Financial report

for the first half-year ending 30 June 2016

At a glance

LEIFHEIT GROUP
remains on course for growth

BRAND BUSINESS
growing in all product categories

VOLUME BUSINESS
growing with an expanded customer base

GROUP EBIT
significant rise from an operating point of view

ANNUAL FORECAST FOR 2016
confirmed from an operating point of view, adjusted expectation for foreign currency results

Key figures of the Group as at 30 June

		2015	2016	Change
Turnover				
Group	€m	113.2	121.1	7.0%
Brand Business	€m	95.9	103.1	7.5%
Volume Business	€m	17.3	18.0	4.4%
Foreign share	%	52.3	57.9	5.6 pps
Profitability				
Gross margin	%	46.1	47.6	1.5 pps
Cash flow from operating activities	€m	7.4	7.7	5.0%
Free cash flow	€m	4.8	4.7	–2.5%
Foreign currency result	€m	1.9	–1.0	>–100%
EBIT	€m	10.4	10.1	–2.3%
EBIT adjusted[1]	€m	8.5	11.1	30.2%
EBIT margin	%	9.2	8.4	–0.8 pps
EBIT margin adjusted[1]	%	7.5	9.2	1.7 pps
EBT	€m	9.6	9.4	–2.5%
Net result for the period	€m	6.8	6.6	–2.5%
Employees				
Group (average)	persons	1,053	1,031	–2.1%
Investments in tangible assets	€m	2.6	**2.7**	4.1%

[1] adjusted for foreign currency results

Foreword

Dear Shareholders,

Leifheit continued down its chosen path of growth in the first half of 2016. Group turnover rose year on year by 7.0% to € 121.1 million. We are pleased to report that the growth was supported by both segments. The Brand Business – our strategic core business – the Leifheit brand with its cleaning products, as well as growth in Central and Eastern Europe, were the key contributing factors.

Gross profit rose by € 5.4 million to € 57.6 million. Earnings before interest and taxes amounted to € 10.1 million following € 10.4 million in the same period in the previous year. As in the first three months of the year, exchange rate hedges for the US dollar and the HK dollar proved to be a burden compared to the end of the previous year. Contrary to expectations, the currencies lost value against the euro. This led to a negative foreign currency result of € 1.0 million at the end of the first half of the year. In contrast, we reported a positive foreign currency result of € 1.9 million in the first six months of the previous year. Adjusted for this effect, our EBIT rose by € 2.6 million to € 11.1 million.

The breakdown and development of our turnover in Germany and abroad were influenced by two effects in particular in the first half of the year. First, a major mail order company moved its supply activities from Germany to Luxembourg, shifting turnover to abroad. Second, we ceased our contract manufacturing activities for a German customer for the benefit of our in-house production. Without these two extraordinary effects, we continued to grow slightly in Germany. Our target region of Eastern Europe developed very positively. Here we were able to increase turnover significantly. Growth in the Czech Republic, Poland and Slovakia was particularly pronounced. The positive development reaffirms the region's key role in achieving our "Leifheit 2020" targets. It is also confirmation for us that establishing our own logistics centre for these growth markets was the right decision. In doing so, we have taken a strategic step towards the further expansion of our business in this target region.

In the Brand Business, turnover increased by 7.5% to € 103.1 million. Leifheit cleaning products once again saw double-digit growth. Laundry care and kitchen products also posted healthy growth. We also increased turnover with Soehnle kitchen and bathroom scales year on year on top of the continued positive development of the e-commerce distribution channel.

In our Volume Business, we recorded turnover of € 18.0 million – an increase of 4.4%. Turnover of kitchen products in France, where we are benefiting from a new retail partner whom we have been supplying since the third quarter of 2015, saw double-digit growth. Turnover of laundry care products remained stable. As a result, we were able to more than compensate on the whole for giving up contract manufacturing.

All told, we are satisfied with the operating result in the first half of the current year. We believe we are on the right track with our targets and measures for more profitable growth resulting from our "Leifheit 2020" strategy. The consistent expansion of our business is one of the foundations for the sustained development of the Group. Resolving succession issues in organs at an early stage and the ability to bind external expertise to the company are just as important. Against this backdrop, the Supervisory Board has appointed our CEO, Thomas Radke, for further three years. It also appointed Ansgar Lengeling to the Board of Management as the member in charge of operations. He will take over this responsibility by the start of 2017, at the latest, from Dr Claus-O. Zacharias, who will remain in charge of finances, controlling, IT, legal affairs and auditing until his planned departure at the end of next year. At the Annual General Meeting, the shareholders additionally elected to the Supervisory Board an acknowledged financial expert in Sonja Wärntges, Chief Financial Officer of DIC Asset AG, and an authority on the consumer goods sector in Ulli Gritzuhn, Executive Vice President Unilever DACH.

The British vote to leave the EU has increased uncertainty regarding the development of the economy. However, few short-term effects are anticipated. Because the conditions have otherwise remained largely unchanged compared to the time of our forecast for the current year, we still expect Group turnover to grow by 3 to 4%. We expect turnover in the Brand Business to increase by 4 to 5%. In the Volume Business, we anticipate that turnover will be on par with the previous year. We have adjusted our earnings forecast slightly on account of exchange rate developments. Our previous forecast called for a positive foreign currency result of around € 1 million, leading to EBIT of € 22 million to € 23 million. We now anticipate EBIT of € 21 million to € 22 million without a positive foreign currency result.

Leifheit Aktiengesellschaft
The Board of Management

Thomas Radke

Dr Claus-O. Zacharias

The Leifheit share

Significant volatility on the stock markets

The stock markets have seen significant volatility in the year to date. After the historic high recorded last year, the German share index DAX resumed the loss-making phase started at the end of 2015, opening the new year with strong setbacks. The differences in monetary policy between the USA and the Eurozone, weak global economic growth, fears of a wave of bankruptcies in the energy sector in the USA and emerging markets such as Brazil, together with political and economic difficulties, triggered nervousness among investors. On 11 February, the DAX reached its lowest level for the year (8,752 points) during its downward trend. However, the DAX recovered by April in response to expectations that the European Central Bank (ECB) would further lower the prime rate and continue its expansive monetary policy. The DAX set a new high for 2016 of 10,435 points on 21 April. At the end of June, stocks markets were hit by turbulence following the British Brexit referendum. By 27 June, the DAX had dropped by almost 1,000 points within the space of two days. However, the markets then recovered fairly quickly. On 30 June, the DAX closed the first half of the year at 9,680 points, down approximately 10% compared to the end of 2015. The MDAX largely replicated the DAX's performance, also reaching its lowest level for the year on 11 February, and set a high for 2016 on 7 June. However, the MDAX only recorded a loss of approximately 1% during the first six months of the year.

Leifheit share price continues to rise

Contrary to this trend, the price of the Leifheit share (ISIN DE0006464506) rose significantly during the first six months of the year. During the opening weeks of 2016, the price of the shares in the electronic Xetra trading system largely mirrored developments of the relevant benchmark index, the SDAX. The Leifheit share recorded its lowest level for the first half of the year of € 43,50 on 15 February, before rising once again, a development that ran contrary to the SDAX. The share price closed at a high of € 58.37 on 7 June 2016.

Closing at 8,782 points on 30 June, the SDAX was down approximately 3% compared to the end of 2015. During the same period, the price of Leifheit shares rose by 10%. At the end of trading on 30 June 2016, Leifheit shares were trading at € 54.60 – up from the € 49.50 at the end of 2015.

As a result, market capitalisation for Leifheit AG, as based on all issued shares (5,000,000), was approximately € 273 million at the end of the first half of the year (30 June 2015: approximately € 214 million; 31 December 2015: approximately € 248 million).

Rise in average trading volume

An average of 7,146 Leifheit shares were traded daily on Xetra, Deutsche Börse's electronic trading system, over the course of the first half of 2016, which is lower than the trading volume in the first half of 2015 (7,539 shares per day). However, trading in the period from April to June 2015 was characterised by an extraordinary effect: the secondary offering of company shares by our previous anchor shareholder, Home Beteiligungen GmbH. The trading volume for 2015 averaged 5,714 shares per day, meaning that the trading volume for the first half of 2016 was up by more than 15% on that for the entire previous year.

Analysts recommend "buying" or "holding"

Seven new analysts' reports or updates were published in the period from January to June 2016. In six cases, the analysts recommended "buying" the company's shares, with target prices ranging between € 60.00 and € 64.00. In one report, the analysts recommended "holding", with a target price of € 58.00.

Shareholder structure is largely stable

The ownership structure of the company was largely stable compared to the end of 2015. Pursuant to the information and voting rights notifications available to Leifheit AG, the company's shareholder structure was as follows as at 5 August 2016:

MKV Verwaltungs GmbH, Grünwald (D)	10.03%
Joachim Loh, Haiger (D)	8.26%
Leifheit AG, Nassau (D) – treasury shares	4.94%
Employee shares subject to a vesting period	0.07%
Free float	76.70%
Shares above the disclosure threshold of 3% contained therein:	
Capital Income Builder, Los Angeles (USA)	5.60%
MainFirst SICAV, Sennigerberg (LUX)	5.04%
Carmignac Gestion S.A., Paris (F)	4.63%
DBAY Advisors Limited, Douglas Isle of Man (UK)	3.72%

The share portion of Leifheit shares that are in free float remains unchanged at approximately 77%. In accordance with the definition set by Deutsche Börse for share indices, blocks of shares below a threshold of 5% are considered to be part of the free float. Shares of funds and investment companies with short-term investment strategies are free floating, provided the amount does not exceed 25% of the share capital. By contrast, non-free-floating or "fixed" holdings – regardless of the amount – include treasury shares that the company itself holds, as well as employee shares subject to a vesting period.

Interim management report as at 30 June

Foundations of the Group

There were no significant changes in the foundations of the Leifheit Group in the first half of 2016. For further information on the company structure, business and strategy, please see the annual financial report 2015. It is available at financial-reports.leifheit-group.com on our website.

Personnel changes in Leifheit AG organs

Long-standing Supervisory Board members Dr Robert Schuler-Voith and Dr Friedrich M. Thomée resigned at the end of 2015. At the request of the Board of Management of Leifheit AG, Sonja Wärntges and Ulli Gritzuhn were appointed as members of the Supervisory Board on 4 February 2016 by the district court of Montabaur. The legally appointed members of the Supervisory Board ran for election at the Annual General Meeting of Leifheit AG on 25 May 2016 and were appointed by the shareholders to the Supervisory Board by a large majority by the end of the Annual General Meeting, which resolves on the approval of the actions of the Supervisory Board for the financial year 2018.

Economic environment

Global economic growth still lacking impetus

In late June, a majority of voters in the United Kingdom voted for their country to leave the European Union. The unexpected outcome of the referendum spread uncertainty about the implications of the decision on economic development in the remaining European Union members states and around the world. In its most recent forecast, the International Monetary Fund (IMF) is anticipating negative consequences for economic development in Europe, particularly in the medium term. For the current year, it corrected its assessment of global growth from 3.2 to 3.1%. The IMF also lowered its growth forecasts for many advanced economies by 0.1 percentage points. By contrast, it raised its forecast for the eurozone by 0.1 percentage points.

Brexit vote with little influence on short-term eurozone development

In their first joint forecast following the referendum, the three European institutes ifo, Insee and Istat only expected eurozone economic growth to suffer a slight setback. The referendum may have increased uncertainty, but the "short-term negative influence is likely to be limited, while the medium-term effect will be strongly reliant on the new agreements between the UK and the EU," the institute wrote. It continues to regard private consumption as the most important driver of growth and is forecasting growth of 0.4% in the third quarter. Expectations for the fourth quarter have been lowered to 0.3%. Overall, the rate of growth for 2016 is expected to stand at 1.6%. The European Commission also put economic growth in the eurozone at 1.6% in May, while it expects the EU as a whole to generate growth of 1.8%.

Economic upturn continues in Germany

The ifo Institute's current forecast, published in mid-June, states that the German economy's subdued upward trend is likely to continue. It anticipates real gross domestic product growth of 1.8% in the current year. Dynamic domestic demand and further rises in consumer spending are likely to fuel this trend. The ifo's economic researchers only expect the Brexit vote to have minor implications on German economic development. They lowered their 2016 growth forecast by 0.1 percentage points.

Expectations for the German and European economy intact

Sentiment in the German industrial sector improved significantly midway through 2016, following the downturn in mood at the end of the previous year. The ifo Institute's economic climate index rose to 108.7 points in the run-up to the EU referendum in the UK, its highest value in six months. Consumer goods manufacturers gave particularly positive assessments. The European Commission's Business Climate Indicator for the eurozone also rose consistently until May. The last data released before the UK referendum in June showed just a slight decline of 0.04 points on the previous month.

Consumers trust economic development

The mood among German consumers also improved consistently over the course of the year. Standing at 9.4 points in January, the GfK market research institute's consumer climate indicator had reached 10.1 points by July 2016. There were significant upturns in expectations regarding economic development and income. The solid employment situation is bolstering consumer confidence. The European Commission's Consumer Confidence Indicators for the EU and the eurozone remained largely stable in June 2016 (–0.1 points and –0.3 points respectively) in the wake of its similar upward trajectory over a number of months. The precise implications of the referendum in the UK could not be determined at the time of the surveys, however. Ongoing uncertainty regarding the consequences of Brexit on, for instance, the financial markets could spread to consumers, according to the GfK.

Slightly stronger euro compared with the US dollar

In January the euro was trading at an average of 1.09 US dollars. By 23 June 2016, the day of the UK referendum, the exchange rate had risen by just under 5% to US dollar 1.14. However, directly after the vote to leave the EU, the euro slumped back down to 1.10 US dollar. However, exchange rates have not simply been affected by expectations regarding the outcome of the Brexit referendum over the past few months. Other factors included poor economic figures from the US, the belief that the US central bank will only raise prime rates extremely slowly and positive Q1 economic figures in the eurozone. On 30 June 2016, the euro was trading at 1.11 US dollar. The average forecast for the end of 2016 and start of 2017 provided by more than 50 banks surveyed in June in the Reuters Forex Poll stood at 1.08 US dollar.

Net assets, financial position and results of operations

Business performance

Group turnover continues on strong growth course

The Leifheit Group was able to boost turnover by € 7.9 million, or 7.0%, to € 121.1 million year on year in the first six months of the financial year 2016 (previous year: € 113.2 million). Both segments – Brand Business and Volume Business – continued to generate growth. The continued expansion of business activities in the Central and Eastern Europe regions, the Leifheit brand and its cleaning products and the e-commerce sales channel remained the primary drivers of growth in the strategically important Brand Business.

The Leifheit Group generated turnover of € 70.1 million (previous year: € 59.2 million) abroad in the first half of the year. The € 10.9 million increase equates to growth of 18.6%. This was offset by a decline in turnover in Germany. In our domestic market, we generated turnover of € 51.0 million (previous year: € 54.0 million), a fall of € 3.0 million or 5.6%. This resulted in the share of turnover generated abroad rising to 57.9%.

There were two major factors in turnover development in Germany, the Group's largest single market. One important mail order company changed its delivery system, resulting in turnover moving from Germany to Luxembourg. In addition, we ceased contract manufacturing operations for a German customer at the end of 2015 for the benefit of our in-house production. Excluding these two effects, turnover in Germany would have increased slightly in the first half of the year.

The most significant effect in terms of turnover generated abroad was the Central Europe region (excluding Germany). Here, turnover climbed by € 7.7 million, or 17.2%, to € 53.2 million (previous year: € 45.5 million). Leifheit successfully generated growth in all of its relevant markets. Only in Austria was a slight decline in turnover recorded. We were able to turn around the decline in business in Spain observed over the first three months of the year by the end of June. France, our largest individual market after Germany, the Netherlands and Italy played a key role in growth in the region.

We expanded our business in the Eastern European region by a considerable margin in the first half of the year. Turnover rose by € 3.7 million, or 43.2%, to € 12.3 million (previous year: € 8.6 million). Turnover increased by double-digit margins in almost all of the countries we serve. The strong growth in this target region was shaped by development in the Czech Republic, Poland and Slovakia.

Group turnover in markets outside of Europe stood at € 4.6 million in the first six months of the year (previous year: € 5.1 million). This equated to a decline of € 0.5 million, or 10.5%. Growth achieved in the US (particularly in project business) and in African countries was unable to compensate for declines in turnover in the Middle and Far East as well as in Australia.

Turnover in the first half of 2016 was divided by region as follows: Germany accounted for 42.1% of Group turnover (previous year: 47.7%), Central Europe excluding Germany 43.9% (previous year: 40.1%), Eastern Europe 10.2% (previous year: 7.6%) and markets outside of Europe 3.8% (previous year: 4.6%).

Brand Business growing in all product categories

Brand Business is by far the larger of the two segments at the Leifheit Group. It encompasses all business activities involving Leifheit and Soehnle branded products. Profitable growth in the Brand Business is at the core of our "Leifheit 2020" strategy. Turnover in the Brand Business segment came to € 103.1 million in the first six months of the year (previous year: € 95.9 million). The increase of € 7.2 million equates to rise of 7.5%. Brand Business accounted for a total of 85.1% of Group turnover (previous year: 84.8%).

All product categories contributed to growth in this segment, but Leifheit cleaning products remained the strongest growth factor. Double-digit growth was achieved with these products once again. Our floor cleaning products and window vacuum cleaners were particularly noteworthy in this respect, boasting particular success in international markets.

Healthy growth was also achieved with Leifheit laundry care and kitchen products. Turnover from Soehnle brand products also climbed year on year, largely as a result of the development of Soehnle kitchen and bathroom scales. Turnover in the e-commerce sales channel increased by 30.6% in the first six months of the year compared to the first half of 2015.

In Germany, turnover in Brand Business decreased by 3.8% year on year. This was primarily due to the aforementioned shift in turnover to Luxembourg, after a key mail order company relocated its delivery operations there. In the Central Europe region, Italy, Scandinavia, the Netherlands, Switzerland and Belgium recorded the strongest growth. High turnover growth in Slovakia, Poland and the Czech Republic was a key factor in the positive development in Eastern Europe. By contrast, we suffered declines in turnover in target markets outside of Europe.

Volume Business grows through expanded customer base

Volume Business is the smaller of Leifheit Group's segments. It complements Leifheit and Soehnle's Brand Business. Our Volume Business is clearly geared towards profitability. Looking back at the past development of the segment, our primary aim here is to stabilise turnover. Turnover in the Volume Business segment came to € 18.0 million in the first six months of the year (previous year: € 17.3 million), a rise of 4.4%. All in all, Volume Business contributed 14.9% to Group turnover (previous year: 15.2%).

Turnover involving Birambeau kitchen products in France rose by a double-digit margin in the reporting period. Here we benefited from the acquisition of a new customer, which we have been supplying since the third quarter of 2015. Turnover with Herby laundry care products remained stable year on year. Business in the United States expanded to a satisfactory extent. However, the ceasing of contract manufacturing operations in our Czech factory saw turnover drop in this segment.

Development of results of operations

Foreign currency result key factor in results of operations

Earnings before interest and taxes (EBIT) came to € 10.1 million in the first half of 2016 (previous year: € 10.4 million). This result was considerably impacted by the foreign currency results of € –1.0 million, which fell by € 2.9 million year on year. After the euro losing 8.4% of its value against the US dollar in the first half of the previous year, the euro rose by 2.1% on the US dollar in the first six months of 2016. This resulted in a significant decrease in the fair value of concluded forward foreign exchange transactions.

Adjusted for this foreign currency result, EBIT stood at € 11.1 million in the first half of the year (previous year: € 8.5 million). The main reason for this € 2.6 million rise was the contribution margins from the increased turnover.

Corresponding to EBIT, we generated earnings before taxes (EBT) of € 9.4 million (previous year: € 9.6 million) in the first six months of the year. Less taxes, this equalled a net result for the period of € 6.6 million (previous year: € 6.8 million).

Gross profit

Gross profit increased by € 5.4 million to € 57.6 million in the first half of 2016 (previous year: € 52.2 million). Gross profit is calculated as turnover less cost of turnover. This rise in the reporting period was largely attributable to the contribution margins from the increased turnover and the increase in the relative gross margin.

The gross margin rose from 46.1 to 47.6%. It is defined as a ratio of gross profit to turnover. The 1.5 percentage point rise in the gross margin was predominantly due to product and customer mix effects.

Research and development costs

Research and development costs mainly include personnel costs, costs for services and patent fees. They came in at € 2.3 million, up € 0.1 million on the previous year's figure. The rise was due to personnel recruitment in research and development and external services related to the strategic goal of strengthening the Group's capacity for innovation.

Distribution costs

Distribution costs, which also include freight out and delivery charges as well as advertising and marketing costs, stood at € 35.7 million in the reporting period (previous year: € 34.5 million), an increase of € 1.2 million. Aside from the turnover-related rise in delivery charges, commission and freight out, personnel costs also increased by roughly 3%.

Administrative costs

Administrative costs increased in the first six months of the year by € 1.4 million to € 9.0 million (previous year: € 7.6 million). The main reason for the rise in personnel costs was the increase in bonuses. Aside from personnel expenses and services, administrative costs also include costs incurred in support of our financial and administrative functions.

Other operating income and expenses

Other operating income and expenses remained on a par with the previous year's figure.

Foreign currency result

The foreign currency result decreased by € 2.9 million to € –1.0 million in the first half of 2016 (previous year: € +1.9 million). It included expenses from changes to the fair values of foreign exchange transactions of € 1.2 million (previous year: income of € 1.0 million), expenses from foreign currency valuations of € 0.2 million (previous year: € 0.3 million) and currency gains of € 0.4 million (previous year: € 1.2 million).

Interest and financial result

The interest and financial result remained stable at € –0.7 million on the previous year level and predominantly included interest expenses from interest on pension obligations of € 0.7 million (previous year: € 0.7 million).

Taxes

In the first half of 2016, income taxes amounted to € 2.8 million (previous year: € 2.9 million). The tax rate was 29.9%, as in the previous year. The tax rate is the ratio of income taxes to earnings before taxes (EBT).

Segment results

In Brand Business, we generated EBIT of € 8.8 million in the first half of 2016 (previous year: € 9.1 million). Adjusted for the foreign currency result, EBIT actually rose by € 1.3 million to € 9.6 million. The gross margin increased by 0.7 percentage points as a result of customer and product mix effects from 49.1% in the previous year to 49.8%. The contribution margin stood at € 43.3 million (previous year: € 39.3 million). The € 4.0 million increase was due to contribution margins from the increased turnover and the increase in the relative margin. The contribution margin is defined as gross profit less commission and freight out. The € 0.3 million fall in EBIT in Brand Business was the result of the € 1.4 million decline in the foreign currency result.

EBIT in Volume Business stood at € 1.3 million, as in the previous year. Adjusted for the foreign currency result, EBIT actually rose by € 1.3 million from € 0.2 million to € 1.5 million. The gross margin increased by 4.8 percentage points, from 29.7% in the previous year to 34.5%. The contribution margin stood at € 5.4 million (previous year: € 4.4 million). As in the case of Brand Business, the € 1.0 million increase in the contribution amount was attributable to the contribution margins from the increase turnover and the rise in the relative margin.

Development of the financial situation

Capital structure

As at 30 June 2016, our debt level came to 59.7% and was therefore 4.6 percentage points higher compared to 31 December 2015. This key figure is calculated as a ratio of debt to the sum of equity and liabilities. The rise in pension obligations of € 8.3 million, which was related to the discount rate, and the decline in equity as a result of the special dividend and the neutral result played a major role in this respect.

As at 30 June 2016, our debt largely consisted of pension obligations of € 74.7 million, trade receivables and other liabilities of € 49.2 million and provisions of € 8.9 million. As in the previous year, we had no liabilities to credit institutions.

The equity ratio, in other words the share of equity in relation to the balance sheet total, came to 40.3% (31 December 2015: 44.9%).

Analysis of Group liquidity

Group liquidity declined by € 8.4 million in the first six months of 2016 and stood at € 59.8 million as at 30 June 2016. Group liquidity encompasses cash and cash equivalents in the form of credit balances and financial assets in the form of current securities.

As at 30 June 2016, we had credit balances of € 55.8 million. These encompassed demand deposits and fixed deposits which may be terminated within three months. Financial assets included an investment in the form of a registered bond in the amount of € 4,0 million.

The fall in Group liquidity of € 8.4 million as at 30 June 2016 compared to 31 December 2015 was largely due to the payment of dividends, including a special dividend, of € 13.1 million (previous year: € 8.6 million), investments and the reduction of liabilities not overcompensated for by other cash flows.

Analysis of the Group statement of cash flow

The cash flow from operating activities came to € 7.7 million in the reporting period (previous year: € 7.4 million) and was therefore slightly up year on year.

Cash flow from investment activities stood at € 3.0 million (previous year: € 2.6 million). It encompassed payments-out for investment activities in tangible and intangible assets of € 3.2 million (previous year: € 3.0 million) and payments-in by proceeds from the sale of tangible assets and other non-current assets of € 0.2 million (previous year: € 0.4 million).

Cash flow from financing activities solely included the May 2016 dividend payment of € 13.1 million (previous year: € 8.6 million). Dividends for financial year 2015 rose to € 2.00 per share (previous year: € 1.80 per share), plus a special dividend of € 0.75 per share (previous year: € 0 per share).

Free cash flow

Free cash flow in the first six months of 2016 came to € 4.7 million (previous year: € 4.8 million), therefore on par with the previous year. This key figure indicates how much liquidity was available for the repayment of debt financing or for the distribution of dividends to shareholders. Free cash flow is the total of cash flow from operating activities and cash flow from investment activities, adjusted for incoming and outgoing payments in financial assets as well as from the divestiture of business divisions.

Development of net assets

Balance sheet structure as at 30 June 2016

Our balance sheet total fell by € 9.1 million compared to 31 December 2015 from € 237.9 million to € 228.8 million.

Current assets came to € 158.7 million at the end of the period, € 8.9 million below the figure as at the 2015 balance sheet date (31 December 2015: € 167.6 million). Cash declined by € 8.4 million, while the turnover-related rise in receivables and inventories of € 2.5 million was offset by a € 2.4 million fall in sales tax and bonus claims.

Our non-current assets as at the end of June 2016 remained roughly at the same level compared to 31 December 2015 at € 70.1 million. The € 2.4 million rise in deferred taxes was marginally overcompensated by the decline in non-current derivative financial instruments of € 2.7 million.

Due to the weakness of the US dollar and the HK dollar as at 30 June 2016 compared to 31 December 2015, the fair values of all active and passive derivative financial instruments fell in the first six months of 2016 by € 4.1 million to € 6.3 million. A total of € 2.9 million of this amount was recognised in equity, while the remaining € 1.2 million was allocated to the foreign currency result.

Inventories rose by € 0.9 million to € 43.9 million due to seasonal effects. Receivables rose by € 1.6 million compared to the balance sheet date of 31 December 2015 on account of the increase in turnover. Other current assets declined by € 2.4 million to € 2.1 million, largely as a result of lower sales tax and bonus claims. Deferred tax assets increased by € 2.4 million to € 12.3 million, primarily as a result of the rise in actuarial losses on pension obligations owing to a decline in the discount rate.

Current debt fell by € 1.7 million to € 56.6 million as at 30 June 2016 compared to 31 December 2015. Trade payables and other liabilities dropped by € 1.6 million due to the balance sheet date.

At € 80.0 million, non-current debt as at the balance sheet date was up by € 7.1 million compared to 31 December 2015. Pension obligations increased by € 8.3 million to € 74.7 million largely as a result of the sharp decline in the discount rate by 0.8 percentage points to 1.5% in the first half of the year. Deferred tax liabilities fell by € 1.1 million. This decline was largely attributable to deferred taxes on derivative financial instruments.

Equity declined by € 14.5 million to € 92.2 million as at 30 June 2016 compared to 31 December 2015. This was the result of a positive net result for the period of € 6.6 million, the negative other comprehensive income of € 8.1 million and the dividend payment of € 13.1 million.

Investments

Investments in the first six months of 2016 stood at € 3.2 million (previous year: € 3.0 million) and primarily concerned tools for new products, machines, streamlining investments for production plants and operating and business equipment. There were no material disposals of assets in the reporting period.

The investment ratio – in other words, additions to assets related to the historic procurement and production costs – amounted to 1.8%. We invested € 2.8 million into Brand Business, while € 0.4 million of our investments were attributable to the Volume Business. Investments were offset by depreciation of € 3.0 million (previous year: € 3.0 million).

As at 30 June 2016, obligations from agreements concerning the acquisition of fixed assets stood at € 3.2 million; these were financed through cash and cash equivalents.

Off-balance sheet assets and off-balance sheet financing instruments

In addition to the assets reported in the consolidated balance sheet, Leifheit also used assets which cannot be recorded in the balance sheet, but to a far lesser extent. This largely concerns leased goods. As in previous years, we did not use any off-balance sheet financing instruments.

Overall assessment of management in regard to the economic situation

We are satisfied with the Leifheit Group's operating result in the first half of the year. We successfully continued on our desired growth trajectory. Once again, Brand Business made a key contribution to our success, generating turnover growth of 7.5%. Group turnover increased by 7.0% to € 121.1 million. Our gross margin improved further by 1.5 percentage points. Due to the € 2.9 million fall in the foreign currency result compared to the prior year, our earnings before interest and taxes were € 0.3 million short of the previous year's figure. Adjusted for the foreign currency result, EBIT actually rose by € 2.6 million to € 11.1 million.

As at 30 June 2016, liquid assets stood at € 59.8 million, despite the higher dividend payment and an additional special dividend. The high liquidity secures financial flexibility and independence, as well as the option of paying annual adequate dividends in future. We also have no liabilities from debt financing. This gives us a solid financial basis from which to drive forward the growth of our business.

Non-financial performance indicators

Employees

The Leifheit Group employed an average of 1,031 employees in the first six months of 2016 (previous year: 1,053), 836 of which in the Brand Business segment and 195 of which in the Volume Business segment.

Employees by region (average figure)

Locations	1 Jan to 30 Jun 2015	**1 Jan to 30 Jun 2016**
Germany	406	407
Czech Republic	415	390
France	166	169
Other countries	66	65
	1,053	**1,031**

A total of 39.5% of our employees are located in Germany, 37.8% in the Czech Republic and 16.4% in France. The remaining 6.3% of employees are spread among a variety of European countries and the United States.

The number of employees in the Czech Republic fell in the first half of 2016 to 390 (previous year: 415). Short-term shortfalls in staff in our factory in Blatná were compensated for through the use of temporary employees. Here, the plan is to replace these temporary employees with full-time personnel.

Development and innovation

Innovation is highly important to our market position and achieving our growth and earnings targets. We see research and development expenses as an investment in the potential of our company. Leifheit invested a total of € 2.3 million in research and development activities in the reporting period (previous year: € 2.2 million). As a result, the R&D ratio, which represents the ratio of research and development costs to Group turnover, remained stable at 1.9% as at the previous year.

Opportunities and risks report

The opportunities and risks for the Leifheit Group were described in detail on pages 46 to 56 of the Group management report as at 31 December 2015. Please refer to these disclosures. During the reporting period, there were no major changes in the material opportunities and risks for the remaining months of the financial year, either in terms of probability of occurrence or potential positive or negative implications. As before, we do not anticipate any individual or aggregated risks that could jeopardise the existence of the company as a going concern.

Related party transactions

For details on related party transactions, please consult the notes to the condensed interim consolidated financial statements.

Report on events after the balance sheet date

Following the end of the reporting period (30 June 2016), there were no events at the Leifheit Group which can be expected to have a material influence on the net assets, financial position and results of operations of the company.

Forecast

The detailed forecast for the current financial year can be found in the most recently published annual financial report for the Leifheit Group for the financial year 2015. Please also refer to this report for explanations about the company's strategic orientation. It is available on our website at financial-reports.leifheit-group.com.

Financial framework remains largely stable

In the forecast for the current financial year, we believe that economic growth will be moderate in our key target markets in Central Europe and in Germany. This forecast takes into account a wide variety of uncertain factors. At the time it was prepared, the underlying conditions for the remainder of the financial year were stable overall.

In January, the International Monetary Fund (IMF) forecast global economic growth of 3.4% for the current year. In its most recent forecast in July, the IMF lowered this forecast a growth of 3.1%. The European Commission's expectations with regard to growth for 2016 stood at 1.7% for the eurozone and 1.9% for the European Union as a whole at the start of the year. In the wake of increasing risks to future development, the Commission shaved its forecast down to + 1.6% and + 1.8% respectively in May.

British voters' decision to vote in favour of leaving the European Union has exacerbated uncertainty over economic development. However, the Brexit referendum is only expected to have a minor impact on the EU's economic development in the short term. In a forecast published after the referendum, the ifo, Insee and Istat institutes predicted that the eurozone economy would grow by 1.6% this year. This only constituted a 0.1 percentage point decrease compared to the previous forecast. The ifo Institute's economic forecast for Germany was also shaved by only 0.1 percentage point.

All forecasts continue to see private consumption as the most important driver of growth in Germany and Europe. For Leifheit, as a leading provider of household items, consumer confidence in economic development and consumers' propensity to consume are vital factors in the Group's assessment of future business development. Current surveys show that the consumer climate in Germany and in Europe has improved considerably over the past few months and that the business climate is intact.

In January, the average exchange rate for the euro was 1.09 US dollar. By 30 June 2016, the US dollar was trading at 1.11. Our full-year forecast for 2016 was based on a closing rate of 1.05 US dollar. Market expectations for 2016/2017 are currently at 1.08 US dollar.

Overall statement of prospective development

Through the systematic implementation of our "Leifheit 2020" strategy, we are seizing opportunities on the market, improving our market position and laying the foundations for significant turnover and earnings growth. We successfully increased Group turnover by 7.0% year on year to € 121.1 million in the first half of the financial year. In Brand Business, which is at the core of our growth strategy, we generated a turnover increase of 7.5%. In Volume Business, we were able to compensate for the ceasing of contract manufacturing activities and boost turnover by 4.4%. Owing to the negative foreign currency result, we generated earnings before interest and taxes (EBIT) of € 10.1 million.

Given the stable economic framework in our key target markets, we continue to believe that we will meet our operating forecast targets for the current year, in spite of any external risks.

We continue to anticipate Group turnover growth of between 3 to 4% for financial year 2016. We expect the Brand Business to increase by 4 to 5%, while turnover in the Volume Business segment is expected to remain on a par with the 2015 figure. Due to the development of exchange rates, we have adjusted our earnings forecast slightly for the full year: In the financial year 2016, we expect to see earnings before interest and taxes (EBIT) of € 21 million to € 22 million. We no longer anticipate any positive currency result in our EBIT. In our previous forecast, we had anticipated EBIT of between € 22 million and € 23 million, including a positive foreign currency result of approximately € 1 million.

Unaudited, condensed interim consolidated financial statements as at 30 June

Statement of profit or loss and statement of comprehensive income

k€	1 Apr to 30 Jun 2015	**1 Apr to 30 Jun 2016**	1 Jan to 30 Jun 2015	**1 Jan to 30 Jun 2016**
Turnover	55,100	56,403	113,151	121,108
Cost of turnover	–30,436	–29,753	–60,945	–63,505
Gross profit	**24,664**	**26,650**	**52,206**	**57,603**
Research and development costs	–1,179	–1,131	–2,191	–2,278
Distribution costs	–16,551	–18,125	–34,510	–35,714
Administrative costs	–3,133	–4,405	–7,557	–9,041
Other operating income	441	326	761	653
Other operating expenses	–55	–73	–184	–121
Foreign currency result	–1,307	424	1,860	–954
EBIT	**2,880**	**3,666**	**10,385**	**10,148**
Interest income	31	24	62	44
Interest expenses	–370	–393	–799	–785
Net other financial result	–	–3	–1	–3
EBT	**2,541**	**3,294**	**9,647**	**9,404**
Income taxes	–766	–985	–2,884	–2,812
Net result for the period	**1,775**	**2,309**	**6,763**	**6,592**
Contributions that are not reclassified in future periods in the statement of profit or loss				
Actuarial gains/losses on defined benefit pension plans	10,958	–4,691	3,150	–8,327
Effect from income taxes	–3,056	1,365	–815	2,423
Contributions that may be reclassified in future periods in the statement of profit or loss				
Currency translation of foreign operations	-6	14	218	–61
Currency translation of net investments in foreign operations	126	–31	201	–44
Net result of cash flow hedges	–3,308	1,168	5,066	–2,914
Effect from income taxes	874	–341	–1,551	867
Other comprehensive income	**5,588**	**–2,516**	**6,269**	**–8,056**
Comprehensive income after taxes	**7,363**	**–207**	**13,032**	**–1,464**
Earnings per share based on net result for the period (diluted and undiluted)	**€ 0.37**	**€ 0.49**	**€ 1.42**	**€ 1.39**
Earnings per share based on comprehensive income after taxes (diluted and undiluted)	**€ 1.55**	**€ –0.05**	**€ 2.74**	**€ –0.31**

Balance sheet

k€	31 Dec 2015	30 Jun 2016
Current assets		
Cash and cash equivalents	64,200	55,830
Financial assets	4,000	4,000
Trade receivables	46,063	47,705
Inventories	42,985	43,871
Income tax receivables	224	763
Derivative financial instruments	5,639	4,410
Other current assets	4,441	2,081
Total current assets	**167,552**	**158,660**
Non-current assets		
Tangible assets	36,086	35,797
Intangible assets	18,738	19,044
Deferred tax assets	9,837	12,282
Income tax receivables	762	792
Derivative financial instruments	4,773	2,070
Other non-current assets	156	152
Total non-current assets	**70,352**	**70,137**
Total assets	**237,904**	**228,797**
Current liabilities		
Trade payables and other liabilities	50,816	49,230
Derivative financial instruments	11	168
Income tax liabilities	947	471
Provisions	6,540	6,769
Total current liabilities	**58,314**	**56,638**
Non-current liabilities		
Provisions	2,075	2,086
Employee benefit obligations	66,448	74,707
Deferred tax liabilities	4,262	3,191
Derivative financial instruments	3	8
Other non-current liabilities	100	0
Total non-current liabilities	**72,888**	**79,992**
Equity		
Subscribed capital	15,000	15,000
Capital surplus	16,984	16,984
Treasury shares	–7,493	–7,493
Retained earnings	90,536	84,057
Other reserves	–8,325	–16,381
Total equity	**106,702**	**92,167**
Total equity and liabilities	**237,904**	**228,797**

Statement of changes in equity

k€	Subscribed capital	Capital surplus	Treasury shares	Retained earnings	Other reserves	Total
As at 1 January 2015	15,000	16,956	–7,542	84,755	–14,345	94,824
Dividends	–	–	–	–8,552	–	–8,552
Comprehensive income after taxes	–	–	–	6,763	6,269	13,032
of which net result for the period	–	–	–	6,763	–	6,763
of which actuarial gains/losses on defined benefit pension plans	–	–	–	–	2,335	2,335
of which currency translation of foreign operations	–	–	–	–	218	218
of which currency translation of net investments in foreign operations	–	–	–	–	136	136
of which net result of cash flow hedges	–	–	–	–	3,580	3,580
As at 30 June 2015	**15,000**	**16,956**	**–7,542**	**82,966**	**–8,076**	**99,304**
As at 1 January 2016	15,000	16,984	–7,493	90,536	–8,325	106,702
Dividends	–	–	–	–13,071	–	–13,071
Comprehensive income after taxes	–	–	–	6,592	–8,056	–1,464
of which net result for the period	–	–	–	6,592	–	6,592
of which actuarial gains/losses on defined benefit pension plans	–	–	–	–	–5,904	–5,904
of which currency translation of foreign operations	–	–	–	–	–61	–61
of which currency translation of net investments in foreign operations	–	–	–	–	–31	–31
of which net result of cash flow hedges	–	–	–	–	–2,060	–2,060
As at 30 June 2016	**15,000**	**16,984**	**–7,493**	**84,057**	**–16,381**	**92,167**

Statement of cash flow

k€	1 Jan to 30 Jun 2015	**1 Jan to 30 Jun 2016**
Net result for the period	6,763	6,592
Adjustments for depreciation and amortisation	3,029	2,974
Change in provisions	–395	189
Result from disposal of fixed assets and other non-current assets	–105	7
Change in inventories, trade receivables and other assets not classified as investment or financing activities	–716	–815
Change in trade payables and other liabilities not classified as investment or financing activities	–1,017	–2,171
Other non-cash expenses/income	–205	944
Cash flow from operating activities	**7,354**	**7,720**
Acquisition of tangible and intangible assets	–2,958	–3,253
Change in financial assets	–	–
Proceeds from the sale of tangible assets and other non-current assets	400	207
Cash flow from investment activities	**–2,558**	**–3,046**
Cash flow from financing activities	**–8,552**	**–13,071**
Effects of exchange rate differences	**–139**	**27**
Net change in cash and cash equivalents	–3,895	–8,370
Cash and cash equivalents at the start of the reporting period	58,808	64,200
Cash and cash equivalents at the end of the reporting period	**54,913**	**55,830**

Selected explanatory notes

Information on the company

Leifheit AG is a publicly listed corporation with its registered office in Nassau/Lahn, Germany. These condensed interim consolidated financial statements of Leifheit AG and its subsidiaries relate to the period from 1 January 2016 to 30 June 2016.

Reporting principles

These condensed interim consolidated financial statements have been prepared for interim reporting purposes according to section 37x para. 3 of the German securities trading act (WpHG) and in line with International Financial Reporting Standards (IFRS), particularly according to IAS 34 and the related interpretations of the International Accounting Standards Board (IASB), as these are applicable in the European Union. These financial statements forming part of the interim financial report therefore do not contain all of the information and notes to be included in accordance with IFRS in consolidated financial statements prepared at the end of a financial year, and therefore must be read in conjunction with the consolidated financial statements as at 31 December 2015.

These condensed interim consolidated financial statements and the interim management report have been neither audited nor subjected to review by an auditor. In the view of the Board of Management, the financial statements include any necessary adjustments to ensure that they provide an accurate depiction of the actual results of operations on an interim basis. No conclusions as to future results can necessarily be drawn on the basis of the results for the reporting period ended on 30 June 2016.

The Board of Management is required, in the context of the preparation of interim consolidated financial statements in line with IAS 34, to make assessments and estimates and also to adopt assumptions which could affect the application of accounting principles in the Group and the reporting of assets and liabilities or income and expenses. The actual amounts of such items may diverge from these estimates.

The accounting and valuation principles applied in the condensed interim consolidated financial statements are, with the exception of those accounting standards to be applied for the first time, in line with those applied in the most recent consolidated financial statements as at the end of the financial year. A detailed description of the accounting principles is published in the notes to the consolidated financial statements included in our 2015 annual financial report.

The following standards and interpretations had to be applied for the first time in the financial year 2016: Amendments to IAS 19 (Defined Benefit Plans: Employee Contributions) and amendment to IAS 16 and IAS 38 (Clarification of Permissible Depreciation Methods). The initial application had no impact on the consolidated financial statements. The standards and interpretations published by the IASB that are not yet to be mandatorily applied during the 2016 financial year have not been applied.

In the interim consolidated financial statements, income taxes are recognised on the basis of the best estimate of the income tax rate expected for the entire financial year.

Cyclical and seasonal factors are described, where essential, in the "Business performance" section.

Segment reporting

Key figures by divisions as at 30 June 2016		Brand Business	Volume Business	**Total**
Turnover	€m	103.1	18.0	121.1
Gross margin	%	49.8	34.5	47.6
Contribution margin	€m	43.3	5.4	48.7
Segment result (EBIT)	€m	8.8	1.3	10.1
Depreciation and amortisation	€m	2.5	0.5	3.0
Employees (average)	persons	836	195	1,031

Key figures by divisions as at 30 June 2015		Brand Business	Volume Business	Total
Turnover	€m	95.9	17.3	113.2
Gross margin	%	49.1	29.7	46.1
Contribution margin	€m	39.3	4.4	43.7
Segment result (EBIT)	€m	9.1	1.3	10.4
Depreciation and amortisation	€m	2.7	0.3	3.0
Employees (average)	persons	786	267	1,053

Information on the segments and the management thereof can be found in our 2015 annual financial report.

Scope of consolidation

Effective 1 January, Leifheit Aktiengesellschaft acquired from the minority shareholder the remaining 29% of the shares of Leifheit CZ a.s., Hostivice, Czech Republic, which is already controlled and fully consolidated.

The wholly-owned subsidiary Leifheit Österreich GmbH with its registered office in Wiener Neudorf, Austria, was founded in Q2 2016. On 6 June 2016, Leifheit AG included the permanent establishments of the Austrian branch in Leifheit Österreich GmbH.

There were no other changes in the scope of consolidation or major changes in the organisational structure or business model in the reporting period.

Notes to the balance sheet and the statement of profit or loss

Notes on the major changes to items in the balance sheet and the statement of profit or loss as compared with the figures for the previous year, as well as developments in the reporting period, are presented in the interim management report.

Treasury shares

No treasury shares were acquired or used in the current reporting period or in the reporting period of the previous year.

Including the treasury shares acquired and issued in previous years, Leifheit held 247,067 treasury shares on 30 June 2016. This corresponds to 4.94% of the share capital. The corresponding interest in the share capital was k€ 741. An amount of k€ 7,493 was expended for this.

There are no subscription rights for members of Group organs and employees in accordance with section 160 para. 1 no. 5 AktG.

Dividends paid

Resolution of the Annual General Meeting on	21 May 2015	**25 May 2016**
Dividends per no-par-value bearer share	€ 1.80	€ 2.75
Balance sheet profit	k€ 20,673	k€ 13,924
Distribution of dividends	k€ 8,552	k€ 13,071
Retained earnings	k€ 12,121	k€ 853

Commitments

The Group companies have not entered into any commitments.

Financial instruments

A detailed overview of the other financial instruments, the financial risk factors and the management of financial risks is provided under note 34 of our 2015 annual financial report. No material changes in our financial risk profile have occurred since 31 December 2015.

Cash flow hedges

Derivative financial instruments include forward foreign exchange transactions, measured at fair value, for buying US dollars, HK dollars and Chinese renminbi for the financial years 2016 to 2018.

The following liabilities from foreign exchange transactions were recorded on the balance sheet as at 30 June 2016:

	Value of liability	Foreign currency	Nominal value
Buy USD/€	k€ 80,489	kUSD 97,650	k€ 86,392
of which hedge accounting	k€ 64,380	kUSD 78,700	k€ 69,538
Buy HKD/€	k€ 12,288	kHKD 110,000	k€ 12,601
of which hedge accounting	k€ 6,695	kHKD 60,000	k€ 6,817
Buy CNH/€	k€ 9,557	kCNH 75,000	k€ 9,690
of which hedge accounting	k€ 9,557	kCNH 75,000	k€ 9,690

Of the hedging transactions concluded for buying US dollars, k€ 15,956 relate to 2016, k€ 36,939 to 2017, and k€ 27,594 to 2018.

Of the hedging transactions concluded for buying HK dollars, k€ 3,283 relate to 2016, k€ 5,690 to 2017, and k€ 3,315 to 2018.

Of the hedging transactions concluded for buying Chinese renminbi, k€ 2,004 relate to 2016, k€ 3,873 to 2017, and k€ 3,680 to 2018.

In the current period, changes in value amounting to a total of k€ –2,914 (previous year: k€ 5,066) were recorded in other comprehensive income without affecting profit or loss.

Hedging a net investment in foreign operations

As at 30 June 2016, there were loans of kCZK 317, designated as hedges of the net investment in the subsidiaries of Leifheit s.r.o. and Leifheit CZ a.s., whose functional currency is the Czech koruna. In the first half of 2016, a loss of k€ 44 was recorded from the translation of this loan under other comprehensive income.

Financial assets and financial liabilities

The book values of the derivative financial assets and financial liabilities correspond to their fair values. The other book values all correspond to amortised cost.

Derivative financial assets in the amount of k€ 6,480, as well as derivative financial liabilities in the amount of k€ 176, were included at their attributable fair value on the balance sheet as at 30 June 2016.

The following table shows the book values and fair values of the main financial instruments reported in the consolidated financial statements:

All financial instruments are recorded at fair value. The fair value is determined on the basis of present value under consideration of current exchange rates as well as the underlying interest curves of the respective currencies and therefore on the basis of input parameters observed in the market (level 2). There was no reclassification among the levels in the reporting period.

For current assets and liabilities the book value is always assumed to be a reasonable approximation of the fair value (IFRS 7.29 a).

Short-term revolving lines of credit in the amount of k€ 11,500 were available as at 30 June 2016 (previous year: k€ 11,500). Thereof, k€ 376 were used in the form of guarantees (previous year: k€ 440). Unused lines of credit were therefore k€ 11,124 (previous year: k€ 11,060).

		Book value		Fair value	
k€	Valuation category pursuant to IAS 39	31 Dec 2015	**30 Jun 2016**	31 Dec 2015	**30 Jun 2016**
Financial assets					
Cash and cash equivalents	a)	64,200	55,830	64,200	55,830
Trade receivables	a)	46,063	47,705	46,063	47,705
Derivative financial assets (not designated as hedging transactions)	d)	2,182	1,101	2,182	1,101
Derivative financial assets (designated as hedging transactions)	c)	8,230	5,379	8,230	5,379
Other financial assets	a)	5,037	4,610	5,037	4,610
Financial liabilities					
Trade payables	b)	20,148	16,352	20,148	16,352
Derivative financial liabilities (not designated as hedging transactions)	d)	3	173	3	173
Derivative financial liabilities (designated as hedging transactions)	c)	11	3	11	3
Other financial liabilities	b)	17,532	19,268	17,532	19,268

a) Loans and receivables not quoted on an active market
b) Financial liabilities carried at amortised cost
c) Financial assets and liabilities measured at fair value without effects on net result for the period
d) Financial assets and liabilities measured at fair value with effects on net result for the period

Other financial liabilities

There were rental and leasing agreements for business premises, IT and telephone equipment, vehicles and similar assets, and licensing agreements with an annual expense of k€ 1,134 (previous year: k€ 1,319). The future minimum payments on the basis of lease and rental agreements without a cancellation option amount to k€ 997 up to a term of one year (previous year: k€ 910), and k€ 137 between one and five years (previous year: k€ 409). As in the previous year, there were no corresponding payment obligations with a term of more than five years. The rent and lease agreements constitute operating leases in the definition of IAS 17.

As at 30 June 2016, purchase commitments totalled k€ 1,905 (previous year: k€ 722).

There were contractual obligations to acquire items of tangible assets in the amount of k€ 3,175 (previous year: k€ 1,531), relating to tools as well as expansion investments at our location in Blatná, Czech Republic, in particular. Moreover, there were contractual obligations arising out of contracts relating to marketing measures in the amount of k€ 1,143 (previous year: k€ 625) and other agreements in the amount of k€ 537 (previous year: k€ 428).

Related party transactions

There were no reportable relationships or transactions with related companies or persons outside the Group in the reporting period.

Nassau/Lahn, August 2016

Leifheit Aktiengesellschaft
The Board of Management

Thomas Radke

Dr Claus-O. Zacharias

Responsibility statement

The Board of Management declares that, to the best of its knowledge and in accordance with the applicable reporting principles for interim reporting, the interim consolidated financial statements, in compliance with generally accepted accounting principles, give a true and fair view of the net assets, financial position and results of operations of the Group and that the interim consolidated management report presents a true and fair view of the business, business result and situation of the Group, together with the principal opportunities and risks associated with the expected development of the Group for the remaining course of the financial year.

Nassau/Lahn, August 2016

Leifheit Aktiengesellschaft
The Board of Management

Thomas Radke

Dr Claus-O. Zacharias

Disclaimer

Forward-looking statements

This financial report for the first half-year contains forward-looking statements which are based on the management's current estimates with regard to future developments. Such statements are subject to risks and uncertainties which are beyond Leifheit's ability to control or estimate precisely, such as statements on the future market environment and economic conditions, the behaviour of other market participants and government measures. If one of these, or other, uncertain or unforeseeable factors occurs, or if the assumptions on which these statements are based prove inaccurate, actual results could differ materially from the results cited explicitly or contained implicitly in these statements. Leifheit neither intends to, nor does it accept any specific obligation to, update forward-looking statements to reflect events or developments after the date of this report.

Discrepancies due to technical factors

Technical factors (e.g. conversion of electronic formats) may lead to discrepancies between the financial statements contained in this financial report for the half-year and those submitted to the Federal Gazette (Bundesanzeiger). In this case, the version submitted to the Federal Gazette is binding.

In the event of any discrepancies between this English translation of the half-year financial report and the German version, the German version shall take precedence.

Financial calendar

10 NOVEMBER 2016

QUARTERLY STATEMENT
for the period ending 30 September 2016

21 – 23 NOVEMBER 2016

PRESENTATION TO INVESTORS AND FINANCIAL ANALYSTS
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