline, leading to an increase in the **gross income from sales** of 0.6% to € 486.8 million. Among the factors contributing to the decrease in the cost of sales were falling research and development costs from € 22.8 million in the previous year to the current € 12.8 million as well as cost-cutting measures for the purchase of data and services. The primary research and development costs were similar to the prior year's level, but a considerably higher share of costs could be capitalized as intangible assets in the reporting year.

Selling and general administrative costs for the year under review rose by 1.4% to € 328.2 million. The main reason for this is the increase in impairments of intangible assets resulting from the purchase price allocation, especially client relationships and panels, which are posted under highlighted items.

A major component of the cost of sales as well as the selling and general administrative expenses is accounted for by **personnel costs**. In 2013, these amounted to € 677.6 million and were therefore 1.2% or € 8.3 million down on the previous year's figure. Personnel expenses in the year 2013 were positively influenced by the exceptional effect of GfK Switzerland converting its pension plan from a defined benefit plan to a modified defined contribution plan. The revaluation of the Swiss pension provisions necessitated as a result of this event led to non-recurring income of € 10.1 million, which reduced the personnel costs within the operating costs. Without this exceptional effect, personnel costs would have risen by 0.3% year-on-year. At the same time, the number of employees rose by 262 or 2.1% to 12,940 at year-end 2013. The **personnel cost ratio**, which reflects the relationship of personnel costs to sales, remained exactly at the prior year's level of 45.3%.

Adjusted operating income rose by 1.6% to € 190.4 million. The margin, which reflects the relationship of income to sales, amounted to 12.7% after 12.4% in the previous year.

Other operating income was up € 1.9 million to € 5.2 million. This increase was caused entirely by higher currency gains amounting to € 3.0 million (2012: € 0.8 million). Under **other operating expenses**, currency losses fell by € 0.8 million to € 3.3 million and overall other operating expenses rose by € 103.0 million to € 137.3 million. The impairment of goodwill, a first in the Group's history, dominated this development and had a considerable impact on all the following financial indicators in the income statement. The impairment of goodwill amounted to € 114.6 million. It relates to the Consumer Experiences sector in the regions North America, Southern and Western Europe, Latin America and Central Eastern Europe/META. The impairment requirement was largely due to the adjusted growth prospects in these regions as well as the increase in region-specific discount interest rates.

Without the goodwill impairment other operating expenses would have been € 22.7 million and 33.9% lower than in the previous year. They include expenses of € 5.6 million incurred in connection with the irregularities discovered at the Turkish subsidiary in 2012 (2012: € 14.0 million), which mainly comprise legal and consulting costs as well as payments for wage tax and VAT arrears. Redundancy settlements, which are connected with restructuring projects and are therefore posted under other operating expenses, were down from € 10.2 million to € 7.1 million in the year under review.

Highlighted items totaled € 163.9 million and include the goodwill impairment of € 114.6 million. The figure adjusted for this impairment of € 49.3 million compares with € 58.1 million in the previous year, corresponding to a drop of € 8.8 million.

The write-ups and write-downs of additional assets identified on acquisitions rose by € 8.2 million to € 26.2 million and include amortization of the order of € 10.5 million (2012: € 13.3 million) and impairment losses of € 15.7 million (2012: expenses of € 4.8 million as the balance of impairment losses and reversals). The increased impairment losses are mainly attributable to the same regions where the need for goodwill impairment arose.

The balance of income and expenses relating to restructuring and improvement projects was down € 2.4 million to € - 12.7 million. It comprises redundancy settlements in the order of € 7.1 million (down € 3.0 million year-on-year), expenses connected with optimizing the rental situation of subsidiaries, particularly in the US, of € 0.2 million (down € 1.1 million year-on-year) and expenses for SCOPE, the Group's global standardization project, which were raised by € 1.7 million to € 5.3 million compared with the previous year.

The personnel expenses for share-based incentive payments fell by € 4.2 million to € 0.8 million. This is connected with the transition from the previous 5 Star Long-Term Incentive Plan to a new Long Term Incentive Plan, which has been offered to members of the Management Board since 2010 and to selected GfK Group executives since 2012. The number of participants in the new plan has been drastically reduced compared to the 5 Star scheme. The corresponding personnel costs for the previous year contained two tranches of the 5 Star Plan, one of which was paid out at the beginning of 2013.

The balance of income and expenses related to one-off effects and other exceptional circumstances amounted to € -8.4 million and was therefore € 6.2 million down on the previous year's figure. It included expenses for the incidents in Turkey of € 5.6 million (2012: € 14.0 million). In addition, costs connected with various other court cases amounting to € 1.4 million are posted under this item (2012: € 0.2 million).

Finally, highlighted items also include income and expenses in connection with share and asset deals of € -0.8 million, which stood at € -2.0 million in 2012, as well as the currency conversion differences, which amounted to only € -0.3 million after € -3.2 million in the prior year.

Operating income would have increased by 9.1% or € 11.7 million year-on-year without the expenditure related to the goodwill impairment and it actually amounted to € 26.5 million after € 129.4 million in 2012.

As a result of the goodwill impairment **amortization/depreciation** rose by € 132.7 million to € 196.5 million. Without this exceptional item the increase would have been € 18.1 million. The scheduled amortization/depreciation of € 58.8 million was only slightly higher than the prior year figure of € 58.2 million. There were no write-ups in 2013 (2012: € 0.7 million). The rest of the increase stemmed from other impairments, additional to the goodwill impairment of € 114.6 million. These include the impairments of intangible assets related to the purchase price allocation, up by € 10.3 million (€ 15.7 million; 2012: € 5.4 million), as well as the impairments, up by € 6.5 million, of licenses, panels and technical equipment related to the audience measurement, which are replaced by equipment using state-of-the-art technology. These impairment losses totaled € 7.4 million after € 0.8 million in the prior year.

Income from participations rose by € 1.4 million to € 2.4 million. In the previous year, it included write-downs of minority holdings totaling € 1.5 million.

The development of the **EBIT** was adversely affected by the goodwill impairment and was down from € 130.3 million to € 28.9 million. After eliminating the goodwill effect, the EBIT would amount to € 143.5 million and therefore be 10.1% higher than the prior year's EBIT. The **EBITDA** rose by 16.1% and stands at € 225.4 million. This large increase is the result of the much improved operating result, which, excluding the depreciation of goodwill, increased by 9.1% and also includes 28.4% higher amortization/depreciation than in the previous year.

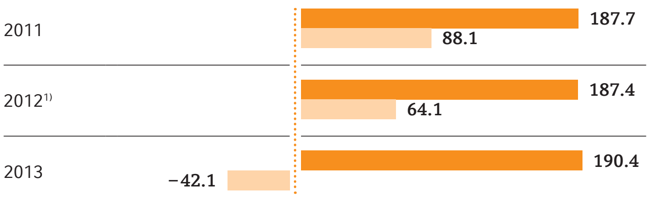
The **other financial income** declined by € 2.6 million to € -24.8 million. It contains the net interest income, which improved by € 5.1 million to € -18.6 million, and the other financial income, which was down € 7.7 million to € -6.1 million in 2013. In the previous year the net interest income was negatively affected by the interest on the taxes and social security contributions paid in arrears at the Turkish subsidiary amounting to € 3.7 million. Under other financial income the currency result from foreign currency financing deteriorated by € 4.9 million to € -5.3 million. In addition, the other financial income in 2012 contained income from the revaluation of purchase price obligations of € 3.1 million, whereas only € 0.4 million was incurred in the year under review.

Income from ongoing business activity fell from € 108,2 million to € 4.2 million; adjusted by the goodwill impairment, it would amount to € 118.8 million and therefore be 9.7% higher than the previous year's result.

The actual **income tax ratio** would arithmetically amount to over 1,000% and is not meaningful due to the fact that the negative impact of the depreciation of goodwill on the pre-tax result is considerable, whereas there is no corresponding positive effect on tax expenditure. The tax ratio, allowing for the adjusted pre-tax result, would amount to 38.9% and would therefore be 1.9 percentage points below the previous year's level. The tax ratio was negatively affected in the amount of 8.2 percentage points by effects from the assessment of the intrinsic value of deferred tax assets from tax losses carried forward which were incurred in the year under review or in previous years. These are largely attributable to companies in France and Malta. A positive effect of 3.3 percentage points results from taxes for previous years, for example, due to German tax audits where tax benefits were subsequently increased.

The **consolidated total income** of the GfK Group was negatively affected by the impairment of goodwill and amounts to € -42.1 million. Adjusted by this impairment, an increase of 13.1% would be posted compared to the prior year and the consolidated total income would amount to € 72.5 million.

***THE GfK GROUP: INCOME AND CONSOLIDATED TOTAL INCOME** in € million*



● Income ● Consolidated total income
[1] Adjusted due to the retroactive application of IAS 19 (2011)

2.3. Assets and capital position

Compared with the prior year, the **total assets** of the GfK Group fell by € 183.5 million to € 1,696.4 million. The main reason for the decrease was the reduction in goodwill by € 112.8 million as a result of the impairment, which is reflected on the liabilities side under retained earnings. As the impairment of goodwill is in a foreign currency, the amount of € 114.6 million converted at the mean rate is posted in the income statement. The currency effect is posted in other reserves.

The goodwill also decreased by a further € 27.5 million due to currency effects. Within other intangible assets the items internally generated and acquired software, panels and licenses rose by € 28.6 million; the intangible assets capitalized during the course of the purchase price allocation were down by € 32.2 million as a result of scheduled and non-scheduled amortization/depreciation and due to exchange rate effects. Tangible assets also dropped in net terms by € 8.2 million, as the amount of depreciation recorded exceeded replacement investment. Deferred tax assets fell by € 11.3 million, which was mainly due to the reassessment of the realizability of deferred tax assets and the change in temporary differences. Overall non-current assets decreased by € 166.5 million.

Current assets fell slightly by € 17.0 million, in particular due to a € 24.3 million reduction in trade receivables.

***DEVELOPMENT OF BALANCE SHEET** [1]*

in € million	*31.12.2012* [2]	*31.12.2013*	*Change*	*Share of total assets in %*
Assets				
Non-current assets	1,361.0	1,194.6	−166.5	70.4
Current assets	518.8	501.8	−17.0	29.6
Liabilities				
Equity	782.0	663.7	−118.3	39.1
Non-current liabilities	483.6	559.9	+76.4	33.0
Current liabilities	614.2	472.7	−141.5	27.9
TOTAL ASSETS	**1,879.8**	**1,696.4**	**−183.5**	**100.0**

[1] Rounding differences may occur
[2] Adjusted due to the retroactive application of IAS 19 (2011)

On the liabilities side of the balance sheet, equity fell by € 118.3 million to € 663.7 million. The decline in retained earnings amounted to € 78.3 million. Other reserves were down € 41.5 million, above all as a result of exchange rate fluctuations with respect to the US dollar and the pound sterling. The **equity ratio** fell from 41.6% in the previous year to 39.1%. This is primarily attributable to goodwill impairment and negative currency effects.

Non-current interest-bearing financial liabilities rose by € 100.7 million to € 409.1 million. In March 2013, GfK SE issued a loan note amounting to € 125 million, € 90 million of which with a maturity of seven years and € 35 million with a maturity of ten years. Non-current provisions fell by € 21.0 million and now stand at € 67.0 million. The main reason for this is the reduction in pension provisions by € 15.1 million, the bulk of which stems from the Swiss subsidiary, which has converted its pension plan from a defined benefit plan to a modified defined contribution plan. As a result of the said effects, non-current liabilities rose by € 76.4 million to € 559.9 million.

Current liabilities were € 141.5 lower than the prior year figure and totaled € 472.7 million. The impact of the loan note referred to above, which was used to repay current loan liabilities, is especially apparent here. As a result, the current financial liabilities fell by € 115.8 million to € 41.0 million. Current provisions also decreased and now stand at € 22.5 million after € 38.0 million in the previous year. This change is due to the provision made in 2012 as a result of the events occurring at the Turkish subsidiary. Originally this provision amounted to € 20.3 million and was reduced to € 8.4 million in the year under review, mainly due to the payments for back taxes.

DEVELOPMENT OF EQUITY RATIO in %

[1] Adjusted due to the retroactive application of IAS 19 (2011)

2.4. Investment and finance

For an innovative market research company such as GfK, ongoing investment in the establishment and expansion of panels, new measuring technologies, advanced technology and the necessary new market research methods for these, as well as the expansion of production and analysis systems, is vital. These measures make a decisive contribution to securing the company's future success, and considerably raise the barrier to market entry for potential competitors. The range of this capital expenditure regularly runs at between 4% and 5% of total sales.

The GfK Group also makes regular investments in expanding its international network by means of acquisitions. Above a certain level, these financial investments are subject to approval from the Supervisory Board.

In the year under review, investments of the GfK Group totaled €118.4 million and were therefore €59.4 million down on the prior year's figure. This decrease is mainly due to the lower acquisition activity in 2013. Spending on the acquisition of consolidated companies and other business units had amounted to €105.9 million in the previous year, whereas the amount spent in 2013 was €35.9 million. On the other hand, investments in intangible assets rose to total €57.2 million, after €35.1 million in 2012. They mainly related to software, but also panels and licenses contributed to the increase. Investments in tangible assets fell by €12.4 million to €23.2 million. In the previous year, this item had included the purchase of two real estate properties at the end of their lease term for €8.3 million.

Cash flow from operating activity improved year-on-year by €49.0 million and amounted to €164.0 million. The reason for this is the positive development in working capital.

Taking account of investments in tangible and intangible assets of €80.4 million (2012: €70.7 million), the **free cash flow** amounted to €83.7 million (2012: €44.3 million). As a result, acquisitions and other financial investments were fully covered.

DEVELOPMENT OF FREE CASH FLOW AND OF CASH FLOW FROM FINANCING ACTIVITY[1]

in € million	*2012*	*2013*	*Change*
Cash flow from operating activity	**115.0**	**164.0**	**+49.0**
Investments in tangible and intangible assets	−70.7	−80.4	−9.7
Free cash flow before acquisitions, other financial investments and asset disposals	**44.3**	**83.7**	**+39.4**
Acquisitions	−106.5	−36.9	+69.6
Other financial investments	−0.6	−1.2	−0.6
Asset disposals	0.3	0.9	+0.6
Free cash flow after acquisitions, other financial investments and asset disposals	**−62.4**	**46.6**	**–**
Changes in equity	−31.8	−31.0	+0.8
Net borrowing via loans	73.4	18.3	−55.1
Interest paid minus interest received	−18.8	−18.8	0.0
Cash flow from financing activity	**22.8**	**−31.5**	**–**
Changes in cash and cash equivalents	**−39.6**	**15.1**	**–**

[1] Rounding differences may occur

Net debt, defined as the balance of cash, cash equivalents and short-term securities less interest-bearing liabilities and pension obligations, fell by €34.3 million to €427.5 million. The decrease in pension obligations by €15.1 million, above all due to the reorganization of the pension plan in Switzerland, contrasted with a rise in liabilities to banks comprising €15.2 million; in addition, the liabilities from purchase price obligations were reduced by €33.6 million through the acquisition of the outstanding shares in media control® GfK Germany, GfK Etilize USA and GfK UK Entertainments.

DEVELOPMENT OF NET DEBT[1]

in € million	*31.12.2012[2]*	*31.12.2013*	*Change*
Cash and cash equivalents	66.4	69.7	+3.3
Short-term securities and fixed-term deposits	1.4	2.3	+0.9
Liquid funds and short-term securities	**67.8**	**72.0**	**+4.2**
Liabilities to banks	203.4	218.6	+15.2
Pension obligations	64.5	49.5	−15.1
Liabilities from finance leases	0.9	0.5	−0.4
Other interest-bearing liabilities	260.8	231.0	−29.8
Interest-bearing liabilities	**529.6**	**499.5**	**−30.1**
Net debt	**−461.8**	**−427.5**	**+34.3**

[1] Rounding differences may occur
[2] Adjusted due to the retroactive application of IAS 19 (2011)

The decrease in net debt is reflected in the development of the ratios of net debt to key balance sheet and financial ratios.

GEARING AND RATIO OF NET DEBT TO EBIT, EBITDA AND FREE CASH FLOW

	2012[1]	2013
Gearing (net debt/equity) in %	59.1	64.4
Net debt/EBIT	3.54	14.79
Net debt/EBITDA	2.38	1.90
Net debt/free cash flow	10.41	5.11

[1] Adjusted due to the retroactive application of IAS 19 (2011)

2.5. Business performance forecast

In 2013, GfK focused on implementing is strategy in addition to improving the Group structure. The forecast within the scope of the Group reporting of organic growth 2012 (3% to 4%) was based on the assumption that the economic situation would not deteriorate over the course of the financial year. In light of the much more restrained global economic growth, particularly in industrialized nations, the Management Board decided to adjust this forecast when publishing the half-year financial statements on 14 August 2013. The target for sales growth was changed to "up to 3%" and the target for the margin to "between 12.4% and 13%". GfK reached these targets, although expenses for the development of new business had a negative impact on the margin. The target attainment for sales growth in relation to market growth is provisional until the final figures are published by ESOMAR.

FORECAST AND ACTUAL BUSINESS PERFORMANCE

Key performance indicator	Forecast of the Group Management Report 2012	Mid-year change on 14 August 2013	Status on 31 December 2013
2013			
Organic sales growth	Between 3 % and 4 %	Up to 3 %	0,8 %
Sales growth in relation to the market	Sales growth will outperform the market	unchanged	Market growth 1 % - 2 % (provisional)
Margin (adjusted operating income in relation to sales)	Around 13 %	12,4 to 13 %	12,7 %
2015			
Sales	€ 1.9 billion to € 2 billion, including € 100 million from acquisitions	Market growth is rated as being more restrained: instead of 5 % p.a. considerably less New target: GfK wants to outperform the market with 1 % to 2 % organic growth	
Sales development of the sectors	Consumer Choices will grow more quickly than Consumer Experiences	Unchanged, but the growth of Consumer Experiences will be much slower	
AOI margin (adjusted operating income in relation to sales)	15 to 16 %	14 to 15 %	

Within the context of the new Own the Future corporate strategy the Management Board of GfK had presented long-term sales growth and income targets in 2011 and reiterated them in the Group Management Report 2012. This forecast is based on the expectation of sustained high market growth of 5% on average per year, which GfK was supposed to exceed. At that time the target for the end of 2015 was to achieve a sales volume of between € 1.9 billion and € 2.0 billion, with future acquisitions generating roughly € 100 million, and an income margin of between 15% and 16%.

These targets were adjusted downwards on the basis of the significantly reduced expectations for the development of the market research industry and a much more restrictive acquisition strategy. The Management Board is now aiming for relative sales growth in the region of 1 to 2 percentage points above market growth. This growth is to be generated primarily by the Consumer Choices sector through new categories in the Retail Panel segment and the international expansion of the Audience Measurement business. Weaker growth is expected in the Consumer Experiences sector. This will result from the ongoing transformation processes, which are aimed at continuously adjusting the portfolio to create a globally standardized product portfolio at the cost of traditional local ad-hoc business. The investments accompanying the expansion of activities in the Consumer Choice sector referred to above and the resultant write-downs as well as the ongoing transformation processes in the Consumer Experiences sector also necessitated a reduction in the margin target for the year-end 2015 of one percentage point.

2.6. Mandatory information under company law (Section 315 (4) of the German Commercial Code HGB)

The share capital of GfK SE amounted to € 153,316,363.20 in total as at 31 December 2013, divided into 36,503,896 no-par value bearer shares. There are no restrictions in the Articles of Association relating to voting rights or the assignment of shares. All shares carry the same rights.

The GfK-Nürnberg Gesellschaft für Konsum-, Markt- und Absatzforschung e.V., Nuremberg, has a direct holding of 56.15% of the voting rights in GfK SE. The company has not received notification of any other shareholders with a stake of 10% or more of the capital.

Employees with an interest in the capital exercise their voting rights directly.

Pursuant to Article 5 of the Articles of Association of GfK SE, the Supervisory Board is responsible for determining the number of members of the Management Board. The Supervisory Board appoints the members of the Management Board for a maximum term of five years. Appointment for one term or several reappointments for a maximum term of five years are permitted. The Supervisory Board may appoint a member of the Management Board as CEO and one or more deputy CEOs. In addition, the legal regulations on appointing and removing members of the Management Board apply (Sections 84 and 85 of the German Stock Corporation Act (AktG)).

Pursuant to Article 20 of the Articles of Association of GfK SE, unless otherwise stipulated by mandatory legal regulations, resolutions to amend the Articles of Association require a majority of two thirds of the valid votes cast, or where at least half of the share capital is represented, a simple majority of votes cast. In cases where the law additionally requires the majority of the share capital represented when the resolution is adopted, the simple majority of the share capital represented suffices, unless legal provisions stipulate a different majority as mandatory. The Articles of Association do not contain any regulations that exceed the statutory requirements of Sections 133 and 179 of the AktG.

AUTHORIZED CAPITAL

On the basis of a resolution by the Annual General Meeting on 26 May 2011, the Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the company by a total of €55,000,000.00 up to 25 May 2016 by means of one or more issues of new no-par shares to be subscribed in cash or for contributions in kind (authorized capital). In the case of cash subscriptions, the new shares may be transferred to a specific bank or banking consortium determined by the Management Board, on condition that such shares are offered to shareholders for subscription (indirect subscription right). With the consent of the Supervisory Board, the Management Board may exclude statutory subscription rights of shareholders (a) if the capital increase is by means of cash subscription and the issuing price of the new shares is not significantly below the stock exchange price; the total number of shares issued in accordance with this authorization which excludes subscription rights may not exceed 10% of the share capital, either at the time of the authorization coming into effect, or at the time of its exercise; (b) for the acquisition of contributions in kind, in particular of companies, company shareholdings, parts of companies, receivables and other assets acquired by means of granting shares in the company; (c) for the purpose of issuing new shares to employees of the company or affiliated companies as employee shares in the context of Sections 15 ff. of the German Stock Corporation Act (AktG); (d) in order to grant holders of conversion and/or option rights and obligations in relation to convertible bonds or bonds with warrants to be issued by GfK SE or Group companies in future an option to acquire new shares at the time of utilization of the authorized capital, in line with their entitlement as shareholders upon exercising the conversion and/or option rights or fulfillment of an obligation in relation to convertible bonds or bonds with warrants; (e) for the purposes of adjusting fractional amounts in order to ensure a workable subscription ratio. The totality of all shares issued on the basis of this authorization under exclusion of subscription rights for contributions in cash or in kind may not exceed 20% in total of the share capital existing at the time of this authorization coming into effect or, if lower, the amount of the share capital existing at the time of exercising the authorization, irrespective of which of the above Sections a) to e) was used as the basis for excluding the statutory subscription rights of shareholders. The Management Board is authorized, with the consent of the Supervisory Board, to determine the further content of the share subscription rights and the terms and conditions for issuing shares. The Supervisory Board is authorized to amend the wording of the Articles of Association in line with the particular utilization of authorized capital or on expiry of the term of the authorization.

ACQUISITION OF OWN SHARES

By resolution of the Annual General Meeting on 19 May 2010, the company is authorized up to 18 May 2015, pursuant to Section 71 (1) Clause 8 of the German Stock Corporation Act (AktG) and with the consent of the Supervisory Board, to acquire own shares up to a maximum of 10% of the share capital in place at the time when the resolution is passed. Together with other shares held by the company or attributable to it pursuant to Sections 71a ff. of the German Stock Corporation Act (AktG), the shares acquired may not account for more than 10% of the share capital at any time. The authorization may not be used by the company for the purposes of trading its own shares. The authorization may be exercised by the company or third parties for the account of the company, in whole or in part, once or on several occasions, to meet one or several purposes. At the Management Board's discretion, the acquisition of own shares takes place via the stock exchange or through a public offering addressed to all shareholders or a by means of a public call to submit such an offer. If the shares are acquired on the stock market, the price per share paid by the company (excluding incidental acquisition costs) must not be more than 5% above or 5% below the price per share determined in XETRA trading (or a comparable successor system) in the opening auction on the trading day. If the acquisition is by means of a public offering or public call to submit such an offer, the purchase price offered or minimum and maximum of the price range per share (excluding incidental acquisition costs) must not be more than 10% above or 10% below the closing price in XETRA trading (or a comparable successor system) on the trading day prior to the date of publication of such public offering or call to submit such an offer. If significant deviations from the applicable share price occur after publication of a public offering or call to submit an offer, the offering or call to submit an offer may be adjusted. In this case, any adjustment is based on the closing price in XETRA trading (or a comparable successor system) on the trading day prior to the date of publication of such adjustment. The public offering or call to submit such an offer may be subject to further terms and conditions. If the public offering is oversubscribed or if, in the event of a call to submit an offer, not all of several equal offers can be accepted, acceptance may be on the basis of quotas. Preferential acceptance of low numbers of up to 100 shares per shareholder may be stipulated for acquisition of the shares offered.

The Management Board is authorized, with the consent of the Supervisory Board, to use the shares acquired on the basis of this authorization, an earlier authorization or by other means pursuant to Sections 71 ff. of the German Stock Corporation Act (AktG) for all legally admissible purposes, in particular, the following:

The shares may also be sold by means other than via the stock market or through an offering to all shareholders, provided the cash price paid for the shares at the time of the sale is not significantly below the stock exchange price for similar shares in the company, whereby the relevant stock market price within the meaning of the above regulation is the mean of the closing prices for shares in the company in XETRA trading (or a comparable successor system) during the last five trading days prior to the sale of the shares. In this case, the number of shares to be sold may not exceed 10% of the share capital of the company at the time of passing the resolution at the Annual General Meeting or – if lower – 10% of the registered share capital of the company at the time of selling the shares. This limit of 10% of the share capital includes all shares issued during the term of this authorization in direct or indirect application of Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG) under simplified exclusion of subscription rights. In addition, this limit of 10% of the share capital includes all shares issued to service bonds with conversion rights and/or option rights, where the bonds are issued during the term of this authorization pursuant to Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG) under exclusion of subscription rights.

The shares may be offered or transferred to third parties as part of company mergers, the acquisition of companies, parts of companies and company shareholdings, or in the context of the acquisition of other assets.

The shares may be used to fulfill conversion and/or option rights and obligations in relation to convertible bonds or bonds with warrants issued by the company or Group companies.

The shares may be called in without the call-in or its implementation requiring a further resolution to be passed by the Annual General Meeting. The call-in will lead to a reduction of the share capital.

In deviation of the above, the Management Board may decide that the share capital should remain unchanged upon call-in and that the share of the remaining stock in the share capital increases as a result of the call-in pursuant to Section 8 (3) of the German Stock Corporation Act (AktG). In such cases, the Management Board is authorized to adjust the number of shares indicated in the Articles of Association. Authorizations may be exercised on one or more occasions, jointly or severally, for all or part of the volume of own shares acquired.

The subscription right of shareholders to these shares is excluded to the extent that the shares are used in accordance with the above-mentioned authorization.

CONDITIONAL CAPITAL

The Management Board is authorized by resolution of the Annual General Meeting on 16 May 2012 and with the consent of the Supervisory Board to issue bearer bonds and/or convertible bonds for a total nominal amount of up to €250,000,000.00 with or without maturity cap ("bonds"), on one or more occasions, up to 15 May 2016 and grant options or conversion rights to holders of bonds on a total of up to 5,000,000 no-par bearer shares in the company, subject to the terms and conditions of the bonds in each case. The bonds may be issued by either GfK SE or companies in which the company has a direct or indirect majority stake ("subordinated Group companies"), with registered offices in Germany or abroad. GfK SE may act as guarantor for bonds issued by subordinated Group companies. Bonds may be issued in return for cash or, in accordance with the details of the authorization, for contributions in kind, in particular for the purpose of acquiring companies, parts of companies and company shareholdings. Shareholders generally have subscription rights to bonds issued by GfK SE. This gives them the opportunity to invest their capital in the company and, at the same time, maintain the percentage of shares they hold. In a very limited number of specific cases, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the subscription rights of shareholders. This applies where bonds are issued for cash contributions and the issue price is not significantly below the theoretical market price calculated in accordance with recognized time-adjusted methods (Art. 9 (1) c) ii) SE Regulation, Section 221 (4) Clause 2 in conjunction with Section 186 (3) Clause 4 of the German Stock Corporation Act (AktG). In accordance with the details of the authorization, this only applies to bonds with rights to shares representing a maximum of 10% of the share capital. Moreover, shareholders' subscription rights to the bonds issued may be excluded in accordance with the details of the authorization to (1) avoid fractional amounts which occur as a result of the subscription ratio in order to simplify the procedure, (2) protect any existing option rights or convertible bonds from dilution and (3) simplify the issuance of bonds in return for contributions in kind. In all cases, the Management Board will carefully check whether it should make use of the authorization to issue bonds excluding shareholders' subscription rights and will only proceed if, having weighed up all aspects, this is in the interests of the company and its shareholders.

For the purpose of granting shares to bondholders, the share capital pursuant to Article 3 (9) of the Articles of Association is conditionally increased by up to €21,000,000.00, divided into up to 5,000,000 new no-par bearer shares carrying profit-sharing entitlement from the beginning of the financial year in which they are issued (conditional capital III).

New shares are issued subject to the option and/or conversion price to be specified on the basis of the above-mentioned authorization. The conditional capital increase is only to be implemented insofar as option and/or conversion rights relating to bonds are used and/or conversion obligations relating to bonds are fulfilled, and provided that no cash settlement is granted or own shares or shares issued on the basis of another conditional or another authorized capital item are used to service such bonds. The Management Board is authorized, with the consent of the Supervisory Board, to determine the further details relating to the implementation of the conditional capital increase.

In the event of a change in the controlling interest as part of a takeover bid, the corporate bonds issued in 2011, the revolving credit facility taken up in 2012, the loan note from March 2013 and various bilateral bank loans may fall due. A change of controlling interest is defined as a party other than the GfK-Nürnberg, Gesellschaft für Konsum-, Markt- und Absatzforschung e.V., alone or together with others acquiring the right to exercise more than 50% of the voting rights, either directly or indirectly, or to hold more than 50% of the company's capital. With regard to a public offering for acquiring shares in the company, the law and Articles of Association including the provisions of the German Securities Acquisition and Takeover Act (WpÜG) apply exclusively.

No compensation agreements are in place between members of the Management Board or employees and GfK SE for the event of a takeover bid.

2.7. Sectors: a global focus on consumers and markets

The GfK Group offers its clients worldwide a comprehensive range of information and advisory services in the two complementary sectors, Consumer Experiences and Consumer Choices.

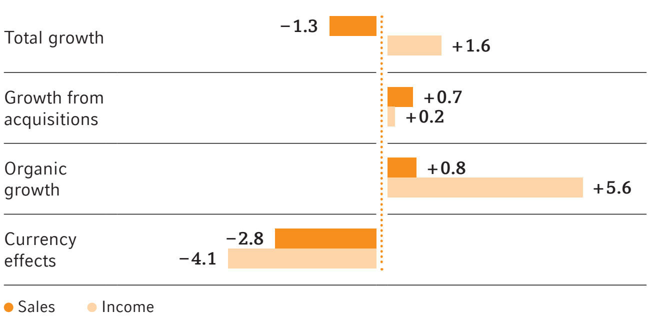
The **Consumer Experiences (CE)** sector deals with consumer behavior, perceptions and attitudes and answers the who, why and how of consumption. The research methods are creative, robust and flexible. GfK is developing pioneering and complex new procedures to deliver a profound understanding of how consumers experience brands and services.

The **Consumer Choices (CC)** sector investigates what is bought by consumers, when and where. The main focus here is on continuous measurement of market volumes and trends. All the significant sales and information channels and media are included in the process of analysis.

As at 1 January 2013, the GfK Kynetec Group was reallocated from the CE sector to the CC sector. The previous year's figures were adjusted.

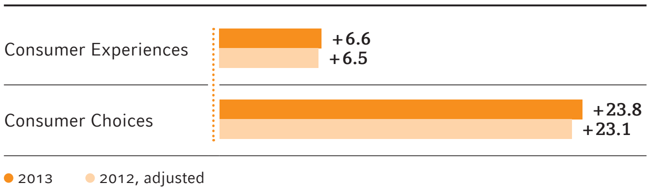
Complementary to these two sectors is the **Other** category, which unites the central services that GfK provides for its subsidiary companies and other less important services unrelated to market research.

STRUCTURE OF TOTAL GROWTH *in %*[1]

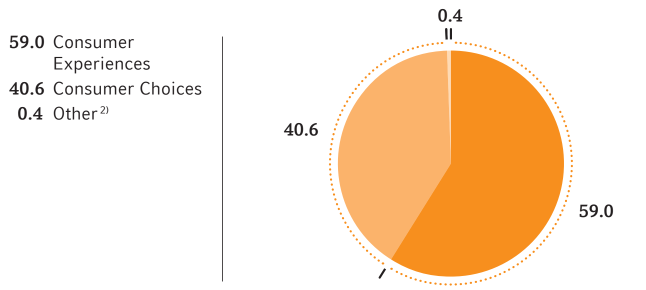


[1] Rounding differences may occur

MARGIN BY SECTOR *in %*

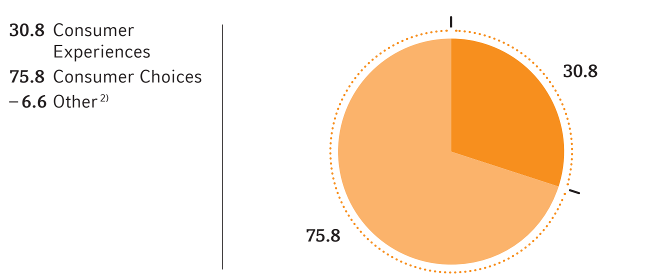


PROPORTION OF SECTOR SALES TO TOTAL SALES *in %*[1]



[1] Rounding differences may occur
[2] Segment

PROPORTION OF SECTOR INCOME TO TOTAL INCOME *in %*[1]



[1] Rounding differences may occur
[2] Other -6.6% not included in the chart

ECONOMIC DEVELOPMENT OF THE SECTORS

Consumer Experiences: In the last financial year, the Consumer Experiences sector achieved sales of € 881.3 million, and was therefore 2.9% down on the previous year's level. Currency exchange effects of 2.9% impacted particularly negatively, while organic sales fell by 1.3%. Acquisition-based growth stood at 1.2% in the period under review.

The substantial increase was attributable to User Centric in the USA, which was acquired at the end of 2012.

In addition, Sensemetric Web & Social Media Mining GmbH in Austria was purchased in June to strengthen the social media services offered by the GfK Group. Furthermore, July 2013 saw the acquisition of the Dutch company PCNData Nederland B.V. By combining this company's data with existing consumer panel data, GfK will now be able to advise clients on the efficiency and optimization of advertising and promotional measures.

The stagnating sales development was mainly due to the continuing general weak economic climate in Southern and Western Europe. Italy and France, in particular, experienced a decline in sales as a result of the difficult economic situation. In North America, the order position was low at the start of the new financial year.

However, the performance of the Central Eastern Europe / META region was pleasing with the continued expansion of the consumer panel business in Russia progressing particularly successfully. Further growth was also achieved in the Asia and Pacific region, especially in South Korea.

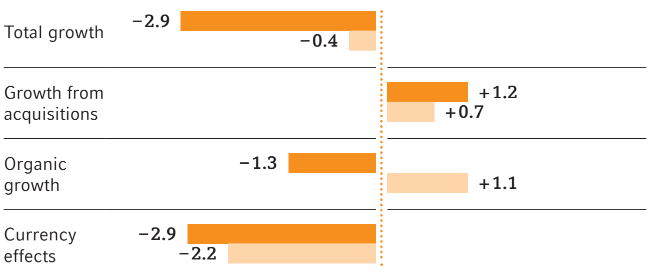
In the last financial year, income equaled the previous year's level of € 58.6 million. Compared to 6.5% in 2012, the margin for the year as a whole improved slightly to 6.6%. The sector reacted in good time to the reticent development in sales in the first six months of the year with a raft of measures for cutting costs and controlling spending. These measures and further successes resulting from the increased offshoring enabled significant improvements to be made over the course of the year.

CONSUMER EXPERIENCES: KEY INDICATORS [1)]

in € million	*2012*	*2013*	*Change in %*
Sales	907.8	881.3	−2.9
Income	58.9	58.6	−0.4
Margin in %	6.5	6.6	+0.1[2)]
Employees	7,180	7,125	−0.8

[1)] Rounding differences may occur
[2)] Percentage points

CONSUMER EXPERIENCES: STRUCTURE OF SALES AND INCOME GROWTH in % [1)]



[1)] Rounding differences may occur

Consumer Choices: Once again, in 2013, this sector recorded a positive development of sales with an increase of € 6.2 million to € 607.8 million. However, at 3.7%, organic sales growth was below the previous year's level (4.2%). Currency exchange effects reduced sales by 2.7%.

Apart from Asia and the Pacific, where the exchange rate development of the yen had a negative effect, all regions generated higher sales than in 2012. In particular, the Home, Health & Lifestyle product group contributed to the increased sales, with all areas performing positively compared to the previous year. The business was expanded further in the areas of digital products and especially the products IT and telecommunications posted substantial sales growth. The new product Mobile Insights for analyzing mobile internet traffic entered the rollout phase in Germany and the UK.

Audience Measurement business set the course for future international growth with the conclusion of several five-year contracts. The contract starting in January 2014 for measuring radio audiences in Australia is the first contract for measuring audiences in the Asia and the Pacific region. The contract for measuring TV audiences in Brazil, which was signed at the end of 2013 and runs from 2015, allowed the company to strengthen its presence in a further growth market. At the start of 2014, an agreement was signed in the Kingdom of Saudi Arabia. GfK will develop the first electronic system for measuring TV audiences in the country and is expected to supply the initial data in 2015.

Depending on the respective country and the market environment that prevails in that country, these new contracts are concluded as syndicated agreements or as agreements with joint industry committees (JICS). An example of the former variety is the contract in Brazil, which was concluded with four of the leading Brazilian TV stations. The advantage of this contract model is the low client dependency, whereby the loss of one client does not jeopardize the whole project. Moreover, the fact that the collected data is the property of GfK offers additional sales opportunities. However, this contractual model is not possible in every country due to the respective market structure and the terms of these contracts generally are shorter. The contract for measuring radio audiences in Australia was closed with Commercial Radio Australia (CRA), the national umbrella organization of Australia's commercial radio broadcasters. The benefits of this type of contract are a high degree of budgeting reliability as well as guaranteed investments and returns. Nevertheless, the downside is higher client dependency less flexibility in the design of the measuring technology and only limited additional sales potential, as with this model GfK does not acquire ownership of the collected data.

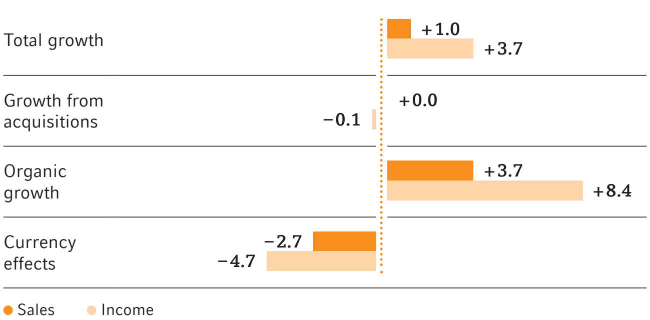
At € 144.4 million, income for the Consumer Choices sector was € 5.1 million up on the result achieved in 2012 (2012: € 139.3 million). The margin remained at a high level of 23.8% and surpassed the yield for the previous year of 23.1%. This improvement is all the more pleasing as the result was influenced not only by investments in the implementation of the new strategy and in new products, but also by exceptional effects. Within the further modernization of the StarTrack production system, additional costs of € 3.0 million incurred compared to 2012. Moreover, further adjustments were made in the Audience Measurement business in 2013. Expenses for panel closures and write-downs of receivables, equipment and licenses amounted to € 4.9 million.

CONSUMER CHOICES: KEY INDICATORS [1)]

in € million	*2012*	*2013*	*Change in %*
Sales	601.6	607.8	+1.0
Income	139.3	144.4	+3.7
Margin in %	23.1	23.8	+0.7[2)]
Employees	5,002	5,287	+5.7

[1)] Rounding differences may occur
[2)] Percentage points

CONSUMER CHOICES: STRUCTURE OF SALES AND INCOME GROWTH in % [1]



[1] Rounding differences may occur

Other: The sales recorded by the Other category during the reporting period totaled € 5.7 million, which is up by 7.8% on the figure for the previous year (2012: € 5.3 million). The loss for 2013 amounted to € 12.6 million (2012: € -10.7 million).

As part of its global strategy, GfK is increasingly pooling the expenses for overlapping administrative functional areas in the Other category in order to manage them better and structure them more efficiently.

In this context and thus due to the increasing management expenses at Group level (stewardship expenses) it can be expected that a deficit will have to be recorded in the Other category in the future as well.

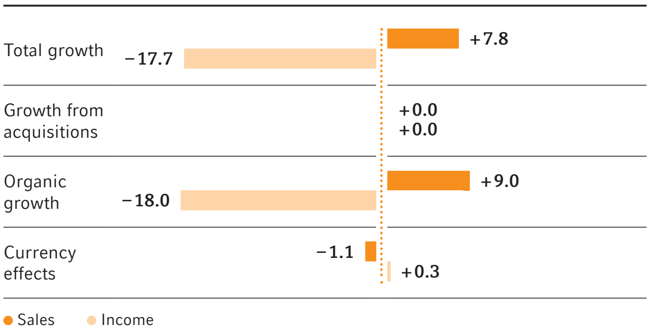
In 2013, the number of employees in the Other category increased by 32 to total 528 staff.

OTHERS: KEY INDICATORS [1]

in € million	*2012*	*2013*	*Change in %*
Sales	5.3	5.7	+7.8
Income	−10.7	−12.6	−17.7
Employees	496	528	+6.5

[1] Rounding differences may occur

OTHERS: STRUCTURE OF SALES AND INCOME GROWTH in % [1]



[1] Rounding differences may occur

2.8. Regions: a global presence in local markets

Worldwide, the GfK Group network of companies extends to over 100 countries. The Group's operations are divided geographically into six regions: Northern Europe, Southern and Western Europe, Central Eastern Europe / META (Middle East, Turkey, Africa), North America, Latin America and Asia and the Pacific. In 2013, the Central Eastern Europe / META region achieved the highest overall growth in the GfK Group of 4.8% and it also made a decisive contribution to the organic growth of the GfK Group along with other growth regions Asia and the Pacific and Latin America. In total, in 2013, GfK generated around 23% of global sales in these regions, whose importance is growing more and more within the market research industry.

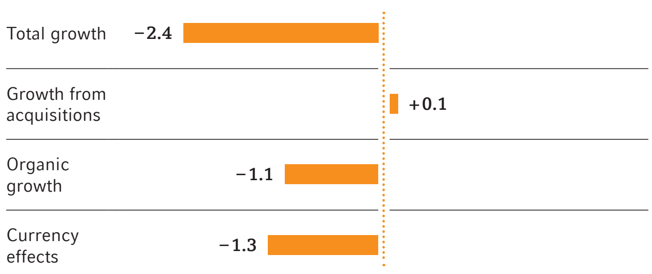
Northern Europe: In 2013 and with a share of 41% of the total, this region returned the highest sales. Sales fell by 2.4% to € 607.8 million. This trend was the result of both negative organic development of 1.1% and negative currency effects of 1.3%.

NORTHERN EUROPE: KEY INDICATORS [1]

in € million	*2012*	*2013*	*Change in %*
Sales	622.4	607.8	−2.4%
Employees	3,491	3,463	−0.8%

[1] Rounding differences may occur, figures for 2012 adjusted

NORTHERN EUROPE: BREAKDOWN OF GROWTH OF SALES in % [1]



[1] Rounding differences may occur

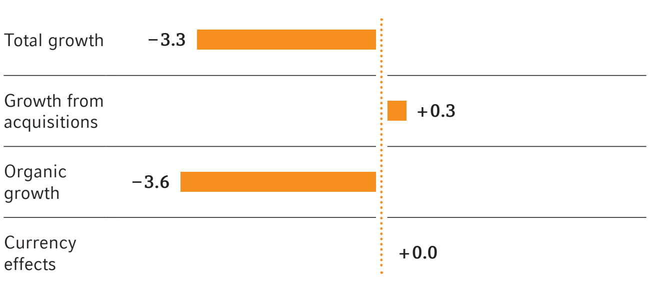
Southern and Western Europe: GfK was able to generate sales of € 272.6 million in Southern and Western Europe. Sales in organic terms fell by 3.6% year-on-year. This development was influenced to a large extent by the current debt crisis and the associated difficult business climate in many countries in the region, such as Greece and Portugal, but also France. The situation in these countries eased slightly at the end of the financial year, thereby preventing a more drastic decline in organic sales.

SOUTHERN AND WESTERN EUROPE: KEY INDICATORS [1]

in € million	*2012*	*2013*	*Change in %*
Sales	282.1	272.6	−3.3%
Employees	2,062	2,058	−0.2%

[1] Rounding differences may occur, figures for 2012 adjusted

SOUTHERN AND WESTERN EUROPE: BREAKDOWN OF GROWTH OF SALES in % [1]



[1] Rounding differences may occur

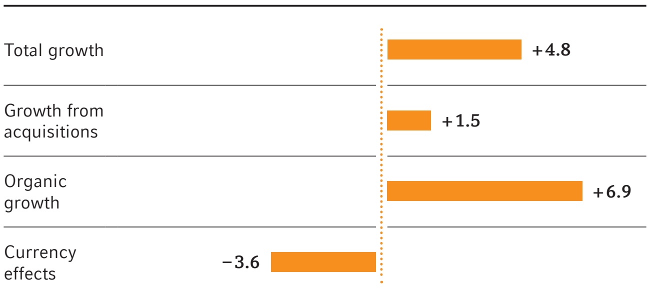
Central Eastern Europe / META: In financial year 2013, GfK achieved very good sales growth of 4.8% in this region. This resulted in sales of € 127.7 million. Organic growth in Central Eastern Europe / META stood at 6.9%. Additional sales growth of 1.5% was achieved through acquisitions.

CENTRAL EASTERN EUROPE / META: KEY INDICATORS [1]

in € million	*2012*	*2013*	*Change in %*
Sales	121.8	127.7	+4.8
Employees	2,809	3,093	+10.1

[1] Rounding differences may occur, figures for 2012 adjusted

CENTRAL EASTERN EUROPE / META: BREAKDOWN OF GROWTH OF SALES in % [1]



[1] Rounding differences may occur

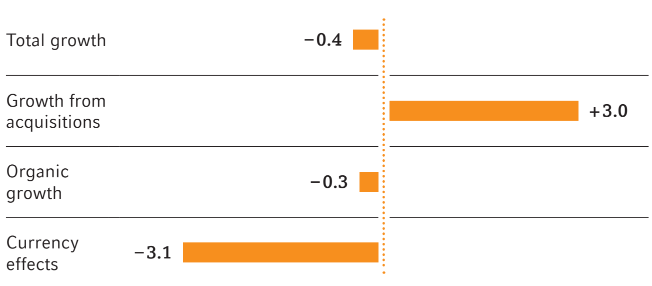
North America: In this region, GfK generated sales totaling € 265.9 million in 2013, which is roughly the same as the prior year's level. Acquisition-based growth was offset by negative currency effects. The region closed the year slightly down on the previous year, at -0.3% in organic terms.

NORTH AMERICA: KEY INDICATORS [1]

in € million	*2012*	*2013*	*Change in %*
Sales	266.8	265.9	−0.4
Employees	1,196	1,130	−5.5

[1] Rounding differences may occur, figures for 2012 adjusted

NORTH AMERICA: BREAKDOWN OF GROWTH OF SALES in % [1]



[1] Rounding differences may occur

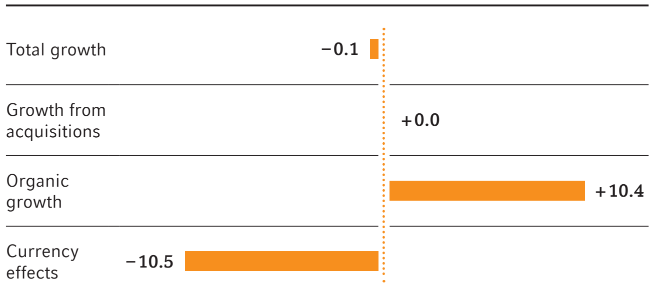
Latin America: The GfK companies in the key growth region of Latin America again achieved pleasing organic sales growth amounting to 10.4% in 2013 to record total sales of € 66.5 million. This compared with negative currency effects of nearly the same amount, so that sales in the region in 2013 were only minimally below the prior year's level.

LATIN AMERICA: KEY INDICATORS [1]

in € million	*2012*	*2013*	*Change in %*
Sales	66.6	66.5	−0.1
Employees	1,016	991	−2.4

[1] Rounding differences may occur

LATIN AMERICA: BREAKDOWN OF GROWTH OF SALES in % [1]



[1] Rounding differences may occur

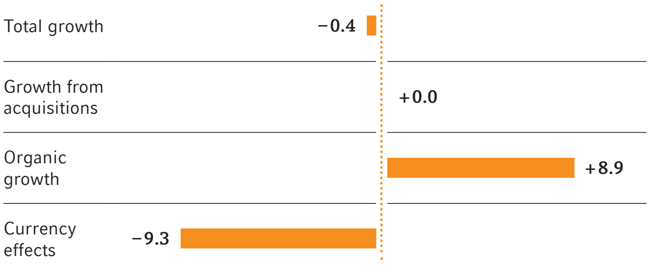
Asia and the Pacific: In the Asia and the Pacific region, GfK recorded sales totaling € 154.4 million. Organic growth in this region was also a very pleasing 8.9% in the past financial year. Negative currency effects of 9.3% contributed to a slight decline in overall sales of 0.4%.

ASIA AND THE PACIFIC: KEY INDICATORS [1]

in € million	*2012*	*2013*	*Change in %*
Sales	155.0	154.4	−0.4
Employees	2,105	2,206	+4.8

[1] Rounding differences may occur

***ASIA AND THE PACIFIC: BREAKDOWN OF GROWTH OF SALES** in %[1]*



[1] Rounding differences may occur

MAJOR CHANGES IN THE GFK NETWORK

Company	*Investment activity*	*Stake changes in %*	*Sector*	*Region*
ACMR	Acquisition	Asset deal	Consumer Choices	Asia and the Pacific
PCNData	Acquisition	100	Consumer Experiences	Southern & Western Europe
GfK Etilize	Increased stake	From 75 to 100	Consumer Choices	North America
Sensemetric	Acquisition	100	Consumer Experiences	Central Eastern Europe/META
media control® GfK INTERNATIONAL	Increased stake	From 70 to 100	Consumer Choices	Northern Europe
GfK – Conecta	Increased stake	From 51 to 100	Consumer Experiences	Latin America
GfK UK Entertainments	Increased stake	From 70 to 100	Consumer Choices	Northern Europe

3. RESEARCH AND DEVELOPMENT

DATA STRATEGY

An essential part of the company's Own the Future strategy is to ensure the expansion of data assets underpinning the business. Given the evolving competitive marketplace with new entrants in the Big Data environment GfK's competitive position in the Consumer Choices and Consumer Experiences sectors, the strategy underscored the need for focus on digital data assets and outlined specific plans for developing GfK's partnering with others to secure access to consumer's data on all digital platforms, including mobile. In addition, the strategy identified opportunity to develop continuous tracking of consumer behavioral norms and benchmarks within the Consumer Experiences product portfolio. Based on the strategy, GfK is addressing several areas in 2014.

.. Development of Global Media Link (GXL) – a cross media panel across television and digital platforms (Web and Mobile) is planned to be launched in multiple countries. This development allows GfK to understand consumer behavior across media as well as integrate the data with client and other data sources providing deep insights. Among others, the data initiative supports measurement of the impact of advertising on ROI in key markets.
.. Further refinement of the mobile network data and product.
.. Supporting the Consumer Experiences sector business by developing norms and benchmarks in brand measurement and forecasting, thus transforming the custom projects into syndicated tracking business.

Significant progress has been made in upgrading and modernizing the digital platforms (e.g. Startrack, Neo). In addition, GfK has launched the DRIVE platform, a new digital end-to-end data collection and reporting platform. The first commercial product that was launched is 'GfK Echo', a state of the art tool to measure client satisfaction for clients in various industries. Also, GfK started a strategic review of current platform assets, organizational capabilities and talents to support and execute the data strategy. This initiative will continue in 2014.

STRATEGIC PROGRAM MANAGEMENT

The Own the Future strategy implementation touches all parts of the organization. 2013 was the second year of implementation. The various identified projects that support the Own the Future strategy are managed through a strategic program management system, helped by project management rigor and governance of these key strategic projects for both sectors and at the group level. The program management process allows Management to review progress, address issues and measure the impact of key strategic projects.

STRUCTURED INNOVATION PROCESS

During the year GfK improved the innovation process. While innovation is encouraged and rewarded along all aspects of the business, including local, client facing, technology and business processes. As an example, in 2013 GfK implemented a structured process, with organization and governance support to bring new ideas to the market. The process, which is consolidated for both the sectors, is a structured tool for assessing all ideas, providing budgets and development support as well as a framework for monetizing the ideas. Leadership is dedicated in both the Consumer Experiences and Consumer Choices organizations to support the structured process. The process provides a framework for developing innovation and Research & Development KPIs.

In 2013 the innovation roadmap included continued focus on leveraging digital assets such as nurago meters and tags for passively measuring consumers, developing new use cases with mobile network data for client, application of data integration framework in mobile products and automating the Consumer Experiences data collection platform called DRIVE.

The structured process provides the Management Team an effective tool to assess Merger & Acquisition opportunities and supports the innovation agenda. This year, GfK has acquired Sensemetrics and made a strategic investment in Genius Digital's data capture and analytics platform. While Sensemetrics provides capabilities in collecting, classifying and analyzing social data, Digital Genius provides capabilities in collecting and analyzing Set Top Box data for Television Audience Analytics. Both will help GfK to enhance the companies' capabilities in digital and support innovation.

GFK DRIVE: LINKING THE CUSTOM RESEARCH HERITAGE WITH OUR "BIG & DEEP DATA" FUTURE

GfK DRIVE is a strategic digital platform, linking custom research heritage with GfK's productized, digital "Big & Deep Data" strategy. The DRIVE platform approach aims at at improving and measuring customer satisfaction, loyalty, or brand reputation. It represents a tailored, client specific product implementation. The benefits of the Drive are as follows:

.. The platform allows GfK to efficiently develop, operate and commercialize solutions and services for clients. Products that use DRIVE include GfK Echo, GfK Experience Effects, and GfK Location Insights.

.. DRIVE allows GfK to break data silos of data assets within the company as well as clients and integrate data within the common platform. The data blending offering enables fusion with other data sources (e.g., CRM, sales, financial), with external data (e.g. web statistics, analytics), as well as GfK data (e.g., customer feedback, market shares, product retail volumes, etc), to provide clients with near real time analytics.

Apart from supporting new and existing products, the focus is to increasingly use Drive-platform enabled products in ad-hoc projects, starting with online and mobile data collection. This will gradually help us to leverage Drive's efficiency and generate increased profits in a higher share of our Consumer Experience business.

MARKETING SCIENCES REALIGNMENT

Marketing Sciences skills are critical to globalizing GfK's product portfolio, reinvigorate innovation and connect data sources for client solutions. As the first step, the marketing science organization is transformed from a local to a global function, with global roles and responsibilities. To address the objectives, the Global Marketing Science team is now organized to focus in three areas; product development, client analytics and expert hubs. Data Sciences, Data Integration, Forecasting and Segmentation are few examples of the Expert Hubs. The team continues to recruit and develop and upgrade talents in Data Sciences and digital. The new alignment is well positioned to support globalization and harmonization of products as well as critical data integration initiatives.

Some of the key projects supported by the new organization are the data integration for GfK Global Media Link (GXL), Mobile Insights and Location Insights as well as several key global clients projects with the Consumer Experiences product portfolio.

4. HUMAN RESOURCES

Human Resources sets the framework for employee-related issues at individual and organizational level.

In 2012, the main focus was on establishing the global matrix organization and associated global roles and teams. 2013 was the first year in which the GfK organization lived the matrix on a global basis. Over the course of the year, many countries started to align their business with the global organization. Special attention was paid to the structure of the three biggest local organizations in Germany, the UK and the USA. The transformation is supported by the implementation of consistent, global HR processes and systems.

As the HR Business Partner, Human Resources has played a decisive role in the transformation and is supporting organizational adjustments and developments at local level.

A significant result of the transformation projects has been the creation of a "job landscape" in which roles have been named generally accepted and described. This facilitates consistent comparisons when selecting employees for specific positions at local level. In addition, the description of roles enables a common understanding of the role content and responsibilities and this in turn ensures consistent employee development worldwide.

Cooperation at global level requires largely harmonized processes as well as a sound and reliable database. The development and gradual introduction of global HR master data management will ensure in future that the personal details of staff are accurate and up-to-date in all linked systems. The Roll-out of an HR information system, People@GfK, which commenced in 2013, will enable GfK to structure its Performance Management Process (PMP) as well as career and remuneration planning consistently and in digitized form in the future. In 2014, the PMP will be launched in selected countries. As part of the ongoing roll-out, People@GfK will be made available to all managers and employees as an online tool for supporting HR-related processes.

4.1 Global Employee Survey (GES)

Sustained monitoring of employee loyalty has been and will continue to be a key element of the transformation process. To this end, GfK conducts an annual Global Employee Survey. For a number of years, the survey has been realized in technological and methodical terms and in close cooperation with Human Resources by GfK Trustmark, a GfK subsidiary specializing in employee surveys. Regular implementation of the survey facilitates the analysis of comparative data at local, regional and global level, making it possible to derive any relevant measures. In addition, GfK Trustmark makes external benchmarks available, which enable comparison with other organizations.

As the relevant indicator in relation to employee loyalty, the Employee Engagement Index has only changed negligibly at a consistently high level since the new strategy was launched in 2011. In 2013, this index was just one point down on the previous year's level. Compared with 2011, it rose by one point. Employee interest in helping to shape change also remained at high level, with a survey response rate of 85% in 2013 (previous years: 82% and 86%).

The 2013 GES focused particularly on the transformation and how it is perceived by employees. Almost 50% of all respondents noticed a significant change in their day-to-day work as a result of the new organizational structure. These employees rated the various aspects of the transformation far more positively than those who had perceived little or no change up to the survey date. Moreover, the evaluation of the findings highlighted that employees increasingly identify with the global organization overall.

The majority of employees remained convinced of the need for the ongoing transformation and was of the opinion that obstacles arising in connection with changes will be successfully overcome.

Compared with the available data for other companies, GfK achieved good to excellent results in both the Employee Engagement Index and the central aspect of the transformation.

The results overall have led to the conclusion that although the transformation involves challenges for employees, it generally receives support. Following the presentation of the survey findings, measures are defined in all business units and their subsequent implementation is followed up.

4.2 Think PEOPLE – Strategic Management Review

As part of the Think PEOPLE event, the Strategic Management Review (SMR) was carried out for the second time. Within the SMR the employee strategies of the regions are presented and discussed. Based on the review, a comparison is made of the currently available and required competencies at organizational and individual level in order to facilitate prompt implementation of any necessary measures. The 2013 SMR focused on the areas of technology, software development and digital expertise.

In addition, the SMR is aimed to ensure that the management roles are secured in the long term and consistent employee development is guaranteed. The cross-sector and cross-regional overview of current potentials for management functions is a key result of the SMR. Many different individual development opportunities have been offered to this group of people, and this has significantly increased the number of in-house staff appointed to management level positions.

4.3 Staff turnover

Due to a change in the system, no data on staff turnover was available for the overall organization in 2013. The staff turnover rate among identified potentials and at the level of the top 100 managers was less than 2%.

4.4 Diversity and inclusion

For a number of years, GfK has led the way among German listed companies with a 50% share of women on the Management Board. Below Management Board level, approximately one third of managers are women. The share of women within the Group is approximately 50%. These figures prove that diversity is actively lived. For GfK, diversity means more than simply fulfilling a quota of women or considering different nationalities. Diversity at GfK encompasses accepting different ways of thinking, experiences, knowledge and careers across all business units in the Group and at all organizational levels. This approach is adopted in terms of the balanced selection of candidates for development programs as well as in the pre-selection of candidates when recruiting for positions that need to be filled.

4.5 Global workforce planning

The Group's global orientation in terms of both organization and processes makes it possible to benefit from its worldwide network in resource planning. Alongside cost aspects, the availability of specialist resources and client requirements are also considered in the decision-making process. To date, the relocation of resources has generally been based on offshoring measures within the global GfK organization.

As part of a worldwide cost containment program, a new process was launched and established on a sustainable basis to support global coordination of resource-related decisions. This facilitates optimum allocation of resources.

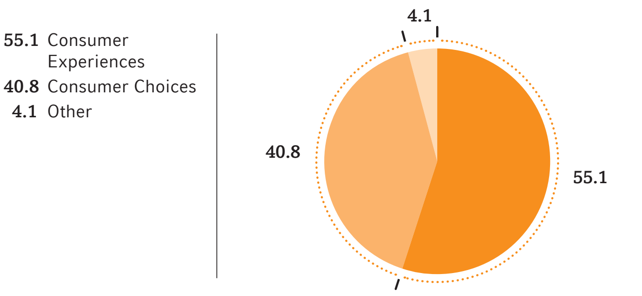
4.6 Personnel

At the end of financial year 2013, the GfK Group employed 12,940 people worldwide. Compared with the previous year, staff numbers therefore rose by 262 employees, or 2.1%. Of this growth, acquisitions and new consolidations accounted for 12 employees.

Foreign GfK companies employed 10,755 members of staff, which is an increase of 236 on the previous year's figure. Overall, 83.1% of GfK's workforce is based outside Germany.

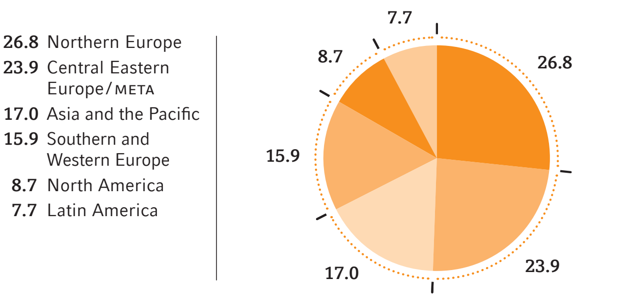
An increase on the previous year in staff numbers was only recorded for the regions Central Eastern Europe/META and Asia and the Pacific. In Eastern Europe, the rise mainly resulted from the further expansion of the coding competence center in Bulgaria. In addition, a number of freelancers have been employed following legal changes and changes in the organizational structure. In the growth region of Asia and the Pacific, staff numbers were primarily increased in India, Malaysia and China. The rise in employee numbers at the GfK Group was almost entirely attributable to the Consumer Choices sector.

EMPLOYEES BY SECTOR *in %* [1]



[1] Rounding differences may occur

EMPLOYEES BY REGION *in %* [1]



[1] Rounding differences may occur

4.7. Total remuneration and shares of the Management Board and Supervisory Board

The remuneration report is part of the Group Management Report and in terms of reporting is based on the recommendations and proposals of the German Corporate Governance Code (GCGC) and the requirements of German Accounting Standard No. 17 (GAS 17) and the German Commercial Code (HGB).

REMUNERATION OF THE MANAGEMENT BOARD

The remuneration of the members of the Management Board comprises five components, namely the basic remuneration, fringe benefits, variable short-term remuneration (Short Term Incentive – STI), variable long-term remuneration (Long Term Incentive – LTI) and the pension commitment.

The structure of the remuneration system is reviewed regularly by the Supervisory Board in line with the recommendations of the Personnel Committee. The remuneration is based on the respective remits of members of the Management Board, their personal performance and that of the full Management Board. The basic remuneration, fringe benefits and pension commitment form the non-performance-related remuneration components. Fringe benefits include the use of company cars as well as accident and directors and officers liability (D&O) insurance. In accordance with Section 93 (2) Clause 3 of the German Stock Corporation Act (AktG), the agreed deductible for the D&O insurance corresponds to 10% of the respective damage, but a maximum of one-and-a-half times the basic remuneration. The pecuniary benefit arising from private use of the company car must be declared for tax purposes by members of the Management Board. The performance-related remuneration component comprises remuneration dependent upon the attainment of predefined annual targets (STI) and predefined long-term targets (LTI). The remuneration structure is geared to sustainable corporate development.

STRUCTURE OF VARIABLE REMUNERATION ELEMENTS

The variable, short-term remuneration (STI) is based on the attainment of financial key figures as well as the attainment of non-financial qualitative goals.

To ensure the continued profitable growth of the GfK Group, the first part of the STI is linked to the attainment of the key figures margin and sales growth, the measurement of which is at Group and sector level. When assessing the attainment of targets, the two key figures are viewed in reference to each other. Incentives are based on predefined combinations of the two figures. The payment of bonus elements arising from the achievement of financial targets is also tied to compliance with a debt limit defined by the Supervisory Board.

In addition to the financial key figures, the Supervisory Board defines non-financial, qualitative targets which support the Group's sustainable development. These qualitative targets are partly the responsibility of the Management Board as a whole and partly the individual responsibility of the respective members of the Management Board. The qualitative targets for 2013 related to the aspects of commercial and people excellence as well as integrity and compliance.

The Supervisory Board has the right to reduce the amount calculated on the basis of the achievement of financial and non-financial key indicators by up to 20% or increase it by up to 20% at its discretion to reflect unusual developments at the company compared with the market overall and ensure that variable short-term remuneration is proportional to individual performance. The maximum payment for the variable, short-term remuneration components is 300% of the target bonus, although the transfer of amounts which exceed 150% of the target bonus to the variable long-term remuneration is mandatory and such amounts are therefore tied to the Group's long-term development (deferral).

The long-term variable remuneration comprises two components. The first element (Performance Cash Plan) is linked to the development of the return on capital employed (ROCE) over a period of four years. Here, the bonus is based on the weighted average cost of capital (WACC) and the ROCE performance of the best competitor companies. It is paid at the end of the term based on the average ROCE performance of the preceding four years.

The second element of the long-term remuneration is invested in virtual shares. These shares are held for at least four years, whereby the impact of the dividends distributed to shareholders is simulated in addition to the share price performance (total shareholder return or TSR concept). At the end of the holding period, the option on the virtual shares may be exercised within a further two years. The countervalue of the virtual shares is paid in cash upon exercise of the option.

The maximum payout for both of the long-term remuneration components is limited to 300% of the target bonus.

With regard to variable remuneration, no discretion is permitted when assessing target attainment beyond the discretion described above relating to variable short-term remuneration.

As part of the scheduled income review which takes place every two years, a general review of the remuneration of full members of the Management Board was conducted in financial year 2013. Based on the results of this review, no action is required with regard to the level of remuneration compared with the market overall. However, the decision was taken to carry out an annual review of the Management Board's remuneration, starting with 2014.

In financial year 2013, the total remuneration in accordance with Section 314 (1) No. 6a of the German Commercial Code (HGB) in connection with DRS 17 was as follows:

TOTAL REMUNERATION TABLE IN ACCORDANCE WITH DRS 17

Members of the Management Board in office as at 31 December 2013		*Matthias Hartmann*		*Dr. Gerhard Hausruckinger*		*Pamela Knapp*		*Debra A. Pruent*			
Role		*Chief Executive Officer (CEO)*		*Member of the Management Board (COO)*		*Human Resources Director and Chief Financial Officer (CFO)*		*Member of the Management Board (COO)*		*Grand total*	
		2012	*2013*	*2012*	*2013*	*2012*	*2013*	*2012*	*2013*	*2012*	*2013*
Non-performance-related components (in € '000)											
Basic remuneration		591	591	438	438	438	438	496	479	1,963	1,946
Fringe benefits		76	16	11	10	22	23	56	45	165	94
Total non-performance-related remuneration		667	607	449	448	460	461	552	524	2,128	2,040
Performance-related components (in € '000)											
One-year variable remuneration (STI plan)		376	512	370	294	293	321	284	263	1,323	1,390
Total one-year variable remuneration		376	512	370	294	293	321	284	263	1,323	1,390
Remuneration from long-term ROCE component, LTI plan (not share-based)		0	0	0	0	0	0	0	0	0	0
Value of multi-year variable remuneration, LTI plan (share-based incl. deferral)	Number	7,700	7,969	5,707	4,725	5,707	4,725	5,707	4,725	24,821	22,144
	Value [1]	31.00	38.50	31.00	38.50	31.00	38.50	31.00	38.50		
	Total/fair value	239	307	177	182	177	182	177	182	770	853
Total multi-year variable remuneration		239	307	177	182	177	182	177	182	770	853
TOTAL REMUNERATION		**1,282**	**1,426**	**996**	**924**	**930**	**964**	**1,013**	**969**	**4,221**	**4,283**

[1] Share price at the time of allocation

GfK already uses the structure of the new specimen tables in accordance with the German Corporate Governance Code for publishing the total remuneration. The remuneration for the 2013 reporting year as well as the achievable minimum and maximum remuneration was as follows:

TOTAL REMUNERATION TABLE: CONTRIBUTIONS GRANTED

Members of the Management Board in office as at 31 December 2013	*Matthias Hartmann*				*Dr. Gerhard Hausruckinger*			
Role	*Chief Executive Officer (CEO)*				*Member of the Management Board (COO)*			
	2012	*2013*			*2012*	*2013*		
		Target value	*Minimum*	*Maximum*		*Target value*	*Minimum*	*Maximum*
Non-performance-related components (in € '000)								
Basic remuneration	591	591	591	591	438	438	438	438
Fringe benefits	76	16	16	16	11	10	10	10
Total non-performance-related remuneration	667	607	607	607	449	448	448	448
Performance-related remuneration components (in € '000)								
One-year variable remuneration (STI-plan)[1]	355	473	0	709	263	263	0	394
Total one-year variable remuneration	355	473	0	709	263	263	0	394
Schedule for multi-year remuneration	2012–2015	2013–2016	2013–2016	2013–2016	2012–2015	2013–2016	2013–2016	2013–2016
Remuneration from long-term ROCE component, LTI plan (not share-based)[2]	236	295	0	886	175	175	0	526
Value of multi-year variable remuneration, LTI plan (share-based incl. deferral)	239	307	0	886	177	182	0	526
Total multi-year variable remuneration	475	602	0	1,773	352	357	0	1,051
Total non-performance-related and performance-related remuneration	1,496	1,682	607	3,089	1,064	1,068	448	1,893
Pension expense[3]	137	142	142	142	117	183	183	183
TOTAL REMUNERATION	**1,633**	**1,824**	**749**	**3,231**	**1,181**	**1,251**	**631**	**2,076**

[1] The STI plan provides for a minimum payment of 0% and a maximum payment of 150% of the target bonus. Amounts which exceed a payment of 150% of the target bonus are compulsorily transferred to the share-based component of the LTI plan – this rule was not applied in the reporting year 2013.

[2] The LTI plan provides for a minimum payment of 0% and a maximum payment of 300% of the target bonus.

[3] Remuneration for Debra A. Pruent relates to a pension agreement. For the remaining active members of the Management Board, expenses relate to a defined pension contribution model.

Pamela Knapp				*Debra A. Pruent*							
Human Resources Director and Chief Financial Officer (CFO)				*Member of the Management Board (COO)*				*Grand total*			
2012	*2013*			*2012*	*2013*			*2012*	*2013*		
	Target value	*Minimum*	*Maximum*		*Target value*	*Minimum*	*Maximum*		*Target value*	*Minimum*	*Maximum*
438	438	438	438	496	479	479	479	**1,963**	**1,946**	**1,946**	**1,946**
22	23	23	23	56	45	45	45	**165**	**93**	**93**	**93**
460	461	461	461	552	523	523	523	**2,128**	**2,039**	**2,039**	**2,039**
263	263	0	394	263	263	0	394	**1,143**	**1,261**	**0**	**1,892**
263	263	0	394	263	263	0	394	**1,143**	**1,261**	**0**	**1,892**
2012–2015	2013–2016	2013–2016	2013–2016	2012–2015	2013–2016	2013–2016	2013–2016	**2012–2015**	**2013–2016**	**2013–2016**	**2013–2016**
175	175	0	526	175	175	0	526	**761**	**821**	**0**	**2,463**
177	182	0	526	177	182	0	526	**770**	**853**	**0**	**2,463**
352	357	0	1,051	352	357	0	1,051	**1,531**	**1,674**	**0**	**4,927**
1,075	1,080	461	1,906	1,167	1,143	523	1,969	**4,802**	**4,974**	**2,039**	**8,858**
126	194	194	194	809	118	118	118	**1,189**	**637**	**637**	**637**
1,201	**1,274**	**655**	**2,100**	**1,976**	**1,261**	**641**	**2,087**	**5,991**	**5,611**	**2,676**	**9,495**

The table below shows the actual remuneration for financial year 2013. In contrast to the above remuneration table, this table includes the actual values of remuneration components already granted and paid in 2013.

TOTAL REMUNERATION TABLE: CONTRIBUTIONS RECEIVED

Members of the Management Board in office as at 31 December 2013	*Matthias Hartmann*		*Dr. Gerhard Hausruckinger*		*Pamela Knapp*		*Debra A. Pruent*			
Role	*Chief Executive Officer (CEO)*		*Member of the Management Board (COO)*		*Human Resources Director and Chief Financial Officer (CFO)*		*Member of the Management Board (COO)*		*Grand total*	
	2012	*2013*	*2012*	*2013*	*2012*	*2013*	*2012*	*2013*	*2012*	*2013*
Non-performance-related components (in € '000)										
Basic remuneration	591	591	438	438	438	438	496	479	1,963	1,946
Fringe benefits	426	162[3]	11	10	22	23	56	45	515	239
Total non-performance-related remuneration	1,017	753	449	448	460	461	552	523	2,478	2,185
Performance-related remuneration components (in € '000)										
One-year variable remuneration (STI plan)	415	604	356	394	312	315	246	248	1,329	1,561
Total one-year variable remuneration	415	604	356	394	312	315	246	248	1,329	1,561
Schedule for multi-year remuneration						2010–2013		2010–2013		2010–2013
Remuneration from long-term ROCE component, LTI plan (not share-based)	0	0	0	0	0	166	0	166	0	332
Value of multi-year variable remuneration, LTI plan (share-based incl. deferral[2]	0	0	0	0	0	0	0	0	0	0
Total multi-year variable remuneration	0	0	0	0	0	166	0	166	0	332
Total non-performance-related and performance-related remuneration	1,432	1,357	805	842	772	941	798	937	3,807	4,078
Pension expense[1]	137	142	117	183	126	194	809	118	1,189	637
TOTAL REMUNERATION	**1,569**	**1,499**	**922**	**1,025**	**898**	**1,135**	**1,607**	**1,055**	**4,996**	**4,715**

[1] Remuneration for Debra A. Pruent relates to a pension agreement. For the remaining active members of the Management Board, expenses relate to a defined pension contribution model.
[2] In the reporting year 2013, no virtual share options from LTI plans were exercised.
[3] Includes compensation payments for bonus entitlements and IBM share allocations which were forfeited as a result of the move from IBM, USA, to GfK SE.

STRUCTURE OF PENSION COMMITMENTS

In 2011, the Supervisory Board approved the structure of a contribution-based pension model for the Management Board, which will apply to the directors most recently appointed to the GfK Management Board, Pamela Knapp, Dr. Gerhard Hausruckinger and Matthias Hartmann, as well as any other new appointments in the future.

Within the scope of this model, the company provides annual contributions to pension accounts which are set up individually during the term of the employment relationship, up to the age of 62 at most. A contribution of 25% of the contractually agreed annual fixed remuneration is granted for the duration of the first appointment period. If the person concerned is reappointed to the Management Board, the annual contribution is calculated based on 15% of the contractually agreed target direct remuneration (annual fixed remuneration plus the sum of the short-term and long-term incentives upon target attainment of 100%). The contributions for the first appointment period are increased retroactively after reappointment has taken place and the difference compared to the actually granted contributions is credited during the second appointment period. The retroactive equal treatment of the contribution calculation for the first appointment period is designed to additionally promote loyalty to the company. Retirement and survivors' benefits are covered, and the company also makes a contribution for supplementary occupational disability insurance. The extent and amount of pension benefits correspond to the insurance payout generated from contributions paid into reinsurance contracts with a life assurance company.

If the employment relationship ends before pension payments begin, the pension rights are retained. In this case, the insurance policy remains in place. No further contributions are made. Upon commencement of benefit payments, i.e. after reaching retirement age at 62 or qualifying for early retirement from the age of 60 (the latter applies to commitments made up until 31 December 2011), and in the event of death or disability, beneficiaries receive a pension payment equivalent to the current status of the insurance benefits at this time. The pension is always paid as a lifelong monthly pension, which is adjusted annually from the date when the pension commences according to the profit participation of the concluded insurance tariff, but at least by 1% p.a. At the Management Board member's request, the pension may be paid as a lump sum or in 12 annual installments, subject to the company's consent.

The existing pension contract of Debra A. Pruent is structured as a defined benefit plan. After three years' service as a member of the Management Board, the company grants a retirement pension, an early retirement pension, a disability pension and a widows' or widowers' and orphans' pension. The fixed annual remuneration agreed in the employment contract is deemed to be the pensionable income. Debra A. Pruent will receive a retirement pension when she leaves the service of the company upon reaching the set retirement age. After three years' service as a member of the Management Board, the annual pension entitlement amounts to 30% of the pensionable income. This increases by 3% for each additional full year of service. The retirement pension is limited to 60% of pensionable income. The retirement pension is granted on leaving the company at the age of 62. A reduced early-retirement pension may be provided from the age of 60.

If Debra A. Pruent leaves the service of the company before reaching the age of 62, due to a reduction in earning capacity, she will receive a disability pension for the duration of the reduction in earning capacity. The disability pension is calculated in the same way as the retirement pension, although only the service years until the beneficiary leaves the company are included in the calculation.

The widowers' pension amounts to 60% of the retirement pension or disability pension last paid; the orphans' pension amounts to 30% for full orphans and 15% for half orphans. After the commencement of the pension, the current pension is increased annually by 2%. The company may grant higher adjustments if the consumer price index shows a higher increase in prices.

Allocations to pension provisions of € 118,215 were made for Debra A. Pruent in financial year 2013. As at 31 December 2013, the cash value of the pension provisions was € 3,322,615.

In the financial year ended, one member of the Management Board made a share transaction subject to mandatory reporting requirements involving a total of 700 shares. As at the reporting date of 31 December 2013, the Management Board held 6,000 GfK shares in total and no options on GfK shares.

No loans and advances were granted to Management Board members.

If membership of the Management Board ends prematurely, the current Management Board contracts of GfK SE provide an arrangement regarding the size of the compensation corresponding to the provisions of the German Corporate Governance Code. There is no provision governing a change in control.

Former members of the management of GfK GmbH, Nuremberg, of the Management Board of GfK Aktiengesellschaft, Nuremberg, and of GfK SE, Nuremberg as well as their surviving dependents received total remuneration of € 2.6 million. Provisions of € 36.6 million were set up for pension obligations to former Management Board members and managing directors as well as their surviving dependents.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board is specified in Article 16 of GfK SE's Articles of Association as follows:

.. In addition to expenses, members of the Supervisory Board receive fixed remuneration of € 30,000.00 payable at the end of the financial year.
.. The members receive a sum of € 1,500.00 per meeting for attendance at Supervisory Board meetings and meetings of one of its committees.
.. The Chairman of the Supervisory Board receives four times and the Deputy Chairman one and a half times the amount stipulated in Point 1.
.. The remuneration increases by € 10,000.00 for each membership of a committee. The Chairman of the Audit Committee receives € 50,000.00, the Chairman of the Personnel Committee and the Chairman of the General Committee receive € 30,000.00 each and the Chairman of the Nomination Committee receives € 20,000.00. Committee remuneration is exclusively calculated on the basis of the respective function on the relevant committee (simple membership or chair), whichever receives the highest remuneration.
.. The company compensates every Supervisory Board member for reasonable expenses against submission of proof and any VAT applying to his remuneration and the reimbursement of his expenses.
.. Supervisory Board members who have only held their position on the Supervisory Board and/or one of its committees for part of the financial year are compensated on a pro rata basis, with parts of months rounded up to full months.

REMUNERATION OF THE SUPERVISORY BOARD 2013

	EUR '000
Dr. Arno Mahlert, (Chairman)	225.7
Stefan Pfander, Deputy Chairman (until 17 May 2013)	46.0
Dr. Bernhard Düttmann (Deputy Chairman from 17 May 2013)	87.2
Hans Van Bylen (from 17 May 2013)	35.8
Dr. Christoph Achenbach	62.5
Dr. Wolfgang C. Berndt	172.0
Stephan Lindeman	39.0
Shani Orchard	56.5
Hauke Stars	67.3
Dieter Wilbois	50.5
Sandra Hofstetter	67.0
Remuneration 2013	**909.5**
Remuneration 2012	**828.5**

As at 31 December 2013, the Supervisory Board held a total of 2,655 shares and no options on GfK shares. One member of the Supervisory Board made a share transaction subject to mandatory reporting requirements involving a total of 1,000 shares in the financial year ended.

Details of individual transactions by members of the Supervisory Board and the Management Board are published on the website in accordance with the provisions of the German Corporate Governance Code (GCGC).

5. ORGANIZATION AND ADMINISTRATION

The GfK Group has a matrix organization consisting of the two globally responsible sectors, Consumer Experiences and Consumer Choices, with product responsibility and six regions.

GfK SE functions as both the holding company and an operating unit. In Germany, the GfK Group's network comprises the parent company as well as 13 consolidated subsidiaries and one associated company, plus 5 non-consolidated subsidiaries. Worldwide, GfK has 144 consolidated subsidiaries and 15 associated companies, 3 minority interests and 35 non-consolidated subsidiaries. The Group headquarters are in Nuremberg.

5.1. Management Board

The Management Board of GfK SE currently consists of four members. The Chief Executive Officer (CEO), Matthias Hartmann, is responsible for the corporate functions Strategy (Innovation and Digital), IT (Strategy, Enterprise- and Business Applications, Infrastructure), Executives in the level below the Management Board (Development and Compensation), Integrity, Compliance and Intellectual Property, Internal Audit, Investor Relations and Marketing and Communications. The Human Resources Director and Chief Financial Officer (CFO), Pamela Knapp, is responsible for the corporate functions Finance (Accounting, Controlling, Finance IT), Finance Administration (Corporate Shareholder Management, Investment Controlling, Risk Management, Mergers and Acquisitions, Tax), Treasury, Legal, Human Resources and Central Services and Procurement.

Strategic and operational management of the two sectors is the responsibility of the Management Board members (Chief Operating Officers, COOs), Debra A. Pruent for the Consumer Experiences sector and Dr. Gerhard Hausruckinger for the Consumer Choices sector.

5.2. Administration

The corporate functions Finance, Finance Administration, Legal, Treasury, Integrity, Compliance and Intellectual Property, Human Resources, Central Services, Procurement, Marketing and Communications and Investor Relations are responsible for deciding on policy across the Group in their respective fields of work.

6. DECLARATION ON CORPORATE GOVERNANCE IN ACCORDANCE WITH SECTION 289 A OF THE GERMAN COMMERCIAL CODE (HGB)

GfK's corporate governance is based on transparency and trustful cooperation.

By adopting the German Corporate Governance Code, the GfK Group is dedicated to good corporate governance and corporate supervision while providing transparency for national and international investors.

The declaration on corporate governance, which includes the declaration of compliance 2013, comments on corporate governance, information about management practices, description of the codes of procedure and composition of the Management Board and Supervisory Board and the composition and procedure of the committees of the Supervisory Board is published online at:
http://www.gfk.com/investors/corporate-governance/Pages/declaration-on-corporate-governance.aspx

The corporate governance report is part of the declaration on corporate governance and is also published under:
http://www.gfk.com/investors/corporate-governance/Pages/default.aspx

7. PURCHASING

In spring 2013, the Redesign Purchasing project was concluded and its implementation was commenced as follows:
.. Development of purchasing organization
.. Appointment of strategic and operational purchasing managers
.. Definition of an approval process for requisitions
.. Implementation of an IT ordering system

The aim is to manage the operational purchasing processes more efficiently and to increase their transparency.

In 2013, we ran a pilot of the purchasing system based on SAP SRM and the purchasing organization in Austria. Preparations were made for a further rollout in Germany, Switzerland and the USA and these will be implemented in 2014. A structure for global purchasing focusing on key purchasing categories was developed. Purchasers operating on a global scale will in future manage and optimize supplies and the supplier base. Initial cost optimization was achieved as a result of global supplier days and the conclusion of framework and pricing agreements.

In the area of indirect cost categories, cost savings were achieved in close cooperation with Central Services.

In 2014, the plan is to organize national and global purchasing functions as a network and to put processes on a more professional level.

Suppliers will be assessed and evaluated according to clear eligibility criteria and the criteria set out in the code of conduct will also become more important as a benchmark for a joint business relationship.

The future supplier base will be defined in close cooperation and consultation with the operational business and consumers.

Likewise, key objectives and activities for purchasing will be derived and pursued from business developments and requirements on a regular basis.

8. ENVIRONMENT

GfK ensures the prudent and responsible management of natural resources. Our internal guidelines and recommendations encourage all employees worldwide to always consider the environmental aspects of their business activities and use of work equipment and to limit their use of resources to a necessary minimum. Purchasing and proper disposal of waste materials is the responsibility of the Central Services and Group IT departments in Germany. Abroad, this responsibility lies with the individual GfK subsidiaries.

9. MARKETING AND COMMUNICATION

Marketing and communications activities support the global corporate strategy. Up until the introduction of the Own the Future strategy, all marketing activities were managed on a decentralized basis, with only corporate communications subject to central control. Since 2013, all communications and marketing activities have been increasingly integrated and centralized. In line with the strategy, the goal of "One GfK" also applies to marketing and communications. This department is responsible for all GfK marketing and communication activities around the world and coordinates the people in charge in all the countries, with due regard to regional peculiarities.

ORGANIZATION GEARED TO SUPPORTING GFK'S BUSINESS

Marketing and communication activities are based on the matrix organization of GfK's business. In the interests of presenting a uniform corporate image, activities are not split up by sector, but are instead set up according to target groups, topics and communication channels. Under the globally responsible management for Marketing and Communications there is a Communications unit that controls internal communication (aimed at staff and executives) and external communication (aimed at the media and the general public). The Marketing unit deals with uniform branding and is organized according to sectors and product groups. The worldwide online activities are developed and implemented centrally by the Digital Marketing department. To better cater for regional and local needs, there are regional responsibilities, so as to be able to optimize the chain of communication and networking of marketing and communication managers worldwide. In addition, Centers of Excellence are currently being merged to handle central tasks such as events or supporting services (e.g. multimedia or graphics services).

NEW MARKETING AND COMMUNICATION PRESENCE SUPPORTS THE LAUNCH OF STANDARDIZED PRODUCTS

In financial year 2013, the Marketing and Communications department supported the launch of standardized products. When GfK Echo and GfK Innovation Roadmap were introduced, for example, integrated and coordinated marketing plans were implemented in the relevant regional markets across all disciplines.

To make the communication of the GfK Group as a whole more uniform and to convey the added value of the brand to the internal and external target groups, a positioning project was carried out in 2013. The core messages with their supporting sub-messages are now communicated internally worldwide and will be implemented externally over the course of 2014. The core messages will be used consistently in all internal and external media to ensure that they are implemented successfully.

EXTERNAL COMMUNICATION

In line with the positioning, GfK's strategy, successes and service offerings continued to be disseminated in external communications, with the emphasis on consolidating its image as an innovative trailblazer. In particular, interviews and press conferences with the top management as well as meetings with media representatives and the placement of specialist articles by GfK experts in target group-related trade media served this purpose.

INTERNAL COMMUNICATION

Clear and stringent global internal communications play a big part in the transformation process. Existing tools and channels, including newsletters, letters from the Management Board, videos and internal meetings, were developed further and became more specific in content. The gNet intranet forms the online community for employees and the management team. The internal communication team regularly informs staff about changes in the organization and about the successes and challenges in the market. The gNet is also GfK's central collaboration platform. The global experts are allocated according to subject-specific and regional communities and therefore promote the exchange of information in real time.

10. INTERNAL CONTROL SYSTEM FOR ACCOUNTING

The GfK Group's internal control system comprises the principles, structures, processes and measures introduced by the company management, which are set to ensure the commercial success of the company, the correctness and reliability of internal and external financial reporting as well as compliance with the appropriate laws and standards.

This is based on the concept of the Three Lines of Defense, developed in the financial industry. The first line comprises the operational management, which has to establish risk management, controls and compliance in day-to-day business. The second line is support organized by the Management Board for the operational management by experts in integrity and compliance, risk management and controlling, who uniformly organize these matters across the Group in a professional manner. The third line is formed through the appointment of internal and external auditors by the Management Board and the Audit Committee to check the effectiveness of the internal control system.

CONTROL ENVIRONMENT AND CONTROL ACTIVITIES

The control environment of the GfK Group is essentially characterized by the existing rules of conduct and the resultant attitudes and actions of each employee. The principles on which this conduct is based are derived from the company guidelines, with which every employee undertakes to comply (Code of Conduct, Corporate Values). These guidelines are continually developed by Integrity, Compliance and Intellectual Property and communicated to employees. In 2013, a global compliance e-learning program was introduced. This module complements the existing training measures in the area of compliance. Participation in the e-learning program is compulsory for the workforce worldwide. Last year the program content concentrated on the Code of Conduct. Each employee has to confirm that they understand the provisions of the Code of Conduct. The program will be augmented by additional key Group guidelines in subsequent years. The technical platform is the GfK intranet (gNet), thereby guaranteeing a close connection with the Group guidelines published worldwide.

At the beginning of implementing the e-learning program, a CEO webcast was broadcast that set the appropriate “tone from the top”.

In the sector-specific key area of data protection the corresponding internal guidelines were extended significantly. Corresponding training measures were subsequently implemented worldwide to further minimize the relevant risks.

In the area of quality management activities were also standardized worldwide and across all sectors. These measures will be used to indicate competitive advantages in communications with our clients.

By implementing these guidelines, responsible company management and key ethical and moral values in the workplace are ensured.

Risk management is carried out at GfK on a continuous basis. Each employee is responsible for monitoring risk in his or her task area. For each new or already identified risk, risk owners are in place. These individuals assess, monitor and control the actual risk, using specific early warning indicators and defined criteria according to the type of risk. If a change in the risk position is evident, countermeasures can be fine-tuned in good time. In relation to this, the Risk Management department is responsible for uniformly defining and organizing the process and for reporting to the Management Board.

The extensive guidelines also represent another essential element of the internal control environment. These guidelines standardize the main financial processes in the GfK Group to ensure the consistent high quality of working results.

Risk monitoring at GfK is essentially carried out via a system of checks and balances and documented controls. Pre-defined business transactions must be approved by both the operational and financial management. This ensures compliance with guidelines and internal processes and, at the same time, that the decisions taken are practical from both an operational and financial point of view. Business processes which are necessary for proper accounting, as well as all payment transactions, are subject to controls that must be documented.

Internal Audit plays an important role in this regard. In addition to regular auditing of compliance with laws or internal company guidelines and internal controls, this also includes the documentation and risk analysis of financial or operational processes. Audit results, risks, effects of audit findings and recommendations for improvement are outlined in the audit reports. The timely implementation and progress of audit recommendations is queried on a quarterly basis by the Internal Audit department. This is additionally verified on site at the subsidiaries with the assistance of external advisers.

Additional specialized audits were conducted in 2013. They were due, amongst other things, to the fraud case in Turkey and also to other identified important audit findings or risks. In some cases the audits were carried out with the assistance of external and internal specialists at the premises of various Group subsidiaries. Data quality audits were also performed for the first time in 2013, with the aim of guaranteeing compliance with external and internal quality standards.

Furthermore, a Control Self-Assessment (CSA) was developed and introduced for the first time in 2012. It is based on 99 questions covering the key business areas and their risks. The CSA is completed by the subsidiaries and evaluated or followed up by the Internal Audit department. It is carried out annually both in writing and on site at selected Group subsidiaries as part of an internal audit to be performed. Selection for 2013 was based on pre-defined criteria. The internal audit plan for 2014 takes into account the results of this CSA and is approved on the recommendation of the director of the audit committee. The audit committee stipulates its own key audit points, which the statutory auditor takes into consideration during the audit. These key points include verification of the documented controls by means of spot checks.

MAIN FEATURES OF THE GROUP’S ACCOUNTING-RELATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

GfK’s accounting-related internal control system serves to ensure the correctness of financial reporting through compliance with all the appropriate regulations when preparing the consolidated financial statements and the Group Management Report.

The individual financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) and certified by external auditors of all the consolidated subsidiaries in the GfK Group provide the baseline data for preparing the consolidated financial statements.

When preparing the information for these individual financial statements, IFRS compliance is supported conceptually by the centrally managed and regularly updated IFRS accounting manual and by other guidelines on individual accounting issues, such as revenue recognition. In addition, the Group’s standard chart of accounts helps to ensure that the individual financial statements of all the subsidiaries are prepared in an IFRS-compliant manner. The rules in the accounting manual and the chart of accounts to be applied are laid down by the Group's head office and are mandatory for all consolidated subsidiaries worldwide.

The information for the financial statements supplied by the subsidiaries is initially subjected to automatic plausibility and consistency checks in the consolidation system. If there are any unresolved checks that are obstructing progress, the financial data cannot be released for further processing by the Group finance department. Another inspection of the data is carried out in this department by the employees involved in the process of preparing the consolidated financial statements, who are screened for their professional suitability prior to being recruited and undergo continuous professional training.

Changes to accounting standards, legislative amendments and Group guidelines on accounting and valuation methods are observed and analyzed by the Group finance department. If any of these changes are relevant to the GfK Group, the corresponding guidelines and the reporting package for registration of the financial statement data by the subsidiaries are updated. The subsidiaries are informed about these updates by means of the circulars that are sent out on a quarterly basis. These circulars give the companies details of all the important deadlines so that the punctual preparation of the consolidated financial statements is guaranteed.

Some topics requiring special expertise, such as the calculation of the provisions for the Long Term Incentive Plan for executives, are dealt with centrally by employees in the Group finance department who have the necessary specialist knowledge. The resulting figures are loaded directly into companies' financial statements prepared for consolidation purposes and can subsequently no longer be changed locally. This approach ensures that very specialist topics are handled in a uniform fashion by experts. The valuation of pension provisions and the purchase price allocation for large-scale corporate mergers are performed by external service providers with the appropriate expertise.

The consolidation processes are then executed in the consolidation system and monitored from a conceptual and scheduling point of view by the staff responsible in the consolidation department. Manual and system-based controls are completed for all consolidation steps.

The dual control principle is always used for the consolidation steps performed by the staff in the Group department. In addition, a high control standard is achieved by performing change analyses and detailed analyses of the content and composition of selected items in the subsidiaries' individual financial statements and in the consolidated financial statements.

In relation to the annual financial statements, the management and the finance managers of all the consolidated subsidiaries confirm the completeness and correctness of the financial information sent to the Group's head office.

The Audit Committee of the Supervisory Board monitors the accounting process, including the audit of the financial statements as well as the efficacy of the control system and the internal auditing. It discusses the consolidated financial statements, the Group Management Report and the individual financial statements of GfK SE with the Management Board and the auditors and checks the corresponding documents carefully.

WHISTLEBLOWING – TAKING THE INITIATIVE

GfK encourages all staff to report any actual or suspected infringements of any statutory or internal regulations. Staff members can contact their superiors, Integrity, Compliance and Intellectual Property, GfK SE Human Resources or GfK SE Internal Audit. Under the terms of GfK's whistleblowing regulation, if employees do not wish to use these channels, they can also make an anonymous report to an external ombudsman who will uphold the anonymity of employees.

INFORMATION AND COMMUNICATION

GfK has open information and communication structures. This ensures that amendments to laws, guidelines and instructions are conveyed and made permanently available to employees. All guidelines are accessible worldwide on the gNet intranet. GfK operates a system of comprehensive and regular risk and financial reporting, which ensures that the Management Board and the Supervisory Board are promptly and comprehensively informed of the company's risk position. In addition to the standardized reporting, the Management Board is directly informed on an ad hoc basis in the event of any sudden occurrence of material risks, significant changes in the risk situation or incidence of fraud (ad hoc reporting).

11. OPPORTUNITY AND RISK MANAGEMENT

11.1 Integrated opportunity and risk management

The GfK Group's integrated opportunity and risk management system forms the basis for identifying and managing all opportunities and risks. In doing so, risks at the level of the individual GfK companies and GfK sectors, as well as at Group level, are identified and evaluated. Regions are covered by companies representing GfK in the respective regions. The overriding objective is to recognize developments that may influence the future existence of the Group at an early stage. Opportunities and risks are continuously monitored as part of the internal reporting process. In addition, the opportunity and risk management system is regularly inspected by Internal Audit, which ensures appropriate functionality.

GfK's Group-wide opportunity and risk management is fundamentally based on a management-oriented enterprise risk management (ERM) approach. It is comprehensively integrated in the Group organization and guided by the globally recognized framework concept of the Committee of Sponsoring Organization of the Treadway Commission (COSO). Derived from this concept, the opportunity and risk management system, with its clearly defined processes, is linked with Group financial reporting and is a cornerstone of the internal control system. The integrated system is enshrined in the Risk Management Guideline, which applies worldwide and regulates all risk policy principles and responsibilities within opportunity and risk management, the opportunity and risk management process and reporting. The guideline can be accessed by all employees on the gNet company intranet.

As a result of the amendment of the Group Management Report based on German Accounting Standard No. 20, the structure within opportunity and risk reporting was adjusted to the changed requirements.

PRINCIPLES OF RISK POLICY

To safeguard the continued success of the GfK Group in the market, the GfK Group must consistently exploit opportunities, but the manner in which risks are taken also has to be acceptable from both a business and ethical perspective. To this end, risk policy principles were drawn up, which form the basis for the entire opportunity and risk management system of the GfK Group. The key tenets, which are integrated in GfK's structures and business processes, are:

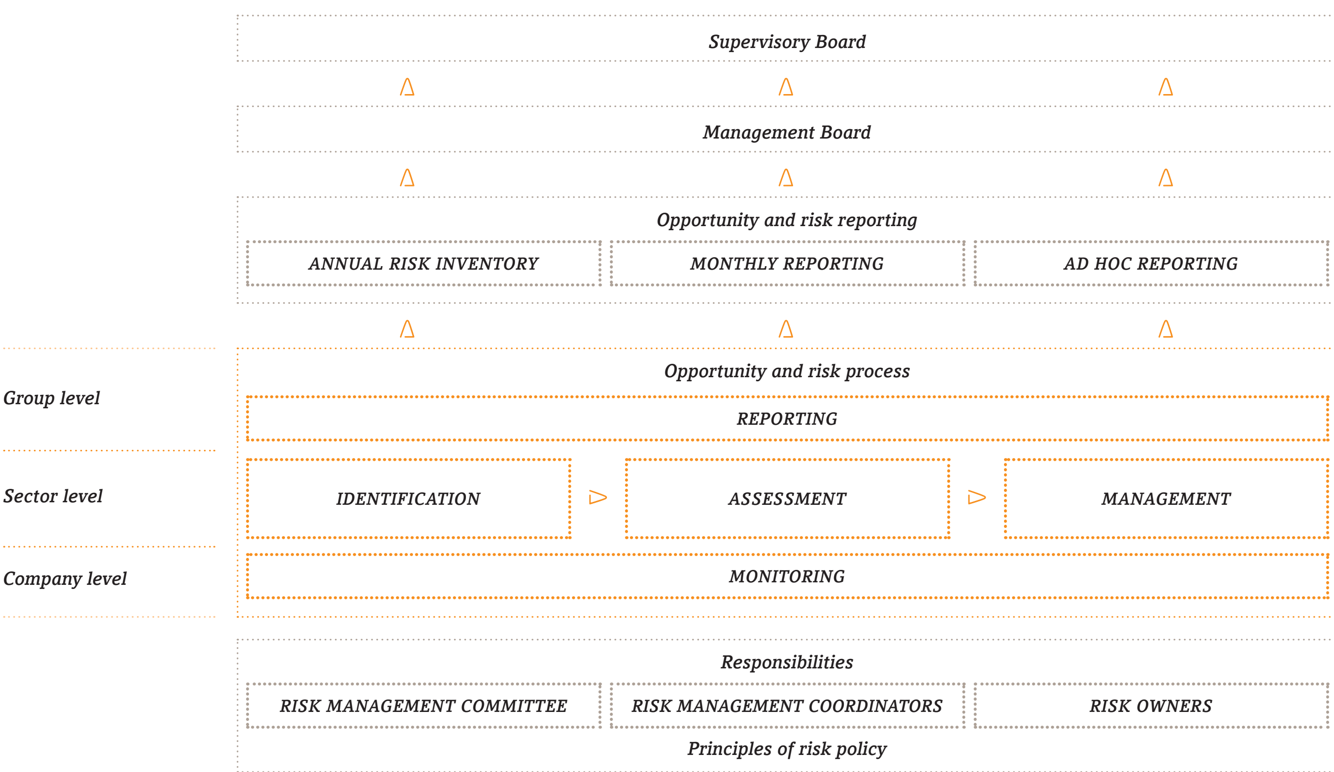
.. Entrepreneurial action requires the conscious management of risks.
.. No actions whose inherent risks could result in a threat to the survival of the GfK Group are allowed.
.. Risk management is a duty for each and every employee.
.. Risks must be systematically identified, assessed and managed.

RESPONSIBILITIES

Risk Management Committee: Under the terms of its overall responsibility for the opportunity and risk management system, the Management Board has established a Risk Management Committee, which is tasked with the central coordination and continual further development of the opportunity and risk management system. Its standing members include the CFO/HR Director as Chairperson, the Global Head of Finance, as well as an employee responsible for risk management from the Group Controlling department. The Committee informs the Management Board and Supervisory Board of current developments and changes in the risk position within the company.

Risk management coordinators: The direct responsibility for early identification, management and communication of opportunities and risks locally lies with the business management of the individual GfK companies. Local risk management coordinators promote risk

THE GFK GROUP'S INTEGRATED OPPORTUNITY AND RISK MANAGEMENT SYSTEM



awareness and ensure that the prescribed central principles are implemented by the respective organizations.

Risk owners: For each identified risk, a risk owner is nominated, in whose remit the risk lies. The risk owner is tasked with actively managing the risk and taking appropriate countermeasures to prevent the risk occurring or mitigate the potential loss or damage. The risk owner can be an individual employee, or a group of employees at management level

OPPORTUNITY AND RISK MANAGEMENT PROCESS

The opportunity and risk management process comprises continuous identification, assessment and management, complemented by the process-accompanying steps of reporting and monitoring.

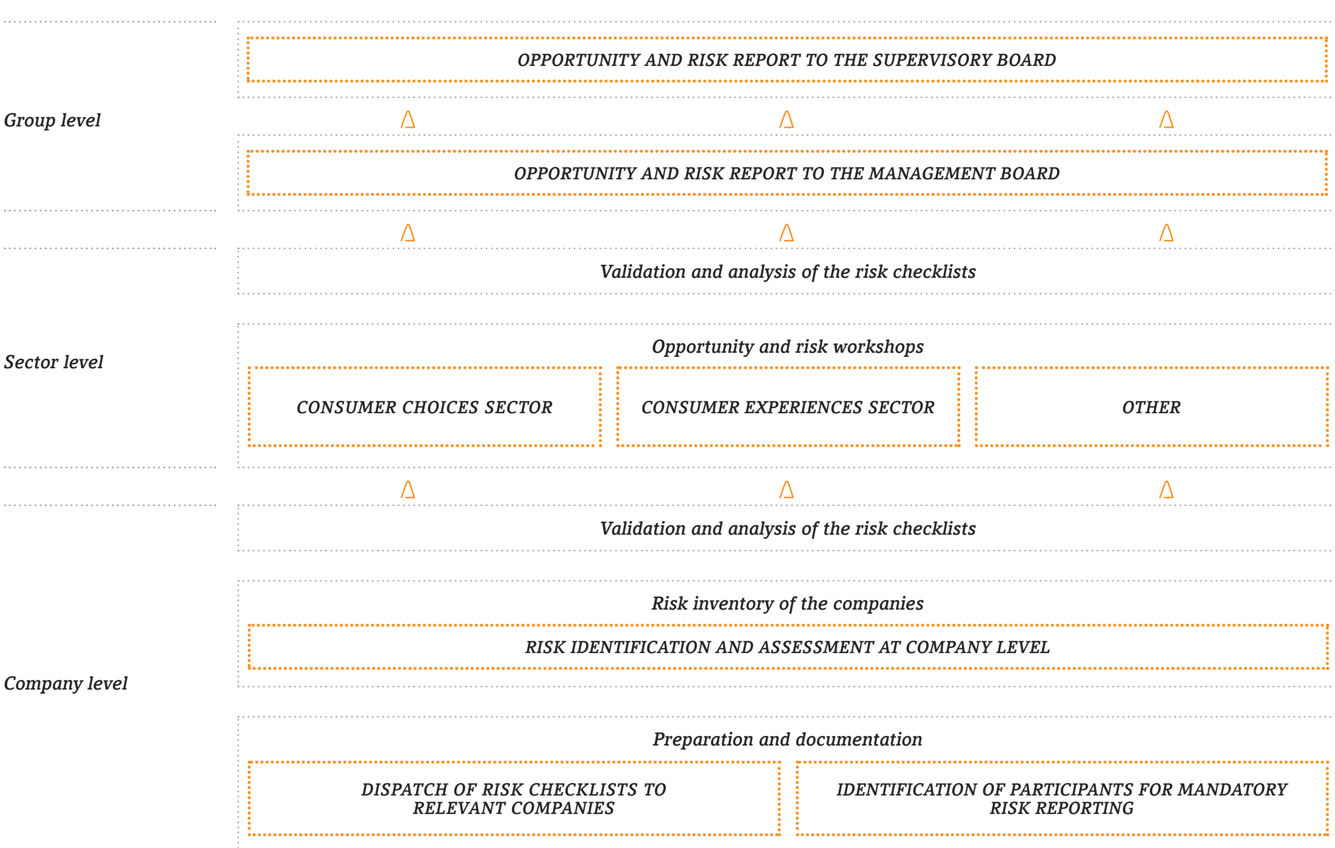
Each employee is responsible for identifying risk within their remit. This is carried out either within the respective local GfK companies, by the sector management team at sector level or, where the risk affects the whole GfK Group, at Management Board level. Subsequently, each risk is assessed using the “probability of occurrence”, “potential extent of damage” and “time horizon” criteria.

The probability of occurrence is defined according to four categories: “very unlikely” (less than 10%), “quite unlikely” (between 10% and 40%), “quite likely” (between 40% and 70%) and “very likely” (more than 70%). With regard to the potential extent of damage, distinctions are made for impact on operating income as either “low” (less than €3 million), “medium” between €3 million and €6 million), “high” (between €6 million and €10 million) or “very high” (more than €10 million). The time horizon is defined by the dimensions “short-term” (potential effects may already occur for the first time from financial year 2014) and “mid/long term” (potential effects may occur for the first time from financial year 2015).

Specified criteria are used to determine whether the identified opportunities and risks are of a material nature. As part of the opportunity and risk management, measures are defined and implemented for material opportunities and risks to utilize potential opportunities or to prevent the risk occurring or to significantly reduce the extent of damage for GfK in the event of occurrence. Opportunity and risk management also comprises actively dealing with the individual risk or the identified opportunity in order to be able to react promptly to possible changes. Within the scope of opportunity and risk monitoring, the complete opportunity and risk portfolio as well as the business environment are continuously monitored in order to be able to recognize changes in good time. The process is rounded off by clearly structured reporting.

Opportunity and risk reporting is carried out annually via a global risk inventory and monthly via the regular financial reporting, as well as on an ad hoc basis at any time. The annual risk inventory ensures a comprehensive assessment of the overall opportunity and risk position of the GfK Group. The risk inventory process follows a bottom-up approach and is shown in the diagram below.

THE GFK GROUP’S INTEGRATED OPPORTUNITY AND RISK MANAGEMENT SYSTEM



Δ Bottom-up risk aggregation

In principle, all GfK companies are obliged to conduct an annual risk inventory. Companies whose planned external revenues for 2013 are higher than € 9 million and those which are of strategic interest for the Group are integrated in the mandatory risk reporting. In order to obtain a complete picture of the opportunity and risk situation for the Group, risk areas, within which the potential individual risks of the companies are identified and assessed, are defined. Once the reported risks have been validated and aggregated at sector level, sector-specific opportunity and risk workshops are held. The aim is to identify material sector-relevant risks across all companies. The identification of opportunities is mainly carried out at sector level, whereby opportunity and risk management is enshrined in the respective sector strategy and ultimately in the Group strategy. As a result of this bottom-up approach, individual risks can be leveled out or risks aggregated and reassessed at sector level. The opportunities and risks identified and assessed in the opportunity and risk workshops at sector level are validated, summarized at Group level and presented to the Management Board. The Management Board discusses the aggregated opportunities and risks and, if necessary, carries out a reassessment for the GfK Group. The opportunities and risks of the GfK Group which are identified and assessed in this way are subsequently summarized in an opportunity and risk report and presented to the Supervisory Board.
Changes in the risk position of the individual GfK companies during the year are covered by monthly risk reporting within the regular financial or ad hoc reporting, and are then reported at Management Board level. Every GfK company is obliged to report new risks as well as changes in existing material risks via its monthly business activity reports. The Risk Management Committee must be informed directly if the potential extent of damage of the new risks arising during the year is significant and action at sector or Group level is required.

11.2. Opportunity and risk position

In order to exploit the opportunities arising and successfully exist in the market, GfK must consciously take certain risks in its business. This affects a broad spectrum of opportunity and risk areas. The opportunity and risk assessment is based on an initial evaluation before the respective countermeasures are implemented. The impact of defined countermeasures on the assessment dimensions for individual risks is included in the respective description of each risk.

11.2.1 Directly identified risks

A number of direct risks were identified within the GfK Group, the effects of which may have an impact on the following financial year. The order shown within the individual risk categories reflects the evaluation of the potential extent of damage and then the assessment of the probability of occurrence. This portrayal therefore provides clues for estimating the individual risk for the GfK Group.

MACRO-ECONOMIC RISKS

Economic risks: as in the previous year, the crisis in the eurozone is the greatest threat to the growth of the global economy. The sovereign debt of a series of countries and resultant volatility in the currency and financial markets has been and must also continue to be closely monitored in the future.
The persisting unresolved problems of developed economies, such as the worrying debt situation of a number of countries, may trigger renewed volatility in the currency and financial markets. One of the tasks of the large economies in the coming year will be to approve political and monetary measures for improving the prospects for an increase in growth. Otherwise there is a danger that global growth will continue to be sluggish in the medium term. Economic development in countries such as Japan and the USA will essentially depend on whether suitable measures are taken for the medium-term regulation of fiscal policy. Further development of a strong monetary union in the eurozone as well as the restructuring of the financial system represents additional drivers for global growth. Should China succeed in boosting private consumption and thereby diverting demand growth from exports and investments, this could have a positive effect on other national economies. Further structural reforms in emerging countries might bolster this trend. If global economic growth falls significantly below the current International Monetary Fund (IMF) forecast of 2.0% during 2014, or if the stability of individual currencies which are germane to the global economy should be endangered, this will also have consequences for GfK's business.
Economic development in the emerging BRIC countries is seen as positive, but perhaps weaker than in recent years. The prospect of a two-speed Europe is still a reality. The development of the individual national economies depends to a large extent on the national and European commitment to reform and on fundamental decisions regarding further monetary and fiscal policy measures. In addition, the GfK Group operates globally and benefits from a very high level of diversification with its wide-ranging portfolio of clients, markets, products and services. The thinking behind this is to offset any further negative economic developments in individual countries in this way. For this reason GfK considers this risk to be unchanged from the previous year. Risk assessment; probability of occurrence: quite unlikely; potential extent of damage: very high. The potential extent of damage can be reduced through the measures described.

STRATEGIC RISKS

Risks due to transformation: through the continued successful establishment of the "One GfK" strategy, GfK is hoping to significantly develop its business with the aid of uniform defined structures and processes as well as globally defined product groups. Risks in the course of the transformation process will essentially arise due to the fact that the opportunities presented by the strategy cannot be fully utilized. As the GfK Group is currently in the midst of this transformation process, from the Group's perspective, the probability of this risk occurring is considered to be higher compared to the previous year. The Management Board is countering this risk by employing proactive change management and an open global communication policy as well as by implementing ongoing targeted personnel development and training measures to continuously develop staff skills. Risk assessment; probability of occurrence: very likely; potential extent of damage: medium. The assessment dimensions can be reduced through the measures described.

Risk in connection with cross-sector initiatives: the successful cooperation of sectors and regions requires an exchange of experience between the various units. The success of new, cross-sector initiatives, such as an extension of the digital product and service portfolio, depends on an effective exchange and the right mix of competences within the company. The Group is hoping that this will lead to synergy effects and cost-cutting potential and to an extension of the global cooperation within the GfK network. The risk of not being able to fully generate this potential was considered to be more critical than in the previous year with a higher probability of occurrence due to the protracted change management process. Increased risk prevention and minimization measures were therefore taken. For instance, the GfK Management Board and the management support proactive communication between sectors and regions. In addition, new kinds of cooperation concepts are being initiated. Examples of successful cooperation are the joint activities in the area of Fashion & Lifestyle as well as new products developed on a cross-sectoral basis such as the GfK CrossMedia Link. Risk assessment; probability of occurrence: quite likely; potential extent of damage: medium. The assessment dimensions can be reduced through the measures described.

Risks in connection with product market launches: with its global network as a full service provider and its comprehensive range of studies and analyses, the GfK Group is superbly well placed to meet the challenges of intensified global competition in the industry and to profit from the positive trends evident in the emerging markets. Increasing globalization and digitization as well as changing consumer attitudes are having the effect of increasing the demand for consultancy services to aid companies with their marketing decisions. Consequently, possessing information on the sales potential for a product in various markets and countries is gaining importance. At the same time, buying decisions are being increasingly impacted by the advent of new media, as well as by environmental considerations. For GfK, there is a risk that these do not match the increased requirements in terms of its consultancy and sales offers with the right level of commercial excellence to offer its clients a comprehensive and optimum basis for their decision-making. It is therefore very important for GfK to combine responsibilities within the consultancy projects and to focus strategically on targeted sales processing. In relation to this, staff will receive constant training on innovations in the product portfolio in order to develop their skills. By making improvements in the course of sales planning, projects for launching new products can be managed and monitored transparently in order to be able to react in good time to any delays. This risk is unchanged compared to the previous year as a result of these measures. Risk assessment; probability of occurrence: quite unlikely; potential extent of damage: medium. The potential extent of damage can be reduced through the measures described.

Risks in connection with portfolio measures: although acquisitions currently figure less prominently in GfK's growth, they are an important part of the Group's development. Disposals are also considered to optimize the Group portfolio. The sale and acquisition of new companies and their integration in the Group are always associated with risks. To counter these, GfK has established extensive due diligence processes and proven post-merger integration procedures. Company valuations are carried out using a variety of methods and business plans are subjected to critical review together with outside experts and auditors appointed for the task. The risk is unchanged compared to the previous year as a result of these established measures. Risk assessment; Probability of occurrence: quite likely; potential extent of damage: low. The assessment dimensions can be reduced through the measures described.

The Group's further development is strengthened through a large number of companies. The future value of acquisitions and resulting assets depends on the profitability of the cash-generating units. Lower predictions for growth rates in the business of the acquired Group company could lead to an impairment loss risk. Risk assessment; Probability of occurrence: quite likely; potential extent of damage: low. The risk can be significantly reduced through continued monitoring and ensuring compliance with business plans and budgets.

OPERATIONAL RISKS

Risks in connection with restructuring measures: one impact of the continuing economic uncertainty in the global market in the wake of the global financial and economic crisis of 2008/2009 is that a certain price sensitivity is still evident today in many companies and public-sector institutions where market research activities are concerned. Increasing competitive pressure is also apparent. GfK wants to improve and further expand its competitiveness by means of productivity and restructuring programs. Owing to the large number of measures GfK considers the risk in terms of the full effectiveness of measures not being achieved to be higher than in the previous year. The concrete initiatives for increasing competitiveness on the costs front include productivity measures in purchasing and offshoring, initiatives for increasing data quality and specific staff adjustments. Furthermore, measures for improving margin quality in incoming orders have been launched. These essentially relate to the Consumer Experiences sector, which will in future focus on creating a much more profitable and sustainable business. Risk assessment; probability of occurrence: quite likely; potential extent of damage: high. The assessment dimensions can be reduced through the measures described.

Data quality risks: GfK evaluates data from one of the world's biggest retailer networks in order to be able to provide sales forecasts and concrete knowledge about the market. In addition, the results from ad hoc studies and consumer panels are analyzed to give an overall picture of the market. When gathering and evaluating data it is not possible to entirely eliminate certain residual risks in relation to data quality and, in close connection with this, a potential reputation risk. GfK considers this risk to be unchanged compared to the previous year, as a large number of effective measures for safeguarding the quality of data have been implemented. Ongoing quality improvement processes and audits are being carried out to deal with the risk. With the implementation of the new strategy and with greater centralization of the task areas within GfK, international quality controls based on uniform standards can be implemented as a proactive response to the risk. Risk assessment; probability of occurrence: quite unlikely; potential extent of damage: high. The probability of occurrence can be reduced through the measures described.

Network and data protection risks: the implementation, maintenance and further development of security measures to protect information systems and the data they contain are essential to GfK. Precautionary measures serving to ensure the security of information technology and its applications have always been given the highest priority. However, data within GfK's network may be of interest to the security services or to third parties with criminal intent. In spite of precautions taken to safeguard the security of information technology and its applications, 100% security cannot be guaranteed. GfK has taken all the necessary precautions at its main computing center located in Nuremberg to ensure the greatest possible IT operating security, and these measures are updated on an ongoing basis. The Group-wide IT security policy based on the recognized British Standard 7799 adopted by the Management Board was implemented worldwide in 2008 and specifies the mandatory IT security standards for the Group. All the above measures and the IT strategy of the GfK Group and Group-wide security measures are coordinated by the Chief Information Officer (CIO), who reports directly to the CEO. Security issues are dealt with in cooperation with the IT security specialists based in GfK companies in Germany and abroad. In addition, continuous employee training takes place in order to raise awareness of and continue to improve data protection and data security. IT audits are also an integral component of the audit conducted by Internal Audit and are carried out by IT specialists. GfK considers the risk to be unchanged compared to the previous year. Risk assessment; probability of occurrence: quite unlikely; potential extent of damage: high. The probability of occurrence can be reduced through the measures described.

IT-transformation risk: this year the transformation risk associated with the IT infrastructure was included in the IT risk portfolio of the GfK Group for the first time. In connection with the increased centralization of IT organization and IT infrastructure within the Group to consolidate the global IT governance, a wide variety of risks may occur as a result of the complexity and high system dependencies during this transformation process. Appropriate global and regional IT rules are gradually being implemented with binding effect to keep these risks for the GfK Group to a minimum. Additional measures such as further expansion of the financial IT controlling unit and further harmonization of the infrastructure portfolio should contribute to the further reduction of risk. Risk assessment; probability of occurrence: quite likely; potential extent of damage: medium. The probability of occurrence can be reduced through the measures described.

Implementation of the "One GfK" strategy is supported by one of the key software projects SCOPE. The cornerstone of the project is the standardization of processes, contents and systems. The relevant financial processes in the individual countries and GfK companies are harmonized and supported by the introduction of new software. Especially in the course of such system conversion projects, different prior systems have to be aligned and interfaces have to be defined. At the beginning of 2014, GfK plans to roll out the software in three countries, whereby certain project risks cannot be ruled out. This risk was already taken into account from the outset by establishing actively coordinated project management across all the systems affected. The interaction between the systems to be connected will be analyzed extensively by applying tried and trusted project management methods within the scope of a comprehensive test phase in order to eliminate any potential interface risks in advance. Risk assessment; probability of occurrence: quite likely; potential extent of damage: low. The probability of occurrence can be reduced through the measures described.

Risks relating to data gathering: in order to operate market research, GfK is continuously gathering data on sales development as well as buying decisions from wholesale and retail companies, panels and sample respondents. Unchanged from the previous year, GfK sees an inherent risk here relating to the fact that these data suppliers may no longer be prepared to make such information available, perhaps due to concerns about data protection and privacy, and that GfK will not be in a position to adequately replace these sources. GfK is aware of the risk, but believes that it is in a good position to successfully overcome it. In addition to constantly optimizing the recruitment of panel members and investigating new techniques of data gathering, corresponding emergency concepts have been developed. For this reason, GfK considers the probability of occurrence and the potential extent of damage to be unchanged compared to the previous year. Risk assessment; probability of occurrence: quite likely; potential extent of damage: medium. The probability of occurrence can be reduced through the measures described.

Legal risks: also in the context of increasing data protection and privacy concerns of clients and data suppliers, GfK places the highest priority on data security and the anonymization of sensitive client data. For this reason, targeted training measures on the subject of compliance have been implemented for all staff. To raise awareness of all compliance and data protection-related issues even further, a CEO webcast which illustrates the "tone from the top" on these issues is available to all employees in the gNet intranet. The internal guidelines on standard data protection procedures were also extended considerably in 2013. However, it is impossible to completely eliminate a certain residual risk or potential infringements of the prevailing rules and regulations within the market research industry. In light of all the measures taken, GfK regards this risk as still being small compared to the previous year. Risk assessment; probability of occurrence: quite unlikely; potential extent of damage: medium. The assessment dimensions can be reduced through the measures described.

MARKET RISKS

Risks in connection with sales market consolidations: GfK continues to remain comparatively independent of individual major clients. In 2013, GfK's top ten clients accounted for 15% of total consolidated sales. The company has successfully avoided losing any major clients by appointing Key Account Managers and through continuous customer relationship management. Nevertheless, where clients are concerned, the process of consolidation is set to continue and for this reason GfK believes that the risk has a higher likelihood of occurring. Individual market research budgets are often combined and the total volume reduced. GfK counters this risk by continuously expanding its qualitatively high-end product and service portfolio as value driver for its clients and also by improving and further expanding its client relationship management. Risk assessment; probability of occurrence: quite likely; potential extent of damage: high. The assessment dimensions can be reduced significantly through the measures described.

Sales market risks: in the past, the development of the market research industry has virtually mirrored that of the global economy. At the moment, the risk of a renewed descent into global economic crisis or the break-up of the eurozone cannot be totally excluded. However unlikely it may be, in a scenario of this nature, the market research industry would also have to combat a significant decline in sales. Some clients affected by the current uncertainty caused by macro-economic factors in their major export markets have been compelled to introduce cost saving programs and potentially, to reduce their market research budgets. GfK is actively responding to this risk by consolidating and continually developing its portfolio of high quality, innovative products, to enable the company to offer its clients a comprehensive service. In addition, the client relationship management has been improved and the range of individual modules further extended through targeted measures. As a result of these successfully introduced measures, the potential extent of damage for the risk can be considered to be lower than in the previous year. Risk assessment; probability of occurrence: quite likely; potential extent of damage: medium. The assessment dimensions can be reduced significantly through the measures described.

Competitive risks: GfK has observed a further increase in competition within the market research industry, enhanced by simplification of the management of high data volumes and easier data acquisition. This has been intensified by the emergence of local market research companies and individual specialist niche service providers. Added to this is the sustained competition for the market research budgets of major global concerns. GfK has positioned itself as a consistently and qualitatively high-end market research company and has consequently managed to successfully distinguish itself from its competitors. At the same time, GfK is constantly optimizing its own cost structure. Quality and innovative capability are, and will remain, the recipe for success for sustainable positioning within the industry. Consequently, the risk remains unchanged in GfK's risk portfolio. Risk assessment; probability of occurrence: quite likely; potential extent of damage: medium. The assessment dimensions can be reduced through the measures described.

Market price risks: closely linked to the general conditions mentioned above, an increasing price pressure caused by intensifying competition can be identified. Through introduction of the new strategy, GfK has set a course to maintain its established competitive position in the future, even in the face of rising price pressure, and develop it still further. Hence, GfK sees an opportunity to offer its clients unique added value through utilization of a global network and the further development of future-based innovation projects. As a result of the introduced cost-saving potential, in addition to the specified measures, GfK is well equipped to continue operating successfully despite the prevailing competitive conditions and aggressive price strategies of competitors. Risk assessment; probability of occurrence: quite likely; potential extent of damage: medium. The potential extent of damage can be reduced through the measures described.

LEGAL & COMPLIANCE RISKS

Compliance risks: as part of the established opportunity and risk management system, continuous monitoring is carried out to check whether other risks have arisen and whether countermeasures need to be taken. Despite the firmly entrenched corporate guidelines (Code of Conduct, Corporate Values) and internal guidelines, a certain degree of integrity risk remains as a result of local GfK employees disregarding or not entirely adhering to these guidelines. GfK is aware of this risk and has introduced various measures, such as continued employee training, as well as regular internal audits, prepared for with a fraud risk assessment. To raise awareness amongst all GfK staff with regard to morally correct conduct and compliance, extensive mandatory online training was organized in 2013, in which more than 80% of employees had participated by the end of the financial year. This e-learning platform initially provides training in the Code of Conduct and will be supplemented to cover essential Group guidelines in subsequent years. The operation and procurement processes that are currently being implemented help to ensure compliance risks are countered quickly. Risk assessment; probability of occurrence: very unlikely; potential extent of damage: very high. The probability of occurrence be reduced to an ever lower level through the measures described.

OTHER RISKS

Liquidity risks: the liquidity risks of the GfK Group include potentially being unable to meet its financial obligations, for example the repayment of financial debt, or of the ongoing capital requirements of its operating business. In March 2013, GfK SE issued loan notes for € 125 million with terms to maturity of seven years (€ 90 million) and ten years (€ 35 million). The funds were used to replace short-term bank loans, therefore the maturity structure has further improved. By year-end, € 0 million of the syndicated credit line comprising € 200 million had been drawn down. The credit line is available to GfK SE until May 2017. In total, on the reporting date, the unutilized credit lines amounted to € 255 million (2012: € 241 million). The funding elements mentioned and an existing cash holding of around € 70 million (2012: € 66 million) as at the reporting date assure the Group's liquidity position. The covenants agreed for the syndicated credit facility and the loan notes were all met in every reporting period in 2013. Risk assessment; probability of occurrence: very unlikely; potential extent of damage: low. The potential extent of damage can be reduced to an ever lower level through the measures described.

Foreign currency risks: as a global company, the GfK Group is exposed to currency risks. The transaction risks result from the sale and purchase of goods and services not paid for in the local currency of the respective GfK business unit. Due to the high volume of local business, all GfK operating companies generate most of their income and expenses in their local currency, and the currency risk of the GfK Group's operations is therefore restricted. However, because of internal cross-accounting of international contracts between Group companies, some currency effects may arise, which can only be partly covered. Group guidelines also require all GfK companies to monitor their currency risks and hedge against currency fluctuations for projects over a certain order of magnitude and duration. As a rule, GfK provides in-house financing in local currency for subsidiaries. The ensuing currency risks are hedged by the Group Treasury, in part using of finance instruments. Hedging transactions generally have a maximum term of 18 months. The offsetting effects of the underlying transactions and the currency hedge are identified on the income statement. Risk assessment; probability of occurrence: quite unlikely; potential extent of damage: medium. The potential extent of damage can be reduced by one category through the measures described.

The currency translation risk results from the conversion of the balance sheets and income statements of GfK companies outside the eurozone into euros, the reporting currency of the GfK Group. These translation-related effects are not hedged and are posted under other operating income in the GfK consolidated financial statements. Carrying amounts of participations are currently only covered to a small extent by net investment hedges. To do this, financing is in the currency of the respective company, so that currency fluctuations can be reduced.

In order to limit volatility in the income statement relating to the reporting date valuation of currency liabilities and receivables, where possible, GfK uses hedge accounting according to the prevailing regulations. Risk assessment; probability of occurrence: very likely; potential extent of damage: medium. The potential extent of damage can be reduced further through the measures described.

Interest rate risks: at GfK, interest rate risks mainly relate to financial liabilities. As at 31 December 2013, GfK SE had hedged around 90% (2012: 83%) of its financial liabilities and fixed rate agreements with the placement of the GfK bond at a 5% fixed rate of interest in 2011, the bilateral fixed rate loan agreements and the borrower's note loan. As at the reporting date, the interest rate hedges had a negative fair value of €95 thousand (2012: €-230 thousand). GfK SE derivative financial transactions and investments are only conducted with reputable German and international banks with an investment grade and a Moody's rating of between A1 and Baa1. In addition, the counterparty risk is reduced as transactions are spread across several banks. Risk assessment; probability of occurrence: very unlikely; potential extent of damage: low. The assessment dimensions can be reduced significantly through the measures described.

Tax risks: naturally, the accounting and optimization of the Group's structure for tax purposes will generate tax audit risks for an international concern. GfK has introduced measures to minimize these risks, including by further standardizing the guidelines for transfer pricing. No general risks emanating from changes to the legal framework have currently been identified. Risk assessment: probability of occurrence: quite likely; potential extent of damage: low. The assessment dimensions can be reduced through the measures described.

Legal risks: last year, the subject of apparent self-employment was under discussion in many countries. This is a legal risk for GfK and harbors the risk that the interviewers and other freelancers working for GfK are given employee status, and this could therefore involve the company in additional ancillary costs. GfK currently deals with this by adjusting the service terms to the respective national legislation. Suitable precautions were also taken to counter proactively a potential residual risk in other countries. Hence, for example, computer-aided telephone interviews (CATI) at home are being rolled out worldwide for online interviews. In GfK's opinion, the potential extent of damage has fallen due to the successful implementation of measures. Risk assessment; Probability of occurrence: quite unlikely; potential extent of damage: medium. The potential extent of damage can be reduced through the measures described.

In a number of different countries, GfK is involved in civil proceedings, which are based on various legal grounds. However, the management does not believe that these present any significant risks to the GfK Group. Risks relating to losses and liability are either covered locally, or by Group-wide umbrella insurances or appropriate provision was made via reserves.

11.2.2 Indirectly identified risks

Within the GfK Group, the following indirect risks have been identified, the effects of which may occur for the first time from financial year 2015. The order shown within the individual risk categories reflects firstly the evaluation of the potential extent of damage and then the assessment of the probability of occurrence. This portrayal therefore provides clues for estimating the individual risk for the GfK Group.

PERSONNEL RISK

Adjustment of the competence portfolio: the market research industry is facing changes due to the mobile use of the internet, new media and apps. Increasing digitization is bringing new challenges in terms of methods and technologies for gathering market research data. To be able to fully utilize the resultant growth potential, GfK must build up and develop comprehensive skills and expertise amongst its staff in order to be able to keep up with the changing requirements. If these skills are not developed in good time and established within the company, there is a danger that the opportunities presented by a digital transformation cannot be fully exploited. GfK is countering this risk by defining and implementing globally integrated employee strategies. Through ongoing training and qualification programs, staff skills and expertise are continuously adapted to the advancing technological progress and familiarized with innovations. This risk was newly included in the existing risk portfolio compared to the previous year. Risk assessment: probability of occurrence: quite likely; potential extent of damage: very high. The probability of occurrence can be reduced through the measures described.

GfK's attempts to recruit and retain qualified staff are continuing. The search is always on for specialists and managers with the relevant scientific background or who are qualified in the supporting processes. Attractive career paths are being developed and a varied qualification and training program is being further expanded. The numerous interesting open applications are a sign of the increased attractiveness of GfK as an employer. GfK therefore no longer sees this risk within the context of the risk situation of the GfK Group.

OPERATIONAL RISK

Competitiveness of the product and service portfolio: in the first instance, GfK is a leading global provider of retail data for consumer durables and is distinguished above all by its global network and its own extensive database. In the second, the product and service portfolio is enhanced by its audience measurement segment. GfK offers its clients comprehensive insights into media consumption in the dynamic media market with its studies on TV and radio audiences and on the print media (for example, on newspapers and magazines).

Traditionally, TV and radio research is characterized by long-term client contracts. Although dependency on major clients presents a risk, it is also associated with opportunity potential. Through intensive long-standing cooperation with its clients, GfK has acquired specific knowledge, which can be leveraged as a competitive advantage.

The print market continues to operate in a difficult market environment. Publishers are cutting their market research budgets, thereby intensifying the pressure on costs and prices of market surveys. Alongside intensive customer services, this risk will be countered by the market launch of new and innovative products and services, whereby GfK assesses this risk to be unchanged compared to the last financial year. Risk assessment: probability of occurrence: quite likely; potential extent of damage: high. The probability of occurrence can be reduced through the measures described.

STRATEGIC RISK

Risks generated by advances in technology: increasing digitization, the spread of (mobile) internet and the convergence of devices are modifying consumer behavior. As a result, ever more buying decisions are being made with the aid of mobile media or social networks. Gathering market research data in the digital age demands new methods and technologies. GfK identified this trend in the industry at an early stage and successfully launched innovation projects; the development of innovative products and services as well as new market research methods was deemed one of its key tasks. As an innovative company with research and development activities, the GfK Group currently sees no substantial risks arising from large, cost-intensive innovation projects. Potential risks associated with these projects are monitored on the basis of regular reporting and active project management. Staff are trained to offer their clients reliable and high quality consultancy services with regard to innovative new products and market research methods. Compared to the previous year, this risk is estimated to be lower in terms of the potential extent of damage. Risk assessment: probability of occurrence: quite unlikely; potential extent of damage: low. The probability of occurrence can be reduced through the measures described.

FINANCIAL RISK

Financial risks: refinancing on the capital markets is a very important tool for GfK SE, but it also entails risks. The company complies with the regulations governing the prohibition of insider trading or various notification and communication obligations in order to avoid a general loss of reputation and therefore prevent a possible deterioration in the share price. This includes efficient communication based on investor and analyst interests, with the aim of promoting the trust of investors, especially through permanent transparency. In addition, the risk of dependency (refinancing risk) on one group of investors is minimized through diversification of financing instruments. Other than the shareholders, GfK's current group of investors includes a large number of national and international banks (banking syndicate) as well as numerous promissory note investors who are not just from the banking industry (e.g. insurers, pension funds). For this reason, GfK estimates that this risk is unchanged compared to the previous year. Risk assessment: probability of occurrence: quite unlikely; potential extent of damage: low. The assessment dimensions can be reduced further through the measures described.

11.2.3 Indirectly and directly identified opportunities

The following indirect and direct opportunities have been identified within the GfK Group. The order shown within the individual risk categories reflects firstly the evaluation of the opportunity potential and then the assessment of the probability of occurrence. This portrayal therefore provides clues for estimating the individual risk for the GfK Group.

STRATEGIC OPPORTUNITIES

Cross-sector cooperation: GfK sees intensification of the cross-sector cooperation between Consumer Experiences and Consumer Choices as an additional opportunity to extend its selling options and utilize synergy effects. A close collaboration should guarantee the supply of perfectly matched solution concepts from one service portfolio. Constant refinement of the offering, modern research methods and long-term client relationships constitute a solid basis for successes. This is complemented by the valuable databases and the comprehensive, high quality panel. Opportunity assessment: significant medium-term business opportunities, which will be assessed once the business opportunity has become more concrete.

Expansion potential of the product portfolio: new receiver technologies, digitization and changes in TV viewing habits present complex challenges for the future of TV audience measurement. For instance, the online and mobile TV offering is constantly growing. In future, the new UMS technology will allow integrated measurement of TV, radio and internet use. The new measurement technologies, GfK UMX system for TV and GfK USX technology for computers, can measure time-delayed TV viewing and the development of the Evogenius international software platform represents a contemporary, holistic instrument for the production and analysis of media usage data. GfK continues to see opportunities for the future in this development. Opportunity assessment: medium possible opportunity potential.

Development of the business position: the Group sees an indirect opportunity in the targeted development of the business in promising growth regions. The business is to be further consolidated in countries with a particularly high market importance and attractive growth prospects. Further growth is to be generated in the emerging regions such as Asia and the Pacific as well as in Africa, Asia and Eastern Europe by rolling out tried and trusted products and services to countries not yet covered. Opportunity assessment: significant medium-term business opportunities, which will be assessed once the business opportunity has become more concrete.

New market potential: with the aid of newly developed methods and technologies, large data volumes from all kinds of sources can be analyzed. GfK see this as an opportunity to offer convincing products and services based on a comprehensive innovation offensive. By using and developing data merger systems and combining this data with various media measurements new possibilities are opened up within the market research industry. The future potential arising from the new technical possibilities should be utilized on the market consistently through continuous expansion of data treatment processes, thereby increasing client loyalty. Opportunity assessment: significant medium-term business opportunities, which will be assessed once the business opportunity has become more concrete.

OPERATING OPPORTUNITY

Sales market potential: GfK sees further potential in its strong market position and the emphasis on extending its expertise in market research to include consultancy and forecasting services. In addition, the service portfolio has been significantly extended to incorporate all kinds of industries through globally defined product groups. Consequently, GfK is confident of attracting new clients and winning additional major international orders. This also offers considerable growth potential. Opportunity assessment: significant medium-term business opportunities, which will be assessed once the business opportunity has become more concrete.

11.3. Concluding assessment of the opportunity and risk position

The opportunity and risk management system described in 11.1 forms the basis for the assessment of the opportunity and risk situation by the Management Board. Risks are identified and assessed at the level of the individual companies in the GfK Group and opportunities and risks are identified and assessed at sectoral and Group level.

Compared to the previous year, the overall risk of the GfK Group remains largely unchanged. The new risks included in this year's risk portfolio are predominantly operating risks for which specific countermeasures were defined and implemented to manage the risks. As was already the case in the previous year, it should be emphasized that the biggest single risk is a sharp decline in global economic output, the probability of occurrence of which is however considered unlikely based on current economic forecasts.

In terms of an expected general economic recovery, strong global positioning and the continuous provision of innovative products and services, and especially based on the ever increasing digitization and greater availability of huge volumes of data, the company will consistently exploit the short and medium-term opportunities that are presented to the GfK Group.

To summarize, it can be concluded that at the time of publishing this Annual Report the Management Board was not aware of any individual risks, reciprocity or accumulation of risks which might jeopardize the continued existence of the GfK Group.

12. MAJOR EVENTS SINCE THE END OF THE FINANCIAL YEAR

In a press release dated 20 February 2014, the GfK Group announced that by resolution of the Supervisory Board, its contract with CEO Matthias Hartmann was extended by five years from 4 December 2013. In January 2014, GfK signed a contract with the Saudi Measurement Company (SMMC) for introducing a new service to measure TV ratings in the Kingdom of Saudi Arabia. GfK will develop the first electronic system for measuring TV ratings in the country. It is based on a panel of 2,000 households which will be equipped with the Universal Metering System, an innovative metering technology. In addition, GfK will make its Evogenius software solution available to analyze TV ratings as well as evaluate and plan advertising campaigns. The initial contract was signed for a term of five years. Initial data is to be available in 2015.

In January, GfK also announced an exclusive partnership agreement with Twitter for the launch of GfK Twitter TV Ratings in Austria, Germany and the Netherlands. The new service will deliver findings on the frequency and reach of messages sent by Twitter users relating to TV programs and campaigns. Such information is vital for media groups and agencies, as it facilitates insights into the growing popularity of live social media commentary.

13. OUTLOOK*

13.1. Macro-economic situation: ongoing recovery is evident

The growth rate of the global economy slowed down further in 2013. However, the recession seemed to have bottomed out. This applied, in particular, to the eurozone countries. Although the recession continued in Spain and Italy – two core countries – negative growth rates were weakening.

Stronger growth momentum was evident for the global economy since third quarter of 2013. The industrialized nations increasingly contributed to this upturn. In these countries, consumer spending was up – a trend supported by the recovery of labor markets and low rates of inflation. In addition, China and India, two of the Asian emerging markets, recorded above-average growth, although previous double-digit growth rates were no longer achieved. The German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung, DIW) expects further impetus for growth from the diminishing uncertainty regarding the expansionary financial policy of Japan and the USA. Stabilization of economic security is set to promote investment activities by companies, improve labor markets and therefore additionally boost private consumption.

In view of these positive indicators, the DIW estimates global economic growth of 3.8% in 2014 while the International Monetary Fund forecasts growth of 3.7%.

13.2. Market research industry: looking to the future

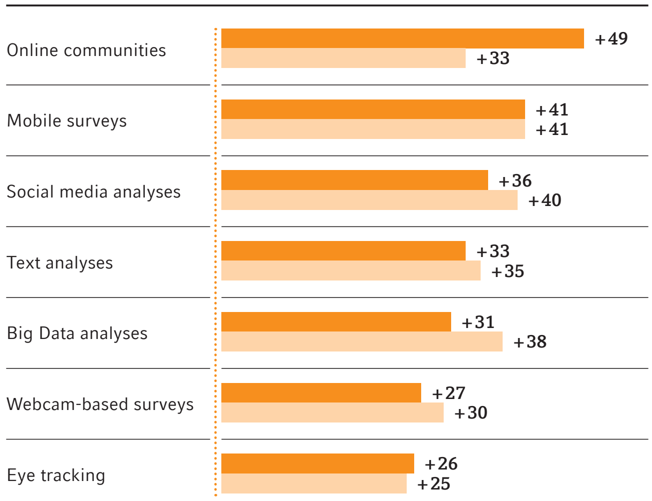
In the light of the differing economic trends on the global markets and the limits to growth in the established countries, the ESOMAR forecast for global industry growth for 2013 was between 1% and 2%. With organic growth of 0.8% and total sales amounting to € 1,495 million, GfK has slightly underperformed the forecast for the industry.

Long-term growth potential will emerge in the data-centric areas (for example, GfK Retail Tracking, Consumer Panel, Mobile Data and Audience Measurement) and the digital sector. Only those who can collect, collate and process practically relevant data from different sources will be able to actually convert Big Data into Smart Data.

ESOMAR estimated that growth potential from new digital methods has reached 50% in the past two years. As methods such as social media or Big Data analyses are not recorded by ESOMAR, exact quantification is not yet possible.

A glance at the Greenbook Research Industry Trends Report (GRIT) based on a survey of 2,229 market researchers worldwide conducted in October 2013, which was published in January 2014, however, shows the potential of the new methods. Four methods (online communities, social media, Big Data and text analyses) which are not traditionally associated with market research, are immediately classified as emergent.

USE AND CONSIDERATION OF NEW METHODS



● in use ● under consideration
Source: Greenbook Research Industry Trends Report
Basis: n=2,229

* The outlook contains predictive statements on future developments, which are based on current management assessments. Words such as ‘anticipate’, ‘assume’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘could/might’, ‘planned’, ‘projected’, ‘should’, ‘likely’ and other such terms are statements of a predictive nature. Such predictive statements contain comments on the anticipated development of sales proceeds and income for 2014. Such statements are subject to risks and uncertainties, for example, economic effects such as exchange rate fluctuations and changes in interest rates. Some uncertainties or other unforeseen factors which might affect ability to achieve targets are described under the ‘Risk position’ in the Management Report. If these or other uncertainties and unforeseen factors arise or the assumptions on which the statements are based prove to be incorrect, actual results could materially differ from the results indicated or implied in these statements. We do not guarantee that our predictive statements will prove to be correct and do not accept any liability for these statements. The predictive statements contained herein are based on current Group expectations and are made on the basis of the facts on the day of publication of the present document. We do not intend or accept any obligation to update predictive statements on an ongoing basis.

Another GRIT report from a survey conducted in 2012 looked at the subject of social media in more detail. Although 73% of the institutions offer social media analyses, the share of sales (12%) is relatively small. A stronger focus on social media analyses by the market research service sector is expected by 70% of the institutions and 68% of the in-house market researchers, but how this topic fits into the big picture is still unclear. Of social media analysis orders, marketing departments placed 35% and, trailing well behind in second place, market research departments placed 23%.

The use of social media or Big Data analyses by market researchers is also causing radical upheaval in the industry. In 2012, 63% of the clients polled by Greenbook and 67% of suppliers agreed with the statement that products and services will change in the next five years. Just over half the respondents expect a decline in field interviewers, an indication long term that the traditional fieldwork based on random samples will decrease and the demand for online interviews and other digital collection methods will increase.

Greenbook is convinced that data will also be important in the future, but the origin of data, as in data gathering, will soon be very different. To ensure that this data can be converted into meaningful recommendations, market researchers should also offer technical data gathering, position themselves more clearly in this respect and go further by becoming data consultants.

13.3. Outlook and order intake

The motto for financial year 2014 is "Get it done". This is the third year of transforming the company and the focus is on achieving and building on clearly measurable business successes. Important transformation projects are due to be completed by the end of the year. This financial year will also be characterized by higher levels of investment. Through the newly concluded multi-year contracts, Audience Measurement will develop panels in Brazil and Saudi Arabia in order to be able to provide reliable radio and TV audience figures in the future. We are expecting an investment volume of around €180 million for 2014, around 60% of which will be ploughed into new business. Further investments relate to the set-up of the measurement of data from the use of mobile end devices, the expansion of StarTrack and other product innovations. The write-downs will be around €10 million up on the figure for 2013 (€55 million) and will increase further in the following years due to the higher investment activity.

In light of the above, GfK is planning the following:

In the Consumer Experiences sector, the emphasis is on transformation with a view to creating more profitable business units and digital products, while purely local and less profitable contract research projects are to be scaled back. As a result, the sector is not expected to make a substantial growth contribution in 2014. Furthermore, additional costs will be incurred for the transformation in financial year 2014. The Consumer Experiences sector is expected to contribute less than 60% to Group sales.

In the Consumer Choices sector, the new growth and margin potential is to be consistently exploited. The core Retail & Technology business will be further developed and new panels will gradually contribute to sales and income growth. In the Audience Measurement segment the focus is still on expansion in new regions/countries in addition to setting up panels for the newly acquired media contracts. The Management Board anticipates that this sector will grow significantly faster and also improve its share of sales, relative to Group sales, to over 40%.

GfK is anticipating organic growth of 1% to 2% for 2014 and a margin (adjusted operating income in relation to sales) of between 12% and 12.5%.

For 2015, the Group expects organic sales growth to outperform the market as a whole, leading to gain of market share.

The Group also wants to grow faster organically than the marketplace in 2016. The margin should be in the range of between 14% and 15%.

The year has started in line with expectations. As at the end of January 2014, sales coverage was already 42.0% of predicted annual sales (2013, invoicing based coverage: 39.5%).

Nuremberg, 6 March 2014

Matthias Hartmann

Pamela Knapp

Dr. Gerhard Hausruckinger

Debra A. Pruent

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT OF THE GfK GROUP

in accordance with IFRS in € '000 for the period 1 January to 31 December 2013

	Note ref.	2012[1]	2013
Sales	5.	1,514,674	1,494,793
Cost of sales	6.	−1,030,626	−1,007,972
Gross income from sales		**484,048**	**486,821**
Selling and general administrative expenses	7.	−323,621	−328,186
Other operating income	8.	3,281	5,172
Other operating expenses	9.	−34,340	−137,291
Operating income [2]		**129,368**	**26,516**
Income from associates	3.	1,851	2,099
Other income from participations	3.	−872	294
EBIT		**130,347**	**28,909**
Other financial income	12.	12,094	17,542
Other financial expenses	13.	−34,222	−42,293
Income from ongoing business activity		**108,219**	**4,158**
Tax on income from ongoing business activity	14.	−44,101	−46,218
CONSOLIDATED TOTAL INCOME		**64,118**	**−42,060**
Attributable to equity holders of the parent		52,098	−54,017
Attributable to minority interests		12,020	11,957
CONSOLIDATED TOTAL INCOME		**64,118**	**−42,060**
Basic earnings per share in €	15.	**1.43**	**−1.48**
Diluted earnings per share in €	15.	**1.43**	**−1.48**

[1] Adjusted due to the retrospective application of IAS 19 (2011) and netting of exchange gains and losses; cf. Notes to the Consolidated Financial Statements, Section 1. "General information", Section 3. "Principles of consolidation and accounting policies" and Section 25. "Provisions".

[2] Reconciliation to internal management indicator "adjusted operating income" amounting to € 190,398 thousand (2012: € 187,430 thousand) is shown in the Group Management Report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE GfK GROUP

in accordance with IFRS in € '000 for the period 1 January to 31 December 2013

	Note ref.	2012[1]	2013
Consolidated total income		**64,118**	**–42,060**
Items that will not be reclassified to profit or loss:			
Actuarial gains/losses on defined benefit plans	25.	–9,042	5,539
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	24.	–4,560	–50,409
Valuation of net investment hedges for foreign subsidiaries	29.	0	349
Changes in fair value of cash flow hedges (effective portion)	29.	–285	–60
Changes in fair value of equity securities available-for-sale	3.	18	0
Other comprehensive income (net of taxes)		**–13,869**	**–44,581**
TOTAL COMPREHENSIVE INCOME		**50,249**	**–86,641**
Attributable to			
Equity holders of the parent		39,240	–95,524
Minority interests		11,009	8,883
TOTAL COMPREHENSIVE INCOME		**50,249**	**–86,641**

[1] Adjusted due to the retrospective application of IAS 19 (2011); cf. Notes to the Consolidated Financial Statements, Section 3. "Principles of consolidation and accounting policies" and Section 25. "Provisions".

CONSOLIDATED BALANCE SHEET OF THE GfK GROUP

in accordance with IFRS in € '000 as at 31 December 2013

ASSETS

	Note ref.	31.12.2012 [1]	31.12.2013
Goodwill	16.	919,036	778,982
Other intangible assets	16.	249,909	246,274
Tangible assets	17.	111,812	103,598
Investments in associates	18.	15,193	13,210
Other financial assets	18.	4,932	6,491
Deferred tax assets	14.	49,441	38,154
Non-current other assets and deferred items	19.	10,694	7,850
Non-current assets		**1,361,017**	**1,194,559**
Trade receivables	20.	397,564	373,271
Current income tax assets	14.	16,420	17,306
Securities and fixed-term deposits	21.	1,466	2,323
Cash and cash equivalents	22.	66,376	69,706
Current other assets and deferred items	19.	37,001	39,213
Current assets		**518,827**	**501,819**
ASSETS		**1,879,844**	**1,696,378**

EQUITY AND LIABILITIES

	Note ref.	31.12.2012 [1]	31.12.2013
Subscribed capital		153,316	153,316
Capital reserve		212,403	212,403
Retained earnings		427,479	349,176
Other reserves		–54,300	–95,807
Equity attributable to equity holders of the parent		**738,898**	**619,088**
Minority interests		**43,117**	**44,621**
EQUITY	24.	**782,015**	**663,709**
Long-term provisions	25.	88,029	67,016
Non-current interest-bearing financial liabilities	26.	308,357	409,071
Deferred tax liabilities	14.	82,759	75,449
Non-current other liabilities and deferred items	27.	4,422	8,402
Non-current liabilities		**483,567**	**559,938**
Short-term provisions	25.	38,043	22,473
Current income tax liabilities	14.	22,037	15,936
Current interest-bearing liabilities	26.	156,756	40,988
Trade payables	3.	86,957	92,524
Liabilities on orders in progress	3.	143,797	137,570
Current other liabilities and deferred items	27.	166,672	163,240
Current liabilities		**614,262**	**472,731**
LIABILITIES		**1,097,829**	**1,032,669**
EQUITY AND LIABILITIES		**1,879,844**	**1,696,378**

[1] Adjusted due to the retrospective application of IAS 19 (2011) and the reallocation of actuarial gains/losses to "other reserves"; cf. Notes to the Consolidated Financial Statements, Section 1. "General information", Section 3. "Principles of consolidation and accounting policies" and Section 25. "Provisions".

CONSOLIDATED CASH FLOW STATEMENT OF THE GfK GROUP

in accordance with IFRS in € '000 for the period 1 January to 31 December 2013

	Note ref.	2012[1]	2013
Consolidated total income		64,118	–42,060
Write-ups/write-downs of intangible assets	16.	37,846	167,266
Write-ups/write-downs of tangible assets	17.	25,929	29,212
Write-ups/write-downs of other financial assets		1,616	431
Total write-ups/write-downs		65,391	196,909
Increase/decrease in inventories and trade receivables		–53,063	8,463
Increase/decrease in trade payables and liabilities on orders in progress		10,064	7,062
Changes in other assets not attributable to investing or financing activity		–3,979	–8,247
Changes in other liabilities not attributable to investing or financing activity		–4,424	–4,364
Profit/loss from disposal of non-current assets		397	204
Non-cash income from associates	3.	1,034	1,463
Increase/decrease in long-term provisions		4,202	–4,506
Other non-cash income/expenses		16,775	–7.361
Net interest income	12., 13.	23,701	18,632
Change in deferred taxes	14.	–6,229	4,836
Current income tax expenses	14.	50,330	41,682
Taxes paid		–53,303	–48,668
a) Cash flow from operating activity	30.	**115,014**	**164,045**
Cash outflows for investment in intangible assets		–35,130	–57,160
Cash outflows for investment in tangible assets		–35,546	–23,192
Cash outflows for acquisitions of consolidated companies and other business units, net of cash acquired		–105,890	–35,874
Cash outflows for investments in other financial assets		–1,177	–2,140
Cash inflows from the disposal of intangible assets		404	443
Cash inflows from the disposal of tangible assets		–455	416
Cash inflows from disposal of other financial assets		364	49
b) Cash flow from investing activity	30.	**–177,430**	**–117,458**
Cash inflows from equity contributions	24.	0	0
Dividend payments to equity holders of the parent	24.	–23,728	–23,728
Dividend payments to minority interests and other equity transactions		–8,044	–7,248
Cash inflows from loans raised		141,734	142,580
Cash outflows from repayment of loans		–68,305	–124,231
Interest received		1,076	1,064
Interest paid		–19,895	–19,893
c) Cash flow from financing activity	30.	**22,838**	**–31,456**
Changes in cash and cash equivalents (total of a), b) and c))		–39,578	15,131
Changes in cash and cash equivalents owing to exchange gains/losses and valuation		85	–11,801
Cash and cash equivalents at the beginning of the period	22.	105,869	66,376
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	22.	**66,376**	**69,706**

[1] Adjusted due to the retrospective application of IAS 19 (2011); cf. Notes to the Consolidated Financial Statements, Section 3. "Principles of consolidation and accounting policies" and Section 25. "Provisions".

CONSOLIDATED EQUITY CHANGE STATEMENT OF THE GfK GROUP

in accordance with IFRS in € '000 for the period 1 January to 31 December 2013

	Attributable to equity holders of the parent		
	Subscribed capital	*Capital reserve*	*Retained earnings*
Balance at 1 January 2012 [1]	152,159	213,560	399,506
Amended due to IAS 19 (2011)			
Balance at 1 January 2012 after amendment	152,159	213,560	399,506
Total comprehensive income:			
Consolidated total income			**52,098**
Other comprehensive income:			
Currency translation differences			
Valuation of net investment hedges for foreign subsidiaries, net of tax			
Effective portion of changes in fair value of cash flow hedges, net of tax			
Change in fair value of securities available-for-sale, net of tax			
Actuarial gains and losses on defined benefit plans, net of tax			
Other comprehensive income	0	0	0
Total comprehensive income	0	0	52,098
Transactions with owners, recorded directly in equity:			
Contributions by and distributions to owners:			
Dividends to shareholders			−23,728
Change in ownership interests in subsidiaries that do not result in a change of control:			
Acquisition of minority interests			−693
Other changes	1,157	−1,157	296
Transactions with owners, recorded directly in equity	1,157	−1,157	−24,125
BALANCE AT 31 DECEMBER 2012	**153,316**	**212,403**	**427,479**
Balance at 1 January 2013	153,316	212,403	427,479
Total comprehensive income:			
Consolidated total income			**−54,017**
Other comprehensive income:			
Currency translation differences			
Valuation of net investment hedges for foreign subsidiaries, net of tax			
Effective portion of changes in fair value of cash flow hedges, net of tax			
Change in fair value of securities available-for-sale, net of tax			
Actuarial gains and losses on defined benefit plans, net of tax			
Other comprehensive income	0	0	0
Total comprehensive income	0	0	−54,017
Transactions with owners, recorded directly in equity:			
Contributions by and distributions to owners:			
Dividends to shareholders			−23,728
Change in ownership interests in subsidiaries that do not result in a change of control:			
Acquisition of minority interests			−607
Other changes			49
Transactions with owners, recorded directly in equity	0	0	−24,286
BALANCE AT 31 DECEMBER 2013	**153,316**	**212,403**	**349,176**
Note ref.	24.	24.	24.

[1] Adjusted due to the reallocation of actuarial gains/losses from retained earnings to other reserves; cf. Notes to the Consolidated Financial Statements, Section 1. "General information".

Attributable to equity holders of the parent						
Other reserves						
Translation reserve	*Hedging reserve*	*Fair value reserve*	*Actuarial gains/losses on defined benefit plans*	*Total*	*Minority interests*	*Total equity*
−45,773	18,887	−15	−17,221	721,103	39,733	760,836
			2,680	2,680		2,680
−45,773	18,887	−15	−14,541	723,783	39,733	763,516
				52,098	**12,020**	**64,118**
−3,589				−3,589	−971	−4,560
	0			0		0
	−285			−285		−285
		18		18		18
			−9,002	−9,002	−40	−9,042
−3,589	−285	18	−9,002	−12,858	−1,011	−13,869
−3,589	−285	18	−9,002	39,240	11,009	50,249
				−23,728	−7,264	−30,992
				−693	−204	−897
				296	−157	139
0	0	0	0	−24,125	−7,625	−31,750
−49,362	**18,602**	**3**	**−23,543**	**738,898**	**43,117**	**782,015**
−49,362	18,602	3	−23,543	738,898	43,117	782,015
				−54,017	**11,957**	**−42,060**
−47,293				−47,293	−3,116	−50,409
	349			349		349
	−60			−60		−60
		0		0		0
			5,497	5,497	42	5,539
−47,293	289	0	5,497	−41,507	−3,074	−44,581
−47,293	289	0	5,497	−95,524	8,883	−86,641
				−23,728	−7,110	−30,838
				−607	−269	−876
				49	0	49
0	0	0	0	−24,286	−7,379	−31,665
−96,655	**18,891**	**3**	**−18,046**	**619,088**	**44,621**	**663,709**
24.	29.				24.	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2013

Content

1. GENERAL INFORMATION

GfK SE is a listed company, a Societas Europaea, with its registered office at Nordwestring 101, Nuremberg, Germany. With entry under HR B 25014 in the commercial register in the district court of Nuremberg, GfK SE was established on 2 February 2009 as a result of a transformation changing the legal form from GfK Aktiengesellschaft. GfK SE and its subsidiaries (GfK Group) are among the world's leading market research companies. The GfK Group provides information services for its clients in the consumer goods, retail and services industries and media, which they use in marketing decision-making.

The consolidated financial statements of GfK SE for financial year ending 31 December 2013 include the company itself and all consolidated subsidiaries. They have been prepared in compliance with the International Financial Reporting Standards (IFRS), as they must be applied within the European Union (EU).

All International Financial Reporting Standards (IFRS) binding for financial year 2013 and the announcements of the International Financial Reporting Interpretations Committee (IFRS) have been applied where they have been adopted by the EU.

Additionally, the accounting principles set out in Section 315a (1) of the German Commercial Code (HGB) have been considered when preparing the consolidated financial statements.

The consolidated financial statements have been prepared in euros and rounded up to the nearest thousand euros. All figures are specified in thousand euros, unless otherwise indicated.

The annual financial statements of the parent company GfK SE have been prepared in line with the German Commercial Code (HGB). They have been published in the online Federal Gazette (Bundesanzeiger) under HR B 25014.

GfK has applied the amendments to IAS 1 Presentation of Financial Statements since the beginning of financial year 2013. The presentation of other comprehensive income in the consolidated statement of comprehensive income has been amended. Items constituting other comprehensive income, which are subsequently recycled into the consolidated income statement, are presented separately from items in other comprehensive income that are never recycled. To make its financial statements more comprehensible, GfK also makes use of the option under IAS 1.91 to only present the statement of comprehensive income after taking account of the tax implications.

The amendments to the rules contained in IAS 19 (2011) have been applied retrospectively for the first time in financial year 2013. The previous year's figures have been adjusted accordingly. More detailed explanations are provided in these Notes under Section 3. "Accounting policies", and Section 25. "Provisions".

Recognition of actuarial gains and losses on defined benefit pension plans has been adjusted to make presentation clearer. They were previously included in retained earnings and are now recognized within other reserves. The previous year's figure was adjusted accordingly by transferring an amount of €-28,588 thousand (before adjustments due to IAS 19 (2011)) from retained earnings to other reserves.

Exchange gains and losses, which result from similar transactions, will be netted at the level of each subsidiary from the reporting year to make presentation clearer and more reliable. The previous year's figures in the consolidated income statement were adjusted as follows:

	2012		
	Before adjustment	*adjustment*	*After adjustment*
Other operating income	10,808	−7,527	3,281
Other operating expenses	−41,867	7,527	−34,340
Other financial income	23,323	−11,229	12,094
Other financial expenses	−45,451	11,229	−34,222

Section 36. "Amendments to IFRS standards and interpretations" of these Notes, describes standards, interpretations and amendments to IFRS that have already been adopted by the EU, and which have been applied for the first time or not yet applied.

2. CONSOLIDATION PRINCIPLES

The annual financial statements of GfK SE, produced for consolidation purposes, and all material subsidiaries whose financial and operating policies are controlled directly or indirectly are included in the consolidated financial statements of GfK SE. The financial statements of all companies included in the consolidated financial statements have been prepared according to uniform accounting principles.

Companies in which the GfK Group has a participation of no more than 50%, but over which significant influence can be exercised, are generally accounted for at equity as associates. All other companies in the GfK Group are reported at acquisition cost.

A list of GfK SE shareholdings is provided in Section 40. of these Notes.

Capital consolidation is carried out in accordance with IFRS 3 Business Combinations, on the basis of purchase accounting. Acquisition costs of the participation are charged against the parent company's pro rata share of the revalued equity of the subsidiary at the acquisition date. Intangible assets acquired in business combinations and identified as part of the purchase price allocation are entered on the balance sheet at fair value.

Any difference arising on the assets side after this charging and purchase price allocation is reported under non-current assets as goodwill.

Under purchase price allocations following an acquisition, identifiable assets, liabilities and possible liabilities are applied at fair value at the time of acquisition. The calculation of fair value must therefore involve estimates. Where intangible assets have been identified under purchase price allocation, depending on the type of assets, the degree of complexity of the calculation of fair value and the transaction volume, either the opinion of an independent, external consultant is applied, or the fair values are calculated internally. Where the calculation is done internally, it is based on an appropriate evaluation technique. Related evaluations are closely combined with assumptions and estimates made by the Management Board in relation to the future development of the identified assets and regarding the discount interest rate applied.

Any non-controlling shares are reported as minority interests.

In the case of gradual acquisitions, goodwill is determined at the time control was gained and is the difference between the re-calculated carrying value of the investments plus acquisition costs for buying the new shares less the pro rata net assets attributable to

GfK. Changes in the participation quota without change of control are to be recorded solely as equity transactions. Incidental acquisition costs in connection with business combinations are not capitalized but recognized as expenses.

All transactions and balances between companies of the GfK Group which are included in the consolidated financial statements are eliminated when preparing the consolidated financial statements. Differences arising from debt consolidation are recorded in the income statement. Deferred tax on debt consolidation is recorded at a rate of 30%, which is the expected group tax rate excluding exceptional effects. Intercompany results and intra-company asset movements are eliminated with impact on the income statement if they are significant.

Associates are included at equity (one-line consolidation). They are stated for the first time at the acquisition date. First-time valuation is in line with full consolidation. Any difference on the assets side arising from offsetting the carrying amount of the participation against the pro rata equity capital at initial valuation is included in the equity book value.

Profits or losses from mergers arising from the merger of two consolidated companies in the GfK Group are eliminated. Mergers therefore have no impact on the consolidated income statement of the GfK Group. Company mergers involving external minority shareholders do not give rise to any change in the total minority interests or the consolidated total income.

Shares in the equity of subsidiaries attributable to external minority interests are shown separately under equity. Shares in the subsidiaries' result attributable to external minority interests are shown as a separate item in the consolidated income statement.

3. ACCOUNTING POLICIES

Currency translation

Transactions in foreign currencies are translated into the functional currency of the reporting company at the exchange rate on the date on which they were carried out. As at the balance sheet date, monetary items are translated at the exchange rate on that date and non-monetary items are valued at the historical rate on the transaction date. Differences resulting from these conversions are, in principle, reported with impact on the income statement.

The balance sheets of foreign subsidiaries not prepared in euros as well as hidden reserves disclosed under purchase price allocation and goodwill from mergers and acquisitions are translated into euros in accordance with the functional currency concept, based on the mean exchange rate on the reporting date. The annual average euro exchange rate, calculated as the mean of all month-end exchange rates, is applied to the income statements of these subsidiaries.

Differences arising from the translation of asset and liability items at the exchange rate on the reporting date compared with the translation on the prior reporting date are reported in other comprehensive income (OCI). Exchange rate differences arising from capital consolidation and differences arising from translation of the annual result in the balance sheet (reporting date rate) and the income statement (average rate) are reported in other reserves.

The exchange rates against the euro of the key currencies for the GfK Group are indicated in the table below.

Main currencies		*Mean euro rate on balance sheet date*		*Average euro rate during reporting year*	
Country	*Currency unit*	*31.12.2012*	*31.12.2013*	*2012*	*2013*
USA	1 USD	0.76	0.73	0.77	0.75
UK	1 GBP	1.23	1.20	1.23	1.18
Switzerland	1 CHF	0.83	0.81	0.83	0.81
Singapore	1 SGD	0.62	0.57	0.62	0.60
Japan	100 JPY	0.88	0.69	0.97	0.77

Currency gains and losses, which result from similar transactions, are netted at the level of each subsidiary.

Consolidated income statement

The consolidated income statement is prepared in accordance with the cost of sales accounting method. Expenses are shown by function.

Sales

The method of recognizing sales is largely determined according to IAS 18, Revenue, and depends on the nature of the underlying transaction:

Panel business involves surveying individuals, households and companies and is characterized by the fact that the same circumstances are analyzed at the same regular intervals on the basis of the same sample and always using the same methods. For business involving panels, the GfK Group recognizes sales pro rata temporis according to the progress of the project. The sales for a project are therefore distributed evenly over its duration. Each month during the term of a contract, the same sales are recognized in terms of amount.

Ad hoc business is the systematic, empirical research used as the basis of marketing decisions in all areas of the marketing mix. This includes tests and surveys on product and pricing policy, brand positioning and brand management relating to traditional and modern forms of communication with consumers and users. It is employed with the goal of optimizing distribution and enhancing customer loyalty and retention. Ad hoc research business is valued using the percentage of completion method. Progress on the project is determined as the ratio of actually accumulated costs to the overall anticipated costs of the project. The estimate of total cost is continuously checked during the life of the project. Changes in the estimate of total cost flow into the calculation of recognizable sales at the time at which they can be anticipated.

The costs to be included in this calculation comprise all direct personnel expenses and other cost of sales as well as pro rata indirect costs. Provisions are set up for expected losses on orders in progress when they can be anticipated.

Syndicated business analyzes markets and market players without this being specifically commissioned by a client to whose requirements the survey would be tailored. The completed study is marketed without customer-specific adjustments. Syndicated surveys may be conducted once or on a recurring basis without fulfilling the distinct and highly specific features of a panel. Various market participants may be questioned in repeated surveys, or the studies may be published at different intervals. In terms of determining sales, syndicated business is treated like panel business if it is comparable to panel business in nature because it involves repeated surveys where the cost behavior pattern is relatively evenly distributed over the term.

For other syndicated business, the method of recognizing sales depends on the empirical estimate of the profitability of the respective survey:

- If a profit from the survey is probable, it is valued the same as an ad hoc research contract.
- If it is not yet sufficiently certain that enough purchasers will be found for a survey, the sale is recognized as follows, corresponding to the accumulated costs. If the value of the actual incoming orders is below that of the costs accumulated, recognizable sales are limited to the value of incoming orders. As soon as it is certain that the value of orders exceeds the costs, sales are recognized according to the method used for ad hoc research contracts.

In all **other business transactions**, sales are only recognized once the work has been completed and invoiced.

For sales recognition based on the percentage of completion method, the estimation of degree of completion is significant. Estimates are also necessary in relation to the extent of payables required for the fulfillment of contractual obligations. The fundamental estimates may concern those including total contractual costs, costs to be incurred up to completion, total sales from the contract and contractual risks. The Management Board continually checks all estimates connected with relevant contracts and adjusts parameters where necessary. Changes to significant parameters can lead to an increase or reduction in sales for the respective reporting period.

Cost of sales, selling and general administrative expenses

In addition to personnel expenses, services rendered and scheduled depreciation/amortization of tangible and intangible assets, the cost of sales, selling and general administrative expenses comprise all other costs directly linked to the operational activity of the GfK Group.

Research and development costs

Research and development costs are basically recorded as expenses at the time they are incurred and shown under cost of sales.

Development costs incurred within the GfK Group, particularly for setting up new panels, are shown under other intangible assets if the recognition criteria are met.

Internally generated intangible assets are only capitalized if they have resulted from the development phase and not the research phase and if further precisely defined preconditions have been cumulatively fulfilled. These include the technical viability of the project completion, the scheduled completion and use, as well as the usefulness to the company or salability of the intangible asset. Future economic benefits and the availability of the necessary technical, financial and other resources to complete the project must also be reported. Reliable calculation of the costs associated with the intangible asset during its development phase is also a precondition for capitalization of internally generated intangible assets.

Other operating income and expenses

Other operating income and expenses comprise income and expenses relating to operations, for which the allocation to sales or functional costs would not be appropriate. They mainly include exchange rate gains and losses from non-financial transactions, profit and loss from the disposal of fixed assets, impairments and reversals of impairment not attributable to functional costs, income and expenses from reorganization and improvement projects, income and expenses from share and asset deals, and expenses for legal disputes.

Operating income

Operating income in the GfK Group comprises gross income from sales, less selling and general administrative expenses and net other income comprising other operating income and other operating expenses.

Adjusted operating income

The adjusted operating income indicator is used internally to manage the GfK Group's business. It is derived from operating income. To calculate adjusted operating income, the following income and expense items are excluded: write-downs of goodwill, write-ups and write-downs of additional assets identified on acquisitions, income and expenses in connection with share and asset deals, income and expenses in connection with reorganization and improvement projects, personnel expenses for share-based incentive payments, currency conversion differences and income and expenses related to one-off effects and other exceptional circumstances.

Income from associates

Income from associates comprises income and expenses resulting from the valuation of pro rata shares in associates at equity.

Other income from participations

Other income from participations essentially comprises dividends from non-consolidated affiliated companies and other participations of the GfK Group, profit and loss from the disposal of such companies and income and expenses from profit transfer agreements with these companies.

EBIT

The performance indicator EBIT (earnings before interest and taxes) has been included as a sub-total in the consolidated income statement. EBIT is determined by adding income from associates and other income from participations to operating income.

Other financial income and expenses

Other financial income and expenses comprise interest income and expenses, income and expenses from the valuation of derivative financial instruments used to hedge against interest rate risks, transaction costs for loans from banks, expenses related to write-offs of lendings, currency losses and gains resulting from financial transactions, such as loans and financial liabilities in foreign currencies, and other financial income. Interest expenses also include additional interest on previously discounted debt. Such additional interest relates to items such as future purchase price components from acquisitions, which are stated on the liabilities side at fair value.

Interest is recorded as income or expense at the time it is incurred. Interest is deferred on the basis of the effective interest rate method.

Income from ongoing business activity

The "income from ongoing business activity" indicator has been included in the consolidated income statement as a sub-total. Income from ongoing business activity corresponds to consolidated total income before tax on income.

Tax on income

Tax on income from ongoing business activity comprises the current and deferred tax expense.

Companies in the GfK Group operate in many different countries. The GfK Group is therefore subject to a multitude of tax authorities of the most varying regulation. The tax items contained in the consolidated financial statements are calculated by taking account of the relevant tax laws and the respective tax administration statements. The complexity of certain factors can lead to differing interpretation by the subjects of taxation and the local tax authorities.

Deferred taxes are calculated according to the balance sheet liability method whereby deferred tax assets and liabilities are entered on the balance sheet for temporary differences between the carrying amounts attributed to the consolidated financial statements and the tax basis of the assets and liabilities. Any effects on deferred taxes from changes in tax law are incorporated in the income statement from the date on which the tax law is passed.

Deferred tax assets are only entered on the balance sheet if it is probable that they can be realized at a future date. This is generally the case when the relevant company is sufficiently likely to achieve enough taxable profit to use the tax benefit. Also taken into account are factors including the planned results from operational business, effects on results of the changes in taxable time differences and existing tax strategies.

The intrinsic value of deferred tax assets is estimated by the Management Board at every reporting date. Estimation of planned taxable income and tax benefits achievable through possible strategies is naturally uncertain. Furthermore, limitations regarding the extent and timeframe of usability of future tax benefits can arise from changes in tax legislation. Estimates are adjusted in the period in which there is sufficient notice for adjustments.

Value adjustments for deferred tax assets are recorded when there are indications that deferred tax assets cannot or can only partially be realized. Applying its discretionary powers, the Management Board assumes a maximum period of time for the realization of deferred tax assets of seven years for subsidiaries which are not making a sustained loss, otherwise the period of time is expected to be shorter.

Tax on items recognized in other comprehensive income (OCI) is not included in the consolidated income statement. No deferred taxes are amortized in relation to currency differences from intra-Group loans in foreign currency reported under OCI, which represent a net investment in the business operations of subsidiaries, because the temporary differences are not intended to be realized in the near future.

Impairments

If an asset is impaired and is therefore depreciated, the cost of the impairment is included in the income statement.

The value of assets with an indefinite life and intangible assets under development is checked once a year by means of an impairment test. An impairment test is also carried out if triggering events occur, which may significantly affect the value of the assets concerned.

Impairments on intangible assets are applied if the recoverable amount is below the amortized cost of acquisition or production. The recoverable amount is defined as the higher of the two sums of the fair value less costs to sell or value in use of an asset whose expected future cash flows at the GfK Group are based on a minimum three-year period, planned in detail and discounted on the basis of discount rate to be determined individually at market conditions. The growth rate of the cash flows beyond the period of detailed planning is usually taken into account by reducing the discount interest rate by one to two percentage points. This method is used to determine the fair value of level 3.

Expenses arising from the decline in the value of goodwill and brands are reported in the consolidated income statement under other operating expenses, while impairments on surveys, panels, customer relations, long-term contracts and software are shown under functional costs. Any impairment of goodwill that has been recognized will not be reversed.

When reviewing other intangible assets or tangible fixed assets for impairments, determining the recoverable amount for these assets is also subject to estimates and assumptions by the Management Board, made with some uncertainty. Estimates and assumptions can have considerable influence on the respective values and ultimately on the extent of a possible impairment. Additional impairments or write-ups can result from a change in assumptions or circumstances in future.

More detailed explanations of the impairments applied to financial assets can be found within this chapter in the Section on “Financial instruments” below.

Earnings per share

The earnings per share (EPS) reported in the consolidated income statement show the proportion of consolidated total income attributable to equity holders of the parent, which relates to the weighted average number of shares in the reporting period.

The average number of shares does not have to be adjusted by the options exercised and expired during the reporting year to calculate diluted earnings per share since there are no longer any GfK stock options that can be exercised. Consequently diluted earnings per share correspond to earnings per share.

Stock options for employees and executives of the GfK Group

Up until 2005, selected executives of the GfK Group were entitled to convert part of their variable remuneration into stock options in GfK SE. These options have a term of five years and may be exercised after two years. This remuneration, which is to be settled with equity instruments, was valued according to IFRS 2 at fair value on the grant date. The obligation was entered as expense in the consolidated income statement whilst the counter-entry was made under capital reserve.

Long-term incentive plans for employees and executives of the GfK Group

In financial years 2006 to 2011, selected executives of the GfK Group were entitled to convert part of their variable remuneration into virtual GfK shares. Virtual shares entitle the holders to cash payments at the end of the three-year performance period. GfK grants a corresponding volume of additional performance shares. Neither of the shares is entitled to dividends. The payment for the performance shares, which is also due at the end of the performance period, depends on the achievement of two performance targets: the total shareholder return (TSR) on GfK shares compared with the TSR on shares of companies listed in the DJ Euro Stoxx Media Index and on the increase in the operating profit of the GfK Group, which corresponds to adjusted operating income, over a three-year period.

The amount payable at the end of the performance period is accumulated as provisions. The amount of the provision is based on an actuarial opinion. This is the amount transferred to the relevant provisions in addition to the premium waiver of the employees included for the respective financial year. It is calculated in accordance with the Black-Scholes valuation method and with the help of Monte Carlo simulations.

A new ruling has been in force for members of the GfK SE Management Board since financial year 2010 and for selected GfK Group executives since financial year 2012. Participants are granted an individual bonus amount, half of which is converted into virtual shares and half into a performance-based long-term cash bonus.

The conversion into virtual shares of the target amount of virtual shares is based on the GfK share price in the 20 trading days preceding the start of the performance period. If a dividend is paid to shareholders, the number of virtual shares increases in corresponding value.

Management Board members are entitled to exercise their virtual shares upon expiry of a four-year retention period. This must be done during certain trading windows within a two-year exercise period. If the shares are not exercised by the end of this period, they are paid out on the final day of the final exercise window.

The two-year exercise period does not apply to executives. For these participants, the amount paid out is based on the GfK share price in the last 20 days before expiry of the performance period.

The following applies to the performance-based long-term cash bonus: after expiry of a four-year performance period, the beneficiary is entitled to payment of a bonus. The amount is determined by the extent to which the specified performance target (average return on capital employed of GfK or GfK ROCE, for the four-year period) was achieved by 31 December of the third year following the year in which the bonus was granted. Payment for the corresponding term is calculated on the basis of the audited financial statements.

The bonus is not granted if employment is terminated before expiry of the performance period due to dismissal or resignation.

Intangible assets

GOODWILL

Goodwill arising from the capital consolidation of subsidiaries and that transferred from subsidiaries' financial statements into the consolidated financial statements is reported by the GfK Group under intangible assets.

In business combinations, goodwill represents the remaining difference in assets after the costs of acquisition of the participation are offset against the proportion of acquired revalued equity.

Goodwill from the acquisition of companies which do not report in euros is recorded in the reporting currency of the acquired subsidiary. The exchange rate at the time of first consolidation is used to calculate the goodwill at initial recognition. Subsequent measurements are based on the mean rate as at the reporting date.

The GfK Group checks the recoverability of its cash generating units, including goodwill, as part of an impairment test once a year or when triggering events or changed circumstances arise. The intrinsic value of goodwill is subjected to regular review on 30 September. For this purpose, goodwill is allocated to cash generating units, which correspond to a structure comprising the two sectors each with six regions supplemented by Other.

Recoverability of goodwill is indicated when the recoverable amount is not less than the carrying amount of the cash generating unit.

The recoverable amount corresponds to the fair value less costs to sell or the value in use if higher. Since only one of the two values has to exceed the carrying amount of the relevant cash generating unit, GfK generally only applies the fair value less costs to sell. This is calculated under the impairment tests using a discounted cash flow method. The expected future cash flows from the relevant 5-year budget are used in calculations. The relevant forecasts take account of past experiences and are based on the best possible Management Board estimate of future development. The growth in cash flow after the five-year period (perpetuity) is taken into account by reducing the discount interest rate by 1.5 percentage points (2012: 1.7 percentage points). Similar to the discount interest rate, this growth rate is derived from available capital market data. This method is used to determine the fair value of level 3.

The discount interest rate is determined by carrying out a weighted average capital costs calculation, taking into account the standard industry capital structure and standard industry financing costs. The discount interest rate takes account of expectations of the equity investors and the relevant country risk. Depending on the cash generating unit, the resulting discount rate was 7.1% to 10.7% as at 31 December (30 September 2012: between 6.9% and 8.2%). The discount interest rate before tax as at 31 December was 9.1% to 14.5% (30 September 2012: 8.9% to 10.9%).

Estimates are involved in determining the recoverable amount of cash generating units to which goodwill has been allocated. Primary assumptions on which calculation of recoverable amounts are made include estimated growth rates, weighted average capital cost rates and tax rates. Estimates are especially necessary in connection with the forecast and discounting of future cash flows and therefore expected economic development. Capital market volatility, interest rates and currency performance also influence valuation. Estimates made and underlying methods can have considerable influence on respective values and therefore on the extent of a possible goodwill impairment.

OTHER INTANGIBLE ASSETS

The GfK Group's other intangible assets consist of internally generated intangible assets and miscellaneous intangible assets. To a very large extent, they include software and market research panels, which have either been acquired externally or generated internally. Other key components are client relationships and brands capitalized as part of the purchase price allocation.

Where an intangible asset has been subject to impairment, there is a write-up if a higher amount is recoverable at a later date. The carrying value after the write-up may not exceed the carrying value which would have resulted had the impairment not taken place in the past. The write-up is reported in the income statement in the position which previously included the impairment.

Internally generated intangible assets

At the GfK Group, internally generated intangible assets mainly comprise software and panel set-up costs.

As a rule, software developed by companies in the GfK Group is used internally for analyzing and processing market research data. In some cases, it is destined for external users and was written specifically to meet user requirements. Internal costs of software development are capitalized under non-current assets if the criteria according to IAS 38, Intangible Assets, are met. Amortization commences on completion of the software.

Panel set-up costs generally involve capitalized development costs for setting up new panels or expanding existing panels. Capitalized panel set-up costs include:

.. Spending on materials and services used in constructing panels,
.. Wages and salaries and other employment expenses for staff directly involved in setting up panels,
.. Overheads necessarily incurred in panel set-up and which can reasonably and regularly be allocated to this, based on cost accounting.

Costs arising from the preparation and application phase and maintenance costs for current panels cannot be capitalized. They are included in expenses.

Panel set-up costs are only written down if they are directly incurred in conjunction with a specific, fixed-term current client order. As a rule, the amortization period in such cases is based on the duration of the contract or the useful life. In all other cases, the useful life of panels is indefinite and they are not subject to scheduled amortization. The value of panels is checked at least once a year as part of an impairment test.

Expenses for research activities are reported as expenses in the period under review. Development costs which did not result in a capitalizable intangible asset are also reported as expenses.

Miscellaneous intangible assets

Miscellaneous intangible assets include panels acquired externally, customer relations, software and brands.

Miscellaneous intangible assets are entered in the balance sheet at amortized cost and are subject to straight line amortization. This does not apply to customer relations and does not apply absolutely to brands. As a rule, the useful life of software and miscellaneous intangible assets is three to ten years.

Customer relations are generally subject to diminishing balance amortization over a period of 6 to 20 years at an individually determined customer churn rate of between 7% and 28.5%.

As a rule, brands are not subject to amortization and have an indefinite useful life. Where acquired brands are replaced by the GfK brand over a set period of time, they are subject to straight line amortization. In such cases, useful life is three years.

Intangible assets with an indefinite useful life are subject to an impairment test at least once a year.

The interest on borrowing relating to qualifying assets is capitalized.

Tangible assets

Tangible assets are valued at cost less cumulative depreciation. The interest on borrowing relating to qualifying assets is capitalized. Cumulative depreciation generally includes straight line depreciation up to the balance sheet date and any impairments recorded. The depreciation period corresponds to the useful life. Assets in the course of set-up are not subject to depreciation.

The GfK Group normally applies the useful life periods shown in the following table.

Asset	*Useful life in years*
Administrative buildings	50
IT equipment	3 to 5
Cars and other vehicles	5
Office equipment	3 to 5
Office furniture	10 to 13

The item fixtures and fittings also includes unfinished technical equipment.

Lease arrangements are entered on the balance sheet according to IAS 17, Leasing Agreements, with either a finance or an operating lease depending on the type of contract.

Finance leases are characterized by the fact that risks and rewards of leased assets are generally transferred to the lessee. With a finance lease, the leased item is capitalized by the lessee and a corresponding leasing liability is recorded. The leasing liability is equivalent to either the present value of the minimum lease payments or the fair value of the leased asset at the start of the lease arrangement, if lower.

The capitalized lease asset is subject to straight line depreciation. The depreciation period is the lease term or the economic useful life, whichever is shorter. Subject to fulfillment of the preconditions, an impairment is recorded.

The lease liability is amortized over the contractual period through lease payments. Discounts are written up by applying a constant interest rate to the remaining debt and recorded in interest expenses with other financial expenses.

With operating leases, the leased assets are entered on the balance sheet of the lessor. The lessee records the regular payments as rental expense.

Financial instruments

Financial instruments are contracts which result in a financial asset with one company and a financial liability or an equity instrument with another.

Financial assets comprise, in particular, cash and cash equivalents, equity instruments held in other companies (e.g. participations), trade receivables, other loans granted and receivables, and primary financial instruments and derivatives held for trading purposes.

Financial liabilities regularly constitute a return entitlement in cash or other financial liabilities. At the GfK Group, they primarily comprise amounts due to banks, trade payables, liabilities under finance lease agreements and derivative financial instruments.

In the GfK Group, financial instruments are entered on the balance sheet as bought or sold on the trade date, i.e. on the date on which the obligation to buy or sell a financial instrument was entered into.

In the case of fixed-income financial instruments, interest rate changes may result in a change in fair value and in the case of variable-rate financial instruments, in interest rate fluctuations. In principle, current receivables and liabilities are not subject to interest rate risks.

Financial assets and financial liabilities are recorded if the GfK Group is a contractual party in relation to a financial instrument.

Financial assets are valued at fair value when they are first recognized. With regard to financial assets which are not subsequently valued at fair value and recognized in profit and loss, the transaction costs directly attributable to the acquisition are taken into account. The fair values stated on the consolidated balance sheet regularly correspond to the market prices of financial assets. Where these cannot be determined directly on the basis of an active market, they are valued using standard market procedures (valuation models). These are based on instrument-specific market parameters. Non-interest-bearing and low-interest financial assets with a term of more than one year are discounted in principle. For financial assets with a remaining term of less than one year, it is assumed that the fair value corresponds to the nominal value.

Financial assets are taken off the books if the contractual rights to payments arising from the financial assets expire or if the financial assets are transferred with all material risks and rewards.

The loans and long-term deposits reported under other financial assets are assigned to the "loans and receivables" category. They are valued at amortized cost using the effective interest rate method.

Financial assets held for trading purposes are valued at fair value. They include derivative financial instruments which are not linked to an effective hedge agreement according to IAS 39, Financial Instruments: Recognition and Measurement, and whose classification as financial assets held for trading is therefore mandatory. Any gain or loss resulting from the subsequent valuation of financial assets that are held for trading is reported in the consolidated income statement.

With regard to the accounting policies applied to financial investments, the Management Board has stipulated at its discretion as the competent body that financial instruments are never classified as held to maturity, but instead always as available for sale.

At the GfK Group, the category of available-for-sale financial assets represents the residual amount of primary financial instruments, for which IAS 39 applies and which were not allocated to a different category. They comprise investments in affiliated companies reported under other financial assets, other participations and other available-for-sale securities.

In principle, the valuation is based on the fair value derived from the market price where a price quoted in an active market is available. Any gains and losses resulting from the valuation at fair value are recognized in other comprehensive income. This does not apply if the item relates to permanent or material impairments, or exchange rate-related changes in the value of debt instruments. These are reported in the income statement.

The accumulated gains and losses from the valuation at fair value, which are stated in other reserves, are only reported in the consolidated income statement on disposal of the financial assets. If the fair value cannot be reliably determined for equity instruments that are not quoted on the stock exchange, participations are valued at acquisition cost in particular (less impairments where applicable).

Impairment expenses are stated if the carrying value of a financial asset is higher than the present value of future cash flows. An impairment test is carried out on every reporting date. In order to ascertain and objectively verify impairment, the following triggering events are considered:

.. The debtor faces considerable financial difficulties.
.. Observable data show that a measurable reduction in expected future cash flows has occurred since the asset was first recognized.

To decide whether an impairment is required, the existing loans, which are allocated to the "loans and receivables" category and therefore subsequently valued at amortized cost are analyzed. On the relevant reporting date, it is checked whether there is an objective indication of impairment that should be taken into account on the balance sheet. The impairment amount is calculated on the basis of the difference between the carrying value and the recoverable value, which equals the present value of the expected future cash flows. It is discounted at the original effective interest rate of the financial instrument. To simplify matters, cash flows from current receivables are not discounted. Impairments on financial instruments in the "loans and receivables" category are recorded in separate value adjustment accounts. The relevant value adjustment is removed upon departure of the financial instrument and no direct reduction or increase in the book value of financial instruments in the "loans and receivables" category takes place in principle.

Financial liabilities are valued at fair value when they are recognized for the first time. The directly attributable transaction costs are also stated for financial liabilities that are not subsequently valued at fair value, and amortized over the term using the effective interest rate method.

In principle, primary financial liabilities are valued at amortized cost. They include financial liabilities and trade payables as well as financial other liabilities and deferred items. Non-interest-bearing and low-interest liabilities with a term of more than one year are discounted. With regard to liabilities with a term of less than one year, it is assumed that the fair value corresponds to the repayment value.

It is mandatory to classify any derivative financial instruments which are not linked to effective hedge agreements as "held for trading". Accordingly, they must be included in the balance sheet at fair value through profit or loss. If the fair value is negative, a financial liability is stated.

Financial liabilities are taken off the books if the contractual obligations have been settled, extinguished or have expired.

Borrowing costs are recorded as expenses in the period in which they were incurred.

The market value of financial instruments to be valued at fair value is generally established on the basis of stock exchange prices. If no stock exchange prices are available, the financial instruments are valued using standard market procedures (valuation methods) based on instrument-specific market parameters.

The discounted cash flow method is used to establish the fair value, taking into account individual credit ratings and other market circumstances in the form of prevailing market credit ratings and liquidity spreads for determining the present value.

There are no liquid markets for financial instruments in the "loans and receivables" category, which are valued at amortized cost. For short-term loans and receivables, it is assumed that the market value corresponds to the carrying value. For all other loans and receivables, the market value is established by discounting the expected future cash flows. The interest rates applied for loans are those which would have been used for new loans with a similar risk structure, original currency and loan term.

For shares in unlisted companies it is assumed that the carrying value corresponds to the market value. The market value could only be reliably established on the basis of concrete acquisition negotiations.

Trade payables and financial current other liabilities generally have a remaining term of less than one year, so the carrying value approximately corresponds to the fair value.

For financial non-current liabilities, the fair values are determined as the present values of the payments associated with the liabilities.

DERIVATIVE FINANCIAL INSTRUMENTS, HEDGE ACCOUNTING

The GfK Group concludes transactions throughout the world in various currencies, which involve currency risk. In addition, short-term investments, investments in securities and borrowing from banks take place in various currencies and can result in risks due to changes in exchange rates, interest rates and market prices.

More detailed information on currency and interest rate risks as well as the goals, strategies and processes of risk management is provided in the risk report, which is part of the Group Management Report.

The GfK Group uses forward currency transactions as well as interest rate swaps to hedge against currency and interest rate risks.

Derivative financial instruments are reported at acquisition cost as asset or liability at the time of the transaction and subsequently valued at fair value. The valuation of derivative financial instruments is carried out using standard market procedures based on instrument-specific market parameters. Market prices are calculated on the basis of present value and option price models. Where possible, the relevant market prices and interest rates on the balance sheet date are used as input parameters for these models.

In hedge accounting, changes in the value of derivative financial instruments are recorded differently, depending on whether the instrument is a fair value hedge, cash flow hedge or net investment hedge.

If the derivative financial instrument is used to hedge against the risk of changes in the value of assets or liabilities, it represents a fair value hedge. In this case, changes in the value of both the hedged underlying item and the derivative financial instrument are taken to the income statement.

With changes in the value of cash flow hedges used to hedge underlying transactions against risks from fluctuations in future payment flows, the effective portions of the fair value fluctuations are initially reported under other comprehensive income (OCI). If the effectiveness of a hedge is not in the range of 80% to 125%, the hedge is liquidated. The ineffective portions of hedges are charged directly to the income statement. The risk regarding the amount of future cash flows applies, in particular, to variable rate loans and planned transactions that are highly likely to occur.

Once the hedged transaction affects the income statement, the accumulated gains and losses recognized in other reserves are released with impact on the income statement.

Net investment hedges can be used to secure net investments in foreign subsidiaries. This may, for example, involve a foreign currency loan in the local currency of the acquired participation. Any exchange gains or losses resulting from the cut-off date valuation of the foreign currency loan relating to the effective portion are recognized in OCI, as is the case for cash flow hedges.

If the hedge is considered as highly effective, the exchange gains and losses from the hedging instrument are posted in OCI. The release with impact on the income statement of this item does not occur at the end of the term of the hedging instrument, but only upon sale or liquidation of the hedged item.

The prerequisite for any type of hedge accounting is that the link between the hedged item and the hedging instrument is accurately documented. It must also be recorded how the hedging instrument used compensates the risk relating to the hedged item highly effectively and which methods are used to substantiate the effectiveness.

Generally, the part of the changes in value not covered by the hedged item is taken to the consolidated income statement.

In addition, the GfK Group enters into hedge agreements which do not meet the stringent regulations of IAS 39 and therefore cannot be reported according to the rules of hedge accounting. From a financial point of view, these hedge agreements also comply with the risk management principles. Furthermore, hedge accounting is not applied to foreign currency hedges relating to reported cash assets and liabilities. This is because the gains and losses realized on the underlying instruments as a result of currency translation and reported in the income statement according to IAS 21, The Effects of Changes in Foreign Currency Exchange Rates, are linked to the gains and losses on the derivative hedging instruments. They virtually offset each other in the consolidated income statement.

Receivables and other assets

Receivables are stated at nominal value or, in the case of identifiable specific risks, at the lower attributable value. This lower attributable value takes sufficient account of the default risk. Group-wide guidelines regulate hedging against the risk of non-payment. In the calculation of value adjustment requirement for risky loans, a significant level of estimation and assessment is necessary. Main factors here are client credit rating, current economic development and historic default rates.

A credit check of new clients should be obtained from a recognized credit agency, if the order volume exceeds €50 thousand. If no satisfactory information about the client is available, two-thirds of the order value is payable prior to delivery. The credit rating of existing clients must also be monitored on the basis of the specified rules. In addition, the credit risk is minimized through issuing invoices for prepayments and on-account payments.

Inventories

Inventories are valued at the lower end of acquisition or manufacturing cost and net realizable value. Due to their subordinated importance to the consolidated financial statements of the GfK Group, inventories are reported under current other assets and deferred items.

Cash and cash equivalents

Cash and cash equivalents contain cash on hand and in banks, as well as liquid investments with a remaining term of less than three months.

Equity and liabilities

CAPITAL RESERVE

GfK SE's equity which is not part of subscribed capital attributable to the capital contributions of shareholders and which does not result from generated income is reported under the capital reserve. Services that are linked to deposits for the purposes of acquiring shares or granting privileges, as well as other services aimed at strengthening equity, are also reported under the capital reserve.

RETAINED EARNINGS

Amounts created from income in the financial year under review or prior financial years are reported as retained earnings. This includes a statutory reserve to be created from income.

OTHER RESERVES

Other reserves comprise changes in Group equity, which initially are reported in other comprehensive income and which do not involve contributions by shareholders or distributions to shareholders.

These changes result from exchange rate differences, unrealized profits and losses from available-for-sale securities, the valuation of hedging instruments (cash flow hedges and net investment hedges) and actuarial gains and losses on defined benefit plans.

MINORITY INTERESTS

Any non-controlling interests are reported as minority interests.

Provisions

In principle, provisions are set up when an obligation to a third party will probably result in an outflow of funds. In addition, the level of the obligation needs to be estimated reliably. Long-term provisions are discounted if they are interest-free or low-interest.

Provisions for pensions are valued in accordance with the projected unit credit method, in which future compensation increases are taken into account. The amount shown in the balance sheet represents the present value of the obligation, adjusted by the unrecognized past-service costs after offsetting the fair value of the plan assets. The discount interest rate is based on the interest rate for prior-ranking fixed-income corporate bonds.

With the new version of IAS 19, Employee Benefits, which was adopted in June 2011, both the corridor approach for recording actuarial gains and losses and their immediate recognition in the income statement were disestablished. This has no impact on GfK since actuarial gains and losses from defined benefit plans were already recorded in other comprehensive income before the revision of IAS 19 and reported in other income.

The net interest method was also introduced to calculate the net interest expense or net interest income. On the basis of the net defined benefit liability or the net defined benefit asset, net interest is now calculated on the net liability (net asset) from a defined benefit plan by multiplying the net liability (the net asset) at the beginning of the period with the discount interest rate, on which the defined benefit obligation, i.e. the gross liability, is based at the beginning of the period.

Other changes relate to the recognition of non-vesting unrecognized past service costs in the income statement and changes to the definition of post-employment benefits.

The effects of these changes on the GfK Group's consolidated financial statements for 2012 and 2013 are described in Section 25. "Provisions" of these Notes.

Pensions and similar obligations are accounted for using actuarial valuation methods. Underlying factors include actuarial assumptions such as discount rates, expected salary increases, mortality rates and increased rates for healthcare costs. Changed conditions can mean that actuarial assumptions can differ greatly from actual developments and therefore lead to significant changes in obligations connected to payments to employees.

Payments for defined contribution plans are stated as expenses when they occur.

GfK Group companies are occasionally involved in legal disputes. The Management Board regularly analyzes the latest information on legal risks. Provisions are set up for likely obligations, including estimated costs of legal consultation. The likelihood of an outcome unfavorable to the GfK Group, the extent of related liability and the possibility of being able to estimate the extent of the relevant obligations sufficiently are taken into account. For purposes of legal risk assessment, the GfK Group appoints legal counsel internally and externally.

Provisions are set up for additional obligations to third parties, which are likely to lead to an outflow of funds in future but which are not liabilities, if there is more militating in favor of the existence of a present obligation than against and when the anticipated amount of the claim can be estimated within a certain range. The most probable amount is applied within this range.

Financial liabilities

Financial liabilities include interest-bearing liabilities relating to financing, particularly loans from banks and other lenders, liabilities under finance leases and other interest-bearing liabilities.

The GfK Group reports rights to make delivery (put options or obligations) held by minority shareholders and variable purchase prices in connection with buying shares as purchase price elements which depend on future events and are impacted by future sales and EBIT. The minority interests affected by this are not reported as minority interests. The associated non-current or current financial liabilities are generally valued at fair value. Interest added to payment obligations is reported under interest expenses.

For possible adjustments to acquisition costs, as a result of future events which are recognized as liabilities at the time of acquisition, changes in value of liabilities from earn-outs and rights of minority shareholders to make delivery after 1 January 2010 are reported in other financial income in the income statement. The profit or loss resulting therefrom is corrected in the cash flow statement in the item "Other non-cash income/expenses" within cash flow from operating activity.

Trade payables and other liabilities

Trade payables and other liabilities are stated at repayment value. Obligations under invoices outstanding are reported under trade payables.

Liabilities on orders in progress

Liabilities on orders in progress comprise payments on account and accrued amounts from the recognition of sales. Within this item, sales are accrued which have arisen from contractually agreed invoices for prepayments or payments on account, but cannot yet be recognized as sales according to the above described sales recognition methods.

Overview of the valuation principles applied

The following table shows the most important valuation principles that are applied in preparing the consolidated financial statements of the GfK Group.

Assets	
Goodwill	Impairment-only approach
Other intangible assets	
with limited useful life	Amortized acquisition or production costs
with indefinite useful life	Impairment-only approach
Tangible assets	Amortized acquisition or production costs
Financial assets	
Shares in affiliated companies, other participations	Acquisition costs
Loans and long-term fixed-term deposits	Amortized costs
Held for trading purposes	Fair value through profit or loss
Other financial assets available for sale	Fair value recognized directly in equity
Trade receivables and other receivables	Amortized costs
Financial other assets	
Derivative financial instruments used as hedges	Fair value recognized directly in equity
Derivative financial instruments not used as hedges	Fair value through profit or loss
Miscellaneous financial other assets	Amortized costs
Non-financial current other assets	Amortized costs
Short-term securities and fixed-term deposits	Amortized costs
Cash and cash equivalents	Amortized costs

Liabilities	
Provisions	
Pension provisions	Projected unit credit method
Other provisions	Discounted amount most likely to be paid
Interest-bearing financial liabilities	
Liabilities from finance lease	Present value of minimum lease payments
Purchase price components which depend on future events	Fair value through profit or loss
Other interest-bearing financial liabilities	Amortized costs
Financial other liabilities	
Derivative financial instruments used as hedges	Fair value recognized directly in equity
Derivative financial instruments not used as hedges	Fair value through profit or loss
Miscellaneous financial other liabilities	Amortized costs
Trade payables	Amortized costs
Liabilities on orders in progress	Amortized costs
Non-financial other liabilities	Amortized costs

Consolidated cash flow statement

The cash flow statement shows the changes to the balance sheet item "Cash and cash equivalents" resulting from cash flows from operating activity, investing activity and financing activity.

The cash flow from operating activity is derived indirectly from changes to the balance sheet entries. These are adjusted for the effects of currency translation and changes in the scope of consolidation. As a consequence, only a limited reconciliation is possible between the changes in the balance sheet items according to the consolidated cash flow statement and the arithmetical changes in the consolidated balance sheet, the schedule of movements in non-current assets and other information in the Notes to the consolidated financial statements.

Estimates

The production of the consolidated financial statements of the GfK Group under IFRS requires the use of assumptions and estimates. Some of these estimates relate to circumstances where uncertainty is inherent and may be subject to change. These estimates and assumptions were made by the Management Board, taking into account all known facts to the best of their knowledge, in order to gain an accurate situational picture of the net assets, financial position and income. However, actual figures for assets and liabilities as well as contingencies on the balance sheet date and the income and expenses for the financial year can differ from this.

Estimates are used in the realization of sales under the percentage of completion method, in connection with the value adjustment requirement for risky loans and in impairment tests for goodwill and for other intangible or tangible assets. In addition, estimates are made in the purchase price allocation following company mergers, in assessing the intrinsic value of deferred tax assets and in the entry and valuation of conditional purchase price obligations and provisions. More precise explanations on the type of estimates necessary in these areas and on making estimates in the GfK Group can be found in the earlier explanation of the accounting and valuation methods. The parameters applied in the reporting year to the impairment test for intangible assets and for the valuation of pension provisions are shown in these Notes under Sections 16. "Intangible assets" and 25. "Provisions".

The most important estimates regarding the future performance of the GfK Group and its economic environment are described in the Outlook Section of the Management Report.

4. SCOPE OF CONSOLIDATION AND MAJOR ACQUISITIONS

Fully consolidated companies

As at 31 December 2013, the scope of consolidation in accordance with IFRS included 13 (2012: 13) German and 131 (2012: 136) foreign subsidiaries in addition to the parent company.

The table below shows the changes in fully consolidated subsidiaries between 1 January 2013 and 31 December 2013.

Fully consolidated subsidiaries (number)	*1.1.2013*	*Additions*	*Disposals*	*31.12.2013*
Germany	13	1	–1	13
Abroad	136	3	–8	131
TOTAL	**149**	**4**	**–9**	**144**

In February 2013, the subsidiaries GfK Beteiligungsgesellschaft mbH, Nuremberg, and GfK North America Holding LLC, Wilmington, Delaware, USA, were established and included in the scope of consolidation. As pure holding companies, neither company is active operationally and consequently both are assigned to the Other division.

Sensemetric Web & Social Media Mining GmbH, Vienna, Austria, which was fully acquired on 1 June 2013 and belongs to the Consumer Experiences sector, was merged with GfK Austria GmbH, Vienna, Austria, on 3 June 2013.

PCNData Nederland B.V. Zaanstad, Netherlands, which was fully acquired on 1 July 2013 and assigned to the Consumer Experiences sector, was merged with GfK Panelservices Benelux B.V., Dongen, Netherlands, on 3 December 2013.

The purchase price and the goodwill from these acquisitions as well as the unreported intangible assets identified during the acquisition process are of minor significance for the GfK Group, as are the assets and liabilities acquired. The same applies to the companies' accumulated net income since they have been part of the GfK Group.

In the Consumer Experiences sector, Bridgehead USA Inc, Dover, Delaware, USA, was merged with GfK Custom Research, LLC, New York, New York, USA, on 1 January 2013.

The companies Telecontrol AG, Hergiswil, Switzerland, and Telecontrol Bulgaria – Switzerland AG, Hergiswil, Switzerland, which both operate in the Consumer Choices sector, as well GfK Research Matters AG, Basel, Switzerland, which is part of the Consumer Experiences sector, were merged with GfK Switzerland AG, Hergiswil, Switzerland, on 1 January 2013.

On 1 July 2013, Collect Investigaciones de Mercado S.A., Providencia, Santiago, Chile, was merged with Adimark Investigaciones de Mercado Ltda., Providencia, Santiago, Chile, which was subsequently renamed as GfK Adimark Chile S.A.

GfK North America Investment GmbH, Nuremberg, was merged with GfK North America Holding GmbH, Nuremberg, on 9 July 2013.

On 2 August 2013, GfK Audimetrie N.V., Brussels, Belgium, was merged with Significant GfK NV, Leuven, Belgium, which was subsequently renamed as GfK Belgium NV.

These mergers within the Group served solely to simplify the Group structure and will have no direct economic impact.

Companies of minor importance

The GfK Group did not include 35 (2012: 34) companies in the consolidated financial statements during the reporting year, because they were of minor significance for the net assets, financial position and income of the Group.

Overall, external sales, annual income, total assets and cash flows from each of these companies are of minor importance compared with the corresponding figures in the consolidated financial statements.

Associated companies

The consolidated financial statements as at 31 December 2013 report on participations in one associated company in Germany and 14 associated companies abroad, as in the previous year. In 2013, there were two acquisitions and two disposals among the foreign associated companies.

Media Focus Schweiz GmbH, Zurich, Switzerland, which is assigned to the Consumer Choices sector, was established on 26 June 2013.

A loan was extended to Genius Digital Ltd, Reading / Berkshire, UK, which is involved in the Consumer Choices and Consumer Experiences sectors, by means of an agreement dated 20 September 2013, which gives GfK the right to convert the loan to equity as well as far-reaching co-determination rights. As a result, GfK can exercise a significant influence over the company, meaning that it qualifies as an associated company.

Media Focus (ARGE), Hergiswil, Switzerland, was liquidated on 1 January 2013. The shares in Watch Media (Cyprus) LTD, Nicosia, Cyprus, were sold on 10 October 2013. Both companies were part of the Consumer Choices sector.

Other participations

The number of other participations remains unchanged at three.

5. SALES

Sales are broken down according to type as shown in the table below:

	2012	*2013*
Sales in respect of third parties	1,510,374	1,490,210
Sales in respect of related parties and groups	2,531	2,487
Sales in respect of Group companies	1,769	2,096
SALES	**1,514,674**	**1,494,793**

The breakdown of sales according to sector and region is shown under Section 33. "Segment reporting".

6. COST OF SALES

The breakdown of cost of sales is shown in the table below:

	2012[1]	2013
Personnel expenses	516,705	524,834
Other cost of sales	433,343	408,003
Amortization/depreciation and impairment	46,826	54,437
Cost of sales relating to Group companies	10,994	7,923
Cost of sales (before research and development costs)	**1,007,868**	**995,197**
Research and development costs	22,758	12,775
COST OF SALES (INCLUDING RESEARCH AND DEVELOPMENT COSTS)	**1,030,626**	**1,007,972**

[1] Adjusted because of the retrospective application of IAS 19 (2011), see Section 25. "Provisions" of these Notes

Other cost of sales mainly comprises services purchased.

Research and development costs have fallen as a result of a number of R&D projects for new products entering the realization phase in 2013 following successful feasibility studies and approval by the Management Board. Consequently, accumulated costs were capitalized under intangible assets.

7. SELLING AND GENERAL ADMINISTRATIVE EXPENSES

The breakdown of selling and general administrative expenses is shown in the table below:

	2012[1]	2013
Other selling and general administrative expenses	144,023	154,554
Personnel expenses	157,137	143,987
Amortization/depreciation and impairments	19,353	27,045
Other selling and general administrative expenses-relating to Group companies	3,108	2,600
SELLING AND GENERAL ADMINISTRATIVE EXPENSES	**323,621**	**328,186**

[1] Adjusted because of the retrospective application of IAS 19 (2011), see Section 25. "Provisions" of these Notes

Depreciation and amortization contains valuation allowances on operating receivables in addition to depreciation and amortization and impairments on other intangible assets and tangible assets.

Other selling and general administrative expenses mainly consist of rental expenses, fees for consulting and other external service providers, travel expenses, charges for telecommunication, data transmission and processing as well as maintenance expense.

8. OTHER OPERATING INCOME

Other operating income includes the items shown in the table below.

	2012	2013
Exchange gains	844	2,999
Reversal of impairments	652	0
Miscellaneous	1,785	2,173
OTHER OPERATING INCOME	**3,281**	**5,172**

Exchange gains and losses, which result from similar transactions, have been netted from this reporting year at the level of each subsidiary. The previous year was adjusted by € 7,527 thousand for this reason. The same applies for exchange losses in other operating expenses. Exchange gains mainly contain profits from foreign currency transactions in US dollars, pound sterling and Japanese yen.

Miscellaneous operating income largely consists of rental income from property.

9. OTHER OPERATING EXPENSES

Other operating expenses include the items shown in the table below, which have not been assigned to functional costs.

	2012	2013
Goodwill impairment	0	114,596
Exchange losses	4,088	3,321
Personnel expenses	10,882	7,113
Other impairments	484	5,892
Miscellaneous	18,886	6,369
OTHER OPERATING EXPENSES	**34,340**	**137,291**

The goodwill impairment of € 114,596 thousand (2012: € 0 thousand) resulted from a reassessment of the prospects for growth in the Consumer Experiences sector and from an increase in the region-specific discount rates.

Exchange gains and losses have been netted at the level of each subsidiary from this reporting year, as is apparent from the notes on other operating income. They mainly contain losses from foreign currency transactions in US dollars, pound sterling and Japanese yen.

Personnel expenses primarily comprise severance payments in relation to positions which were no longer filled as a result of the areas in question being restructured as part of the new strategic orientation (€ 7,086 thousand; 2012: € 9,768 thousand).

Other impairments mainly contain impairments on intangible assets and other receivables, which are connected with the irregularities at GfK Arastirma Hizmetleri A.S., Istanbul, Turkey, which emerged in 2012 (€ 3,896 thousand; 2012: 0 thousand). The same situation resulted in additional expenses amounting to € 1,737 thousand (2012: € 14,046 thousand), which are included in miscellaneous other expenses. These mainly consist of fees for consulting services and legal costs as well as additional payments for income tax.

10. PERSONNEL EXPENSES

The expense items in the consolidated income statement include the personnel expenses listed in the table below.

	2012[1]	2013
Wages and salaries	571,602	571,593
Social security contributions and expenses for pensions	114,242	105,964
PERSONEL EXPENSES	**685,844**	**677,557**

[1] Adjusted because of the retrospective application of IAS 19 (2011), see Section 25. "Provisions" of these Notes

11. ADJUSTED OPERATING INCOME

Adjusted operating income is the internal management indicator for the GfK Group and is explained in detail in the Management Report. It is derived as follows:

	2012[1]	2013
Operating income	**129,368**	**26,516**
Goodwill impairment	0	114,596
Write-ups and write-downs of additional assets identified on acquisitions	18,066	26,238
Income and expenses in connection with share and asset deals	2,041	833
Income and expenses in connection with reorganization and improvement projects	15,105	12,676
Personnel expenses for share-based incentive payments	5,063	831
Currency conversion differences	3,244	323
Income and expenses related to one-off effects and other exceptional circumstances	14,543	8,385
ADJUSTED OPERATING INCOME	**187,430**	**190,398**

[1] Adjusted because of the retrospective application of IAS 19 (2011), see Section 25. "Provisions" of these Notes

Write-ups and write-downs of additional assets identified on acquisitions

The composition of write-ups and write-downs of additional assets identified on acquisitions and the allocation to items in the consolidated income statement are shown in the table below.

	2012	2013
Amortization		
Cost of sales	6,511	5,011
Selling and general administrative expenses	6,843	5,495
Impairments		
Cost of sales	2,712	5,139
Selling and general administrative expenses	2,366	10,002
Other operating expenses	346	591
Reversal of impairments		
Other operating income	–640	0
Amortization of hidden charges		
Cost of sales	–72	0
WRITE-UPS AND WRITE-DOWNS OF ADDITIONAL ASSETS IDENTIFIED ON ACQUISITIONS	**18,066**	**26,238**

Further details are provided in Section 16. "Amortization and impairments of intangible assets".

Income and expenses in connection with reorganization and improvement projects

Income and expenses from reorganization and improvement projects mainly concern expenses for severance payments required during reorganization projects amounting to €7,086 thousand (2012: €9,768 thousand). This item also includes expenses of €5,316 thousand (2012: €3,580 thousand) for the global standardization project SCOPE.

Personnel expenses for share-based incentive payments

Since 2009, no personnel expenses have arisen under the plan for granting option rights to executives of the GfK Group, because no new tranches have been issued since 2007. The total value of each tranche was distributed over two years to the day after the options were issued, which corresponds to the period between issue and the date on which the options could be exercised for the first time.

The following table shows the number, term and value of virtual shares and virtual performance shares issued as part of the 5 Star Long-Term Incentive Plan on the balance sheet date.

Tranche	*6*
Year issued	2011
Year of payment	2014
Number of virtual shares issued	47,950
Number of virtual performance shares issued	47,950
Weighted average fair value in €	44.95

A new scheme has been in place for GfK SE Management Board members since financial year 2010, and for selected Group executives since 2012. The following table shows the number, term and value of virtual shares issued as part of this long-term incentive program.

Tranche	*1*	*2*	*3*	*4*
Year issued	2010	2011	2012	2013
Year of payment	2014	2015	2016	2017
Number of virtual shares issued	59,969	24,587	51,052	48,211
Fair value of a virtual share in €	40.31	40.31	40.31	40.31

For both programs, expenses during the financial year totaled €831 thousand (2012: €5,063 thousand). Explanations on the individual programs can be found in the Accounting Policies section.

Income and expenses related to one-off effects and other exceptional circumstances

Income and expenses related to one-off effects and other exceptional circumstances include € 5,633 thousand (2012: € 14,046 thousand) linked to the irregularities at GfK Arastirma Hizmetleri A.S., Istanbul, Turkey. The item also contains legal and consulting costs amounting to € 1,859 thousand (2012: € 280 thousand).

12. OTHER FINANCIAL INCOME

Other financial income amounting to € 17,542 thousand (2012: € 12,094 thousand) mainly comprises exchange gains on financial assets as well as financial receivables and financial liabilities of € 13,436 thousand (2012: € 6,052 thousand).

Exchange gains and losses, which result from similar transactions, have been netted at the level of each subsidiary from this reporting year. The previous year was adjusted by € 11,229 thousand for this reason. The same applies for exchange losses in other financial expenses.

Other financial income also includes income from adjustments to purchase price commitments for the acquisition of participations or assets (put options or bonds) of € 2,322 thousand (2012: € 4,540 thousand) taken to the income statement.

13. OTHER FINANCIAL EXPENSES

Other financial expenses break down as shown in the table below:

	2012	*2013*
Interest and similar expenses due to banks	6,255	7,368
Other interest expenses	19,977	14,037
Interest expenses	**26,232**	**21,405**
Miscellaneous financial expenses	7,990	20,888
OTHER FINANCIAL EXPENSES	**34,222**	**42,293**

Other interest expenses include € 10,115 thousand (2012: € 10,115 thousand) in interest expenses on a bond with a volume of € 200 million issued on 1 April 2011, on which interest is fixed at 5%. Other interest expenses also comprise € 2,325 thousand (2012: € 3,749 thousand) in interest expenses on future purchase price liabilities for investment acquisitions.

Miscellaneous other financial expenses mainly comprise expenses from derivative financial instruments of € 12,861 thousand (2012: € 5,012 thousand) and exchange losses on financial assets as well as financial receivable and liabilities of € 6,307 thousand (2012: € 1,774 thousand). Exchange gains and losses have been netted at the level of each subsidiary from this financial year, as is apparent from the explanations on other financial income. The previous year was adjusted accordingly.

Further information about the use of derivative financial instruments is provided in Section 28. “Financial instruments” and Section 29. “Risk management relating to market, credit and liquidity risks”.

14. TAX ON INCOME FROM ONGOING BUSINESS ACTIVITY

The main elements of the Group’s tax on income are shown in the table below:

	2012[1]	*2013*
Actual tax expenses/income		
Tax on income for the current year	46,864	42,932
Tax on income for previous years	3,466	–1,251
Actual tax expenses/income	**50,330**	**41,681**
Deferred tax expenses/income		
from the formation or reversal of temporary differences	9,637	15,039
based on the reassessment of the realizability of tax losses	0	5,458
from the utilization of loss carried forward and interest carried forward/tax credits	1,917	4,337
from changes in the tax rate/new taxes	–55	–98
based on previously non-utilized tax losses and interest carried forward/tax credits	–608	–1,461
based on new tax losses incurred and applied and interest carried forward/tax credits	–10,889	–9,549
from write-ups and write-downs of additional assets identified on acquisitions	–6,849	–9,857
Other deferred tax expenses	618	668
Deferred tax expenses/income	**–6,229**	**4,537**
TAX ON INCOME FROM ONGOING BUSINESS ACTIVITY	**44,101**	**46,218**

[1] Adjusted because of the retrospective application of IAS 19 (2011), see Section 25. “Provisions” of these Notes

Income taxes are divided between Germany and other countries as follows:

	2012[1]	*2013*
Actual tax expenses/income	50,330	41,681
of which Germany	8,809	2,239
of which abroad	41,521	39,442
Deferred tax expenses/income	–6,229	4,537
of which Germany	–9,338	15,316
of which abroad	3,109	–10,779

[1] Adjusted because of the retrospective application of IAS 19 (2011), see Section 25. “Provisions” of these Notes

The tax rate used to calculate deferred taxes for GfK SE and its German subsidiaries that form part of a tax group comprise corporation tax of 15% plus the solidarity surcharge of 5.5% on the corporation tax debt paid as well as the effective trade tax rate of 15.645%. This results in a tax rate of 31.470% as at 31 December 2013.

The deferred taxes of the remaining German companies are calculated according to the relevant municipal factor of the trade tax rate. The deferred taxes of the companies outside Germany are calculated according to the country-specific tax rates.

The table below contains a reconciliation of the anticipated income tax expense on the income tax stated in financial year 2013. To calculate the anticipated tax expense, the tax rate valid during the reporting year for the parent company GfK SE, which was 31.470% (2012: 31.470%) is multiplied by the pre-tax result.

	2012[1]	2013
Total tax rate in %	31.470	31.470
Expected tax expense	**34,169**	**1,309**
Increase/decrease in income tax debt resulting from:		
Tax from prior years	4,183	−3,926
Tax-exempt income	−4,336	−2,749
Differences in tax rate	424	−2,012
Deferred tax assets on new tax credits	−250	−279
Adjustment of deferred tax due to changes in tax rates	−55	−98
Income from at-equity participations that cannot be utilized for tax purposes	198	119
Effects of purchase price obligations	−225	156
Change in permanent differences	−2,132	234
Consolidation of taxable income from participations	1,179	578
Deviating tax base	2,608	2,934
Non-deductible expenses	5,186	3,190
Change in temporary differences not recognized as deferred tax assets, loss carried forward, interest carried forward and tax credits	3,097	9,713
Goodwill impairment	0	36,063
Other	55	986
TAX EXPENSES REPORTED	**44,101**	**46,218**

[1] Adjusted because of the retrospective application of IAS 19 (2011), see Section 25. "Provisions" of these Notes

The following actual income tax assets and liabilities have been recorded in the consolidated balance sheet:

	31.12.2012	31.12.2013
Non-current income tax assets	3,290	2,260
Current income tax assets	16,420	17,306
TOTAL INCOME TAX ASSETS	**19,710**	**19,566**
Non-current income tax liabilities	14	257
Current income tax liabilities	22,037	15,936
TOTAL INCOME TAX LIABILITIES	**22,051**	**16,193**

Non-current income tax assets are reported under the balance sheet item "Non-current other assets and deferred items".

The non-current income tax liabilities are included in the balance sheet item "Non-current other liabilities and deferred items".

The deferred taxes result from the balance sheet items shown in the following table:

	31.12.2012[1]	31.12.2013
Goodwill	2,318	1,023
Other intangible assets	1,474	964
Tangible assets	3,790	3,319
Investments in affiliates	4	4
Investments in associates and other participations	23	34
Other financial assets	2,290	3,285
Non-current other assets and deferred items	7,293	5,247
Non-current assets	**17,192**	**13,876**
Receivables and current other assets	1,561	1,147
Securities and fixed-term deposits, cash and cash equivalents	3	0
Current assets	**1,564**	**1,147**
Long-term provisions	8,432	6,261
Non-current other liabilities and deferred items	643	1,328
Non-current liabilities	**9,075**	**7,589**
Short-term provisions	1,221	817
Current other liabilities and deferred items	17,279	17,675
Current liabilities	**18,500**	**18,492**
Losses carried forward	31,793	29,554
Interest carried forward/tax credits	16,334	18,104
DEFERRED TAX ASSETS	**94,458**	**88,762**
Goodwill	−27,275	−29,842
Other intangible assets	−72,527	−68,117
Tangible assets	−3,708	−2,518
Investment in affiliates	−2,151	−2,213
Investment in associates and other participations	−39	−40
Other financial assets	−3,339	−3,072
Non-current other assets and deferred items	−535	−179
Non-current assets	**−109,574**	**−105,981**
Receivables and current other assets	−16,763	−16,959
Securities and fixed-term deposits, cash and cash equivalents	−1	−6
Current assets	**−16,764**	**−16,965**
Long-term provisions	−494	−952
Non-current other liabilities and deferred items	−791	−29
Non-current liabilities	**−1,285**	**−981**
Short-term provisions	712	−799
Current other liabilities and deferred items	−865	−1,331
Current liabilities	**−153**	**−2,130**
DEFERRED TAX LIABILITIES	**−127,776**	**−126,057**
NET DEFERRED TAX LIABILITIES	**−33,318**	**−37,295**

[1] Adjusted because of the retrospective application of IAS 19 (2011), see Section 25. "Provisions" of these Notes

The change in these amounts is, in principle, included in the consolidated income statement, with the exception of €-792 thousand (2012[1]: €2,617 thousand) posted to other comprehensive income (OCI) and concerning almost exclusively long-term provisions.

Deferred taxes are reported in the consolidated balance sheet as shown on the following table:

	31.12.2012[1]	31.12.2013
Deferred tax assets	49,441	38,154
Deferred tax liabilities	−82,759	−75,449
NET DEFERRED TAX LIABILITIES	**−33,318**	**−37,295**

[1] Adjusted because of the retrospective application of IAS 19 (2011), see Section 25. "Provisions" of these Notes

Income tax contributions connected with components of OCI are shown in the table below:

	2012[1]	2013
Taxes in other reserves from actuarial gains/losses on defined benefit plans	2,488	−660
Taxes in other reserves from net investment hedges	0	−160
Taxes in other reserves from cash flow hedges	131	28
Taxes in other reserves from securities	−2	0
TAXES POSTED IN OTHER OPERATING INCOME	**2,617**	**−792**

[1] Adjusted because of the retrospective application of IAS 19 (2011), see Section 25. "Provisions" of these Notes

The breakdown of domestic and foreign tax loss carryforwards is shown in the following tables:

	31.12.2012		
	Germany	*Abroad*	*Total*
Total tax loss carryforwards	**16,841**	**170,285**	**187,126**
Tax loss carryforwards - recognized as deferred tax assets -	**1,740**	**108,763**	**110,503**
Lapse within the next 5 years	0	8,794	8,794
Lapse within the next 5 to 10 years	0	25,447	25,447
Lapse within the next 10 to 15 years	0	27,043	27,043
Lapse in more than 15 years	0	16,704	16,704
No time limit	1,740	30,775	32,515
Tax loss carryforwards - not recognized as deferred tax assets -	**15,101**	**61,522**	**76,623**
Lapse within the next 5 years	0	7,305	7,305
Lapse within the next 5 to 10 years	89	28,630	28,719
Lapse within the next 10 to 15 years	0	5,753	5,753
Lapse in more than 15 years	0	0	0
No time limit	15,012	19,834	34,846

	31.12.2013		
	Germany	*Abroad*	*Total*
Total tax loss carryforwards	**19,160**	**183,053**	**202,213**
Tax loss carryforwards - recognized as deferred tax assets -	**12,640**	**92,498**	**105,138**
Lapse within the next 5 years	0	7,825	7,825
Lapse within the next 5 to 10 years	0	24,287	24,287
Lapse within the next 10 to 15 years	0	26,690	26,690
Lapse in more than 15 years	0	17,930	17,930
No time limit	12,640	15,766	28,406
Tax loss carryforwards - not recognized as deferred tax assets -	**6,520**	**90,555**	**97,075**
Lapse within the next 5 years	95	13,730	13,825
Lapse within the next 5 to 10 years	0	27,970	27,970
Lapse within the next 10 to 15 years	0	4,930	4,930
Lapse in more than 15 years	0	0	0
No time limit	6,425	43,925	50,350

The change in domestic tax loss carryforwards includes an amount of € -7,266 thousand resulting from changes to the presentation of corporation tax and trade tax carryforwards.

The estimate of their future realizability governs the recognition and valuation of deferred tax assets. This is dependent on the generation of future taxable profits during accounting periods in which tax valuation differences are reversed and tax loss carryforwards, interest carried forward and tax credits can be applied.

In view of expected future performance, it is assumed probable that the relevant benefits of the recognized deferred tax assets will be realized according to the provisions of IFRS. For companies which reported deferred tax assets for tax loss carryforwards and which were in a loss-making situation in the year under review or the previous year, additional deferred tax assets of € 8,060 thousand (2012: € 15,971 thousand) are stated, since there is sufficient assumption of future profits.

To assess this profit expectation, the Management Board has drawn upon past earnings situations and forecasted future results, calculated on the basis of approved business plans. Tax planning options, information on previously unused tax losses and credits from previous years and any other significant considerations were also used to test intrinsic value.

In addition to the unrecognized tax loss carryforwards mentioned above, there are temporary differences amounting to € 5,253 thousand (2012: € 895 thousand) and interest carried forward or tax credits of € 672 thousand (2012: € 686 thousand) in the Group, for which no deferred tax assets have been recognized. The interest carried forward and tax credits not recognized as deferred tax assets have no time limit on their use.

The GfK Group reports deferred tax assets on retained profits from foreign subsidiaries where these profits are distributable and are to be distributed in the foreseeable future. No tax liabilities were deferred in relation to temporary differences amounting to € 25,430 thousand (2012: € 22,261 thousand) in view of the fact that there is no pay-out intention.

Pay-outs to shareholders of GfK SE do not result in income tax consequences at GfK SE level.

15. EARNINGS PER SHARE

Earnings per share are derived as shown below:

	2012[1]	2013
Consolidated total income attributable to equity holders of the parent	52,098	−54,017
Number of weighted average of shares outstanding - non-diluted -	36,503,896	36,503,896
Number of weighted average of shares outstanding - diluted -	36,503,896	36,503,896
Earnings per share in €	**1.43**	**−1.48**
Earnings per share (diluted) in €	**1.43**	**−1.48**

[1] Adjusted because of the retrospective application of IAS 19 (2011), see Section 25. "Provisions" of these Notes

There are no circumstances that may result in dilution.

16. INTANGIBLE ASSETS

The movement in intangible assets is shown in the table below.

	Goodwill	Internally generated intangible assets	Miscel-laneous intangible assets	Total intangible assets
Acquisition and manufacturing costs				
As at 1 January 2012	914,707	116,657	379,807	1,411,171
Exchange rate changes	−170	−119	−5,235	−5,524
Additions from business combinations	42,628	0	52,895	95,523
Other changes in scope of consolidation	−1,040	0	14	−1,026
Additions	4,038	29,146	6,049	39,233
Disposals	−1,673	−1,436	−1,853	−4,962
Reclassifications	0	−725	744	19
As at 31 December 2012	**958,490**	**143,523**	**432,421**	**1,534,434**
As at 1 January 2013	958,490	143,523	432,421	1,534,434
Exchange rate changes	−30,403	−1,809	−19,456	−51,668
Additions from business combinations	4,389	75	1,618	6,082
Other changes in scope of consolidation	0	0	0	0
Additions	10	42,086	14,812	56,908
Disposals	−2,389	−2,774	−5,962	−11,125
Reclassifications	0	−3,775	3,783	8
AS AT 31 DECEMBER 2013	**930,097**	**177,326**	**427,216**	**1,534,639**
Cumulative amortization				
As at 1 January 2012	40,533	45,772	250,144	336,449
Exchange rate changes	−170	−154	−2,595	−2,919
Additions from business combinations	0	0	25	25
Other changes in scope of consolidation	−909	0	10	−899
Additions	0	10,171	22,501	32,672
Disposals	0	−1,139	−3,877	−5,016
Impairments	0	255	5,559	5,814
Reversal of impairments	0	0	−640	−640
Reclassifications	0	−466	469	3
As at 31 December 2012	**39,454**	**54,439**	**271,596**	**365,489**
As at 1 January 2013	39,454	54,439	271,596	365,489
Exchange rate changes	−2,935	−568	−12,212	−15,715
Additions from business combinations	0	0	159	159
Other changes in scope of consolidation	0	0	0	0
Additions	0	11,076	22,262	33,338
Disposals	0	−1,935	−5,851	−7,786
Impairments	114,596	1,538	17,794	133,928
Reversal of impairments	0	0	0	0
Reclassifications	0	−1,526	1,496	−30
AS AT 31 DECEMBER 2013	**151,115**	**63,024**	**295,244**	**509,383**
Carrying values				
As at 1 January 2012	874,174	70,885	129,663	1,074,722
As at 31 December 2012	919,036	89,084	160,825	1,168,945
As at 1 January 2013	919,036	89,084	160,825	1,168,945
AS AT 31 DECEMBER 2013	**778,982**	**114,302**	**131,972**	**1,025,256**

Additions from business combinations into goodwill result from company acquisitions in the reporting year. Further information on this is available in Section 4. "Scope of consolidation and major acquisitions".

Goodwill

At the beginning of 2013, goodwill amounted to €919,036 thousand (2012: €874,174 thousand); at the year-end, the carrying amount stood at €778,982 thousand. The decrease in goodwill of €140,054 thousand (2012: increase of €44,862 thousand) comprises €-114,596 thousand (2012: €0 thousand) of write-downs on goodwill in the Consumer Experiences sector, €-27,468 thousand (2012: €-469 thousand) on currency-linked and other changes and €-2,379 thousand (2012: €2,703 thousand) on the effects resulting from the revaluation of purchase price obligations for the acquisition of participations. Business combinations resulted in additions of €4,389 thousand (2012: €42,628 thousand). The currency-linked changes include €1,771 thousand (2012: €0 thousand), which is attributable to the impairment of goodwill. The reported reduction in goodwill in the balance sheet is based on the impairment converted with average rates on the balances sheet date therefore amounts to €-112,825 thousand.

Internally generated intangible assets

Internally generated intangible assets break down as follows:

2012	*with limited useful life*	*with indefinite useful life*	*Total*
Software	62,010	0	62,010
Capitalized panel set-up costs	4,099	18,225	22,324
Other	4,750	0	4,750
INTERNALLY GENERATED INTANGIBLE ASSETS	**70,859**	**18,225**	**89,084**

2013	*with limited useful life*	*with indefinite useful life*	*Total*
Software	82,861	0	82,861
Capitalized panel set-up costs	859	26,313	27,172
Other	4,269	0	4,269
INTERNALLY GENERATED INTANGIBLE ASSETS	**87,989**	**26,313**	**114,302**

Capitalized panel set-up costs have only a limited useful life if the panel was created for a specific, fixed-term client contract. Otherwise, capitalized panel set-up costs have an indefinite useful life.

Miscellaneous intangible assets

The breakdown of miscellaneous intangible assets is shown in the table below.

2012	*with limited useful life*	*with indefinite useful life*	*Total*
Acquired panels	1,408	69,389	70,797
Customer relations	45,206	0	45,206
Brands	2,876	15,136	18,012
Software	16,856	0	16,856
Surveys	5,435	0	5,435
Order book	57	0	57
Other	4,462	0	4,462
MISCELLANEOUS INTANGIBLE ASSETS	**76,300**	**84,525**	**160,825**

2013	*with limited useful life*	*with indefinite useful life*	*Total*
Acquired panels	1,270	60,953	62,223
Customer relations	28,273	0	28,273
Software	16,907	0	16,907
Brands	1,452	13,949	15,401
Surveys	2,002	0	2,002
Order book	0	0	0
Other	7,166	0	7,166
MISCELLANEOUS INTANGIBLE ASSETS	**57,070**	**74,902**	**131,972**

The decrease compared with the previous year resulted mainly from write-downs on panels and customer relations identified under the purchase price allocation. These mainly resulted from adjustments to the prospects for growth in the North America region and from an increase in country-specific discount interest rates.

Intangible assets with an indefinite useful life

Details of the allocation of goodwill to cash generating units, which match the sectors, are provided in the table below. In the following, goodwill of the cash generating units where the goodwill is more than 10% of total goodwill of the GfK Group is shown separately. Mainly as a result of the write-down of €112,825 thousand resulting from the impairment test, goodwill in the consolidated balance sheet has decreased by around 15.2%. The write-downs related to the Consumer Experiences sector in the North America, Southern and Western Europe, Latin America and Central Eastern Europe/META regions.

	31.12.2012[1]	31.12.2013
Consumer Experiences	**573,362**	**444,698**
of which		
Northern Europe	206,119	201,386
Central Eastern Europe/META	95,163	91,108
Other	272,080	152,204
Consumer Choices	**345,674**	**334,284**
of which		
Northern Europe	142,781	138,455
North America	82,466	78,639
Other	120,427	117,190
GOODWILL	**919,036**	**778,982**

[1] The GfK Kynetec Group was transferred from the Consumer Experiences sector to the Consumer Choices sector on 1 January 2013. The previous year's figures were adjusted accordingly. The transfer mainly affected the Northern Europe region.

The allocation to sectors of capitalized panel set-up costs for internally generated panels with indefinite useful life is shown in the following table.

	31.12.2012	31.12.2013
Consumer Experiences	16,085	20,440
Consumer Choices	2,140	5,873
CAPITALIZED PANEL SET-UP COSTS WITH INDEFINITE USEFUL LIFE	**18,225**	**26,313**

Allocation to the sectors of acquired panels with indefinite useful life can be seen in the following table. The decrease compared with the previous year is the result of write-downs of assets identified under purchase price allocation.

	31.12.2012	31.12.2013
Consumer Experiences	49,205	37,816
Consumer Choices	20,184	23,137
ACQUIRED PANELS WITH INDEFINITE USEFUL LIFE	**69,389**	**60,953**

Brands identified and capitalized under purchase price allocation in general have an indefinite useful life. These are established, well known brands.

The allocation of brands within an indefinite useful life to the sectors is shown in the table below.

	31.12.2012	31.12.2013
Consumer Experiences	2,929	2,280
Consumer Choices	12,207	11,669
BRANDS WITH INDEFINITE USEFUL LIFE	**15,136**	**13,949**

Intangible assets of major importance

Intangible assets of major importance are those intangible assets in the GfK Group with an individual carrying amount of more than €5 million. The sum total of these intangible assets of major importance, which constitute a subset of total intangible assets, is shown in the table below.

	31.12.2012	31.12.2013
Goodwill	919,036	778,982
Software	41,265	50,451
Panels	38,547	34,557
Brands	12,207	11,669
Customer relations	8,953	0

Software mainly contains the internally developed StarTrack analysis and production system in the Consumer Choices sector, which is constantly adjusted to customers' requirements. Software also contains Evogenius for the analysis of TV research data and ERP software, which is currently being developed as part of the global standardization program SCOPE. A new addition is our Mobile Insights software, which obtains information on mobile browsing habits and the use of apps from mobile phone data. These software products have a useful life of three to ten years.

The brands category relates to a brand from the purchase price allocation linked to the acquisition of the former NOP World. The significant panels result from the purchase price allocation under the acquisition of the GfK Kynetec Group and from the purchase price allocation under the acquisition of Knowledge Networks Inc., Menlo Park, California, USA.

Amortization and impairments of intangible assets

Amortization and impairments on intangible assets are included in the consolidated income statement under the items shown below.

2012	*Depreciation*	*Impairment*	*Total*
Cost of sales	24,218	3,086	27,304
Selling and general administrative expenses	8,454	2,371	10,825
Other operating expenses	0	357	357
TOTAL	**32,672**	**5,814**	**38,486**

2013	*Depreciation*	*Impairment*	*Total*
Cost of sales	23,904	7,083	30,987
Selling and general administrative expenses	9,434	10,002	19,436
Other operating expenses	0	116,843	116,843
TOTAL	**33,338**	**133,928**	**167,266**

Impairments are recorded when the carrying amount of the cash generating units tested is higher than the future recoverable amount. This is determined as the higher amount of the fair value less costs to sell and the value in use. The fair value less costs to sell is the amount that could be achieved between knowledgeable, willing parties that are independent of each other after deducting the costs to sell. Because of restrictions in determining the value in use, the fair value less costs to sell usually exceeds the value in use and consequently represents the recoverable amount for the GfK Group.

The impairment adjustments were identified in the impairment test, which was based on updated capital market data and the business planning. The breakdown of impairment expenses is as follows:

	2012	*2013*
Goodwill	0	114,596
Customer relations	2,366	10,002
Surveys	2,002	309
Panels	907	6,537
Concessions	0	1,790
Brands	346	591
Software	193	103
TOTAL	**5,814**	**133,928**

Impairments have risen sharply compared with the previous year, most notably because of the write-downs on goodwill. At the same time, the impairment charges on customer relations and panels have risen significantly, which is the result of adjusting anticipated returns and the increases in country-specific discount interest rates in particular.

The impairments on concessions are linked to the focus on new technologies for measuring media reach.

An impairment test is carried out at least once a year to determine whether and to what extent goodwill is to be impaired.

Overall, a write-down of € 112,825 thousand was required on the goodwill in the Consumer Experiences sector in financial year 2013. Of this total, € 46,824 thousand was attributable to the North America region, € 41,203 thousand to the Southern and Western Europe region, € 22,541 thousand to the Latin America region and € 2,257 thousand to the Central Eastern Europe/META region. Impairments were required largely because of adjustments to the prospects for growth in the above-mentioned regions and because of an increase in region-specific discount interest rates.

The fair values less costs to sell of the impaired cash generating units in the Consumer Experiences sector amount to € 123,080 thousand for the North America region, € 86,735 thousand for the Southern and Western Europe region, € 26,665 thousand for the Latin America region and € 110,183 thousand for the Central Eastern Europe/META region.

The table below provides an overview of the goodwill tested in the impairment test and the material assumptions used in the impairment test. For reasons of materiality, only the cash generating units, which exceed 10% of the GfK Group's total goodwill, are listed individually. All other cash generating units have been listed in the following tables under the columns "Other CE" and "Other CC".

Consumer Experiences (CE)	*Northern Europe*	*Central Eastern Europe/META*	*Other CE*
Tested goodwill as at 31 December 2013	201,386	91,204	155,149
Duration of detailed planning period	5 years	5 years	5 years
Average annual growth in external sales in the detailed planning periods	1%	4%	2%
Average margin (adjusted operating income/external sales) in the detailed planning period	9%	11%	9%
Growth per year after the end of the detailed planning period	1.5%	1.5%	1.5%
Discount rate as at 31 December 2013	7.1%	8.1%	7.5% to 10.7%

Consumer Choices (CC)	*Northern Europe*	*North America*	*Other CC*
Tested goodwill as at 31 December 2013	138,728	78,639	118,168
Duration of detailed planning period	5 years	5 years	5 years
Average annual growth in external sales in the detailed planning periods	6%	5%	10%
Average margin (adjusted operating income/external sales) in the detailed planning period	14%	26%	29%
Growth per year after the end of the detailed planning period	1.5%	1.5%	1.5%
Discount rate as at 31 December 2013	7.1%	8.0%	7.5% to 10.7%

Determination of the recoverable amounts is based on the forecast of future cash flows. Planning figures approved by the Management Board for the next five years are used for this purpose. These are based on past experience, the current results of operations and on the Management Board's assessment of the anticipated market environment. These planning figures were validated once again, both on a sector-specific and regional basis. The expected average annual external sales growth is therefore in line with past values and management expectations. Given the uncertainty surrounding future developments, a 20% haircut was applied to planned cash flows.

The planned margins are based on past empirical values. Future increases in margins in the Consumer Experiences sector are expected from the cross-sector use of technology, further expansion of global operations with resource optimization centers, standardized data collection, improved processes and the use of standardized methods. Anticipated additional growth in income will be based on measures to improve efficiency and reduce costs.

The results of a sensitivity test required by IFRS are detailed below.

A 10% reduction in future cash flows in the Consumer Experiences sector would lead to goodwill being written down by a further € 50,965 thousand. This write-down would result in the following additional impairment charges on the previously already impaired cash generating units: € 16,544 thousand on North America region, € 13,326 thousand on Southern and Western Europe region, € 4,172 thousand on Latin America region and €13,936 thousand on Central Eastern Europe/META region. A write-down of €2,986 thousand would also be required in Northern Europe region.

A 1% increase in the discount interest rate with unchanged cash flows would also lead to goodwill being written down by a further €55,816 thousand at the above-mentioned cash generating units. The already impaired cash generating units would be subjected to the following additional write-downs: €15,608 thousand on North America region, €12,698 thousand on Southern and Western Europe region, €2,492 thousand on Latin America region and €15,086 thousand on Central Eastern Europe/META region. A write-down of €9,931 thousand would also be required in Northern Europe region.

Even if a perpetuity growth rate of only 1.5% were already applied in the detailed planning for 2017 and 2018, with all other planning assumptions unchanged, an additional impairment requirement would arise of €5,175 thousand. Of this figure, €4,080 thousand would be attributable to Central Eastern Europe/META region and €1,096 thousand to Latin America region.

None of these changes to parameters would lead to impairments being required in the Consumer Choices sector.

The intrinsic value of the capitalized panel set-up costs and brands with an indefinite useful life was also checked as part of the impairment tests.

The table below provides an overview, as at the reporting date, of the material intangible assets with an indefinite useful life tested in the impairment tests and the material assumptions used in the relevant impairment test.

	"US Agronomics" Panel	*"MRI" brand*
Carrying value	5,061	11,669
Basis of recoverable amount	Value in use	Value in use
Duration of detailed planning period	5 years	5 years
Average annual growth in external sales in the detailed planning period	6%	5%
Average margin (adjusted operating income/external sales) in the detailed planning period	22%	28%
Growth per year after the end of the detailed planning period	1.5%	1.5%
Discount rate	7.9%	8.0%

The carrying amount of the impaired "US Agronomics" panel equates to the recoverable amount.

17. TANGIBLE ASSETS

The movement in tangible assets is shown in the table below.

	Land and buildings	*Fixtures and fittings*	*Total tangible assets*
Acquisition and manufacturing costs			
As at 1 January 2012	55,789	265,446	321,235
Exchange rate changes	235	435	670
Additions from business combinations	0	4,764	4,764
Other changes in scope of consolidation	38	73	111
Additions	7,875	27,660	35,535
Disposals	−12,887	−24,428	−37,315
Reclassifications	−2,100	2,083	−17
As at 31 December 2012	**48,950**	**276,033**	**324,983**
As at 1 January 2013	48,950	276,033	324,983
Exchange rate changes	−371	−6,127	−6,498
Additions from business combinations	0	144	144
Other changes in scope of consolidation	0	0	0
Additions	46	24,255	24,301
Disposals	50	−34,858	−34,808
Reclassifications	12	−20	−8
AS AT 31 DECEMBER 2013	**48,687**	**259,427**	**308,114**
Cumulative depreciation			
As at 1 January 2012	25,659	188,202	213,861
Exchange rate changes	144	331	475
Additions from business combinations	0	2,956	2,956
Other changes in scope of consolidation	1	27	28
Additions	1,183	24,329	25,512
Disposals	−5,339	−24,736	−30,075
Impairments	0	429	429
Reversal of impairments	0	−12	−12
Reclassifications	−1,315	1,312	−3
As at 31 December 2012	**20,333**	**192,838**	**213,171**
As at 1 January 2013	20,333	192,838	213,171
Exchange rate changes	−181	−3,625	−3,806
Additions from business combinations	0	113	113
Other changes in scope of consolidation	0	0	0
Additions	1,171	24,281	25,452
Disposals	51	−34,255	−34,204
Impairments	0	3,761	3,761
Reversal of impairments	0	−1	−1
Reclassifications	0	30	30
AS AT 31 DECEMBER 2013	**21,374**	**183,142**	**204,516**
Carrying values			
As at 1 January 2012	30,130	77,244	107,374
As at 31 December 2012	28,617	83,195	111,812
As at 1 January 2013	28,617	83,195	111,812
AS AT 31 DECEMBER 2013	**27,313**	**76,285**	**103,598**

Leasing

The GfK Group leases office premises and business equipment under long-term lease agreements. As a rule, the lease installments consist of a minimum lease payment plus a contingent lease payment whose level is governed by the level of use of the leased asset. In cases in which the GfK Group bears the risks and opportunities arising from the use of the leased assets to a substantial extent, these are capitalized (finance lease). Otherwise, the lease installments are carried as an expense (operating lease).

OPERATING LEASE

The payments listed in the table below under operating lease agreements were carried as expenses:

	2012	*2013*
Minimum lease payments	49,593	48,311
Contingent lease payments	151	94
Less sub-lease payments received	–222	–506
LEASE PAYMENTS	**49,522**	**47,899**

As at 31 December 2013, the future minimum lease payments under non-terminable agreements were due as follows:

	31.12.2012	*31.12.2013*
Within one year	44,305	46,428
Between one and five years	116,919	114,070
After more than five years	26,949	61,518
FUTURE MINIMUM LEASE PAYMENTS UNDER OPERATING LEASES	**188,173**	**222,016**

The main operating leases in the GfK Group involve leases on land and buildings, some with options to extend the lease. They have differing future expiry dates.

FINANCE LEASE

The carrying values of assets leased and capitalized as part of finance-lease agreements stood at €704 thousand as at 31 December 2013 (2012: €1,573 thousand) and mostly involved fixtures and fittings.

Determination of the present value and due date of future minimum lease payments are shown in the tables below.

31.12.2012

Payable	*Minimum lease payments*	*Less interest*	*Present value minimum lease payments*
Within one year	421	26	395
Between one and five years	590	62	528
After more than five years	0	0	0
FUTURE MINIMUM LEASE PAYMENTS	**1,011**	**88**	**923**

31.12.2013

Payable	*Minimum lease payments*	*Less interest*	*Present value minimum lease payments*
Within one year	364	23	341
Between one and five years	186	18	168
After more than five years	0	0	0
FUTURE MINIMUM LEASE PAYMENTS	**550**	**41**	**509**

In the reporting year, there were no contingent lease installments to be recognized as expenses. There were no sub-lease arrangements under finance leases.

The finance lease liability is €509 thousand (2012: €923 thousand), of which €341 thousand (2012: €395 thousand) has a remaining term of under one year.

18. FINANCIAL ASSETS

Investments in associates

The GfK Group's investments in associates are shown in the list of shareholdings in Section 40. of these Notes, where it is also stated which associated companies are not subject to at equity valuation for reasons of materiality.

The table below gives a summary of financial information on the main investments in associates, which have been valued at equity in the consolidated financial statements.

	2012	*2013*
Assets	62,597	56,132
Liabilities	23,552	27,394
Sales	73,203	77,550
Total income for the period	7,660	6,977

The following table gives a summary of financial information of the main investments in associates, which have not been valued at equity in the consolidated financial statements.

	2012	*2013*
Assets	3,307	3,016
Liabilities	3,061	3,383
Sales	4,527	4,597
Total income for the period	395	–558

During the reporting period, there were pro rata losses on the shareholdings in associates of €1,779 thousand (2012: €1,405 thousand).

As in the previous year, the equity valuation was based on financial statements with differing reporting dates for the following associated companies:

.. Media Focus (ARGE), Hergiswil, Switzerland (30 November 2013)
.. Sports Tracking Europe, B.V., Amstelveen, Netherlands (30 September 2013)
.. NPD Intelect, L.L.C., Port Washington, New York, USA (30 September 2013)

The carrying amount of these shares and the income from associates are not materially affected by including these financial statements with differing reporting dates. Moreover, preparing interim financial statements would not have been possible for practical reasons.

Other financial assets

The breakdown of other financial assets is shown in the table below.

	31.12.2012	31.12.2013
Shares in affiliated companies	2,165	2,979
Other participations	916	916
Loans to affiliated companies	486	769
Loans to associates	929	1,409
Other loans	115	112
Other available-for-sale securities	305	292
Long-term deposits	16	14
OTHER FINANCIAL ASSETS	**4,932**	**6,491**

The shares in affiliated, non-consolidated companies and other participations are classified as available-for-sale and reported at amortized cost, as no market prices exist for them, other methods of realistically estimating the fair value are not practicable and determining the market value reliably would only be possible as part of concrete acquisition negotiations. A sale of the shares is not currently intended.

Further information on the GfK Group's shares in affiliated companies and other participations is provided in the list of shareholdings in Section 40. of these Notes.

19. OTHER ASSETS AND DEFERRED ITEMS

The breakdown of non-current and current other assets and deferred items by financial and non-financial other assets and deferred items is shown in the table below.

	31.12.2012	31.12.2013
Financial non-current other assets and deferred items	3,069	3,105
Non-financial non-current other assets and deferred items	7,625	4,745
NON-CURRENT OTHER ASSETS AND DEFERRED ITEMS	**10,694**	**7,850**
Financial current other assets and deferred items	9,619	12,194
Non-financial current other assets and deferred items	27,382	27,019
CURRENT OTHER ASSETS AND DEFERRED ITEMS	**37,001**	**39,213**

Financial other assets and deferred items break down as follows:

	31.12.2012	31.12.2013
Financial non-current other assets and deferred items with a remaining term of more than one year		
Non-derivatives:		
Deposits	2,812	2,693
Receivables from suppliers	57	47
Credit, refund claims	47	17
Miscellaneous financial non-current other assets and deferred items	45	0
Sub-total: non-derivatives	**2,961**	**2,757**
Derivatives:		
Derivative financial instruments used as hedges	2	0
Derivative financial instruments not used as hedges	106	348
Sub-total: derivatives	**108**	**348**
Financial non-current other assets and deferred items	**3,069**	**3,105**
Financial current other assets and deferred items with a remaining term of up to one year		
Non-derivatives:		
Deposits	2,678	2,908
Receivables from suppliers	3,012	2,403
Credit, refund claims	518	2,200
Bills receivable	87	1,178
Interest receivables	100	369
Miscellaneous financial current other assets and deferred items	3,053	2,750
Sub-total: non-derivatives	**9,448**	**11,808**
Derivatives:		
Derivative financial instruments used as hedges	24	0
Derivative financial instruments not used as hedges	147	386
Sub-total: derivatives	**171**	**386**
Financial current other assets and deferred items	**9,619**	**12,194**
TOTAL: FINANCIAL OTHER ASSETS AND DEFERRED ITEMS	**12,688**	**15,299**
of which non-derivatives	12,409	14,565
of which derivatives	279	734

The movement in valuation allowances on other assets and deferred items is shown in the table below.

	2012	2013
Valuation allowances on other assets and deferred items		
As at 1 January	1,448	1,465
Additions	17	2,856
Releases	0	–7
Utilization	0	–2,290
Changes in the scope of consolidation and other effects	0	–72
AS AT 31 DECEMBER	**1,465**	**1,952**

Additions to valuation allowances mainly involved the subsidiary GfK Arastirma Hizmetleri A.S., Istanbul, Turkey. They are reported in the income statement under other operating expenses.

Non-financial other assets and deferred items as at the reporting date were as follows:

	31.12.2012	31.12.2013
Non-financial non-current other assets and deferred items with a remaining term of more than one year		
Receivables from income taxes	3,290	2,260
Receivables from tax and other authorities	3,551	1,971
Deferred items	482	507
Miscellaneous non-financial non-current other assets and deferred items	302	7
Non-financial non-current other assets and deferred items	**7,625**	**4,745**
Non-financial current other assets and deferred items with a remaining term of up to one year		
Deferred items	19,607	21,830
Receivables from tax and other authorities	4,187	3,461
On-account payments on intangible assets	28	66
Receivables from employees	1,056	1,185
Receivables from utilities	122	2
Miscellaneous non-financial current other assets and deferred items	2,382	475
Non-financial current other assets and deferred items	**27,382**	**27,019**
TOTAL: NON-FINANCIAL OTHER ASSETS AND DEFERRED ITEMS	**35,007**	**31,764**

20. TRADE RECEIVABLES

Trade receivables break down as follows:

	31.12.2012	31.12.2013
Trade receivables before valuation allowances	406,212	381,309
Less valuation allowances	−8,648	−8,038
TRADE RECEIVABLES	**397,564**	**373,271**

The movement in valuation allowances on trade receivables is shown in the next table.

	2012	2013
Valuation allowances on trade receivables		
As at 1 January	7,318	8,648
Additions	3,177	4,328
Releases	−860	−1,439
Utilization	−1,356	−3,212
Changes in the scope of consolidation and other effects	369	−287
AS AT 31 DECEMBER	**8,648**	**8,038**

Any addition to valuation allowances is reported in the consolidated income statement under selling and general administrative expenses.

21. SECURITIES AND FIXED-TERM DEPOSITS

Securities and fixed-term deposits of € 2,323 thousand (2012: € 1,466 thousand) contain money market funds of € 1,508 thousand (2012: € 348 thousand).

22. CASH AND CASH EQUIVALENTS

A breakdown of cash and cash equivalents is shown in the table below.

	31.12.2012	31.12.2013
Credit with banks	56,665	58,383
Cash equivalents and fixed-term deposits with a remaining term of less than 3 months	8,752	11,149
Checks in transit	−330	−497
Cash on hand and checks	1,289	671
CASH AND CASH EQUIVALENTS	**66,376**	**69,706**

There are no material restrictions on the availability of cash and cash equivalents.

23. DUE DATES OF ASSETS

The trade receivables fall due for payment as shown in the table below.

	31.12.2012	31.12.2013
Trade receivables	**397,564**	**373,271**
of which: neither impaired nor overdue	266,444	261,712
of which: non-impaired and overdue as follows		
by up to 30 days	81,316	69,608
by between 31 and 90 days	35,400	28,718
by between 91 and 180 days	11,018	8,576
by between 181 and 360 days	2,648	3,363
by more than 360 days	738	1,294
of which: new terms negotiated, as otherwise overdue	0	0

In the GfK Group, a considerable portion of the trade receivables is due on the billing date.

With regard to trade receivables with no impairment, there was no indication as at the reporting date of circumstances that may negatively affect their value.

Current other assets and deferred items fall due for payment as shown in the table below.

	31.12.2012	31.12.2013
Current other assets and deferred items (excluding inventories and receivables from employees)	**34,457**	**38,019**
of which: neither impaired nor overdue	32,422	34,388
of which: non-impaired and overdue as follows		
by up to 30 days	1,293	2,071
by between 31 and 90 days	558	1,004
by between 91 and 180 days	123	149
by between 181 and 360 days	10	347
by more than 360 days	50	60
of which: new terms negotiated, as otherwise overdue	1	0

With regard to non-impaired current other assets and deferred items, there was no indication as at the reporting date that the debtors would be unable to fulfill their payment obligations.

24. EQUITY

Subscribed capital

GfK SE's share capital was unchanged in financial year 2013.

The 36,503,896 no-par shares issued are fully paid in. Each shareholder is entitled to receive dividends on his shares in accordance with the respective profit distribution resolution. Each of these no-par common shares grants one vote at the Annual General Meeting.

Authorized capital

GfK SE has authorized capital, on the basis of which the Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital against cash and/or contributions in kind on one or more occasions until 25 May 2016 by up to a total amount of €55,000 thousand, whereby the shareholders' subscription rights may be excluded.

Contingent capital

By resolution of 16 May 2012, the company's contingent capital was increased by €21,000 thousand through the issue of up to 5,000,000 new no-par bearer shares (contingent capital III). The new contingent capital III was used to grant shares to holders or creditors of options and/or convertible bonds.

The contingent capital of GfK SE totaled €21,000 thousand as at 31 December 2013.

Statement of changes in equity

The statement of changes in equity precedes these Notes.

The actuarial gains and losses on defined benefit pension plans were previously included in retained earnings and are now recognized within other reserves. The previous year's figure was adjusted accordingly by transferring an amount of €-28,588 thousand from retained earnings to other reserves.

The change in the difference from currency translation of €-47,293 thousand (2012: €-3,589 thousand) resulted mainly from the depreciation of the US dollar and pound sterling. The values exclude minority interests.

The change in actuarial gains and losses of €5,497 thousand (2012: €-9.002 thousand) mainly reflects the adjustment in financial assumptions and value adjustments based on experience in the context of the valuation of pension obligations arising from defined benefit plans.

Of the amounts reported under other reserves, no material gains or losses were transferred to the income statement in financial year 2013, as was also the case in 2012.

In the reporting year, €23,728 thousand (2012: €23,728 thousand) was distributed to shareholders of GfK SE. This corresponds to €0.65 (2012: €0.65) per share.

Consolidated total income attributable to minority interests amounted to €8,883 thousand (2012: €11,009 thousand). A total of €7,110 thousand (2012: €7,264 thousand) was paid out to minority interests.

Proposed appropriation of profits

In accordance with the German Stock Corporation Act (AktG), the dividend that may be distributed is determined by the retained profit reported in the annual financial statements of the parent company GfK SE. These are prepared under the provisions of the German Commercial Code (HGB). The retained earnings and retained profit of GfK SE reported under the provisions of the HGB are available for distribution to the shareholders in their entirety. The capital reserve may not be distributed to shareholders.

A proposal will be made to the Annual General Meeting to distribute a dividend of €23,728 thousand (€0.65 per no-par share) to shareholders out of the retained profit for 2013 of €89,594 thousand and to transfer €65,866 thousand to other retained earnings.

25. PROVISIONS

Long-term provisions

The breakdown of long-term provisions is shown in the table below:

	31.12.2012[1]	31.12.2013
Pension provisions	64,509	49,450
Other long-term provisions	23,520	17,566
LONG-TERM PROVISIONS	**88,029**	**67,016**

[1] Adjusted in view of the retrospective application of IAS 19 (2011), see explanations later on in this Section.

PENSION PROVISIONS

Pension commitments are based on statutory or contractual arrangements or are on a voluntary basis. Pension provisioning within the GfK Group is based on both defined contribution plans and defined benefit plans for each company.

For defined contribution plans, which are financed exclusively on the basis of external funds, there are no further obligations for GfK companies other than paying contributions. Expenses for defined contribution plans also include employer contributions to statutory pension plans.

The basis of assessment for contributions to defined contribution plans is mainly the length of service with the company and the wage or salary level of the employee. However, the benefits can vary depending on the legal, fiscal and economic framework conditions of the country concerned. The expenses for defined contribution plans amounted to € 22,223 thousand in 2013 (2012: € 20,503 thousand).

The pension obligations arising from defined benefit plans are reported according to the projected unit credit method. Actuarial reports are produced annually by independent actuaries for defined benefit plans. The actuaries apply statistical and actuarial calculations to determine the assets and provisions to be carried on the balance sheet. Determining the present value of defined benefit plans and pension assets is based on empirical and statistical estimated values, such as future salary increases or mortality rates.

In the following, all previous-year figures are restated in view of the retrospective application of IAS 19 (2011). Restated figures are marked in this chapter with [1]. Further notes on this point can be found in Section 3. "Accounting policies".

Discrepancies between the actual values and these estimated values are expressed as actuarial gains or losses. Actuarial gains and losses are recognized in other comprehensive income. In the year under review, actuarial gains of € 6,139 thousand (2012: losses of € 12,134 thousand [1]) were posted in this way. This change also comprises the effects of currency translation. The cumulative amount recognized in other reserves in this respect totaled € -22,794 thousand as at 31 December 2013 (2012: € -28,932 thousand [1]). The values indicated represent the relevant figures before deferred taxes and excluding minority interests.

The calculation of obligations is based on the actuarial and statistical assumptions listed in the table below (weighted averages).

	2012	*2013*
Discount rate	2.55%	2.86%
Rate of salary increase	2.11%	1.80%
Fluctuation rate	5.10%	4.60%
Expected growth in pensions	0.61%	0.78%

Mortality rates for GfK companies in Germany were taken from the 2005 G guideline tables by Dr. Klaus Heubeck. In the case of Switzerland, the mortality rates come from the BVG 2010 actuarial table.

The breakdown of pension provisions reported in the consolidated balance sheet is shown in the table below.

	31.12.2012 [1]	*31.12.2013*
Present value of overall obligations	**129,940**	**108,341**
Fair value of plan assets	−65,525	−58,975
Refund claims	−199	0
Impact of ceiling as per IAS 19.64	0	84
NET PRESENT VALUE OF OBLIGATIONS	**64,216**	**49,450**
Pension provisions	64,509	49,450
Other assets	−293	0
NET AMOUNT REPORTED ON BALANCE SHEET	**64,216**	**49,450**

Pension arrangements for major defined benefit plans are outlined in the following:

GfK Switzerland AG, Hergiswil, Switzerland accounted for € 57,945 thousand (2012: € 80,355 thousand [1]) of defined benefit obligation and for € 58,030 thousand (2012: € 64,577 thousand) of plan assets. During the reporting year, pension plans were switched from defined benefit plans to modified defined contribution plans, leading to a one-off gain of € 10,051 thousand which is reported under cost of sales, and selling and general administrative expenses. The benefits are based on a modified defined contribution plan with a guaranteed minimum interest rate and set conversion rates. They include benefits for retirement, invalidity and surviving dependents, which go beyond statutory benefit requirements. The pension fund has a legal status as a foundation which is a legal entity in its own right. The foundation is responsible for capital investments and pursues a more conservative investment strategy within prescribed margins.

GfK SE accounted for € 41,242 thousand (2012: € 39,868 thousand) of the defined benefit obligation and for € 419 thousand (2012: € 363 thousand) of plan assets. The benefit plan, which is based on final salary, includes pensions, early retirement pensions or invalidity pensions along with benefits for surviving dependents. There are no statutory minimum funding requirements for pension commitments. Responsibility for managing the plan lies with other companies such as insurance companies and investment companies.

GfK does not see any unusual company or plan-specific risks for either commitments or any significant risk concentration arising from these benefit plans.

The movement in the defined benefit obligation during the period under review is shown in the table below.

	2012[1]	2013
Present value of defined benefit obligation as at 1 January	112,610	129,940
Current service cost	3,905	4,251
Interest cost	3,936	3,241
Participant contributions	1,756	1,419
Actuarial gains/losses from demographic assumptions	0	0
Actuarial gains/losses from financial assumptions	14,855	−2,811
Actuarial gains/losses from experience adjustments	692	−2,204
Exchange rate changes	104	−1,995
Benefits paid	−4,707	−4,098
Benefits paid in Switzerland under the freedom of capital movements	−4,243	−11,516
Past service cost	879	−9,821
Company mergers	0	2,145
Plan reductions	66	0
Plan settlements	87	−210
PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS AS AT 31 DECEMBER	**129,940**	**108,341**

The following sensitivity analysis helps approximately quantify the risk that can arise under certain assumed conditions if specific parameters change. The table gives an overview of how a change in the relevant actuarial assumptions would affect the present value of the defined benefit obligation while all other factors remained constant.

	31.12.2013
Present value of defined benefit obligation	**108.341**
Present value of defined benefit obligation, if	
the discount rate were	
0.5 percentage points higher	102,033
0.5 percentage points lower	115,653
the salary trend was	
0.1 percentage points higher	108,470
0.1 percentage points lower	108,069
the change of the pension trend was	
0.1 percentage points higher	109,323
0.1 percentage points lower	107,646

The table below shows the movement in plan assets.

	2012[1]	2013
Fair value of plan assets as at 1 January	60,744	65,525
Expected return on plan assets	1,729	1,411
Actuarial gains and losses	3,880	875
Exchange rate changes	280	−1,186
Employer contributions	3,231	2,092
Participant contributions	1,756	1,419
Benefits paid	−1,852	−1,790
Benefits paid in Switzerland under the freedom of capital movements	−4,243	−11,516
Company mergers	0	2,145
FAIR VALUE OF PLAN ASSETS AS AT 31 DECEMBER	**65,525**	**58,975**

The exchange rate changes shown in the tables mainly reflect the depreciation of the Swiss franc.

In the next two tables, the fair value of plan assets is split into various assets classes that distinguish the nature and risks of those assets. There is a further split into assets for which there is a quoted market price in an active market and assets for which this is not the case.

	31.12.2012		
	Market price in an active market	No market price in an active market	Total
Cash and cash equivalents	0	0	0
Equity instruments	4,935	218	5,153
Debt instruments	22,438	990	23,428
Real estate	10,051	9,141	19,192
Investment funds	173	0	173
Insurance contracts	0	372	372
Miscellaneous	16,093	1,114	17,207
FAIR VALUE OF PLAN ASSETS	**53,690**	**11,835**	**65,525**

	31.12.2013		
	Market price in an active market	No market price in an active market	Total
Cash and cash equivalents	1,626	0	1,626
Equity instruments	15,957	0	15,957
Debt instruments	20,263	0	20,263
Real estate	4,226	8,961	13,187
Investment funds	216	0	216
Insurance contracts	0	408	408
Miscellaneous	6,997	321	7,318
FAIR VALUE OF PLAN ASSETS	**49,285**	**9,690**	**58,975**

The actual results from the plan assets amounted to € 2,310 thousand in 2013 (2012: € 5,602 thousand [1]).

The movement in the asset ceiling is shown in the table below.

	2012	2013
Fair value of asset ceiling as at 1 January	0	0
Change in asset ceiling (excl. interest income)	0	84
FAIR VALUE OF ASSET CEILING AS AT 31 DECEMBER	**0**	**84**

According to GfK estimates, contributions of around € 2,196 thousand will be payable into pension plans for Germany and Switzerland over the coming year (2012: € 2,493 thousand [1]). GfK expects pension payments of € 3,468 thousand (2012: € 3,188 thousand [1]) for the year thereafter. The weighted duration of the defined benefit obligation is 13 years.

The amounts reported in the consolidated income statement break down as shown in the table below:

	2012[1]	2013
Service cost	3,905	4,251
Interest cost	3,936	3,240
Expected return on plan assets	−1,730	−1,411
Expected return from refund claims	−10	−4
Past service costs	879	−9,821
Gains and losses from the curtailment or discontinuation of pension plans	171	1
PENSION EXPENSES	**7,151**	**−3,744**

The pension gain mainly reflects the switch of pension plans in Switzerland from defined benefit plans to modified defined contribution plans. It is included mainly in cost of sales, and selling and general administrative expenses.

The following tables show the impact of the changes arising from the retrospective change in IAS 19 (2011) outlined in Section 3. "Accounting policies" on the GfK Group's consolidated balance sheet as at 31 December 2012 and the consolidated income statement for the period from 1 January to 31 December 2012.

Impact of the application of IAS 19 (2011) in the consolidated balance sheet as at 31 December 2012:

	31 December 2012		
	Pre adjustment IAS 19 (2008)	*Adjustment*	*Post adjustment IAS 19 (2011)*
Total assets	**1,880,502**	**−658**	**1,879,844**
of which deferred tax assets	50,099	−658	49,441
Total equity	**777,267**	**4,748**	**782,015**
of which retained earnings	427,776	−297	427,479
of which other reserves	−59,345	5,045	−54,300
Total liabilities and provisions	**1,103,235**	**−5,406**	**1,097,829**
of which non-current provisions	93,534	−5,505	88,029
of which deferred tax expenses	82,660	99	82,759

The position in accordance with IAS 19 (2008) already includes the reallocation of actuarial gains and losses on defined benefit plans from retained earnings to other reserves; cf. Notes to the Consolidated Financial Statements, Section 1. "General information".

Impact of the application of IAS 19 (2011) in the consolidated income statement for 2012:

	1 January to 31 December 2012		
	Pre adjustment IAS 19 (2008)	*Adjustment*	*Post adjustment IAS 19 (2011)*
Operating income	**129,725**	**−357**	**129,368**
of which cost of sales	−1,030,419	−207	−1,030,626
of which selling and general administrative expenses	−323,471	−150	−323,621
Income from ongoing business activity	**108,576**	**−357**	**108,219**
Tax on income from ongoing business activity	**−44,161**	**60**	−44,101
CONSOLIDATED TOTAL INCOME	**64,415**	**−297**	**64,118**

The change of €-297 thousand in the consolidated total income has a corresponding impact on the statement of consolidated comprehensive income and equity change statement for 2012.

In view of immaterial adjustments in the consolidated income statement, there is no separate statement for Q4 2012.

The GfK Group's consolidated cash flow statement for 2012 is affected by the increase in long-term provisions, the change in deferred taxes and reduction in consolidated total income. This shift occurs exclusively within the cash flow from ongoing business activity and has no impact on the amount of the latter.

The basic earnings per share and the diluted earnings per share of originally €1.44 for 2012 change by €-0.01 to €1.43 respectively as a result of the adjustments described.

The arithmetical impact from retaining IAS 19 (2008) on the GfK Group's current consolidated balance sheet and current consolidated income statement is shown in the following tables.

In addition to its impact on the consolidated balance sheet as at 31 December 2012, the impact of the application of IAS 19 (2008) on the consolidated balance sheet as at 31 December 2013 is as follows:

	31 December 2013		
	IAS 19 (2011)	*Reconciliation*	*IAS 19 (2008)*
Total equity	**663,709**	**0**	**663,709**
of which retained earnings	349,176	3,128	352,304
of which other reserves	−95,807	−3,128	−98,935

Impact of the application of IAS 19 (2008) on the consolidated income statement for 2013:

	1 January to 31 December 2013		
	IAS 19 (2011)	*Reconciliation*	*IAS 19 (2008)*
Operating income	**26,516**	**3,595**	**30,111**
of which costs of sales	−1,007,972	2,696	−1,005,276
of which selling and general administrative expenses	−328,186	899	−327,287
Income from ongoing business activity	**4,158**	**3,595**	**7,753**
Taxes on income from ongoing business activity	**−46,218**	**−467**	−46,685
CONSOLIDATED TOTAL INCOME	**−42,060**	**3,128**	**−38,932**

The €3,128 thousand improvement in consolidated total income would have a corresponding impact on the statement of consolidated comprehensive income and equity change statement for 2013. In the cash flow statement for 2013, there would only be shifts in the cash flow from operating activity which would not affect the amount of the latter.

In view of this immaterial effect, there is no need for a separate statement for Q4 2013.

If applying IAS 19 (2008), the basic earnings per share and the diluted earnings per share for 2013 would amount to €-1.39 respectively and therefore be €0.09 above the actual earnings per share.

LONG-TERM OTHER PROVISIONS

The movement in long-term other provisions in the period under review is shown in the table below.

	Personnel	*Potential con-tractual losses*	*Authori-ties and insurance compa-nies*	*Other*	*Total*
As at 1 January 2013	15,338	4,471	1,774	1,937	23,520
Currency effects	–106	–119	–245	–65	–535
Write-ups to discounted provisions	0	162	0	17	179
Additions	2,677	1,023	2,111	129	5,940
Reclassification to short-term provisions	–6,905	–1,395	–122	–697	–9,119
Utilization	–265	0	–310	–322	–897
Release	–47	–1,464	–11	0	–1,522
AS AT 31 DECEMBER 2013	**10,692**	**2,678**	**3,197**	**999**	**17,566**

Personnel provisions mainly relate to long-term incentive programs of € 5,981 thousand (2012: € 10,405 thousand). They also include commitments relating to employees leaving and from provisions for anniversary expenses based on contractual agreements.

The provisions for potential contractual losses relate mainly to rental agreements.

Provisions relating to authorities and insurance companies consist mainly of commitments to social insurance providers.

Short-term provisions

The movement in short-term provisions in the year under review is shown in the table below.

	Per-sonnel	*Potential con-tractual losses*	*Authori-ties and insu-rance compa-nies*	*Sales*	*Other*	*Total*
As at 1 January 2013	11,562	4,720	14,972	1,359	5,430	38,043
Currency effects	–243	–534	–1,535	–6	–968	–3,286
Write-ups to discounted provisions	0	0	0	0	18	18
Additions	2,276	1,972	1,217	517	305	6,287
Reclassification from long-term provisions	6,905	1,395	122	299	398	9,119
Utilization	–9,145	–2,382	–8,089	–761	–791	–22,316
Release	–863	–3,128	–2,253	–296	0	–5,392
AS AT 31 DECEMBER 2013	**10,492**	**2,043**	**4,434**	**1,112**	**4,392**	**22,473**

Short-term provisions include a reserve of € 8,366 thousand (2012: € 20,315 thousand) for anticipated payments connected with irregularities at GfK Arastirma Hizmetleri A.S., Istanbul, Turkey. This reserve is divided into potential contractual losses, authorities and insurance companies and other.

26. INTEREST-BEARING FINANCIAL LIABILITIES

The breakdown of financial liabilities is shown in the tables below.

31.12.2012		*Remaining term*			
	Total	*Up to one year*	*More than one year*	*Of which between one and five years*	*Of which more than five years*
Amounts due to banks	203,436	105,837	97,599	97,599	0
Liabilities under finance leases	923	395	528	528	0
Liabilities from bond	198,339	0	198,339	198,339	0
Other financial liabilities	62,415	50,524	11,891	10,555	1,336
INTEREST-BEARING FINANCIAL LIABILITIES	**465,113**	**156,756**	**308,357**	**307,021**	**1,336**

31.12.2013		*Remaining term*			
	Total	*Up to one year*	*More than one year*	*Of which between one and five years*	*Of which more than five years*
Amounts due to banks	218,593	21,885	196,708	72,355	124,353
Liabilities under finance leases	509	341	168	168	0
Liabilities from bond	198,844	0	198,844	198,844	0
Other financial liabilities	32,113	18,762	13,351	11,962	1,390
INTEREST-BEARING FINANCIAL LIABILITIES	**450,059**	**40,988**	**409,071**	**283,329**	**125,743**

In March 2013, GfK SE issued a € 125 million loan note, of which € 90 million with a term of seven years and € 35 million with a term of ten years.

The 5-year bond with a carrying value of € 198,844 thousand has a remaining term of more than two years and a fixed interest rate of 5%. It was placed by GfK SE in April 2011.

Other financial liabilities also include loan liabilities amounting to € 16,448 thousand (2012: € 13,164 thousand). In addition, other financial liabilities comprised purchase price liabilities which depend on future events (put options or obligations from earn-out agreements) for the acquisition of participations amounting to € 15,546 thousand (2012: € 49,125 thousand).

As at 31 December 2013, the weighted average interest rate for the amounts due to banks was 2.86% after interest rate hedging (2012: 2.47%).

The financial liabilities become due in the next five years and thereafter, as shown in the table below.

	31.12.2012	*31.12.2013*
Within one year[1]	156,756	40,988
One to two years	20,139	75,823
Two to three years	72,717	201,169
Three to four years	204,491	6,336
Four to five years	9,674	0
More than five years	1,336	125,743
INTEREST-BEARING FINANCIAL LIABILITIES	**465,113**	**450,059**

[1] Includes current account liabilities payable on demand in the context of credit lines

As in the prior year, no collateral is in place for amounts due to banks and liabilities under leases of € 219,102 thousand (2012: € 204,359 thousand).

27. OTHER LIABILITIES AND DEFERRED ITEMS

The non-current and current items relating to other liabilities and deferred items are divided into financial and non-financial other liabilities and deferred items as follows:

	31.12.2012	31.12.2013
Financial non-current other liabilities and deferred items	3,161	3,943
Non-financial non-current other liabilities and deferred items	1,261	4,459
NON-CURRENT OTHER LIABILITIES AND DEFERRED ITEMS	**4,422**	**8,402**
Financial current other liabilities and deferred items	53,497	56,657
Non-financial current other liabilities and deferred items	113,175	106,583
CURRENT OTHER LIABILITIES AND DEFERRED ITEMS	**166,672**	**163,240**

The breakdown of the partial amount "Financial other liabilities and deferred items" is as follows:

	31.12.2012	31.12.2013
Financial non-current other liabilities and deferred items with a remaining term of more than one year		
Non-derivatives:		
Financial other liabilities from operating business	1,895	1,574
Interest liabilities	0	31
Liabilities relating to rent	970	1,374
Liabilities to related parties	20	13
Miscellaneous financial non-current other liabilities and deferred items	0	842
Sub-total: non-derivatives	**2,885**	**3,834**
Derivatives:		
Derivative financial instruments used as hedges	230	95
Derivative financial instruments not used as hedges	46	14
Sub-total: derivatives	**276**	**109**
Financial non-current other liabilities and deferred items	**3,161**	**3,943**
Financial current other liabilities and deferred items with a remaining term of up to one year		
Non-derivatives:		
Financial other liabilities from operating business	31,989	32,988
Interest liabilities	7,645	10,009
Financial other liabilities from non-operating business	6,420	7,409
Liabilities relating to rent	3,212	3,095
Liabilities to related parties	1,551	1,683
Miscellaneous financial current other liabilities and deferred items	235	226
Sub-total: non-derivatives	**51,052**	**55,410**
Derivatives:		
Derivative financial instruments used as hedges	2	0
Derivative financial instruments not used as hedges	2,443	1,247
Sub-total: derivatives	**2,445**	**1,247**
Financial current other liabilities and deferred items	**53,497**	**56,657**
TOTAL: FINANCIAL OTHER LIABILITIES AND DEFERRED ITEMS	**56,658**	**60,600**
of which non-derivatives	53,937	59,244
of which derivatives	2,721	1,356

Financial current other liabilities from operating business mainly comprise amounts owed to households and respondents (€ 12,026 thousand; 2012: € 11,462 thousand), interviewers (€ 5,874 thousand; 2012: € 5,678 thousand) as well as suppliers (€ 5,749 thousand; 2012: € 4,747 thousand).

Financial current other liabilities from non-operating business primarily include liabilities for external year-end closing costs (€ 2,864 thousand; 2012: € 2,246 thousand) and legal and consultancy costs (€ 1,900 thousand; 2012: € 1,350 thousand).

Financial other liabilities to other related parties exist particularly towards minority shareholders of GfK subsidiaries.

The breakdown of the partial amount "Non-financial other liabilities and deferred items" is as follows:

	31.12.2012	31.12.2013
Non-financial non-current other liabilities and deferred items with a remaining term of more than one year		
Liabilities due to employees	1,193	1,172
Liabilities arising from other taxes	0	37
Miscellaneous non-financial non-current other liabilities and deferred items	68	3,250
Non-financial non-current other liabilities and deferred items	**1,261**	**4,459**
Non-financial current other liabilities and deferred items with a remaining term of up to one year		
Liabilities due to employees	79,996	74,759
Liabilities arising from other taxes	32,252	30,768
Miscellaneous non-financial current other liabilities and deferred items	927	1,056
Non-financial current other liabilities and deferred items	**113,175**	**106,583**
TOTAL: NON-FINANCIAL OTHER LIABILITIES AND DEFERRED ITEMS	**114,436**	**111,042**

Non-financial current liabilities due to employees mainly comprise liabilities for the payment of bonuses (€ 35,352 thousand; 2012: € 34,667 thousand) and holiday claims (€ 12,019 thousand; 2012: € 15,347 thousand) as well as liabilities arising from social security (€ 11,683 thousand; 2012: € 13,428 thousand).

28. FINANCIAL INSTRUMENTS

The tables on pages 138 to 141 list the carrying values, recognition and measurement in the balance sheet and fair values of all financial instruments held by the GfK Group, in accordance with the valuation categories of IAS 39.

In the following, the financial assets and liabilities reported at fair value as at the reporting date are defined according to the importance of the input parameters required for valuation. For this purpose, their carrying values are divided into three levels: values observable in active markets (level 1), observable input parameters which contribute to establishing the fair value on the basis of a valuation model (level 2) and input parameters not based on observable market data (level 3).

The valuation model used to calculate the fair value of financial instruments valued at amortized cost takes in account the fair value of contractually agreed payments, discounted using an observable, risk-adjusted discount rate (level 2).

	31.12.2012	Level 1	Level 2	Level 3
Financial assets valued at fair value				
Derivative financial instruments not used as hedges	253	0	253	0
Derivative financial instruments used as hedges	26	0	26	0
Financial liabilities valued at fair value				
Derivative financial instruments not used as hedges	−2,489	0	−2,489	0
Derivative financial instruments used as hedges	−232	0	−232	0
Purchase price components which depend on future events	−7,103	0	0	−7,103
TOTAL	**−9,545**	**0**	**−2,442**	**−7,103**

	31.12.2013	Level 1	Level 2	Level 3
Financial assets valued at fair value				
Derivative financial instruments not used as hedges	734	0	734	0
Derivative financial instruments used as hedges	0	0	0	0
Financial liabilities valued at fair value				
Derivative financial instruments not used as hedges	−1,261	0	−1,261	0
Derivative financial instruments used as hedges	−95	0	−95	0
Purchase price components which depend on future events	−7,061	0	0	−7,061
TOTAL	**−7,683**	**0**	**−622**	**−7,061**

As in the previous year, no material valuation results were recognized in other comprehensive income in financial year 2013 as part of recognizing changes in the value of financial instruments in the available-for-sale category.

Interest income from financial assets and liabilities recognized directly in equity at fair value, which is calculated using the effective interest rate method, amounted to € 1,356 thousand (2012: € 1,176 thousand). At the same time, the corresponding interest expenses amounted to € 19,987 thousand (2012: € 24,876 thousand).

The purchase price components which depend on future events reflect earn-out agreements concluded after 31 December 2009. They are valued as at the reporting date on the basis of market interest rates that are appropriate for the relevant term. As at 31 December 2013, this figure was € 7,061 thousand (2012: € 7,103 thousand). In the reporting year, € 2,762 thousand had been added (2012: € 4,204 thousand); € 1,063 thousand had been paid (2012: € 9,976 thousand). The revaluation of liabilities at year end resulted in earnings of € 1,828 thousand which were credited to other financial income (2012: € 4,463 thousand). In contrast, currency expenses and expenses from compound interest amounted to € 88 thousand (2012: € 247 thousand). No change in value was recognized in other comprehensive income.

The estimated fair value of the liabilities from these earn-out agreements would increase and the financial result would decline if future sales and future EBIT from the companies acquired turned out to be higher and the risk-adjusted discount rate lower. A parallel rise in the interest rate and simultaneous reduction in sales and EBIT would lead to a reduction in the fair value of these liabilities and to an increase in the financial result.

	IAS 39 valuation category	Carrying value as at 31.12.2012
Assets		
Other financial assets		
Investments in affiliated companies	Financial assets available for sale	2,165
Other participations	Financial assets available for sale	916
Loans to affiliated companies	Loans and receivables	486
Loans to associates	Loans and receivables	929
Other loans	Loans and receivables	115
Other available-for-sale securities	Financial assets available for sale	305
Long-term fixed-term deposits	Loans and receivables	16
Trade receivables	Loans and receivables	397,564
Short-term securities and fixed-term deposits	Loans and receivables	1,466
Financial other assets and deferred items		–
Deposits	Loans and receivables	5,490
Receivables from suppliers	Loans and receivables	3,069
Credit balances, refund claims	Loans and receivables	565
Bills receivable	Loans and receivables	87
Interest receivables	Loans and receivables	100
Derivative financial instruments (with hedging)	–	26
Derivative financial instruments (without hedging)	Financial assets at fair value through profit or loss	253
Miscellaneous financial other assets and deferred items	Loans and receivables	3,098
Cash and cash equivalents	–	66,376
Liabilities		
Interest-bearing financial liabilities		
Amounts due to banks	Financial liabilities valued at amortized cost	203,436
Liabilities from finance lease	–	923
Other financial liabilities	Financial liabilities valued at amortized cost	253,651
	Financial liabilities at fair value through profit or loss	7,103
Trade payables	Financial liabilities valued at amortized cost	86,957
Financial other liabilities and deferred items		
Financial other liabilities from operational business	Financial liabilities valued at amortized cost	33,884
Financial other liabilities from non-operational business	Financial liabilities valued at amortized cost	6,420
Liabilities from leasing	Financial liabilities valued at amortized cost	4,182
Liabilities to related parties	Financial liabilities valued at amortized cost	1,571
Interest liabilities	Financial liabilities valued at amortized cost	7,645
Derivative financial instruments (with hedging)	–	232
Derivative financial instruments (without hedging)	Financial liabilities at fair value through profit or loss	2,489
Miscellaneous financial other liabilities and deferred items	Financial liabilities valued at amortized cost	235
Thereof aggregated under IAS 39 valuation categories		
Loans and receivables		412,985
Financial assets available for sale		3,386
Financial assets at fair value through profit or loss		253
Financial liabilities valued at amortized cost		597,981
Financial liabilities at fair value through profit or loss		9,592

Recognition and measurement in the balance sheet according to IAS 39				*IAS 17 balance sheet basis*	*Fair value as at 31.12.2012*
Amortized costs	*Acquisition costs*	*Fair value recognized directly in equity*	*Fair value through profit or loss*		
	2,165				2,165
	916				916
486					486
929					929
115					115
		305			305
16					16
397,564					397,564
1,466					1,466
5,490					5,490
3,069					3,069
565					565
87					87
100					100
		26			26
			253		253
3,098					3,098
66,376					66,376
203,436					204,764
				923	923
253,651					280,708
			7,103		7,103
86,957					86,957
33,884					33,884
6,420					6,420
4,182					4,182
1,571					1,571
7,645					7,645
		232			232
			2,489		2,489
235					235
					412,898
					3,386
					253
					626,366
					9,592

	IAS 39 valuation category	*Carrying value as at 31.12.2013*	
Assets			
Other financial assets			
Investments in affiliated companies	Financial assets available for sale	2,979	
Other participations	Financial assets available for sale	916	
Loans to affiliated companies	Loans and receivables	769	
Loans to associates	Loans and receivables	1,409	
Other loans	Loans and receivables	112	
Other available-for-sale securities	Financial assets available for sale	292	
Long-term fixed-term deposits	Loans and receivables	14	
Trade receivables	Loans and receivables	373,271	
Short-term securities and fixed-term deposits	Loans and receivables	2,323	
Financial other assets and deferred items			
Deposits	Loans and receivables	5,601	
Receivables from suppliers	Loans and receivables	2,450	
Credit balances, refund claims	Loans and receivables	2,217	
Bills receivable	Loans and receivables	1,178	
Interest receivables	Loans and receivables	369	
Derivative financial instruments (with hedging)	–	0	
Derivative financial instruments (without hedging)	Financial assets at fair value through profit or loss	734	
Miscellaneous financial other assets and deferred items	Loans and receivables	2,750	
Cash and cash equivalents	–	69,706	
Liabilities			
Interest-bearing financial liabilities			
Amounts due to banks	Financial liabilities valued at amortized cost	218,593	
Liabilities from finance lease	–	509	
Other financial liabilities	Financial liabilities valued at amortized cost	223,896	
	Financial liabilities at fair value through profit or loss	7,061	
Trade payables	Financial liabilities valued at amortized cost	92,524	
Financial other liabilities and deferred items			
Financial other liabilities from operational business	Financial liabilities valued at amortized cost	34,562	
Financial other liabilities from non-operational business	Financial liabilities valued at amortized cost	7,409	
Liabilities from leasing	Financial liabilities valued at amortized cost	4,469	
Liabilities to related parties	Financial liabilities valued at amortized cost	1,696	
Interest liabilities	Financial liabilities valued at amortized cost	10,040	
Derivative financial instruments (with hedging)	–	95	
Derivative financial instruments (without hedging)	Financial liabilities at fair value through profit or loss	1,261	
Miscellaneous financial other liabilities and deferred items	Financial liabilities valued at amortized cost	1,068	
Thereof aggregated under IAS 39 valuation categories			
Loans and receivables		391,285	
Financial assets available for sale		4,187	
Financial assets at fair value through profit or loss		734	
Financial liabilities valued at amortized cost		594,257	
Financial liabilities at fair value through profit or loss		8,322	

Recognition and measurement in the balance sheet according to IAS 39				IAS 17 balance sheet basis	Fair value as at 31.12.2013
Amortized costs	*Acquisition costs*	*Fair value recognized directly in equity*	*Fair value through profit or loss*		
	2,979				2,979
	916				916
769					769
1,409					1,409
112					112
		292			292
14					14
373,271					373,271
2,323					2,323
5,601					5,601
2,450					2,450
2,217					2,217
1,178					1,178
369					369
		0			0
			734		734
2,750					2,750
69,706					69,706
218,593					224,049
				509	509
223,896					246,041
			7,061		7,061
92,524					92,524
34,562					34,562
7,409					7,409
4,469					4,469
1,696					1,696
10,040					10,040
		95			95
			1,261		1,261
1,068					1,068
					391,285
					4,187
					734
					621,858
					8,322

29. RISK MANAGEMENT RELATING TO MARKET, CREDIT AND LIQUIDITY RISKS

As a result of using financial instruments, the GfK Group is exposed to market risks, liquidity risks and default risks.

Market risk

Market risks arise from potential changes in risk factors that result in a decrease in the market value of the transactions affected by these risk factors. For the GfK Group, exchange rate risks and, to a lesser extent, interest rate risks are particularly relevant.

EXCHANGE RATE RISKS

Exchange rate risks can arise in the GfK Group from transactions conducted in a currency other than the respective functional currency. The main currencies are shown in € thousand in the tables below.

31.12.2012	*EUR*	*USD*	*GBP*	*CHF*	*SGD*	*JPY*
Loans	1,174	206,521	87,619	0	0	4,009
Trade receivables	39,150	21,473	2,318	322	490	120
Cash and cash equivalents	5,468	5,882	749	1,036	31	68
Interest-bearing financial liabilities	–13,347	–76,657	0	0	–11,813	–25,195
Trade payables	–20,553	–21,596	–3,388	–1,782	–827	–207
Liabilities from orders in progress	–2,147	–4,226	–134	–26	0	0
Derivative financial instruments	–3,361	–183,757	–6,755	–754	9,067	20,497
NET EXPOSURE	**6,384**	**–52,360**	**80,409**	**–1,204**	**–3,052**	**–708**

31.12.2013	*EUR*	*USD*	*GBP*	*CHF*	*SGD*	*JPY*
Loans	3,963	200,609	86,902	0	0	2,868
Trade receivables	31,219	25,926	1,928	580	1,758	304
Cash and cash equivalents	7,526	5,147	462	1,342	19	344
Interest-bearing financial liabilities	–5,557	–211,612	–9	0	–14,945	–23,301
Trade payables	–19,590	–20,004	–6,400	–1,085	–2,459	–1,634
Liabilities from orders in progress	–1,344	–4,125	–55	–26	0	0
Derivative financial instruments	–7,480	–3,564	–2,947	–52	12,964	20,339
NET EXPOSURE	**8,737**	**–7,623**	**79,881**	**759**	**–2,663**	**–1,080**

The reduction in the volume of derivatives in US dollar to €-3,564 thousand is due to the repayment of an internal receivable of $251,112 thousand, which was still in place as at 31 December 2012. The derivative hedge was released accordingly. As in the previous year, the loans in pound sterling mostly involve a net investment in a foreign operation. Resulting value changes are recognized in other comprehensive income.

The exchange rates of the most important currencies to the euro are shown in Section 3. "Accounting policies".

The sensitivity analysis approximately quantifies the risk that can arise under certain assumed conditions if specific parameters change. The table below shows how equity and net income are affected by a simultaneous parallel appreciation of all foreign currencies of 10% against the euro while all other factors remain constant.

	31.12.2012			*31.12.2013*		
	Equity	*Income statement*	*Overall impact*	*Equity*	*Income statement*	*Overall impact*
EUR	0	–1,222	–1,222	0	–1,142	–1,142
USD	–823	–23,521	–24,344	51	–813	–762
GBP	–6	8,047	8,041	–228	8,156	7,928
CHF	–63	–57	–120	0	76	76
SGD	–66	–239	–305	0	–266	–266
JPY	–69	–2	–71	0	–108	–108
SUMME	**–1,027**	**–16,994**	**–18,021**	**–177**	**5,903**	**5,726**

The impact of exchange rate fluctuations is concentrated on the US dollar and pound sterling in particular.

INTEREST RATE RISKS

Interest rate risks can impact on variable-rate financial instruments and on fixed-rate financial instruments not valued at amortized cost.

Market value changes in fixed-rate financial assets and liabilities are not recognized in the income statement. Furthermore, there are no interest rate derivatives allocated to fixed-rate instruments as fair value hedging under IAS 39 and disclosed under fair value hedge accounting. A change in interest rates on the reporting date, therefore, has no impact on the consolidated income statement or the equity as these items are measured at amortized cost.

The tables below provide an overview of variable-rate financial instruments:

		Remaining term		
31.12.2012	*Total amount*	*Up to one year*	*One to five years*	*More than five years*
Loans	1,149	596	553	0
Financial liabilities	−88,759	−66,280	−22,479	0
Liabilities to related parties	−7,164	−7,164	0	0
Derivatives	20,000	8,000	12,000	0
NET EXPOSURE	**−74,774**	**−64,848**	**−9,926**	**0**

		Remaining term		
31.12.2013	*Total amount*	*Up to one year*	*One to five years*	*More than five years*
Loans	1,658	1,125	533	0
Financial liabilities	−57,454	−4,269	−13,335	−39,850
Liabilities to related parties	−16,448	−16,448	0	0
Derivatives	12,000	8,000	4,000	0
NET EXPOSURE	**−60,244**	**−11,592**	**−8,802**	**−39,850**

The effects before tax on the equity and the consolidated income statement of a change in interest rates for variable-rate financial instruments of 100 basis points on the reporting date are shown in the table below. The minimum interest rate applied to take account of changes in interest rates was 0%. This analysis assumes that all other variables, especially exchange rates, remain constant.

31.12.2012	*Equity*		*Income statement*	
Interest rate change in percentage points	+1	−1	+1	−1
Variable-rate instruments	0	0	−130	291
Interest rate swaps	229	−173	0	0
CASH FLOW SENSITIVITY	**229**	**−173**	**−130**	**291**

31.12.2013	*Equity*		*Income statement*	
Interest rate change in percentage points	+1	−1	+1	−1
Variable-rate instruments	0	0	133	121
Interest rate swaps	61	−62	0	0
CASH FLOW SENSITIVITY	**61**	**−62**	**133**	**121**

The column headed “Equity” only shows the impact of changes that are recognized directly in other comprehensive income. Changes which would impact on the consolidated income statement are not shown in the column headed “Equity”.

DERIVATIVE FINANCIAL INSTRUMENTS

The GfK Group uses derivative financial instruments to hedge against exchange rate and interest rate risks. If the prerequisites for hedge accounting are met, derivative financial instruments are reported as part of cash flow hedges.

Derivative financial instruments	*31.12.2012*		*31.12.2013*	
	Carrying value	*Nominal value*	*Carrying value*	*Nominal value*
Assets				
Convertible bonds				
not used as hedges	0	0	268	900
Currency forward transactions				
not used as hedges	253	23,002	466	36,367
as cash flow hedges	26	3,806	0	0
Liabilities				
Interest rate swaps				
as cash flow hedges	230	20,000	95	12,000
Currency forward transactions				
not used as hedges	2,489	240,431	1,261	50,896
as cash flow hedges	2	5,058	0	0

The nominal volume of derivative financial instruments comprises the total of the nominal amounts of individual put and call option contracts. The fair value is calculated on the basis of the valuation of all contracts at the prices recorded on the valuation date.

The GfK Group mostly concludes transactions involving derivatives in line with the global netting agreement included in the German Master Agreement for Financial Derivative Transactions. In principle, amounts due under such agreements from each counterparty on one a day in respect of all outstanding transactions in the same currency are pooled into a single net amount payable by one party to another. In specific cases – for example the occurrence of a credit event such as a default – all outstanding transactions under the agreement in question are terminated, the value at termination is calculated and only the net amount is payable to settle all transactions.

The German Master Agreement does not meet the criteria for netting in the balance sheet. The reasons for this is that the GfK Group currently has no legal right to net the amounts involved since the right to such netting can only be asserted if certain future events occur such as a default on a bank loan or other credit events. The gross amounts reported in the consolidated balance sheet as at 31 December 2013 only differ marginally from the net amounts.

The total interest rate swaps mature in the next five years as shown in the table below.

	31.12.2012	*31.12.2013*
Up to one year	8,000	8,000
One to two years	8,000	4,000
Two to three years	4,000	0
Three to four years	0	0
Four to five years	0	0
NOMINAL VOLUME OF INTEREST RATE SWAPS	**20,000**	**12,000**

The derivative financial instruments are valued on a mark-to-market basis, in accordance with the market conditions as at the reporting date. In addition, the Group's own calculations are checked for plausibility on the basis of market assessments provided by the banks.

As at 31 December 2013, the GfK Group essentially had currency hedging contracts relating to the Japanese yen, Singapore dollar, US dollar and pound sterling.

GfK SE charges its subsidiaries a management fee for central Group services. To protect selected subsidiaries from possible exchange rate risks, GfK SE invoices these Group services in local currency. The resultant exchange rate at GfK SE arising from increases in the euro exchange rate against the foreign currencies of these invoices is eliminated through currency forward transactions with various banks relating to the relevant payment dates.

The GfK Group used net investment hedging to hedge net investments in foreign subsidiaries. In the year under review, effective changes in the value of a loan in US dollars, which was concluded as part of the acquisition of Knowledge Networks Inc. in January 2012 of € 509 thousand before tax (2012: € 0 thousand) and € 349 thousand after (2012: € 0 thousand) were recognized in other reserves. This hedging relationship will remain in place until the loan falls due in May 2015. Thereafter, the figures will remain under other provisions until the disposal of the participation.

In the case of derivatives used as part of cash flow hedges, changes in value are reported under other comprehensive income. In the year under review, the change in other reserves from cash flow hedges amounted to a total of € -88 thousand before tax (2012: € -416 thousand) and € -60 thousand after tax (2012: € -285 thousand). The change includes € 187 thousand from a cancellation releasing the interest income in connection with the cash flow interest rate hedge for a bond arranged in 2011.

Liabilities from cash flow hedges have a book value of € 12,000 thousand (2012: € 20,000 thousand). The expected outflow of interest from the underlying transactions, which are hedged by these cash flow hedges, amounted to € 188 thousand (2012: € 505 thousand). Of this, € 157 thousand (2012: € 303 thousand) will be recognized in the income statement within a period of up to one year.

For the issue of the above-mentioned bond of € 200 million, interest hedging of 50% of the loan volume was executed in advance in 2011. This cash flow hedge was dissolved on the day the interest for the bond was fixed. The market value of interest hedging which was recorded in other comprehensive income will be dissipated in the income statement over the term of the loan. The expected outflow of interest from the loan, which is hedged by this cash flow hedge, amounted to € 15,000 thousand (2012: € 20,000 thousand). Of this, € 5,000 thousand (2012: € 5,000 thousand) will be recognized in the income statement within a period of up to one year and € 6,458 thousand (2012: € 11,458 thousand) within a period of between one and five years.

In the reporting year, no material ineffective portions were recorded in relation to cash flow hedges and net investment hedges.

The gains and losses from derivative financial instruments are mostly posted in other financial income or expenses respectively. The income from financial instruments contained in this figure, which was not reported as part of hedge accounting, amounted to a total of € 5,488 thousand (2012: € 8,636 thousand), while expenses amounted to € 18,215 thousand (2012: € 13,210 thousand).

Credit risks

The default risk linked to the positive fair values of the derivatives is estimated to be low, as transactions are only concluded with renowned German and foreign banks. Furthermore, the default risk is reduced by spreading the transactions across several banks.

Essentially, the maximum default risk of the GfK Group amounts to the carrying value of all financial assets. The global activities of the GfK Group and the large number of customers, which include many established major companies, reduce the concentration of default risk.

Liquidity risks

As at 31 December 2013, the GfK Group had committed loans, a corporate bond and credit lines of € 668,347 thousand (2012: € 643,052 thousand). Of this amount, € 254,745 thousand (2012: € 241,278 thousand) was undrawn.

GfK has undertaken to meet certain financial covenants as part of a syndicated credit facility and the issue of loan note. The ratio of net indebtedness to modified EBITDA, which is established on the basis of specific criteria, must be lower than 3.25. The ratio of modified EBITDA to interest expenses must be higher than 4.0. In the event of these financial covenants being breached, the credit margin of the financing banks increases and a new agreement on the financial covenants to be met in future must be concluded with the creditors. The GfK Group comfortably fulfilled both financial covenants as at 31 December 2013.

GfK only concludes financing transactions with reputable German and foreign banks. The default risk and risk concentration is further reduced by spreading the transactions across several banks.

In March 2013, GfK SE issued a € 125 million loan note of which € 90 million with a term of seven years and € 35 million with a term of ten years. The funds were used to repay short-term bank loans. As at 31 December 2013, € 200 million of a revolving credit facility was undrawn.

The tables below show the contractually agreed, undiscounted interest and principal repayments on primary financial liabilities and derivative financial instruments of GfK at negative fair value for 2012 and 2013.

	31.12.2012 Carrying value	Gross outflows	Remaining term up to 2013	2014	2015	2016	>2016
Non-derivative financial liabilities							
Amounts due to banks	203,436	211,565	109,736	18,035	73,516	139	10,139
Liabilities under finance leases	923	1,012	421	417	164	9	1
Other financial liabilities	260,754	305,240	61,434	14,654	10,000	217,156	1,996
of which valued at fair value through profit or loss	7,103	7,371	2,844	4,527	0	0	0
Trade payables	86,957	86,957	86,957	0	0	0	0
Miscellaneous financial liabilities	53,937	53,951	51,057	2,682	84	0	128
Derivative financial liabilities	2,721	2,721	2,445	276	0	0	0
of which valued at fair value through profit or loss	2,489	2,489	2,443	46	0	0	0
TOTAL	**608,728**	**661,446**	**312,050**	**36,064**	**83,764**	**217,304**	**12,264**

	31.12.2013 Carrying value	Gross outflows	Remaining term up to 2014	2015	2016	2017	>2017
Non-derivative financial liabilities							
Amounts due to banks	218,593	253,428	28,288	77,252	3,839	3,809	140,240
Liabilities under finance leases	509	550	364	170	15	1	0
Other financial liabilities	230,957	263,712	28,904	12,959	212,428	7,378	2,043
of which valued at fair value through profit or loss	7,061	7,229	2,242	2,559	2,428	0	0
Trade payables	92,524	92,524	92,524	0	0	0	0
Miscellaneous financial liabilities	59,244	59,333	55,499	3,834	0	0	0
Derivative financial liabilities	1,356	1,356	1,247	109	0	0	0
of which valued at fair value through profit or loss	1,261	1,261	1,247	14	0	0	0
TOTAL	**603,183**	**670,903**	**206,826**	**94,324**	**216,282**	**11,188**	**142,283**

This presentation does not indicate budgeted figures. It reflects the financial instruments held as at the reporting date and for which contractual agreements regarding payments are in place. Foreign currency amounts were translated with the exchange rate as at the reporting date.

No material financial assets were provided as collateral.

Capital management

The Group aims to maintain a strong capital base to ensure the confidence of investors, shareholders and clients, and to secure the sustainable development of the GfK Group.

As at 31 December 2013, the equity ratio stood at 39.1% (2012: 41.6%, adjusted in view of the retrospective application of IAS 19 (2011); see Section 25. "Provisions" in the Notes), which is fairly high in relation to competitors. The Management Board regularly monitors the return on equity.

One of the most vital economic aims of the GfK Group is to adhere to the financial covenants in existing lending agreements and maintaining these figures is given highest priority. The Management Board strives in the long term to keep the level of debt to a maximum of 2.00.

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement is presented at the front of these Notes. It shows changes in the GfK balance sheet item "Cash and cash equivalents" in the year under review. In accordance with IAS 7, Cash Flow Statement, a distinction is made between cash flows from operating, investing and financing activity. The funding sources covered in the cash flow statement comprise cash and cash equivalents. They encompass cash in hand, checks, cash equivalents and fixed-term deposits, where they are available within three months.

The cash flow from operating activity amounted to € 164,045 thousand (2012: € 115,014 thousand). The positive trend in working capital had a major impact on this figure. Whereas there was a marked increase in receivables in the previous year, trade receivables were reduced during the reporting period. Overall, the reduction in working capital led to an inflow of funds of € 15,525 thousand (2012: outflow of € -42,999 thousand).

Income tax payments resulted overall in a cash outflow of € 48,668 thousand in financial year 2013 (2012: € 53,303 thousand).

The cash flow from operating activity covered investments in tangible and intangible assets of € 80,352 thousand (2012: € 70,676 thousand) in full. Disbursements for the acquisition of consolidated companies and other business units, which are also included in the cash flow from investment activity, include purchase price outflows in connection with business combinations of € 36,116 thousand (2012: € 110,103 thousand) less funds acquired through the acquisition of subsidiaries. In the reporting year, cash outflows in this connection were almost exclusively related to already fully consolidated subsidiaries, as a result of which GfK only acquired financial funds of €242 thousand in 2013 through the acquisition of subsidiaries (2012: €4,213 thousand).

By netting the loans that were raised and the loan repayments, net loans of €18,349 thousand were raised (2012: €73,429 thousand). In relation to the previous year, there was a sharp rise in the repayment of short-term liabilities to banks. Dividends totaling €30,146 thousand (2012: €31,005 thousand) were paid to shareholders of GfK SE and minority shareholders in subsidiaries. Because these dividend payments exceeded net credit raised, the total cash flow from financing activity is negative overall (€-31,456 thousand; 2012: €+22,838 thousand), whereas in the previous year the positive cash flow was used to finance acquisitions. Interest paid was almost unchanged against the previous year at €19,893 thousand (2012: €19,895 thousand).

Cash and cash equivalents reported in the balance sheet rose by €3,330 thousand (2012: reduction by €39,493 thousand), whereby the rise was influenced by negative exchange rate effects of €-11,801 (2012: €+85 thousand), above all related to the US dollar.

31. RELATED PARTIES

Related parties are companies or persons, which could be influenced by the GfK Group or have significant influence on the GfK Group. The GfK Group's related parties can be divided into subsidiaries, associated companies, joint ventures, members of the management in key positions as well as other related parties.

Unless stated otherwise, amounts owed to and by related parties mainly have a remaining term of less than one year.

SUBSIDIARIES, ASSOCIATED COMPANIES AND OTHER PARTICIPATIONS

Under normal business activity, GfK maintains relationships with non-consolidated subsidiaries. As at the reporting date, liabilities from significant transactions totaled €1,472 thousand (2012: €1,540 thousand); operating expenses also arose during the financial year and came to €4,022 thousand (2012: €6,443 thousand). Significant income from participations in associated companies amounted to €3,028 thousand (2012: €2,369 thousand). There were no non-operating expenses in connection with associated companies or other participations in 2013 (2012: €1,000 thousand).

MEMBERS OF THE MANAGEMENT IN KEY POSITIONS

Members of the management in key positions include members of the Management Board and the Supervisory Board of GfK SE, who are responsible for planning, managing and monitoring the GfK Group.

Payments subject to disclosure under IAS 24, Related Party Disclosures, made to members of the management in key positions, covers the remuneration for the Management Board and Supervisory Board of GfK SE.

The following table shows information concerning the remuneration of the Management Board.

	Non-performance-related remuneration and one-year variable remuneratio (STI) – short-term due payments		*Pension expenses – payments upon ending of employment*		*Expenses on long-term ROCE components – other payments of long-term nature*		*Expenses on long-term remuneration (LTI) – share price-based-remuneration*		*Payments made upon ending of employment*		*Total remuneration*	
	2012	*2013*	*2012*	*2013*	*2012*	*2013*	*2012*	*2013*	*2012*	*2013*	*2012*	*2013*
Matthias Hartmann	1,043	1,119	137	142	81	164	193	200	0	0	1,454	1,625
Dr. Gerhard Hausruckinger	819	741	117	183	116	158	107	161	0	0	1,159	1,243
Pamela Knapp	753	781	126	194	186	211	199	241	0	0	1,264	1,427
Debra A. Pruent	836	785	809	118	186	211	201	243	0	0	2,032	1,357
TOTAL REMUNERATION	**3,451**	**3,426**	**1,189**	**637**	**569**	**744**	**700**	**845**	**0**	**0**	**5,909**	**5,652**

Disclosures under IAS 24 on the remuneration of management members in key positions are the basis of expense-related considerations, while disclosures under the German Commercial Code (HGB) DRS 17, Reporting on Remuneration of Members of Governing Bodies, is subject to prescribed regulations which differ.

Remuneration for the Management Board's activity in financial year 2013 disclosed under Section 314 (1) No. 6a of the German Commercial Code (HGB) amounted to €4,283 thousand (2012: €4,221 thousand). As at 31 December 2013, the Management Board held 6,000 GfK shares in total and no GfK stock options. In the reporting year, the composition of the Management Board did not change.

Former members of the management of GfK GmbH, Nuremberg, of the Management Board of GfK Aktiengesellschaft, Nuremberg, and of the Management Board of GfK SE, Nuremberg, along with their surviving dependents, received total payments of €2,619 thousand (2012: €1,890 thousand). Provisions of €36,598 thousand (2012: €35,343 thousand) have been set up for pension commitments to this group.

The total payments to the Supervisory Board in the financial year amounted to €910 thousand (2012: €828 thousand). The remuneration of the Supervisory Board only comprises current earnings. This relates to short-term employee benefits as defined in IAS 24.17. The Supervisory Board holds 2,655 GfK shares and its members hold no GfK stock options.

Information on the individual total payments to members of the Management and Supervisory Boards of GfK SE and explanations on the features of the remuneration system for total payments are given in Section 4.7 of the Management Report.

No loans or advances were given to Management and Supervisory Board Members of GfK SE. As in the previous year, no contingencies were made for this group.

OTHER RELATED PARTIES

Other related parties comprise the majority shareholder of GfK SE, GfK-Nürnberg, Gesellschaft für Konsum-, Markt- und Absatzforschung e.V., Nuremberg, as well as other joint partners of GfK subsidiaries. In the year under review, the following major transactions were carried out with other related parties:

Loan obligations amounting to € 16,325 thousand (2012: € 11,250 thousand) were due to the majority shareholder of GfK SE, consisting of a short term loan of € 5,825 thousand, which is regularly extended and had a variable interest rate of 1.17% as at end of 2013 (EONIA monthly average plus one percentage point), and several fixed-rate loans for a total of € 10,500 thousand, which are due by 2 May 2014 at an average interest rate of 1.34%. The corresponding interest expenses stood at € 242 thousand (2012: € 110 thousand). In addition, sales of € 2,084 thousand (2012: € 2,108 thousand) were realized with this shareholder.

Furthermore, there were liabilities vis-à-vis minority shareholders of GfK subsidiaries relating to as yet unpaid profit shares of € 1,528 thousand (2012: € 1,373 thousand). In 2013, loan obligations of € 1,544 thousand from 2012 vis-à-vis this same group were repaid.

32. CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

The contingent liabilities and other financial commitments that are not carried as liabilities in the consolidated balance sheet are valued at their nominal values and break down as shown in the following table.

	31.12.2012	31.12.2013
Commitments arising from		
Maintenance, service and license agreements	9,027	5,331
Guarantees and sureties	620	3,309
Order commitments	1,055	1,320

Of these commitments, € 6,370 thousand (2012: € 7,180 thousand) have a remaining term of less than one year.

The decline in obligations under maintenance, service and license agreements mainly reflects the non-recurrence of financial purchase obligations for fixed assets of € 1,599 thousand and a reduction in obligations under service agreements of € 1,500 thousand.

In addition, there are the following contingent liabilities and financial commitments:

bwv Holding AG, St. Gallen, Switzerland, a former subsidiary of GfK, sold holdings in two Swiss and one Austrian joint stock company with agreement dated 28 July 2004. GfK SE has assumed a purchase price payment obligation of up to € 6,109 thousand (CHF 7,500 thousand) to cover claims by the purchaser arising from contractual infringements. This guarantee ends as at 31 December 2014.

Following the acquisition of the NOP World Group in 2005, the GfK Group was restructured in part and sub-groups and intermediate holding companies were set up. GfK SE has issued a conditional declaration to two of the managing directors of the holding companies, which releases them from any future claims that may be made by third parties in connection with their positions as managing directors of these companies.

GfK SE has issued a conditional declaration to three of the managing directors of the Turkish subsidiary GfK Arastirma Hizmetleri A.S., Istanbul, releasing them from future claims which may be brought against them by Turkish tax and social security authorities in connection of the former management of the same company.

A similar declaration was also issued for the managing director of the subsidiary TRMR Vermögensverwaltung GmbH, Nuremberg, which exercises a management function in the Turkish subsidiary mentioned.

Naturally, the internal service charges of an international concern and the optimization of the Tax Group structure will be liable to tax audit risks. It is possible that subsequent tax payments may be necessary following future tax audits at GfK Group companies. This also applies in terms of possible liabilities to social security agencies. The probability of occurrence and amount of such future liabilities cannot be estimated with certainty.

Future commitments arising from lease agreements are described in Section 17. “Tangible assets” under the sub-heading “Leasing”.

33. SEGMENT REPORTING

In accordance with IFRS 8, Segment Reporting, external segment reporting is based on the Group’s internal organizational and management structure as well as internal financial reporting to the chief operating decision makers. At the GfK Group, the Management Board is responsible for the valuation and management of business performance in the operating sectors, which correspond to the segments pursuant to IFRS 8 in the GfK Group, and is considered to be the top management body for the purposes of IFRS 8.

Following the introduction of the new corporate strategy on 1 January 2012, the GfK Group is organized into two sectors, Consumer Experiences and Consumer Choices, complemented by the Other category.

The Consumer Experiences sector deals with consumers’ behavior and attitudes. It specializes in operational and strategic questions for virtually all industries and markets. It uses creative, robust and flexible methods to investigate consumer behavior. Consumers, in particular, but also media represent the main data source.

Consumer Choices focuses on market sizing, market currencies and convergent media and sales channels. This involves highly detailed, accurate and timely data which reflects the choices and actions of consumers. In particular, it offers continuous analyses and studies for which the retail industry and media of any type provide the data.

The sectors are complemented by Other, which comprises, in particular, the head office services of GfK for its subsidiaries and other non-market research-related services.

The Group measures the success of its sectors by reference to the adjusted operating income according to internal reporting. The adjusted operating income of a sector is determined on the basis of the operating income before interest and taxes by deducting the following expense and income items: "Write-downs on goodwill", "Write-ups and write-downs of additional assets identified on acquisitions", "Income and expenses in connection with share and asset deals", "Income and expenses in connection with reorganization and improvement projects", "Personnel expenses for share-based incentive payments", "Currency conversion differences" as well as "Income and expenses related to one off effects and other exceptional circumstances"

Income from third parties comprises sales established in accordance with IFRS. No material income was achieved between the sectors in the year under review. Depreciation and amortization comprises depreciation and amortization on tangible and intangible assets respectively in accordance with IFRS, excluding write-downs on additional assets identified on acquisitions and depreciation and amortization included in other operating expenses.

Up to 2012 inclusive, depreciation and amortization per sector was calculated similarly to the allocation of sales to the respective sector in the individual financial statements of the subsidiaries prepared for consolidation purposes. From the reporting year, the allocation of depreciation and amortization to the sectors in the individual financial statements of the subsidiaries will be used to calculate the depreciation and amortization per sector. The previous year's figures have been adjusted accordingly. The reconciliation of previous year's figures published in the 2012 Notes and the previous year's figures shown in the table below is shown in the next table:

	Depreciation/amortization 2012		
	Structure until 2012	*Reconciliation*	*Structure from 2013*
Consumer Experiences	26,317	−12,037	14,280
Consumer Choices	17,276	6,519	23,795
Other/reconciliation	1,237	5,518	6,755
GROUP	**44,830**	**0**	**44,830**

Segment information about the sectors for financial years 2012 and 2013 is shown in the table below.

	Income from third parties		*Depreciation/amortization*		*Impairments*		*Adjusted operating income*	
	2012	*2013*	*2012*	*2013*	*2012*	*2013*	*2012* [1]	*2013*
Consumer Experiences	907,772	881,324	14,280	12,933	3,791	126,938	58,850	58,603
Consumer Choices	601,626	607,781	23,795	24,292	2,452	10,751	139,256	144,362
Reconciliation	5,276	5,688	6,755	10,888	0	0	−10,676	−12,567
GROUP	**1,514,674**	**1,494,793**	**44,830**	**48,113**	**6,243**	**137,689**	**187,430**	**190,398**

[1] Adjusted in view of the retrospective application of IAS 19 (2011), see Section 25. "Provisions" of these Notes

The item "Reconciliation", which entails the reconciliation of the Consumer Experiences and Consumer Choices sectors with Group figures, includes the category "Other". Services not relating to market research included here are of minor importance.

The GfK Kynetec Group was hived off from the Consumer Experiences sector to the Consumer Choices sector on 1 January 2013. Previous year figures were adjusted accordingly. The change in accounting principles in IAS 19 means a further adjustment in previous year figures. Of the €357 thousand reduction in adjusted operating income in the 2012 reporting year, €50 thousand is attributable to the Consumer Experiences sector, €316 thousand to the Consumer Choices sector and €-9 thousand to Other.

Write-ups are not divided by sector. In the reporting year, these amounted to €1 thousand (2012: €653 thousand) and were therefore classed as of minor importance.

The reconciliation of depreciation and amortization in relation to the additions stated under depreciation and amortization for tangible and intangible assets in the consolidated schedule of movement in assets is as follows:

	2012	*2013*
Depreciation/amortization according to segment reporting	44,830	48,113
Amortization on additional assets identified on acquisitions	13,354	10,506
Depreciation/amortization in other net income	0	171
DEPRECIATION/AMORTIZATION IN CONSOLIDATED SCHEDULES OF MOVEMENT IN ASSETS (SEE SECTIONS 16 AND 17)	**58,184**	**58,790**

With regard to the reconciliation of adjusted operating income to operating income, reference is made to Section 11. of the Notes.

Information about geographical regions comprises details about the regions in which the GfK Group is active. These are Northern Europe, Southern and Western Europe, Central and Eastern Europe/META, North America, Latin America, Asia and the Pacific. This structure was introduced with the new corporate strategy on 1 January 2012.

The regions Southern and Western Europe as well as Central Eastern Europe/META comprise all the countries in the European Union as well as other European countries where the GfK Group is represented with the exception of Denmark, Germany, Latvia, Malta, Norway, Sweden, Switzerland and the United Kingdom. The latter are part of the Northern Europe region. In addition, African countries Egypt, Mozambique and South Africa as well as Kazakhstan, Russia, Pakistan and the United Arab Emirates are allocated to the segment Central Eastern Europe/META. The North America region includes the United States of America and Canada. Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru and Venezuela are allocated to the Latin America region. Asia and the Pacific includes subsidiaries in the countries Australia, China, India, Indonesia, Japan, Malaysia, Singapore, South Korea, Thailand and Vietnam.

The information about geographical regions is based on financial information, which is used to prepare the consolidated financial statements. In accordance with IFRS 8, the non-current assets do not comprise financial instruments, deferred tax assets, services after termination of employment and rights arising from insurance policies.

The information about the regions for financial years 2012 and 2013 is shown in the table below. Income from third parties has been allocated to the individual regions according to where the relevant subsidiary's head office is located. Non-current assets also include shares in associated companies.

	Income from third parties		*Non-current assets*	
	2012	*2013*	*31.12.2012*[1]	*31.12.2013*
Northern Europe	622,405	607,750	520,528	524,251
Southern and Western Europe	282,059	272,629	184,970	138,586
Central and Eastern Europe/META	121,818	127,663	148,362	139,995
North America	266,807	265,868	310,397	241,306
Latin America	66,595	66,519	54,441	24,985
Asia and the Pacific	154,990	154,364	87,946	80,791
GROUP	**1,514,674**	**1,494,793**	**1,306,644**	**1,149,914**

1) Previous year's figures adjusted

The reconciliation of non-current assets to the consolidated balance sheet is as follows:

	31.12.2012[1]	*31.12.2013*
Non-current assets	1,306,644	1,149,914
Other financial assets	4,932	6,491
Deferred tax assets	49,441	38,154
NON-CURRENT ASSETS ACCORDING TO THE CONSOLIDATED BALANCE SHEET	**1,361,017**	**1,194,559**

1) Adjusted in view of retrospective application of IAS 19 (2011), see Section 25., "Provisions", of these Notes

Additions to tangible and other intangible assets are split as follows between the sectors:

	Additions to fixed assets	
	2012	*2013*
Consumer Experiences	78,434	18,897
Consumer Choices	41,188	38,511
Other/reconciliation	8,892	25,628
GROUP	**128,514**	**83,036**

The division of income from third parties according to groups of comparable services corresponds to the above segment information for the Consumer Experiences and Consumer Choices sectors.

More than 10% of non-current assets are attributable to the following countries:

	Non-current assets	
	31.12.2012[1]	*31.12.2013*
Germany	218,358	237,328
USA	303,418	235,307
UK	222,524	215,921

1) Previous year allocation adjusted

More than 10% of consolidated sales were achieved in each of the following countries:

	Income from third parties	
	2012	*2013*
Germany	389,919	390,912
USA	256,645	256,645
UK	162,563	152,150

As in the previous year, no single client in any part of the Group accounted for income from third parties in excess of 10% of consolidated sales in the period under review.

34. PENDING LITIGATION AND CLAIMS FOR COMPENSATION

GfK is involved in legal proceedings for different legal reasons in various countries. From the point of view of Management Board, these disputes do not pose any material risk for the GfK Group. Risks arising from claims for compensation and issues of liability are either insured through insurances applicable locally or group-wide, or the necessary provisions have been set aside.

35. EVENTS AFTER THE BALANCE SHEET DATE

In a press release published on 20 February 2014, the GfK Group announced that the service contract of CEO Matthias Hartmann has been extended by five years by decision of the Supervisory Board on 4 December 2013.

In January 2014, GfK signed an agreement with Saudi Measurement Company (SMMC) which will see the introduction of a new TV audience measurement service in the Kingdom of Saudi Arabia. GfK will set up the first electronic system to measure TV tune-in rates in the country. The initial term of the contract is of five years.

Also in January 2014, Twitter and GfK announced an exclusive alliance to introduce a GfK Twitter TV Ratings service in Germany, Austria and the Netherlands. The new service will provide data on the frequency and reach of messages from Twitter users relating to specific TV programs and campaigns.

36. AMENDMENTS TO IFRS STANDARDS AND INTERPRETATIONS

First-time application of standards or interpretations

Changes in accounting policies arising from a new standard or new interpretation are outlined in the following where they are relevant to the GfK Group.

AMENDMENTS TO IFRS 7, "FINANCIAL INSTRUMENTS: DISCLOSURES"

The amendments to IFRS 7 provide for extended disclosures in the Notes on offsetting financial assets and financial liabilities. The amendments to IFRS 7 must be applied for the first time to financial years starting on or after 1 January 2013. The amendments have no material impact on the consolidated financial statements of the GfK Group.

IFRS 13, "FAIR VALUE MEASUREMENT"

The objective of IFRS 13 is to provide uniform rules on measurement at fair value in IFRS financial statements. In future, all measurements at fair value demanded in accordance with other standards will have to follow the uniform guidelines of IFRS 13; separate rules will only continue to be provided for IAS 17 and IFRS 2. In addition, IFRS 13 replaces and extends disclosure obligations relating to the fair value measurement in other IFRS.

Fair value in accordance with IFRS 13 is defined as the exit price, i.e. as the price that would be achieved through the sale of an asset or as the price that would have to be paid to transfer a debt. As is familiar from the measurement at fair value of financial assets, IFRS 13 introduces a three-level hierarchical system which is graduated with regard to dependence on observable market prices. IFRS 13 must be applied for the first time to financial years starting on or after 1 January 2013. In line with transitional guidelines for IFRS 13, the new regulations were applied prospectively and no previous-year comparative data was given for new figures. Irrespective of this, the new measurement at fair value had no material impact on the valuation of the GfK Group's assets or liabilities.

Following a subsequent change arising from IFRS 13, a new mandatory disclosure relating to the goodwill impairment test was introduced under IAS 36: this requires the disclosure of the recoverable amount of a cash-generating unit, irrespective of whether there has actually been an impairment or not. Since this disclosure was introduced unintentionally, it was scrapped again with the May 2013 amendment.

In addition, the amendment introduces additional disclosures if an impairment was actually recognized and the recoverable amount was based on fair value.

The changes must be applied for the first time to financial years starting on or after 1 January 2014. The GfK Group is taking advantage of the option to apply the regulations early. In this context, please see explanations in Section 16. "Intangible assets".

AMENDMENT TO IAS 1, "PRESENTATION OF FINANCIAL STATEMENTS"

The amendment to IAS 1 has changed the presentation of other comprehensive income in the statement of comprehensive income. Under certain circumstances, items of other comprehensive income, which are subsequently recycled into the income statement, must in future be shown separately from items of other comprehensive income that are never recycled. IAS 1 must be applied for the first time to financial years starting on or after 1 July 2012. The GfK Group has met these amended disclosure requirements; comparative information has been adjusted accordingly.

IAS 19, "EMPLOYEE BENEFITS"

The most important change from the amendment to IAS 19 affects the accounting of pension provisions from defined benefit plans.

Until now, there was a choice regarding the disclosure of actuarial gains and losses in the financial statement. There were three options:

.. they could be either recognized through profit and loss in the income statement,
.. in other comprehensive income (OCI) or
.. deferred recognition using the corridor method.

The new version of IAS 19 has eliminated this choice in favor of a more transparent and more comparable depiction: based on the revised version of IAS 19, only direct and complete recognition in other comprehensive income is now permitted. Past service cost must also be recognized directly in profit or loss in the year it is incurred. The retrospective application of the amendment has had no effect since the GfK Group had already recognized actuarial gains and losses in full in the year they arose under other comprehensive income before the implementation of IAS 19.

In addition, until now, anticipated interest income from plan assets was determined on the basis of management's expectations regarding the performance of its investment portfolio at the beginning of the accounting period. Following application of the revised version of IAS 19, only a return on plan assets that applied to the discount rate for the pension provisions at the beginning of the period is admissible.

The amended definition of termination benefits now has an impact on the reporting of top-up amounts promised as part of partial retirement agreements. Previously, top-up amounts were classified as termination benefits and accordingly provided for in their entirety at the time the partial retirement agreement was concluded. Because of the change to the definition of termination benefits, top-up amounts no longer fulfill the preconditions for consideration as termination benefits when the revised version of IAS 19 is applied. Rather they are other long-term employee benefits, which must be accrued pro rata over the employee's period of service.

The amendment must be applied for the first time to financial years starting on or after 1 January 2013.

Based on the revised definition of termination benefits, top-up amounts promised as part of partial retirement agreements now represent other long-term employee benefits. The retrospective change has not had any material impact on the GfK Group.

The impact of the amended IAS 19 on the previous and current year is shown in Section 25. of the Notes.

FURTHER AMENDMENTS TO IAS 1, "PRESENTATION OF FINANCIAL STATEMENTS", AND AMENDMENTS TO IAS 16, "PROPERTY, PLANT AND EQUIPMENT", IAS 32, "FINANCIAL INSTRUMENTS: PRESENTATION" AND IAS 34, "INTERIM FINANCIAL REPORTING"

As part of the annual improvement project, amendments were made to various standards. The aim of these amendments is to eliminate inconsistencies in the International Financial Reporting Standards or to clarify existing rules. The amendments apply to financial years starting after 1 January 2013. There has been no major impact on the GfK Group's consolidated financial statements from the amendments.

Standards and interpretations adopted by the EU whose application is not yet mandatory for financial years starting on 1 January 2013

GfK does not plan early application of the new or amended standards and interpretations, which are explained below. Unless stated otherwise, the impact on the GfK Group's consolidated financial statements is currently being examined.
Besides the following standards and interpretations which could have a significant influence on the consolidated financial statements, others which are expected to have no major impact were also adopted.

IFRS 10, "CONSOLIDATED FINANCIAL STATEMENTS"

The term "control" is newly and comprehensively defined in IFRS 10. If a company controls another company, the parent company must consolidate the entity. Under the new concept, control is presumed if the potential parent company has decision-making powers based on voting rights or other rights over the potential subsidiary; it participates in positive or negative variable returns from the subsidiary and can influence these returns through its decision-making powers.

IFRS 10 must be applied for the first time to financial years starting on or after 1 January 2014. Apart from certain exceptions, IFRS 10 must be applied retrospectively. The GfK Group is currently working out the impact from the first application of IFRS 10 in relation to the interim report for Q1 2014. So far, there are no indications of any implication as regards the scope of companies to be consolidated.

IFRS 11, "JOINT ARRANGEMENTS"

IFRS 11 has issued a new provision that governs the reporting of joint arrangements. Under the new concept, a decision has to be made as to whether the entity involved is a joint operation or a joint venture.

A joint operation exists if the jointly controlling parties have direct rights to the assets and obligations for the liabilities. The individual rights and obligations are accounted on a proportionate basis in the consolidated financial statements.

By contrast, in a joint venture, the jointly controlling parties have rights to the surplus assets. Such a right is depicted in the consolidated financial statements by applying the equity method; the option of pro rata inclusion in the consolidated financial statements no longer applies.

IFRS 11 must be applied for the first time to financial years starting on or after 1 January 2014. Specific transitional provisions exist for the transition, for instance, from proportionate consolidation to the equity method.

The GfK Group is currently working out the impact from the first application of IFRS 11 in relation to the interim report for Q1 2014. Based on the analyses carried out so far, the joint arrangements which are relevant to the GfK Group can mostly be qualified as joint ventures as per IFRS 11. Since joint ventures in the GfK Group are already consolidated in the financial statements by applying the equity method in accordance with the existing right, scrapping the option of proportionate consolidation has no impact.

IFRS 12, "DISCLOSURE OF INTERESTS IN OTHER ENTITIES"

IFRS 12 governs the disclosure requirements in regard to shares in other enterprises. The disclosures are far more extensive than the previous disclosures required under IAS 27, IAS 28 and IAS 31. The new standard must be applied for the first time to financial years starting on or after 1 January 2014.

AMENDMENTS TO IFRS 10, IFRS 11 AND IFRS 12: TRANSITIONAL PROVISIONS

The changes include a clarification and additional relief for the transition to IFRS 10, IFRS 11 and IFRS 12. For example, adjusted comparative information is only required for the previous comparative period. In addition, comparatives for disclosures relating to unconsolidated structured companies are not required for periods prior to the period in which the amendment to IFRS 12 is first effective. The amendments to IFRS 10, IFRS 11 and IFRS 12 are first effective for periods starting on or after 1 January 2014.

AMENDMENT TO IAS 28, "INVESTMENTS IN ASSOCIATES AND JOINT VENTURES"

As part of the adoption of IFRS 11, Joint Arrangements, IAS 28 was also adjusted. IAS 28 will continue to regulate application of the equity method; however, the scope of IAS 28 will be extended considerably through the adoption of IFRS 11, since in future, it is not only investments in associates that must be measured according to the equity method but also interests in joint ventures. The application of proportionate consolidation for joint ventures will no longer be permitted.

A further amendment relates to reporting under IFRS 5 when only part of a stake in an associate or a joint venture is earmarked for sale. IFRS 5 must be applied to the stake earmarked for sales, while the remaining retained stake must continue to be consolidated using the equity method until it is sold off. The amendment must be applied for the first time to financial years starting on or after 1 January 2014.

AMENDMENT TO IAS 32, "FINANCIAL INSTRUMENTS: PRESENTATION"

The addition to IAS 32 clarifies the preconditions for offsetting financial instruments. It also clarifies the significance of the current legal right of set-off and a definition is provided as to which gross settlement mechanisms can be viewed as net settlement for the purposes of the standard. The amendment to IAS 32 must be applied for the first time to financial years starting on or after 1 January 2014.

AMENDMENT TO IAS 39, "FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT"

As a result of this change, in spite of a novation of a hedging instrument to a central counterparty arising as a consequence of laws or regulations, under certain circumstances, derivatives will continue to be designated as hedging instruments in ongoing hedging relationships. The amendment must be applied for the first time to financial years starting on or after 1 January 2014.

37. SUPPLEMENTARY DISCLOSURES

Auditor's service fee

In 2013, the cost of the auditor's fee for GfK SE was €1,320 thousand (2012: €1,406 thousand). The fee comprises the auditing of the annual financial statements of GfK SE in accordance with the German Commercial Code (HGB), the Group reporting package in accordance with IFRS as well as the IFRS consolidated financial statements and the Group Management Report. In addition, the fee included the financial statements audited by the auditor for German and North American subsidiaries in accordance with national legislation (where required) as well as the IFRS reporting package.

The cost of tax advice from the auditors in Germany was €482 thousand (2012: €312 thousand) and €123 thousand (2012: €193 thousand) for other services provided by the auditors.

Exemption of subsidiaries from the obligation to prepare financial statements

Pursuant to Section 264 (3) of the German Commercial Code (HGB), GfK Retail and Technology GmbH, Nuremberg, ENCODEX International GmbH, Nuremberg, and GfK GeoMarketing GmbH, Bruchsal, are exempt from preparing, having audited and disclosing annual financial statements and a Management Report in accordance with the provisions for joint stock companies pursuant to Sections 264 ff. of the HGB.

Number of staff

In the year under review, an average of 12,904 (2012: 12,224) staff were employed. The annual average number of staff was determined on the basis of the full-time equivalent. The average was calculated using the key dates of 31 March, 30 June, 30 September and 31 December.

The allocation of staff to the sectors, including the Other division, is shown in the table below.

	2012	*2013*
Consumer Experiences	6,810	7,136
Consumer Choices	4,772	5,143
Other	467	463
	12,049	**12,742**
Managing directors/Management Board members	106	100
Trainees	69	62
FULL-TIME EMPLOYEES	**12,224**	**12,904**

The GfK Kynetec Group was transferred from the Consumer Experiences sector into the Consumer Choices sector on 1 January 2013. Previous-year figures were adjusted accordingly.

38. SUPERVISORY BOARD

DR. ARNO MAHLERT
Chairman of the Supervisory Board
Non-Executive Director

Seats held on other supervisory boards and comparable supervisory bodies:
.. eterna Mode GmbH, Passau, Germany (Chairman) (until 30 September 2013)
.. Franz Cornelsen Bildungsholding KG, Berlin, Germany (Chairman) (since 1 January 2013)
.. DAL Deutsche Afrika-Linien GmbH & Co. KG, Hamburg, Germany
.. maxingvest AG, Hamburg, Germany
.. Peek & Cloppenburg KG, Hamburg, Germany
.. Zeitverlag Gerd Bucerius GmbH & Co., Hamburg, Germany

DR. BERNHARD DÜTTMANN
Deputy Chairman of the Supervisory Board (since 17 May 2013)
Member of the Management Board and CFO of Lanxess AG, Cologne, Germany

STEFAN PFANDER
Deputy Chairman of the Supervisory Board (until 17 May 2013)
Management Consultant

Seats held on other supervisory boards and comparable supervisory bodies:
.. PETMedical AG, Zumikon, Switzerland (Chairman)
.. Treofan Holdings GmbH, Raunheim, Germany (Chairman)
.. maxingvest AG, Hamburg, Germany

DR. CHRISTOPH ACHENBACH
Managing Partner at BfUN Beratung für Unternehmensführung und -nachfolge GmbH, Cologne, Germany

Seats held on other supervisory boards and comparable supervisory bodies:
.. EFCO Maschinenbau GmbH, Düren, Germany
.. Peek & Cloppenburg KG, Hamburg, Germany
.. Utsch AG, Siegen, Germany (until 12 December 2013)

DR. WOLFGANG C. BERNDT
Non-Executive Director

Seats held on other supervisory boards and comparable supervisory bodies:
.. MIBA AG, Laakirchen, Austria (Chairman since 28 June 2013)
.. MIBA Beteiligungs AG, Laakirchen, Austria
.. OMV AG, Vienna, Austria (Deputy Chairman)
.. LPC Capital Partners GmbH (formerly BAST AG), Vienna, Austria

HANS VAN BYLEN (SINCE 17 MAY 2013)
Member of the Management Board of Henkel Management AG & Co. KGaA, Düsseldorf, Germany

Seats held on other supervisory boards and comparable supervisory bodies:
.. Dial Corporation, Scottsdale, Arizona, USA (Chairman)

SANDRA HOFSTETTER
Independent Works' Council representative at GfK SE, Nuremberg, Germany
Deputy Chairman of the Works' Council at GfK SE
Deputy Chairman of the European GfK SE Works' Council

STEPHAN LINDEMAN
Research Director, Intomart GfK B.V., Hilversum, Netherlands
Chairman of the Works' Council at Intomart GfK B.V., Hilversum, Netherlands
Deputy Chairman of the European GfK SE Works' Council

SHANI ORCHARD
Human Resources and Facilities Director at GfK Retail and Technology UK Ltd., West Byfleet, Surrey, UK
Member of the Steering Committee of the European GfK SE Works' Council

HAUKE STARS
Member of the Management Board of Deutsche Börse AG, Eschborn, Germany

Seats held on other supervisory boards and comparable supervisory bodies:
.. Clearstream Banking AG, Frankfurt, Germany (Deputy Chairman)*, (since 6 May 2013)
.. Clearstream Banking S.A., Luxembourg, Luxembourg* (since 2 August 2013)
.. Clearstream Services S.A., Luxembourg, Luxembourg* (since 27 March 2013)
.. Deutsche Boerse Systems, Inc., Chicago, Illinois, USA* (from 2 January 2013 to 31 December 2013)
.. Eurex Frankfurt AG, Frankfurt, Germany* (since 21 March 2013)
.. Eurex Zürich AG, Zurich, Switzerland* (since 21 March 2013)
.. International Securities Exchange LLC, New York, New York, USA* (since 21 February 2013)
.. ISE Gemini, LLC (formerly Topaz Exchange, LLC), New York, New York, USA* (since 26 July 2013)
.. Klöckner & Co. SE, Duisburg, Germany

*(Group responsibility at Deutsche Börse AG, Eschborn, Germany)

DIETER WILBOIS
Independent Works' Council representative at GfK SE, Nuremberg, Germany
Chairman of the Group Works' Council
Chairman of the European GfK SE Works' Council

39. MANAGEMENT BOARD

MATTHIAS HARTMANN
Chief Executive Officer (CEO)

Responsible for the corporate functions Strategy (Innovation and Digital), IT (Strategy, Enterprise- and Business Applications, Infrastructure), Executives in the level below the Management Board (Development and Compensation), Integrity, Compliance and Intellectual Property, Internal Audit, Investor Relations and Marketing and Communications.

PAMELA KNAPP
Chief Financial Officer (CFO)

Responsible for the corporate functions Finance (Accounting, Controlling, Finance IT), Finance Administration (Corporate Shareholder Management, Investment Controlling, Risk Management, Mergers and Acquisitions, Tax), Treasury, Legal, Human Resources, Central Services and Procurement.

Seats held on supervisory boards and comparable supervisory bodies:
.. Monier Holding GP S.A., Luxembourg, Luxembourg (until 11 February 2013)
.. Peugeot-Citroën S.A., Paris, France
.. Hofstetter, Kramasch & Partner Holding AG, Zurich, Switzerland (since 1 January 2013)
.. Compagnie de Saint-Gobain S.A., Courbevoie, France (since 6 June 2013)

DR. GERHARD HAUSRUCKINGER
Chief Operating Officer (COO)
Consumer Choices sector

Seats held on supervisory boards and comparable supervisory bodies:
.. FehrAdvice & Partners AG, Zurich, Switzerland
.. Douglas Holding AG, Hagen, Germany, member of the Strategic Advisory Board

DEBRA A. PRUENT
Chief Operating Officer (COO),
Consumer Experiences sector

40. SHAREHOLDINGS OF THE GfK GROUP

Information in accordance with the German Commercial Code (HGB). As at 31 December 2013

AFFILIATED COMPANIES (GERMANY) INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS (DETAILS ACCORDING TO IFRS COMMERCIAL BALANCE SHEET II)

Company name and registered office	Share in the capital (in %)	Financial year	Equity (in € '000)
ENCODEX International GmbH, Nuremberg	95.00	2013	421[1]
GfK Beteiligungsgesellschaft mbH, Nuremberg	100.00[6]	2013	24[8]
GfK Enigma GmbH, Wiesbaden	100.00	2013	724[1]
GfK GeoMarketing GmbH, Bruchsal	100.00	2013	725[1]
GfK Middle East CR Holding GmbH, Nuremberg	100.00	2013	374
GfK North America Holding GmbH, Nuremberg	100.00	2013	407,890[1]
GfK nurago GmbH, Hanover	100.00[3]	2013	–5,837
GfK Retail and Technology GmbH, Nuremberg	95.00[9]	2013	157,232[1]
GfK SirValUse Consulting GmbH, Hamburg	100.00	2013	9,231
IFR Deutschland GmbH, Düsseldorf	100.00[3]	2013	–1,683
media control® GfK INTERNATIONAL GmbH, Baden-Baden	100.00[4]	2013	6,010
Media Markt Analysen GmbH & Co. KG, Frankfurt/Main	100.00	2013	–1,046
Modata GmbH i.L., Berlin	100.00[7]	2013	282

AFFILIATED COMPANIES (ABROAD) INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS (DETAILS ACCORDING TO IFRS COMMERCIAL BALANCE SHEET II)

Company name and registered office	Share in the capital (in %)	Financial year	Equity (in € '000)
Adimark S.A., Providencia, Santiago, Chile	100.00	2013	1,424
AFI Investments ULC, London, United Kingdom	100.00[3][7]	2013	966
Barterstore ULC, London, United Kingdom	100.00[3]	2013	5,050
Beijing Sino Market Research Co., Ltd., Beijing, China	100.00[3]	2013	3,739
BIL Holdco Limited, Lincoln, United Kingdom	100.00[3]	2013	601
China Market Monitor Co., Ltd., Beijing, China	100.00[3]	2013	4,120
Corporación Empresarial ASA, S.A.P.I. de C.V., Mexico City, Mexico	100.00[3]	2013	870
Doane Marketing Research, Inc., Saint Louis, Missouri, USA	100.00[3]	2013	3,267
Etilize (Private) Limited, Karachi, Pakistan	100.00[3]	2013	703
G F K Egypt LTD, Cairo, Egypt	100.00[3]	2013	716
GfK - Centar za istrazivanje trzista d.o.o., Zagreb, Croatia	100.00[3]	2013	948
GfK - Conecta S.A.C., Lima, Peru	100.00[3]	2013	516
GfK (U.K.) Ltd., West Byfleet, Surrey, United Kingdom	100.00[3]	2013	5,967
GfK Adimark Chile S.A., Providencia, Santiago, Chile	100.00[3]	2013	4,681
GfK Arastirma Hizmetleri A.S., Istanbul, Turkey	100.00	2013	2,817
GfK Ascent-MI Limited, West Byfleet, Surrey, United Kingdom	100.00	2013	159
GfK Asia Pte Ltd., Singapore, Singapore	100.00[3]	2013	44,079
GfK Australia Pty. Ltd., Sydney, Australia	100.00	2013	3,358
GfK Austria GmbH, Vienna, Austria	95.10[3][9]	2013	13,007
GfK Belgium NV, Leuven, Belgium	100.00[3]	2013	8,184
GfK Belgrade d.o.o., Belgrade, Serbia	100.00[3]	2013	598
GfK BH d.o.o., Sarajevo, Bosnia-Herzegovina	100.00[3]	2013	256
GfK Blue Moon Quantitative Research Pty. Limited, St Leonards, Australia	100.00[3]	2013	311
GfK Blue Moon Research and Planning Pty. Limited, St Leonards, Australia	100.00[3]	2013	879
GfK Boutique Research Inc., Boston, Massachusetts, USA	100.00[3]	2013	5,844
GfK Bridgehead Limited, London, United Kingdom	100.00[3][7]	2013	13,639
GfK Chart-Track Limited, London, United Kingdom	100.00[3]	2013	535
GfK Colombia S.A., Bogotá, Colombia	99.40[3]	2013	961
GfK Custom Research Baltic SIA, Riga, Latvia	100.00[3]	2013	–444
GfK Custom Research Beijing Co., Ltd., Beijing, China	90.00	2013	3,556

1) Profit and loss transfer agreement 2) Significant influence due to extensive contractual participation rights 3) Full indirect shareholding
4) Partially indirect shareholding 5) Details not available 6) Newly established in 2013 7) In liquidation 8) Rump financial year 9) Shareholding of the minority shareholder is regulated by separate agreement 10) An evaluation at equity was not carried out for reasons of materiality 11) Details from 2012

Company name and registered office	Share in the capital (in %)	Financial year	Equity (in € '000)
GfK Custom Research Brasil Pesquisa de Mercado Ltda., São Paulo, Brazil	95.00	2013	1,083
GfK Custom Research Japan KK, Tokyo, Japan	86.00	2013	509
GfK Custom Research South Korea, Ltd., Seoul, South South Korea	100.00	2013	−836
GfK Custom Research Latam Holding, S.L., Valencia, Spain	100.00	2013	901
GfK Custom Research Pte. Ltd., Singapore, Singapore	100.00	2013	8,880
GfK Custom Research, LLC, New York, New York, USA	100.00[3]	2013	49,090
GfK Czech, s.r.o., Prague, Czech Republic	100.00[3]	2013	141
GfK Danmark A/S, Frederiksberg, Denmark	100.00	2013	170
GfK EMER Ad Hoc Research, S.L., Valencia, Spain	50.10	2013	6,199
GfK Etilize, Inc., Rolling Hills Estates, California, USA	100.00[3]	2013	7,474
GfK Eurisko S.r.l., Milan, Italy	100.00[3]	2013	2,079
GFK HELLAS E.P.E., Athens, Greece	100.00	2013	1,918
GFK HOLDING MEXICO, S.A. DE C.V., Mexico City, Mexico	100.00	2013	7,095
GfK Holding, Inc., Wilmington, Delaware, USA	100.00[3]	2013	253,881
GfK Hungária Piackutató Kft., Budapest, Hungary	100.00[3]	2013	1,713
GfK Immobilier SAS, Suresnes, France	100.00[3]	2013	−153
GFK ISL, CUSTOM RESEARCH FRANCE SAS, Suresnes, France	100.00	2013	−1,540
GfK Kazakhstan TOO, Almaty, Kazakhstan	100.00[3]	2013	21
GfK Kleiman Sygnos S.A., Buenos Aires, Argentina	100.00[4]	2013	−229
GfK Kynetec France SAS, Saint Aubin, France	100.00[3]	2013	128
GfK Kynetec Group Limited, St Peter Port, Guernsey, United Kingdom	100.00	2013	24,636
GfK Kynetec Limited, Bristol, United Kingdom	100.00[3]	2013	4,400
GFK LATINOAMERICA HOLDING, S.L., Valencia, Spain	51.00[3]	2013	4,045
GfK LifeStyle Tracking Japan KK, Tokyo, Japan	100.00	2013	1,994
GfK Malta Holding Limited, Portomaso, Malta	100.00[4]	2013	245,657
GfK Malta Services Limited, Portomaso, Malta	100.00[3]	2013	106,961
GfK Market Consulting (Beijing) Co. Ltd., Beijing, China	99.00[3]	2013	1,308
GfK Marketing Services Japan K.K., Tokyo, Japan	84.21[3]	2013	22,226
GfK MarketWise Ltd., Bangkok, Thailand	100.00[4]	2013	498
GfK Mediamark Research & Intelligence, LLC, New York, New York, USA	100.00[3]	2013	27,357
Gfk Middle East FZ-LLC, Dubai, United Arab Emirates	100.00[3]	2013	−2,104
GfK Mode Pvt Ltd, Kolkata, India	100.00[3]	2013	4,590
GfK Mystery Shopping Services Ltd., London, United Kingdom	100.00[3]	2013	335
GfK Nielsen India Private Limited, Mumbai, India	50.10[3]	2013	3,246
GfK NOP Field Interviewing Services Limited, London, United Kingdom	100.00[3]	2013	641
GfK NOP Field Marketing Services Limited, London, United Kingdom	100.00[3]	2013	304
GfK NOP Limited, London, United Kingdom	100.00[3]	2013	78,505
GfK NOP Mystery Shopping Services Limited, London, United Kingdom	100.00[3]	2013	211
GfK NOP Services Limited, London, United Kingdom	100.00[3]	2013	527
GfK NOP Telephone Interviewing Services Limited, London, United Kingdom	100.00[3]	2013	899
GfK NOP U.K. Holding Limited, London, United Kingdom	100.00[3]	2013	21,365
GfK Norge A/S, Oslo, Norway	100.00	2013	1,306
GfK North America Holding LLC, Wilmington, Delaware, USA	100.00[3][6]	2013	239,356[8]
GfK Panelservices Benelux B.V., Dongen, Netherlands	100.00[3]	2013	9,672
GfK Polonia Sp. z o.o., Warsaw, Poland	100.00[3]	2013	4,881
GfK PORTUGAL - Marketing Services, S.A., Lisbon, Portugal	80.00[3]	2013	2,449
GfK Research Dynamics, Inc., Mississauga, Canada	100.00	2013	1,438
GfK Retail and Technology (Cyprus) LTD, Nicosia, Cyprus	100.00[3]	2013	476
GfK Retail and Technology (Thailand) Ltd., Bangkok, Thailand	100.00[3]	2013	291
GfK Retail and Technology Argentina S.A., Buenos Aires, Argentina	95.10[3]	2013	776
GfK Retail and Technology Asia Holding B.V., Amsterdam, Netherlands	89.48[3]	2013	1,782

[1] Profit and loss transfer agreement [2] Significant influence due to extensive contractual participation rights [3] Full indirect shareholding
[4] Partially indirect shareholding [5] Details not available [6] Newly established in 2013 [7] In liquidation [8] Rump financial year [9] Shareholding of the minority shareholder is regulated by separate agreement [10] An evaluation at equity was not carried out for reasons of materiality [11] Details from 2012

Company name and registered office	*Share in the capital (in %)*	*Financial year*	*Equity (in € '000)*
GfK Retail and Technology Baltic SIA, Riga, Latvia	100.00[3]	2013	1,436
GfK Retail and Technology Benelux B.V., Amstelveen, Netherlands	100.00[3]	2013	11,263
GfK Retail and Technology Brasil Ltda., São Paulo, Brazil	95.00[3]	2013	3,060
GfK Retail and Technology Chile Limitada, Santiago, Chile	100.00[3]	2013	1,667
GfK Retail and Technology China Co. Ltd., Shanghai, China	100.00[3]	2013	20,931
GfK Retail and Technology España, S.A., Valencia, Spain	50.10[3]	2013	7,631
Gfk Retail and Technology France SAS, Suresnes, France	100.00[3]	2013	8,931
GfK Retail and Technology Hong Kong Limited, Hong Kong, China	100.00[3]	2013	583
GfK Retail and Technology Italia S.r.l., Milan, Italy	100.00[3]	2013	9,055
GfK Retail and Technology Korea Limited, Seoul, South Korea	100.00[3]	2013	5,032
GfK Retail and Technology Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.00[3]	2013	1,089
GfK Retail and Technology Market Research Vietnam Limited, Ho-Chi-Minh-City, Vietnam	100.00[3]	2013	229
GfK Retail and Technology Middle East FZ-LLC, Dubai, United Arab Emirates	100.00[3]	2013	1,123
GfK Retail and Technology Peru S.A.C., Lima, Peru	100.00[3]	2013	613
GfK Retail and Technology Taiwan Ltd, Taipeh, Taiwan, China	100.00[3]	2013	1,838
GfK Retail and Technology UK Ltd., West Byfleet, Surrey, United Kingdom	100.00[3]	2013	12,932
GfK Retail and Technology USA, LLC, Wilmington, Delaware, USA	100.00[3]	2013	−446
GfK Retail and Technology, Australia Pty. Limited, Sydney, Australia	100.00[3]	2013	14,072
GfK Romania-Institut de Cercetare de Piata Srl, Bucharest, Romania	100.00[3]	2013	1,655
GfK Slovakia s.r.o., Bratislava, Slovakia	100.00[3]	2013	−733
GFK SLOVENIJA, tržne raziskave d.o.o., Ljubljana, Slovenia	100.00[3]	2013	513
GfK South Africa (Pty), Sandton, South Africa	100.00[3]	2013	505
GfK Sverige Aktiebolag, Lund, Sweden	100.00	2013	4,396
GfK Switzerland AG, Hergiswil, Switzerland	100.00	2013	20,895
GfK UK Entertainments Ltd., London, United Kingdom	100.00	2013	904
GfK Ukraine, Kiev, Ukraine	100.00[3]	2013	3,149
GfK US Holdings, Inc., Wilmington, Delaware, USA	100.00[3]	2013	291,185
GfK-Bulgaria, Institut für Marktforschung EGmbH, Sofia, Bulgaria	100.00[3]	2013	1,529
GFKEcuador S.A. Investigacion Estrategica, Quito, Ecuador	99.91[3]	2013	553
GfK-Media Research Middle East SA, Hergiswil, Switzerland	67.00[3]	2013	−208
GfK-RUS Gesellschaft mbH, Moscow, Russia	100.00[3]	2013	9,412
IFR Europe Ltd., London, United Kingdom	100.00[3]	2013	−2,738
IFR Italia S.r.L., Milan, Italy	100.00[3]	2013	−117
IFR Marketing España S.A., Madrid, Spain	100.00[3]	2013	−357
IFR Monitoring Canada Inc., Niagara Falls, Canada	100.00[3]	2013	215
IFR Monitoring USA Inc., Niagara Falls, New York, USA	100.00[3]	2013	184
IFR South America, SA, Buenos Aires, Argentina	70.00[3]	2013	44
INCOMA GfK, s.r.o., Prague, Czech Republic	85.00[3]	2013	42
Institut Français de Recherche-I.F.R. S.A., Suresnes, France	100.00	2013	9,368
INTERCAMPUS ESTUDOS DE MERCADO, LDA, Maputo, Mozambique	80.00[3]	2013	−129
INTERCAMPUS-RECOLHA, TRATAMENTO E DISTRIBUIÇÃO DE INFORMAÇÃO, S.A., Lisbon, Portugal	69.10[3]	2013	943
Intomart GfK B.V., Hilversum, Netherlands	100.00[3]	2013	17,598
Intomart GfK Group B.V., Hilversum, Netherlands	100.00[3]	2013	−1,347
MERC Analistas de Mercados C.A., Caracas, Venezuela	100.00[3]	2013	454
MERC Analistas de Mercados, S.A.P.I. de C.V., Mexico-City, Mexico	100.00[3]	2013	5,891
METRIS-MÉTODOS DE RECOLHA E INVESTIGAÇÃO SOCIAL, S.A., Lisbon, Portugal	71.00[3]	2013	1,017
NOP World Limited, London, United Kingdom	100.00[3]	2013	54,005
Numbers Services Limited, London, United Kingdom	100.00[3]	2013	993
PT. GfK Retail and Technology Indonesia, Jakarta, Indonesia	100.00[3]	2013	139
Shopping Brasil Tecnologia da Informação Ltda, Porto Alegre, Brazil	86.03[3]	2013	1,209

[1] Profit and loss transfer agreement [2] Significant influence due to extensive contractual participation rights [3] Full indirect shareholding
[4] Partially indirect shareholding [5] Details not available [6] Newly established in 2013 [7] In liquidation [8] Rump financial year [9] Shareholding of the minority shareholder is regulated by separate agreement [10] An evaluation at equity was not carried out for reasons of materiality [11] Details from 2012

AFFILIATED COMPANIES (GERMANY) NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS (DETAILS ACCORDING TO HGB COMMERCIAL BALANCE SHEET I)

Company name and registered office	Share in the capital (in %)	Financial year	Equity (in € '000)
1-2-3 MysteryWorld Net GmbH, Hamburg	100.00	2013	35
GfK Siebte Vermögensverwaltungs GmbH, Nuremberg	100.00	2013	24
GfK Vierte Vermögensverwaltungs GmbH, Nuremberg	100.00	2013	25[1]
Media Markt Analysen Verwaltungs-GmbH, Frankfurt/Main	100.00	2013	28
TRMR Vermögensverwaltungs GmbH, Nuremberg	100.00[6]	2013	24[8]

AFFILIATED COMPANIES (ABROAD) NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Company name and registered office	Share in the capital (in %)	Financial year	Equity (in € '000)
Adfinders B.V., Hoofddorp, Netherlands	100.00[3]	2013	−654
G F K Lanka (Private) Limited, Colombo, Sri Lanka	100.00[3][6]	2013	124[8]
GfK-Retail and Technology Colombia Limitada, Bogotá, Colombia	99.50[3]	2013	298
GfK Albania, Tirana, Albania	100.00[3]	2013	228
GfK Client Solutions Ltd., Tel Aviv, Israel	100.00[3]	2013	37
GfK Ecuador Investigación de Mercado CIA. LTDA., Quito, Ecuador	100.00[3]	2013	−9
GfK Kynetec Poland, Poznań, Poland	100.00[3]	2013	7
GfK Levant s.a.r.l., Beirut, Lebanon	100.00[3]	2013	22
GfK m2 GmbH, Hergiswil, Switzerland	70.00[7]	2013	−560
GfK Market Research Brasil Pesquisa de Mercado Ltda., São Paulo, Brazil	100.00[4]	2013	−50
GfK Marketing Services Eastern Europe Holding spol. z o. o., Warsaw, Poland	100.00[3]	2013	3
GFK PANAMA S.A., Panama-City, Panama	100.00[3]	2013	−17
GFK Retail & Technology Egypt, L.L.C., Cairo, Egypt	100.00[3]	2013	166
GfK Retail & Technology Ltd., Ramat Gan, Israel	90.00[3]	2013	−490
GfK Retail and Technology East Africa Limited, Nairobi, Kenya	100.00[3]	2013	57
GfK Retail and Technology North Africa SARL, Casablanca, Morocco	100.00[3]	2013	−332
GfK Retail and Technology Panama S.A., Panama-City, Panama	100.00[3]	2013	−184
GFK Skopje DOO Skopje, Skopje, Macedonia	100.00[3]	2013	276
GfK Stratégie et développement Groupement d'intérêt Economique, Suresnes, France	100.00[3]	2013	135
GfK Turkey Danismanlik ve Pazar Arastirma Hizmetleri, Istanbul, Turkey	100.00[3][6]	2013	14[8]
GfK-RT Nigeria Limited, Lagos, Nigeria	100.00[3]	2013	181
IFR Asia Co. Ltd., Beijing, China	100.00[3]	2013	28
IFR Central Europe Market Research LLC, Budapest, Hungary	100.00[3]	2013	47
IFR Field SARL, Suresnes, France	100.00[3]	2013	65
IFR Polska Sp. z o.o., Warsaw, Poland	100.00[3]	2013	20
IFR RUS Limited, Moscow, Russia	100.00[3]	2013	67
IFR U.K. Ltd., London, United Kingdom	100.00[3]	2013	−129
Informark Pty. Ltd., Braddon, Australia	100.00[3][7]	2013	0
Intomart DataCall B.V., Hilversum, Netherlands	100.00[3]	2013	−337
Media Control® AG, Zurich, Switzerland	100.00[3]	2013	288

ASSOCIATED COMPANIES (GERMANY) (DETAILS ACCORDING TO HGB COMMERCIAL BALANCE SHEET I)

Company name and registered office	Share in the capital (in %)	Financial year	Equity (in € '000)
USEEDS GmbH, Berlin	50.00[3]	2013	919

1) Profit and loss transfer agreement 2) Significant influence due to extensive contractual participation rights 3) Full indirect shareholding
4) Partially indirect shareholding 5) Details not available 6) Newly established in 2013 7) In liquidation 8) Rump financial year 9) Shareholding of the minority shareholder is regulated by separate agreement 10) An evaluation at equity was not carried out for reasons of materiality 11) Details from 2012

ASSOCIATED COMPANIES (ABROAD)

Company name and registered office	*Share in the capital (in %)*	*Financial year*	*Equity (in € '000)*
AGB Nielsen, medijske raziskave, d.o.o., Ljubljana, Slovenia	21.00[3) 10)]	2013	969
Common Technology Centre EEIG, London, United Kingdom	25.00[3) 10)]	2013	0[11)]
Consumer Zoom SAS, Suresnes, France	30.00	2013	−1,427
Europanel Raw Database GIE, Brussels, Belgium	50.00[4) 10)]	2013	0[5)]
Genius Digital Ltd., Reading, Berkshire, United Kingdom	0.00[2) 10)]	2013	−1,114
MarketingScan International SAS, Suresnes, France	50.00	2013	4,541
Media Focus Schweiz GmbH, Zurich, Switzerland	49.00[3) 6)]	2013	697
MRC-Mode Pvt. Limited, Dhaka, Bangladesh	36.00[3) 10)]	2012/2013	−39
NPD Intelect, L.L.C., Port Washington, New York, USA	25.00[3)]	2012/2013	46,997
Oz Toys Marketing Services Pty. Ltd., Sydney, Australia	25.00[3) 10)]	2012/2013	−273
Sports Tracking Europe B.V., Amstelveen, Netherlands	25.00	2012/2013	−7,236
St. Mamet Saisie Informatique (SMSI) S.A.R.L., Saint Mamet la Salvetat, France	20.40[3)]	2013	678
Starch Research Services Limited, Toronto, Ontario, Canada	20.00[3) 10)]	2012/2013	91
The Media Behavior Institute Trust, Dover, Delaware, USA	43.75[3) 10)]	2013	−21

OTHER PARTICIPATIONS (ABROAD)

Company name and registered office	*Share in the capital (in %)*	*Financial year*	*Equity (in € '000)*
Information Resources (UK) Limited, Maidenhead, Berkshire, United Kingdom	5.80[4)]	2013	−50,764[11)]
Qosmos SA, Amiens, France	14.81	2013	9,115

1) Profit and loss transfer agreement 2) Significant influence due to extensive contractual participation rights 3) Full indirect shareholding 4) Partially indirect shareholding 5) Details not available 6) Newly established in 2013 7) In liquidation 8) Rump financial year 9) Shareholding of the minority shareholder is regulated by separate agreement 10) An evaluation at equity was not carried out for reasons of materiality 11) Details from 2012

41. DECLARATION ON THE GERMAN CORPORATE GOVERNANCE CODE

The declaration prescribed by Section 161 of the German Stock Corporation Act (AktG) has been issued by the Management Board and the Supervisory Board and made permanently available to shareholders at ***www.gfk.com/investors/corporate-governance/pages/declaration-on-corporate-governance.aspx***

42. RELEASE FOR PUBLICATION

The Management Board of GfK SE released the consolidated financial statements for passing on to the Supervisory Board on 6 March 2014. It is the duty of the Supervisory Board, to check the consolidated financial statements and declare whether it approves the consolidated financial statements.

Nuremberg, 6 March 2014

The Management Board

Matthias Hartmann

Pamela Knapp

Dr. Gerhard Hausruckinger

Debra A. Pruent

Auditor's report

We have audited the consolidated financial statements prepared by GfK SE, Nuremberg, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated equity change statement and the Notes to the consolidated financial statements, together with the group management report for the business year from 1 January 2013 to 31 December 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB) (and supplementary provisions of the articles of incorporation) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany (IDW)). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

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

Nuremberg, 7 March 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Alfons Maurer	*Dr. Katja Faul*
German Public Auditor	*German Public Auditor*

STATEMENT BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and income of the Group, and the Management Report of the Group includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

The Management Board

Matthias Hartmann

Pamela Knapp

Dr. Gerhard Hausruckinger

Debra A. Pruent

ADDITIONAL INFORMATION

7-YEAR OVERVIEW

2007 to 2013 according to IFRS

KEY INDICATORS – INCOME STATEMENT

	Unit	2007	2008	2009	2010	2011	2012	2013
Sales	EUR million	1,162.1	1,220.4	1,164.5	1,294.2	1,373.9	1,514.7	1,494.8
Personnel expenses	EUR million	465.2	494.3	510.5	550.7	593.4	685.5	677.6
Depreciation and amortization [1]	EUR million	59.7	59.2	66.3	55.1	79.9	63.8	196.5
Adjusted operating income	EUR million	157.6	158.7	147.2	185.0	187.7	187.4	190.4
EBITDA	EUR million	188.4	192.0	159.1	200.4	223.2	194.1	225.4
Operating income	EUR million	125.6	128.9	88.9	141.4	138.9	129.4	26.5
Income from participations	EUR million	3.0	3.9	3.9	3.9	4.4	1.0	2.4
EBIT	EUR million	128.6	132.8	92.8	145.2	143.3	130.3	28.9
Income from ongoing business activity	EUR million	104.2	113.0	75.5	124.8	125.6	108.2	4.2
Consolidated total income	EUR million	78.9	82.0	60.5	84.0	88.1	64.1	−42.1
Tax ratio	%	24.3	27.4	19.8	32.7	29.8	40.8	1,111.5

[1] Tangible assets and intangible assets

7-YEAR OVERVIEW

2007 to 2013 according to IFRS

BALANCE SHEET RATIOS

	Unit	2007	2008	2009	2010	2011	2012	2013
Non-current assets	EUR million	1,088.3	1,085.0	1,157.9	1,232.2	1,255.7	1,361.0	1,194.6
Current assets	EUR million	382.5	361.6	363.5	417.7	489.9	518.8	501.8
Asset structure	%	284.5	300.1	318.5	295.0	256.3	262.3	238.0
Investments	EUR million	73.7	101.5	106.7	89.6	77.3	177.8	118.4
of which in tangible assets [1]	EUR million	49.2	50.5	49.0	48.6	62.7	70.7	80.4
of which in financial assets	EUR million	24.5	51.0	57.7	41.0	14.6	107.1	38.0
Equity	EUR million	509.6	500.3	553.0	677.5	760.8	782.0	663.7
Liabilities	EUR million	961.2	946.3	968.4	972.4	984.8	1,097.8	1,032.7
Balance sheet total	EUR million	1,470.8	1,446.6	1,521.4	1,649.9	1,745.6	1,879.8	1,696.4
Net debt	EUR million	−472.9	−481.5	−499.8	−428.5	−363.9	−461.8	−427.5

[1] Tangible assets and intangible assets

CASHFLOW RATIOS

	Unit	2007	2008	2009	2010	2011	2012	2013
Cash flow from operating activity	EUR million	168.1	145.8	134.7	172.0	170.5	115.0	164.0
Cash flow from investing activity	EUR million	−64.6	−100.4	−104.4	−86.2	−72.9	−177.4	−117.5
Cash flow from financing activity	EUR million	−112.9	−46.4	−26.2	−76.9	−49.0	22.8	−31.5
Free cash flow	EUR million	118.9	95.4	85.7	123.4	107.9	44.3	83.7

7-YEAR OVERVIEW

2007 to 2013 according to IFRS

PROFITABILITY RATIOS

	Unit	2007	2008	2009	2010	2011	2012	2013
AOI margin = Adjusted operating income/sales	%	13.6	13.0	12.6	14.3	13.7	12.4	12.7
EBITDA margin = EBITDA/sales	%	16.2	15.7	13.7	15.5	16.2	12.8	15.1
EBIT margin = EBIT/sales	%	11.1	10.9	8.0	11.2	10.4	8.6	1.9
Return on sales = Consolidated total income/sales	%	6.8	6.7	5.2	6.5	6.4	4.2	−2.8
Personnel expenses ratio = Personnel expenses/sales	%	40.0	40.5	43.8	42.6	43.2	45.3	45.3
ROCE = EBIT/Capital Employed	%	12.5	12.8	9.7	14.1	14.0	11.9	8.8
Total return on capital employed = EBIT/average balance sheet total	%	8.7	9.1	6.3	9.2	8.4	7.2	1.6
Pay-out ratio = Total dividend/consolidated total income	%	20.4	20.2	17.8	20.7	26.9	37.0	−56.4
Dynamic debt-equity ratio = Net debt/free cash flow	Years	4.0	5.1	5.8	3.5	3.4	10.4	5.1

KEY INDICATORS PER SHARE

	Unit	2007	2008	2009	2010	2011	2012	2013
Earnings per share[1]	EUR	1.98	2.04	1.42	1.99	2.06	1.43	−1.48
Adjusted earnings per share[1]	EUR	2.88	2.87	3.04	3.20	3.40	3.02	3.01
Free cash flow per share[1]	EUR	3.33	2.66	2.38	3.43	2.96	1.21	2.29
Dividend per share	EUR	0.45	0.46	0.30	0.48	0.65	0.65	0.65
Total dividend	EUR million	16.1	16.5	10.8	17.4	23.7	23.7	23.7
Dividend yield	%	1.64	2.09	1.24	1.28	2.12	1.68	1.61
Year-end price[1]	EUR	27.50	22.02	24.13	37.60	30.63	38.59	40.31
Weighted number of shares	in thousands	35,682	35,884	35,947	35,967	36,407	36,504	36,504

[1] Adjusted for capital increase

NET DEBT RATIOS

	Unit	2007	2008	2009	2010	2011	2012	2013
Net debt to								
Equity (gearing)	%	92.8	96.2	90.4	63.2	47.8	59.1	64.4
EBIT	%	367.5	362.6	538.6	295.0	253.9	354.3	1,478.7
EBITDA	%	251.0	250.8	314.2	213.8	163.1	237.9	189.7
Free cash flow	%	397.8	505.0	583.4	347.2	337.4	1,041.5	510.8

7-YEAR OVERVIEW

2007 to 2013 according to IFRS

SALES BY SECTOR AND REGION

	Unit	2007	2008	2009	2010	2011	2012	2013
Sectors (old structure up to 2011)								
Custom Research	EUR million	773.0	782.8	709.2	785.6	829.2		
Retail and Technology	EUR million	260.8	304.1	325.8	370.8	407.0		
Media	EUR million	124.5	130.1	126.4	133.1	132.9		
Sectors (new structure from 2012) [1]								
Consumer Experiences	EUR million					829.2	907.8	881.3
Consumer Choices	EUR million					539.8	601.6	607.8
Regions (old structure up to 2011)								
Germany	EUR million	290.3	316.1	301.3	340.8	376.6		
Western Europe	EUR million	480.5	487.2	458.1	483.0	520.5		
Central and Eastern Europe	EUR million	73.1	87.2	71.7	89.7	97.6		
North America	EUR million	240.7	219.7	207.2	219.3	200.3		
Latin America	EUR million	26.7	35.5	39.4	54.9	59.4		
Asia and Pacific	EUR million	50.8	74.8	86.9	106.5	119.5		
Regions (new structure from 2012) [1]								
Northern Europe	EUR million					596.3	622.4	607.7
Southern and Western Europe	EUR million					280.4	282.1	272.6
Central Eastern Europe/META	EUR million					118.0	121.8	127.7
North America	EUR million					200.3	266.8	265.9
Latin America	EUR million					59.4	66.6	66.5
Asia and Pacific	EUR million					119.5	155.0	154.4

[1] Please refer to the Management Report, chapter 2 for explanations of the new structure. The previous year's figures were adjusted to take account of the new structure.

ADJUSTED OPERATING INCOME BY SECTOR

	Unit	2007	2008	2009	2010	2011	2012	2013
Sectors (old structure up to 2011)								
Custom Research	EUR million	66.1	56.0	39.5	63.2	65.0		
Retail and Technology	EUR million	67.3	82.6	95.8	113.9	123.5		
Media	EUR million	25.7	23.8	16.6	15.6	10.8		
Sectors (new structure from 2012) [1]								
Consumer Experiences	EUR million					63.3	58.9	58.6
Consumer Choices	EUR million					136.0	139.3	144.4

[1] Please refer to the Management Report, chapter 2 for explanations of the new structure. The previous year's figures were adjusted to take account of the new structure.

NUMBER OF EMPLOYEES AT THE YEAR-END

	Unit	2007	2008	2009	2010	2011	2012	2013
Sectors (old structure up to 2011)	Employees	9,070	9,692	10,058	10,546	11,457	12,678	12,940
Custom Research	Employees	5,632	5,876	5,837	6,018	6,594		
Retail and Technology	Employees	2,458	2,757	3,224	3,507	3,768		
Media	Employees	559	594	552	554	612		
Sectors (new structure from 2012) [1]	Employees							
Consumer Experiences	Employees					6,578	7,180	7,125
Consumer Choices	Employees					4,396	5,002	5,287

[1] Please refer to the Management Report, chapter 2 for explanations of the new structure. The previous year's figures were adjusted to take account of the new structure.

LIST OF GfK COMPANIES MENTIONED

ACMR
All China Marketing Research Co., Ltd, Beijing, China

Genius Digital
Genius Digital Ltd., Reading, Berkshire, United Kingdom

GfK Arastirma Hizmetleri A.S.
GfK Arastirma Hizmetleri A.S., Istanbul, Turkey

GfK Entertainment
GfK Entertainment GmbH, Baden-Baden, Germany

GfK Etilize
GfK Etilize, Inc., Rolling Hills Estates, California, USA

Etilize (Private) Limited, Karachi, Pakistan

GfK Kynetec Group
GfK Kynetec Group Limited, St Peter Port, Guernsey, United Kingdom

GfK Kynetec Limited, Bristol, United Kingdom

Doane Marketing Research, Inc., Saint Louis, Missouri, USA

GfK Kynetec France SAS, Saint Aubin, France

GfK Kynetec Poland, Poznań, Poland

GfK Switzerland
GfK Switzerland AG, Hergiswil, Switzerland

GfK UK Entertainments
GfK UK Entertainments Ltd., London, United Kingdom

GfK-Conecta
GfK - Conecta S.A.C., Lima, Peru

GfK-Nürnberg Gesellschaft für Konsum-, Markt- und Absatzforschung e.V.
GfK-Nürnberg Gesellschaft für Konsum-, Markt- und Absatzforschung e.V., Nuremberg, Germany

Knowledge Networks Inc.
Knowledge Networks Inc, Menlo Park, California, USA

KN Caduceus Marketing Research, LLC, Wilmington, Delaware, USA

KN Dimestore Media, LLC, Wilmington, Delaware, USA

KN GRA LLC, Wilmington, Delaware, USA

media control® GfK, media control® GfK INTERNATIONAL
media control® GfK INTERNATIONAL GmbH, Baden-Baden, Germany

nurago
GfK nurago GmbH, Hanover, Germany

PCNData
PCNData Nederland BV, Wormerveer, Netherlands

Sensemetric, Sensemetrics
Sensemetric Web & Social Media Mining GmbH, Vienna, Austria

User Centric
User Centric Inc, Oakbrook Terrace, Illinois, USA

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ACKNOWELDGEMENTS AND CONTACTS

This Annual Report is available in English and German. The online version can be found at ***www.gfk.com/annualreport2013***. Annual Reports of previous years as well as supplementary information are available at ***www.gfk.com/annualreport***

The deadline for this Annual Report was 6 March 2014. Parts of the chapter "GfK Group", "Management Report" and "Financial Statements" were published on 12 March 2014 at the Accounts Press Conference.

Annual reports, interim reports and press information are available from:

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PROVISIONAL KEY DATES IN THE FINANCIAL CALENDAR

2014 – 2015

DATES FOR 2014

TRADING STATEMENT
31 JANUARY 2014

ACCOUNTS PRESS CONFERENCE NUREMBERG, GERMANY
12 MARCH 2014

INTERIM QUARTERLY REPORT AS AT 31 MARCH 2014
15 MAY 2014

ANNUAL GENERAL MEETING NUREMBERG, GERMANY
27 MAY 2014

INTERIM HALF-YEAR REPORT AS AT 30 JUNE 2014
13 AUGUST 2014

INTERIM NINE-MONTH REPORT AS AT 30 SEPTEMBER 2014
12 NOVEMBER 2014

DATES FOR 2015

TRADING STATEMENT
30 JANUARY 2015

ACCOUNTS PRESS CONFERENCE NUREMBERG, GERMANY
13 MARCH 2015

INTERIM QUARTERLY REPORT AS AT 31 MARCH 2015
13 MAY 2015

ANNUAL GENERAL MEETING FÜRTH, GERMANY
28 MAY 2015

INTERIM HALF-YEAR REPORT AS AT 30 JUNE 2015
14 AUGUST 2015

INTERIM NINE-MONTH REPORT AS AT 30 SEPTEMBER 2015
13 NOVEMBER 2015

Annual Report
2013